Ministry of Justice

Ministry of Justice Annual Report and Accounts 2018-19

Protecting and advancing the principles of justice

HC 2277

Ministry of Justice
Annual Report and Accounts 2018-19

(For the year ended 31 March 2019)

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Contents

Performance

Performance

Overview

This section sets out the Department's objectives as laid out in our Single Departmental Plan published in May 2018, the key challenges to the delivery of our objectives and how we have performed during the year.

Who we are and what we do

Read more on key services delivered on pages 4 to 5 (Our year in numbers)

The Ministry of Justice is a major government department, at the heart of the justice system. Our vision is to deliver a world-class justice system that works for everyone in society. We are responsible for these parts of the justice system:

- Courts and tribunals (which we administer in partnership with the independent judiciary)
- Prisons
- Probation
- And a range of services to help victims of crime, children, vulnerable people, and those seeking access to justice

How we operate

The Ministry of Justice is a ministerial department, supported by 39 agencies and public bodies.

In 2018-19 we had five executive agencies responsible for the delivery of the majority of our services to the public: HM Courts & Tribunals Service; HM Prison and Probation Service; the Legal Aid Agency; Office of the Public Guardian and the Criminal Injuries Compensation Authority. We provide services across England and Wales, and certain non-devolved tribunals in Scotland and Northern Ireland.

Our vision and objectives

Read more about our objectives and performance on pages 15 to 40 (Our performance analysis)

Our justice system is admired across the world. The principles and values that run through our justice system are a mark of the kind of country we are.

Our vision is to deliver a world class justice system that works for everyone in our society.

We do this by protecting the public and keeping our communities safe, by reforming offenders, by providing open and accessible justice, by standing up for victims and protecting the vulnerable, and by upholding the rule of law and the independence of the judiciary.

Our single departmental plan published in May 2018, sets out our objectives and how we will achieve them. These are:

- A prison and probation service that reforms offenders
- A modern courts and justice system
- A Global Britain that promotes the rule of law
- A transformed Department

Our objectives are ambitious, and reflect our commitment to work to create a justice system that is open to all, and one that everyone in the country can have confidence in.

Our financial performance

Read more about our financial activity on pages 11 to 14 (Chief Financial Officer's Review of the Year)

We have a responsibility to maintain a tight grip of Departmental finances, and recognise our role in the stewardship of public resources to deliver public services.

We are accountable to HM Treasury, Parliament, and the public for how we have used public funds during the year, and within our Annual Report and Accounts we have set out how resources have been used to deliver services across the Departmental Group.

Our financial stewardship has ensured that we have remained within the spending limits set by Parliament.

Our year in numbers

In this section we outline our performance during 2018-19. Here is a snapshot of the services we provide for the public.

Criminal Justice

1.6 million
cases received
in magistrates' courts

103,042
cases received
in the Crown Court

1.2 million
offenders received
sentences at courts

83,000
prisoners held in
England & Wales

256,010
offenders supported by
probation services

22,630
full time equivalent
prison officers in post

Family, Civil and Administrative Justice

27,000
children involved in
public law cases

66,000
children involved in
private family law cases

2.1 million
claims to county courts

547,000
applications to register
Lasting Power of Attorneys

Legal Aid

406,074
Grants of legally aided representation

£1.7 billion
legal aid funding provided

Corporate

Total staffing down by
7%
since 2014

£8 billion
total comprehensive net spend during the year

38%
overall reduction in total emissions against 2009-10 baseline

Parliamentary Activity

75
Statutory Instruments laid

88%
Parliamentary Questions answered within Parliamentary deadline

Forewords

By the Lord Chancellor and Secretary of State for Justice

I am pleased to introduce the 2018-19 Annual Report and Accounts (ARA), which sets out the Department's key achievements and progress against our strategic objectives over the last financial year. This document is an opportunity to take stock of what we have achieved to date and what we must do next to continue moving forward.

The Ministry of Justice and its agencies deliver prison, probation and youth custody services; administer criminal, civil and family courts and tribunals; and support victims, children, families and vulnerable adults.

Working in partnership with our world-class judiciary, arm's length bodies, other government departments and supported by our excellent corporate functions (including finance, IT, human resources, legal, procurement and more), we deliver these services, protect the justice system and uphold the rule of law.

In our Single Departmental Plan published in May 2018, I set out my priorities for the year to:

- Get the basics right by providing decent, safe and modern prisons which tackle criminal activity and drug abuse, whilst providing strong incentives for prisoners to turn their backs on crime for life – thereby protecting the public from crime and its effects;
- Ensure a sustainable prison population by exploring options for, and building confidence in, non-custodial sentences and by tackling reoffending though a cross-Government approach;
- Promote the rule of law, champion our independent, world-class judiciary, and provide an effective and fair justice system which serves all users, whenever they need it;
- Ensure growth and readiness for leaving the EU by seeking the best possible outcome from EU Exit negotiations and ensure that the world continues to look to us to be its counsel and courtroom with English law and courts as the primary choice for international businesses; and
- Maintain and continue to demonstrate grip on departmental finances.

These priorities built on the department's existing strategic objectives which were to provide a prison and probation service that reforms offenders, deliver a modern courts and justice system, promote a global Britain and the rule of law, and transform the department by ensuring growth and readiness for leaving the EU and having a tight grip on departmental finances.

We have a resilient and forward looking department who work to protect our already world-renowned system and strengthen it, so that it continues to stand the test of time.

Key achievements this year include:

- Opening HMP The Verne, making HMP Berwyn fully operational and continuing to address the backlog of prison repairs, completing upgrades to cells, shower units and serveries at key prisons. All of which work towards delivering our objective to provide decent, secure accommodation for offenders, and reduce levels of violence and self-harm;
- Investing significantly to increase staff numbers, recruiting an additional 4,675 FTE prison officers between October 2016 and March 2019, hitting our target early and surpassing our original target of 2,500;

- Investing additional funding in projects to improve decency, safety and security in prisons including the 10 Prisons Project to tackle drugs, reduce violence and improve living conditions, by investing in staff, technology, and training.
- Moving forward with the Courts Modernisation programme, which is one of the most ambitious in the world. We have made continued investment in improving courts and tribunal facilities. We launched a range of online services which will save time and improve the service for people who use our court and tribunal services. HMCTS launched our first tranche of reformed Civil, Family and Tribunal services with over 100,000 users having accessed the services and an average user satisfaction rate of 85%.
- Publishing the first ever cross government strategy for victims of crime and supported the Home Office in publishing the draft Domestic Abuse Bill, which included provisions to prohibit direct cross-examination of victims by their abuser in family proceedings.
- Securing Royal Assent for
  - the Courts and Tribunals (Judiciary and Functions of Staff) Act 2018, which aims to increase efficiency in the courts;
  - the Civil Liability Act 2018, which reforms the process for whiplash claims and changes the personal injury compensation system. This will address the compensation culture in personal injury claims and bring down insurance premiums for everyone; and
  - the Voyeurism (Offences) Act 2019, which outlaws 'upskirting' and will protect victims by making this invasive behaviour a criminal offence.
- Reducing MoJ's reliance on expensive properties in Whitehall by moving staff to locations in Canary Wharf, Croydon and Leeds and making widespread use of national commuter hubs.

Justice is at the heart of our democracy. It keeps people safe and gives confidence to business that they can trade safe in the knowledge that disputes will be dealt with fairly and proportionately. We continue to challenge our approach and debate about the future of sentencing and what justice, including punishment, should look like for our modern times. I want people to have confidence and trust in every part of the justice system and, in my role as Lord Chancellor, I will continue working to make this a reality.

The Right Honourable David Gauke MP, Lord Chancellor and Secretary of State for Justice

By the Permanent Secretary

This Annual Report, and the Accounts that go with it, are part of our formal accountability to Parliament and to the public. But we have also tried to make them readable and easy to follow. I hope you find them helpful and informative.

We listed our priorities for the year in another document, our single departmental plan. We have made good progress towards achieving them.

We are responsible (in partnership with the independent judiciary) for running courts and tribunals. This year we moved substantially forward with the court reform programme, which deploys new technology, streamlined processes and modern ways of working to make the system more efficient, and (most importantly) to provide a better experience for users. We launched our first wave of reformed Civil, Family and Tribunal services online, in divorce, probate, civil claims and social security appeals. We also opened two Courts and Tribunals Service Centres, bringing expertise together and providing a more professional service to those who access the justice system.

On probation, the Secretary of State has announced our plan to bring together all offender management in-house, with many rehabilitative interventions being provided by the best of the private and voluntary sectors. We have a lot of work ahead to manage this change, but I believe we are well placed to create a stronger probation system which commands the confidence of the courts and better protects the public.

The environment in prisons is still challenging. We continue to focus on providing a decent prison estate and on improving safety, and we are determined to bring down the numbers of assaults and incidents of self harm and to deal with drug dependency and mental health issues. Earlier this year, our then prisons minister launched the 10 Prisons Project to address drugs, violence and decency in living conditions. Under the present minister, we are determinedly seeing that project through. We are also starting to see the benefits of our recent large-scale recruitment of prison officers, with key workers assigned to prisoners across 40 jails.

Another persistent challenge has been our financial position. This year we negotiated an uplift from HM Treasury as part of the supplementary estimate process. It enabled us to deliver the services required or expected of us, by matching some of the pressures that had built up since the 2015 spending review. And in March, we agreed a revised 2019-20 financial settlement with HM Treasury. For the first time in some years, we have been able to set budgets which we think are deliverable (though still tight). The settlement does, quite properly, require the department to continue to show financial discipline throughout the year to manage emerging challenges and risks.

In January, we celebrated the Department's staff awards, recognising colleagues for the talent, leadership, humanity, skills and commitment that they bring to the Department. It was an inspiring evening; and this foreword gives me another opportunity to say thank you to all our staff, in all our units and agencies, who work so hard for our ministers, our judges, and the citizens who need our services.

Sir Richard Heaton KCB
Permanent Secretary and
Principal Accounting Officer

By the Non-Executive Board Member

Having joined as Lead Non-Executive in June 2018, the sheer breadth of work undertaken by the Ministry of Justice rapidly became clear, as did the many significant challenges to the delivery of the Ministry's operational and strategic objectives.

The major challenge the Ministry has continued to face is that of funding, particularly on the capital side. In prisons, for example, although there has been progress towards building two new prisons, our prison estate requires significant repairs or rebuilding to remain operational even in the short term. Similar issues persist in the Court estate. These cumulative financial pressures are a constant focus to the executives in the Department. However, the financial reality has led to a reactive short term approach to system cracks, constraining their ability to take a more proactive approach to pursuing their objectives, which could have driven greater long-term value. These pressures are recognised and are beginning to be addressed. This resulted in agreement of a £1.2bn reserve claim in year and additional funding of £1.3bn for 2019-20 agreed at the start of the year.

Self-help is important and the Ministry has been working hard to make efficiencies and savings and the culture of targeted spending and financial accountability continues to be strengthened. IT and digitalisation are key factors here, in particular the £1 billion modernisation of the courts system. One successful element of this has been the launch of the online system for people to issue and settle a County Court dispute. This has shown that access to justice can be improved and engagement from defendants is better. The role of technology is also vital in supporting community orders and within prisons where it is being used to help cut off the supply of drugs and phones. But here also, the affordability of digital and technological change is a challenge and a risk. Prioritisation of funding to the areas of greatest risk alongside a sustainable funding model for the medium and long term is fundamental.

Against this challenging financial background (and the wider Brexit uncertainty), the Ministry has achieved a significant amount in the last year. This has included introducing three new justice bills into law, receiving Royal Assent for the Upskirting Bill, unveiling a new Victims' Strategy, introducing a draft Domestic Abuse Bill and publishing a Female Offender Strategy. The Ministry has also consulted on the role of the Independent Public Advocate and divorce reform. Restoring stability to our prison estate remains a priority. The number of prison officers has increased but it is recognised that retaining prison officers continues to be a critical challenge. Additional funding has also been made available to improve prison safety, decency and security through a variety of projects.

During 2018, our Board met four times and discussed various matters such as:

- Performance
- Risk
- Decency in prisons
- Medium term strategy
- Our readiness for exiting the EU
- Probation and
- Commercial capability.

The Board's membership changed with the addition of two other non-executives, Nick Campsie and Shirley Cooper (as well as me) in June 2018. Edward Argar MP also joined in June. Departing members included Lizzie Noel, Non-Executive, and Dr Phillip Lee MP.

As Non-Executives, we recognise that the role involves much more than constructive challenge at Departmental Board meetings. Indeed much of our support and advice is given outside the Boardroom. Liz Doherty continues to chair our

Audit and Risk Committee and provides regular updates and assurance to the Departmental Board including highlighting areas where further challenge and support is recommended. She has also been active in supporting and challenging Court Reform. Nick Campsie was heavily involved in reviewing the options to succeed the existing generation of Community Rehabilitation Company contracts. Amongst other things, Shirley Cooper is helping with the review of our IT system and our digital and technology agenda.

They have used their external experience to help challenge and influence these important aspects of business. As well as assisting with future spending review matters, I chair the Parole Board Tailored Review Challenge Panel, and on behalf of the Secretary of State, I have undertaken this year's Board effectiveness review which covered five areas:

- Governance arrangements
- The work of the Board
- Composition and culture
- Support and organisation and
- Progress and impact.

Feedback from Departmental Board members showed that overall performance was good but that there were areas needing improvement. In particular, it was considered that the Board meetings would be more effective with fewer agenda items, allowing longer discussion of key issues.

The Ministry of Justice is led by some very talented people who care deeply about the justice system and its delivery to the public. The Non-Executives look forward to the next year where we will continue to advise, to help ensure priorities are identified and implemented effectively and to support the delivery of the Ministry's operational and strategic objectives.

Mark Rawlinson
Non Executive Board Member

Chief Financial Officer's Review of the Year

Reflecting on the year just gone, I believe that we have made significant progress in ensuring that we have a strong grip of our finances and that we are increasingly seen by key stakeholders as a Department that is doing its upmost to live within spending constraints while also continuing to invest in our priorities. Throughout 2018-19, we have continued to face tough financial challenges and have continued to challenge ourselves on decisions that have affected all areas of our business. This update will include:

- Details of our financial outturn and how we have spent our money this year (including a summary of changes to our budget throughout the year)
- A summary of our approach to investment including details of the main investments we have made throughout 2018-19
- A review of our revenue sources and
- A summary of plans looking forward and how we are preparing for the next Spending Review.

Financial outturn

In 2018-19, our Resource Departmental Expenditure Limit as voted by Parliament in the Supplementary Estimate was £8,107 million, our Capital Departmental Expenditure Limit was £517m and our total resource Annually Managed Expenditure was £663 million. Figure 1 sets out our performance against these and the Department's other parliamentary control totals. A further breakdown of these figures by agency/area can be seen in table SoPS 1.1 on page 96.

Figure 1: Performance against Parliamentary control totals

	Supplementary Estimate provision £m	Outturn £m	Variance £m
Resource DEL	8,107	8,037	70
Of which administration	411	406	5
Capital	517	446	71
Resource AME	663	318	345*
Net Cash	8,107	7,908	199

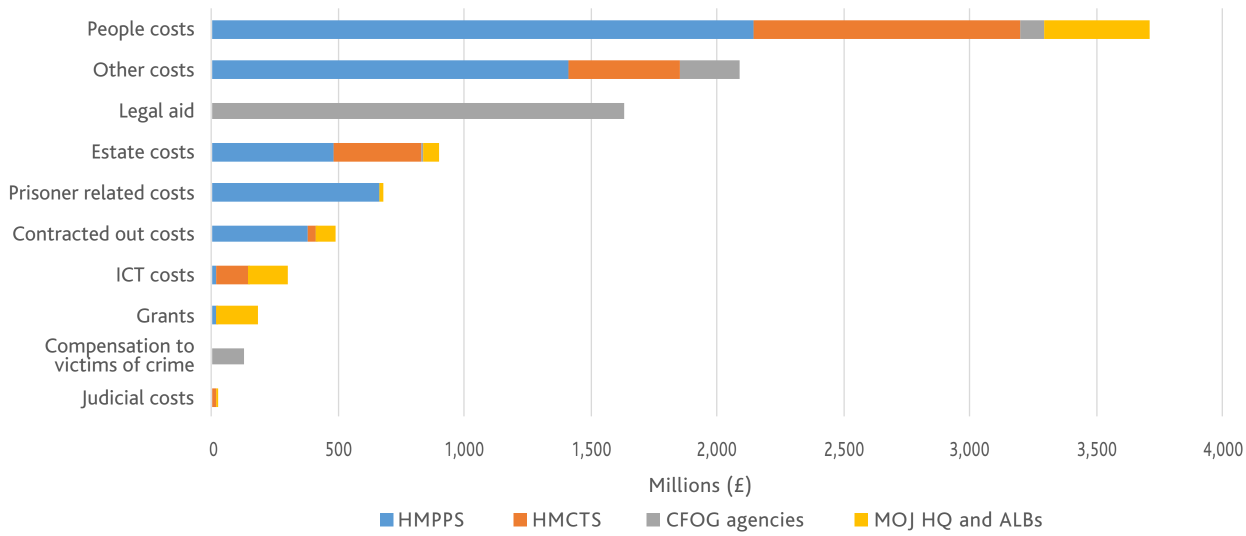
*AME spending is inherently volatile and dependent upon a number of factors outside the control of the Department resulting in the variance between outturn and estimate.

Resource DEL

Resource DEL outturn was £8,037 million against the budget of £8,107 million. Figure 2 shows where we spend our money. The largest area of spend is on our people, with the biggest employer being Her Majesty's Prison and Probation Service (HMPPS). The second largest area of spend relates to the payments we make to legal aid providers, and the next relates to contractual supplier spend (including expenditure on contracts that deliver facilities management services across the department), and spend on community rehabilitation companies who provide probation services.

Within our Resource DEL expenditure, we further manage our spend in two different areas: business as usual spend, which is the vast majority of our budget; and change expenditure. In 2018-19 business as usual expenditure represented 97% of our gross spend. This has ensured we protect delivery of our business as usual services whilst also continuing to invest in reforms and prioritise funding to tackle our most significant operational challenges for example prison safety and decency.

Figure 2: Departmental expenditure



Note: HMCTS - Her Majesty's Courts and Tribunals Service; CFOG - Chief Finance Officer Group; MOJ HQ and ALBs - Ministry of Justice headquarters and arms length bodies

Throughout the year, the Department received additional funding of £1.2bn. This followed negotiations with HM Treasury to ensure a proper level of funding for the Department for pre-agreed and known changes and funding for uncontrollable risks. This included funding for: pressures in the legal aid fund; to make up for a shortfall in probate fees where legislation has not been possible; additional funding in response to operational challenges in HMPPS; funding for fee refund schemes which were commenced during the year; and other risks as set out in the Supplementary Estimate memorandum.[1] This additional funding was agreed by HM Treasury in recognition of the fact that our cost base is difficult to alter within the year meaning that it was not possible to make choices elsewhere in the department to absorb risks such as these without increasing some already significant operational, legal and commercial challenges.

Investment

The Department continues to focus on two key investment programmes: Ongoing prison estates transformation; and courts reform.

The new prisons at Wellingborough and Glen Parva form the first phase of our prison estates strategy which aims to transform the prison estate to build effective prisons and organise the estate so prisoners are placed into prisons with the right level of security and appropriately tailored regimes. To fulfil this strategy, we demolished both the former prisons at Wellingborough and Glen Parva in readiness for the start of the construction of new prisons and obtained full planning permission for the new 1,680 place prisons to be built on these sites. We also launched our Prison Operator Services Framework Competition from which we will select the operator for these new prisons and potentially further prisons following expiry of current private sector contracts, to keep driving innovation, service improvement, and value for money. Additionally, we completed the newly constructed 206 place houseblock at HMP Stocken in March and it received its first prisoners in June. During 18-19 HMPPS invested just over £5m to complete the HMP Berwyn

[1] See link for more details: https://www.parliament.uk/documents/commons-committees/Justice/estimates-memoranda/Ministry-Justice-Estimate-Memorandum-17-19.pdf

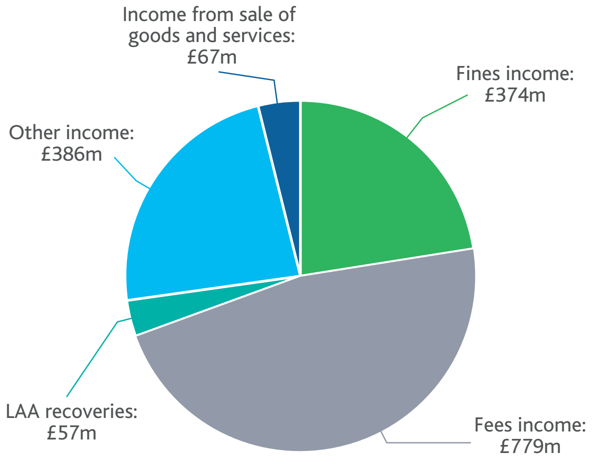
Industries workshop complex. The complex will create 520 activity places, which will allow the population ramp up at HMP Berwyn to continue towards full capacity and provide the majority of men at Berwyn with engaging and rewarding purposeful activity.

We have also continued to deliver our ambitious Court Reform programme which aims to modernise and transform the way justice is administered. In addition, in 2018-19, we invested an additional £70m in prison safety and decency, including £10m specifically for the new "10 Prisons Project" which targeted extra intervention and support on ten establishments to allow us to assess those initiatives which made the greatest contribution to tackling prison violence.

Sources of revenue

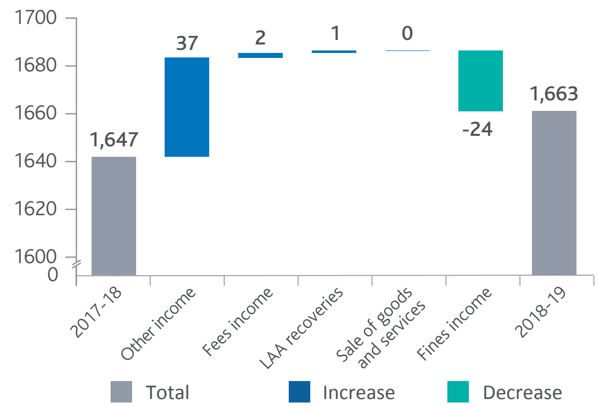
The Department's income comes from a combination of fees, fines, recoveries from other government departments and other income including collection of historic debt and income from prison industries. As a proportion of our budget, income made up 13% in 2010-11, rising to 22% in 2018-19. We are not expecting this to increase significantly over future years. The breakdown of income can be seen in figure 3.

Figure 3: Analysis of 2018-19 revenue sources



Total income in 2018-19 was £1.663bn compared to £1.647bn in 2017-18 and therefore remained broadly static between years. Our focus in respect of income is one of consolidation, ensuring those who use the courts and are able to do so make a contribution to their costs and those who have outstanding financial impositions and debts pay what they owe to Government and victims of crime.

Figure 4: Revenue sources and movements since last year



Future Plans

2019-20 is the final year of the 2015 spending review and was always going to represent a financially challenging year for the Department. However, in recognition of the fact that most of the areas that represented significant financial pressures and required additional funding in 2018-19 continue into 2019-20, additional funding of £1.3bn has been provided in the Department Main Estimate. This puts us in a good position for 2019-20 and we are building on work already commenced to ensure we continue to improve financial management across the Ministry. This includes:

- Improving and continuing to roll out budget holder license to operate training across the whole of the Department;
- Strengthening our financial reporting arrangements and capability; and
- Strengthening the governance arrangements over our reporting of the in-year finance position to ensure discussions are taking place with the appropriate people.

As we approach the 2019 Spending Review, we know that the wider fiscal context remains challenging and we face difficult choices about how to use our resources. In preparation for that, we have been working over the past year to refine our departmental Strategy and set out our outcomes and the key things we want to deliver as a department over the next five years. We are now bringing together data and evidence to understand how targeted action could improve our outcomes and deliver those priorities. This will provide us with a strong foundation to work with HM Treasury to agree a sustainable settlement which allows us to deliver our services as effectively and as efficiently as possible.

Mike Driver CB
Chief Financial Officer

Our performance analysis

Introduction

We published a single departmental plan in May 2018, which describes what we will deliver up to the year 2020. The plan sets out four strategic objectives (see below), and contains a range of indicators that will allow the Department's progress against the objectives to be monitored.

Our Vision

Delivering a world class justice system that works for everyone in our society

Strategic Objective 1:
A prison and probation service that reforms offenders

1.1 Get the basics right in prisons	**1.2** Ensure a sustainable prison population	**1.3** Tackle re-offending through a cross-government approach

Strategic Objective 2:
A modern courts and justice system

2.1 Provide a fair and effective justice system	**2.2** Improve experience of victims of crime within the criminal justice system	**2.3** Champion our world class judiciary	**2.4** Support better outcomes for children, families and vulnerable adults

Strategic Objective 3:
A Global Britain that promotes the rule of law

3.1 Ensure growth and readiness for leaving the EU	**3.2** Maintain a domestic human rights framework that builds on our longstanding tradition of rights and liberties

Strategic Objective 4:
A transformed department

4.1 Maintain a tight grip on finances	**4.2** Ensure a positive and engaged workforce	**4.3** Drive efficiences and a better service

Performance against our Strategic Objectives

Our vision is to deliver a world class justice system that works for everyone in our society. We do this by protecting the public and keeping our communities safe, by reforming offenders, by providing open and accessible justice, by standing up for victims and protecting the vulnerable, and by upholding the rule of law and the independence of the judiciary.

We measure our performance using a range of indicators and data captured throughout the year, enabling us to understand the broader impact that the Department is having, with the aim of driving improvement. All these data are published on www.gov.uk.

1.1 Get the basics right in prisons

How we achieve this:

- Provide safe, secure and decent prisons
- Complete recruitment of 2,500 additional prison officers
- Roll out the Offender Management in Custody model across public sector prisons, including key worker training for prison officers, to help reduce violence in prisons
- Improve decency in prisons, including by tackling vandalism and maintaining cleanliness
- Use a better tailored set of incentives to encourage prisoners to reform
- Implement action plans to reduce the use of drugs in targeted prisons
- Build more modern spaces in prisons
- Prevent and disrupt serious and organised crime in prisons
- Identify and effectively manage terrorist and terrorist related offenders and fulfil our statutory duty to prevent radicalisation
- Respond promptly and publicly, within 28 days, to urgent notifications from Her Majesty's Inspectorate of Prisons
- Make youth custody a place of safety for children and those who work there

1.2 Ensure a sustainable prison population

How we achieve this:

- Provide better support for offenders in the community and build confidence in community sentences
- Improve outcomes for offenders under probation supervision by improving the quality and consistency of community sentence requirements
- Make effective use of Release on Temporary Licence, Recall and Home Detention Curfew
- Build a robust, scalable and flexible electronic monitoring service
- Act on the findings of the Parole Board review into the law, policy and procedure relating to parole decisions, which relate to transparency of the process, reasons for decisions and engagement of victims in the process

1.3 Tackle reoffending through a cross government approach

- Take forward cross-government work to reduce re-offending through a newly formed ministerial group
- Help offenders get the skills they need to find a job by implementing our education and employment strategy
- Help offenders secure suitable accommodation on release from prison by implementing our accommodation strategy
- Improve healthcare outcomes for offenders in custody and improve pathways of care for those with severe mental health illness
- Establish what further powers and responsibilities could be given to Police and Crime Commissioners as part of justice devolution to help improve criminal justice system outcomes
- Meet the specific needs of female, young, black, Asian and minority ethnic offenders and those with other vulnerabilities, including taking forward the government's response to David Lammy's report on disproportionality in the criminal justice system

2.1 Provide a fair and effective justice system

How we achieve this:

- Provide just, accessible and proportionate courts and tribunals services
- Continue the modernisation of our courts system through our court reform programme
- Deliver an accessible and effective online court where people will be able to resolve civil claims under £10,000 quickly and easily
- Extend the single justice procedure to enable greater numbers of high-volume, low-level offences to be dealt with more efficiently
- Provide easy-to-use digital ways to resolve matters like probate and uncontested divorce entirely online
- Use fewer, better, more flexible court buildings more effectively for the benefit of citizens
- Introduce legislation to modernise the courts system
- Complete a post-implementation review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012
- Provide simple, timely and reliable access to legal aid
- Deliver the Civil Liability Bill to ensure a fairer, more transparent and proportionate system of compensation for personal injury

2.2 Improve experience of victims of crime within the criminal justice system

How we achieve this:

- Publish a strategy to set out the actions we are taking to improve the experience and treatment of victims
- Develop proposals to tackle domestic violence and abuse
- Continue to roll out pre-recorded cross examination for vulnerable victims and witnesses and test the provision for certain intimidated witnesses

- Consult on proposals to legislate to introduce an Independent Public Advocate who would act on behalf of bereaved families or surviving victims after public disasters or acts of terrorism
- Ensure that victims and witnesses get effective support services
- Provide a sensitive, fair and efficient service which compensates victims of violent crime

2.3 Champion our world-class judiciary

How we achieve this:

- Make sure judicial recruitment meets the needs of today's justice system and draws on the best talent from every part of society
- Undertake, through the Senior Salaries Review Body, a major review of judicial pay

2.4 Support better outcomes for children, families and vulnerable adults

How we achieve this:

- Develop system-wide solutions that put children at the heart of the family justice system
- Develop less adversarial approaches that support better outcomes for children, including working with the Children and Family Court Advisory and Support Service to explore out of court dispute resolution services
- Prohibit direct cross-examination in family proceedings in specified circumstances when legislative time allows
- Register lasting and enduring powers of attorney, supervise court appointed deputies and investigate concerns in relation to both – to empower people to make decisions in advance and to protect those who have lost capacity to make decisions themselves

3.1 Ensure growth and readiness for leaving the EU

How we achieve this:

- Ensure English law and courts remain a primary choice for international businesses
- Promote UK legal services abroad, including through the GREAT campaign
- Deliver the best outcome from EU exit negotiations – for citizens, families, businesses and the legal profession – and prepare for the UK's independent trade policy and negotiations
- Prepare the justice system for EU exit
- Foster innovation in the justice system, backing the UK to compete globally in taking the lead on cutting edge opportunities

3.2 Maintain a domestic human rights framework that builds on our longstanding tradition of rights and liberties

How we achieve this:

- Maintain the UK's human rights framework and promote the reform of the Council of Europe's European Court of Human Rights
- Fulfil our international human rights obligations

4.1 Maintain a continued tight grip on departmental finances

How we achieve this:

- Set the financial strategy for the department for future years
- Provide strong financial stewardship to ensure that we deliver value for money for the taxpayer
- Implement a new operating model to better integrate finance functions, enhance professional financial capability and improve the quality of service to the department

4.2 Ensure a positive and engaged workforce

How we achieve this:

- Modernise employment terms and conditions of service to create a compelling employee proposition
- Develop our people so that they have the skills and capability to deliver excellent services
- Build a more inclusive workplace and a more diverse workforce

4.3 Drive efficiences and a better service

How we achieve this:

- Achieve our ambition to be a smarter, simpler and more unified department by modernising and professionalising the services we provide
- Make our IT services and infrastructure cheaper to run, more reliable and more secure
- Provide high quality information services, creative design services and insightful communications
- Provide high quality analytical services to enable data driven policy and operational decision making
- Enhance the department's commercial capability
- Manage the second largest estate in government to keep it compliant, functional and efficient
- Provide high quality project delivery services to lead and deliver our change agenda
- Continue to implement functional leadership models across our eight functions, enhancing professional capability and improving the quality of service to the department

Strategic objective 1:

A prison and probation service that reforms offenders

Performance overview:

Priority for 2018: Getting the foundations right in prisons

Levels of self-inflicted deaths, self-harm and violence in our prisons remain high and reducing these is our priority. We are continuing work to improve safety, as well as security and decency, in prisons.

During 2018-19, we invested additional funding in projects to improve decency, safety and security by improving facilities, implementing self-service kiosks, improving in-cell telephony, installing X-ray scanners and developing a new digital categorisation tool.

We announced the '10 Prisons Project' in August 2018 and have put additional staff, technology and training in place to improve conditions in those prisons. We conducted drug diagnostic visits at these prisons and are working with governors to implement the recommendations.

Our Prison Estate Transformation Programme aims to provide decent living conditions, and ensure we have enough modern prison places. In May 2019, we completed the build of a new house block at HMP Stocken and began construction of a new prison at the site of the former HMP Wellingborough. Demolition of the former prison HMP Glen Parva is complete and we plan to build a new prison on that site.

Last year, we achieved our target to have 2,500 more Band 3-5 prison officers in post ahead of schedule. In 2018-19 we have continued our recruitment efforts, resulting in a net increase of 4,675 full time equivalent officers in post between October 2016 (when the commitment was made) and March 2019. This increase in prison officer numbers has enabled all 92 closed male prisons to continue the rollout of the Offender Management in Custody (key worker) model with 15,000 prison officers now trained as key workers.

Following the establishment of the urgent notification process, we responded to urgent notifications issued by Her Majesty's Chief Inspector of Prisons about 4 prisons (Nottingham, Bedford, Exeter and Birmingham) and have put stronger arrangements in place to identify prisons of concern.

As we consider our long-term plan for accommodating offenders, we will continue our work to deliver a prison estate that is safe, decent, efficient and productive, and ensures prisoners are held in accommodation that adequately reflects their needs and the threat they pose. We will also focus on preventing drugs from entering our prisons, building the skills of prison officers, and improving the everyday processes that ensure that prisons operate to consistently high standards.

Priority for 2018: Ensuring a sustainable prison population

We are continuing our work to reform offenders and ensure there is a continuous path to reform between prison and community services.

In 2018-19, we published strategies on education and employment, accommodation and female offenders and announced our plans for residential women's centres. We also published a National Partnership Agreement for Prison Healthcare with the Department of Health and Social Care, NHS England and Public Health England. New prison education contracts started on 1 April 2019 and will give governors more choice over the education and learning provision delivered in their prisons.

In 2018-19, we continued in our efforts to deliver an efficient probation service that integrates community services with those services delivered in custody, implementing a new home detention curfew policy, evaluating the Community Sentence Treatment Requirement Programme and consulting on a draft policy framework for Release on Temporary Licence.

Managing offenders safely in the community is a key part of delivering an efficient probation service. We use a range of interventions to safeguard the public, including electronic monitoring. At the start of April 2019, GPS-enabled location monitoring tags became available to be used as part of arrangements for an individual's release from custody.

We consulted on the future of probation services and in May 2019, the Justice Secretary announced that all offender management will be brought under the National Probation Service (NPS) with effect from spring 2021. These reforms will enhance the work of the NPS, while providing up to £280 million a year for probation interventions from the private and voluntary sectors. Under the new model, each NPS region will have a dedicated private or voluntary sector 'Innovation Partner' - responsible for direct provision of unpaid work and accredited programmes. This will support NPS to identify, encourage and deliver greater innovation for vital services, including substance misuse programmes, training courses, community payback and housing support. The new model will also give local criminal justice partners a direct role in commissioning services together with NPS.

As we move into 2019-20, we will continue our work to ensure that we have an effective probation system which protects the public and punishes and rehabilitates offenders. We will do this by enforcing tough community sentences, whilst giving offenders the rehabilitative support they need to turn their lives around.

Performance metrics:[2]

Adult proven reoffending rate for offenders released from custody or commencing a court order of 37.8% compared to 37.2% over the previous reported period[3]	The reoffending rate is the annual average of one year proven reoffending rate for adult offenders discharged from prison or commencing a court order. For adults commencing a court order or released from custody in 2016-17 the annual average proven reoffending rate was 37.8%, compared to 37.2% over the previous reported period.
Youth proven reoffending rate for offenders released from custody of 64.6% compared to 68.1% over the previous reported period	The annual average proven reoffending rate for children and young people released from custody in 2016-17 was 64.6%, compared to 68.1% for 2015-16.
Community Rehabilitation Companies community orders 78.5% (2017-18: 77.9%) CRC completion of community orders and suspended sentence orders	Performance for the period April to December 2018 increased slightly to 78.5%, compared to a target of 75%. The final outturn for 2018-19 will be published on 25 July 2019 in the Community Performance Statistics release.
National Probation Service community orders 76.9% (2017-18: 73.8%) NPS completion of community orders and suspended sentence orders	Performance has improved to 76.9% for April to December 2018, compared to a target of 75%. The final outturn for 2018/19 will be published on 25 July 2019 in the Community Performance Statistics release.
Escapes – prison and prison escorts 2 (2017-18: 4) escapes from prison and prison escorts	There were fewer escapes in 2018-19 than in each of the past three years. The two escapes were both from prison service escorts. This equates to 0.002% of the average prison population.
Escapes – contractor escorts 6 (2017-18: 9) escapes from contractor escorts	The number of escapes from contractor escorts is lower compared to the previous year and the rate remains low: the six escapes equate to one per 95,155 prisoner journeys.
Prisoner on prisoner assaults 293 (2017: 248) prisoner on prisoner assaults per 1,000 prisoners[4]	There were 24,424 prisoner-on-prisoner assaults in the 12 months to December 2018 (a rate of 293 per 1,000 prisoners), up 15% from the previous year. This is the highest level in the time series.
Assaults on prison staff 123 (2017: 98; 2016-17:116) assaults on prison staff per 1,000 prisoners	There were 10,213 assaults on staff in the 12 months to December 2018 (a rate of 123 per 1,000 prisoners), up 21% from the previous year. This is the highest level in the time series.
Self-inflicted deaths 87 (2017-18: 73; 2016-17: 116) self-inflicted deaths per 1,000 prisoners	There were 87 self-inflicted deaths in 2018-19, up 19% from 73 in the previous year. On a rate basis this is 1.1 instances per 1,000 prisoners.
Prison officer numbers (FTE) 22,630 full time equivalent prison officers[5] in post as at 31 March 2019 (31 December 2017: 19,925)	The number of Band 3-5 Prison Officers on a full-time equivalent (FTE) basis increased by 4,675 between 31 October 2016 (when the commitment was made to increase the number of prison officers by 2,500) and 31 March 2019.

2 **Sources:** Proven Reoffending Statistics (https://www.gov.uk/government/statistics/proven-reoffending-statistics-april-to-june-2017); Community performance quarterly, update to December 2018 (https://www.gov.uk/government/statistics/community-performance-quarterly-update-to-december-2018); Safety in custody quarterly: update to December 2018 (https://www.gov.uk/government/statistics/safety-in-custody-quarterly-update-to-december-2018); HMPPS Workforce Statistics: December 2018 (https://www.gov.uk/government/statistics/hm-prison-and-probation-service-workforce-quarterly-december-2018)

3 Period reported for current year is April 2016-March 2017. Prior year period reported is April 2015-March 2016.

4 Period reported for current year is January -December 2018. Prior year period reported is January -December 2017.

5 Band 3-5 prison officer numbers.

Strategic objective 2:
A modern courts and justice system

Performance overview:

Priority for 2018: Promote the rule of law and provide a fair justice system

In 2018-19, we have continued our focus on transforming the administration of courts and tribunals through investment in better technology, a modern and flexible estate and streamlining processes leading to much better access to justice and a better experience for users and staff.

The HMCTS Reform Programme made good progress in 2018-19. New digital services for divorce, civil money claims, social security appeals and probate have been used by more than 100,000 people and feedback has been excellent. The first Courts and Tribunals Service Centres went live in Stoke-on-Trent and Birmingham in January, bringing expertise together and providing a more professional service to those who access the justice system.

We have made good progress introducing and implementing legislation to underpin the reform process and provide fair and effective justice services.

- During the year we introduced legislation to modernise the court system, gaining Royal Assent for the Courts and Tribunals (Judiciary and Functions of Staff) Act 2018, which aims to increase efficiency in the courts by allowing greater flexibility to deploy the right judge to the right case. This will free up judges' time to focus on more complex matters by allowing qualified and experienced court and tribunal staff to handle uncontroversial, straightforward matters under judicial supervision.
- We gained Royal Assent for the Civil Liability Act 2018 which reforms the process for whiplash claims and changes the personal injury compensation system, and the Voyeurism (Offences) Act 2019, which outlaws 'upskirting'.
- We published the post implementation review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012.
- We published a victims' strategy and consulted on the role of an Independent Public Advocate who would act on behalf of bereaved families or surviving victims after public disasters or acts of terrorism.
- Working with the Home Office, we supported publication of the draft Domestic Abuse Bill on 21 January, which included provisions to prohibit direct cross-examination of victims by their abuser in family proceedings. The bill will undergo pre-legislative scrutiny prior to being introduced in the next session.
- We consulted on divorce reform and published our intention to introduce 'no fault' divorce on 9 April 2019.

Timeliness in criminal courts remains steady but the time taken to resolve cases in the family courts continued to increase. Extra sitting days in 2019-20 should help to increase judicial capacity. Timeliness performance across the three largest tribunals (Employment Tribunal, Immigration and Asylum Chamber, Social Security and Child Support Tribunal) continues to be affected by judicial capacity constraints and significant increases in receipts over recent years.

We continue to administer the compensation scheme for victims of crime through the Criminal Injuries Compensation Authority, the Public Guardian continues to protect the most vulnerable by registering lasting powers of attorney and supervising court appointed deputies, and the Legal Aid Agency continues to provide timely and reliable access to legal aid.

As we move into 2019-20, we will continue to improve the way that people are supported in their interactions with the justice system by setting out a clear vision for the future of legal aid and consider reforms to deliver this in the most effective, efficient and sustainable way. We will improve the wider legal support available to help individuals access justice in the way that best meets their needs and carry on our aim to modernise the procedures and infrastructure of our courts and tribunals to deliver justice in a way that meets the needs of users, supports our independent judiciary and legal professionals, provides value for money and better access to justice. We will lead an effective and coordinated criminal justice system by working more proactively with our partners.

Performance metrics:[6]

Crown Court 2018-19: 31,916 (2017-18: 37,035) all outstanding criminal cases in the Crown Court, with only 13% of listed trials not commenced on the day scheduled	Receipts for all cases in the Crown court fell by 7% during 2018-19 compared to the previous year. This had led, in part to all outstanding cases reducing from 37,035 at the end of 2017-18 to 31,916 at the end of 2018-19. The effectiveness of all crown court trials has remained constant, between 49% to 52% over the period 2016-17 to 2018-19. The trends for cracked and ineffective trials has remained relatively stable compared to the previous year's position, from 36% to 35% and 15% to 13% respectively.
Magistrates court 2018-19: 293,412 (2017-18: 293,377) outstanding criminal cases in the magistrates' courts, with only 15% of listed trials not commenced on the day scheduled	Both receipts and disposals fell during 2018-19 compared to the previous year, while the number of outstanding cases has remained constant. The effectiveness of trials at the magistrates' court has remained constant, between 45% and 46% over 2018-19. Similarly, the trends for cracked and ineffective trials have also remained constant at around 39% and 15% respectively for 2018-19.
Civil courts 2018-19: Average time 36 weeks (2017-18: 33 weeks) to deal with a small claim from date issued to claim going to trial in civil court	The average time to deal with a small claim from the date of issue to the claim going to trial, was between 31 and 32 weeks during 2016-17 and 2017-18 but has lengthened to 37 weeks during the last quarter of 2018-19.
Family court – Public Law 2018-19: Average time 31 weeks (2017-18: 30 weeks) for disposal of a care or supervision application in the family court	The average time for the first disposal of a Public law case has lengthened from 27 weeks during the quarter ending June 2016 to 33 weeks for the quarter ending March 2019. The number of children involved in outstanding Public law applications has steadily increased by 33% from 13,240 in June 2016 to 17,571 in March 2019. Public law applications received, and disposed of decreased by 2% and 1% respectively during 2018-19.
Family court – Private Law 2018-19: Average time 27 weeks (2017-18: 25 weeks) for disposal of a Section 8 Private law application in the family court	The average time from issue to final order in private law cases was at its lowest during the quarter ending September 2016 at 21 week, but has steadily lengthened to 29 weeks for the quarter ending March 2019. The number of children involved in outstanding Private law applications has increased by 64% from 28,214 in June 2016 to 46,368 in March 2019. Both Private law applications received and disposed of increased by 10% and 7% respectively, from 2017-18 to 2018-19.

[6] Figures for tribunals timeliness and the number of children involved in family applications outstanding are based on HMCTS published Management Information. All other figures are from MoJ official statistics.

Tribunal timeliness – Immigration and Asylum Chamber 2018-19: Average time 39 weeks (2017-18: 46 weeks) taken from receipt to disposal	The average weeks from receipt to disposal for all cases overall, has improved each quarter since September 2017; from 52 to 39 weeks for the quarter ending March 2019.
Tribunal timeliness – Social Security and Child Support 2018-19: Average time 30 weeks (2017-18: 25 weeks) taken from receipt to disposal	The average age of a disposal has lengthened since the quarter ending September 2016 from 16 weeks to 30 weeks for the quarter ending March 2019.
Tribunal timeliness – Employment Tribunal 2018-19: Average time 29 weeks (2017-18: 25 weeks) taken from receipt to disposal	During 2018-19 performance has worsened for the average overall clearance times between receipt and disposal of a claim; from 26 weeks during for the quarter ending June 2018 to 29 weeks for the quarter ending March 2019.

Strategic objective 3:
A Global Britain that promotes the rule of law

Performance overview:

Priority for 2018: Ensuring growth and readiness for leaving the EU.

We have continued to focus on securing the best outcomes in relation to justice matters in the negotiations with the EU on our future relationship.

We lead on Civil Justice Cooperation negotiations, working to ensure there is an effective framework of rules in place to enable citizens, businesses and families to settle cross border disputes effectively. We continue to work with the Department for Business, Energy and Industrial Strategy in preparation for negotiations with the EU on legal services market access as part of the wider professional and business services sector, within a future economic partnership with the EU. We work closely with the Home Office in negotiating a future internal security partnership with the EU and on criminal justice measures.

We also oversee the UK's human rights framework, this includes monitoring human rights implications across the EU exit negotiations. The Department is committed to fulfilling its responsibilities in managing the UK's constitutional relationship with the Crown Dependencies by working with DExEU to ensure that the needs and interests of the Crown Dependencies are represented across the UK's negotiating positions.

Preparations for EU Exit negotiations continues with significant staff resources being allocated across each of the Department's priority areas, which aim to ensure a smooth and orderly Exit from the EU.

Significant resource has been dedicated towards the development of robust contingency plans that remain in place and are ready if the UK should leave the EU without a deal; we remain ready to consider future resourcing accordingly in relation to any developments.

The Department also seeks to advance the interests of our legal services sector, which currently contributes around £25 billion to the economy.

To maintain the attractiveness and competitiveness of UK legal services, courts and law we have promoted the UK tech and legal services sector, fostering innovation and supporting the growth of the UK's LawTech Community. The Lord Chancellor established a sector-led Law Tech Delivery Panel in July 2018 to help advance these goals.

The Business, Energy and Industrial Strategy Department also announced the allocation of approximately £6.9m from the UK Research & Innovate funding to LawTech projects designed to support innovation. We continue to work with the Law Commission on their 13th Programme of Law Reform which includes projects aimed at boosting global Britain and enhancing the UK's competitiveness as we leave the EU.

Strategic objective 4:
A transformed department

Performance overview:

Priority for 2018: Ensuring a continued tight grip of departmental finances and transformation.

At the start of 2018-19, our aim was to maintain a tight grip on departmental finances, ensure a positive and engaged workforce and drive a better service from our corporate functions. We said we would set the financial strategy for the department for future years, provide strong financial stewardship, modernise employment terms and conditions, build a more inclusive and diverse workforce, and implement functional leadership models for our corporate functions.

Staff engagement and diversity are at the core of the Department's values. Achievements in 2018-19 include:

- Increasing diversity declaration rates across all protected characteristics
- Meeting disability representation targets for SCS and Band A and for BAME Band A
- Implementation of a new performance management and in-year recognition scheme
- Successful recruitment of over 1,200 trainee Probation Officers and Probation Service Officers to date in 2018-19
- Implementation of Civil Service success profiles for volume recruitment operational roles in public sector prisons
- Redesign and implementation of a new end to end prison officer recruitment process and
- Over 1,000 formal job offers to Armed Forces service leavers.

We are embedding a functional leadership model in each of our corporate functions to improve the quality of service they provide.

The Future Finance Programme is creating a modern, collaborative finance function that delivers quality service more efficiently and drives high quality financial management across the Department. The new finance operating model is structured around the core elements with unified expert teams providing services across the department rather than to specific business areas, while continuing to provide dedicated finance business partnering services. The programme is introducing centres of excellence to deliver consistent global processes across finance functions, such as financial accounting, management accounting and purchase to pay.

The Department takes its fiscal responsibilities seriously. As well as strengthening its internal financial capability, we have worked constructively with HM Treasury throughout the year, including working proactively to provide advanced notice of financial challenges in regular joint forward look sessions.

The department has faced tough financial decisions this year. We have worked together to deliver services and demonstrate our commitment to deliver value for money in everything we do while ensuring a tight grip on Departmental finances. We have managed our resources effectively and efficiently and have been successful in meeting our agreed Parliamentary control totals. Our financial performance is discussed in more detail on pages 11 to 13.

In addition, our functions have supported the business in numerous ways, for example by:

- Rolling out Windows 10, Office 365 and new devices to provide staff with quicker and modern IT
- Rolling out a digital tool to prison officers which saves time by improving their access to the unlock and activity lists
- Through our use of commuter hubs and by relocating staff out of central London to Croydon, Leeds and Canary Wharf, we have made more efficient use of office space
- Launching contract management standards and improving commercial oversight and assurance
- Putting project delivery standards in place to improve delivery confidence in our major projects
- Our communications experts supporting the prison officer recruitment campaign
- Our analysts developing a safety diagnostic tool that allows operational staff in all prisons to access timely data.

Case study: Performance Management

A new Performance Management policy was introduced in the Department in April 2018, drawing on evidence from high performing organisations in the public and private sectors, and from the experience of piloting the new approach within MoJ HQ and HMCTS. The aim was to create a more dynamic approach that would motivate, engage and develop staff, strengthen manager capability and confidence, be lighter touch administratively, and build an effective and inclusive performance management culture.

A key element is a much greater focus on building the relationship between employee and manager, with regular one to one conversations enabling feedback and engagement on performance throughout the year. The new approach replaces the end of year box marking assessment with its retrospective focus on achievements and tasks completed, removing the unpopular 'guided distribution' of markings, the validation process and the significant administrative activity supporting this.

The regular discussions cover development and performance goals, aspirations and challenges, and enable timely support and action to address under or poor performance, or to support staff showing high potential and talent to find opportunities to challenge themselves and develop further. A new Recognition and Reward Policy supporting the new approach provides managers a more immediate opportunity to recognise outstanding contributions and achievements by staff at all grades throughout the year, replacing the static end of year bonus for the small proportion of staff achieving the top box marking under the previous system.

Quarterly Reviews by senior managers in each business area provide local assurance on the operation of the new performance management process, and survey data during the year has indicated that the new system had landed well and that employees and managers are engaging positively with the new approach. On-going evaluation will keep the new policy under review as it continues to embed and identify where this can be improved and strengthened further.

Case study: MoJ National Programme

The MoJ National programme has significantly reduced the Department's reliance on expensive properties in Whitehall. In 2018, the programme delivered 4 interconnected headquarter properties and the Department continues to develop its commuter hub network to support smarter, more flexible working across the office estate. MoJ HQs now consists of: 102 Petty France; South Colonnade (Canary Wharf); Southern House (Croydon); and Wellington Place (Leeds).

Space allocation across the 4 HQs is predicated on a 6:10 ratio (desks to people) that has enabled the Department occupancy to reduce its space in 102 Petty France to just 45% of the property (c.15,000m2). The remaining 55% (c.18,000m2) has been sub-let to paying tenants from other government departments, including the Crown Prosecution Service who had full occupation from September 2018, the Government Legal Department who will occupy from summer 2019 and some smaller departments such as the Office for Budget Responsibility and the Charities Commission. HQ space has reduced by over 37% from 40,716m2 in 2015 to just 27,257m2 in 2019.

At each HQ, the MoJ National team has invested in modern collaborative technology (Skype, Telephony and HD screens) within every meeting room to upgrade and modernise our estate. Together with our commuter hub strategy, this approach has significantly reduced expensive travel between sites and provides more choices for staff about how and where they work. Greater space efficiency combined with a higher utilisation of our property portfolio offers increased value for money, and has enabled MoJ National to generate cashable savings more than £12m per annum over the next 10 years. It has additionally unlocked wider savings to the exchequer of c.£20m a year through the rationalisation of other government departments' property into 102 Petty France.

Performance metrics:

Staff engagement An increase in the overall staff engagement index from 56% to 57%[7]	Research shows that engaged staff are more productive, provide better service and enjoy better well-being. This year's survey continued to show that the factors that influence engagement most strongly in the Department are work that gives a sense of purpose and personal accomplishment; confidence in leaders' decisions and the direction of change; and feeling valued with opportunities to develop. The small overall increase in the department's headline engagement index from 56% to 57% came about as a result of a 3 percentage point improvement in HMPPS to 59%, a reduction of 2 points in MoJ HQ to 60% and a reduction of 4 points in HMCTS to 49%. Work following the survey focused on understanding the issues behind the reductions and acting to resolve them. (Results of this year's survey are here: https://www.gov.uk/government/publications/ministry-of-justice-civil-service-people-survey-results-2018.)
Staff diversity A decrease in the percentage of senior civil servants who are black, Asian or minority ethnic from 6.7% to 5.1%	Whilst any decrease is concerning we need to bear in mind that overall numbers are very small, so any move on even 1 or 2 individuals in or out of the department will appear to have a significant impact. However, it is encouraging that the numbers of Band A BAME individuals (our internal SCS pipeline) continue to grow, and through continued delivery of developmental and mentoring programmes across the Department to identify, nurture and develop BAME Band A talent, we are optimistic that this will have a positive impact going forward in aiding and accelerating progression to eventually reflect the wider UK working age populations of BAME people which is 14%.

[7] The Department's staff engagement survey is conducted annually in October. The current year score is from October 2018.

Staff diversity Senior civil servants who are declared disabled is 9.2%	The increase in SCS who are declaring their disability is encouraging and indicates a growth in levels of inclusion ie. staff feel comfortable and confident to declare disability. We also know from the staff survey that some of the most improved workplace experiences in 2018 were reported by disabled staff. Moreover, the continued rise means that that we are gradually moving closer - even at SCS level - to reflecting the wider UK working age populations of disabled people which is 12.9 % and are above our 2020 target. Our proportion of disabled Band As (leadership feeder grades) are also rising.
Ministerial correspondence 89% (2018: 88%) of ministerial correspondence answered within 15 days **Parliamentary Questions** 88% (2017-18: 85%) of Parliamentary Questions answered on time[8]	The continued improvement across response times for both ministerial correspondence and Parliamentary questions has been the culmination of hard work to communicate the importance of timely responses and ensure that questions are escalated to the appropriate level for response. The process has now embedded, with a 1% improvement on the previous year for ministerial correspondence, and 3% improvement on Parliamentary questions compared to the previous year. In regards to ministerial correspondence, the Cabinet Office 80% target was achieved and for parliamentary questions, the Procedure Committee target of 85% was also met.
Freedom of Information 94% (2016-17: 89%) of Freedom of Information (FoI) requests answered on time[9]	Building on the introduction of the new case management system the Department has implemented further process improvements to manage requests effectively throughout all stages of the process. This has seen a 5% improvement on the previous year's performance, now achieving above the Information Commissioner's Office target (90% requests answered in time) for the last 18 months consecutively.
MoJ HQ Estate[10]	MoJ HQ Estate size per FTE staff member decreased from 7.3m^2 to 6.5m^2 - The Civil Service 8m^2/FTE target set by Cabinet Office has been exceeded, providing a strong indicator for efficient use of the estate.
Carbon emissions 38% (2017-18: 34%) reduction in total emissions – Scope 1, 2 & 3 (tCO2e)[11]	The Department has agreed a new 38% carbon emission reduction target for the remaining Greening Government Commitments period to March 2020. This more stretching target replaces the previous 2016-18 requirement of 22% reduction and builds on previous success in this area. The Department has met this new target in 2018-19 with an overall reduction in total emissions of 38% against a 2009-10 baseline. This has been achieved through the Smarter Working programme, estate rationalization, reduction in carbon factors due to decarbonization of the electricity grid and implementation of a number of low or no cost energy efficiency initiatives in 2018-19. Examples of initiatives include installation of boiler optimization controls, automatic gas metering and LED lighting installations.

[8] Period reported for current year is April 2018-March 2019. Prior year period reported is April 2017 to March 2018.
[9] Period reported for current year is January 2018-December 2018. Prior year period reported is January 2017-December 2017.
[10] Data collected for State of the Estate in 2017-18 published in December 2018.
[11] Environmental data is for a 12-month period from January 2018 to December 2018 and therefore does not align with data reported elsewhere in this report which refers to the 2018-19 financial year (1st April 2018 – 31st March 2019).

Sustainability

Sustainability recognises that the three pillars of the economy, society and the environment are interconnected. It is a long-term, integrated approach, to achieving quality of life improvements while respecting the need to live within environmental limits.

During 2018-19 the Department's primary sustainability objectives were:

- Maintaining legal compliance and delivering the Greening Government Commitments[12]
- Ensuring compliance with mandatory Government Buying Standards and
- Responding to the findings of the Environmental Audit Committee report on environmental sustainability at the Department.

Scope and data quality

Included within the scope of this part of the Annual Report are MoJ Headquarters, Her Majesty's Prison and Probation Service, Her Majesty's Courts and Tribunal Service, Legal Aid Agency, Office of the Public Guardian and Criminal Injuries Compensation Agency.

Performance data is gathered and validated by Arcadis and Carbon Smart, our external consultants employed to manage our data, and final checks are undertaken by the Building Research Establishment on behalf of the Department for Environment, Food and Rural Affairs.

The Department is unable to report data from locations where property owners are not obliged to provide it. Some data will be estimated. The data below shows our present position for the financial year 2018-19 against a 2009-10 baseline (unless otherwise stated). Data and target performance are restated where more accurate historic information has been made available. Environmental data is estimated for a 12-month period from January 2018 to December 2018 and therefore does not align with data reported elsewhere in this report which refers to the 2018-19 financial year (1st April 2018 – 31st March 2019). Environmental data for the previous year (2017-18) has been restated to include actual environmental performance for the 2017-18 financial year[13].

The greenhouse gas conversion factors used can be found in the Government environmental impact reporting requirements for business.[14]

This report is prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting'.[15]

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[12] https://www.gov.uk/government/publications/greening-government-commitments-2016-to-2020/greening-government-commitments-2016-to-2020

[13] In accordance with annual reporting conventions across other UK Government departments, The Department's non-financial indicators are compiled using data from the final quarter of the previous reporting year plus the first three quarters of the current reporting year.

[14] https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2018

[15] Government financial reporting manual 2018 to 2019 - GOV.UK

UN Sustainable Development Goals

The Department is committed to delivering the UN sustainable development goals and our Single Department Plan sets out how our work supports delivery of specific goals. The work of the Department primarily supports delivery of Goal 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels). In addition, our work on improving the experience of victims and witnesses in the justice system, ensuring better outcomes for children, families and vulnerable adults and our own departmental diversity and inclusion strategy support delivery of Goal 5 (Achieve gender equality and empower all women and girls), and our work on meeting the needs of young, female and BAME offenders is supporting delivery of Goal 10 (reduce inequality within and among countries). In addition, our sustainability agenda supports Goal 13 (Take urgent action to combat climate change and its impacts).

Governance and engagement

Overall governance and assurance of sustainability is managed by the our Estates Sustainability Team and performance is monitored by our Senior Sustainability Board, chaired by the Chief Property Officer and Sustainability Champion.

Our Sustainable Operations Strategy sets out how the Department embeds environmental sustainability throughout its estate, operations and procurement activity. The Department has also developed a number of other sustainability strategies and policies for its staff and supply chain to follow:

- Carbon and Energy Reduction Strategy
- Building Research Establishment Environmental Assessment Method Policy[16]
- Biodiversity Policy
- Water strategy
- Pollinator Strategy
- Bio-security Strategy and Policy
- Single use plastics Policy

Throughout 2018-19 a 'Be Seen Being Green' staff engagement campaign was launched and the Department participated in events including Earth Hour, Biodiversity Day and Recycling Week. We also launched our Green Group, bringing together two previous networks of our staff into a single group which, supported by the sustainability team, will engage in a range of activities aimed at further reducing our environmental impact through behaviour change.

Independent reviews

Over the course of 2018-19, the Department has been working to address the recommendations of the Environmental Audit Committee report on sustainability at the Department. As a result of the report, significant improvements have been made across governance arrangements and the Department has also made progress in embedding environmental sustainability to policy making. We are working with the Policy Profession to develop guidance focused on highlighting policy options that are likely to have environmental impacts.

The Department now provides enhanced management information to prisons, alongside benchmarking information on energy, water use and Green House Gas emissions. The Department also provides agencies with tailored targets to support improvements in environmental performance.

[16] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692531/sustainable-construction-breeam-policy.pdf

Transparency commitments

Throughout this section the Department's activities are linked to the three pillars of sustainability: the economy, society and the environment.

Category	Icon	Description
Economic		The Department aims to support high and sustainable levels of employment to drive economic growth
Social		The Department aims to recognise the needs of everyone and support those with complex barriers to turn their lives around for the better
Environmental		The Department aims to make prudent use of natural resources to help protect the environment

As well as publishing our sustainability policies, the Department reports against several transparency commitments as part of the Greening Government Commitments framework. Progress is summarised below:

Initiative	Activity in 2018-19 includes
Sustainable Procurement	New contracts require that suppliers meet the Government Buying Standards. New procurement staff are provided with training on sustainable procurement. All commercial policy professionals are required to complete the Civil Service "Introduction to Sustainability" online training course. Due to its historic performance in managing spend with Small and Medium Sized Enterprises against the Government target of 33%, the Department has set a more challenging target of 38% by 2020. In 2018-19 we ensured that all new contracts contain sustainability clauses. Food provided in our catering outlets is local and in season, where possible, to minimise energy used in food production, transport and storage. Food is purchased from farming systems that minimise harm to the environment, such as produce certified by LEAF, the Soil Association or Marine Stewardship Council. Other products are also offered which are fairly traded and ethically sourced. The amount of foods of animal origin (meat, dairy products and eggs) eaten is being reduced, as livestock farming is one of the most significant contributors to climate change, and the Department ensures that any meat, dairy products or eggs which are purchased are produced to high environmental and animal welfare standards. The amount of palm oil used in products purchased is also being reduced where possible ensuring that, where palm oil is used, it is sustainably sourced. A new Sustainable Procurement Policy was approved by the Senior Sustainability Board in February 2019 and the Sustainability Team are busy implementing it.

Initiative	Activity in 2018-19 includes
Biodiversity 	The Department includes national and regionally important environmentally sensitive sites, which have been designated by Natural England, and Natural Resources Wales for their biological, geological and archaeological importance. There are also European and Internationally important designated sites, which encompass our borders on the Department's estates, which have been scheduled for their importance for wetlands, wading birds and landscape scale conservation. Additionally, the Department has over 30+ sites of local and regional biodiversity significance. Our Ecology Team have been working hard with its Executive Agencies and its lead partners for wildlife, and have processes in place through action logs and site management plans to ensure at least 70% of our designated sites are in a favourable condition by 2020. The Department's Ecology Team have been further developing our sites of specific scientific interest condition improvement plan, commissioning biological condition improvement surveys at 2 environmentally sensitive sites. Additionally, commissioning biological surveys of 13 biodiversity significant sites, where the Department shall be implementing local biodiversity action plans. The Department has been working closely with its estate facilities management providers and its lead partners to sign and implement innovative and challenging Memorandums of Understanding that deliver on its biodiversity strategy for both flora and fauna. In 2018 the Department signed MoUs with the British Dragonfly Society and the Amphibian and Reptile Group UK. Our Ecology Team run a national behaviour awareness campaign which includes a national Biodiversity Day, a National BioBlitz, and the HMPPS Wildlife Award. Over the year, 15 prisons including six environmentally sensitive sites, have engaged offenders on ecological related work, providing important restorative justice programmes, transferable learning and skills opportunities, and health and well-being initiatives through nature and community engagement. The team also organised six conservation volunteering days on our estate, three at HMP Coldingley and three at Snaresbrook Crown Court. Volunteers carried out a range of conservation activities that included building hedgehog and bird boxes, renewing a "nature walk", and clearing ivy to allow light into the woodland to enhance the native understorey flora. The Department is working closely with the Animal and Plant Health Agency (APHA), on a badger inoculation project on the HMPPS estate. The aim of this project is to assist our rural estates prison livestock farms, with badger management, as well as our partners APHA and the Department for Environment, Food and Rural Affairs with important biological and behavioural site movements of badgers. In addition to this inoculation project the Department is running an orphan badger project at its HMPPS training services site Newbold Revell, where they have successfully relocated and released five badger orphan cubs to the wild. In late 2018 the 2016-2018 Biennial Ecology Update was published along with our Biodiversity Policy, and the Woodland Statement and Vison is currently being drafted for launch in mid to late 2019.
Rural Proofing 	Working with the Department for Environment, Food and Rural Affairs, the Department has developed a set of clear screening questions and supporting guidance for policy professionals to help them rapidly and reliably assess policy options for potential sustainability impact. This guidance is being taken to the Policy Profession Board early in 2019-20 with a view to ensuring its use on all policy options so that, where particular options will require more detailed impact assessment as they are developed, they are clearly highlighted and results are recorded to support robust evidencing and the use of the screening questions. The Department secures appropriate guidance on sustainability in response to important planning issues, such as: transport plans, ecological impact assessments and social and community plans.

Initiative	Activity in 2018-19 includes
Climate Change Adaptation	The Department is mindful of the risks posed by climate change and has taken steps to avoid overheating in prisons. It will continue its programme to review and introduce measures to mitigate against overheating in the existing prison estate. The Department has incorporated climate change scenarios in its Prison Estate Transformation Programme energy modelling. This will help to reduce summertime overheating, and minimise summertime cooling energy demand. Application of Building Research Establishment Environmental Assessment Method requirements will also ensure that new prisons sites and designs consider and address flood risk, rainfall and solar gain. A Climate Adaption Strategy is being developed with input from the Environment Agency. This will be published in 2019.
Sustainable Construction	The Department is committed to the BREEAM standard of "excellence" for new builds and "very good" for refurbishments over stated minimum threshold values. It committed to publishing annually the BREEAM rating of our new building and other major projects During 2018-19 one project received final BREEAM certification – this was a new build prison project and it received an 'excellent' rating in line with the Department's policy on sustainable construction. A total of 23 projects were registered for BREEAM during the year. These were all new build projects. The Department has developed guidance for project teams on applying the BREEAM policy to reduce the risk of assessments failing to achieve the required standards or not being completed. The BREEAM Policy was updated this year to require a costed 'upgrade option' to be provided for all BREEAM assessed projects such that an informed decision could be made with respect to pushing for higher than mandated BREEAM standards. The Department has integrated environmental sustainability into decision-making processes from the earliest stages of project development and the Sustainability Team continues to work with Project Delivery colleagues to identify key intervention points where integration of sustainability would have most benefit.

Greening Government Commitments

The data below shows our present position for the financial year ending 2018-19 against a 2009-10 baseline, unless otherwise stated.

Overall Greening Government Commitments (GGC) performance

Overall Greening Government Commitments performance 2018-19

Requirement	2018-19 performance	Achievement against target	Explanation where target not achieved
Reduce greenhouse gas emissions by 38%	-38%	●	
Reduce domestic business flights by 30%	-7%	●	HMCTS and OPG continue to have a requirement to fly to areas where there is no practical alternative to air travel. The majority of flights are either to 'hard to reach' locations or would result in overly long train journeys.
Reduce overall waste and exceed 2015-16 levels (-31%)	-37%	●	
Landfill waste to be less than 10%	4%	●	
Increase recycling and exceed 2015-16 levels (59%)	83%	●	

Overall Greening Government Commitments performance 2018-19			
Requirement	**2018-19 performance**	**Achievement against target**	**Explanation where target not achieved**
Reduce paper use by 50%	-32%		The Department is improving its digital systems to enable a reduction in its reliance on paper
Reduce total estate water consumption and exceed 2014-15 levels (-4%)	-4%		Currently at 3.75% reduction and a water leak detection programme is being initiated and automatic meter readings meters installed to improve water consumption on the estate.

Greenhouse gases

Greenhouse gases and financial costs 2018-19

Greenhouse gas (GHG) emissions from buildings and travel		2018-19	2017-18[17]	2016-17	2015-16	2014-15
Non-financial indicators (tCO2e)	Total Gross Scope 1 (Direct) GHG emissions	186,789	180,786	195,971	195,591	206,749
	Total Gross Scope 2 (Energy indirect) emissions	138,139	161,654	178,950	224,224	238,317
	Total Gross Scope 3 (Official business travel) emissions	24,367	28,682	30,218	39,679	37,659
	Total emissions[18]	**349,295**	**371,122**	**405,139**	**459,494**	**482,725**
Non-financial indicators (MWh)	Electricity: non-renewable	365,478	358,468	350,095	335,636	361,061
	Electricity: renewable	92,313	81,553	83,316	111,515	119,653
	Gas	893,402	880,716	921,913	903,080	951,013
	Other energy sources	38,688	35,363	53,839	84,267	88,608
	Total energy	**1,389,881**	**1,356,100**	**1,409,163**	**1,434,498**	**1,520,335**
Financial indicators (£m)	Expenditure on energy	92	92[19]	97	97	103
	CRC Expenditure	6	7	7	7	7
	Expenditure on official business travel	28	24	28	25	27
	Total expenditure on energy and business travel	**126**	**123[20]**	**132**	**129**	**137**

The Department has achieved a 38% reduction on its overall carbon emissions from estate energy consumption and business travel since 2009-10, and reduced its associated energy bill by £12m per annum since 2014-15. This has been achieved through a combination of investment in energy efficiency projects, smarter working and estate rationalisation, as well as decarbonisation of grid electricity.

[17] 2017-18 non-financial indicators have been restated to include actual environmental performance for the financial year
[18] Definitions for Scope 1-3 emissions can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69282/pb13309-ghg-guidance-0909011.pdf
[19] Correction to previously published figure
[20] ibid

During 2018-19 there has been a focus on no cost measures, benchmarking site performance and developing detailed project proposals. The Department has, for example:

- Installed boiler optimisation controls at three prison sites
- Installed or enabled gas Automatic Meter Reading (AMR) at 370 sites across the prison estate and 244 sites across the courts estate
- Installed LED lighting at two major sites
- Assessed the viability of solar PV projects at two custodial sites
- Commenced Re:Fit in London for several Courts and Prisons
- Continued to display energy use at our HQ buildings online.

The Department also takes part in the Modern Energy Partners programme at three prisons on the Isle of Sheppey. MEP is a collaborative project between Energy Systems Catapult, the Cabinet Office and the Department for Business, Energy and Industrial Strategy, working with private sector specialists and Crown Commercial Service. This and Re:Fit will help identify further funding sources for investment in energy and carbon saving projects.

The Courts continue to reduce overall carbon emissions through its Smarter Working programme, investment in energy efficiency projects, and digitalisation of court procedures. £15m was secured for works to improve the condition of court buildings ensuring that more than 170 wide-ranging improvement works were undertaken across many sites during 2018-19. HMCTS has made £6 million savings on energy and travel since 2009-10.

HMP Risley LED Lighting

The Department and Amey have worked together to install LED lighting, in two phases, at HMP Risley. This £3m project finished in early 2019 and is projected to produce savings of around £170k and 580 tCO_2 per year.

Greening our vehicle fleet – Acquisition of Low Emission Vehicles (LEV) and Ultra Low Emission Vehicles (ULEV) 2018 - 2023

The Department is transitioning its fleet vehicles away from a dependence on diesel to petrol/electric hybrids or to pure electric where viable options are available. The current MoJ Fleet consists of 1544 cars, vans, minibuses and trucks which predominantly use diesel as their fuel. Having an average age across the fleet of 5 years, all vehicles met the latest European Emission Standard at the time of purchase. In order to meet the new requirement that by 2022 all Government fleets will have 25 percent of its cars meeting the ultra-low emission vehicle definition of below 75g CO2 / km together with the corresponding adoption of the revised buying standards for vehicles in January 2018, a target of 149 cars has been set for the MoJ fleet to achieve compliance. The Department has increased its road going low emission vehicles from zero in January 2018 to a current fleet holding of 103 petrol hybrid low emission vehicles and 3 plug-in petrol hybrid ultra-low emission vehicles.

Travel

Domestic flights 2018-19

Domestic air travel	2018-19	2017-18[21]	2016-17	2015-16	2014-15
Number of flights	**4,265**	4,256	4,034	3,319	3,976

Whilst the Department is working to reduce the number of domestic flights taken, this area accounts for less than 0.1% of its total carbon emissions. In addition, all flights are either taken to 'hard to reach' locations (e.g. Northern Ireland), or would incur over 6 hours travel for a return rail journey. Therefore, although we are working with colleagues to reduce flight numbers where possible, efforts are primarily being focussed on those areas that will have greater environmental benefit and represent better value for money with less operational impact, such as reducing energy use.

Water

Water consumption and financial costs 2018-19

Water		2018-19	2017-18[22]	2016-17	2015-16	2014-15
Non-financial indicators	Total water consumption (m^3 000)	**8,976**	9,072	8,682	8,356	9,022[23]
Financial indicators	Total water supply costs (£000)	**27**	25.9	25.2	24.3	24.7

The Department has reported a 4% reduction in water consumption compared to the 2009-10 baseline achieved through various water saving measures. For example, £100k was invested to repair water leaks at HMP Long Lartin which saved £220k per annum and reduced annual water consumption by 71,000m3. Improvements in monitoring and measurement of water consumption is being undertaken through a project to install Automatic Meter Reading devices on water meters across the Department's estate. In addition, a Water Management Programme on the prison estate is focussing on opportunities for consumption reduction and water leak detection. The Department published its Water Strategy in January 2019 detailing these initiatives and other planned improvements.

Water Measurement and Monitoring on the Prison Estate

As part of the Department's drive to reduce the water consumption, detailed monitoring and measurement of water consumption is being undertaken across the prison estate. Water use by prisons accounts for 90% of the Department's total water consumption.

By developing a robust benchmark for prison water use, this enables sites with exceptionally high consumption and in some cases major water leaks to be identified. A high-level study of the ten highest consuming prisons has highlighted potential savings of 293,000 m3. In-depth water audits at these sites will provide recommendations for improvement measures which the Department will look to implement, where possible, in 2019-20.

[21] 2017-18 non-financial indicators have been restated to include actual environmental performance for the financial year
[22] 2017-18 non-financial indicators have been restated to include actual environmental performance for the financial year
[23] 2014-15 water use figure re-stated

Waste

Waste production and financial costs 2018-19

Waste			2018-19	2017-18[24]	2016-17	2015-16	2014-15
Non-financial indicators (tonnes)	Hazardous waste		n/a[25]	80	132	n/a	n/a
	Non-hazardous waste	Landfill	1,620	3,907	7,223	10,807	14,625
		Recycled/Reused	36,505	31,413	26,907	25,846	27,065
	Incinerated with energy from waste		6,580	13,454	13,616	9,297	8,466
	Incinerated without energy recovery		0	11	76	109	167
	Total waste		**44,705**	**48,865**	**47,954**	**46,059**	**50,323**

The Department has achieved a 37% reduction in overall waste compared to the 2009-10 baseline. Only 4% of our waste currently goes to landfill meeting the Grening Government Commitments target. Recycling rates are 83% exceeding our target of 59%.

By working with facilities management companies, the Department has improved upon all our waste targets and is seeking solutions to find alternatives to landfill, incineration and turning waste into refuse derived fuels.

Reuse in the National Probation Service

During 2018 the National Probation Service's business strategy and change estates support team partnered with the Shrewsbury and Telford NHS Trust through WARP-IT, the Department's online furniture and equipment reuse service. NPS donated furniture to the NHS Trust's fertility unit which reduced disposal costs and ensured furniture was reused and repurposed.

NPS commented that there are enormous advantages of WARP-IT and that they saw what a difference even the smallest item can make when it goes to someone that really needs it.

Prison waste management units employ offenders to sort through the waste, separating out items suitable for reuse and processing materials for recycling. These not only reduce waste and increase recycling rates, but also provide rehabilitation opportunities for offenders through accredited waste management qualifications and work experience. In 2018-19 around 400 offenders[26] were employed in these units working an average of around 700 hours a week between them.

The Department has recorded a 32% decrease in paper consumption since 2009-10 which although impressive, falls short of the 50% Government target. This has been achieved through our Digital transformation programme within HMCTS, and our transformation programme which introduced more mobile IT devices, thereby reducing reliance on paper.

[24] 2017-18 non-financial indicators have been restated to include actual environmental performance for the financial year
[25] This metric was not available for 2018-19
[26] Numbers reported as available in May 2019

Office of the Public Guardian Paper Reduction

Over the last 12 months the OPG has made great steps in providing digital solutions, striving to become a more modern agency with services suitable for an increasing digital society.

Examples include the use of Government Digital Service in house messaging service 'Notify', to enable lay deputies (members of the public) to submit annual reports online. More than 50% of all lay deputy report submissions for October and November 2018 were submitted online, saving more than £4,500 a month on printing and postage.

Serve_OPG, a new digital product, was also introduced recently that allows the Court of Protection to serve court orders to straight to OPG's IT systems. While Courts still scan documents, they can now send far fewer pages.

Since the launch of an in-house system (Sirius) in May 2015, over 2,272,000 lasting power of attorney have been processed online and 8,920 enduring powers of attorney applications were also registered online as of November 2018.

During 2019-20 OPG plans to develop new digital means of improving our customer service. For example, customers will be encouraged to pay electronically and make payments cheque free. An online register will be created to allow customers, stakeholders and employees to search OPG records remotely - reducing the demand on the contact centre and giving people the ability to self-serve.

Consumer Single Use Plastics

The Department is committed to removing consumer (avoidable) single use plastics from its office estate by 2020 in line with the Government's pledges in the 25 year Environment Plan and Resources and Waste Strategy 2018. It's single use plastics policy was published in January 2019 and the following actions have been taken to remove consumer single use plastic:

At our main HQ building, 102 Petty France, the Department has:

- Offered keep cups for sale (234 sold between April 2018 and March 2019) and a discount for using re-usable cups
- Replaced plastic water and coffee cups, cutlery and stirrers with compostable alternatives
- Removed all single-use condiment sachets
- Paper straws are only available on request and
- Plastic water bottles are available, but they are 'Life' water bottles which use less plastic and the profits of which are used to build wells in developing countries.

The Department is also encouraging the reduction of consumer single use plastics on the operational estate.

Sir Richard Heaton KCB
Accounting Officer

15 July 2019

Accountability

Accountability

Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Department and how these arrangements have supported the achievement of its objectives during 2018-19.

Directors' Report

The table below sets out names and titles of all Ministers and members of the Departmental Board who have had responsibility for the Department during 2018-19.

Departmental Board, Audit and Risk Committee and Nominations Committee Member Attendance 1 April 2018 to 31 March 2019			
	Meetings attended per member out of those eligible to attend		
Members	Departmental Board	Audit & Risk Committee[1]	Nominations Committee
Ministers			
The Rt Hon David Gauke MP, Lord Chancellor and Secretary of State for Justice	3 of 4	-	-
Rory Stewart OBE MP, Minister of State for Justice	4 of 4	-	-
The Rt Hon Lord Keen of Elie QC, Lords Spokesperson for Ministry of Justice	2 of 4	-	-
Edward Argar MP, Parliamentary Under Secretary of State for Justice (from 14 June 2018)	3 of 3	-	-
Lucy Frazer QC MP, Parliamentary Under Secretary of State for Justice	4 of 4	-	-
Dr Phillip Lee MP, Parliamentary Under Secretary of State (to 12 June 2018)	0 of 1	-	-

[1] Permanent Secretary and Chief Financial Officer attend the Audit and Risk Committee meetings in the capacity of additional attendees.

Departmental Board, Audit and Risk Committee and Nominations Committee Member Attendance 1 April 2018 to 31 March 2019			
	Meetings attended per member out of those eligible to attend		
Members	Departmental Board	Audit & Risk Committee	Nominations Committee
Executive Management			
Sir Richard Heaton KCB, Permanent Secretary	3 of 4	5 of 6	1 of 1
Mark Sweeney, Director General, Justice and Courts Policy Group	4 of 4	-	-
Justin Russell, Director General, Offender Reform and Commissioning Group	4 of 4	-	-
Mike Driver CB, Chief Financial Officer	3 of 4	6 of 6	-
Michael Spurr CB, Chief Executive, HM Prison & Probation Service	3 of 4	-	-
Susan Acland-Hood, Chief Executive, HM Courts & Tribunals Service	4 of 4	-	-
Matthew Coats CB, Chief Operating Officer (to 30 April 2018)	-	-	-
Non-Executive or Independent Member			
Mark Rawlinson, Lead Non-Executive Member (from 4 June 2018)	3 of 3	-	-
Liz Doherty, Departmental Audit & Risk Committee Chair and Non-Executive Member	3 of 4	6 of 6	1 of 1
Nick Campsie, Non-Executive Member (from 4 June 2018)	3 of 3	-	-
Shirley Cooper, Non-Executive Member (from 4 June 2018)	3 of 3	-	-
Lizzie Noel, Non-Executive Member (to 3 May 2018)	-	-	-
Alison Bexfield, Independent member of Audit & Risk Committee (from 1 November 2018)	-	1 of 1	-
Laurence Milsted, Independent member of Audit & Risk Committee (from 1 November 2018)	-	1 of 1	-
Peter Conway, Independent member of Audit & Risk Committee (to 30 October 2018)	-	5 of 5	-

Personal data related incidents

The following gives a summary report of significant personal data related incidents reported to the Information Commissioner's Office (ICO) in 2018-19. The disclosure of these incidents 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	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
1 May 2018	An application for an adoption hearing was mistakenly disclosed to the birth mother.	Names, addresses of the adoptees.	2	ICO notified on 13 June. Data subjects notified. The ICO closed its investigation taking no further action.
18 June 2018	A member of the public advised that they were in receipt of a prison operational report. The individual threatened to release the information to the media unless they were paid a sum of money, it remains unclear how the individual obtained the data.	Offender's names and prison ID and their prisoner wing location.Staff surnames and grades.	89	ICO notified on 22 June. The ICO closed its investigation having suggested a number of remedial actions.
30 July 2018	A bag of paperwork and driving licences was lost in transit by a secure courier company.	Driving licences; personal data such as the individuals' names, addresses.	Approximately 260	ICO notified 20 August 2018. ICO closed its investigation taking no further action.
23 August 2018	Meeting minutes containing sensitive personal information were attached to the email calendars of a number of attendees to a Multi Agency Public Protection Arrangements meeting.	Names of offenders, victims and probation staff.	95	ICO notified on 24 August. Investigation ongoing.
30 August 2018	An offender accidently received a file which included documents intended for other offenders.	Three pages of assessment reports containing sensitive personal data about offenders and staff.	56	ICO notified 4 September 2018. Investigation ongoing.
29 November 2018	The parents of an offender were mistakenly handed the legal documentation of another inmate in error.	Witness statements, information on the perpetrator, victim details and police and healthcare statements.	107	ICO notified 7 December 2018. The ICO closed its investigation taking no further action.
8 February 2019	A print out containing information on an ex-offender and his victims was posted onto Facebook as part of a campaign to identify him within his local community. It is not known how it was obtained.	Names of offender and victims. Offender's current location.	At least three (it is not known how many children were victims of this offender).	ICO notified on 8 February and is still considering the matter. The individual who posted the document has received an official warning from the police against any further publication.

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
13 March 2019	A member of Crown Court staff provided an enquirer with information about an individual's spent conviction, contravening HMCTS policy and the Rehabilitation of Offenders Act 1974.	Confirmation of the conviction and its exact date.	1	ICO notified on 29 March 2019. The ICO closed its investigation taking no further action.

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 reporting to the ICO but recorded centrally within the Department are set out in the table below, categorised according to Cabinet Office requirements:

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	262
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	324
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	14
IV	Unauthorised disclosure	3,669
V	Other	500
Total		**4,769**

The Department manages millions of records of personal data, 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. All staff are required to undertake compulsory information assurance training upon joining the Department and yearly thereafter.

Effective implementation of security is monitored at a local level by a network of trained security and information assurance practitioners. The Department 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 to control these by applying proportionate measures.

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman addresses complaints made by members of the public, brought to its attention by Members of Parliament, 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 Parliamentary and Health Service Ombudsman's most recent report published in December 2018 on complaint handling by government, the Department's performance for the year 2017-18 is shown in the table below.

The Parliamentary and Health Service Ombudsman provides an annual analysis of the complaints it has received for each government department. The report also provides further details on investigations, compliance and recommendations and can be found at: www.ombudsman.org.uk.

Number of completed investigations*	Investigations upheld or partly upheld		Investigations not upheld		Investigations resolved without a finding or discontinued	
	Number	%	Number	%	Number	%
73	14	19	43	59	16	22

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

Department spending

	2018-19	2017-18
Publicity and advertising	£622,592	£675,626
Sponsorship spend over £5,000	nil	nil
Political donations and expenditure	nil	nil

Audit

The notional cost of the statutory audit for the core Department was £513,000 (2017-18: £538,500) which also includes the statutory external audit of the consolidated accounts, Official Solicitor and Public Trustee, Office of the Accountant General and the Judicial Pension Scheme.

The total cost of statutory external audits across the Departmental Group was £1,795,900, of which £401,500 was cash and £1,394,400 notional cost (2017-18: £1,667,400 comprising £259,500 cash and £1,407,900 notional cost). The notional external audit cost includes the cost of the HM Courts & Tribunals Service Trust Statement which is not consolidated as part of these Accounts.

Health & Safety

We are committed to protecting the health, safety and wellbeing of our employees, the judiciary, detainees, contractors and all our visitors. We recognise that occupational health and safety plays an important role in the delivery of our corporate objectives. The annually updated corporate strategy and plan for fire, health and safety continues to provide a framework for continuous improvement, and a targeted approach for monitoring our performance.

The Department is fully committed to meeting its statutory health and safety obligations. In support of this aim we recently published a revised version of the 'MoJ Corporate Health and Safety Policy'. The policy is endorsed by the Permanent Secretary and provides clear performance outcomes for us to report against during the year. Our health and safety policy is underpinned by a robust governance structure. Good governance enables oversight and assurance of health and safety across the Department, its executive agencies and arm's length bodies.

Ministerial correspondence

We give correspondence from Members of the House of Commons and the House of Lords a high priority.

In accordance with Cabinet Office guidance, the Department aims to respond to 80% of correspondence from parliamentarians within 15 working days of it being received. The target is 20 days in the case of HM Prison and Probation Service where the Chief Executive replies on behalf of Ministers, and 10 days for the Office of the Public Guardian where the Chief Executive replies on behalf of Ministers.

During calendar year 2018 Ministers and Chief Executives on their behalf, replied to 5,264 items of correspondence (compared to 4,817 in calendar year 2017). Overall, performance has improved in 2018.

Ministerial correspondence from Members of Parliament and peers 1 January 2018 to 31 December 2018[2]

	2018-19		2017-18	
	Number of letters received	% of replies (where reply required) within targets	Number of letters received	% of replies (where reply required) within targets
Ministry of Justice Headquarters[3]	2,502	89%	2,539	88%
HM Courts & Tribunals Service (where CEO replied)	413	97%	348	96%
HM Courts & Tribunals Service (where Ministers replied)	749	90%	656	98%
Official Solicitor and Public Trustee (where CEO replied)	-	-	-	-
Official Solicitor and Public Trustee (where Ministers replied)	-	-	-	-
Office of the Public Guardian (where CEO replied)	47	74%	44	93%
Office of the Public Guardian (where Ministers replied)	60	98%	45	93%
HM Prison and Probation Service (where CEO replied)	362	94%	297	92%
HM Prison and Probation Service (where Ministers replied)	1,131	85%	888	81%

[2] 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

[3] Includes Legal Aid Agency correspondence

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Ministry of Justice to prepare, for each financial year, consolidated resource accounts. These must set out the resources acquired, held or disposed of by the Department during the year, and the uses to which those resources have been put. The scope of the accounts must cover the Department including its executive agencies, and also those of its sponsored arm's length public bodies that are designated in an order under Government Resources and Accounts Act (Statutory Instrument 2017 No 1256).These bodies are together known as the 'Departmental Group', consisting of the Department and sponsored bodies listed at Note 29 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 income and expenditure, Statement of Financial Position and cash flows of the departmental group 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 Financial Reporting Manual have been followed, and disclose and explain any material departures in the Accounts
- Confirm that as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware
- Take all reasonable steps to make himself aware of any relevant audit information and to ensure that the entity's auditors are aware of it
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable and
- Prepare the Accounts on a going concern basis.

HM Treasury has appointed the Permanent Secretary of the Ministry of Justice as Principal Accounting Officer.

The Principal Accounting Officer has also appointed the Chief Executives or equivalents of the Department's sponsored arm's length bodies as Accounting Officers of those bodies. The Principal Accounting Officer 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 arm's length bodies for which the Accounting Officer is responsible, are set out in *Managing Public Money*.

The Governance statement

Introduction

This Governance Statement sets out risks and challenges the Department faced in 2018-19, the risk management framework used to manage them, the assurances I have received and information about the Department's compliance with the corporate governance code.

As the Principal Accounting Officer, I am supported in preparing the Governance Statement by:

- Insight into the Department's performance from Internal Audit, including an audit opinion on the quality of the systems of governance, risk and control
- Feedback from senior management with delegated responsibility within the Department about the business, our use of resources, responses to risks, and the extent to which in year budgets and other targets have been met
- Views of the Audit and Risk Committee on the Department's risk and assurance arrangements and
- Information from the Department's arm's length bodies on the performance of their organisations and their relevant boards'.

Internal Audit has provided an overall assurance opinion of **moderate** which reflects the body of work performed by Internal Audit during the year.

This statement sets out my personal view of the most significant challenges across the Department, and sets out the collective steps which I and my senior team are taking to address gaps in our control environment.

Governance framework

The Secretary of State chairs the Departmental Board, which comprises the Department Ministerial team, our Non-Executive Board Members, myself and my executive team colleagues.

There has been considerable continuity in our boards' membership in 2018-19. The in-year changes are reflected in this timeline:

April 2018

30 **Matthew Coats CB** Chief Operating Officer left

May 2018

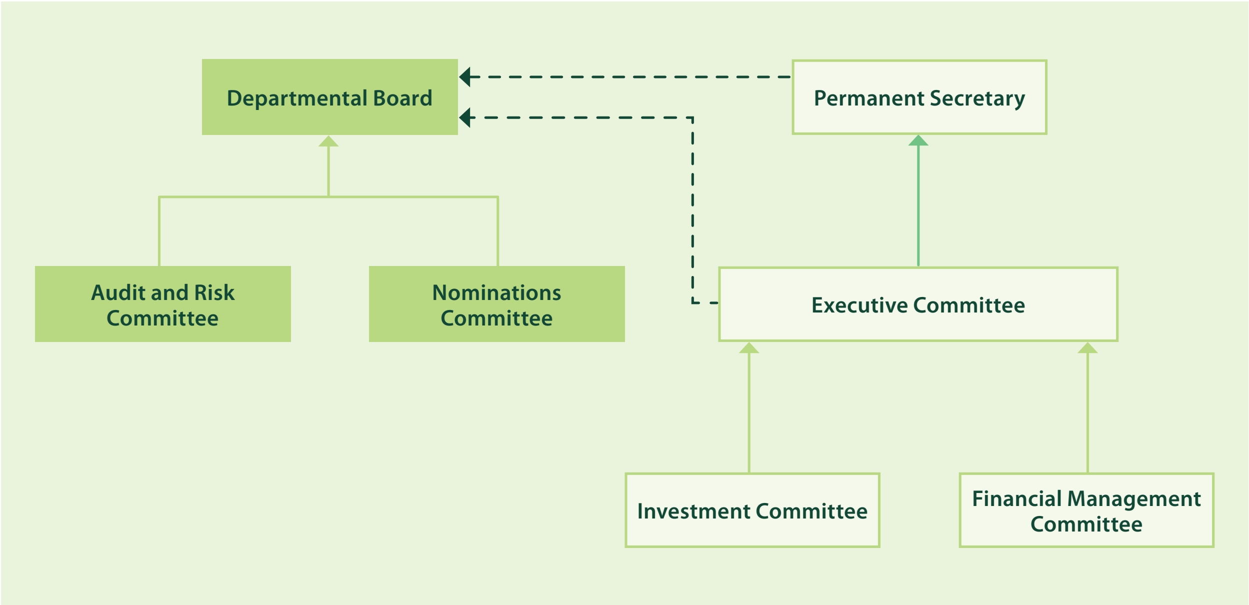
03 **Lizzie Noel** Non-Executive left

June 2018

4 **Mark Rawlinson** Lead Non-Executive joined
4 **Shirley Cooper** Non-Executive joined
4 **Nick Campsie** Non-Executive joined
12 **Dr Philip Lee MP** Parliamentary Under Secretary of State left
14 **Edward Argar MP** Parliamentary Under Secretary of State joined

Board Committee Structure

Departmental Board attendance has been reported on pages 42 to 43.



Departmental Board

Chair:	Secretary of State
Frequency:	4 during year

Committee composition as at 31 March 2019

By Position:

Ministers	Executive Directors	Non-Executive Directors
5	6	4

By Gender:

Female	Male
4	11

Role of the Committee:

The Board is an advisory body which operates collectively by advising on strategic and operational issues affecting the Department's performance as well as scrutinising and challenging key policies.

Key activities during the year under review:

The standing agenda included:

- Performance and delivery; and
- Strategic Risk.

Key areas of operations discussed through the year included:

- Courts and tribunal reform;
- Decency in prisons;
- Mid-term strategy and spending review;
- EU exit;
- Commercial capability;
- Community Rehabilitation Companies and probation; and
- Legal aid.

Managing conflicts of interest:

At the beginning of every Departmental Board meeting, all members are asked to declare any new potential conflicts of interest. These are noted in the minutes along with the appropriate action taken to manage them.

This process is duplicated at Audit and Risk Committee and Executive Committee.

All members of these committees are asked to review and update their conflict of interest record at least annually. The Register of Interest for Ministers can be found at https://www.gov.uk/government/publications/list-of-ministers-interests. Any significant interest held by management, where there is a link with the Department, is included in Note 27 on Related Party Transactions.

Audit and Risk Committee

Chair:	Lead Non-Executive Board Member
Frequency:	6 during year

Committee composition as at 31 March 2019

By Position:

2 | 1

Independent member
Non-Executive Directors

By Gender:

2 | 1

Female Male

Role of the Committee:

Supports the Departmental Board and Principal Accounting Officer by reviewing the completeness and reliability of assurances in governance, risk management and internal controls and the integrity of financial statements in the Department. This includes the Department's executive agencies and arm's length bodies.

Key activities during the year under review:

Particular focus was given to the following key areas:

- Challenging and gaining assurance around the progress being made in the department for the departure of the UK from the EU;
- Considering and challenging on the effectiveness of supplier and contract management and the mitigation of risks associated with this;
- Consider the work of external audit;
- Considering and challenging the Department's approach and progress to mitigate cyber security risk;
- Challenging the Department's approach to establishing General Data Protection Regulations compliance; and
- Reviewing the Annual Report and Accounts and providing independent oversight and challenge on its content.

Nominations Committee

Chair:	Lead Non-Executive Board Member
Frequency:	1 during year

Committee composition during 2018-19 meeting

By Position:

2 | 1

Executive Directors
Non-Executive Directors

By Gender:

1 | 2

Female Male

Role of the Committee:

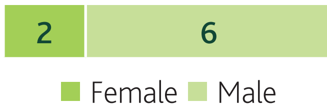
Provides the Departmental Board with assurance on senior executive appointments within the Department. This includes succession planning, talent management and pay strategy (including remuneration and process for Board level appointments).

Key activities during the year under review:

Particular focus was given to the following key areas:

- Discussing and advising on the Departmental strategy for pay awards; and
- Discussing and advising on performance, talent strategy, and succession planning.

Executive Committee	
Chair:	Permanent Secretary
Frequency:	45 during year
Committee composition as at 31 March 2019 by gender	



Role of the Committee:

The Executive Committee is the senior management committee in the Department and has overall collective responsibility for the Department. To achieve this the Executive Committee:

- Supports the Permanent Secretary in his duties as the Principal Advisor to the Secretary of State and as the Principal Accounting Officer;
- Demonstrates clear, consistent and collective leadership of the Department;
- Sets strong strategic narrative for staff, stakeholders and the public about the work of the Department, its agencies and its arm's length bodies;
- Actively manages Departmental planning and prioritisation, ensuring Departmental wide understanding and alignment;
- Takes responsibility for the successful delivery of Departmental priorities and the management of Departmental risks; and
- Takes action to ensure we have financial stability both in-year and longer term.

Key activities during the year under review:

Discussion areas during the year included:

- Regularly reviewing the planning of the Department's readiness for exiting the European Union in both deal and no deal scenarios. This included ensuring sufficient resources were available and that all potential impacts were identified, and risks mitigated;
- Challenging and taking responsibility for the review of the strategic performance framework to ensure its effective links to the medium-term strategy and the single departmental plan so that oversight of the delivery, performance and outcomes of priorities could be successfully managed;
- Reviewing and conducting deep dives on risks that could impact or prevent delivery of Departmental business such as technical debt, legal risks and the prison estate;
- Setting a leadership strategy to join up existing work and build a stronger connection between the values of the Department and leadership behaviour; and
- Reviewing and understanding the potential implications on future business from the analysis of criminal justice system demand forecasts.

Financial Management Committee

Chair:	Chief Financial Officer
Frequency:	11 during year

Committee composition as at 31 March 2019 by gender:

Female	Male
5	8

Role of the Committee:

The Financial Management Committee provides advice to Executive Committee and the Principal Accounting Officer 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.

Key activities during the year under review:

Particular focus was given to the following key areas:

- Discussing the Department, its executive agencies and arms length bodies' in year finances;
- Reviewing spend controls for travel and consultancy, contract and contingent labour;
- Considering and advising on the departmental medium term financial plan; and
- Reviewing the departmental debt management strategy and performance.

Investment Committee

Chair:	Chief Financial Officer
Frequency:	12 during year

Committee composition as at 31 March 2019 by gender:

Female	Male
2	18

Role of the Committee:

The Investment Committee has delegated powers to make investment decisions on the Executive Committee's behalf (where a business case whole life cost is more than £30 million), with oversight of the MoJ Portfolio, including portfolio projects from inception through to implementation, ensuring they remain strategically aligned, affordable and deliverable.

Key activities during the year under review:

Particular focus was given to the following key areas:

- Scrutiny and approval of business cases of £30 million whole life cost and above;
- Considering and challenging the departmental portfolio on its delivery confidence;
- Agreeing and monitoring departmental change programmes funding; and
- Release of gated funds after reviewing progress of programmes and projects.

People Business Committee

To help support Executive Committee in its approach to developing leaders and with other people and workforce related issues it was agreed that a People Business Committee be piloted during 2019-20. Details of its achievements will be reported in the next governance statement.

Year end governance assurance process

As the Principal Accounting Officer I am responsible for ensuring there is an effective process in place for monitoring and reporting governance issues during the year. I am supported by Directors General and Directors who have delegated financial and risk management authority appropriate to their responsibilities.

To prepare the Department's governance statement I am provided with feedback and assurance from across the Department. This includes:

- Completion of annual director assurance statements (which have been reviewed and countersigned by the relevant Director General) to summarise the risks within each director's operations and provide an assessment of the level of compliance against departmental policy and guidance
- Outputs from holding to account meetings held with the Accounting Officers of each of the Department's executive agencies and Directors General throughout the year and
- Content of executive agencies and arm's length bodies governance statements to ensure consistency and completeness of the governance statements across both the Department and its departmental bodies.

Improving governance

The HM Treasury Corporate Governance Code for Central Government Departments recommends that a Board Effectiveness Evaluation be carried out annually.

The Lead Non-Executive Board Member initiated and led the Board Effectiveness Evaluation in February 2019. The evaluation covered five areas:

1. Governance arrangements
2. The work of the Board
3. Composition and culture
4. Support and organisation and
5. Progress and impact.

Feedback from Departmental Board members showed that overall performance was good but that there were areas needing improvement. In particular, it was considered that Board meetings would be more effective with fewer agenda items, allowing longer discussion of key issues.

An informal effectiveness review of the Audit and Risk Committee was carried out in February 2019. Two independent members of the Committee had only recently joined so the review sought input from regular attendees. The overall assessment was positive with a high level of satisfaction. Notwithstanding the good progress that continues to be made, areas for improvement were identified. These include the need to put more emphasis on the way the Department gains assurance and oversight on arms length bodies and how to better leverage best practice across the Department where there are common issues or themes.

The Committee continues to have only one non-executive Board member. This is because this provides the right level of connection between the two forums and the Committee has the right skills and abilities to fulfill its remit.

Quality of information

We recognise the need to ensure the Departmental Board and sub committees receive sound advice and information to enable informed decisions to be made. The Board Secretariat works with teams to ensure the information provided is of a good quality, with a template used for committee papers, structured to ensure risks and resource implications are highlighted and to ensure sufficient engagement and challenge during discussions.

The structure and information contained in regular agenda items has been reviewed, improved and updated over the course of the year.

Quality assurance of analysis (modelling) is also regularly reviewed, and the Department has developed an Analytical Quality Assurance process with representatives from each of the units in Analytical Services, whose responsibilities are to:

- Conduct the analytical quality assurance keyholder reviews of business cases, to improve the quality of the analysis behind these cases and
- Provide advice on analytical quality activities and develop tools and processes to improve those activities.

All data provided through the Analytical Services Directorate is underpinned by the analytical quality assurance guidance, to support its accuracy and give confidence to the Departmental Board.

Risk management

The Department promotes a supportive risk culture which encourages openness. The aim of our risk management framework is to support safe and successful delivery through the effective identification, analysis and management of the risks that we face.

Our principal risks are considered and discussed by the Executive Committee quarterly and reported to Audit and Risk Committee and Departmental Board.

Risk is managed at three levels: Department, business group (including executive agency and arm's length body) and directorate which have clear escalation and delegation between them.

We continued to make significant improvements in the way the Department identifies and manages risks during this financial year:

- During 2018 we have refreshed our departmental risk register and improved the way that risks are reported at a strategic level. Our principal risk reporting brings together performance, risk and assurance information which enables a clearer understanding of the risks faced and more insightful analysis of their management to support decision-making
- Collaboration and engagement is central to the success of our risk management framework and we have forged strong relationships across all parts of the Department moving to a business partnering approach this year and
- Our risk community, which brings together risk co-ordinators and specialists from across the Department, has grown in strength and we have delivered training and awareness sessions on key risk management tools and techniques throughout the year.

We have set the baseline for our risk management maturity this year against a pilot maturity model and have a strong basis from which to improve in the coming year. Our plan for the year ahead includes:

- Improving our understanding and reporting of each principal risk area through workshops, engagement and analysis of performance and assurance information
- Continuing to create a professional, customer focussed approach to risk management through a refreshed engagement strategy and plan which ensures effective communication of roles and responsibilities and enhances our ability to partner with the business
- Enhancing skills and knowledge across the Department by defining and delivering a programme of skills and knowledge sessions targeted at different groups within the risk management community and
- Improving our policy and guidance, making this accessible and easy to use.

Significant challenges and issues in 2018-19

Risks and opportunities affect the ability of the Department to fulfil its objectives and deliver services. The table below sets out further detail on in year challenges and control issues which warrant further disclosure and have been actively managed and monitored during 2018-19.

The Department views challenges as ongoing activities that must be managed throughout the year to deliver services to the public, these often impact the Department as a whole, rather than individual business areas. While issues are specific matters that have arisen during the year, or over a longer period, that impact a specific area of the Department.

We have assessed these challenges and issues against our strategic risks and objectives and linked each challenge below to the relevant objective.

Objectives:	
1. A prison and probation service that reforms offenders	**3.** A Global Britain that promotes the rule of law
2. A modern courts and justice system	**4.** A transformed Department

Category	Topic	Detail	Key mitigations
Specific Operational Issue	Escalation of Violence and Self harm – Objective 1	Although the final quarter of 2018 saw a decrease in the number of assaults and self-harm incidents, the level of both increased across the year as a whole and they continue to cause significant concern. This reflects the significant challenge created by an increasingly complex population with a high proportion of prisoners serving sentences for violent offences and the pervasive impact of illicit drug taking. The recorded statistics all show an increase in the most recent 12 months of data: ▪ Self harm incidents 25% increase ▪ Prisoner on prisoner assaults 15% increase ▪ Assaults on staff 21% increase ▪ Deaths in custody 6% increase ▪ Self inflicted deaths 19% increase.	We have a comprehensive programme in place to tackle violence, illicit drug use and self-harm. Across the custodial estate, the focus has been to stabilise the system and achieve a reversal in the trends. Specific actions in 2018-19 include: ▪ Roll out of the revised Offender Management in Custody arrangements, using the additional 4,675 prison officers, has now commenced at all 92 closed adult male prisons, alongside work to promote rehabilitative cultures in prisons ▪ The 10 Prisons Project launched, seeking to develop effective practice with additional funding to tackle drug use and violence, improve living conditions, and build staff and leadership capability ▪ A National Prison Drug Strategy was developed and published and ▪ A comprehensive youth justice reform programme in place, including the professionalisation of the workforce.

Category	Topic	Detail	Key mitigations
Specific Operational Issue	Prison Living Conditions – Objective 1	During 2018-19, the physical condition of some prison buildings and some Approved Premises (AP) continues to be a significant concern, as is the performance of facilities management services in both the prison and AP estate. Her Majesty's Chief Inspector of Prisons and Independent Monitoring Boards have raised concerns about a number of prisons, regarding the quality of accommodation, as well as delays in addressing maintenance issues. The living conditions of the Prison estate have been highlighted through the triggering of the Urgent Notifications for HMP Nottingham in February 2018 and HMP Birmingham in August 2018 and the HM Inspectorate of Prisons report on HMP Liverpool in January 2018.	During 2018-19, further investment has been identified to improve the fabric of prisons, targeting establishments with the most pressing maintenance issues and work is being carried out to understand the backlog of maintenance issues to help provide a base for future investment decisions. Independent Audits have been commissioned at 11 sites and Internal Audits completed across all public sector prison sites against standards covering fire alarms, fire protection equipment, water hygiene and emergency lighting. The Clean and Decent Prisons Project has been created to improve operational focus and raise standards in levels of cleanliness. A new audit programme focusing on living conditions (decency) is being piloted in five prisons and actions have been taken to strengthen facilities management contract management arrangements, including increased management oversight, strengthened governance and improved audit measures.
Specific Operational Issue	Community Rehabilitation Companies – Objective 1	Whilst we have been developing structural changes to the Probation landscape to strengthen services, we continue to manage the operationally challenging performance of Community Rehabilitation Companies (CRC) contracts. We know that these challenges are due to underlying unforeseen reductions in case mix and volumes which has resulted in under-funding as confirmed by the NAO. We have also had to effectively manage the situation resulting from Working Links, the Parent Company to three CRCs, going into administration in February 2019. A number of organisations contracted by Working Links' CRCs to deliver probation services faced financial loss as a result of this administration. On 8 May 2019 the Secretary of State directed officials to make payments to these organisations to make good these expected losses. The losses relate to frontline probation services delivered prior to the date of administration. Payments to these 'Permitted Subcontractors' will be made in the financial year 2019-20. Were 'Permitted Subcontractors' to recover any losses through the administration process, it would be returned to HMPPS.	Significant structural changes to probation services are underway following the public consultation to deliver sustainable solution to the challenges in the system. In May 2019, the Secretary of State announced plans to bring together all offender management in-house. New arrangements for probation service delivery are intended to be in place across England and Wales by spring 2021. Action taken to improve delivery by existing CRCs and reduce the impact of the financial pressure includes: ▪ Changes to existing CRC contracts in 2017 to more fairly reflect provider fixed costs ▪ Further contract variations in summer 2018 to update how we measure reoffending, deliver additional investment of £22m per annum in Through the Gate Services and introduce minimum offender contact standards ▪ Contingency plans were successfully deployed and utilised to ensure continued probation delivery following provider failure and ▪ Contract management teams now working closely with CRCs to plan for the transition to new arrangements and prevent any deterioration in service delivery over the remaining life of the contracts through appropriate use of contractual levers.

Category	Topic	Detail	Key mitigations
Specific Operational Issue	Fee Refund Schemes – Objectives 2 / 4	A review of the courts and tribunals fees set by the Department and charged by HMCTS against the unit costs of those services identified that some fees had been unintentionally set at a level above the unit costs of the service. These issues affect the fees charged for certain proceedings in the Court of Protection, a small number of civil proceedings in the magistrates' courts, fees for general applications in insolvency proceedings and the fees charged for High Court judges sitting as arbitrators. The intention when these fees were prescribed was that they should be set at, or below, full cost recovery levels and it was on that basis that they were approved by Parliament. Refund schemes are in the process of being set up to reimburse the amounts overcharged. The Employment Tribunal refund scheme was created following the Supreme Court judgement which found that fees charged in the Employment Tribunal and Employment Appeals Tribunal are unlawful under domestic law. This refund scheme was set up in 2017-18 and payments continue to be made under it. The power of attorney refund scheme was created following an internal review into the fee levels set for power of attorney and supervision orders, which determined fees had been set in excess of costs. The supervision refund scheme is to launch in 2019-20.	A Written Ministerial Statement made on 4 July 2018, announced that a statutory instrument had been laid before Parliament, which reduced those fees which had inadvertently been set above cost to their full cost recovery levels; and that a refund scheme will be established to reimburse the amounts overcharged in both cases. As part of ongoing improvements, the Department will continue its review of court fees, including the methodology for setting those fees, to minimise the risk of this issue re-occurring in future. At the time of publication, £17.4 million (including interest) has been refunded under the scheme since its inception and HMCTS has recognised in 2018-19, a provision of £0.3m and a contingent liability of £15.2m in respect of future Employment Tribunal fee refunds. During 2018-19, HMCTS wrote to those it believed to have a potential cliam, providing them with details of the refund scheme. The department has strengthened the arrangements for managing income, introducing more regular review and more senior oversight with the remit to protect and maximise income, giving assurance on the risk of over-recovery.
General Operational Challenge	The Estate – Objectives 1 / 2 / 3 / 4	Under investment in the custodial, probation, courts and HQ estate when compared to industry standards.	Specific actions being taken to address include: ▪ Developing a departmental strategic asset management plan, which will improve visibility and accuracy of future investment needs, strengthening the department's ability to bid for and prioritise funding effectively ▪ Prioritisation of maintenance funding through the following criteria to project selection: Fire Safety, Health & Safety, Statutory/regulatory/legal, and Business Critical and ▪ Improving management of facilities management contracts, with an emphasis on ensuring the estate is effectively maintained.

Category	Topic	Detail	Key mitigations
General Operational Issue	Technology and Cyber – Objectives 1 / 2 / 3 / 4	The speed with which the Department is moving towards digitising its systems and functions presents a challenge to keep pace with the work required to ensure that systems are secure. Legacy systems across the Department are running on out of support technology, and we lack the funding to upgrade to more modern and resilient services. A move away from paper to cloud based services means that staff can access and therefore potentially lose far greater volumes of information, or that information can be compromised via a cyber attack. In January, a significant network problem was identified by our IT suppliers. This issue led to a disruption to staff across the courts and widely across our agencies. Our IT outages were caused by three separate incidents. ▪ Firstly, disruptions from 16 January to 22 January were due to an outage on the criminal justice secure email ▪ Secondly, an unsuccessful configuration change by our supplier resulted in severe degradation of service on the web security servers from 16 January to 18 January and ▪ Thirdly, there was a degradation of the service which provide IP addresses for staff to connect to the internet from 20 January to 24 January. The incidents impacted the following business areas: National Probation Service; Her Majesty's Courts and Tribunals Service; Legal Aid Agency; Office of the Public Guardian; Ministry of Justice Headquarters; Arm's-Length Bodies (HMI Prisons, HMI Probation, Independent Monitoring Boards, Youth Justice Board, Judicial Office, Prisons and Probation Ombudsman, Law Commission, Sentencing Council, Official Solicitor and Public Trustee and Judicial Appointments committee); and other agencies who share our infrastructure (Office of Budget Responsibility and Wales Office).	The Department has appointed a Chief Information Security Officer and a Senior Security Adviser and restructured central cyber security teams to better meet departmental needs and resource constraints. Work is ongoing to identify the biggest areas of risk and how these are mitigated. The Department is developing a strategy for improving the security monitoring of its systems. During the year, specific actions being taken to address the technology issues include: ▪ Developed D&T 2022 strategy to champion maintenance of systems and reduce reliance on contractors and 3rd party suppliers through the building of build in-house teams, providing more control over our systems and solutions and achieve better value for money. (Though large elements of this strategy remain unfunded.) ▪ Developed a register of technology that aims to identify all of our systems and is the foundation for knowing the technology in the Department, and what delivery it supports and ▪ Introduction of Prioritisation Boards to ensure funding is allocated to maintenance, as well as building new services. Following the IT disruption, an internal post-incident review is close to completion and will allow the Department to gain a better understanding of how an incident of this magnitude was able to happen, to determine what changes we need to make to the way we manage our network infrastructure and commercial arrangements related to this work.

Category	Topic	Detail	Key mitigations
General Operational Issue	Data Protection Regulation – Objectives 1 / 2 / 3 / 4	Information, including personal data, is a key Departmental asset and public trust in the Department is intrinsically linked to how we handle data. To deliver our services, maintain public confidence in the Department and avoid reputational damage, information must be handled well and in compliance with data protection laws. The UK is updating data protection legislation through implementing the General Data Protection Regulation and the Law Enforcement Directive. The Department will be required to ensure compliance otherwise it may face regulatory action as well as associated reputational damage. One of the biggest areas of risk remains the level of noncompliance across IT systems and estate.	The Department is working towards greater compliance with new legal requirements. Overall progress is monitored via the Information Risk and Security Board and the risk is included in the departmental strategic risk register and is monitored by the Executive Committee and the Audit and Risk Committee. The Department's Senior Information Risk Owners are required to attend regular holding to account meetings to update progress towards compliance within their business areas and this is tracked via a dashboard. The Department has appointed a full time Data Protection Officer and business areas across the Department have taken action to implement the requirements of the new laws, such as putting in place privacy notices and updating contracts. A strategy has been set for the department to focus on deleting data that should no longer be held, to mitigate the risk faster and work towards achieving an acceptable level of compliance over a longer period.
General Operational Issue	Contract Management – Objectives 1 / 2 / 3 / 4	As a heavily outsourced department we continue to carry a high risk profile across many 3rd Party suppliers and the voluntary and charity sector.	We continue to strengthen our commercial framework including revisions to our Senior Business Owner model, improved contract management standards and advancements in our financial due diligence of key suppliers including: ▪ The setting up of the Commercial Oversight Group and agency performance boards ▪ Moving to a SBO supplier centric model with aligns individual business owners to contracts ▪ Developing models to assess the financial stability of our suppliers and ▪ Increasing commercial awareness and capability across the department (aligning with cross government commercial standards).

Category	Topic	Detail	Key mitigations
General Operational Issue	Senior Pay Control Breaches	CEO positions were advertised for roles with salary ranges exceeding £150k at HMPPS and CAFCASS prior to getting appropriate approval. In the case of CAFCASS, the advert was placed, and the recruitment process commenced without appropriate approval. No appointment was made before the advert was retracted. In the case of HMPPS, the advert was placed. The Department has been sanctioned £1m by HMT, for breaching senior pay guidance. This will be applied as a reduction to budget in 2019-20. No breach of control in the eventual payment of salary occurred.	Retrospective approval was received for the HMPPS advertisement. In response to the breach in CAFCASS, we: ▪ wrote to the Chief Executive of each arm's length body (ALB) to clarify the processes and approvals surrounding the recruitment of senior staff and board members to ALBs ▪ now support ALBs proactively by providing best practice advice about approval routes in advance of senior recruitment ▪ have enhanced our holding to account arrangements with ALBs to ensure that we are sighted on the discharge of Accounting Officer responsibilities, forthcoming senior appointments, recent attestations in respect of the spending controls and any proposed business cases for spending control exemptions and ▪ are redrafting budget delegation letters to more clearly seek confirmation that CEOs will exercise their Accounting Officer responsibilities in respect of regularity and propriety and will comply with the provisions of the spending controls when committing expenditure. In response to the breaches, a dedicated account manager has been put in place to lead on senior competitions. This role will provide controls assurance and scrutiny as well as executive recruitment support.
Constraint	Financial Constraints and Capacity – Objectives 1 / 2 / 3 / 4	One of the Department's key priorities for 2018-19 is to maintain a tight grip on our finances and we have taken significant steps to ensure we achieve this. However, given its status as an unprotected department coupled with the short term nature of our funding position does make effective longer term strategic financial planning more challenging.	To address these challenges, we are: ▪ Continuing to increase planning maturity and ability to prioritise spend effectively, whilst also improving the effectiveness of medium term planning, building a robust evidence base in preparation for future spending reviews and tightening financial controls ▪ Enhancing our understanding of the Department's key strategic risks, through working with the department to obtain better data and increasing our understanding of their size and likelihood of crystallisation and ▪ Proactively building our relationship with HMT, ensuring our challenges and risk our collectively understood to enable the building of a more structured budget.

Category	Topic	Detail	Key mitigations
Constraint	Departmental Capability – Objectives 1 / 2 / 3 / 4	The Department's strategy sets out an ambitious agenda involving changes to the organisational design, the operating model and processes, and technology and use of data within the Department. These changes will require us to learn new capabilities as well as expand existing capabilities. This provides an opportunity to reset how we approach capability. Insufficient capability and capability gaps not being properly understood or addressed may impact on the delivery of MoJ Transformation, Prison Reform and Court Reform.	We remain focused on developing leadership capability within our HQ to accelerate change and help delivery of: ▪ Departmental priorities; ▪ Business area capability assessments (dashboards); ▪ Recruitment and retention schemes; and ▪ Talent and succession planning. Within HMPPS mitigation focuses on the employment of additional prison and probation officers, continued professional development and apprenticeships. Within HM Courts & Tribunals Service capability mapping across the business continues and a programmatic streamlined approach to business as usual learning is now in place.
Constraint	Stakeholder Engagement	The Department has a number of stakeholders who give valuable insight and challenge to our policy development and our operational management of the justice system. We need to ensure we are capturing their views and engaging with them in the most productive way to drive the best outcomes. Additionally, the decisions and policies of other government departments impact heavily on our ability to meet our outcomes. For example, many of the levers to reduce reoffending once offenders are back in the community are held by other government departments. Similarly, other government departments hold many of the levers that control and affect the volume of demand on our courts, tribunals, prisons and probation systems – with consequent impacts on our ability to plan and manage our services effectively.	We are examining our approach to stakeholders across the department, to ensure we are maximising our engagement, incorporating new ideas and reflecting the concerns of those we serve. We are also proactively working with other departments across government to evidence and address the areas where their decisions impact on the outcomes we are trying to achieve and on the cost of the Justice System. For example, we are working with our partners in the Criminal Justice System (Home Office, Attorney General's Office and Crown Prosecution Service) to reach a collective understanding of how demand flows through the system and impacts our services. This will enable us to understand and better manage the impact of decisions made upstream, so that we can plan accordingly over the medium term.

Business continuity planning

All Departmental business units have competent business continuity practitioners in place and resilience plans designed to provide an operational response to disruptive events and a controlled return to business as normal. There have been live tests of HQ and agency plans in response to unforeseen incidents and we continue to adapt and learn from those experiences.

A Business Continuity Governance Board has been established to oversee departmental policy, test planning assumptions, and develop future strategy. We have reviewed our HQ resilience planning and are currently working with the Department's EU Exit Planning Team to assist with the formation of a departmental operations centre which will support the Governments' priority Operation Yellowhammer programme to assess the potential impact of a disorderly exit from the EU on the criminal justice sector and our partners.

Information assurance

Our Senior Information Risk Owner (SIRO), HQ business group and executive agency SIROs meet monthly as an Information Risk and Security Board. This enables active senior monitoring of the Department's key and cross cutting information risks. This Board is chaired by the Department's Chief Digital and Information Officer and attended by the Department's Data Protection Officer, Senior Security Advisor and Chief Information Security Officer. The Board is supported by information assurance leads from HQ functional areas and executive agencies.

All new SIROs and leads receive training to ensure that they are following best practice, leads also have a corporate performance management objective. In recognition of the need to strengthen the information asset owner network, all new SCS pay band 1 staff receive guidance and training to support them in their role, this training is also open to existing information asset owners.

Following the recruitment of the Senior Security Advisor and a restructure within digital and technology the security and privacy division was created bringing together the data protection, cyber, physical and personnel security teams in order to more closely align their work and ensure the department is able to meet its data protection and government security obligations. The department's security vetting services have been transferred to the security cluster, delivered by the Home Office, and we will continue to work with the cluster to transfer further security services to them over the next year.

A new Security Governance Board has been established with the aim of ensuring delivery of security services are consistent across the Department. It provides an opportunity to contribute and influence the Cabinet Office led Transforming Government Security Programme.

The Department processes large volumes of sensitive data stored across extensive IT, supplier based and paper systems. We have taken steps to improve our understanding and analysis of the information and cyber security risks via technology assessments and Data Protection Act maturity monitoring across the department. In recognition of these risks and of the challenges set out in recent internal audit reports, the Department has included a technical debt risk and an information management risk on the departmental strategic risk register.

A summary of incidents involving personal data reported to the Information Commissioner's Office during 2018-19 is contained in the Annual Report.

Counter fraud activity

The Department's policy on fraud, bribery and corruption is one of zero tolerance, whether involving its own staff, or other external individuals or bodies.

The Chief Financial Officer has overall responsibility for counter fraud in the Department, while the Director for Risk and Assurance is the Department's nominated counter fraud, error, debt and grants champion, and leads on measures to tackle fraud. The champion is part of a network, across all major government departments, and supports the work of the Cabinet Office fraud, error, debt and grants team.

The cross Department fraud risk assessment was reviewed and refreshed in the last quarter of 2018-19. Specific risks around corruption, misappropriation of fund/payments, and procurement contracts have been updated. This refreshed fraud risk assessment will inform the strategy for future years, and an activity plan for 2019-20 is being developed by the counter fraud champion.

The Department reports regularly to the Cabinet Office on progress to deliver commitments contained in the departmental fraud and error action plan which enhance our ability to detect, measure, prosecute and prevent fraud. In 2018 this included an assessment against the Government Functional Standard for Counter Fraud. The assessment included a review of the management of fraud risk in the executive agencies.

The Department participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Whistleblowing

We encourage employees to speak out and raise concerns about wrongdoing. Our whistleblowing policy and procedure provide advice and guidance on the process for raising complaints and advise on the protection afforded to whistle blowers who raise concerns. The policy also provides reassurance that concerns will be investigated promptly and professionally. The policy is accessible to all staff on the Department's intranet.

There are currently seven whistleblowing nominated officers across the Department. All are of senior management grade, one is a non executive director. During the period 1 April 2018 to 31 March 2019, the Department reported five whistleblowing cases. Complaints of harassment, bullying and discrimination are reported separately under the Department's grievance policy.

The Chief People Officer published an intranet news article to promote Civil Service Whistleblowing Awareness day on 20 September 2018, urging staff to take a positive approach and have the confidence to speak out and report wrongdoing. The article featured a link to a video presentation by the Civil Service Commission and provided direct links to whistleblowing guidance and the contact details of the Department's whistleblowing nominated officers. The Department also published a blog from one of our whistleblowing nominated officers.

Departmental staff survey results provide a measure of the effectiveness of the whistleblowing policy. Employees are asked to respond to questions including awareness of how to raise a concern and confidence in the investigation process. The People Survey figures for 2018 remain relatively static and the Department reported a 64% outcome in awareness and 61% outcome in confidence in these areas. The data is analysed each year during the annual review with the nominated officers.

Nominated officers are continuing to work closely with the Department's centralised counter fraud and investigations to ensure that staff raising fraud related concerns get immediate support and understand the protections afforded to them under the whistleblowing policy.

Independent oversight of assurance arrangements

The Department is subject to independent oversight in a number of areas and implements many of the recommendations made. This oversight includes:

- National Audit Office reports (including Value for Money) and the audit report for the Annual Report and Accounts
- HM Chief Inspector of Prisons publications and (annual) report
- HM Chief Inspector of Probation publications and (annual) report and
- Feedback from the Major Projects Review Group.

Assurances from Internal Audit

One of the key sources of independent assurance within the Department comes from the activities of the internal audit function which provides me and the Audit and Risk Committee with a clearer view on themes emerging from internal audit work.

The internal audit programme is closely linked to the key risks of the Department, its executive agencies and arm's length bodies. 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. The internal audit service complies with the Public Sector Internal Audit Standards.

In the opinion of the Department's Group Chief Internal Auditor, the governance, risk management and control arrangements throughout the year have provided moderate assurance, defined as 'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'. The overall opinion is also informed by the annual opinions provided across the arms length bodies of the Department; its executive agencies including HMPPS, HMCTS and the LAA. These are expected to be moderate for 2018-19.

While internal audit have issued a number of 'limited' rated audit reports, a majority of the corporate systems reviewed were rated 'moderate' or better. Improvements were however, identified as being required across key organisational processes including workforce planning, dual workplace arrangements, payroll and assurance over departmental compliance with regulatory fire, health and safety responsibilities. Management have been proactive to accept and implement key recommendations to improve controls arising from the work of internal audit.

The key area of control weakness relates to the management of technology and data protection risks. Internal audit issued five reports with a 'limited' opinion, covering GDPR, Threat & Vulnerability Management, Protection of Digital Information (two reviews) and IT Services Availability Management. Their work reflects known concerns arising from the level of technical debt. and highlights improvements which are required. In addition to the results from internal audit, the Department suffered a major IT outage in January 2019 which was reputationally damaging. Following a review commissioned by the Accounting Officer and supported by internal audit, recommendations were made to strengthen business continuity and contract management arrangements.

Despite these challenges, the Department has taken steps to improve the control environment in respect of technology. It has implemented, and is developing further, a new register of technology to support the control environment and following the implementation of functional leadership in April 2018, has developed a more consistent approach to future digital and technology investment, taking account of competing priorities for finite resources. Considerable investment has also been made to build the in-house capability required, in order to reduce the Department's reliance on contractors and major IT suppliers with a view to being able to deliver more services in-house.

Assurances covering arm's length bodies

Assurance about the extent to which our ALBs, statutory office holders and associated offices comply with their respective framework documents and financial memoranda is provided primarily by the ALB centre of expertise.

The centre of expertise, within the Chief Financial Officer Group of the Department, is responsible for driving forward the Department's strategic and operation relationship with its ALBs, to ensure that diverse and high quality public appointments are made to ALBs and that they deliver efficient and effective services in line with the Secretary of State's priorities.

The centre of expertise has enabled assurance partners, finance partners and policy sponsors to work better together to provide effective oversight and support to the Department's ALBs, as well as providing more focused support for ALB specific issues.

The arrangements for providing assurance to the Principal Accounting Officer about the ALBs include:

- An annual impact support analysis exercise process which aims to provide assurance to the Principal Accounting Officer, the Executive Committee and the departmental Audit and Risk Committee that an evidence based assessment has been made about:
  - How an ALB's business for the year ahead impacts and aligns with that of the Department
  - How best the Department can support its ALBs to deliver and

- The optimum, risk based partnership arrangements for ALBs for the year ahead.

- Ongoing, regular and proportionate partnership relationship between the Department and its arm's length bodies informed by the Cabinet Office publication 'Partnerships with Arm's Length Bodies: Code of good practice
- Quarterly or six monthly holding to account meetings between assurance partners, finance business partners, policy partners and ALBs with relevant risks escalated as appropriate to the business group risk register or the Departmental risk register
- Quarterly updates to senior Departmental officials about the oversight of ALBs within their business groups
- Head of ALB CoE attends the Departmental Audit and Risk Committee to provide assurance in respect of ALB performance, finance and risk
- Holding to Account meetings between Principal Accounting Officer and Directors General where the latter's oversight of the ALBs is discussed and
- Year end governance statements completed by Directors General and Directors provide assurance on the sponsorship they provide to ALBs.

Environmental sustainability

Throughout 2018-19, we have been implementing a programme to improve accountability and oversight of environmental sustainability across the Department and its agencies. This recognises the financial opportunities, and the potential synergies with offender rehabilitation associated with reducing our environmental impact. During 2018-19 we have:

- Introduced a Senior Sustainability Board with SCS representation from across the Department
- Introduced sustainability checks to our project management keyholder review of business cases over £10m
- Incorporated environmental considerations in our standard terms and conditions for new contracts
- Reviewed environmental performance monthly at Permanent Secretary level.

In 2019-20, we will continue to develop this programme by:

- Updating our assurance framework to include sustainability
- Developing sustainability objectives for members of the Executive Committee and
- Considering how our sustainability commitments can be reflected in our spending controls and budget holder responsibilities.

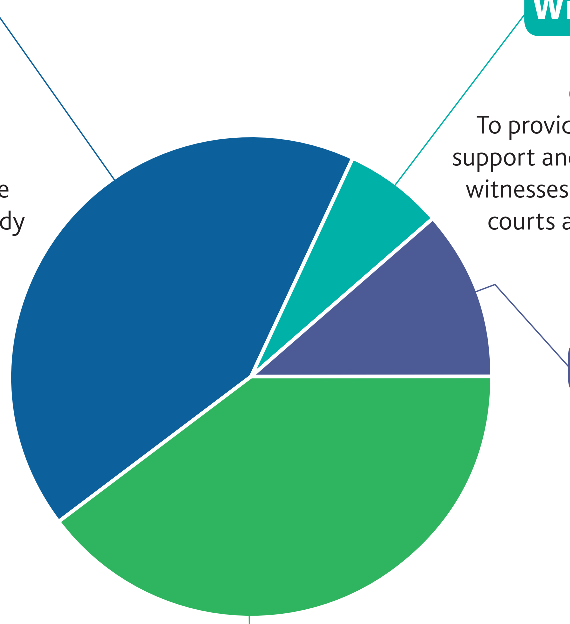
Spending by grant recipients

During the year the Department has provided funding to multiple programmes. The most significant programmes included:

Total grant funding: £170.1m[4]
(2017-18: £179.7m)

Youth Justice Grant
£71.6m
(2017-18: £71.4m)
To support reducing the level of youth re-offending, the number of first time entrants to the justice system, and the use of youth custody

Witness Service
£11.1m
(2017-18: £12.0m)
To provide emotional and practical support and information to victims and witnesses giving evidence at criminal courts across England and Wales



Other grants
£19.7m
(2017-18: £28.4m)

Local Commissioning of Victims Services
£67.7m
(2017-18: £67.9m)
Grants funded via 42 Police and Crime Commissioners which included £4.7m for Child Sexual Abuse for the local commissioning of victims' services and additional payments for the delivery of local support services

To ensure that we have robust governance arrangements and grant expenditure is achieving value for money the Department set up a Grants Challenge Panel in October 2017. This has subsequently been taken forward as best practice by the Cabinet Office. Panels were held in the autumn of 2018 to review planned grant expenditure for 2019-20. The purpose of the panel is to:

- Assess individual grants and provide advice to grant managers
- Consider the benefits and value for money derived from grant payments
- Consider whether grants allocation is achieving specified benefits and
- Consider whether grant funding is the most appropriate, efficient and cost effective option.

[4] This includes current grants but excludes capital grants funding

As part of its finance operating model the Department is setting up a Grants Centre of Excellence to provide a holistic view of the Department's grant giving in order to improve the effectiveness of grant spend, and to strengthen our governance and assurance around grant funding. The centre of excellence is still forming but its effectiveness can be seen in the findings of the Cabinet Office grant standards audit where we have been assessed as in full compliance against eight of the nine grant standards that were audited.

The Corporate Governance Code

As part of the preparation of this report, the Department considers its compliance with the Corporate Governance Code for Central Government Departments. There are no departures from the code to report.

Overall conclusions

I have considered the evidence that supports this Governance Statement and I can confirm that the Department has an effective system of controls to support the Department's work. During the year the Department has continued to improve our governance, risk management and control arrangements to ensure the Department is able to meet its strategic objectives.

Sir Richard Heaton KCB
Accounting Officer

15 July 2019

Remuneration and staff report

The Remuneration and Staff Report summarises the Department's policy on remuneration of Ministers, Executive Board Members, Non-Executive Board Members (NEBMs) and staff; it also provides details of actual costs and contractual arrangements.

The Remuneration and staff report has been prepared in accordance with the requirements of the financial reporting manual as issued by HM Treasury.

Some of the tables in this report have been subject to audit by the external auditor, the Comptroller & Auditor General, appointed under the Government Resources and Accounts Act 2000. Where tables are subject to audit, this is clearly stated.

Remuneration policy

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

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975 (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 Departmental Board members (excluding the ministerial and non executive members) are determined in line with the Cabinet Office SCS Reward policy. Non consolidated performance-related payments for senior civil servants are determined by the Executive Committee (SCS Pay Band 1 and 2) and the Nominations Committee (SCS Pay Band 3). Details of the Nominations Committee are provided in the Governance Statement on page 52.

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 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	2018-19					2017-18				
	Total amount of salary and fees	All taxable benefits (nearest £100)	Pension related benefits (nearest £1,000)[1]	Severance payments	Total (nearest £1,000)	Total amount of salary and fees	All taxable benefits (nearest £100)	Pension related benefits (nearest £1,000)[1]	Severance payments	Total (nearest £1,000)
Ministers	£	£	£	£		£	£	£	£	£
The Rt Hon David Gauke MP, Lord Chancellor and Secretary of State for Justice	67,505	-	15,000	-	83,000	15,425 (67,505 FYE)	-	5,000	-	20,000
Dr Phillip Lee MP, Parliamentary Under Secretary of State (to 12 June 2018)	4,475 (22,375 FYE)	-	-	5,594	10,000	22,375 (22,375 FYE)	-	6,000	-	29,000
Rory Stewart OBE MP, Minister of State for Justice	31,680	-	7,000	-	39,000	5,280 (31,860 FYE)	-	3,000	-	8,000
Lucy Frazer QC MP, Parliamentary Under Secretary of State for Justice	22,375	-	6,000	-	28,000	5,052 (22,375 FYE)	-	2,000	-	7,000
Edward Argar MP, Parliamentary Under Secretary of State for Justice (from 14 June 2018)	17,838 (22,375 FYE)	-	5,000	-	23,000 (27,000 FYE)	-	-	-	-	-

Notes to the table:

1. 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.

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

Remuneration	2018-19					2017-18				
Senior Managers	**Total amount of salary and fees**	**All taxable benefits (nearest £100)**	**Bonuses paid**	**Pension related benefits (nearest £1,000)**	**Total**	**Total amount of salary and fees**	**All taxable benefits (nearest £100)**	**Bonuses paid**	**Pension related benefits (nearest £1,000)**	**Total**
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Sir Richard Heaton KCB, Permanent Secretary[1]	185-190	-	0-5	-	185-190	180-185	-	-	-	180-185
Mike Driver CB, Chief Financial Officer[1,2]	175-180	-	10-15	-	190-195	175-180	-	10-15	-	190-195
Matthew Coats CB, Chief Operating Officer (until 30th April 2018)	10-15	-	-	50	60-65	145-150	-	10-15	50	210-215
Mark Sweeney, Director General, Justice and Courts Policy Group	130-135	0.1	10-15	166	305-310	55-60 (125-130 FYE)	-	-	126	185-190
Justin Russell, Director General of Offender Reform and Commissioning Group	125-130	-	-	41	165-170	125-130	-	-	78	200-205
Michael Spurr CB, Chief Executive, HMPPS	145-150	-	-	1	145-150	145-150	-	-	-	145-150
Susan Acland Hood, Chief Executive, HM Courts & Tribunals Service[3]	130-135	-	10-15	55	200-205	125-130	-	-	157	285-290

Notes to the table:

1. Sir Richard Heaton KCB and Mike Driver CB chose not to be covered by the civil service pension arrangements during the reporting year.
2. Mike Driver CB disclosed a related party during 2018-19. This is detailed in Note 27: Related Party Transactions.

Remuneration	2018-19			2017-18		
Non-Executive Board Members	Fees (excluding performance related remuneration)	All taxable benefits (nearest £100)	Bonuses paid	Fees (excluding performance related remuneration)	All taxable benefits (nearest £100)	Bonuses paid
	£000	£000	£000	£000	£000	£000
Mark Rawlinson, Lead Non-Executive Member (since 4 June 2018)	15-20 (20-25 FYE)	-	-	-	-	-
Liz Doherty^, Audit and Risk Committee Chair and Non-Executive Member	15-20	-	-	15-20	-	-
Lizzie Noel, Non-Executive Member (to 3 May 2018)	0-5 (10-15 FYE)	-	-	10-15	-	-
Shirley Cooper, Non-Executive Member (since 4 June 2018)	10-15 (15-20 FYE)	-	-	-	-	-
Nick Campsie, Non-Executive Member (since 4 June 2018)	10-15 (15-20 FYE)	-	-	-	-	-

Notes to the table:

[1] Liz Doherty is also the Department's representative on the HMCTS Board. Her remuneration for that role is disclosed in the HMCTS Annual Report and Accounts.

Information disclosed above relates to the period in which the individuals were in post as senior managers or Non-Executive Board Members.

Since 20 April 2011 all appointed Non-Executive Board Members were entitled to an annual honorarium of £15k. Liz Doherty was entitled to an additional £5k for her duties as Chair of the Audit Committee. None of the Non-Executive Board Members have pension entitlements with the Department.

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 was £77,379 from 1 April 2018 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.

All taxable benefits

Taxable benefits include all benefits in kind and taxable cash benefits. The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue & Customs as a taxable emolument. Benefits recognised relate to travel and subsistence. Benefits in kind are an estimate, as the final value is to be agreed between the Secretary of State for Justice and HM Revenue & Customs.

Bonuses

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

Bonuses for SCS Payband 3 are determined by the Permanent Secretary, with the advice of the Nomination Committee, which is chaired by the Permanent Secretary and includes a Non-Executive Member and the Group Human Resources Director. Bonuses are subject to in year performance, following Cabinet Office guidance. The policy for non-consolidated Performance Related Pay remains that such payments should be restricted to the top 25% of performers.

The bonuses reported in 2018-19 relate to performance in 2017-18 and the comparative bonuses reported for 2017-18 relate to the performance in 2016-17.

Pension entitlements

Ministerial pensions

Pension Benefits

Ministers	Accrued pension at age 65 as at 31 March 2019	Real increase in pension at age 65	CETV at 31 March 2019	CETV at 31 March 2018	Real increase/ (decrease) in CETV
	£000	£000	£000	£000	£000
The Rt Hon David Gauke MP, Lord Chancellor and Secretary of State for Justice (from 8 January 2018)	5-10	0-2.5	97	80	6
Dr Phillip Lee MP, Parliamentary Under Secretary of State (to 12 June 2018)	0-5	0-2.5	10	9	-
Rory Stewart OBE MP, Minister of State for Justice (from 9 January 2018)	0-5	0-2.5	31	24	3
Lucy Frazer QC MP, Parliamentary Under Secretary of State for Justice (from 9 January 2018)	0-5	0-2.5	6	1	2
Edward Argar MP, Parliamentary Under Secretary of State for Justice (from 14 June 2018)	0-5	0-2.5	3	0	1

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.

Government Actuary's Department has changed the factors used to calculate CETVs in November 2018. Therefore, the CETV figure for the start of the period do not correspond with the CETV figure for the end of the period last year.

Ministerial pension benefits

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Rules of the Parliamentary Contributory Pension Fund (Ministers' etc. Pension Scheme 2015).

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). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are revalued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

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 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. Cash equivalent transfer values 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 2019	Real increase in pension and related lump sum at pension age	CETV at 31 March 2019	CETV at 31 March 2018	Real increase/ (decrease) in CETV
	£000	£000	£000	£000	£000
Sir Richard Heaton KCB, Permanent Secretary[1]	-	-	-	-	-
Mike Driver CB, Chief Financial Officer[1]	-	-	-	-	-
Matthew Coats CB, Chief Operating Officer	65-70	2.5-5	1,050	1,007	39
Mark Sweeney, Director General, Justice and Courts Policy Group (from 16 October 2017)	35-40 plus lump sum of 90-95	7.5-10 plus lump sum of 12.5-15	588	411	107
Justin Russell, Director General of Offender Reform and Commissioning Group	25-30	2.5-5	479	400	21
Michael Spurr CB, Chief Executive, HMPPS	65-70 plus a lump sum of 205-210	0-2.5 plus a lump sum of 0-2.5	1,570	1,423	1
Susan Acland Hood, Chief Executive, HM Courts & Tribunals Service	40-45	2.5-5	571	461	22

Notes to the table:

[1] Sir Richard Heaton KCB and Mike Driver CB chose not to be covered by the Civil Service pension arrangements during the reporting year.

Civil service pension benefits

Pension benefits are provided through the civil service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's state pension age (or 65 if higher).

From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme. The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

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**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022.

All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes. 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).

Contribution rates

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. 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 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% 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**, 65 for members of **nuvos**, and the higher of 65 or state pension age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

Cash equivalent transfer value (CETV) of Civil Service pensions

A cash equivalent transfer value 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.

Pay multiples as at 31 March 2019 (audited)

	2018-19	2017-18
Band of highest paid director's total remuneration (£000)	190-195	190-195
Median total remuneration (£)	25,842	25,692
Ratio	7.4:1	7.5:1

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 the Department in the financial year 2018-19 was £190-195k (2017-18: £190-195k). This was 7.4 times (2017-18: 7.2) the median remuneration of the workforce, which was £25,842 (2017-18: £25,692).

In 2018-19, 1 (2017-18: 1) member of the workforce received remuneration in excess of the highest-paid director. Remuneration ranged from £15-20k to £205-210k (2017-18: £10-15k to £205-210k). These figures exclude any severance pay in respect of compulsory redundancies and voluntary early departures disclosed on page 86.

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 for Justice and HM Revenue & Customs. The omission of benefits in kind is not considered material.

Compensation for loss of office

One Minister received compensatory payments in 2018-19 (2017-18: No senior managers received compensatory payments).

Staff numbers and composition

This section has been subject to audit.

Staff costs

Departmental Group

					2018-19	2017-18
	Permanently employed staff	Other	Ministers	Special advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,267,960	237,262	150	132	2,505,504	2,272,152
Social security costs*	231,743	1,267	15	16	233,041	214,901
Other pension costs	502,201	65	-	29	502,295	476,328
Sub Total	3,001,904	238,594	165	177	3,240,840	**2,963,382**
Early departure costs	16,445	-	-	-	16,445	6,370
Early departure provisions	(359)	-	-	-	(359)	(5,311)
Add inward secondments	5,981	4,707	-	-	10,688	10,169
Less recoveries in respect of outward secondments	(8,986)	-	-	-	(8,986)	(9,260)
Total Net Costs	3,014,985	243,301	165	177	3,258,628	**2,965,350**
Of which:						
Core Department and Agencies	2,860,915	205,879	165	177	3,067,136	2,822,200
NDPBs	154,070	37,422	-	-	191,492	143,150
	3,014,985	**243,301**	**165**	**177**	**3,258,628**	**2,965,350**

*The Apprenticeship Levy, implemented across England on 6 April 2017, is a new employment tax of 0.5% of the annual pay bill and these costs are included within social security costs. Further details of the Apprenticeship Levy can be found at: www.gov.uk

During the period ended 31 March 2019, £10.8 million of staff costs (2017-18: £10.3 million) have been capitalised.

The Department have disclosed information on the number of hours and associated cost to the Department of employees who were relevant unions officials during 2018-19 in Annex D.

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 2018-19 the Lord Chancellors' full year equivalent salary was £67,505 (2017-18: £67,318) and the associated combined social security costs were £8,153 (2017-18: £7,977).

The PCSPS and the Civil Servant and Other Pension Scheme – known as "alpha", are unfunded multi-employer defined benefit schemes where the Department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation at: www.gov.uk.

For 2018-19, employers' contributions of £354.3 million were payable to the PCSPS (2017-18: £326.4 million) at one of four rates which ranged from 20% to 24.5% (2017-18: 20.0% to 24.5%) of pensionable pay, based on salary bands (27.9% 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 0.5% (2017-18: 0.5%) 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.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions to partnership pension accounts were £415k (2017-18: £436k) and were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions, which are age-related, ranged from 8% to 14.75% (2017-18: 8.00% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

For 2018-19 employers' pension contributions and contribution rates for the LSC, Cafcass and Probation pension schemes, refer to Note 25.

111 persons (2017-18: 100 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £339k (2017-18: £409k).

Judicial costs

Departmental Group

				2018-19	2017-18
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	130,847	98,089	132,938	361,874	348,859
Social security costs	17,627	13,000	14,036	44,663	43,768
Other pension costs	49,717	37,187	31,496	118,400	116,262
Total Net Costs	**198,191**	**148,276**	**178,470**	**524,937**	**508,889**

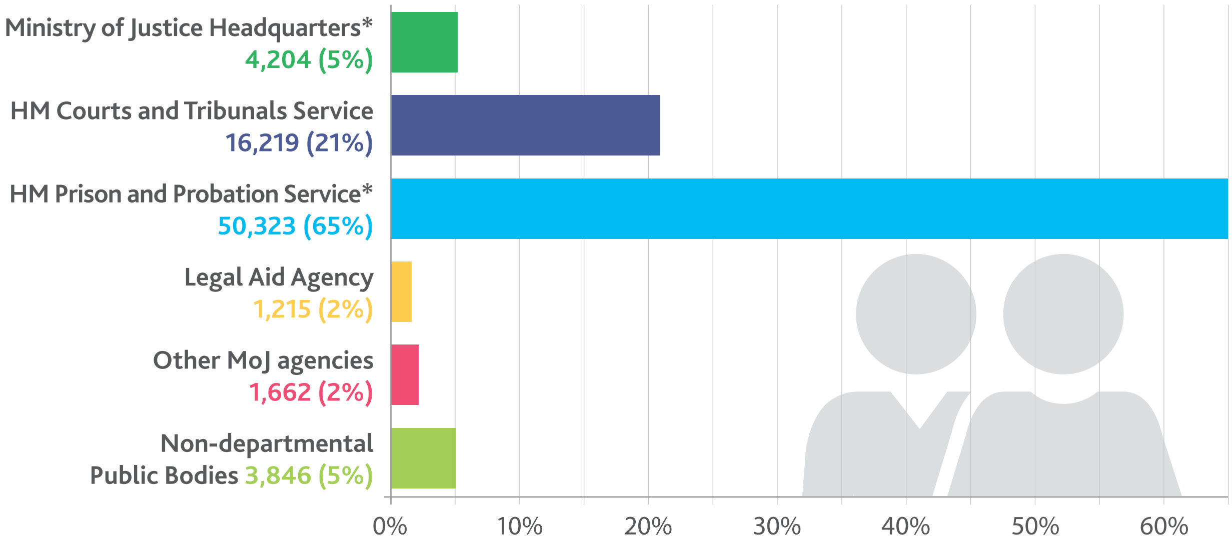
The Judicial Pension Scheme is an unfunded multi-employer defined benefit scheme which prepares its own Accounts, but for which the Department (through HM Courts & Tribunals Service) is unable to identify its share of the liabilities. Details of the most recent completed valuation (as at March 2016) are available at https://www.gov.uk/government/groups/judicial-pension-board#publications.

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 38.45% (2017-18: 38.45%).

The benefits payable are governed by the provisions of either the Judicial Pensions Regulations 2015 (for newly appointed judicial office holders after 1 April 2015 and those transferring from previous schemes); or the Judicial Pensions Act 1981 or the Judicial Pensions and Retirement Act 1993 (for those remaining in these schemes due to transitional protection); or the Judicial Pensions Regulations 2017 (for eligible fee-paid judges with reckonable service from 7 April 2000 up to 31 March 2015).

The Department makes employer contributions to the JPS in respect of all these schemes as service is incurred.

Average number of full-time equivalent staff employed in the year



* Includes staff engaged in capital projects (MoJ HQ 63 staff; HMPPS 127 staff)

Departmental Group

					2018-19	2017-18
	Permanently employed staff	Other	Ministers	Special advisers	Total	Total
MoJ Headquarters and Associated Offices						
Chief People Officer Group	295.7	47.5	0.1	0.2	343.5	272.6
Justice Policy Strategy and Communications	899.1	6.1	1.2	0.3	906.7	832.4
Justice Analysis and Offender Policy	828.2	16.8	0.8	0.3	846.1	703.8
Chief Finance Officer Group	1,662.7	379.2	0.1	0.1	2,042.1	1,930.9
Agencies						
HM Courts & Tribunals Service	14,177.0	2,042.0	0.4	0.3	16,219.7	15,875.7
Office of the Public Guardian	1,209.5	179.8	0.1	0.1	1,389.5	1,257.2
HM Prison and Probation Service	48,781.0	1,415.0	0.8	0.3	50,197.1	46,018.1
Legal Aid Agency	1,198.0	17.0	0.4	0.3	1,215.7	1,224.6
Criminal Injuries Compensation Authority	273.0	-	0.1	0.1	273.2	276.2
Non-Departmental Public Bodies						
Non-Departmental Public Bodies	2,973.0	872.6	-	-	3,845.6	2,574.4
Capital Projects						
Staff engaged on capital projects	63.0	127.0	-	-	190.0	146.1
Total	**72,360.2**	**5,103.0**	**4.0**	**2.0**	**77,469.2**	**71,112.0**
Of which:						
Core Department and Agencies	69,387.2	4,230.4	4.0	2.0	73,623.6	68,537.6
NDPBs	2,973.0	872.6	-	-	3,845.6	2,574.4
	72,360.2	**5,103.0**	**4.0**	**2.0**	**77,469.2**	**71,112.0**

Ministers and special advisers are employed and paid by MoJ Headquarters. However, the full time equivalent analysis for Ministers and special advisers reflects the proportion of time spent across the different functions within the departmental group.

From 1 April 2017, staff delivering finance, analytical services, communications, and digital and technology services in HMPPS, LAA, OPG and CICA transferred into the core Department in order to deliver smarter working, simplified systems and processes within more collaborative and unified teams. Further information can be found in Note 31.1.

In addition, there was further recruitment into the prison service following a national campaign in line with a Government priority.

Average number of full-time equivalent judiciary in post in the year

Departmental Group

				2018-19	2017-18
	Senior judicial salaried	Other judicial salaried	Fee paid judiciary	Total	Total
Core Department and Agencies	914.0	863.0	1,171.0	2,948.0	2,944.0
Total	**914.0**	**863.0**	**1,171.0**	**2,948.0**	**2,944.0**

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

Civil service and other compensation schemes - exit packages

This section has been subject to audit.

Departmental Group

	2018-19			2017-18		
	Compulsory redundancies	Other departures	Total exit packages	Compulsory redundancies	Other departures	Total exit packages
Exit package cost band	Number	Number	Total number	Number	Number	Total number
< £10,000	-	73	73	2	32	34
£10,000 - £25,000	1	73	74	-	329	329
£25,001 - £50,000	1	261	262	-	115	115
£50,001 - £100,000	-	79	79	-	48	48
£100,001 - £150,000	-	1	1	-	4	4
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,001 - £300,000	-	-	-	-	-	-
Total number of exit packages by type	**2**	**487**	**489**	**2**	**528**	**530**
Total cost of exit packages by type (£000)	**62**	**14,840**	**14,902**	**7**	**15,002**	**15,009**
Number of exit packages						
Of which:						
Core Department and Agencies	-	485	485	-	524	524
NDPBs	2	2	4	2	4	6
	2	**487**	**489**	**2**	**528**	**530**
Cost of exit packages (£000)						
Of which:						
Core Department and Agencies	-	14,784	14,784	-	14,905	14,905
NDPBs	62	56	118	7	97	104
	62	**14,840**	**14,902**	**7**	**15,002**	**15,009**

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 accordance with ***IAS19 Employee Benefits*** within the financial statements. The table above discloses exit packages 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 PCSPS. Ill health retirement costs are met by the pension scheme and are not included in the table above.

Other departure exit costs include 462 inefficiency dismissal exit packages at a value of £14.3m (2017-18: 427 at a value of £12.1m) within payment bands not exceeding £150k (2017-18: £100k).

Spend on consultancy and temporary staff

	2018-19			2017-18		
	Core and Agencies	NDPBs	Total	Core and Agencies	NDPBs	Total
	£000	£000	£000	£000	£000	£000
Consultancy	30,531	41	30,572	36,278	59	36,337
Temporary staff	199,560	22,745	222,305	198,576	11,101	209,677
Total	**230,091**	**22,786**	**252,877**	**234,854**	**11,160**	**246,014**

Our staff

Recruitment

The Department is an equal opportunities employer and welcomes applications from all qualified persons regardless of ethnicity, religion or belief, gender, sexual orientation, and disability. Our 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, which are available at http://civilservicecommission.independent.gov.uk/civil-service-recruitment. These principles ensure the consistent delivery of recruitment across the Department.

Recruitment controls were introduced across the Department on 24 May 2010 (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 Department initiated a Resourcing Transformation Programme in 2017. Since then, this has resulted in more efficient processes, reduction in 'time to hire', and improved vacancy manager and candidate experience. The programme also included a new delivery structure and operating model with the implementation of a corporate group resourcing team to support the Department with volume, specialist and hard to fill roles. The team includes dedicated marketing and attraction and assessment and selection specialisms and takes data driven decisions based on the greater use of data analytics.

All recruitment is anonymised to the point of a face to face assessment and the Department is developing its policy to support the adoption of diverse recruitment panels. We aim to be the most inclusive employer in government, creating a diverse workforce to widen our perspectives and add greater value to the work we do. Having a diverse workforce allows us to better serve the needs of the society which we represent.

Employment and employee involvement

The department continues to attach importance to engaging its employees in delivering its aims and objectives. Some 36,738 staff took part in the 2018 survey, nearly 10% more than in 2017 (33,962). This included a small increase in response rate in HM Prison Service following a number of years of declining participation. We attribute this to additional promotion of the survey internally, the new emphasis on well being in the 2018 survey and the inclusion of new questions addressing aspects of working in prisons specifically.

The slight improvement in the department's headline engagement index arose from balancing but larger improvements and reductions across the top tier of the organisation; each with its own pattern and context but with management of change a common factor. There were improvements in the questions on our values and, in HMPPS, improvements in learning and development. Elsewhere, there were encouraging initial results on our new performance management arrangements. Our results for discrimination, bullying and harassment did not come down, and remain near the Civil Service average, and so this remains a priority issue. The results also showed we need to do more to involve staff in change that affects them and that staff continue to be concerned over pay.

Work following the survey focused on understanding the issues behind the results, with action within business groups and agencies to build on those areas that promote engagement and act on factors at the root of disengagement. The department has a network of Engagement Champions across business groups and agencies and maintains an online resource for them containing guidance on different aspects of engagement. The Values Climate Tool, first used with the 2017 survey's results, was used again with the 2018 survey's results and the department continues to celebrate individual staff members' stories in its corporate communications. The department continues to invest in leadership development and staff training as vehicles to improve engagement and to do what it can to address concerns expressed in the survey relating to pay – particularly for our lowest paid.

Employment of people with disabilities

The Department is committed to ensuring equality of opportunity for all staff with disabilities, as set out in our disability policy. We promote a culture that enables staff with disabilities to participate fully in working life and guidance on supporting staff with disabilities is provided through the departmental ability manual. In practical support of this, the Civil Service Workplace Adjustment Team acts as a central point of contact for enquiries. It provides advice and support to staff and line managers on workplace adjustments for disabled staff, shares best practise and maximises performance.

Information on workplace adjustments is also included in performance and attendance management guidance for staff.

The Department is accredited to Disability Confident Employer Level 3 and as a part of that we guarantee an interview for any disabled candidates who meet the minimum criteria for a job. Disabled staff have access to targeted career development support and advice including the Civil Service Learning 'Positive Action Pathway'. During 2018-19 we piloted two new programmes open to disabled staff. Working with Disability Rights UK, we have offered staff with a disability or health condition a six month programme that aims to support colleagues progress in their career, improve performance and build networks through workshops, mentoring and project work. A new in-house Elevate programme is a twelve month blended programme for colleagues at Band A (Grades 6/7) to receive coaching, mentoring by senior staff, and training on building executive presence. This has been targeted to staff with a disability and staff from a BAME background. Both programmes will be evaluated during 2019-20.

All staff have access to disability awareness, mental health awareness and unconscious bias training. In addition, we have a network of mental health allies who are trained to provide advice and guidance to those experiencing episodes of mental ill-health, and to sign post them to appropriate specialist support where needed. This work is underpinned by our Mental Health Strategy and Action Plan.

Diversity and inclusion

Our core values: Purpose, Humanity, Open and Together, shape our approach to diversity and inclusion. We aim a for a workplace that is welcoming, flexible and fully inclusive, where everyone is treated with dignity and respect and valued for their own unique contributions. We also want to develop a workforce that reflects our diverse society at all levels and across the breadth of our functions and estate.

We have a diversity and inclusion strategy in place that sets out how we will drive action across all business groups. The strategy includes key actions aimed at:

- Introducing targeted interventions to improve the diversity of staff representation in the Senior Civil Service, and its feeder grades to ensure a strong and diverse 'pipeline' of talented staff and to support under-represented staff to build skills to support their development and potential progression
- Building an inclusive workplace that supports the wellbeing of our staff, regardless of their background or identity, and values and champions difference as strength by encouraging staff to be themselves and deliver their best at work
- Continuing to drive up diversity data recording rates to enable better quality analysis of data that will help inform policy and planning and pinpoint more accurately where interventions should be made to support our diversity and inclusion objectives and
- Providing learning and training opportunities to help support our staff to deliver their roles fairly and inclusively, and in accordance with equality law.

We publish diversity information annually in our Workforce Monitoring Report. The latest report covers 2017 18 and is available at https://www.gov.uk/government/publications/ministry-of-justice-workforce-monitoring-report-2017-to-2018

Sickness absence data

The single operating platform offers a self-service facility to enable managers to record sickness absence. The Department reports and monitors sickness absence as the number of average working days lost. Figures reported here include the Department and its executive agencies. Figures for non-departmental public bodies have not been included. Average working days lost across the Department at the end of March 2019 was 8.6 at the end of March 2018 was also 8.6. These figures include injury leave. Primary causes of sickness absence as reported at March 2019 (of cases where cause was known) were mental and behavioural disorders including stress, anxiety and depression.

The Department's wellbeing strategy was developed with a focus on primary causes of sickness absence. Our Mental Health Strategy and Action Plan is supported by a network of mental health allies across the department; trained staff volunteers, who offer peer support to employees and advice to managers.

The Department has dedicated support and wellbeing intranet pages which provide support, guidance and toolkits for staff and managers. The development of our employee wellbeing offer includes health awareness events, stress tools, training events, links to staff support groups and access to our employee assistance provider for counselling support and general advice and access to our occupational health provider. The Department encourages a proactive approach to wellbeing with managers and employees taking joint responsibility for health and happiness at work. Our wellbeing offer encourages a preventative approach to reducing sickness absence which is consistent with the wider civil service strategy.

The departmental attendance management policy is based on the cross government Civil Service Employee Policy and is regularly refreshed. Reducing average working days lost continues to be a priority for all senior leaders. Progress is monitored regularly by the Executive Committee and other senior committees.

Case study: MoJ Social Mobility Programme

The MoJ Social Mobility Programme, launched in late 2016, has achieved national acclaim, winning the Progression category at the 2018 UK Social Mobility Awards, the 2018 Employers Network for Equality and Inclusion Championing Social Mobility in the Workplace Award and placing third in the Social Mobility Foundation Employer Index.

The programme has galvanised the workforce with the aim of making the department more representative of society, at every level. We want the Department to be an inclusive and diverse organisation comprising of employees from an array of backgrounds who are able to realise their true potential.

Key initiatives include a schools outreach programme which launched in early 2017 and has 900 volunteers who have completed 570 events and worked with 50,000 pupils at institutions with a higher than average proportion of disadvantaged students. Around 350 pupils have undertaken work experience in the department and staff have formed 1,200 mentoring relationships with young people from low-income households, including 12 from Bradford who participated in the Smart Futures scheme delivered in partnership with the EY Foundation.

Existing staff have been supported by an "inreach" strategy which includes the Catapult mentoring and sponsorship scheme. Since its launch in early 2018, Catapult has delivered 360 mentoring relationships between junior staff from lower socio-economic backgrounds and senior leaders. 35% of participants report achieving a career goal (promotion, change of role) following participation in the scheme.

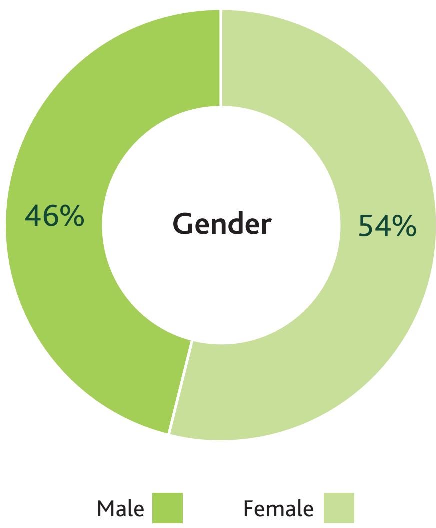
A refreshed Social Mobility Strategic Plan will be launched in May, featuring ambitious targets. Integral to this is a three-year vision to weave social mobility into the fabric of the organisation, transforming our culture and linking key people processes with a commitment to attracting, recruiting and developing a diverse population of talented staff from marginalised groups.

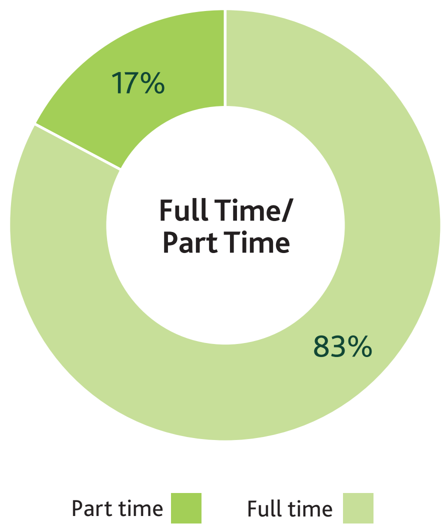
Workforce composition[5]

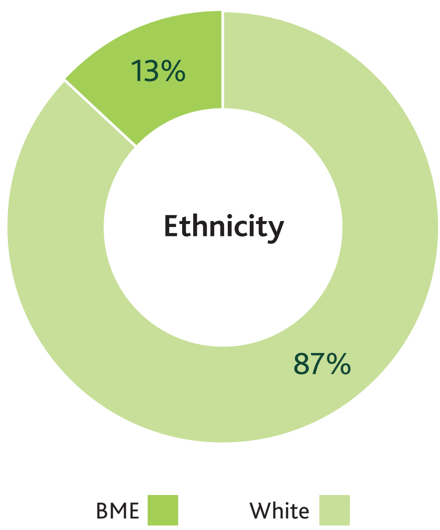
The number of staff split between male and female as at 31 March 2019

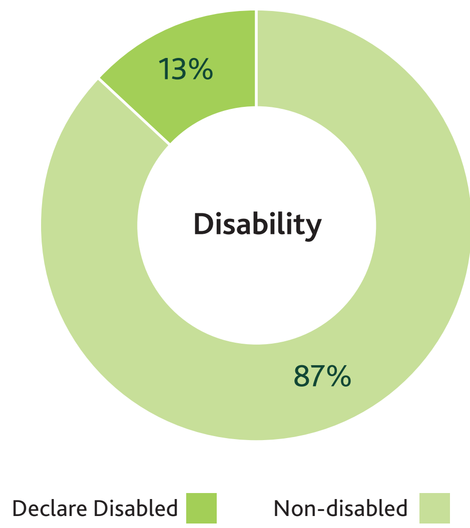
	Male	Female
Board Members	21	13
Senior Civil Service equivalent	149	145
MoJ employees (excluding Senior Civil Service equivalent)	34,796	40,147

Departmental core diversity statistics









These statistics provide a snapshot of the Department's workforce, and help us understand how representative we are as a Department and where we need to focus our attention, as we work to build a fair and inclusive work environment and a workforce that at every level reflects the diverse communities we serve.

The Department publishes an annual Workforce Monitoring Report which provides more detailed statistics and analysis of the workforce. This is available at www.gov.uk.

[5] The data represents the Department and executive agencies. Disability and ethnicity data is based on declaration rates, which refer to the percentage of all staff who have provided information on their ethnicity or disability status.

Senior Civil Service (SCS) equivalent staff by band

Salary Band	SCS or equivalent within band as at 31 March 2019		SCS or equivalent within band as at 31 March 2018	
	Number	Percentage	Number	Percentage
£60,000-£70,000	20	7%	80	24%
£70,000-£80,000	102	35%	68	20%
£80,000-£90,000	43	15%	61	18%
£90,000-£100,000	79	27%	75	22%
£100,000-£110,000	19	6%	23	7%
£110,000-£120,000	14	5%	8	2%
£120,000-£130,000	4	1%	9	3%
£130,000-£140,000	5	2%	4	1%
£140,000-£150,000	5	2%	6	2%
£150,000-£160,000	0	0%	-	-
£160,000-£170,000	1	0%	1	-
£170,000-£180,000	1	0%	3	1%
£180,000-£190,000	1	0%	1	-
£190,000-£200,000	0	0%	-	-
£200,000-£210,000	0	0%	-	-
Total	**294**	**100%**	**339**	**100%**

Off-payroll engagements

During the financial year 2018-19, the Department has reviewed all off-payroll engagements using HM Revenue and Customs guidance and online status indicator. Where engagements have been assessed as being within scope of the intermediaries legislation, the paying agency has been advised of this determination so that appropriate tax deductions are made at source from payments made in respect of the engagement.

As at 31 March 2019 the Department has produced three tables providing data on off-payroll engagements for the core Department, executive agencies and its arm's length bodies. The tables are shown in Annex C and form part of the Accountability report.

Parliamentary Accountability

Statement of Parliamentary Supply

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the financial reporting manual requires the Department to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes, reporting outturn against the Supplementary Estimate presented to Parliament in respect of each budgetary control limit. The SoPS and related notes are subject to audit.

Summary of Resource and Capital Outturn 2018-19

								2018-19	2017-18
			Estimate				Outturn	Voted Outturn compared with Estimate: saving/ (excess)	Outturn
		Voted	Non-Voted	Total	Voted	Non-Voted	Total		Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit									
- Resource	SoPS 1.1	7,979,708	127,326	8,107,034	7,898,284	138,293	8,036,577	81,424	7,627,094
- Capital	SoPS 1.2	516,518	-	516,518	445,802	-	445,802	70,716	414,467
Annually Managed Expenditure									
- Resource	SoPS 1.1	663,000	-	663,000	318,435	-	318,435	344,565	45,197
- Capital	SoPS 1.2	-	-	-	-	-	-	-	-
Total Budget		**9,159,226**	**127,326**	**9,286,552**	**8,662,521**	**138,293**	**8,800,814**	**496,705**	**8,086,758**
Non-Budget									
- Resource	SoPS 1.1	-	-	-	(242,238)	-	(242,238)	242,238	-
Total		**9,159,226**	**127,326**	**9,286,552**	**8,420,283**	**138,293**	**8,558,576**	**738,943**	**8,086,758**
Total Resource		8,642,708	127,326	8,770,034	7,974,481	138,293	8,112,774	668,227	7,672,291
Total Capital		516,518	-	516,518	445,802	-	445,802	70,716	414,467
Total		**9,159,226**	**127,326**	**9,286,552**	**8,420,283**	**138,293**	**8,558,576**	**738,943**	**8,086,758**

Net Cash Requirement 2018-19

				2018-19	2017-18
		Estimate	Outturn	Outturn compared with Estimate: saving/ (excess)	Outturn
	Note	£000	£000	£000	£000
Net cash requirement	Annex A, SoPS 3	**8,106,884**	**7,907,961**	**198,923**	7,585,889

Administration Costs 2018-19

		2018-19	2017-18
	Estimate	Outturn	Outturn
	£000	£000	£000
Administration costs	**411,095**	**406,214**	**449,677**

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. Due to its size the annually managed expenditure (AME) Estimate to outturn variance has been explained below:

AME spend is by its nature inherently volatile expenditure. The Department has a relatively small AME budget and therefore large variances are not unusual. In 2018-19 the Department budgeted for £663 million of AME and the final outturn was £345 million. The main reason for this underspend was that the budgeted figure made assumptions about the level of AME required which included prudent assumptions about the valuation of the estate and IT assets (for example, anticipated IT asset impairments did not materialise as AME), the value of year-end pension liabilities and provisions. All of these areas are highly uncertain and the actual requirement was significantly lower.

SoPS Note 3 and 4 in Annex A form part of the Statement of Parliamentary Supply. These notes are subject to audit.

Prior Period Adjustments (PPAs)

The Department has Prior Period Adjustments (PPAs) resulting from the correction of prior period errors when calculating provision balances for the CICA Tariff Scheme and LAA outstanding balances on fund cases. In 2018-19, the following such PPAs have been made, which have been included in voted Supply in the Estimate:

PPA Description	Resource/Capital	DEL/AME	Amount £000
Correction of prior period error in the calculation of the CICA Tariff Scheme provision	Resource	AME	(172,599)
Correction of prior period error in the LAA outstanding balance on fund cases	Resource	AME	(69,639)

SoPS 1. Net outturn

SoPS 1.1 Analysis of net resource outturn by section

							2018-19 Outturn			2018-19 Estimate	2017-18 Outturn
	Administration			Programme							
	Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net Total compared to Estimate	Net Total compared to Estimate adjusted for virements	Net Total
	£000	£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	330,833	(36,410)	294,423	1,020,698	(1,173,551)	(152,853)	141,570	220,102	78,532	43,591	123,413
B HM Prison & Probation Service	62,140	(97)	62,043	4,189,808	(230,447)	3,959,361	4,021,404	3,998,274	(23,130)	-	3,709,003
C HM Courts & Tribunals Service	17,331	(160)	17,171	1,740,301	(95,080)	1,645,221	1,662,392	1,674,068	11,676	11,676	1,576,656
D Legal Aid Agency	20,208	-	20,208	1,751,749	(56,943)	1,694,806	1,715,014	1,737,988	22,974	22,974	1,680,067
E CICA Agency	2,293	-	2,293	140,366	(21,294)	119,072	121,365	112,420	(8,945)	-	148,812
F Office of the Public Guardian	58	-	58	63,546	(77,556)	(14,010)	(13,952)	(15,979)	(2,027)	-	(12,299)
G Children and Family Court Advisory and Support Service (net)	5,219	-	5,219	114,539	-	114,539	119,758	120,220	462	462	119,414
H Criminal Cases Review Commission (net)	654	-	654	4,608	-	4,608	5,262	5,282	20	42	5,240
I Judicial Appointments Commission (net)	276	-	276	6,753	-	6,753	7,029	6,937	(92)	64	4,852
J Legal Services Board (net)	-	-	-	3,725	-	3,725	3,725	3,798	73	73	3,470
K Office for Legal Complaints (net)	-	-	-	13,228	-	13,228	13,228	14,928	1,700	1,700	12,240
L Parole Board (net)	911	-	911	15,944	-	15,944	16,855	16,453	(402)	259	17,544
M Youth Justice Board (net)	2,958	-	2,958	81,676	-	81,676	84,634	85,217	583	583	104,755
Total Voted expenditure in DEL	**442,881**	**(36,667)**	**406,214**	**9,146,941**	**(1,654,871)**	**7,492,070**	**7,898,284**	**7,979,708**	**81,424**	**81,424**	**7,493,167**
Non-Voted expenditure											
N Higher Judiciary Judicial Salaries	76	-	76	153,912	-	153,912	153,988	144,107	(9,881)	(9,881)	148,407
O Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	(15,695)	(15,695)	(15,695)	(16,781)	(1,086)	(1,086)	(14,480)
Total Non-voted expenditure in DEL	**76**	**-**	**76**	**153,912**	**(15,695)**	**138,217**	**138,293**	**127,326**	**(10,967)**	**(10,967)**	**133,927**
Total Resource DEL Spending	**442,957**	**(36,667)**	**406,290**	**9,300,853**	**(1,670,566)**	**7,630,287**	**8,036,577**	**8,107,034**	**70,457**	**70,457**	**7,627,094**

							2018-19 Outturn			2018-19 Estimate	2017-18 Outturn
		Administration			Programme						
		Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net Total compared to Estimate	Net Total compared to Estimate adjusted for virements	Net Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Annually Managed Expenditure Limits (AME)												
Voted expenditure												
P	Policy, Corporate Services and Associated Offices	-	-	-	93,576	-	93,576	93,576	329,087	235,511	176,211	(55,692)
Q	HM Prison & Probation Services	-	-	-	125,009	-	125,009	125,009	187,000	61,991	61,991	84,351
R	HM Courts & Tribunals Service	-	-	-	20,519	-	20,519	20,519	126,212	105,693	105,693	(44,498)
S	CICA Agency	-	-	-	35,492	-	35,492	35,492	10,000	(25,492)	-	33,175
T	Children and Family court Advisory and Support Service (net)	-	-	-	10,456	-	10,456	10,456	10,443	(13)	-	10,054
U	Criminal Cases Review Commission (net)	-	-	-	156	-	156	156	258	102	102	186
	Legal Aid Agency	-	-	-	33,795	-	33,795	33,795	-	(33,795)	-	18,401
	Office of the Public Guardian	-	-	-	(78)	-	(78)	(78)	-	78	78	(64)
	Judicial Appointments Commission (net)	-	-	-	-	-	-	-	-	-	-	-
	Legal Services Board (net)	-	-	-	-	-	-	-	-	-	-	-
	Office for Legal Complaints (net)	-	-	-	(50)	-	(50)	(50)	-	50	50	30
	Parole Board (net)	-	-	-	(42)	-	(42)	(42)	-	42	42	(1,144)
	Youth Justice Board (net)	-	-	-	(398)	-	(398)	(398)	-	398	398	398
	Total Resource AME Spending	**-**	**-**	**-**	**318,435**	**-**	**318,435**	**318,435**	**663,000**	**344,565**	**344,565**	**45,197**

SoPS 1.2 Analysis of net capital outturn by section

		2018-19 Outturn			2018-19 Estimate			2017-18 Outturn
		Gross	Income	Total	Net Total	Net Total compared to Estimate	Net Total compared to Estimate adjusted for 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	205,149	(1,595)	203,554	265,695	62,141	61,250	212,555
B	HM Prison & Probation Service	154,283	(85,937)	68,346	68,751	405	405	83,460
C	HM Courts & Tribunals Service	177,502	(7,633)	169,869	177,290	7,421	7,421	111,322
D	Legal Aid Agency	493	(42)	451	-	(451)	-	265
E	Criminal Injuries Compensation Authority	572	(15)	557	600	43	43	1,340
F	Office of the Public Guardian	2,322	-	2,322	2,850	528	528	2,332
G	Children and Family Court Advisory and Support Service (net)	-	-	-	-	-	-	697
H	Criminal Cases Review Commission (net)	125	-	125	125	-	125	122
I	Judicial Appointments Commission (net)	-	-	-	-	-	-	147
J	Legal Services Board (net)	-	-	-	100	100	91	-
K	Office for Legal Complaints (net)	129	-	129	250	121	121	371
L	Parole Board (net)	9	-	9	257	248	132	915
M	Youth Justice Board (net)	440	-	440	600	160	600	941
Total Voted expenditure in DEL		**541,024**	**(95,222)**	**445,802**	**516,518**	**70,716**	**70,716**	**414,467**
Non-voted expenditure								
N	Higher Judiciary Judicial Salaries	-	-	-	-	-	-	-
O	Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	-	-	-
Total Non-voted expenditure in DEL		-	-	-	-	-	-	-
Total Capital DEL Spending		**541,024**	**(95,222)**	**445,802**	**516,518**	**70,716**	**70,716**	**414,467**
Spending in Annually Managed Expenditure Limits (AME)								
Voted expenditure								
P	Policy, Corporate Services and Associated Offices	-	-	-	-	-	-	-
Q	HM Prison & Probation Service	-	-	-	-	-	-	-
R	Youth Justice Board (net)	-	-	-	-	-	-	-
S	Parole Board (net)	-	-	-	-	-	-	-
T	Criminal Cases Review Commission (net)	-	-	-	-	-	-	-
U	Legal Aid Agency	-	-	-	-	-	-	-
V	Criminal Injuries Compensation Authority	-	-	-	-	-	-	-
W	Children and Family Court Advisory and Support Service (net)	-	-	-	-	-	-	-
	HM Courts & Tribunals Service	-	-	-	-	-	-	-
	Office of the Public Guardian	-	-	-	-	-	-	-
	Office for Legal Complaints (net)	-	-	-	-	-	-	-
Total Capital AME Spending		**-**	**-**	**-**	**-**	**-**	**-**	**-**

SoPS 2 Reconciliation of outturn to net operating expenditure

SoPS 2.1 Reconciliation of net resource outturn to net operating expenditure

	Note	2018-19 Outturn £000	2017-18 Outturn £000
Total resource outturn in SoPS			
Voted DEL	SoPS 1.1	7,898,284	7,493,167
Non-voted DEL	SoPS 1.1	138,293	133,927
Total DEL		8,036,577	7,627,094
Total AME	SoPS 1.1	318,435	45,197
Total Non-Budget		(242,238)	-
		8,112,774	**7,672,291**
Add:			
Capital grants (net of European Union contributions)		16,572	4,180
Other			
Research costs classified as capital under ESA 10		7,241	14,632
Adjustment for other capital expenditure in CSoCNE		(1,117)	5,811
		22,696	**24,623**
Less:			
Income payable to the Consolidated Fund (excluding non-voted levy income)		(2,342)	(1,013)
Other			
Private Finance Initiatives adjustments		4,040	(3,994)
Prior period adjustments		242,238	(6,509)
		243,936	**(11,516)**
Net Operating Expenditure in CSoCNE		**8,379,406**	**7,685,398**

Regularity of expenditure

Losses and special payments

This section has been subject to audit.

Losses statement

Values	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	31 March 2019		31 March 2018	
	£000	£000	£000	£000
Cash losses	722	722	799	799
Claims abandoned	1,040	1,040	6,043	6,043
Administrative write-offs	1,827	1,910	2,300	2,305
Fruitless payments	8,917	9,463	2,473	2,529
Store losses	2,525	2,525	1,914	1,914
Constructive losses	26,744	26,744	10,060	10,060
Total value of losses	41,775	42,404	**23,589**	**23,650**

Numbers	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	31 March 2019		31 March 2018	
Cash losses	2,588	2,588	1,641	1,641
Claims abandoned	24	24	53	53
Administrative write-offs	1,834	1,837	1,774	1,776
Fruitless payments	668	691	16	46
Store losses	16,136	16,136	11,696	11,696
Constructive losses	7	7	3	3
Total number of losses	21,257	21,283	**15,183**	**15,215**

In 2018-19 there were four losses (2017-18: five) over £300k as follows:

- £13,764,144 service credits from CRCs were written-off as a result of a negotiated contract variation to re-baseline Payment by Results frequency measure to reflect re-offending rates as at 2015 from the previous baseline taken from 2011.
- £1,011,938 recoveries from CRCs which were written-off. The monthly Fee For Service (FFS) payments to CRCs are based on estimated offender volumes. At the end of each contract year, actual volumes are calculated and recoveries made where volumes are lower than estimated. New assumptions applied to the FFS payments resulted in HMPPS waiving sums that had not yet been recovered from CRCs.
- HMCTS recognises a constructive loss of £12.1 million in relation to the cancellation of the Transforming Compliance and Enforcement Programme, £8.5 million of the loss relates to the impairment of the intangible IT asset which was under construction. The decision was taken to end the programme before its completion, as it was no longer affordable within the current spending review settlement.

- £8,839,429 payment to a supplier in 2013-14 which is now considered to be fruitless. Payments were made for multiple electronic monitoring orders for single individuals, which were contractual but did not give rise to a benefit to HMPPS. Following the announcement of a deferred prosecution agreement by the Serious Fraud Office, we are now disclosing this as a fruitless payment.

Special payments

	31 March 2019		31 March 2018	
Values	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
	£000	£000	£000	£000
Compensation payments	30,349	30,571	27,445	27,900
Ex gratia	2,412	2,449	1,568	1,568
Extra-contractual payments	32	118	33	128
Special severance payments	40	40	-	-
Gifts	1	1	-	-
Total value of special payments	**32,834**	**33,179**	**29,046**	**29,596**

	31 March 2019		31 March 2018	
Numbers	**Core Department & Agencies**	**Departmental Group**	**Core Department & Agencies**	**Departmental Group**
Compensation payments	7,665	8,037	6,623	6,994
Ex gratia	30,471	30,472	9,907	9,907
Extra-contractual payments	369	371	396	398
Special severance payments	1	1	-	-
Gifts	23	23	-	-
Total number of special payments	**38,529**	**38,904**	**16,926**	**17,299**

In 2018-19 there were five (2017-18: six) special payments over £300k.

- Five compensation payments were made to operational members of HMPPS staff injured in the course of their duties: £1,000,000, £680,337, £572,460, £567,400 and £423,503.

Gifts and hospitality

Details of the Department's ministers, directors general, permanent secretary and special advisers' gifts, hospitality, travel and meetings can be found at www.gov.uk.

Fees and charges

This section has been subject to audit.

The Department 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*.

					2018-19	2017-18
	Gross income net of remissions	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target	Fee recovery actual
	£000	£000	£000	%	%	%
Office of the Accountant General	5,794	5,794	-	100%	100%	20%
Official Solicitor and Public Trustee						
Litigation	1,757	7,754	(5,997)	23%	n/a	23%
Trust and Estates	550	625	(75)	88%	n/a	93%
HM Courts & Tribunals Service						
Family	169,106	241,750	(72,644)	70%	100%	82%
Civil	560,622	474,776	85,846	118%	100%	126%
Asylum & Immigration	6,679	106,247	(99,568)	6%	n/a	7%
Other Tribunals	1,650	14,156	(12,506)	12%	n/a	10%
Employment Tribunals	-	-	-	n/a	n/a	4%
Office of the Public Guardian	74,740	74,445	295	100%	100%	101%
Legal Services Board	3,725	3,725	-	100%	100%	100%
Office for Legal Complaints	12,035	12,035	-	100%	100%	100%
	836,658	**941,307**	**(104,649)**			

Operating Segment	Details
Office of the Accountant General	The Office of the Accountant General invests money on behalf of its clients in the Court Funds Investment Account, which earns interest at the Bank of England Base Rate, 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 is therefore intended to run at nil net cost to the Department's Vote and in terms of the principles of cost recovery should be 100% self-funding. The long-term funding model is currently being reviewed by OAG as part of a strategic review of the Court Funds Office.
Official Solicitor and the Public Trustee	The Official Solicitor's Civil, Family and Court of Protection (CoP) litigation services continue to be largely publicly funded due to the nature of the cases dealt with, although where appropriate alternative funding arrangements (such as Conditional Fee Agreements) are also entered into. In some classes of CoP case, where appropriate to do so, the Official Solicitor charges clients at full cost for services provided. The Official Solicitor and the Public Trustee charge for their work in administering trusts and estates. The caseload continues to diminish as cases are only now accepted on the basis of strict 'last resort'. As at 31 March 2019 the caseload was 154 (107 OS & 47 PT) (2017-18: 161). The fee income associated with Public Trustee trusts and estates cases is governed by a Fees Order and the Official Solicitor's trusts and estates work is charged for on an hourly rate basis. The Public Trustee also processes Title on Death applications under Law of Property Act, for which she charges £40 per application. The budget allocation to the OSPT also covers the cost of the Lord Chancellor's Reciprocal Enforcement of Maintenance Orders unit and the International Child Abduction and Contact Unit. This service is publicly funded in full.
HM Courts & Tribunals Service	HMCTS collects and reports upon fee charges that have been set by Ministry of Justice policy and which appear in statutory instrument fees orders. Section 180 of the Anti-social Behaviour, Crime and Policing Act 2014 gives the Lord Chancellor, with consent of the Treasury, the statutory power to set certain court and tribunal fees above cost recovery levels. The income generated must be reinvested back into the courts and tribunals service. Government introduced enhanced fee charging for money claims on 9 March 2015, and further enhanced fees including divorce, civil and some tribunals in March, April and July 2016. The system of 'Help with fees' (fee remissions) exists to ensure that individuals are not denied access to the courts if they genuinely cannot afford the fee. Only the civil and tribunal businesses have systems for charging fees. A fees strategy review is underway to seek to balance the interests of all court and tribunal users and the taxpayer in the wider context of funding for the system overall. HMCTS reports on both the civil and tribunal fee-charging business segments. Civil business contains two business streams: family (including probate and court of protection) and civil (including civil business in county courts, higher courts and magistrates' courts). While tribunal business contains two business streams: immigration and asylum, and other fee charging special tribunals (including lands, residential property, gambling and gender recognition). HMCTS collects and reports upon fee charges, at rates that appear in statutory instrument fees orders. Section 180 of the Anti-social Behaviour, Crime and Policing Act 2014 gives the Lord Chancellor, with consent of the Treasury, the statutory power to set certain court and tribunal fees above cost recovery levels. The income generated must be reinvested back into the courts and tribunals service. Government introduced enhanced fee charging for money claims on 9 March 2015, and further enhanced fees including divorce, civil and some tribunals in March, April and July 2016. The system of 'Help with fees' (fee remissions) exists to ensure that individuals are not denied access to the courts if they genuinely cannot afford the fee. Only the civil and tribunal businesses have systems for charging fees. A fees strategy review is underway to seek to balance the interests of all court and tribunal users and the taxpayer in the wider context of funding for the system overall. HMCTS reports on both the civil and tribunal business segments. Civil business contains two business streams: family (including probate and court of protection) and civil (including civil business in county courts, higher courts and magistrates' courts). Tribunal business contains two business streams: immigration and asylum, and other fee charging special tribunals (including

Operating Segment	Details
	lands, residential property, gambling and gender recognition). Further detail regarding current fees orders can be found within the HMCTS Annual Report and Accounts. Following the UK Supreme Court judgment that quashed that the Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013/1893, a repayment scheme was implemented for Employment Tribunal fees. Further details are provided in the repayment schemes section below.
Office of the Public Guardian	The Mental Capacity Act 2005 provides for fees to be charged for proceedings brought in relation to the functions carried out by the Public Guardian. The levels of charges are contained in two statutory instruments as well as the Lasting Powers of Attorney, Enduring Powers of Attorney, Public Guardian Regulations 2007 and the Public Guardian (fees etc) Regulations 2007. Following a review of the fees charged in the previous four years, a repayment scheme has been implemented with regards to the Power of Attorney fee. Further details are provided in the repayment schemes section below.
Legal Services Board and Office for Legal Complaints	Legal Services Board and the Office for Legal Complaints income relates to levies receipted from approved regulators. This income is surrendered to the Consolidated Fund in line with the Legal Services Act 2007. In return, LSB and OLC receive grant in aid funding from the Department equal to the income surrendered.
Category	**Details**
Repayment schemes	There are two active repayment schemes currently in operation. ▪ On July 26, 2017 the UK Supreme Court handed down a judgment that quashed that the Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013/1893. The Lord Chancellor has committed to refunding the fees taken to those who paid them. To date HMCTS has refunded a total of £17.4 million in respect of fees and interest. HMCTS recognises a provision of £0.3m and a contingent liability of £15.2m in respect of future Employment Tribunal fee refunds, including an estimate of the interest payable. During 2018-19, £10.3 million of fees were refunded including interest and accruals. ▪ An analysis performed internally identified that the OPG was charging fees in excess of costs. To ensure compliance with Managing Public Money, a full review of the Power of Attorney fee was performed to investigate the level of historic over-recovery and as a result, a repayment scheme was announced and a provision of £89m was recognised. On 1 February 2018 the Department launched the repayment scheme for those customers that had been overcharged and at the reporting date, £12.4m, reflecting approximately 232,000 refunds of fees, had been repaid. Further details can be found at www.gov.uk
Fee Review Outcomes	In November 2017 the Department undertook a review of other fees for courts and tribunal proceedings charged by HMCTS. The Department identified that in some cases fees have been incorrectly charged, and that some fees had inadvertently been set above cost without the legal authority to do so. In July 2018 a written ministerial statement announced that a refund scheme will be established to reimburse people the amounts they have been over-charged. Our current estimate of the total value of the refunds likely to be claimed is £57 million, and the provision has been increased by £40.4 million.

Remote contingent Liabilities

As required by Managing Public Money, in addition to contingent liabilities disclosed in accordance with IAS 37 in Note 17 to the Accounts, HMPPS discloses, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of transfer of economic benefit is remote. This section has been subject to audit.

Heathrow Airport Holdings Limited indemnity: Assurance has been given to Heathrow Airport Holdings Limited and other third parties (e.g. airlines) which may be affected by the operations of HM Prison and Probation Service. The likelihood of a liability arising from these contingencies is considered to be remote.

The assurance covers the following amounts:

- Up to £50 million for damage or injury per incident to third parties caused airside in the event of negligence of HMPPS.
- Up to £250 million to damage or injury to third parties per incident in the event of negligence by HMPPS whilst on board an aeroplane.
- Personal accident and/or sickness for HMPPS staff whilst on escorting duties.

Privately managed prisons: HMPPS would be liable as underwriter of last resort to meet certain losses incurred by the privately managed prisons.

Local Government Pension Scheme Guarantee: The Secretary of State for Justice has provided a guarantee to the Greater Manchester Pension Fund in respect of the CRCs' participation in the GMPF for pension liabilities that transferred to the CRCs.

The responsibility for funding the past service liabilities associated with the original employees who are deferred or pensioner members of the LGPS transferred to HMPPS under the Secretary of State for Justice.

Sir Richard Heaton KCB
Accounting Officer

15 July 2019

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

Opinion on financial statements

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 2019 under the Government Resources and Accounts Act 2000. The Department comprises 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 2018. 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

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 2019 and of the Department's net operating expenditure and Departmental Group's net operating expenditure 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 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 2019 and shows that those totals have not been exceeded; and
- the income and expenditure 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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'[6]. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Department in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence

[6] Reference here to PN10 is to cover the basis of our regularity opinion.

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department and the Departmental Group's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's and the Departmental Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Department and the Departmental Group and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports 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 parts of the Accountability 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.

Gareth Davies
Comptroller and Auditor General

17 July 2019

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

Financial statements

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2019

		2018-19		2017-18 (Restated)	
	Note	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Income from sale of goods and services	3	(67,489)	(67,489)	(67,378)	(67,378)
Other operating income	4	(1,580,832)	(1,595,383)	(1,573,213)	(1,579,488)
Total Operating Income		**(1,648,321)**	**(1,662,872)**	**(1,640,591)**	**(1,646,866)**
Staff costs	5	3,067,136	3,258,628	2,822,200	2,965,350
Judicial costs	5	524,937	524,937	508,889	508,889
Purchase of goods and services	6	2,163,435	2,111,501	2,100,364	2,122,974
Depreciation, amortisation and impairment charges	7	596,269	600,572	438,073	442,578
Provision expense	8	2,007,557	2,007,403	1,869,760	1,869,646
Net (gain)/loss on disposal of assets	9	(3,265)	(3,256)	(51,967)	(51,846)
Revaluation of non-current and financial assets	10	(7,288)	(7,288)	(45,664)	(45,664)
Other operating expenditure	11	1,613,781	1,471,020	1,632,410	1,436,361
Total Operating Expenditure		**9,962,562**	**9,963,517**	**9,274,065**	**9,248,288**
Net Operating Expenditure before financing		**8,314,241**	**8,300,645**	**7,633,474**	**7,601,422**
Finance expense	12	69,114	74,093	73,002	77,829
Borrowing cost on provisions		4,706	4,656	6,149	6,142
Net Operating Expenditure before tax		**8,388,061**	**8,379,394**	**7,712,625**	**7,685,393**
Taxation		-	12	-	5
Net Operating Expenditure		**8,388,061**	**8,379,406**	**7,712,625**	**7,685,398**
Non-operating activities					
Net (gain)/loss on transfers by absorption		(5,886)	-	(56,779)	-
Net Expenditure for the year ended 31 March 2019		**8,382,175**	**8,379,406**	**7,655,846**	**7,685,398**
Other Comprehensive Net Expenditure					
Items that will not be reclassified to operating expenditure:					
Net (gain)/loss on revaluation of:					
Property, plant and equipment		(169,099)	(169,109)	(875,539)	(875,572)
Intangible assets		(1,919)	(1,947)	(3,884)	(4,100)
Remeasurement of pension schemes:					
Cafcass pension scheme		-	9,525	-	(9,601)
LSC pension scheme		(690)	(690)	(24,184)	(24,184)
By-analogy pension schemes		(508)	(611)	(158)	(462)
Probation pension schemes		267,477	267,477	(171,492)	(171,492)
Total Comprehensive Net Expenditure for the year ended 31 March 2019		**8,477,436**	**8,484,051**	**6,580,589**	**6,599,987**

The notes on pages 115 to 186 form part of these Accounts.

Consolidated Statement of Financial Position

as at 31 March 2019

	Note	31 March 2019 Core Department & Agencies £000	31 March 2019 Departmental Group £000	31 March 2018 (Restated) Core Department & Agencies £000	31 March 2018 (Restated) Departmental Group £000	1 April 2017 (Restated) Core Department & Agencies £000	1 April 2017 (Restated) Departmental Group £000
Non-current assets							
Property, plant and equipment	13	11,511,841	11,515,157	11,449,226	11,452,822	10,629,192	10,701,144
Intangible assets	14	500,668	512,000	449,135	461,500	388,425	393,467
Investments		559	559	529	529	467	467
LSC pension net asset	25	105,211	105,211	102,427	102,427	76,652	76,652
Trade and other receivables	16	1,875	1,875	1,280	1,281	2,953	2,954
Total non-current assets		**12,120,154**	**12,134,802**	**12,002,597**	**12,018,559**	**11,097,689**	**11,174,684**
Current assets							
Assets held for sale	15	6,165	6,165	102,166	102,166	33,960	33,960
Inventories		63,435	64,100	49,204	49,204	42,471	42,471
Trade and other receivables	16	627,994	642,437	565,730	567,555	563,531	542,529
Cash and cash equivalents	17	185,420	207,300	190,532	222,750	232,658	276,928
Total current assets		**883,014**	**920,002**	**907,632**	**941,675**	**872,620**	**895,888**
Total assets		**13,003,168**	**13,054,804**	**12,910,229**	**12,960,234**	**11,970,309**	**12,070,572**
Current liabilities							
Trade and other payables	18	(1,417,026)	(1,435,311)	(1,333,111)	(1,344,278)	(1,426,833)	(1,444,764)
Financial liabilities	18	(42,359)	(42,359)	(43,464)	(43,464)	(48,015)	(48,757)
Provisions	19	(900,214)	(902,298)	(704,734)	(707,548)	(696,351)	(699,600)
Total current liabilities		**(2,359,599)**	**(2,379,968)**	**(2,081,309)**	**(2,095,290)**	**(2,171,199)**	**(2,193,121)**
Total assets less current liabilities		**10,643,569**	**10,674,836**	**10,828,920**	**10,864,944**	**9,799,110**	**9,877,451**
Non-current liabilities							
Trade and other payables	18	(77,508)	(77,508)	(123,363)	(123,363)	(161,160)	(161,160)
Other Financial liabilities	18	(522,857)	(522,857)	(557,372)	(557,372)	(585,791)	(597,526)
Provisions	19	(668,928)	(669,540)	(683,291)	(683,833)	(656,951)	(657,716)
Cafcass pension net liability	25	-	(212,368)	-	(192,236)	-	(191,853)
By-analogy pension liabilities		(1,609)	(7,915)	(2,235)	(8,768)	(5,820)	(12,746)
Probation pension net liability	25	(1,850,086)	(1,850,086)	(1,500,399)	(1,500,399)	(1,578,376)	(1,578,376)
Total non-current liabilities		**(3,120,988)**	**(3,340,274)**	**(2,866,660)**	**(3,065,971)**	**(2,988,098)**	**(3,199,377)**
Assets less liabilities		**7,522,581**	**7,334,562**	**7,962,260**	**7,798,973**	**6,811,012**	**6,678,074**
Taxpayers' equity							
General Fund		3,657,479	3,468,324	4,048,284	3,883,580	3,675,033	3,516,501
Revaluation Reserve		3,865,102	3,866,238	3,913,976	3,915,393	3,135,979	3,161,573
Total taxpayers' equity		**7,522,581**	**7,334,562**	**7,962,260**	**7,798,973**	**6,811,012**	**6,678,074**

The notes on pages 115 to 186 form part of these Accounts.

Sir Richard Heaton KCB
Accounting Officer

15 July 2019

Consolidated Statement of Cash Flows

for the year ended 31 March 2019

	Note	2018-19 Core Department & Agencies £000	2018-19 Departmental Group £000	2017-18 (Restated) Core Department & Agencies £000	2017-18 (Restated) Departmental Group £000
Cash flows from operating activities					
Net operating expenditure	CSoCNE	(8,388,061)	(8,379,406)	(7,712,625)	(7,685,398)
Adjustments for non-cash transactions		2,660,229	2,672,955	2,272,902	2,318,716
Finance costs/(income)		31,708	31,708	17,659	17,659
Movements in pensions		41,157	46,661	51,622	56,690
(Increase)/decrease in trade and other receivables	16	(62,859)	(75,476)	(526)	(23,353)
Less: Movements in receivables not passing through the CSoCNE and receivable impairments		(16,546)	(22,580)	(15,698)	(15,698)
(Increase)/decrease in inventories		(14,231)	(14,896)	(6,733)	(6,733)
(Decrease)/increase in trade and other payables	18	38,060	45,178	(131,518)	(138,282)
Less: Movements in payables relating to items not passing through the CSoCNE		697	(14,975)	47,526	21,114
Increase/(decrease) in other financial liabilities	18	(35,620)	(35,620)	(32,970)	(45,447)
Less: Movements in other financial liabilities relating to items not passing through the CSoCNE		36,755	36,755	33,019	45,496
Utilisation of provisions	19	(1,872,036)	(1,872,492)	(1,868,177)	(1,868,712)
Intra-departmental adjustment through SoCiTE (between MoJ Core and Agencies)		(2,600)	(8,486)	22,647	-
Net cash outflow from operating activities		**(7,583,347)**	**(7,590,674)**	**(7,322,872)**	**(7,323,948)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(360,022)	(360,483)	(308,983)	(310,817)
Purchase of intangible assets		(144,278)	(146,828)	(140,809)	(142,508)
Proceeds on disposal of property, plant and equipment		5,140	5,140	11,257	11,257
Proceeds on disposal of intangible assets		16	16	-	-
Proceeds on disposal of assets held for sale		93,377	93,377	97,257	97,257
Net cash outflow from investing activities		**(405,767)**	**(408,778)**	**(341,278)**	**(344,811)**
Cash flows from financing activities					
From the Consolidated Fund (Supply)		7,916,221	7,916,221	7,568,000	7,568,000
From the Consolidated Fund (Non-Supply)		153,988	153,988	148,407	148,407
Advances from the Contingencies Fund		840,000	840,000	-	-
Repayments to the Contingencies Fund		(840,000)	(840,000)	-	-
Capital element of finance leases and on-balance sheet Private Finance Initiative (PFI) contracts		(36,755)	(36,755)	(35,027)	(42,470)
Repayment of local authority loans		(2,030)	(2,030)	(1,969)	(1,969)
Movement in third party balances		-	-	-	-
Interest paid		(31,708)	(31,708)	(17,659)	(17,659)
Net cash inflow from financing activities		**7,999,716**	**7,999,716**	**7,661,752**	**7,654,309**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**10,602**	**264**	**(2,398)**	**(14,450)**
Payments of amounts due to the Consolidated Fund		(15,714)	(15,714)	(39,728)	(39,728)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**(5,112)**	**(15,450)**	**(42,126)**	**(54,178)**
Cash and cash equivalents at the beginning of the period	17	**190,532**	**222,750**	**232,658**	**276,928**
Transfer out of boundary		-	-	-	-
Cash and cash equivalents at the end of the period	17	**185,420**	**207,300**	**190,532**	**222,750**

The notes on pages 115 to 186 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2019

		Core Department & Agencies			Departmental Group		
		General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves
	Note	£000	£000	£000	£000	£000	£000
Balance at 31 March 2018		**4,048,284**	**3,913,976**	**7,962,260**	**3,883,580**	**3,915,393**	**7,798,973**
Change in accounting policy		(25,679)	-	(25,679)	(25,679)	-	(25,679)
Restated balance at 1 April 2018		**4,022,605**	**3,913,976**	**7,936,581**	**3,857,901**	**3,915,393**	**7,773,294**
Net Parliamentary Funding – drawn down		7,916,221	-	7,916,221	7,916,221	-	7,916,221
Net Parliamentary Funding – deemed		175,339	-	175,339	175,339	-	175,339
Unspent Supply drawn down repayable to the Consolidated Fund		(183,599)	-	(183,599)	(183,599)	-	(183,599)
Consolidated Fund Standing Services							
- Judicial salaries		147,749	-	147,749	147,749	-	147,749
- Lord Chancellor's salary		76	-	76	76	-	76
- Utilisation of Judicial Service Award		6,163	-	6,163	6,163	-	6,163
CFERs payable to the Consolidated Fund		3,719	-	3,719	(18,037)		(18,037)
Net expenditure for the year	CSoCNE	(8,382,175)	-	(8,382,175)	(8,379,406)	-	(8,379,406)
Net gain/(loss) on revaluation of							
- Property, plant and equipment		-	169,099	169,099	-	169,109	169,109
- Intangible assets		-	1,919	1,919	-	1,947	1,947
- Assets held for sale		-	-	-	-	-	-
Remeasurement of pension schemes							
- Cafcass pension scheme	25	-	-	-	(9,525)	-	(9,525)
- LSC pension scheme	25	690	-	690	690	-	690
- By-analogy pension schemes		508	-	508	611	-	611
- Probation pension schemes	25	(267,477)	-	(267,477)	(267,477)	-	(267,477)
Non-cash adjustment							
- Auditors' remuneration	6	1,394	-	1,394	1,394	-	1,394
- Corporate overhead charges	11	(3,639)	-	(3,639)	-	-	-
Movements in reserves							
- Transfers from Revaluation Reserve		219,892	(219,892)	-	220,211	(220,211)	-
- Absorption accounting transfers between reserves		-	-	-	-	-	-
Adjustment in respect of prior periods		-	-	-	-	-	-
Intra-departmental adjustment		9	-	9	9	-	9
Other		4	-	4	4	-	4
Balance at 31 March 2019		**3,657,479**	**3,865,102**	**7,522,581**	**3,468,324**	**3,866,238**	**7,334,562**

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2018

		Core Department & Agencies			Departmental Group		
		General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves
	Note	£000	£000	£000	£000	£000	£000
Balance at 31 March 2017		**3,439,304**	**3,135,979**	**6,575,283**	**3,280,772**	**3,161,573**	**6,442,345**
Correction of prior year error		235,729	-	235,729	235,729	-	235,729
Restated balance at 1 April 2017		**3,675,033**	**3,135,979**	**6,811,012**	**3,516,501**	**3,161,573**	**6,678,074**
Net Parliamentary Funding – drawn down		7,568,000	-	7,568,000	7,568,000	-	7,568,000
Net Parliamentary Funding – deemed		193,228	-	193,228	193,228	-	193,228
Unspent Supply drawn down repayable to the Consolidated Fund		(175,339)	-	(175,339)	(175,339)	-	(175,339)
Consolidated Fund Standing Services							
- Judicial salaries		139,304	-	139,304	139,304	-	139,304
- Lord Chancellor's salary		75	-	75	75	-	75
- Utilisation of Judicial Service Award		9,028	-	9,028	9,028	-	9,028
CFERs payable to the Consolidated Fund		(1,013)	-	(1,013)	(15,493)		(15,493)
Net expenditure for the year	CSoCNE	(7,655,846)	-	(7,655,846)	(7,685,398)	-	(7,685,398)
Net gain/(loss) on revaluation of							
- Property, plant and equipment		-	875,539	875,539	-	875,572	875,572
- Intangible assets		-	3,884	3,884	-	4,100	4,100
- Assets held for sale		-	-	-	-	-	-
Remeasurement of pension schemes							
- Cafcass pension scheme	25	-	-	-	9,601	-	9,601
- LSC pension scheme	25	24,184	-	24,184	24,184	-	24,184
- By-analogy pension schemes		158	-	158	462	-	462
- Probation pension schemes	25	171,492	-	171,492	171,492	-	171,492
Non-cash adjustment							
- Auditors' remuneration	6	1,408	-	1,408	1,408	-	1,408
- Corporate overhead charges	11	(4,151)	-	(4,151)	-	-	-
Movements in reserves							
- Transfers from Revaluation Reserve		101,426	(125,234)	(23,808)	125,852	(125,852)	-
- Absorption accounting transfers between reserves		9,616	23,808	33,424	-	-	-
Adjustment in respect of prior periods		519	-	519	518	-	518
Intra-departmental adjustment		(8,995)	-	(8,995)	-	-	-
Other		157	-	157	157	-	157
Restated Balance at 31 March 2018		**4,048,284**	**3,913,976**	**7,962,260**	**3,883,580**	**3,915,393**	**7,798,973**

The notes on pages 115 to 186 form part of these Accounts.

Notes to the Accounts for the year ended 31 March 2019

1a) Statement of accounting policies

1.1 Basis of preparation

These Accounts have been prepared in accordance with the ***Government Financial Reporting Manual (FReM) 2018-19*** issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department 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 the Department 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 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 29.

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.

1.4 Machinery of Government changes and restatement of comparatives

Machinery of Government changes, which involve the transfer of functions between two or more parts of the public sector/government departments, are required to be accounted for using merger accounting principles where the transfer is between departmental groups within central government in accordance with the FReM. Where material, the prior year comparatives are restated as appropriate, so that it appears that the function has always been performed by the Department.

Transfer of functions within the departmental boundary are accounted for on an absorption basis in accordance with the FReM. The carrying value of the assets and liabilities of the transferred functions are not adjusted to fair value and there is no recognition of goodwill or restatement of comparatives in the financial statements. The carrying value of the net assets relating to the transferred functions are recognised in the transferee at the date of transfer. The net asset or liability is recorded as non-operating gain or loss through net expenditure with the transferor recording symmetrical entries. Revaluation reserves are transferred in full with the remaining balance transferred to the General Fund.

There have been no Machinery of Government changes in 2018-19.

Departmental internal restructure

On 1 May 2018 an internal restructure took place, which affected the Departmental Headquarters groups, the Legal Aid Agency (LAA), Criminal Injuries Compensation Authority (CICA) and the Office of the Public Guardian (OPG). On 4 February 2019, the functions delivered in Justice Analysis and Offender Policy Group (JAOPG) moved into HMPPS, or to the combined Policy, Communications and Analysis Group (PCAG). These changes are described in more detail in Note 31.

In addition to the above changes, which resulted in the restatement of the Segmental Reporting note (Note 2), the accounts have been restated to separate out other financial liabilities (service concession and lease payables) from trade and other payables, as these are both material and are different in nature and therefore should be reported separately in accordance with IAS1.

1.5 The impact of new International Financial Reporting Standards (IFRS) on the 2018-19 Accounts

a) New and amended standards adopted

IFRS 9: Financial Instruments (replacing International Accounting Standard (IAS) 39) aimed to simplify financial instrument accounting and more closely align accounting and practices with how instruments are used in the business. IFRS 9 has been adopted by the FReM with effect from 1 April 2018. The new impairment model is intended to address criticism of the impairment model used during the financial crisis, specifically, that it allowed reporting entities to delay recognition of asset impairments. The new model requires recognition of full lifetime losses more quickly.

IFRS 9 eliminates the threshold in IAS 39 for the recognition of credit losses and it is no longer necessary for a credit event to have occurred before credit losses are recognised. We have determined that, IFRS 9 has no material impact on the classification or measurement of the department's financial instruments.

Trade receivables are recognised initially at the amount of consideration that is unconditional as they contain no significant financing components. Trade receivables are generally due for settlement within 30 days and therefore are classed as current. The majority of the department's receivables relate to other government departments and other public bodies. These bodies are funded by Parliament and there is historical evidence to show that this debt is collected . Therefore, the department is not exposed to significant credit risk on these balances.

Receivables that are not due from other public bodies are grouped together for the purpose of working out the expected credit loss. For trade receivables with no significant financing components, IFRS 9 allows an entity to use a simplified method for calculating expected losses using historical default rates over the expected life of the trade receivables and adjusting for forward-looking estimates. Receivables are shown net of expected credit loss using this approach.

The only area where the Department holds receivables with customers who are not deemed a low credit risk is in relation to LAA civil representation and criminal case recoveries. For LAA, the change in the standard requires the LAA's financial assets, which are held to collect contractual cashflows only, to be measured at amortised cost. Previously these assets were classified as loans and receivables, measured at amortised cost. There has been no financial impact on the LAA's financial assets in adopting IFRS 9.

The Department does not operate hedge accounting, and therefore the specific requirements of IFRS 9 for hedging instruments do not apply.

IFRS 15: Revenue from Contracts with Customers provides a comprehensive standard for revenue recognition. The Department recognises revenue from a number of different sources, primarily from fees collected by HMCTS in relation to court fees for services rendered to civil, family court and tribunals users, Legal Aid Agency civil representation and criminal case recoveries, OPG fees (largely Power of Attorney fees), as well as HMPPS Income (largely prison related).

Fines and penalties are also collected by the HMCTS Trust Statement where consideration of the performance obligations for this income will be considered. These fines and penalties largely comprise of the collections from fines, criminal court charges and fixed penalty impositions collected by HMCTS. The Department is permitted to retain part of the value of fines and penalties collected. Although the adoption of IFRS 15 impacts the Trust Statement, we do not consider there to be any impact on the Department's accounts.

Other income collected by the Department is not material and there is minimal impact from the adoption of IFRS 15. The performance obligations relating to the Department's main income streams and the impact of IFRS 15 implementation are considered below.

HMCTS Fees

HMCTS has revised its recognition of income, on the basis of the cumulative catch-up method set out in IFRS 15. The prior year has not been restated. The impact on the accounts has not been material, and the changes in values from the new income recognition policy compared to the previous standard (IAS 18) are shown in the table below:

	Notes	As presented (2018-2019) £000	Adjustment £000	2018-2019 £000
State of Comprehensive Net Expenditure				
Operating income	8	(781,344)	3,960	(785,304)
Total operating income		**(781,344)**	**3,960**	**(785,304)**
Net operating expenditure		**1,211,226**	**3,960**	**1,207,266**
Net expenditure for the year		**1,223,356**	**3,960**	**1,219,396**
Net costs		**1,223,356**	**3,960**	**1,219,396**
Total Comprehensive expenditure		**1,215,225**	**3,960**	**1,211,265**
Statement of Financial Position				
Non-Current Trade and other receivables	13	548	548	-
Total non-current assets		**3,789,499**	**548**	**3,788,951**
Trade and other receivables	13	99,813	(548)	100,361
Total current assets		**127,652**	**(548)**	**128,200**
Total assets		**3,917,151**	**-**	**3,917,151**
Trade and other payables	15	(301,344)	(21,139)	(280,205)
Total current liabilities		**(382,762)**	**(21,139)**	**(361,623)**
Total assets less current liabilities		**3,534,389**	**(21,139)**	**3,555,528**
Total assets less total liabilities		**3,145,514**	**(21,139)**	**3,166,653**
General fund		2,024,947	(21,139)	2,046,086
Total taxpayers' equity		**3,145,514**	**(21,139)**	**3,166,653**
Statement of Taxpayers' Equity				
Adjustment on initial recognition of IFRS 15		(17,179)	(17,179)	-
Balance as at 1 April 2018		**3,130,378**	**(17,179)**	**3,147,557**
Net operating expenditure		(1,223,356)	(3,960)	(1,219,396)
Balance as at 31 March 2019		**3,145,514**	**(21,139)**	**3,166,653**

	Notes	As presented (2018-2019) £000	Adjustment £000	2018-2019 £000
Statement of Cash Flows				
Net expenditure for the year		(1,223,356)	(3,960)	(1,219,396)
Increase / (decrease) in trade and other payables		89,298	3,960	85,338
8. Operating income				
Fee income		738,057	(3,960)	742,017
Total fee income		**693,326**	**(3,960)**	**697,286**
Total operating income		**781,344**	**(3,960)**	**785,304**
13. Trade and other receivables				
Other receivables		5,892	(548)	6,439
Total amounts falling due within one year		**99,813**	**(548)**	**100,361**
Other receivables		548	548	-
Total amounts falling due after more than one year		**548**	**548**	**-**
15. Trade and other payables				
Accruals and deferred income		149,934	(5,612)	155,546
Deferred fee income		26,751	26,751	
Total amounts falling due within one year		**301,344**	**21,139**	**280,205**

Legal Aid Agency recoveries

Performance obligations

Following the adoption of IFRS 15 by HM Treasury's Financial Reporting Manual LAA undertook an exercise to identify the impact of implementing the new standard on revenue.

Previously the Agency recognised both income and expenditure in civil cases where costs are determined by a settlement between the parties rather than a detailed assessment of the costs by the court.

Outcome of IFRS 15 review

On review, it was concluded that income relating to this expenditure did not meet the definition as prescribed under IAS 18: Revenue. The Agency therefore should not have previously recognised any income or expenditure. The provision for work in progress for Civil Representation cases had previously included an element relating to this expenditure, serving to overstate the overall provision by £70m in 2017-18. As this is material to the accounts, the Agency has restated the accounts to correct this prior period error. The prior year comparators have been restated to reflect the impact of the error (see Note 32 for details).

OPG Fees

Performance obligations

Previously OPG recognised both income and remissions and exemptions when a Power of Attorney application was deemed complete, rather than at the point the application was registered, which under IFRS15 is deemed to be the performance obligation. Retrospective remission and exemption applications from customers are recognised immediately.

Impact of IFRS 15 adoption

The public-sector interpretation of IFRS 15 removes the option to retrospectively restate prior year comparative information, instead requiring changes to be reflected in the year of application along with additional disclosures of the impact of adopting the new standard.

The tables below set out the impact of changes in adopting IFRS 15 in 2018-19, with comparative information of the position without adopting IFRS 15.

Consolidated Statement of Comprehensive Net Expenditure

31 March 2019 £'000	As reported (2018-2019)	Adjustments	Balances without adoption of IFRS 15
OPG Fee Revenue			
Lasting Powers of Attorney	(67,662)	(1,539)	(66,123)
Enduring Powers of Attorney	(647)	(129)	(518)
Exemptions and remissions			
Lasting Powers of Attorney	4,444	165	4,279
Enduring Powers of Attorney	269	(18)	287

Statement of Financial Position

31 March 2019 £'000	As reported (2018-2019)	Adjustments	Balances without adoption of IFRS 15
Contract liabilities	(10,841)	(10,020)	(821)
Trade and other payables	(19,575)	(10,020)	(9,555)
Total Current Liabilities	**(19,596)**	**(10,020)**	**(9,576)**
General Reserve	(12,598)	10,020	(22,618)
Total equity	**(13,005)**	**10,020**	**(23,025)**

Statement of Cashflows

31 March 2019 £'000	As reported (2018-2019)	Adjustments	Balances without adoption of IFRS 15
Net operating costs	524	(1,521)	2,045
Increase/(decrease) in trade and other payables	11,490	10,020	1,470
IFRS 15 adjustment	(8,499)	(8,499)	0

The adoption of IFRS15 results in an adjustment to the opening balance of the SoCTE as at 31 March 2018 of £8.5m.

HMPPS Income

Following the adoption of IFRS 15, HMPPS undertook an exercise to identify the impact of implementing the new standard on revenue. The recognition point for income reported under IAS 18 was established and then compared to the performance obligations used to determine the recognition of income under IFRS 15. This exercise concluded that there was no impact on reported HMPPS income arising from IFRS 15. The table below shows the impact of IFRS 15 implementation by income stream:

Income stream	Value in 2018-19 £'000	Recognition point under IAS 18	Impact of IFRS 15
External sales of prison industries	11,538	Delivery of goods and services	None
Retail prison shop income	54,206	Exchange of goods	None
In-cell TV income	1,829	Provision of weekly service	None
Healthcare funding	61,807	Recharge for costs incurred on accruals basis	None
European Social Fund and other European funding	24,383	Grant funding matched to eligible expenditure on accruals basis	None
Education funding	6,244	Recharge for costs incurred on accruals basis	None
Running of Immigration Removal Centres	24,326	Recharge for costs incurred on accruals basis	None
Counter-Terrorism funding	6,412	Recharge for costs incurred on accruals basis	None
Estates Recharges	4,096	Recharge for costs incurred on accruals basis	None
Electronic Monitoring	1,288	Recharge for costs incurred on accruals basis	None
Rental Income	8,942	Provision of monthly service	None
Youth Remand income	25,844	Recharge for costs incurred on accruals basis	None
Other income	14,853	Immaterial value consisting of mis-postings and simple exchange transactions e.g. staff mess	None

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2017 and not early adopted

IFRS 16: Leases will change the way the Department recognises, measures, presents and discloses leases that it holds. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is short term (less than 12 months) or the underlying asset has a low value. The full impact of ***IFRS 16: Leases*** on the Department has yet to be determined and will not be until it has been adopted. Preliminary analysis suggests that the impact of adopting this standard will be material. See Note 21.1 for details of the Group's operating leases. Effective from 2020-21.

c) Changes in presentation and reclassifications

The split reported for segmental reporting purposes has been updated to reflect changes to the structure reported to the Executive Committee (ExCo) of the Board during the year. Details of the changes are provided in Note 2.

1.6 Property, plant and equipment

Initial recognition and capitalisation threshold

Property, plant and equipment, including subsequent expenditure on existing assets, are 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 below 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 VAT.

Subsequent valuation method

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. 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 the Royal Institute of Chartered Surveyors.

Assets which were recently held for their service potential but are surplus are valued at current value in existing use where there are restrictions on the Department or the asset, which would prevent access to the market at the reporting date. Otherwise, surplus assets are valued at fair value in accordance with ***IFRS 13 Fair Value Measurement***.

In determining whether a non-operational asset is surplus, the Department assesses whether there is a clear plan to bring the asset back into future use as an operational asset. Where there is a clear plan, the asset is not considered as surplus and is maintained at current value in existing use. Otherwise, the asset is assessed as being surplus and valued at fair value under ***IFRS 13 Fair Value Measurement***.

Fair value hierarchy and inputs

The valuation technique applied to all fair value figures of surplus properties is the market approach in accordance with IFRS 13; it uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

The inputs to this technique constitute level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used take the form of analysed and market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

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 shown in Other Comprehensive Net Expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) to the extent of the previous amount expensed, and any excess is credited to the Revaluation Reserve.

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. 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 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
Information technology	Shorter of remaining lease period or 3 to 15 years
Furniture, fixtures and fittings	Shorter of remaining lease period or 3 to 20 years

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.

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 in the CSoCNE.

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

1.7 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 the Department are capitalised when they meet the criteria specified in the FReM, which has been adapted from ***IAS 38 Intangible Assets***.

Other expenditure that does not meet this criteria is recognised as an expense as incurred. Costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The useful lives of internally developed software range from 3 to 15 years.

In accordance with ***IAS 38 Intangible Assets*** the Department reviews the useful economic lives of its intangible assets each financial year.

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

The Core Department's capitalisation threshold for software projects is £1m (including irrecoverable VAT). The thresholds across the Departmental Group range from £1,000 to £1m (including irrecoverable VAT).

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

1.8 Impairment

Each year, MoJ performs an impairment review across all significant asset categories. If indicators of impairment exist, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts.

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 Reserve balance released to the General Fund. Reversal of an impairment loss is 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.

1.9 Leases

Finance leases

Leases of assets where the Department 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 the Department 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 is 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).

1.10 Service Concession Arrangements

Service Concession Arrangements (SCAs), including Private Finance Initiative (PFI) arrangements, are where private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. The Department 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.

The Department 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 European System of Accounts (ESA) 10. This means that some SCAs recognised in the Accounts are treated differently for budgetary purposes against HM Treasury budgeting controls.

1.11 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.

1.12 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 and fee paid 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 the FReM, the Department accounts for these as defined contribution schemes. The Department recognises contributions payable to defined contribution schemes as an expense in the year in which they are incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

The Department is responsible for the administration of the JPS that provides for the pension entitlements of salaried and fee-paid judicial office holders of six other participating bodies. The JPS is not consolidated within these Accounts and further information can be found in the JPS scheme Accounts at www.gov.uk.

The Department also recognises a provision for the liability to judicial office holders in respect of the Judicial Service Award, and where not covered by the JPS and its governing Acts, for any payments in lieu of pension that may arise as a result of ongoing litigation.

Further information about these provisions is set out in Note 19.

Funded pension schemes

Unlike the schemes described above, funded pension schemes are accounted for through the Department's CSoFP, applying ***IAS 19 Employee Benefits*** in full. These Accounts contain the Local Government Pension Scheme (LGPS) for past and present employees of the National Probation Service (NPS) and Community Rehabilitation Companies (CRCs) (previously The Probation Trusts), the Children and Family Court Advisory and Support Service (Cafcass) 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 2016). The next triennial valuation as at 31 March 2019 will take place during 2019 and the results of the valuation will be reflected in the actuarial report as at 31 March 2020 and will be reflected in the 2019-20 accounts.

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 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.

Other defined benefit pension schemes

The Department has separate schemes that are 'by-analogy' or similar to the PCSPS. Provision has been made for the future cost of benefits under these schemes.

Early departure and injury benefit costs
The Department 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 the Department.

The Civil Service Injury Benefits Scheme (CSIBS) requires the Department 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 using the rate disclosed in Note 1.17.

1.13 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 surrendered to the Consolidated Fund as CFERs, refer to Annex A, SoPS 4.

Operating income is stated net of VAT and comprises mainly fees and charges for services which are set on a full cost recovery basis. HMCTS has reviewed the model of income recognition to more closely align revenue recognition to IFRS15 and the FReM which requires that, when applying income recognition policies, legislation and regulations which enable an entity to receive cash or another financial asset from another entity should be assessed for performance obligations, so as to match revenue to the performance obligation.

The majority of fees paid to HMCTS are for an application to commence the administration of a process, or, to a lesser extent a court process, or for a particular stage of the administration of the court process. The payment of a fee does not convey the right to a decision, or a particular decision from the court, nor does it set out the timescale or process which will be followed by the court or tribunal, which is at the discretion of the judge. It is a fundamental principle of an independent judiciary that Judges do not have performance obligation to individuals or organisations within Court and Tribunal activities.

Following this principal, HMCTS' has reviewed income recognition policies and has applied those findings to these accounts using the cumulative catch up transition approach. The impact of those changes is disclosed in note 1.5.

The power to charge fees is conferred by Section 92 of The Courts Acts 2003, and the power to charge enhanced fees is conferred by Section 180 of The Anti-Social Behaviour Crime and Policing Act 2014, this is the Fee Law against which HMCTS assesses its performance obligations. The Fee Law is a price list and does not expressly place a performance obligation on HMCTS or the judiciary. This is the fee law against which HMCTS assess its performance obligations. The fee law also provides for Statutory Instruments to set out a price list for the fees to be charged, listed in Annex A in the HMCTS annual report and accounts. These Statutory Instruments, determined in the FReM adaption as contracts under IFRS 15, are interpreted as the performance obligation on HMCTS in respect of the individual fees charged. This does not place a performance obligation on the judiciary.

Therefore, HMCTS has adopted an income policy which recognises that in the administration of the courts system, the agency, whose role is to support the judiciary in their administration of justice, bears a responsibility to applicants to ensure their application is progressed upon receipt of the correct fee. In recognition of this obligation, HMCTS defers the majority of revenue until the Issue of an application is completed, or any other obligations completed that are required as part of the Statutory Instrument.

Civil fees make up the majority of HMCTS income and can be disaggregated into broad jurisdictional categories. Within each category, there are three significant common performance recognition points, issue, hearing and enforcement.

For OPG fees and charges, revenue from contracts with customers comprises of fees for services which are set based on an OPG full cost recovery basis. Fee income consists of amounts for services rendered from Power of Attorney (POA), Supervision, and copies of POA certificates. Income is recognised in accordance with ***IFRS 15 - Revenue from contracts with customers***.

Further information on the individual charging streams in place across the Group can be found in the Fees and Charges note within the Accountability section, or alternatively in the individual Annual Report and Accounts of each consolidated body.

Fine income is collected and reported by the HMCTS Trust Statement however the Department is permitted to retain as income part of the value of fines and fixed penalties collected. The fines and penalties largely comprise of the collections from fines, criminal court charges and fixed penalty impositions collected by HMCTS.

In accounting for levy income of the Office of Legal Complaints (OLC) and Legal Services Board (LSB), s175 of 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 Core Department equal to the income surrendered. Accordingly, a notional transfer to the Consolidated Fund has been shown in the Statement of Changes to Taxpayers' Equity and an equal amount is shown as a notional Grant in Aid receipt from the sponsoring department.

The LSB and OLC, in conjunction with the Department and HMT, are seeking to identify a suitable legislative vehicle to make an amendment to s175 of the 2007 Act to enable them to retain the levy income and not surrender it in return for an equal grant.

1.14 Grants payable and paid

Grant-in-Aid financing to the Department NDPBs 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 the Core Department, and are included as part of the Grant-in-Aid funding for the year. All Grant-in-Aid and Supply funding made by the Core Department to its Agencies and NDPBs is fully eliminated within the Departmental Group.

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

1.15 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 the Department which are paid from the Consolidated Fund.

1.16 Notional costs

Notional costs comprise statutory auditors' remuneration, which represents the National Audit Office's cost for the audit of the Department 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. The majority of the notional recharge costs relate to IT services, estates costs, and shared services processing charges that are centrally managed on behalf of the Group.

1.17 Provisions

Provisions are recognised when the Department 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.

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 0.29% (2017-18: 0.10%).

General Provisions

Nominal rates	Short-Term (due within 5 years)	0.76%
	Medium-Term (due between 6-10 years)	1.14%
	Long-Term (due after 10 years)	1.99%
Inflation	Year 1	2.00%
	Year 2	2.00%
	Perpetuity	2.10%

1.18 Contingent liabilities

A contingent liability is disclosed when the likelihood of a payment is less than probable, but more than remote, or the obligation cannot be measured reliably. Where the time value of money is material, contingent liabilities required to be disclosed under ***IAS 37 Provisions, Contingent Liabilities and Contingent Assets*** are stated at discounted amounts.

1.19 Value Added Tax

Most of the activities of the Department 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.

1.20 Third party assets

The Department holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised in the CSoFP and are disclosed within Note 28 since neither the Department nor the government has a direct beneficial interest in them.

Other third party monies held at the Government Banking Service (GBS) at 31 March are recognised as both cash and cash equivalents (Note 17) and trade and other payables (Note 18), and therefore have no net impact on the CSoFP.

1.21 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 the Department'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 the Department becomes party to the contractual provisions to receive or make cash payments.

De-recognition

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

Classification and measurement of financial assets

In addition to cash and cash equivalents, the Department has two categories of financial assets:

Financial Assets at fair value through profit and loss

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.

The Department, through HMPPS, holds a number of investment shares in limited companies as a result of its farming activities. The Department 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.

Financial assets at amortised cost

Cash and trade and other receivables are held at amortised cost. For assets at amortised cost, the amortised cost balance was reduced where appropriate by an allowance for amounts which were considered to be impaired or uncollectible.

Impairment of financial assets

At the end of each reporting period, the Department 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, the Department 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

The Department 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.

1.22 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 at inception and bank overdrafts.

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. The carrying amounts of these assets are shown in notes 13, 14 and 15.

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

The recognition and measurement of 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 19.

Accounting for receivables impairment

Legal Aid Agency (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 any 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 24.

Critical judgements in applying Department 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 (SCAs)

The Departmental Group is party to a number of SCAs, including PFI. The classification of such arrangements as SCAs requires the Department 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.

Valuation of court buildings and prisons earmarked for closure

As part of an ongoing justice transformation strategy, Ministers have identified a number of under-utilised court buildings and prisons no longer fit for purpose, for closure over the next few years. This has reduced the remaining estimated useful life of these assets.

Prior to the announcement of closure these buildings are considered specialised assets and are valued at depreciated replacement cost (DRC). The announcement of closure triggers the impairment event. The reduction in the remaining useful life of these assets represents an impairment indicator. All impairment expenditure is charged to the CSoCNE, with the balance of any revaluation reserve taken to the General Fund. The valuation method will be altered from DRC to the appropriate valuation methodology when the asset is transferred to held for sale or when it becomes surplus.

Recognition of Fee Income

As part of HMCTS' review of income recognition following the adoption of IFRS15 by the public sector, HMCTS defers income where the performance obligation is not met.

The following is a description of principal performance obligations from which HMCTS generates fees income, and the jurisdiction to which that income relates:

Jurisdiction	Fee Law	Nature, timing and satisfaction of performance obligation
Performance Obligation: Application and Issue		
Probate	The Non-Contentious Probate Fees Order 2018	HMCTS recognises revenue at the point of completion of the examination and sending of the of the grant of probate (these are taken to be a single performance obligation). Payment is banked upon receipt of the application, and a calculation of deferred income is made at the end of each period using available performance data. Refunds are not given once the grant application is processed.
Divorce	The Civil Proceedings, Family Proceedings and Upper Tribunal Fees (Amendment) Order 2016	HMCTS recognises revenue at the point that divorce papers have been issued. Payment is banked upon receipt of the application, and a calculation of deferred income is made at the end of each period using available performance data. Refunds are not given once the grant application is processed.
Private Family	The Civil Proceedings, Family Proceedings and Upper Tribunal Fees (Amendment) Order 2016	Revenue is recognised at the point that proceedings have been issued. Payment is banked upon receipt of the application, and a calculation of deferred income is made at the end of each period using available performance data. Refunds are not given once the grant application is processed.

Jurisdiction	Fee Law	Nature, timing and satisfaction of performance obligation
Care and Supervision	The Family Proceedings Fees (Amendment) Order 2014	The fee is recognised when proceedings have been issued. HMCTS' obligation to the applicant is deemed to have been completed at this point. Payments are banked upon receipt of the application and a calculation of deferred income is made to match the income to the performance obligation. No refunds are given once papers are issued.
Civil	The Civil Proceedings, Family Proceedings and Upper Tribunal Fees (Amendment) Order 2016	HMCTS has an obligation to ensure that the initial application is issued, and the fee is recognised when papers have been issued, or instantaneously when a claim and fee are received electronically. HMCTS' obligation to the applicant is deemed to have been completed at this point. Paper applications are not processed immediately, and a calculation of deferred income is made to match income to the performance obligation. No refunds are given once papers are issued
Performance Obligation – Hearing Fees		
	The Civil Proceedings, Family Proceedings and Upper Tribunal Fees (Amendment) Order 2016	Hearing fees, are separate from the application fee. Hearings are allocated 6 weeks before the date, and the fee is payable 4 weeks prior. Payment is banked upon receipt, and as the hearing is expected to take place in the following month, one month of hearing fees is deferred. HMCTS defer hearing fee income to match the income to the distinct performance obligation.

Performance Obligation – Civil Enforcement		
	The Civil Proceedings, First-tier Tribunal, Upper Tribunal and Employment Tribunals Fees (Amendment) Order 2016	A County Court Judgment (CCJ) application for enforcement can made to the Court if the debt has not been settled. The Judgment Creditor (JC) (individual to whom the debt is owed) can request, upon payment of a fee that the court issue a Warrant of Control. The Warrant if it is issued is valid for a period of 12 months and once issued there are no further fees to be paid by the JC.Two distinct performance obligations have been identified in respect of Warrants of Control: a) Payment is made on application by the JC for a warrant, where a warrant application and fee is received, HMCTS have an obligation to administer the application, and b) Once a warrant is issued an issue notice is sent to the judgment debtor, and at this point HMCTS have an obligation to try to enforce the warrant on the JC's behalf. The administrative process describes the actions that HMCTS enforcement officers will undertake on the JC's behalf. The requirement to administer the process creating a second performance obligation. HMCTS defer warrant application fee income to match the distinct performance obligation.

2. Statement of Operating Expenditure by Operating Segment

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 ExCo.

The Department is split into six segments: four business groups plus two Executive Agencies. These segments are: Chief Finance Officer Group (CFOG), Justice Policy, Strategy and Communications Group (JPSCG), Justice Analytical and Offender Policy Group (JAOPG), Chief People Officer Group (CPOG), HM Courts & Tribunals Service (HMCTS), and Her Majesty's Prison and Probation Service (HMPPS).

The segmental analysis presents the financial information based on the structure reported to ExCo.

Chief Finance Officer Group (CFOG) focuses on the key roles of finance, commercial and contract management, estates, project technology, risk and assurance, and digital and technology, which support the Department's business. It also includes three executive agencies, the LAA, the CICA and the OPG and sponsors Government Facility Services Limited.

Justice Policy, Strategy and Communications Group (JPSCG) leads on all justice policy issues, communications and information operations, private office, parliament and legislation, and strategy and implementation. It also sponsors LSB, OLC, JAC, Cafcass and CCRC.

Justice Analytical and Offender Policy Group (JAOPG) is responsible for: prisons and offender policy and reform; probation policy and reform; youth justice policy; service improvement; support; data and analytical services. It also sponsors the YJB, the Parole Board and five further independent inspectorates and ALBs.

Chief People Officer Group (CPOG) is responsible for Human Resources, Shared Services and Departmental Transformation.

The Executive Committee of the Board does not receive a CSoFP analysed by operating segment and therefore such an analysis is not presented here.

The breakdown of the prior year figures has been restated to provide a more detailed analysis of the material lines of expenditure by segment. The restatement is due to the restructuring of the Department (more details of which can be found in Note 31).

	CFOG	JAOPG	CPOG	JPSCG	HMCTS	HMPPS	Gross Total	Elimination	2018-19 Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	2,448,941	140,668	23,106	383,309	2,004,700	5,141,331	10,142,055	(99,777)	10,042,278
Income	(653,256)	(2,965)	(5,855)	(73,654)	(781,344)	(245,575)	(1,762,649)	99,777	(1,662,872)
Net expenditure	**1,795,685**	**137,703**	**17,251**	**309,655**	**1,223,356**	**4,895,756**	**8,379,406**	**-**	**8,379,406**

	CFOG	JAOPG	CPOG	JPSCG	HMCTS	HMPPS	Gross Total	Elimination	Restated 2017-18 Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	2,241,728	322,004	29,988	232,616	1,849,929	4,696,493	9,372,758	(40,494)	9,332,264
Income	(528,584)	(91,083)	(7,764)	(16,309)	(788,811)	(254,809)	(1,687,360)	40,494	(1,646,866)
Net expenditure	**1,713,144**	**230,921**	**22,224**	**216,307**	**1,061,118**	**4,441,684**	**7,685,398**	**-**	**7,685,398**

2. Statement of Operating Expenditure by Operating Segment (continued)

	CFOG	JAOPG	CPOG	JPSCG	HMCTS	HMPPS	2018-19 Gross Total (pre-eliminations)
	£000	£000	£000	£000	£000	£000	£000
Income							
Revenues from external customers	(545,934)	(2,965)	(5,855)	(67,529)	(88,018)	(221,192)	(931,493)
Revenues from transactions with other operating segments of the Department	(95,346)	-	-	-	-	-	(95,346)
Interest revenue	-	-	-	(64)	-	-	(64)
Material items of income							
EU Grant	-	-	-	-	-	(24,383)	(24,383)
CFERs	(11,976)	-	-	(6,061)	-	-	(18,037)
Fee Income	-	-	-	-	(693,326)	-	(693,326)
Total income	**(653,256)**	**(2,965)**	**(5,855)**	**(73,654)**	**(781,344)**	**(245,575)**	**(1,762,649)**
Individual items of expenditure							
Depreciation	45,418	173	-	461	130,326	277,451	453,829
Amortisation	24,173	2,220	5,755	890	17,928	29,258	80,224
Material items of expenditure							
Staff costs	309,723	75,164	15,490	174,607	536,938	2,146,359	3,258,281
Costs of the judiciary	636	212	2	7,446	516,641	-	524,937
Accommodation, maintenance and utilities	47,715	17	762	5,812	255,404	492,567	802,277
Offender related costs	-	-	-	-	-	609,740	609,740
Service concession charges	101,720	-	-	-	29,726	487,711	619,157
IT services & telecommunications (non-service concession arrangements)	134,728	4,843	9,759	4,655	131,053	14,276	299,314
Costs of Community Rehabilitation Companies	-	-	-	-	-	383,356	383,356
Payments of grant-in-aid to NDPBs which eliminate with receipts of grant-in-aid by NDPBs	17,250	66,236	-	175,184	-	-	258,670
Cost of legal services and disbursements (crime)	6,260	-	-	-	-	-	6,260
Cost of legal services and disbursements (civil)	4,276	-	-	-	-	-	4,276
Provisions provided for in year	1,920,081	(284)	-	16,048	(8,506)	84,220	2,011,559
Corporation tax	-	-	-	12	-	-	12
Rentals under operating leases	27,262	(2)	64	199	85,032	2,144	114,699
Finance charges on leases and service concession arrangements	9,409	-	-	-	6,020	15,301	30,730
Current Grants	-	73,427	-	91,628	10	4,981	170,046
Corporate Overhead recharge	(343,714)	(6,165)	(61,724)	(8,842)	89,798	330,646	(1)
SoCNE Impairments	-	120	-	312	44,853	3,860	49,145

	CFOG £000	JAOPG £000	CPOG £000	JPSCG £000	HMCTS £000	HMPPS £000	Restated 2017-18 Gross Total (pre-eliminations) £000
Income							
Revenues from external customers	(527,576)	(91,083)	(7,764)	(1,803)	(79,164)	(197,605)	(904,995)
Revenues from transactions with other operating segments of the Department	-	-	-	-	-	(34,422)	(34,422)
Interest revenue	-	-	-	(26)	-	-	(26)
Material items of income							
EU Grant	-	-	-	-	-	(22,777)	(22,777)
CFERs	(1,008)	-	-	(14,480)	-	(5)	(15,493)
Fee income	-	-	-	-	(709,647)	-	(709,647)
Total income	**(528,584)**	**(91,083)**	**(7,764)**	**(16,309)**	**(788,811)**	**(254,809)**	**(1,687,360)**
Individual items of expenditure							
Depreciation	27,329	668	-	305	119,125	259,181	406,608
Amortisation	23,100	2,776	4,985	756	17,685	33,742	83,044
Material items of expenditure							
Staff costs	239,451	66,672	15,401	173,893	518,540	1,951,586	2,965,543
Costs of the judiciary	103	4,773	15	154	503,845	-	508,890
Accommodation, maintenance and utilities	26,783	-	1,092	6,310	253,011	411,927	699,123
Offender related costs	-	-	-	-	-	621,358	621,358
Service concession charges	130,898	-	-	7,443	36,906	464,788	640,035
IT services & telecommunications (non-service concession arrangements)	166,110	2,808	7,432	4,284	137,523	6,380	324,537
Costs of Community Rehabilitation Companies	-	-	-	-	-	388,623	388,623
Payments of grant-in-aid to NDPBs which eliminate with receipts of grant-in-aid by NDPBs	-	149,100	-	144,529	-	-	293,629
Cost of legal services and disbursements (crime)	4,009	-	-	-	-	-	4,009
Cost of legal services and disbursements (civil)	6,478	-	-	-	-	-	6,478
Provisions provided for in year	1,829,310	(4,457)	-	158	9,550	35,172	1,869,733
Corporation tax	-	-	-	5	-	-	5
Rentals under operating leases	21,231	48	68	172	81,768	1,961	105,248
Finance charges on leases and service concession arrangements	9,993	-	-	-	6,560	16,690	33,243
Current Grants	6,065	169,572	-	392	35	4,166	180,230
Corporate Overhead recharge	(336,624)	(6,398)	(53,477)	(5,990)	88,401	314,088	-
SoCNE Impairments	-	-	-	-	2,868	(65,616)	(62,748)

3. Income from sale of goods and services

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
External sales of prison industries	11,454	11,454	12,431	12,431
Retail prison shop income	54,206	54,206	53,092	53,092
In-cell TV income	1,829	1,829	1,855	1,855
Total income from sale of goods and services	**67,489**	**67,489**	**67,378**	**67,378**

Income has been generated in HMPPS from the sales of goods produced by prison industries, and sales to prisoners through the prison shop and incentives and earned privileges scheme.

4. Other operating income

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Fines income	373,880	373,880	398,386	398,386
Fee income*	778,983	778,983	777,997	777,997
Victims surcharge	30,500	30,500	35,152	35,152
Legal Aid Agency - Civil Representation recoveries	22,578	22,578	17,705	17,705
Legal Aid Agency - Criminal cases recoveries	34,068	34,068	37,298	37,298
Youth Justice Board remand income	-	226	-	23,338
Income from NHS and other healthcare providers	61,807	61,807	56,381	56,381
Recoveries from other government departments	149,679	148,755	148,220	148,197
European Social Fund and other European funding	24,383	24,383	22,777	22,777
Miscellaneous income	102,612	102,166	78,284	46,764
Other operating income within the Department's ambit	**1,578,490**	**1,577,346**	**1,572,200**	**1,563,995**
Consolidated Fund Extra Receipts**	2,342	18,037	1,013	15,493
Total other operating income	**1,580,832**	**1,595,383**	**1,573,213**	**1,579,488**

* The majority of fee income consists of amounts for services rendered to civil, family court and tribunal users and includes a £34.5m movement in fee refund scheme provisions, which consisted of a £9.3m net decrease (2017-18: £9.2m net increase) in the value of the provision: this represents the utilisation of the provision during 2018-19 and any subsequent changes in the estimate of refunds likely to be claimed, in addition to a £43.8m (2017-18: £16.6m) of new provisions made in respect of fees which were incorrectly set above cost. Further details can be found within Note 19. Fee income does not include amounts collected by HMCTS where it was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund can be found in the HMCTS Trust Statement published separately from these financial statements.

** Analysis of income payable to the Consolidated Fund is shown in Annex A, SoPS 4.

5. Staff and Judiciary costs

Staff costs

	2018-19					2017-18
	Permanently employed staff	Other	Ministers	Special advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,267,960	237,262	150	132	2,505,504	2,272,153
Social security costs*	231,743	1,267	15	16	233,041	214,901
Other pension costs	502,201	65	-	29	502,295	476,328
Sub Total	**3,001,904**	**238,594**	**165**	**177**	**3,240,840**	**2,963,382**
Early departure costs	16,445	-	-	-	16,445	6,370
Early departure provisions	(359)	-	-	-	(359)	(5,311)
Add inward secondments	5,981	4,707	-	-	10,688	10,169
Less recoveries in respect of outward secondments	(8,986)	-	-	-	(8,986)	(9,260)
Total Net Costs	**3,014,985**	**243,301**	**165**	**177**	**3,258,628**	**2,965,350**
Of which:						
Core Department and Agencies	2,860,915	205,879	165	177	3,067,136	2,822,200
NDPBs	154,070	37,422	-	-	191,492	143,150
	3,014,985	**243,301**	**165**	**177**	**3,258,628**	**2,965,350**

Judiciary costs

	2018-19				2017-18
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	130,847	98,089	132,938	361,874	348,859
Social security costs*	17,627	13,000	14,036	44,663	43,768
Other pension costs	49,717	37,187	31,496	118,400	116,262
Total Net Costs	**198,191**	**148,276**	**178,470**	**524,937**	**508,889**
Of which:					
Core Department and Agencies	198,191	148,276	178,470	524,937	508,889
NDPBs	-	-	-	-	-
	198,191	**148,276**	**178,470**	**524,937**	**508,889**

Staff and judiciary numbers and further details of related costs, including exit packages, are reported in the Remuneration and Staff report within the Accountability section.

* The Apprenticeship Levy, implemented across England on 6 April 2017, is a new employment tax of 0.5% of the annual pay bill and these costs are included within social security costs. Further details of the Apprenticeship Levy can be found on the gov.uk website: www.gov.uk

6. Purchase of goods and services

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Lease/service concession charges:				
PFI service charges	616,285	616,285	629,179	621,736
Other service concession service charges (non-PFI)	2,872	2,872	10,856	10,856
Rentals under operating leases	114,460	114,630	104,882	105,088
Other services:				
Accommodation, maintenance and utilities	786,285	706,699	692,568	698,794
Communications, office supplies and services	47,070	49,521	49,320	51,569
Travel, subsistence and hospitality	66,185	71,567	60,215	64,898
Training and other staff related costs	56,575	59,010	56,456	57,930
IT services and telecommunications (non-service concession arrangements)	293,627	297,984	320,585	324,443
Professional services	77,568	82,864	82,311	84,683
Other contracted out services	100,208	107,172	91,672	100,108
External Auditor's remuneration and expenses	906	1,503	912	1,461
Non-cash services:				
External Auditor's remuneration*	1,394	1,394	1,408	1,408
Total purchase of goods and services	**2,163,435**	**2,111,501**	**2,100,364**	**2,122,974**

* Non-cash external auditors' remuneration represents the statutory audit fees of the Core Department and Agencies. Refer to page 46 in the Directors' Report, for details of total statutory audit fees for the Group.

7. Depreciation, amortisation and impairment charges

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Depreciation	453,123	453,829	405,634	406,607
Amortisation	77,032	80,224	79,512	83,044
Impairment charge on non-current assets:				
Property, plant and equipment	29,268	29,290	(66,098)	(66,098)
Intangible assets	10,475	10,885	3,284	3,284
Assets held for sale	9,000	9,000	128	128
Investments	(30)	(30)	(62)	(62)
Increase/(decrease) in receivables impairment	17,401	17,374	15,675	15,675
Total depreciation, amortisation and impairment charges	**596,269**	**600,572**	**438,073**	**442,578**

8. Provision expense

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Provisions provided in year net of release	354,377	354,223	256,878	256,764
Civil legal help and representation – solicitors' charges, counsel fees and disbursements	736,849	736,849	672,412	672,412
Criminal cases – solicitors' charges, counsel fees and disbursements	916,331	916,331	940,470	940,470
Total provision expense	**2,007,557**	**2,007,403**	**1,869,760**	**1,869,646**

9. Net (gain)/loss on disposal of assets

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Net (gain)/loss on disposal of:				
Property, plant and equipment	758	758	528	594
Intangible assets	109	118	163	218
Assets held for sale	(4,132)	(4,132)	(52,658)	(52,658)
Total net (gain)/loss on disposal of assets	**(3,265)**	**(3,256)**	**(51,967)**	**(51,846)**

10. Revaluation of non-current and financial assets charged to CSoCNE

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
(Increase)/decrease in the valuation of:				
Property, plant and equipment	(7,343)	(7,343)	(41,958)	(41,958)
Assets held for sale	55	55	(3,706)	(3,706)
Total revaluation of non-current and financial assets	**(7,288)**	**(7,288)**	**(45,664)**	**(45,664)**

11. Other operating expenditure

	2018-19		2017-18 (Restated)	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Grants:				
Current	98,449	170,046	102,642	174,165
Capital	16,776	16,776	4,180	4,180
Criminal justice costs:				
Offender related costs	607,417	607,417	619,767	619,767
Youth Offender costs	68,306	68,386	48,299	64,368
Judicial and Juror costs	383,356	383,356	388,623	388,623
Compensation payments	65,193	65,193	68,525	68,525
Cost of legal services and disbursements (Civil)	6,260	6,260	6,478	6,478
Cost of legal services and disbursements (Crime)	4,276	4,276	4,009	4,009
Cost from Central Funds	12,553	12,553	12,525	12,525
Compensation payments	2,326	2,326	2,509	2,509
Other administrative expenditure	8,644	8,900	10,485	11,174
Other programme costs	78,871	119,208	66,157	64,169
Grant in aid to NDPBs	258,670	-	293,629	-
Non-cash operating expense:				
Notional charges	-	-	-	7,135
Corporate notional overhead charge	(3,640)	-	(4,151)	-
Other pension costs	3,429	3,429	4,280	4,280
Other non-cash	2,895	2,894	4,453	4,454
Total other operating expenditure	**1,613,781**	**1,471,020**	**1,632,410**	**1,436,361**

Note: The 2017-18 figures were restated to reflect the reclassification of UK Supreme Court funding from Current grants to Other programme costs.

12. Finance expense

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Finance charges on leases and service concession arrangements	30,730	30,730	33,243	33,243
Non-cash finance expense:				
Net interest on pension	38,384	43,363	39,759	44,586
Total finance expense	**69,114**	**74,093**	**73,002**	**77,829**

13. Property, plant and equipment

Departmental Group 2018-19

	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 2018	**1,499,766**	**9,602,699**	**56,100**	**475,213**	**351,435**	**57,660**	**336,500**	**12,379,373**
Additions	100	14,034	-	42,815	34,644	622	277,662	369,877
Disposals	(2,750)	(1,574)	-	(1,272)	(8,262)	(18,906)	(178)	(32,942)
Reclassifications	6,341	154,101	(1,835)	71,479	(2,020)	105	(225,004)	3,167
Revaluations	30,740	(469,567)	(1,542)	4,024	4,119	124	-	(432,102)
Impairments	(1,024)	(25,892)	(73)	(75)	(352)	(101)	(1,773)	(29,290)
At 31 March 2019	**1,533,173**	**9,273,801**	**52,650**	**592,184**	**379,564**	**39,504**	**387,207**	**12,258,083**
Depreciation								
At 1 April 2018	**1**	**(228,551)**	**(1,056)**	**(385,130)**	**(257,904)**	**(53,911)**	**-**	**(926,551)**
Charged in year	(724)	(385,103)	(1,410)	(46,089)	(19,730)	(863)	-	(453,829)
Disposals	-	171	-	1,204	6,805	18,864	-	27,044
Reclassifications	(142)	142	38	1,818	(7)	7	-	1,856
Revaluations	865	611,911	2,460	(3,180)	(3,394)	(108)	-	608,554
Impairments	-	-	-	-	-	-	-	-
At 31 March 2019	**-**	**(1,340)**	**32**	**(431,377)**	**(274,230)**	**(36,011)**	**-**	**(742,926)**
Carrying amount at 31 March 2019	**1,533,173**	**9,272,461**	**52,682**	**160,807**	**105,334**	**3,493**	**387,207**	**11,515,157**
Carrying amount at 1 April 2018	**1,499,767**	**9,374,148**	**55,044**	**90,083**	**93,531**	**3,749**	**336,500**	**11,452,822**
Asset financing								
Owned	1,511,604	8,153,399	51,882	157,201	101,306	3,493	387,207	10,366,092
Finance leased	2,149	137,716	800	-	4,028	-	-	144,693
On-balance sheet PFI and other SCAs	19,420	981,346	-	3,606	-	-	-	1,004,372
Carrying amount at 31 March 2019	**1,533,173**	**9,272,461**	**52,682**	**160,807**	**105,334**	**3,493**	**387,207**	**11,515,157**
Of the total								
Core Department and Agencies	1,533,173	9,271,171	52,682	158,898	105,322	3,388	387,207	11,511,841
NDPBs	-	1,290	-	1,909	12	105	-	3,316
Carrying amount at 31 March 2019	**1,533,173**	**9,272,461**	**52,682**	**160,807**	**105,334**	**3,493**	**387,207**	**11,515,157**

Departmental Group 2017-18

	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 2017	**1,523,218**	**8,655,997**	**54,838**	**455,568**	**336,081**	**57,020**	**272,951**	**11,355,673**
Additions	-	20,139	-	19,583	22,823	391	240,745	303,681
Disposals	(10,750)	(136)	-	(16,012)	(10,859)	(424)	(162)	(38,343)
Reclassifications	(110,646)	159,653	(815)	7,471	(1,066)	83	(173,003)	(118,323)
Revaluations	97,931	698,365	2,220	8,604	4,501	409	-	812,030
Transfers	-	1,063	-	(1)	-	184	(1,247)	(1)
Impairments	13	67,618	(143)	-	(45)	(3)	(2,784)	64,656
At 31 March 2018	**1,499,766**	**9,602,699**	**56,100**	**475,213**	**351,435**	**57,660**	**336,500**	**12,379,373**
Depreciation								
At 1 April 2017	**-**	**(2,275)**	**(1)**	**(358,640)**	**(241,006)**	**(52,607)**	**-**	**(654,529)**
Charged in year	(670)	(345,055)	(1,364)	(34,974)	(23,271)	(1,273)	-	(406,607)
Disposals	-	88	-	15,981	10,073	350	-	26,492
Reclassifications	1	1,142	9	-	-	-	-	1,152
Revaluations	670	116,129	298	(7,502)	(3,714)	(381)	-	105,500
Transfers	-	(3)	-	-	2	-	-	(1)
Impairments	-	1,423	2	5	12	-	-	1,442
At 31 March 2018	**1**	**(228,551)**	**(1,056)**	**(385,130)**	**(257,904)**	**(53,911)**	**-**	**(926,551)**
Carrying amount at 31 March 2018	**1,499,767**	**9,374,148**	**55,044**	**90,083**	**93,531**	**3,749**	**336,500**	**11,452,822**
Carrying amount at 1 April 2017	**1,523,218**	**8,653,722**	**54,837**	**96,928**	**95,075**	**4,413**	**272,951**	**10,701,144**
Asset financing								
Owned	1,478,827	8,241,845	54,244	84,296	86,940	3,749	336,500	10,286,401
Finance leased	2,031	144,797	800	551	6,591	-	-	154,770
On-balance sheet PFI and other SCAs	18,909	987,506	-	5,236	-	-	-	1,011,651
Carrying amount at 31 March 2018	**1,499,767**	**9,374,148**	**55,044**	**90,083**	**93,531**	**3,749**	**336,500**	**11,452,822**
Of the total								
Core Department and Agencies	1,499,767	9,372,767	55,044	88,040	93,515	3,593	336,500	11,449,226
NDPBs	-	1,381	-	2,043	16	156	-	3,596
Carrying amount at 31 March 2018	**1,499,767**	**9,374,148**	**55,044**	**90,083**	**93,531**	**3,749**	**336,500**	**11,452,822**

Included in the carrying values above are non-operational sites with a combined value of £18.3 million (2017-18: £20.6 million). These sites are vacant, but do not yet meet the criteria for classification as assets held for sale.

Land, buildings and dwellings are shown at fair value based on professional valuations performed at 31 March each year by the Valuation Office Agency, who are independent of the Department, in accordance with the Royal Institute of Chartered Surveyors 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 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 prepared by the ONS.

14. Intangible assets

Departmental Group 2018-19

	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 2018	**65,547**	**416,903**	**370,976**	**215,291**	**1,068,717**
Additions	5,367	1,844	1,081	138,825	147,117
Disposals	(315)	(304)	(6,306)	(107)	(7,032)
Reclassifications	(528)	27,800	22,231	(56,825)	(7,322)
Revaluations	625	3,332	3,243	-	7,200
Transfers	-	384	(289)	(94)	1
Impairments	-	(182)	(689)	(10,391)	(11,262)
At 31 March 2019	**70,696**	**449,777**	**390,247**	**286,699**	**1,197,419**
Amortisation					
At 1 April 2018	**(56,663)**	**(296,342)**	**(254,212)**	**-**	**(607,217)**
Charged in year	(2,225)	(38,957)	(39,040)	(2)	(80,224)
Disposals	315	304	6,279	-	6,898
Reclassifications	-	(2)	-	2	-
Revaluations	(488)	(2,408)	(2,318)	-	(5,214)
Impairments	-	-	338	-	338
At 31 March 2019	**(59,061)**	**(337,405)**	**(288,953)**	**-**	**(685,419)**
Carrying amount at 31 March 2019	**11,635**	**112,372**	**101,294**	**286,669**	**512,000**
Carrying amount at 1 April 2018	**8,884**	**120,561**	**116,764**	**215,291**	**461,500**
Asset financing					
Owned	11,635	112,372	101,294	286,699	512,000
Carrying amount at 31 March 2019	**11,635**	**112,372**	**101,294**	**286,699**	**512,000**
Of the total					
Core Department and Agencies	11,245	110,547	92,311	286,565	500,668
NDPBs	390	1,825	8,983	134	11,332
Carrying amount at 31 March 2019	**11,635**	**112,372**	**101,294**	**286,699**	**512,000**

Departmental Group 2017-18

	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 2017	**63,629**	**376,505**	**288,708**	**178,205**	**907,047**
Additions	948	348	11,145	130,067	142,508
Disposals	(591)	(472)	(21)	(161)	(1,245)
Reclassifications	482	32,724	55,199	(80,461)	7,944
Revaluations	1,079	7,727	6,951	-	15,757
Transfers	-	71	8,994	(9,038)	27
Impairments	-	-	-	(3,321)	(3,321)
At 31 March 2018	**65,547**	**416,903**	**370,976**	**215,291**	**1,068,717**
Amortisation					
At 1 April 2017	**(47,862)**	**(249,298)**	**(216,420)**	**-**	**(513,580)**
Charged in year	(8,340)	(41,858)	(32,846)	-	(83,044)
Disposals	591	436	-	-	1,027
Revaluations	(1,051)	(5,660)	(4,946)	-	(11,657)
Impairments	(1)	38	-	-	37
At 31 March 2018	**(56,663)**	**(296,342)**	**(254,212)**	**-**	**(607,217)**
Carrying amount at 31 March 2018	**8,884**	**120,561**	**116,764**	**215,291**	**461,500**
Carrying amount at 1 April 2017	**15,767**	**127,207**	**72,288**	**178,205**	**393,467**
Asset financing					
Owned	8,884	120,561	116,764	215,291	461,500
Carrying amount at 31 March 2018	**8,884**	**120,561**	**116,764**	**215,291**	**461,500**
Of the total					
Core Department and Agencies	8,432	119,887	106,341	214,475	449,135
NDPBs	452	674	10,423	816	12,365
Carrying amount at 31 March 2018	**8,884**	**120,561**	**116,764**	**215,291**	**461,500**

At 31 March 2019 and 31 March 2018 there were no individually material intangible assets.

15. Assets held for sale

	31 March 2019		31 March 2018	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	102,166	102,166	33,960	33,960
Reclassifications	2,299	2,299	109,227	109,227
Disposals	(89,245)	(89,245)	(44,599)	(44,599)
Revaluations	(55)	(55)	3,706	3,706
Impairments	(9,000)	(9,000)	(128)	(128)
Balance at 31 March	**6,165**	**6,165**	**102,166**	**102,166**

As part of ongoing rationalisation, the Department has committed to a plan to sell a number of surplus non-operational properties (mainly consisting of prison sites and court buildings).

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 reclassification as assets held for sale. The sale of the former HMP Holloway site was completed in March 2019 generating proceeds of £81.5m.

16. Trade and other receivables

	31 March 2019		31 March 2018	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Amounts falling due within one year				
Trade receivables	76,808	77,772	35,287	38,614
Other receivables	193,013	194,187	189,139	189,735
Capital receivables	-	-	-	-
Contributions due from funded clients	6,762	6,762	7,366	7,366
Statutory charge and interest	75,419	75,419	74,283	74,283
Amounts due from service providers	39,115	39,115	21,798	21,798
VAT receivables	77,136	77,136	81,807	81,807
Deposits and advances	476	551	673	757
Government receivables	-	-	-	-
Prepayments and accrued income	156,825	161,861	148,727	153,195
Intra-departmental receivables	2,440	-	6,650	-
Receivables related to CFERs	-	9,634	-	-
	627,994	**642,437**	**565,730**	**567,555**
Amounts falling due after more than one year				
Other receivables	548	548	-	-
Prepayments and accrued income	1,327	1,327	1,280	1,281
	1,875	**1,875**	**1,280**	**1,281**

The above includes a receivables impairment provision of £227.5m (2017-18: £212.4m) for LAA. For further detail regarding the LAA impairment provision refer to Note 24.

Other receivables includes £81.2m (2017-18: £93.6m) from the HMCTS Trust Statement.

17. Cash and cash equivalents

	31 March 2019		31 March 2018	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	**190,532**	**222,750**	**232,658**	**276,928**
Transfers in/out of boundary	-	-	-	-
Net change in cash and cash equivalents	(5,112)	(15,450)	(42,126)	(54,178)
Balance at 31 March	**185,420**	**207,300**	**190,532**	**222,750**
Of which:				
Government Banking Service (GBS)	165,928	185,396	155,518	187,731
Commercial banks and cash in hand	19,492	21,904	35,014	35,019
	185,420	**207,300**	**190,532**	**222,750**

17.1 Reconciliation of liabilities arising from financing activities

Amendments to IAS 7 introduced a requirement for an entity to provide disclosures that enabled users of the financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The table below provides a breakdown of movements in liabilities arising from financing activities.

	Opening liabilities at 1 April 2018	Cash flows (out)/in	Interest charged	Capital repayment	Interest paid	Closing liabilities at 31 March 2019
	£000	£000	£000	£000		
Capital element of finance leases and on balance sheet PFI contracts	-	(36,755)	-	36,755	-	-
Repayment of local authority loans	-	(2,030)	-	2,030	-	-
Movement in third party balances	-	-	-	-	-	-
Interest paid	-	(31,708)	-	-	31,708	-
Long term borrowings	26,051	-	1,083	(2,030)	(1,083)	24,021
Finance Lease Liabilities	124,382	-	25,188	(7,964)	(25,188)	116,418
PFI & SCA Liabilities	332,091	-	5,437	(28,791)	(5,437)	303,300
Total liabilities from financing activities	**482,524**	**(70,493)**	**31,708**	**-**	**-**	**443,739**

18. Trade payables and other current liabilities

18.1 Payables - Analysis by type

	31 March 2019		31 March 2018		1 April 2017 (Restated)	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Amounts falling due within one year						
Trade payables	84,760	93,048	99,469	99,765	111,808	115,422
Taxation and social security	67,235	69,167	56,723	59,449	54,643	55,616
Capital payables	115,824	115,855	106,407	106,461	113,303	113,597
Other payables	73,608	74,876	72,746	74,521	53,548	53,845
Accruals and deferred income	787,156	779,660	738,891	747,189	753,262	767,572
Amounts due to solicitors, counsel and advice agencies	67,534	67,534	64,988	64,988	71,796	71,796
Contribution refunds to funded clients	1,369	1,369	1,373	1,373	1,572	1,572
Creditor for pension transfer deficit: amounts payable to LGPS	32,687	32,687	-	-	32,687	32,687
Amounts issued from the Consolidated Fund for supply but not spent at year end	183,599	183,599	175,339	175,339	193,228	193,228
CFERs due to be paid to the Consolidated Fund:						
- received	1,821	7,882	15,193	15,193	39,423	39,423
- receivable	-	9,634	-	-	6	6
Intra-departmental payables	1,433	-	1,982	-	1,557	-
Third party monies	-	-	-	-	-	-
	1,417,026	**1,435,311**	**1,333,111**	**1,344,278**	**1,426,833**	**1,444,764**
Amounts falling due after more than one year						
Local Authority loan balances	24,021	24,021	26,051	26,051	26,105	26,105
Creditor for pension transfer deficit: amounts payable to LGPS	46,259	46,259	76,129	76,129	104,933	104,933
Other payables	7,228	7,228	21,183	21,183	30,122	30,122
	77,508	**77,508**	**123,363**	**123,363**	**161,160**	**161,160**

18.2 Other financial liabilities - Analysis by type

	31 March 2019		31 March 2018		1 April 2017 (Restated)	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Amounts falling due within one year						
Lease incentive creditors	1,905	1,905	1,604	1,604	1,352	1,352
Straight lining creditors	5,014	5,014	5,095	5,095	134	134
Finance lease creditors	9,076	9,076	7,953	7,953	7,706	7,708
Imputed finance lease element of on-balance sheet PFI contracts	26,364	26,364	28,812	28,812	38,823	39,563
	42,359	**42,359**	**43,464**	**43,464**	**48,015**	**48,757**
Amounts falling due after more than one year						
Lease incentive creditors	14,077	14,077	15,872	15,872	17,541	17,541
Straight lining creditors	124,502	124,502	121,792	121,792	123,279	123,279
Finance lease creditors	107,342	107,342	116,429	116,429	124,383	124,386
Imputed finance lease element of on-balance sheet PFI contracts	276,936	276,936	303,279	303,279	320,588	332,320
	522,857	**522,857**	**557,372**	**557,372**	**585,791**	**597,526**

19. Provisions for liabilities and charges

	2018-19		2017-18	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	**1,388,025**	**1,391,381**	**1,353,302**	**1,357,316**
Provided in the year	2,093,128	2,093,737	1,950,793	1,951,788
Provisions not required written back	(41,968)	(42,731)	(54,042)	(55,153)
Provisions utilised in the year	(1,872,036)	(1,872,492)	(1,868,177)	(1,868,712)
Borrowing costs (unwinding of discount)	1,993	1,943	6,149	6,142
Balance at 31 March	**1,569,142**	**1,571,838**	**1,388,025**	**1,391,381**
Analysis of expected timing of discounted cash flows				
Not later than one year	900,214	902,298	704,734	707,548
Later than one year but not later than five years	352,195	352,553	356,414	356,659
Later than five years	316,733	316,987	326,877	327,174
Balance at 31 March	**1,569,142**	**1,571,838**	**1,388,025**	**1,391,381**

Provisions by type

												2018-19
	Judicial Service Award	Injury benefit scheme	Early departure costs	Costs from Central Funds	Legal claims	Repayment schemes (OPG and HMCTS)	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	£000
Balance at 1 April 2017	**134,607**	**130,323**	**94,909**	**12,496**	**84,590**	**107,937**	**12,771**	**144,765**	**74,536**	**560,307**	**34,140**	**1,391,381**
Provided in the year	54,800	7,868	88	44,301	105,591	44,870	907	161,601	3,966	1,653,154	16,591	2,093,737
Provisions not required written back	-	(3,095)	(8,263)	-	(25,858)	(908)	-	-	(3,881)	-	(726)	(42,731)
Provisions utilised in the year	(14,003)	(5,116)	(5,775)	(34,966)	(32,089)	(14,976)	-	(128,033)	(2,051)	(1,633,732)	(1,751)	(1,872,492)
Borrowing costs (unwinding of discount)	1,400	-	2,284	-	(2,660)	-	-	968	(50)	-	1	1,943
Balance at 31 March 2019	**176,804**	**129,980**	**83,243**	**21,831**	**129,574**	**136,923**	**13,678**	**179,301**	**72,520**	**579,729**	**48,255**	**1,571,838**
Analysis of expected timing of discounted cash flows												
Not later than one year	23,813	5,143	4,803	21,831	72,858	58,557	13,678	85,368	16,439	579,729	20,079	902,298
Later than one year but not later than five years	62,783	19,793	17,304	-	47,125	74,871	-	93,933	35,538	-	1,206	352,553
Later than five years	90,208	105,044	61,136	-	9,591	3,495	-	-	20,543	-	26,970	316,987
Balance at 31 March 2019	**176,804**	**129,980**	**83,243**	**21,831**	**129,574**	**136,923**	**13,678**	**179,301**	**72,520**	**579,729**	**48,255**	**1,571,838**

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.

Following the introduction of the Fee Paid Judicial Pensions Scheme on 1 April 2017, the provision held for JSAs covers the liability to both salaried and fee paid judges. The provision is calculated by the Government Actuary's Department taking into account the number of reckonable years served by the existing judiciary and the projected final salaries or fee earnings of existing members.

The JSA provision has been increased in 2018-19 in response to ongoing litigation. In November 2018 the Court of Justice of the European Union (CJEU) extended the period of service to be taken into account in calculating pensions for eligible fee-paid judges, and in Summer 2019 the Supreme Court will hear a related case regarding the time limits to make a claim. In December 2018, the Court of Appeal upheld an Employment Appeal Tribunal decision, that the transitional protection provisions in the Judicial Pension Scheme 2015 Regulations are unlawful on grounds of age discrimination. The Department has sought permission to appeal this decision. A separate element of liability has also been recognised for the fee-paid cases: The Department is required to compensate eligible retired fee-paid judges for the additional pension benefits due, with interest, until the Judicial Pension Scheme can be amended by legislation to allow full benefits to be paid from the scheme. These are known as payments in lieu of pension.

The following table summarises the liabilities arising from the fee paid judicial office holders' claims recognised in these Accounts. The JSA provision of £177m represents part of the ongoing arrangements for the administration of the pensions of existing fee-paid judiciary, in line with the arrangements of salaried office holders. Payments in lieu of pension are expected to be settled within the next two years.

	2018-19
	£m
Provision recognised	
Judicial Service Award	50
Length of service and transitional protection	16
Total	**66**

Injury benefits scheme

HMPPS meets the costs of the Civil Service Injury Benefit Scheme (CSIBS) for payments granted under the scheme after 1 April 1998. The scheme pays benefits to any PCSPS member who suffers disease or 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 of 85%.

Early departure costs

The Department meets the additional costs of benefits beyond normal PCSPS benefits for employees who retire early. This involves paying amounts determined by the pension administrator annually to PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding on the Department by establishing a provision for the estimated payments discounted at the HM Treasury rate of 0.29% (2017-18: 0.10%) in real terms.

Costs from Central Funds

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. The 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. 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 are likely to succeed with a lesser degree of certainty or cannot be estimated reliably are disclosed as contingent liabilities in Note 26.

CICA Pre-tariff scheme

The pre-tariff scheme provision reflects CICA's liabilities in respect of all outstanding compensation 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 supply funding in year of settlement.

The pre-tariff scheme provision has not been discounted. 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. Due to uncertainties surrounding both the final liability and settlement date it was not deemed appropriate to discount the provision or provide an analysis with regard to timing of cash flows.

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 compensation applications that are currently known (discounted value £179.3m). Previously CICA recognised an additional element relating to events, which have occurred on or before reporting period end, that CICA deems probable based upon historical evidence but have not yet received the application for those incidents. Following a change in CICA accounting treatment (see Note 32), this element of the provision has been removed from the 2018-19 accounts and a prior period adjustment has been included. CICA in 2018-19 undertook a review of the model for calculating CRBNC and following the completion of this work it was identified that assumptions used previously were incorrect leading to prior period errors (see note 32).

Due to the fixed nature of the tariff scheme the liability has been discounted at the prevailing Treasury Discount Rates (see below table) in order to recognise the time value of money. The rates used are nominal to reflect that the tariffs are not influenced by inflationary pressures, therefore a real rate for discounting is not used. This discount will be unwound over the remaining life of the provision and be shown as a finance charge on the face of the Statement of Comprehensive Net Expenditure.

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

Sensitivity for CICA Tariff Scheme

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

- average settlement value per case (plus or minus 10%);
- future changes in discount rate (plus or minus 0.25 percentage points from current rate points shown below);
- number of nil value cases in the 2012 scheme caseload (plus or minus 5%); and
- value of IBYNR (Cases which have been Incurred But Not Yet Received) (plus or minus 10%)

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Average case value	+10%	17.9	-10%	(17.9)
Discount rate	+0.25%	(0.8)	-0.25%	0.8
Change in number of nil value cases in 2012 caseload	+5%	12.4	-5%	(12.4)

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 changes in the cost per square metre of the properties leased due to the general market conditions' impact on prices.

LAA outstanding balances on funded cases

The LAA estimates the value of unbilled live cases and unbilled defence cost orders each year to arrive at the amounts disclosed within the financial statements as a provision. The amount is an estimate of the expenditure required to settle any obligation at the end of the reporting period.

In estimating the provision, the LAA uses complex valuation models to estimate the value of unbilled live cases based on prudent measurement techniques based on the latest data available. Each significant assumption within the provision models has been identified, a reasonable change identified and the impact on the final work in progress balance calculated. Assumptions have been flexed by a percentage that is considered appropriate by management to show the impact on the provision. For each assumption which is being analysed for sensitivity, only that assumption is changed.

Based on average historical case lengths and average delay data from defence cost order award date to bill payment date, substantially all of the costs for the amounts outstanding on unbilled cases and unbilled defence cost orders are expected to be incurred within the next 12 months and accordingly, no discounting has been used.

Civil representation and crime higher work in progress provisions are the significant work in progress provision balances. The civil representation work in progress (WIP) provision equals £206.9m (2017-18: £284.1m) and crime higher work in progress provision equals £307.1m (2017-18: £303.4m).

Civil Representation WIP Provision

The civil representation work in progress 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 impact of the following reasonable alternatives to these inputs has been quantified below:

- transition cost and duration profile using data to March 2018
- billing duration +110 days to -80 days
- dormancy assumption +910 days

Civil representation assumptions tested:

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Transition cost and duration profile	March 2018 profiles	5.5	March 2018 profiles	(5.5)
Billing duration	110 days	3.9	80 days	(4.1)
Dormancy assumption	180 days	10.1	N/A	N/A

The reasonable alternative assumptions 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 above inputs are case data driven, with an overlay of management judgement, for example choosing the number of year's 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 above inputs could lead to the estimate crystallising at a materially different amount. All assumptions are reviewed periodically to ensure they remain appropriate.

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2019 could be higher by up to £19.5m (2017-18: £30.4m) or lower by up to £9.5m (2017-18: £5.4m).

Crime Higher Work in Progress Provision

The Crime Higher WIP estimate is calculated by considering case applications and modelling their progress through the legal aid system. A separate calculation is then done to estimate the amount that has already been paid on these cases reducing the work in progress balance.

The impact of the following reasonable alternatives to these inputs has been quantified below:

- Price profiles +10.0% to -10.0%
- Case duration profile +10.0% to -10.0%
- Completion rates +2.5% to -2.5%

Crime higher assumptions tested:

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Price profiles	10.0%	26.3	-10.0%	(26.3)
Case duration	10.0%	33.5	-10.0%	(28.1)
Completion rates	2.5%	27.2	-2.5%	(24.3)

Relatively small changes in these inputs could lead to a material difference in the WIP realised. Assumptions are monitored and reviewed where data is available.

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2019 could be higher by up to £87.0m or lower by up to £78.7m.

Other provisions

OPG repayment scheme: Provision has been made for the estimated cost of repayment for Power of Attorney and Supervision fees recovered in excess of costs within OPG. The estimated cost of refunds under the scheme is based on the volume of cases and value of surplus for each year from 1 April 2013 to 31 March 2017. The scheme provision reflects the Department's liabilities in respect of all outstanding claimants, which remain to be settled in future years. In accordance with the Department's accounting policies, the provision is reviewed annually and reflects the likely settlement values at the year-end.

Employment Tribunals and Employment Appeal Tribunal Fee Repayment Scheme: On July 26, 2017 the UK Supreme Court handed down a judgment that quashed the Employment Appeal Tribunal Fees Order 2013/1893. In the course of proceedings against the order, the Lord Chancellor committed to making refunds to those that had paid them, if the order was deemed to be unlawful.

Since the order became law in July 2013, £32.2m has been received in fees, less remissions. During 2018-19, HMCTS wrote to those it believed to have a potential claim with details of the refund scheme. In 2018-19 HMCTS refunded £10.3m in fees, and interest, bringing the total value of fees refunded to £17.2m and interest paid of £0.2m.

It is unlikely that all users who could make a claim for refund will do so, therefore HMCTS is required to make an accounting estimate of the probable amount that will be refunded, and the interest payable on those refunds. This estimate is not intended to reflect the total amount that could be repayable should all claims be successfully made. This accounting estimate does not affect the Lord Chancellor's undertaking to repay fees to those who paid them; anyone who has paid a fee and qualifies for a refund, will receive it.

A contingent liability of £15.2m has been recognised for the difference between the provision and the total amount remaining to be refunded. Please see note 26 for further information about the contingent liability.

Other fee refund schemes: In July 2018, the Court of Protection, Civil Proceedings and Magistrates' Courts Fees (Amendment) Order 2018, became law. The statutory instrument reduced a small number of fees which had inadvertently been set above cost. These changes affect the fees charged for certain proceedings in the Court of Protection, a small number of civil proceedings in the magistrates' courts (including Council Tax Liability Orders – CTLOs), fees for general applications in insolvency proceedings and the fees charged for High Court judges sitting as arbitrators:

- HMCTS recognises a provision for the refund of £38.5m in respect of CTLOs where the fee was set above cost.
- HMCTS also recognises a provision for refunds of £5.1m and a contingent liability of £4.2 million in respect of other fees which were set above cost.
- HMCTS recognises a provision of £16.4m and a contingent liability of £1.7m in respect of other fees which have been incorrectly charged.

20. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not included in these financial statements is as follows:

	31 March 2019		31 March 2018	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Property, plant and equipment	183,428	183,428	148,143	148,143
Intangible assets	70,516	70,516	79,806	79,806
Total capital commitments	**253,944**	**253,944**	**227,949**	**227,949**

21. Commitments under leases

21.1 Operating leases

The Department leases various land and buildings, primarily comprised of court facilities, under non-cancellable operating lease agreements. The lease terms are between 2 and 54 years. The leases 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.

The Department also leases various equipment and cars under non-cancellable operating lease agreements. The lease terms are between one and six years.

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

	31 March 2019		31 March 2018 (Restated)	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	123,205	127,150	114,690	118,041
Later than one year but not later than five years	417,211	419,965	400,285	404,362
Later than five years	1,010,417	1,010,677	1,053,065	1,053,065
Total land and buildings	**1,550,833**	**1,557,792**	**1,568,040**	**1,575,468**
Other				
Not later than one year	568	859	590	706
Later than one year but not later than five years	718	1,350	563	641
Later than five years	-	94	-	-
Total other	**1,286**	**2,303**	**1,153**	**1,347**
Total obligations under operating leases	**1,552,119**	**1,560,095**	**1,569,193**	**1,576,815**

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 restatement of land and buildings commitments for 2017-18 was the result in a recalculation of these commitments in OPG.

The lease expenditure charged to the CSoCNE during the year is disclosed in Note 6.

21.2 Finance leases

The Department leases various buildings under non-cancellable finance lease agreements. The total future minimum lease payments under non-cancellable finance leases as at 31 March 2019 are given in the table below for each of the following periods:

	31 March 2019		31 March 2018	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	18,376	18,376	17,931	17,931
Later than one year but not later than five years	78,107	78,107	76,262	76,262
Later than five years	71,431	71,431	91,672	91,672
	167,914	167,914	185,865	185,865
Less: interest element	(51,496)	(51,496)	(61,501)	(61,501)
Present value of obligations	**116,418**	**116,418**	**124,364**	**124,364**
Other				
Not later than one year	-	-	19	19
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	19	19
Less: interest element	-	-	(1)	(1)
Present value of obligations	**-**	**-**	**18**	**18**
Total present value of obligations	**116,418**	**116,418**	**124,382**	**124,382**

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

	31 March 2019		31 March 2018	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	9,076	9,076	7,935	7,935
Later than one year but not later than five years	49,973	49,973	44,264	44,264
Later than five years	57,369	57,369	72,165	72,165
Present value of obligations	116,418	116,418	124,364	124,364
Other				
Not later than one year	-	-	18	18
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Present value of obligations	-	-	18	18
Total present value of obligations	**116,418**	**116,418**	**124,382**	**124,382**

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

Included in the table above are operating lease obligations for property and space which the Department is currently sub-letting under non-cancellable contracts with other government departments. The majority of these leases relate to sublet space at two of the Department's largest properties in Petty France, London, following economisation of space used by departmental staff during 2017-18. The value of minimum lease receipts at 31 March 2019 under non-cancellable operating leases is:

	2018-19 £000	2017-18 £000
Land and buildings		
Not later than one year	28,789	8,925
Later than one year but not later than five years	120,482	37,130
Later than five years	96,229	39,220
Present value of future income receivable	245,500	85,275

22. Commitments under PFI and Service Concession Arrangements

22.1 Arrangements not recognised on the Consolidated Statement of Financial Position

As at 31 March 2019 there are no off-balance sheet PFI commitments.

22.2 Arrangements recognised on the Consolidated Statement of Financial Position

Project name	Entity	Contract start date	Duration (years)	Description
System Integration and Management (SIAM)	Core Department	September 2013	6	Provision of ICT infrastructure and associated services to Department HQ and Executive Agencies.
Networks (Voice, Video and Integration)	Core Department	January 2014	7	Contract to deliver a range of network services including fully managed Voice, Video and Network Integration services to Department HQ and Executive Agencies.
Print services contract	Core Department	May 2014	5	Provision of managed print service and bulk print service to Department HQ and Executive Agencies.
End User Computing Service	Core Department	October 2014	5	Provision of an end user computing service to Department HQ and Executive Agencies.
Networks (WAN and LAN)	Core Department	February 2015	7	Provision of WAN and LAN services as part of the Department Future IT Sourcing Programme (FITS).
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. At the end of the contract term the buildings shall revert to HMCTS at no cost.
Humberside Magistrates' Courts	HM Courts & Tribunals Service	March 2000	25	Provision of serviced magistrates' courthouses in Hull, Beverley and Bridlington. On expiry, HMCTS 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 serviced accommodation at Manchester Magistrates Court at Spinningfields in Manchester. The contract term can be extended by mutual agreement by up to ten years. At the end of the contract term the building shall revert to HMCTS at no cost.
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. At the end of the contract term the buildings shall revert to HMCTS at no cost.

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 (five criminal courtrooms) and Cambridge (three criminal courtrooms). At the end of the contract term the buildings in Ipswich and Cambridge will revert to HMCTS 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 HMCTS 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 HMCTS 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 at Bristol Magistrates Court, North Somerset Magistrates Court and Avon & Somerset Probation HQ and Training Centre, both at Worle. The contract term can be extended by mutual agreement by up to five years. At the end of the contract term the buildings shall revert to HMCTS at no cost.
HM Prisons (HMP) Altcourse	HMPPS	December 1995	25	Design, build, finance and operate an 800-place category B prison at HMP Altcourse, Liverpool.
HMP Parc	HMPPS	January 1996	25	Design, build, finance and operate a 1,519-place category B prison near Bridgend, South Wales.
HMP Lowdham Grange	HMPPS	November 1996	25	Design, build, finance and operate a 760-place category B prison at HMP Lowdham Grange, Nottingham.
HMP Ashfield	HMPPS	July 1998	25	Design, build, finance and operate a 400 place young offenders and juveniles category B prison at Pucklechurch, near Bristol; converted in 2013 to hold adult offenders.
HMP Forest Bank	HMPPS	July 1998	25	Design, build, finance and operate an 800 place category B prison HMP Forest Bank, on site of former Agecroft power station
HMP Rye Hill	HMPPS	July 1999	25	Design, build, finance and operate a 600-place category B prison HMP Rye Hill at Onley, near Rugby.
HMP Dovegate	HMPPS	September 1999	25	Design, build, finance and operate a 1,060-place category B prison and therapeutic community facility at HMP Dovegate, Marchington.
HMP Bronzefield	HMPPS	December 2002	25	Design, build, finance and operate a 500-place category B prison at Ashford in Middlesex.
HMP Peterborough	HMPPS	February 2003	25	Design, build, finance and operate an 840 place category B prison at Peterborough in Cambridgeshire.
HMP Thameside	HMPPS	June 2010	25	Design, build, finance and operate a 900-place category B prison at Woolwich in London.
Prisoner Escort and Custody Services	HMPPS	August 2011	9	Supply and running of the prison vans and escorts.
Oakhill Secure Training Centre	HMPPS	May 2004	25	Design, construct and manage a secure training centre, located in Milton Keynes, Oakhill.

The total amount charged in the CSoCNE in respect of the service element of on-balance sheet (SoFP) PFI or other service concession transactions was £619.2m (2017-18: £632.6m). 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 2019		31 March 2018
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Rentals due not later than one year	45,265	45,265	49,424	49,424
Rentals due later than one year but not later than five years	167,269	167,269	175,736	175,736
Rentals due later than five years	223,037	223,037	259,835	259,835
	435,571	**435,571**	**484,995**	**484,995**
Less: interest element	(132,271)	(132,271)	(152,904)	(152,904)
Present value of obligations	**303,300**	**303,300**	**332,091**	**332,091**

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 2019		31 March 2018
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Rentals due not later than one year	26,364	26,364	28,812	28,812
Rentals due later than one year but not later than five years	109,948	109,948	111,198	111,198
Rentals due later than five years	166,988	166,988	192,081	192,081
Present value of obligations	**303,300**	**303,300**	**332,091**	**332,091**

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 2019		31 March 2018
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Service charge due within one year	608,351	608,351	564,514	564,514
Service charge due later than one year but not later than five years	1,595,946	1,595,946	1,740,683	1,740,683
Service charge due later than five years	1,203,856	1,203,856	1,343,747	1,343,747
Total	**3,408,153**	**3,408,153**	**3,648,944**	**3,648,944**

23. Other financial commitments

The Department 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 the Department is committed are as follows:

	31 March 2019		31 March 2018	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than one year	817,385	820,797	850,671	852,246
Later than one year but not later than five years	1,122,511	1,125,624	1,670,770	1,670,770
Later than five years	223,506	223,506	391,605	391,605
Total other financial commitments	**2,163,402**	**2,169,927**	**2,913,046**	**2,914,621**

HMPPS has financial commitments of £565.4m (2017-18: £1,259.1m) and £17.4m (2017-18: £18.3m) relating to the Fee for Service (FfS) and Fee for Use (FfU) elements respectively of contracts with Community Rehabilitation Companies. The CRC contracts include a Payments by Results (PbR) element, under which additional amounts will be payable to the CRCs on a sliding scale upon the achievement of targeted reductions in reoffending.

The maximum amount payable over the duration of the contracts based on the projected volume of offenders is £524.1m. This additional value has not been disclosed in the table above, due to uncertainty of the amounts at this stage of the contracts. Also, FfS and PbR are based on a predicted volume of offenders, changes in which will result in a corresponding increase or reduction in the amount payable to CRCs.

24. Financial instruments

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

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 do not perform according to the terms of the contract or instrument, causing a financial loss to the Department by failing to discharge their objectives.

Legal Aid Agency receivables

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 £227.5m (2017-18: £212.4m). The majority of the LAA's trade and other receivables are the result of a statutory charge, i.e. £75.4m (2017-18: £74.3m) out of a total receivables balance after impairment of £164.5m (2017-18: £149.5m).

The LAA's impairment model uses historical recovery profiles by debt category to estimate the provision required against debt balances. The impairment model is underpinned by specific assumptions including: the life of debt, income being received against debt evenly throughout the year, and the discount rate.

The impact of the following reasonable possible alternatives to these assumptions has been considered:

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Timing of income received	Evenly throughout the year	1.0	N/A	-
Predicted cash receipts	+10%	12.4	-10%	(12.3)
Discount rate	-1%	5.9	+1%	(5.4)

Using these reasonably possible alternative assumptions, the fair value of the LAA financial assets as at 31 March 2019 could be higher by £19.3m (2017-18: £17.3m) or lower by £17.7m (2017-18: £16.9m).

Other credit risks

Credit risk related to fines and penalties collection activities is explained in the HMCTS Trust Statement.

The Department 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. The Department manages its credit risk by undertaking background and credit checks prior to establishing a debtor relationship.

IFRS 9 replaces the IAS 39 'incurred loss' approach to impairment provisioning with a forward-looking 'expected loss' approach. Expected losses on the Department's financial assets are not considered to be material.

In accordance with IFRS 9 each financial asset is classified at initial recognition, or at the point of first adoption of IFRS 9, into one of three categories:

(i) Financial assets at fair value through profit and loss ('FVP&L');
(ii) Financial assets at fair value through other comprehensive income ('FVOCI'); or
(iii) Financial assets at amortised cost;

For assets at amortised cost, the amortised cost balance was reduced where appropriate by an allowance for amounts which were considered to be impaired or uncollectible.

Financial liabilities are classified into one of two categories:

(iv) Financial liabilities at FVP&L; or
(v) Financial liabilities at amortised cost.

Categories of financial assets and financial liabilities: carrying value compared to fair value

The following tables summarise the carrying amounts and fair values of financial assets and liabilities.

	Assets at FVPTL	Assets at FVOCI	Assets at amortised cost	Total carrying value at 31 March 2019	Fair value	Total carrying value at 31 March 2018
Financial assets:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	-	-	207,300	207,300	207,300	222,750
Trade and other receivables	-	-	272,510	272,510	272,510	229,106
Other financial assets	559	-	-	559	559	529
Total financial assets	**559**	**-**	**479,810**	**480,369**	**480,369**	**452,385**

	Liabilities at FVPTL	Liabilities at amortised cost	Total carrying value at 31 March 2019	Fair value	Total carrying value at 31 March 2018
Financial liabilities:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	-	291,007	291,007	291,007	301,930
Other financial liabilities	-	634,119	634,119	634,119	667,197
Total financial liabilities	**-**	**925,126**	**925,126**	**925,126**	**969,127**

25. Pension costs

Reconciliation of net pension (liability)/asset 2018-19:

	Cafcass Pension			LSC Pension			Probation Pension		
	Present value of obligation	Fair value of plan assets	Net (liability)/ asset	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	£000	£000	£000
Balance at 1 April 2018	**(702,812)**	**510,576**	**(192,236)**	**(312,157)**	**414,584**	**102,427**	**(5,353,359)**	**3,852,960**	**(1,500,399)**
Service costs									
Current service cost	(19,896)	-	(19,896)	-	-	-	(151,992)	-	(151,992)
Past service cost	-	-	-	(155)	-	(155)	(1,252)	-	(1,252)
Administration costs	-	-	-	(457)	-	(457)	-	-	-
Net interest	(18,098)	13,282	(4,816)	(8,144)	10,850	2,706	(144,875)	103,840	(41,035)
Total recognised in the CSoCNE	**(37,994)**	**13,282**	**(24,712)**	**(8,756)**	**10,850**	**2,094**	**(298,119)**	**103,840**	**(194,279)**
Scheme participant's contributions	(4,699)	4,699	-	-	-	-	(26,318)	26,318	-
Employer contributions	-	14,126	14,126	-	-	-	-	112,069	112,069
Past service cost	(21)	-	(21)	-	-	-	-	-	-
Benefits paid after net transfers	18,541	(18,541)	-	10,077	(10,077)	-	147,161	(147,161)	-
Total cash flows	**13,821**	**284**	**14,105**	**10,077**	**(10,077)**	**-**	**120,843**	**(8,774)**	**112,069**
Actuarial gains/(losses)									
Changes in demographic assumptions	-	-	-	3,633	-	3,633	-	-	-
Changes in financial assumptions	(36,424)	-	(36,424)	(20,729)	-	(20,729)	(448,363)	-	(448,363)
Experience gains/(losses)	(4,571)	-	(4,571)	1,572	-	1,572	(1,257)	-	(1,257)
Return on assets excluding amounts included in net interest	-	31,470	31,470	-	16,214	16,214	-	182,143	182,143
Remeasurements through Other Comprehensive Net Expenditure	**(40,995)**	**31,470**	**(9,525)**	**(15,524)**	**16,214**	**690**	**(449,620)**	**182,143**	**(267,477)**
Balance at 31 March 2019	**(767,980)**	**555,612**	**(212,368)**	**(326,360)**	**431,571**	**105,211**	**(5,980,255)**	**4,130,169**	**(1,850,086)**
Of which									
Core Department and Agencies	-	-	-	(326,360)	431,571	105,211	(5,980,255)	4,130,169	(1,850,086)
NDPBs	(767,980)	555,612	(212,368)	-	-	-	-	-	-
	(767,980)	**555,612**	**(212,368)**	**(326,360)**	**431,571**	**105,211**	**(5,980,255)**	**4,130,169**	**(1,850,086)**

Reconciliation of net pension (liability)/asset 2017-18:

	Cafcass Pension			LSC Pension			Probation Pension		
	Present value of obligation	Fair value of plan assets	Net (liability)/ asset	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	£000	£000	£000
Balance at 1 April 2017	**(680,690)**	**488,837**	**(191,853)**	**(340,532)**	**417,184**	**76,652**	**(5,330,138)**	**3,751,762**	**(1,578,376)**
Service costs									
Current service cost	(18,216)	-	(18,216)	-	-	-	(155,484)	-	(155,484)
Past service cost	-	-	-	-	-	-	(1,602)	-	(1,602)
Administration costs	-	-	-	(397)	-	(397)	-	-	-
Net interest	(16,841)	12,205	(4,636)	(8,734)	10,722	1,988	(138,994)	97,316	(41,678)
Total recognised in the CSoCNE	**(35,057)**	**12,205**	**(22,852)**	**(9,131)**	**10,722**	**1,591**	**(296,080)**	**97,316**	**(198,764)**
Scheme participant's contributions	(4,429)	4,429	-	-	-	-	(25,043)	25,043	-
Employer contributions	-	12,868	12,868	-	-	-	-	105,249	105,249
Benefits paid after net transfers	19,332	(19,332)	-	8,750	(8,750)	-	142,865	(142,865)	-
Total cash flows	**14,903**	**(2,035)**	**12,868**	**8,750**	**(8,750)**	**-**	**117,822**	**(12,573)**	**105,249**
Actuarial gains/(losses)									
Changes in demographic assumptions	-	-	-	23,806	-	23,806	-	-	-
Changes in financial assumptions	1,727	-	1,727	5,920	-	5,920	154,423	-	154,423
Experience gains/(losses)	(3,695)	-	(3,695)	(970)	-	(970)	614	-	614
Return on assets excluding amounts included in net interest	-	11,569	11,569	-	(4,572)	(4,572)	-	16,455	16,455
Remeasurements through Other Comprehensive Net Expenditure	**(1,968)**	**11,569**	**9,601**	**28,756**	**(4,572)**	**24,184**	**155,037**	**16,455**	**171,492**
Balance at 31 March 2018	**(702,812)**	**510,576**	**(192,236)**	**(312,157)**	**414,584**	**102,427**	**(5,353,359)**	**3,852,960**	**(1,500,399)**
Of which									
Core Department and Agencies	-	-	-	(312,157)	414,584	102,427	(5,353,359)	3,852,960	(1,500,399)
NDPBs	(702,812)	510,576	(192,236)	-	-	-	-	-	-
	(702,812)	**510,576**	**(192,236)**	**(312,157)**	**414,584**	**102,427**	**(5,353,359)**	**3,852,960**	**(1,500,399)**

The key assumptions used by the actuaries were:

	Cafcass Pension	LSC Pension	Probation Pension	Cafcass Pension	LSC Pension	Probation Pension
	2018-19 %	2018-19 %	2018-19 %	2017-18 %	2017-18 %	2017-18 %
Inflation assumption	n/a	2.45	n/a	n/a	2.35	n/a
Rate of increase in salaries	3.30	n/a	2.60	3.20	n/a	2.50
Pension increase rate	2.20	2.50	2.50	2.10	2.40	2.40
Discount rate	2.40	2.40	2.40	2.60	2.65	2.70
Pension accounts revaluation rate	2.20	n/a	n/a	2.10	n/a	n/a

The major categories of scheme assets for 2018-19 were:

	Cafcass Pension		LSC Pension		Probation Pension	
	Value at 2018-19	Value as a percentage of total scheme assets 2018-19	Value at 2018-19	Value as a percentage of total scheme assets 2018-19	Value at 2018-19	Value as a percentage of total scheme assets 2018-19
	£000	%	£000	%	£000	%
Equities	411,153	74.0	103,769	24.0	2,393,805	58.0
Gilts	62,229	11.2	319,205	74.0	27,198	0.7
Corporate bonds	22,224	4.0	-	-	772,996	18.7
Property	26,114	4.7	-	-	196,170	4.7
Cash and cash equivalents	12,779	2.3	1,093	0.3	103,162	2.5
Other	21,113	3.8	7,504	1.7	636,838	15.4
Total plan assets	**555,612**	**100**	**431,571**	**100**	**4,130,169**	**100**

The major categories of scheme assets for 2017-18 were:

	Cafcass Pension		LSC Pension		Probation Pension	
	Value at 2017-18	Value as a percentage of total scheme assets 2017-18	Value at 2017-18	Value as a percentage of total scheme assets 2017-18	Value at 2017-18	Value as a percentage of total scheme assets 2017-18
	£000	%	£000	%	£000	%
Equities	394,676	77.3	68,147	16.4	2,379,210	61.7
Gilts	47,994	9.4	292,838	70.7	33,386	0.9
Corporate bonds	18,891	3.7	-	-	749,620	19.5
Property	22,976	4.5	-	-	131,913	3.4
Cash and cash equivalents	9,190	1.8	1,391	0.3	140,927	3.7
Other	16,849	3.3	52,208	12.6	417,904	10.8
Total plan assets	**510,576**	**100**	**414,584**	**100**	**3,852,960**	**100**

Sensitivity analysis - change in assumptions relative to 31 March 2019 actuarial assumptions for Cafcass pension liabilities (based on the change in liabilities):

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

	Actuarial value of liabilities on 31 March 2019	Actuarial value of liabilities on 31 March 2018
	£000	£000
0.1% decrease in discount rate	13,083	11,772
0.1% increase in the salary increase rate	2,535	2,298
1 year decrease in post retirement mortality age rating*	24,232	21,289
0.1% increase to pension increase rate	10,525	9,654

*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is one year older than them.

Sensitivity analysis - change in assumptions relative to 31 March 2019 actuarial assumptions for LSC pension liabilities (based on total liabilities):

	Actuarial value of liabilities on 31 March 2019	Actuarial value of liabilities on 31 March 2018
	£000	£000
0.5% decrease in discount rate	360,992	345,083
1 year increase in life expectancy	339,417	324,644
0.5% p.a. increase to pension increases and deferred pension increases	354,277	338,796

Sensitivity analysis - change in assumptions relative to 31 March 2019 actuarial assumptions for Probation Pension liabilities (based on the change in liabilities):

	Approximate monetary amount	Approximate increase to Employer Liability	Approximate monetary amount	Approximate increase to Employer Liability
	2018-19	2018-19	2017-18	2017-18
	£000	%	£000	%
0.5% decrease in real discount rate	619,973	10.0	527,062	10.0
0.5% increase in the salary increase rate	96,493	2.0	86,971	2.0
0.5% increase in the pension increase rate	512,946	9.0	433,376	8.0

25.1 Cafcass pension scheme

Employees of Cafcass are members of the Local Government Pension Scheme (LGPS) through the West Yorkshire Pension Fund (WYPF). The scheme provides funded defined benefits based on pensionable salary. The assets of the scheme are held separately from those of Cafcass and are invested in managed funds. Employer contribution rates are determined by a qualified actuary and on the basis of triennial valuations.

The scheme assets are measured at realisable value. Scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The LGPS provides benefits on a 'final salary' basis, up to 31 March 2014, at a normal retirement age of 65. Benefits accrued at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service.

With effect from 1 April 2014, the scheme provides benefits on a career average revalued earnings basis. Benefits accrue at the rate of 1/49th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay for every year of total membership is payable on retirement.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full on the face of the Statement of Financial Position. The movement in the scheme surplus/deficit is split between operating charges (within staff costs) and reserves in the case of actuarial gains and losses.

Funding/governance arrangements of the LGPS

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in LGPS regulations 2013 and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2016 and the contributions to be paid until 31 March 2020 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, City of Bradford Metropolitan District Council, is responsible for the governance of the Fund.

Risks associated with the Fund in relation to accounting

Asset volatility

The liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which, while expected to outperform corporate bonds in the long term, creates volatility and risk in the short term in relation to the accounting figures.

Changes in bond yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).

Inflation risk

The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy

The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Exiting employers

Employers which leave the Fund (or their guarantor) may have to make an exit payment to meet any shortfall in assets against their pension liabilities. If the Employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a small proportion of the overall liabilities in the Fund.

25.2 LSC pension scheme (LSCPS) - closed

On 1 April 2013, under the Legal Aid, Sentencing and Punishment of Offenders Act, the LSC was abolished and replaced by an executive agency of the Department, the LAA.

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 the Department 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 the Department.

Risks to which the LSCPS exposes the Department

The nature of the LSCPS exposes the Department 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 period and future funding arrangements

The Department does not expect to contribute to the LSCPS for the year to 31 March 2019. The Schedule of Contributions dated 2 November 2016 sets out the current contributions payable by the Department to the Scheme. Future contributions depend on the Scheme's funding position at each formal valuation and are set out in the Scheme's funding framework.

Past service costs

A UK High Court judgement was made on 26 October 2018 in respect of the gender equalisation of guaranteed minimum pensions ("GMPs") for occupational pension schemes. This will be treated for IAS19 purposes as a plan amendment and will result in an increase in the pension liabilities and a corresponding past service cost in the income statement. A separate report (dated 5 April 2019) was provided, which sets out the assumptions and approach used to calculate the impact of this past service cost on 26 October 2018.

Based on an impact of 0.05% of total scheme liabilities, we calculate the past service cost to be £155k based on IAS19 liabilities of £310m on 26 October 2018. The roll forward methodology was used to calculate the liabilities on 26 October 2018 and the assumptions adopted at the most recent reporting date, updated for changes in market conditions. The key assumptions used were a discount rate of 2.80% and an inflation assumption of 2.50%.

25.3 Probation pension schemes

HMPPS offers retirement benefits within the Local Government Pension Scheme (LGPS) to probation staff working within the National Probation Service. Past employees of the Probation Trusts, and staff who transferred from the Trusts to CRCs and HMPPS, are also covered by the provisions of LGPS via one pension fund which is with Greater Manchester Pension Fund (GMPF). The LGPS is a funded multi-employer defined benefit scheme. The Department recognises an LGPS pension scheme liability in these Accounts.

The LGPS pension liability transferred from Probation Trusts to HMPPS on 1 June 2014. A liability arises as employees earn their future entitlement to payments when they retire. The pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. The contribution rates reflect benefits as they are accrued, and reflect the past experience of the schemes.

The LGPS provides benefits on a 'final salary' basis, up to 31 March 2014, at a normal retirement age of 65. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay for every year of total membership is payable on retirement. Benefits accrue at the rate of 1/60th of pensionable salary for service from 1 April 2008 to 31 March 2014 with no automatic lump sum.

From 1 April 2014, the scheme provides benefits on a career average revalued earnings (CARE) basis. Benefits accrue at the rate of 1/49th of pensionable salary for each year of service.

The scheme permits employees to take a lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 12.5% of pensionable earnings. Member contributions changed from 1 April 2014 and benefits accrued from this date are on a career average revalued earnings basis, with protections in place for those members in the scheme before the changes took effect.

For the year to 31 March 2019, HMPPS paid employers' contributions of £87.0 million to Greater Manchester Pension Fund (GMPF), relating to current probation staff, at 29.6% (£75.9 million for 2017–18 at 29.6%). The employer contribution rates for 2018-19 remain unchanged.

The pension position as at 31 March 2019 is based on the actuarial report from Hymans Robertson LLP, the independent actuary for GMPF.

26. Contingent assets and liabilities

Contingent liabilities disclosed under IAS 37

The Department has contingent liabilities as defined within *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*. 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:

There is an ongoing litigation regarding the pension liability for fee paid judges. Following the judgement of the Court of Justice of the European Union (CJEU) in December 2018, it has been determined that additional pension benefits are payable to eligible fee paid judges in respect of service incurred prior to the date (April 2000) that the Part-Time Worker Directive should have been transposed into domestic law.

Judgement is awaited from the Supreme Court in Summer 2019 on a related case concerning the operation of time limits to make a claim. Provisions have been made for the potential liabilities arising from both cases, which include increased Judicial Service Awards (JSA) and the requirement to make payments in lieu of pension and associate interest charges (see note 19).

However, it was not possible to estimate the total number of additional claimants who may be eligible for a remedy, subject to the outcome of the Supreme Court case. There are therefore further potential liabilities for JSA, payments in lieu of pension and associated interest costs, in addition to the provisions recognised, which cannot be quantified at this stage.

The Department is currently involved in litigation activity as a defendant, which may result in significant liabilities in relation to judicial pensions. The Department and Judicial Pension Scheme have not disclosed all the information that is normally required under IAS37, on the basis that the ongoing dispute process is subject to confidentiality.

There is an outstanding legal case awaiting judgment by the Supreme Court, concerning the status of judicial office holders, who are currently not considered as 'workers'. Should this status change, the Department may be required to provide a workplace pension to non-legal judicial office holders, at a cost of approximately £7 million.

Employment Tribunals: The Department is currently defending a number of Employment Tribunal claims.

Other European Court of Human Rights claims: The Department is currently engaged in several cases at the European Court of Human Rights, some of which may involve possible financial liabilities and others which are unquantifiable.

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

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

EU Exit: In 2016, the UK Government announced that the Government would guarantee a number of EU funded projects after the UK has left the EU. These included the payment of awards where UK organisations successfully bid directly to the European Commission on a competitive basis for EU funded projects while we remain in the EU.

The financial settlement has now been signed-off by both UK and EU Commission negotiators in a draft Withdrawal Agreement and welcomed by the EU-27 at the March European Council. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified. As a result, and due to the EU funding the Ministry of Justice provides in relation to the Rights, Equality and Citizenship Programme 2014-2020. An unquantifiable contingent liability is disclosed.

Foetal Alcohol Spectrum Disorder: Foetal Alcohol Spectrum Disorder (FASD) occurs when a mother consumes alcohol during pregnancy. This can result in babies being born with a range of disabilities and development issues with the brain, organs and facial features. In 2017-18 there were ongoing judicial review proceedings challenging CICA's decision (upheld by the First-tier Tribunal) that the circumstances in which FASD occurred did not constitute a crime of violence under the Criminal Injuries Compensation Scheme 2008. As at 31 March 2019, the case had yet to be heard by the Upper Tribunal.

Post year end the case was heard on 29 April 2019 and the Upper Tribunal issued a decision dated 10 June 2019 upholding the decision of the First-tier Tribunal. It is not yet known whether an appeal will be made to the Court of Appeal. However, if the challenge continues and is successful before the higher courts, this may lead to compensation being payable to applicants with FASD. Should this risk materialise, liability is uncertain but has been estimated between £26m and £43.5m.

The Chancellor's Discount Rate: In deriving an award value for pre-tariff cases CICA applies a discount rate on expected future care costs and loss of earnings. The rate applied to these cases was -0.75%, being the Lord Chancellor's discount rate. Given that the value of provision for the remaining pre-tariff cases is high, there is an outstanding risk that until all pre-tariff cases are resolved, changes in the Lord Chancellor's discount rate may have material financial impacts to CICA.

The "Same Roof Rule": The "same roof rule" (paragraph 19 of the Criminal Injuries Compensation Scheme 2012) prevented an award being made to applicants injured before 1 October 1979 by an assailant who they were living with as a member of the same family. In 2018-19, a successful legal challenge to the same roof rule led to the materialisation of an existing financial risk. In July 2018, the Court of Appeal found that the same roof rule had unfairly denied compensation to the claimant. The Government chose not to appeal this judgment to the Supreme Court and announced in September 2018 that the rule would be abolished. As at 31 March 2019, a statutory instrument to remove the rule had been laid in Parliament.

Post year end the instrument came into force on 13 June 2019, with the effect of enabling fresh applications from people who were previously refused because of the rule, as well as from those who have never applied. This will increase the compensation which is payable under the Criminal Injuries Compensation Scheme 2012, however the value of this increase cannot be reliably established. Based upon our most recent impact assessment, CICA have assessed that the liability range is between £56m - £123m across a 10 year period, however this cannot be more reliably estimated.

Incidents Incurred But Not Yet Received (IBNYR): In 2018-19 CICA undertook a series of reviews to the provision model for estimating the outstanding liabilities to CICA in the annual report and accounts. Upon completion of this review CICA determined that a provision was not the correct accounting treatment for incidents where an applicant had not yet applied to the scheme (See Note 32).

CICA have an unquantifiable contingent liability in respect of a possible obligation to individuals who have been victims of violent crime as of 31st March 2019. This depends upon uncertain future events occurring, namely; an application being submitted which meets the above stated criteria. CICA therefore recognise that a contingent liability exists for IBNYR. It is not practicable to estimate the financial effect of IBNYR because it is not possible to establish the total number of eligible criminal injuries or other relevant factors, such as the likelihood of an application being made.

HMCTS: Is involved in a number of legal cases in relation to ex gratia, compensation and other claims. The estimated cost of settlement for HMCTS is £1.3m (2017-18: £4.5m).

Employment Tribunal Refunds: On July 26 2017, the UK Supreme Court handed down a judgement that quashed the Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013/1893. HMCTS is making refunds of £32.2m in fees paid under the order to those who paid them. In total HMCTS has refunded £17.4m including interest and accruals. HMCTS has carried forward a provision of £0.3m in relation to the fees and interest that it expects to be claimed by individuals and organisations who paid fees under the order. HMCTS has not been able to reliably estimate the probability that the remaining fees will be refunded, and therefore recognises a contingent liability of £15.2m. Please see note 19 for further information about the provision.

Other HMCTS fee refunds: In November 2017 we undertook a review of other fees for courts and tribunal proceedings charged by HMCTS. We identified that in some cases fees have been incorrectly charged, and that some fees had inadvertently been set above cost without the legal authority to do so. In July 2018 a Written Ministerial Statement announced that a refund scheme will be established to reimburse people the amounts they have been over-charged. The current estimate of the total value of the refunds likely to be due is £65.9m of which £60m has been provided for, the balance of £5.9m is held as a contingent liability.

The fees that were set above cost were reduced by statutory instrument in July 2018, and a refund scheme is in the process of being established. HMCTS recognise a refund provision of £43.6m in respect of these fees. However, HMCTS is not able to reliably estimate the value of the fees that will be claimed and refunded, and therefore recognise a contingent liability of £4.2m. HMCTS also recognises a refund provision of £16.4m in respect of incorrectly charged fees. However HMCTS is not able to reliably estimate the value of the fees that will be claimed and refunded, and therefore recognises a contingent liability of £1.7m.

HMPPS: Claims against HMPPS by staff, prisoners and third parties amount to £116.3m (2017-18: £102.1m), where the likelihood of a liability arising is deemed possible but not likely, or not reliably measurable. Other claims where it is more likely than not that a liability will arise have been provided for in the accounts (see Note 19).

LAA contingent assets: LAA have two contingent assets in relation to costs from legal proceedings with a total value of £22.4m (2017-18: one case with a total value of £265k). LAA were awarded £22.1m as a result of legal action to recover historic overpayments. This judgement is currently subject to appeal and the outcome of this will not be known until late 2019. The award has been recognised as a contingent asset until the outcome of the appear is determined. If the appeal is unsuccessful the agency will seek to recover the amount awarded; however, it is unlikely that the full amount will be recovered.

27. Related party transactions

Associated departments and other central government bodies

The Ministry of Justice is the parent of the LAA, HMCTS, HMPPS, CICA and OPG agencies and the sponsor of NDPBs as listed in Note 29. All of these bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department had a number of transactions with other government departments and central government bodies, as well as with local authorities. The most significant of these transactions have been with HM Revenue & Customs, Home Office, PCSPS and HM Treasury.

Key management personnel

Mike Driver CB, Chief Financial Officer of the Department, is a Non-Executive Board Member of Shared Services Connected Ltd (SSCL), who are a supplier of HR, procurement, finance and payroll support functions to the Department. The Department made payments to SSCL totalling £65.1m in 2018-19 (2017-18: £60.7m).

A close relative of Matthew Coats CB, Chief Operating Officer of the Department until 30 April 2018, is a member of the Quality and Standards Committee of the Skills for Justice Enterprises Ltd. Justice Enterprises Ltd is a non-government organisation who bids for EU Funding for projects and delivers them for the Department.

A close relative of Amy Rees, Executive Director, HMPPS Wales, is employed by HMPPS on a permanent basis.

A close relative of Amy Rees, Executive Director, HMPPS Wales, is a partner at PwC. PwC are providers of professional services to HMPPS.

A close relative of Simon Boddis, Executive Director Prison Estate Transformation Programme, is employed by HMPPS on a permanent basis.

From November 2016 to April 2018, Ian Playford, a Non-Executive Board Member of HMCTS was appointed as interim Chief Executive of the 'New Property Model', which was a department within the Cabinet Office, whose purpose was to centrally manage the Government's non-specialist property assets. From April to July 2018 Ian served as a strategic advisor to the Government Property Agency.

On 16 July 2018 Andrew Baigent, HMCTS Finance Director, was appointed by the Cabinet Office as a director of Integrated Debt Services Limited (trading as Indesser). Indesser is a joint venture between the Government and TDX Group Limited offering a single route for government bodies to use the private sector to recover debt. Andrew represents the Government as a non-executive director on the Board of Indesser. HMCTS use Indesser to provide information and analysis to assist debt recovery. HMCTS paid £261,000 in 2018-19 to Indesser for goods and services, with a total payable balance of £52,500 (all amounts shown net of VAT where recoverable from HMRC).

Lesley King-Lewis, a Non-Executive Director of HMPPS, is Chief Executive Officer of Windsor Leadership which is a supplier to HMPPS. HMPPS made payments to Windsor Leadership totalling £18,305 in 2018-19.

Other

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains the Register of County Court judgements on behalf of the Lord Chancellor and the Secretary of State for Justice. Revenue received from the Registry Trust Limited in the year amounted to £0.6m (2017-18: £0.6m) with a total debtor balance due to HMCTS as at 31 March 2019 of £0.0m (2017-18: £0.2m).

Other interests and related parties of Ministers which do not concern the Department are disclosed at: www.gov.uk/government/publications/list-of-ministers-interests.

28. Third party assets

The Department holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised in the CSoFP and neither the Department nor the Government has a direct beneficial interest in them. Third party assets over and above those monies disclosed in Note 18 are disclosed below. Due to differing accounting year ends for these monies, they are presented in two sections.

Funds in Court

The Department manages funds 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.

Cash holdings represent funds invested by UK Debt Management Office on behalf of the Accountant General in the Court Funds Investment Account and foreign exchange balances held on behalf of clients.

	31 March 2019	Restated 31 March 2018
	£000	£000
Cash at bank and on deposit	2,648,905	2,493,551
Securities	88,112	91,365
Total	**2,737,017**	**2,584,916**

The Funds in Court have been restated to reflect the position as at 31 March 2018. Further information is available in the Funds in Court Part 'A' Accounts, which are audited by the Comptroller and Auditor General and laid before Parliament.

Other third party assets

	Official Solicitor and Public Trustee (OSPT)	Criminal Injuries Awards (CICA)	Pending legal aid amounts (LAA)	Bail monies (HM Courts & Tribunals Service)	Prisoner monies (HMPPS)	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Cash	1,977	78,881	13,093	26,977	14,231	135,159
Investments	54,556	-	-	-	-	54,556
Non-cash assets	10,379	-	-	-	-	10,379
At 31 March 2019	**66,912**	**78,881**	**13,093**	**26,977**	**14,231**	**200,094**
At 31 March 2018	**63,805**	**74,234**	**17,454**	**26,067**	**13,865**	**195,425**

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

- The Official Solicitor administers estates and trusts as Administrator/Trustee of Last Resort. The OS acts as last resort litigation friend, and in some cases solicitor, for adults who lack mental capacity and children (other than those who are the subject of child welfare proceedings) in court proceedings because they lack decision making capacity in relation to the proceedings. The Public Trustee acts as Executor or Trustee where they have been appointed under a will or a new settlement with the aim of providing an effective executor and trustee service of last resort. The figures above represent the most up to date information available about assets managed by the OSPT on behalf of clients
- 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 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
- HMCTS holds a number of cash balances consisting of bail monies and monies held on behalf of court users which are received and held while a criminal case progresses and
- HMPPS holds cash on behalf of offenders.

29. The Departmental Boundary

Entities within the Departmental Boundary

Entities within the Departmental Boundary comprise of supply financed agencies and those entities listed in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2018, known as the Designation Order, and Amendment Orders and are set out below.

The Core Department

These are entities that are accounted for within the core accounting boundary. These entities are managed independently of the Department.

- Advisory Committees on Justices of the Peace in England and Wales
- 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 Rule Committee
- Independent Advisory Panel on Deaths in Custody
- Independent Monitoring Boards of Prisons, Immigration Removal Centres and Short Term Holding Facilities
- Judicial Appointments and Conduct Ombudsman
- Judicial College
- Judicial Conduct and Investigations Office
- Judicial Office
- Law Commission
- Office of the Commissioner for Victims and Witnesses
- Office of HM Inspectorate of Prisons
- Office of HM Inspectorate of Probation
- Office of the Judge Advocate General
- Office of the Official Solicitor
- Office of the Prisons and Probation Ombudsman for England and Wales
- Prison Service Pay Review Body
- Public Trustee
- Sentencing Council for England and Wales and
- Tribunal Procedure Committee.

Supply financed Agencies

- Criminal Injuries Compensation Authority
- HM Courts & Tribunals Service
- Legal Aid Agency
- HM Prison and Probation Service and
- Office of the Public Guardian.

Other entities captured in the Departmental Group including Executive NDPBs

- Children and Family Court Advisory and Support Service
- Criminal Cases Review Commission
- Judicial Appointments Commission
- Legal Services Board
- Government Facility Services Limited
- Office for Legal Complaints
- Parole Board for England and Wales
- Youth Justice Board for England and Wales, and
- Press Recognition Panel.

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

30. Events after the reporting period

In accordance with the requirements of *IAS 10 Events After the Reporting Period*, events are considered up to the date on which the Accounts are authorised for issue. The date the Accounts are authorised for issue is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.

On 15 April 2019, the Ministry of Justice signed a contract worth £253 million with Kier plc to build the new prison at the site of the former HMP Wellingborough, which will hold 1,680 men and is due to complete in September 2021.

On 16 May 2019, it was announced that the management of offenders in the community would transfer from Community Rehabilitation Companies to the National Probation Service when the existing services come to an end in spring 2021. New contracts will be put in place via a market competition to cover interventions, unpaid work and rehabilitation services in the community to start from spring 2021.

On 27 June 2019, the Supreme Court refused the Government permission to appeal the Court of Appeal's December 2018 judgment in the McCloud and Sargeant cases. Provision has been made in the Judicial Pension Scheme and these accounts for the estimated impact on the pension liability, as outlined at Note 19.

31. Restructuring within the Department

31.1 Operations Group transfer

On 1 April 2018, responsibility for collecting youth remand income from local authorities transferred from the Youth Justice Board for England and Wales (YJB) to the Youth Custody Service within HMPPS. YJB is an executive non-departmental public body within the MoJ departmental boundary. Transfers of functions are accounted for on an absorption basis in accordance with the FReM.

On 1 May 2018 Operations Group ceased to exist and its functions moved to other departmental Headquarter groups. The Chief Financial Officer took over responsibility for the Legal Aid Agency (LAA), Criminal Injuries Compensation Authority (CICA), the Office of the Public Guardian (OPG) and the Official Solicitor and the Public Trustee (OSPT). In addition, Digital Technology and Estates moved into the Chief Financial Officer Group (CFOG). In addition to this three new Headquarter groups (Justice Policy, Strategy and Communications Group (JPSCG); Justice Analytical and Offender Policy Group (JAOPG); and Chief People Officer Group (CPOG)) were created and replaced Offender Reform and Commissioning Group (ORCG) and Justice and Courts Policy Group (JCPG).

On 4 February 2019 JAOPG ceased to exist and its functions were moved into HMPPS or the Policy, Communications and Analysis Group (PCAG). The functions that moved to HMPPS were: Prisons, Probation and Youth Justice Reform portfolio; Probation programme; the PECs Generation 4 programme and the Evidence and Service improvement team. Prison Policy Directorate, Offender Policy Directorate, Analytical Services, Data Driven Department and Cultural Change directorate, ALBs and Scrutiny Intelligence and Service Design and Devolution all moved to PCAG.

32. Prior Period Adjustments

32.1 Legal Aid Fund Work in Progress correction of prior year error

Following the adoption of IFRS 15 by HM Treasury's Financial Reporting Manual LAA undertook an exercise to identify the impact of implementing the new standard on revenue.

Previously the Agency recognised both income and expenditure in civil cases where costs are determined by a settlement between the parties rather than a detailed assessment of the costs by the court. This element of income and expenditure was referred to as Adjusted Purposes Only (APO).

On review, it was concluded that income relating to APO did not meet the definition as prescribed under IAS 18: Revenue. The Agency therefore should not have previously recognised any income or expenditure for APO. The provision for work in progress for Civil Representation cases had previously included an element relating to APO expenditure, serving to overstate the overall provision by £70m in 2017-18. As this is material to the accounts, the Agency has restated the accounts to correct this prior period error. The prior year comparators have been restated to reflect the impact of the error.

32.2 Separation of Payables and Other Financial liabilities

The imputed finance lease element of on balance sheet (SoFP) PFI contracts, finance leases and operating lease liabilities have been reclassified from Trade and Other Payables to Other Financial Liabilities. These liabilities are both material and are different in nature and therefore should be reported separately in accordance with IAS1.

Prior year comparatives have been restated to ensure comparability across years. Further an element of non-current balance within the 2017-18 and 2016-17 operating lease straight lining payable has been reclassified to current financial liabilities.

32.3 CICA Tariff Scheme provision

During 2018-19, CICA undertook a series of activities designed to improve the accuracy of the current liability provision and reassess the criteria used to estimate a future liability provision.

As part of the complex revision work to make the provision estimate more reliable, CICA undertook several data mining exercises to test the assumptions used to calculate the current and future liability provisions. These assumptions are informed by information drawn from CICA's case management system and data archive of settled cases. Data mining exercises established that certain assumptions were no longer reflective of outcomes in more recent years.

Within the current liability provision, CICA identified that the assumption about the proportion of successful applications per year was now materially different to that entered in the model. Updating these assumptions has led to greater reliability in our estimation and a reduction in the value of CICA's current liability provision.

The future liability provision is an estimate of the liability to CICA of incidents which have occurred by year-end, have not yet resulted in an application to CICA, but might result in an application which is awarded compensation at a future date. In accordance with IAS 37 and the Criminal Injuries Compensation Scheme 2012 ('the Scheme'), CICA has determined that the act of being subject to a criminal injury is insufficient to result in an obligation to pay compensation due to the detailed decision-making criteria in the Scheme and, in particular, the requirement that an application must be made to the Scheme before an applicant becomes eligible to receive a monetary award. Also of particular note are the provisions within the Scheme which:

- permit an application to be deferred until the applicant has taken all reasonable steps to obtain any benefits, insurance payments, damages or compensation to which they may be entitled in respect of the same injury, and
- require an award of compensation to be withheld or reduced in the amount of any similar payment received by the applicant in respect of the same injury.

There are also detailed criteria within the Scheme concerning the circumstances in which an application may be ineligible. As a result of this reappraisal of the conditions giving rise to an obligation, CICA have removed the future liability from their accounts and restated the accounts to reflect this prior period error.

While there is no provision for IBNYR due to no present legal or constructive obligation existing, under paragraph 13 of IAS 37, CICA does have a possible obligation where it is yet to be confirmed that there is a present obligation. This depends upon uncertain future events occurring, namely; an application being submitted which meets the above stated criteria. CICA therefore recognise that a contingent liability exists for IBNYR. It is not practicable to estimate the financial effect of IBNYR (paragraph 86), and as such the contingent liability will be disclosed as unquantifiable. We are not able to establish the total number of eligible criminal injuries or other relevant factors, such as the likelihood of an application being made.

Adjustment to Holding Accounts

In complex cases in which an award has been accepted by an applicant, CICA may place funds in an interest-bearing holding account while outstanding issues are resolved prior to payment. During 2018-19, upon assessment of extant holding accounts, a number were identified which did not meet the criteria for remaining in a holding account. Steps were taken to align these funds with the appropriate accounting treatment and any interest earned on these holding accounts was realigned to government funds.

32.4 Financial impact of these prior period adjustments

The tables below report the impact of these prior period adjustments on the 2017-18 Consolidated Statement of Comprehensive Net Expenditure and Consolidated Statement of Financial Position as at 31 March 2018, as well as on the Consolidated Statement of Financial Position as at 31 March 2017.

32.5 Restated Core Department & Agencies Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Published Core Department & Agencies	LAA Fund PY Error Correction	Revised split between Payables and Other Financial Liabilities	CICA PY Error Correction	Restated Core Department and Agencies
	£000	**£000**	**£000**	**£000**	**£000**
Income from sale of goods and services	(67,378)				(67,378)
Other operating income	(1,692,064)	118,860		(9)	(1,573,213)
Staff costs	2,822,200			-	2,822,200
Judicial costs	508,889				508,889
Purchase of goods and services	2,100,364				2,100,364
Depreciation, amortisation and impairment charges	438,073				438,073
Provision expense	1,994,446	(98,399)		(26,287)	1,869,760
Net gain/loss on disposal of assets	(51,967)				(51,967)
Revaluation of non-current financial assets	(45,664)				(45,664)
Other operating expenditure	1,632,410				1,632,410
Net operating expenditure before financing	**7,639,309**	**20,461**	**-**	(26,296)	**7,633,474**
Finance expense	73,002				73,002
Borrowing costs on provisions	6,823			(674)	6,149
Net (gain)/loss on transfers by absorption	(56,779)				(56,779)
Net expenditure for the year	**7,662,355**	**20,461**	**-**	(26,970)	**7,655,846**
Net (gain)/loss on revaluation of PPE	(875,539)				(875,539)
Net (gain)/loss on revaluation of Intangible assets	(3,884)				(3,884)
Remeasurement of pension schemes	(195,834)				(195,834)
Total Comprehensive Expenditure	**6,587,098**	**20,461**	**-**	**(26,970)**	**6,580,589**

32.6 Restated Core Department & Agencies Statement of Financial Provision as at 31 March 2018

	Published Core Department & Agencies	LAA Fund PY Error Correction	Revised split between Payables and Other Financial Liabilities	CICA PY Error Correction	Restated Core Department and Agencies
	£000	£000	£000	£000	£000
Non-current assets	12,002,597				12,002,597
Current Assets	907,632				907,632
Current liabilities					
Trade and other payables	(1,369,717)		39,435	(2,829)	(1,333,111)
Other Financial liabilities	-		(43,464)		(43,464)
Provisions	(837,917)	69,639		63,544	(704,734)
Non-Current liabilities					
Trade and other payables	(690,035)		561,401	5,271	(123,363)
Other Financial liabilities	-		(557,372)		(557,372)
Provisions	(789,904)			106,613	(683,291)
Pension liabilities	(1,502,634)				(1,502,634)
Assets less liabilities	**7,720,022**	**69,639**	**-**	**172,599**	**7,962,260**
Taxpayer's Equity					
General Fund	3,806,046	69,639		172,599	4,048,284
Revaluation Reserve	3,913,976				3,913,976
Total Taxpayer's Equity	**7,720,022**	**69,639**	**-**	**172,599**	**7,962,260**

32.7 Restated Departmental Group Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Published Core Department & Agencies	LAA Fund PY Error Correction	Revised split between Payables and Other Financial Liabilities	CICA PY Error Correction	Restated Core Department and Agencies
	£000	£000	£000	£000	£000
Income from sale of goods and services	(67,378)				(67,378)
Other operating income	(1,698,339)	118,860		(9)	(1,579,488)
Staff costs	2,965,350			-	2,965,350
Judicial costs	508,889				508,889
Purchase of goods and services	2,122,974				2,122,974
Depreciation, amortisation and impairment charges	442,578				442,578
Provision expense	1,994,332	(98,399)		(26,287)	1,869,646
Net gain/loss on disposal of assets	(51,846)				(51,846)
Revaluation of non-current financial assets	(45,664)				(45,664)
Other operating expenditure	1,436,361				1,436,361
Net operating expenditure before financing	**7,607,257**	**20,461**	**-**	**(26,296)**	**7,601,422**
Finance expense	77,829				77,829
Borrowing costs on provisions	6,816			(674)	6,142
Taxation	5				5
Net (gain)/loss on transfers by absorption	-				-
Net expenditure for the year	**7,691,907**	**20,461**	**-**	**(26,970)**	**7,685,398**
Net (gain)/loss on revaluation of PPE	(875,572)				(875,572)
Net (gain)/loss on revaluation of Intangible assets	(4,100)				(4,100)
Re-measurement of pension schemes	(205,739)				(205,739)
Total Comprehensive Expenditure	**6,606,496**	**20,461**	**-**	**(26,970)**	**6,599,987**

32.8 Restated Departmental Group Statement of Financial Position as at 31 March 2018

	Published Departmental Group	LAA Fund PY Error Correction	Revised split between Payables and Other Financial Liabilities	CICA PY Error Correction	Restated Departmental Group
	£000	**£000**	**£000**	**£000**	**£000**
Non-current assets	12,018,559				12,018,559
Current Assets	941,675				941,675
Current liabilities					
Trade and other payables	(1,380,884)		39,435	(2,829)	(1,344,278)
Other Financial liabilities	-		(43,464)		(43,464)
Provisions	(840,731)	69,639		63,544	(707,548)
Non-Current liabilities					
Trade and other payables	(690,035)		561,401	5,271	(123,363)
Other Financial liabilities	-		(557,372)		(557,372)
Provisions	(790,446)			106,613	(683,833)
Pension liabilities	(1,701,403)				(1,701,403)
Assets less liabilities	**7,556,735**	**69,639**	**-**	**172,599**	**7,798,973**
Taxpayer's Equity					
General Fund	3,641,342	69,639		172,599	3,883,580
Revaluation Reserve	3,915,393				3,915,393
Total Taxpayer's Equity	**7,556,735**	**69,639**	**-**	**172,599**	**7,798,973**

32.9 Restated Core Department & Agencies Statement of Financial Position as at 1 April 2017

	Published Core Department & Agencies	LAA Fund PY Error Correction	Revised split between Payables and Other Financial Liabilities	CICA PY Error Correction	Restated Core Department and Agencies
	£000	**£000**	**£000**	**£000**	**£000**
Non-current assets	11,097,689				11,097,689
Current Assets *	872,620			-	872,620
Current liabilities					
Trade and other payables	(1,482,072)		49,161	6,078	(1,426,833)
Other Financial liabilities	-		(48,015)		(48,015)
Provisions	(848,885)	90,100		62,434	(696,351)
Non-Current liabilities					
Trade and other payables	(745,805)		584,645		(161,160)
Other Financial liabilities	-		(585,791)		(585,791)
Provisions	(734,068)			77,117	(656,951)
Pension liabilities	(1,584,196)				(1,584,196)
Assets less liabilities	**6,575,283**	**90,100**	**-**	**145,629**	**6,811,012**
Taxpayer's Equity					
General Fund	3,439,304	90,100		145,629	3,675,033
Revaluation Reserve	3,135,979				3,135,979
Total Taxpayer's Equity	**6,575,283**	**90,100**	**-**	**145,629**	**6,811,012**

*Note: Movement in current assets is in Trade Receivables

32.10 Restated Departmental Group Statement of Financial Position as at 1 April 2017

	Published Departmental Group	LAA Fund PY Error Correction	Revised split between Payables and Other Financial Liabilities	CICA PY Error Correction	Restated Departmental Group
	£000	**£000**	**£000**	**£000**	**£000**
Non-current assets	11,174,684				11,174,684
Current Assets*	895,888			-	895,888
Current liabilities					
Trade and other payables	(1,500,745)		49,903	6,078	(1,444,764)
Other Financial liabilities	-		(48,757)		(48,757)
Provisions	(852,134)	90,100		62,434	(699,600)
Non-Current liabilities					
Trade and other payables	(757,540)		596,380	-	(161,160)
Other Financial liabilities	-		(597,526)		(597,526)
Provisions	(734,833)			77,117	(657,716)
Pension liabilities	(1,782,975)				(1,782,975)
Assets less liabilities	**6,442,345**	**90,100**	**-**	**145,629**	**6,678,074**
Taxpayer's Equity					
General Fund	3,280,772	90,100		145,629	3,516,501
Revaluation Reserve	3,161,573				3,161,573
Total Taxpayer's Equity	**6,442,345**	**90,100**	**-**	**145,629**	**6,678,074**

*Note: Movement in current assets is in Trade Receivables

Annexes

Annex A: Other notes to the Statement of Parliamentary Supply

This section is subject to audit.

SoPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

				2018-19
	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	SoPS 1.1	8,770,034	8,355,012	415,022
Capital Outturn	SoPS 1.2	516,518	445,802	70,716
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation		(801,055)	(510,265)	(290,790)
New provisions and adjustments to previous provisions		(584,254)	(2,051,160)	1,466,906
Other non-cash items		-	(75,016)	75,016
Adjustments for Non-Departmental Public Bodies (NDPBs):				
Remove voted resource and capital		(264,868)	(261,316)	(3,552)
Add cash Grant in Aid		249,848	258,670	(8,822)
Adjustments to reflect movements in working balances:				
Increase / (decrease) in inventories		-	14,231	(14,231)
Increase / (decrease) in trade and other receivables		-	79,405	(79,405)
(Increase) / decrease in trade and other payables		200,000	(38,757)	238,757
(Increase) / decrease in financial liabilities		-	(1,135)	1,135
(Increase) / decrease in pension liability		-	(41,157)	41,157
Use of provisions		147,987	1,872,036	(1,724,049)
		8,234,210	**8,046,350**	**187,860**
Removal of non-voted items:				
Consolidated Fund Standing Services		(144,107)	(153,988)	9,881
Other adjustments		16,781	15,599	1,182
Net cash requirement		**8,106,884**	**7,907,961**	**198,923**

The net cash requirement calculation only applies to the Core Department and executive agencies.

SoPS 4 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 2018-19		Outturn 2017-18	
	Income £000	Receipts £000	Income £000	Receipts £000
Income outside the ambit of the Estimate	2,342	2,342	1,013	1,017
Levy income of OLC and LSB within the ambit of the Estimate	15,695	6,061	14,480	14,480
Total income payable to the Consolidated Fund	**18,037**	**8,403**	**15,493**	**15,497**

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 HMCTS Trust Statement which can be found at: www.gov.uk

Annex B: Public expenditure core financial tables

The Core Tables represent expenditure for resource and capital, set for each year in the Spending Review process (amended to incorporate transfers of functions to other government departments as they have arisen). These tables are not reported on the same basis as the financial statements disclosures, with differing categories and headings.

The Core Tables are produced automatically from the HM Treasury System (Online System for Central Accounting and Reporting (OSCAR)) which is used by all central government departments to record their spending and plans. At 31 March 2019, OSCAR reflects the position agreed at Budget 2018. This won't match the outturn in previous years' financial statements and some spending may also appear on different lines, this may frequently result in restatement of the previous years' Core Table figures.

Table 1 Total Departmental Spending (£000)

Section headings are based on 2018-19 Supplementary Estimate headings.

	2014-15 Restated Outturn[1]	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn	2018-19 Outturn	2019-20 Plans
Resource DEL						
Policy, Corporate Services and Associated Offices	905,456	666,985	(100,468)	123,413	141,570	(80,291)
National Offender Management Service	3,480,153	3,660,493	3,722,864	-	-	-
HM Courts & Tribunals Service	944,099	833,483	1,565,064	1,576,656	1,662,392	1,696,801
Legal Aid Agency	1,735,858	1,611,142	1,639,385	1,680,067	1,715,014	1,729,294
CICA Agency	194,650	139,789	135,229	148,812	121,365	148,778
Office of The Public Guardian	(14,821)	(17,241)	2,092	(12,299)	(13,952)	(5,637)
Children and Family Court Advisory and Support Service (net)	119,418	114,493	113,147	119,414	119,758	122,395
Criminal Cases Review Commission (net)	5,504	5,298	5,349	5,240	5,262	5,859
Judicial Appointments Commission (net)	4,032	3,832	3,622	4,852	7,029	7,479
Legal Services Board (LSB) (net)	3,921	3,364	3,525	3,470	3,725	3,798
Office of Legal Complaints (OLC) (net)	13,657	13,214	11,855	12,240	13,228	12,748
Parole Board (net)	12,961	14,182	16,753	17,544	16,855	18,507
Youth Justice Board (net)	191,467	164,546	149,432	104,755	84,634	85,609
Government Facility Services Limited	-	-	-	-	-	1
Higher Judiciary Judicial Salaries	148,066	149,465	152,165	148,407	153,988	145,675
OLC/LSB Levy CFER	(16,398)	(14,936)	(14,083)	(14,480)	(15,695)	(16,553)
HM Prison and Probation Service	-	-	-	3,709,003	4,021,404	4,177,249
Total Resource DEL	**7,728,023**	**7,348,109**	**7,405,931**	**7,627,094**	**8,036,577**	**8,051,712**

	2014-15 Restated Outturn[1]	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn	2018-19 Outturn	2019-20 Plans
Of which:						
Staff costs	3,138,927	3,112,707	3,261,219	3,333,741	3,811,703	3,837,295
Purchase of goods and services	4,825,252	4,466,295	4,872,655	4,763,208	4,747,172	5,399,662
Income from sales of goods and services	(765,084)	(742,765)	(594,733)	(723,609)	(685,386)	(654,485)
Current grants to local government (net)	346,895	314,174	184,452	180,230	138,137	-
Current grants to persons and non-profit bodies (net)	-	-	-	-	31,909	166,625
Rentals	658,051	826,030	142,774	745,283	733,856	-
Depreciation[3]	435,107	453,891	491,328	492,519	534,706	603,200
Other resource	(911,125)	(1,082,223)	(951,764)	(1,164,278)	(1,276,637)	(1,300,585)
Resource AME[1]						
Policy, Corporate Services and Associated Offices	(296,893)	1,108	153,139	(55,692)	93,576	139,998
National Offender Management Service	140,115	68,881	47,036	-	-	-
HM Prison and Probation Service	-	-	-	84,351	125,009	145,000
HM Courts & Tribunals Service	(89,709)	98,355	9,644	(44,498)	20,519	131,080
Legal Aid Agency	(50,897)	55,476	37,414	18,401	33,795	26,739
CICA Agency	(10,541)	26,882	4,601	33,175	35,492	45,000
Office of the Public Guardian	15	-	504	(64)	(78)	300
Children and Family Court Advisory and Support Service (net)	4,020	6,913	5,554	10,054	10,456	9,973
Criminal Cases Review Commission (net)	261	231	343	186	156	258
Judicial Appointments Commission (net)	(6)	-	-	-	-	-
Office of Legal Complaints (OLC) (net)	(367)	57	67	30	(50)	7
Parole Board (net)	(52)	133	1,052	(1,144)	(42)	-
Youth Justice Board (net)	8,467	1	-	398	(398)	-
Total Resource AME	**(295,587)**	**258,037**	**259,354**	**45,197**	**318,435**	**498,355**
Of which:						
Staff costs	-	-	1,919	-	-	-
Net public service pensions[2]	-	-	-	-	-	-
Depreciation[3]	13,903	123,458	116,221	(65,616)	48,492	273,980
Take up of provisions	56,475	342,388	2,036,774	1,924,749	2,011,770	409,059
Release of provision	(365,965)	(207,809)	(1,936,251)	(1,983,927)	(1,872,492)	(184,684)
Change in pension scheme liabilities	-	-	-	-	217,081	-
Unwinding of the discount rate on pension scheme liabilities	-	-	182	-	-	-
Release of provisions covering payments of pension benefits	-	-	-	-	-	-
Other resource	-	-	40,509	169,991	(86,416)	-
Total Resource	**7,432,436**	**7,606,146**	**7,665,285**	**7,672,291**	**8,355,012**	**8,550,067**

	2014-15 Restated Outturn[1]	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn	2018-19 Outturn	2019-20 Plans
Of which:						
Depreciation[3]	449,010	577,349	607,549	426,903	583,198	877,180
Capital DEL						
Policy, Corporate Services and Associated Offices[4]	248,828	225,306	197,294	212,555	203,554	66,393
National Offender Management Service	24,497	11,679	71,827	-	-	-
HM Prison and Probation Service	-	-	-	83,460	68,346	198,694
HM Courts & Tribunals Service	-	15,861	130,998	111,322	169,869	145,137
Legal Aid Agency	11,806	8,552	9,168	265	451	-
CICA Agency	1,457	486	1,192	1,340	557	1,700
Office of The Public Guardian	4,298	3,152	1,524	2,332	2,322	3,700
Children and Family Court Advisory and Support Service (net)	-	-	-	697	-	-
Criminal Cases Review Commission (net)	84	47	247	122	125	300
Judicial Appointments Commission (net)	553	-	-	147	-	-
Legal Services Board (LSB) (net)	112	-	-	-	-	250
Office of Legal Complaints (OLC) (net)	1,406	34	407	371	129	440
Parole Board (net)	86	46	877	915	9	26
Youth Justice Board (net)	2,250	844	3,666	941	440	600
Total Capital DEL	**295,377**	**266,007**	**417,200**	**414,467**	**445,802**	**417,240**
Of which:						
Purchase of goods and services	4,500	-	16,168	-	-	-
Capital support for local government (net)	-	-	14,367	4,180	16,572	-
(net) Purchase of assets	358,687	297,403	420,290	446,189	517,287	455,035
Income from sales of assets	(70,028)	(31,396)	(35,666)	(56,345)	(94,181)	(38,250)
Other capital	2,218	-	2,041	20,443	6,124	455
Total Capital	**295,377**	**266,007**	**417,200**	**414,467**	**445,802**	**417,240**
Total Departmental Spending[4]	**7,278,803**	**7,294,804**	**7,474,936**	**7,659,855**	**8,217,616**	**8,090,127**
Of which:						
Total DEL[4]	7,588,293	7,160,225	7,331,803	7,549,042	7,947,673	7,865,752
Total AME[4]	(309,490)	134,579	143,133	110,813	269,943	224,375

[1] The figures for 2014-15 to 2016-17 have been restated to reflect the Machinery of Government transfer of commonhold law from MoJ to the Ministry for Housing, Communities and Local Government on 20 July 2017 (£14k). In addition, the figures for 2016-17 have been restated to reflect the final outturn position on OSCAR for 2016-17, which was finalised after the publication of the 2016-17 Annual Report and Accounts. The figures for 2017-18 have been restated for the correction of prior period errors in 2018-19.

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

[3] Includes amortisation and impairments.

[4] Total Departmental spending is the sum of the Resource and the Capital outturn less depreciation. Similarly, total DEL is the sum of the Resource DEL and Capital DEL less depreciation in DEL, and total AME is the sum of Resource AME and Capital AME less depreciation in AME.

Table 2 Administration costs (£000)

Section headings are based on 2017-18 Supplementary Estimate headings.

	2014-15 Restated Outturn[1]	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Outturn	2018-19 Outturn	2019-20 Plans
Policy, Corporate Services and Associated Offices	270,103	276,893	240,339	289,215	294,423	312,270
National Offender Management Service	123,395	139,166	131,396	-	-	-
HM Prison and Probation Service	-	-	-	98,388	62,043	52,092
HM Courts & Tribunals Service	24,979	22,971	24,766	20,266	17,171	22,886
Legal Aid Agency - Administration	99,306	100,431	84,452	24,465	20,208	20,484
CICA Agency	16,090	12,151	12,753	4,857	2,293	17
Office of the Public Guardian	-	52	52	56	58	-
Children and Family Court Advisory and Support Service (net)	9,132	9,286	7,289	6,046	5,219	4,979
Criminal Cases Review Commission (net) Judicial Appointments Commission (net)	1,111	1,137	1,139	596	654	662
Judicial Appointments Commission (net)	444	248	219	354	276	435
Parole Board (net)	1,021	1,444	2,655	1,190	911	1,212
Youth Justice Board (net)	6,810	6,705	4,977	4,244	2,958	2,963
Higher Judiciary Judicial Salaries	75	74	94	75	76	-
Total Administration	**552,466**	**570,558**	**510,131**	**449,752**	**406,290**	**418,000**
Of which:						
Staff costs	342,111	381,065	321,685	295,467	259,244	255,034
Purchase of goods and services	204,371	171,405	136,371	129,388	137,936	164,425
Income from sales of goods and services	(24,756)	(30,174)	(12,615)	(14,714)	(36,732)	(40,134)
Current grants to local government (net)	-	-	25	-	-	-
Current grants to persons and non-profit bodies (net)	-	-	-	-	-	-
Rentals	7,381	24,927	21,985	18,704	23,502	
Depreciation[2]	27,617	23,330	23,728	19,512	20,625	37,350
Other resource	(4,258)	5	18,952	1,395	1,715	1,325

[1] The figures for 2014-15 to 2016-17 have been restated to reflect the Machinery of Government transfer of commonhold law from MoJ to the Ministry for Housing, Communities and Local Government on 20 July 2017 (£14k).

[2] Includes amortisation and impairments.

Annex C: Off-payroll engagements

All off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months

	HQ	HMPPS	HMCTS	LAA	OPG	CICA	Cafcass	OLC	Parole Board	CCRC	JAC	LSB	YJB	GFSL	Total
Number of existing engagements as of 31 March 2019	457	8	131	10	22	-	3	-	-	-	-	-	-	22	653
Of which:															
Number that have existed for less than one year at time of reporting	133	5	60	-	9	-	-	-	-	-	-	-	-	15	222
Number that have existed for between one and two years at time of reporting	200	2	60	-	5	-	2	-	-	-	-	-	-	7	276
Number that have existed for between two and three years at time of reporting	93	-	9	2	6	-	1	-	-	-	-	-	-	-	111
Number that have existed for between three and four years at time of reporting	17	-	1	1	1	-	-	-	-	-	-	-	-	-	20
Number that have existed for four or more years at time of reporting	14	1	1	7	1	-	-	-	-	-	-	-	-	-	24

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months

	HQ	HMPPS	HMCTS	LAA	OPG	CICA	Cafcass	OLC	Parole Board	CCRC	JAC	LSB	YJB	GFSL	Total
Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	317	36	131	1	17	-	1	-	-	-	-	-	1	26	530
Number assessed as caught by IR35	34	19	16	-	6	-	-	-	-	-	-	-	1	25	101
Number assessed as not caught by IR35	283	17	115	1	11	-	1	-	-	-	-	-	-	1	429
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Number of engagements reassessed for consistency / assurance purposes during the year.	55	7	10	-	-	-	-	-	-	-	-	-	-	-	72
Number of engagements that saw a change to IR35 status following the consistency review	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

	HQ	HMPPS	HMCTS	LAA	OPG	CICA	Cafcass	OLC	Parole Board	CCRC	JAC	LSB	YJB	GFSL	Total
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	1	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	20	20	13	10	8	5	4	9	4	3	4	16	10	4	130

Annex D: Trade Union Facility Time

The Department is required, by the Trade Union (Facility Time Publication Requirements) Regulations 2017 which came into force on 1 April 2017, to disclosure the number of hours spent on facility time by employees who are a relevant union official during the reporting period, which are paid by the Department.

Facility time is recognised as the time an employee has spent on paid trade union activities where the employee has received wages from the Department.

Table 1 Relevant union officials

The total number of employees who were relevant union officials during 2018-19

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
629	198

Table 2 Percentage of time spent on facility time

The number of employees who were relevant union officials employed during 2018-19, who spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of time	Number of employees
0%	27
1-50%	602
51-99%	0
100%	0

Table 3 Percentage of pay bill spent on facility time

The percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during 2018-19.

Total cost of facility time (£000)	2,282
Total pay bill (£000)	3,014,635
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.08%

Table 4 Paid trade union activities

As a percentage of total paid facility time hours, the number of hours spent by employees who were relevant union officials during 2018-19 on paid trade union activities.

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	34.2%

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