Ministry of Justice

Ministry of Justice Annual Report and Accounts 2019-20

Protecting and advancing the principles of justice

HC 711

Ministry of Justice
Annual Report and Accounts 2019-20

(For the year ended 31 March 2020)

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

Annual Report presented to the House of Commons by Command of Her Majesty

Ordered by the House of Commons to be printed 19 November 2020

HC 711

This publication is available at www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at general.queries@justice.gov.uk

ISBN 978-1-5286-2112-0

CCS0520588632 11/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of
Her Majesty's Stationery Office

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Performance

Overview

This section sets out the Department's objectives as laid out in our Single Departmental Plan published in June 2019, the key challenges to the delivery of our objectives and how we have performed during the year. The Single Departmental Plan 2019-2022 can be accessed at https://www.gov.uk/government/publications/ministry-of-justice-single-departmental-plan/ministry-of-justice-single-departmental-plan--3

Who we are and what we do

Read more on key services delivered on pages 4 to 6

The Ministry of Justice is a major government department, at the heart of the justice system.

We are responsible for these parts of the justice system:

- courts and tribunals which we administer in partnership with the independent judiciary
- prisons
- probation
- 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 2019-20 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
- Legal Aid Agency
- Office of the Public Guardian
- 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 20 to 48 (Our performance analysis)

The Ministry of Justice exists to create, maintain and protect **a justice system that builds a better society, supports a growing economy and protects the public**. An effective justice system is one of the cornerstones of a democratic society, enabling individuals to live and businesses to operate in the security that they are protected by the rule of law. It ensures that legal disputes can be resolved fairly and that the criminal law can be enforced in a way which guarantees the right to a fair trial and respects the experience of victims of crime.

Our Single Departmental Plan published in June 2019 sets out our objectives and how we will achieve them. These are to:

- ensure access to justice in a way that best meets people's needs
- support a flourishing legal services sector
- provide a transparent and efficient court system
- ensure that prisons are decent, safe and productive places to live and work
- protect the public from harm caused by offenders
- reduce rates of reoffending and improve life chances for offenders
- provide excellent functional services
- support delivery of EU Exit

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 14 to 19 (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. Within our Annual Report and Accounts we have set out how resources have been used to deliver services across the Department.

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

Who we are and what we do

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 independent judiciary and arm's length bodies, and supported by our excellent corporate functions, we deliver these services, protect the justice system and uphold the rule of law.

HM Courts & Tribunals Service (HMCTS) administers the criminal, civil and family courts and tribunals in England and Wales, and non-devolved tribunals in Scotland and Northern Ireland. HMCTS operates more than 300 courts and hearing centres. Courts and tribunals maintain the rule of law, provide access to justice, stability, security and safety for citizens and businesses and the cohesion necessary for the functioning of our national economy and the protection of society. We operate on the basis of a partnership between the Lord Chancellor, the Lord Chief Justice and the Senior President of Tribunals, each of whom has specific leadership responsibilities enshrined in statute.

Legal Aid Agency (LAA) works with solicitors, barristers and others to provide simple, timely and reliable access to legal aid for those whose life and liberty is at stake, where they face the loss of their home, in domestic violence cases, or where their children may be taken into care. LAA also provides a high quality Public Defender Service.

Office of the Public Guardian (OPG) protects people who may not have the mental capacity to make certain decisions for themselves. It offers services including: registering lasting and enduring powers of attorney; supervising court-appointed deputies; and investigating complaints made against deputies and attorneys.

Criminal Injuries Compensation Authority (CICA) administers the Criminal Injuries Compensation Scheme and Victims of Overseas Terrorism Compensation Scheme.

HM Prison and Probation Service (HMPPS) manages over 82,000 prisoners across over 100 prisons and supervises over 250,000 offenders in the community. The prison service runs public sector prisons and immigration removal centres, and contract manages prisons run by private providers. The Youth Custody Service delivers public sector secure provision and oversees secure provision run by the private sector and local authorities for 10 to 17 year olds. The National Probation Service and Community Rehabilitation Companies supervise offenders in the community to protect the public and help offenders rehabilitate.

Arm's length bodies

Cafcass safeguards and promotes the welfare of children, representing them in family court cases, making sure that children's voices are heard and decisions are taken in their best interest.

Assessor of Compensation for Miscarriages of Justice gauges the amount of compensation to be paid to applicants under the miscarriages of justice compensation scheme.

Civil and family justice councils improve the justice system and the public's understanding of it.

Law Commission undertakes projects at the request of the government to ensure that the law in England and Wales is fair, modern, simple and cost-effective.

Civil, family, tribunal and criminal procedure rule committees make necessary procedure rules to improve and simplify court procedures for the public.

Criminal Cases Review Commission investigates and reviews possible miscarriages of justice in the criminal courts in England, Wales and Northern Ireland and refers appropriate cases to the appeal courts.

Judicial Office supports the judiciary, providing advice on judicial statutory functions, training, legal information, communications and human resources support. It investigates complaints against the judiciary through the Judicial Conduct Investigations Office.

Office of the Commissioner for Victims and Witnesses promotes the interests of victims and witnesses and regularly reviews the Code of Practice for Victims of Crime.

Judicial Appointments Commission selects candidates for judicial office in courts and tribunals in England and Wales, and for some tribunals in Scotland and Northern Ireland.

Judicial Appointments and Conduct Ombudsman investigates complaints about the judicial appointments process and the judicial conduct investigation process.

Offices of the Official Solicitor and Public Trustee helps people who are vulnerable because of lack of mental capacity or young age to access services offered by the justice system.

Legal Services Board oversees the regulation of lawyers in England and Wales, approving regulatory arrangements and reviewing the performance of frontline regulators.

Office for Legal Complaints operates the Legal Ombudsman Scheme, an independent and impartial scheme set up to deal with complaints from consumers on the services they receive from regulated legal providers.

Office of the Prisons and Probation Ombudsman for England and Wales investigates complaints from, and deaths in custody of, prisoners, children in secure training centres/homes, immigration detainees and those subject to probation supervision.

Independent Advisory Panel on Deaths in Custody advises ministers on ways to reduce the number of deaths in custody.

Independent Monitoring Boards of Prisons, Immigration Removal Centres and Short Term Holding Facilities monitor each facility for England and Wales on a regular basis to confirm the treatment received by those detained is fair, just and humane.

HM Inspectorate of Prisons ensures independent inspection of places of detention, reports on conditions and treatment and promotes positive outcomes for those detained and the public.

HM Inspectorate of Probation reports on the effectiveness of work with offenders to reduce reoffending and protect the public.

Gov Facility Services Limited provides facility maintenance services to prisons across the South of England.

Prison Service Pay Review Body advises on pay for governors, prison officers and staff in the England and Wales prison service, and equivalent posts in Northern Ireland.

Sentencing Council issues guidelines on sentencing and evaluates the impact of guidelines on sentencing practice.

Youth Justice Board for England and Wales monitors the youth justice system, advises the Secretary of State and identifies and promotes good practice.

Parole Board for England and Wales protects the public by risk assessing prisoners to decide whether they can be safely released.

Advisory Committees on Justices of the Peace in England and Wales interview candidates and make recommendations to the Lord Chancellor about who to appoint to their local benches as Justices of the Peace.

Office of the Judge Advocate General is the office of the most senior Judge Advocate and the Judicial head of the Service Courts.

Judicial Conduct and Investigations Office is an independent office which supports the Lord Chancellor and Lord Chief Justice in considering complaints about the personal conduct of judicial office holders.

Judicial College is responsible for the training of judicial office holders in England and Wales and some tribunals around the UK

Chief Coroners Office provides national leadership for coroners in England and Wales.

Our year in numbers

In this section we outline our performance during 2019-20. Here is a snapshot of the services we provide for the public. Further information on our performance is shown in the performance metrics on pages 26 to 48.

Criminal justice

1.5 million
cases received in magistrates' courts

108,790
cases received in the Crown Court

1.2 million
offenders received sentences at courts

82,990*
prisoners held in England and Wales

247,759
offenders supported by probation services

21,928*
full time equivalent (FTE) prison officers in post

Family, civil and administrative justice

34,000
children involved in public law cases

133,000
children involved in private family law cases

2 million
claims to the County Court

917,550
applications to register Lasting Power of Attorneys

* as at 31 March 2020.

Legal aid

400,867
grants of legally aided representation

£1.7 billion
legal aid funding provided

Corporate

total staffing down by
6%
since 2014

£8 billion
total comprehensive net spend during the year

42%
overall reduction in total emissions against 2009-10 baseline

Parliamentary activity

53
statutory instruments laid

87%
parliamentary questions answered within Parliamentary deadline

Forewords

By the Lord Chancellor and Secretary of State for Justice

I am pleased to introduce the 2019-20 Annual Report and Accounts, setting out the Department's key achievements and progress towards our strategic objectives during the last financial year.

A well-functioning justice system – based on the rule of law and access to justice as a fundamental common law right to which everyone is entitled – is one of the cornerstones of a successful society like ours. It is our job at the Ministry of Justice to protect that system and its fundamental principles.

Working alongside our many partners, the Department delivers prison, probation and youth custody services; administers criminal, civil and family courts and tribunals; and supports victims, children, families and vulnerable adults. We do that by working in partnership with our world-class judiciary, executive agencies and arm's length public bodies, all supported by our excellent corporate functions.

I am extremely proud of the progress we have made towards our vision to create, maintain and protect a justice system that builds a better society, supports economic growth and protects the public. Our achievements over the last year include:

- Passing emergency legislation to end automatic early release at the half-way point for terrorist offenders who receive standard determinate sentences, ensuring that they serve a minimum of two-thirds and are risk assessed by the Parole Board before being released early.
- Passing the Divorce, Dissolution and Separation Act to remove issues that create conflict within the divorce process and introduce a minimum timeframe before the court makes a conditional divorce order so that couples are encouraged to be as constructive as possible.
- Passing the Sentencing (Pre-consolidation Amendments) Act which made technical changes to sentencing law and paves the way for the Law Commission's Sentencing Code, which will consolidate the law on sentencing procedure.
- Introducing a broad range of legislation to support victims and their families, strengthen our approach to sentencing and release of terrorist offenders and enable the UK to participate in key private international law agreements at the end of the transition period. This includes: the Domestic Abuse Bill; the Counter-Terrorism and Sentencing Bill; the Prisoners (Disclosure of Information about Victims) Bill; the Sentencing Code; and the Private International Law (Implementation of Agreements) Bill to Parliament.
- Consulting the public to update the Victims' Code, which will pave the way for a new Victims' Law, guaranteeing victims' rights and the support they can expect from the police, courts and other justice agencies.
- Launching the children's funeral fund to ease the financial burden for grieving families.
- Launching the MyHMCTS digital portal to improve the way legal professionals interact with our civil, family and tribunals services – allowing them to issue and progress cases digitally, manage payments and receive notification of status changes.
- Testing the use of full video hearings in courts and, as part of the coronavirus response, accelerating the delivery of video and audio technology to enable more remote hearings and keep proceedings going.

- Investing additional funding to improve the fabric of prisons by targeting those with the most pressing maintenance issues – we have been able to deliver refurbishments of cells and showers at a number of sites
- Commencing construction of a new 1,680 place resettlement prison at Wellingborough, opening a new 206 place houseblock at HMP Stocken and re-rolling HMP Haverigg from a Category C prison capable of holding up to 268 category C men, to a Category D open prison initially holding up to 458 category D men, with the potential to increase to 570.

At Spending Round 2019, we secured a settlement that represented a 4.9% real terms increase to the Department's resource settlement from 2019-20 to 2020-21, in addition to our largest capital settlement since before 2010. The additional funding is allowing us to improve prison safety and security, respond to increasing demand in the Criminal Justice System, and make significant investments to reform the probation system during 2020-21.

Our ambitious courts and tribunals reform programme continues to modernise and upgrade our justice system – transforming it for victims, witnesses, litigants, judges, court staff, and legal professionals alike. HM Courts & Tribunals Service is now delivering digital services that are designed around users, making justice more accessible and straightforward, bringing it into line with the way people access other modern services.

In May 2019 the Department announced plans to restructure the probation system. From 2021, future probation arrangements will see the National Probation Service take on the management functions of all offenders regardless of their risk level. This joined up approach will give us greater control and flexibility over probation services, providing better access to key services for offenders and helping deliver our objective to reduce reoffending and rehabilitate people.

Last year we pledged investment of up to £2.5 billion to support the modernisation of the prison estate and create 10,000 additional prison places that are decent, safe and secure.

We have launched an ambitious prison building programme to deliver these places, with the planned construction of four new prisons in addition to the two already moving forward at Wellingborough and Glen Parva. The new prisons will improve rehabilitation, support local economies and provide a much-needed boost to the construction sector as it moves into a post-coronavirus world.

Our legal services and judiciary have a reputation across the globe for excellence. The UK is the second largest legal services market in the world, contributing £25 billion to the economy each year and employing more than 300,000 people. We are focused on building a strong future relationship with Europe and the rest of the world, securing legal services market access overseas and creating the conditions for the sector to continue flourishing.

I am extremely grateful to all our staff for continuing to work tirelessly to provide essential public services during the coronavirus pandemic. That dedication enabled prisons, probation services, courts and tribunals to continue delivering and administering justice safely and securely throughout the crisis, minimising the risks to all those who work in, use and visit them.

As we emerge from coronavirus into a reality that looks very different than it did just a few months ago, we will continue working hard to protect and advance the principles of justice. It is important that we learn lessons from the pandemic and use them to continue improving the system for the future.

As I said when I was sworn in to serve as Lord Chancellor and Secretary of State for Justice, I want people to have confidence in a justice system that is fair, open and accessible, that protects victims and makes people safer – a system of which we can all be proud with values that must and will endure.

The Right Honourable Robert Buckland QC MP,
Lord Chancellor and Secretary of State for Justice

By the Permanent Secretary

This is my fifth and final annual introduction to our Report and Accounts. As always, the document before you sets out, I hope plainly and intelligibly, how we have performed this year and how we have spent the public money entrusted to us.

The year under review included just a fortnight of lockdown, towards the end of March. But the lockdown and the wider response to COVID-19 came to dominate all of our lives and the work of the department during the summer and autumn of 2020. Throughout this unprecedented public health emergency, our focus has remained on protecting the public, safeguarding access to justice, looking after those in our care, and supporting our staff. In our courts and tribunals, in prisons and probation, and in all of our professional functions, we rapidly adopted exceptional delivery models, and found new ways of working. And with the help and support of public health experts, we have tackled and mitigated the very dangerous risks of infection.

At the time of writing, we are engineering a return to normal (or better) levels of delivery wherever that is possible, while preserving our ability to manage the consequences of any new wave of infection in the community. We are determinedly working through the backlogs that have built up in some (by no means all) jurisdictions and areas of work.

Leaving COVID-19 to one side, I can report that in our courts and tribunals, HMCTS reform made substantial progress during the year. Judges, courts users, and our own staff, can increasingly rely on online tools to carry out straightforward functions. The extra investment committed to building new prison places will ensure that we put that estate on a sustainable footing, at an acceptable standard of decency. And the work of HMPPS in tackling criminal activity and drug abuse, and in strengthening stability and security, is paying off: we are seeing welcome improvements on many of those troubling indicators. In probation, we are working towards a unified model which brings all offender management together in one place under the National Probation Service. We are now looking forward to equipping the service with what it needs to deliver for the courts and for the public.

At the heart of the department are our staff. We are the second biggest civil service employer with over 70,000 people working predominantly in public-facing roles, but also in offices up and down the country. In responding to the COVID-19 challenges, our staff have shown resilience, professionalism and commitment in ensuring that services continue to be available. Sadly, we have lost some of our own colleagues to the virus, and some of those in our care too. It has been a tough time. My thoughts are with the families and friends of those who have died.

Public service is an important calling, and justice is an essential part of our democracy, our economy and our way of life. I would like to say thank you to all of my colleagues. wherever in the Justice family they work, for the dedication and the expertise they bring to our indispensable work.

Readers will note that it is not my signature under these Accounts, but that of Mike Driver, interim Accounting Officer at date of signing. I have furnished him with a letter confirming that in my view the Report and Accounts are in good order and fit to be signed.

Sir Richard Heaton KCB
Permanent Secretary and
Principal Accounting Officer
until 28 August 2020

By the Lead Non-Executive Board Member

The last year has been very much about the Department delivering against a context of cliff edges, change and disruption. It has been a repeated challenge to keep the Departmental Plan on track. Stability has been the exception rather than the norm. Accordingly, I wanted to start this report by placing on record my admiration and respect for the way in which our executive management, ably led by our Permanent Secretary, Sir Richard Heaton, has steered the Department through some very choppy waters. It has been a sustained effort by a wide and talented team who care deeply about the justice system and its delivery to the public.

The first few months were played out in the shadow of the EU exit negotiations with much contingency planning around both deal and no deal scenarios. The extended negotiations and the stasis in Parliament inevitably drained time and energy from normal business. When the UK left the EU on 31 January 2020, the no deal contingency planning was stepped down, only to be mobilised again to respond to the developing threat posed by COVID-19. As I write this, it is only too evident that this pandemic will dominate at least the rest of 2020.

Brexit and COVID-19 may have been the backdrops but, as the year moved on, the justice system and the importance of law and order were increasingly in the public eye. July 2019 saw a new Prime Minister with different priorities on law and order, centring around his commitments to review the sentencing framework and recruit an extra 20,000 police officers and transform the prison estate and provide 10,000 additional prison places. The terrorist attack near London Bridge in November precipitated emergency focus on restricting the early release of terrorist offenders. December saw the election and the return of a new Government with a strong majority and a number of significant manifesto commitments. The Queen's speech on 19 December spoke of her Government being committed "to a fair justice system which keeps people safe" with new bills to reform sentencing and support victims and returning legislation on divorce and domestic abuse.

The proposed increase in police officers inevitably puts more pressure on a prison system which was already under strain. The pandemic has brought new pressures to much of the estate and officials have had to work at great pace to mitigate the risk of running out of places. Although new prisons are being built, they are principally part of the longer term solution and currently failing infrastructure presents the greater risk to maintaining prison capacity.

Progress on revamping the probation model could help alleviate some of the pressure on the prison system if judicial confidence in community sentences improves. Over the last twelve months significant progress has been made in preparing for the new model of probation services to be implemented upon expiry of the current community rehabilitation company contracts, in 2021. A draft Target Operating Model, detailing the objectives and delivery mechanisms for the new framework of probation services, has been finalised and published.

During the 12 month period covered by this report, our Board met five times and discussed various matters (although one of those meetings focused solely on EU exit). Regular topics included Performance & Delivery, as well as Finance and Risk. We also undertook a number of "in depth" reviews and discussions concerning:

- Technical Debt
- Probation and Sentencing
- Workforce Planning
- The impact of 20,000 extra police officers and
- HM Courts & Tribunals Service Reform Programme

The Board's membership has undergone a significant amount of change. In July 2019, David Gauke was succeeded as Secretary of State by Robert Buckland. The position of Minister of State for Justice has seen three successors and all Parliamentary Under-Secretary of State roles have seen revised incumbents during the year. Liz Doherty stood down as a Non-Executive in August 2019. Her contribution, particularly as Chair of the Audit and Risk Committee, was much appreciated.

With the agreement of the Secretary of State we have decided not to hold a Board Effectiveness Review in 2020. Back in 2019, we conducted a very rigorous review which led to a change in format (very broadly, fewer agenda items and more in depth discussions). Since the new system started to operate, we have had both a new Secretary of State and then an election (as well as the changes at Ministerial level). As a result, there have only been three Board meetings where the new arrangements have operated and it is premature to have another Review at this stage, particularly as it will need also to involve an independent reviewer.

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. Shirley Cooper was appointed Caretaker Chair of the Audit and Risk Committee, replacing Liz Doherty, and provides regular updates and assurance to the Departmental Board including highlighting areas where further challenge and support is recommended.

Shirley has also been active in supporting the Commercial Function and IT and digital/technology agenda and cross-government at the Government Commercial Oversight Committee. This sets the strategic direction for commercial capability and practices across Government, including implementing Prompt Payment Targets. Nick Campsie chairs the Challenge Panel of independent experts appointed to oversee implementation of the Department's probation strategy, in which capacity he meets regularly with the responsible officials, and appraises the Departmental Board. Both Shirley and Nick have used their external experience to help challenge and improve these important aspects of business. As well as regularly discussing current issues with the Permanent Secretary and assisting with future spending review matters, I have continued to chair the Parole Board Tailored Review Challenge Panel and acted as a sounding board on the "no deal" contingency planning.

The Non-Executives look forward to a time when the delivery of the Ministry's operational and strategic objectives can take place in a less challenging global context. In the meantime, we will play our part in supporting Ministers and executive management to find a way to cope with the continuing disruption to business as usual.

Mark Rawlinson
Non-Executive Board Member

Chief Financial Officer's review of the year

Reflecting on the year just gone, we have continued to keep a tight grip on our finances, working hard to live within spending constraints while also continuing to invest in our priorities. We have managed our in-year position through maximising opportunities and controlling spend, taking difficult prioritisation decisions and continuing to focus on risk management. This was never more the case than in our response to COVID-19 at the end of the financial year. COVID-19 will have a significant ongoing impact on the Department and work is ongoing to assess the medium-term financial impacts which will support us in preparing for 2020-21.

This review will focus on the financial performance achieved by the Department in 2019-20. In particular focusing on:

- financial outturn
- investment in services
- sources of revenue
- future plans

Financial outturn

Our expenditure is monitored against four parliamentary control totals. The resource departmental expenditure limit (RDEL) includes in-year spend such as staff costs. Capital departmental expenditure limit (CDEL) covers new capital spend such as buildings and IT. Annually managed expenditure (AME) is for volatile transactions such as new provisions and some impairments of assets, and net cash measures the actual cash we have spent.

In 2019-20, our RDEL as voted by Parliament in the Supplementary Estimate was £8,409 million, our CDEL was £505 million and our total resource AME was £707 million.

In addition to our Spending Review 15 agreement, we received additional funding of £1.3 billion at the start of 2019-20 to address operational pressures in prisons, including pay costs, estates maintenance, HM Courts & Tribunals Service reform and demand-led expenditure of Legal Aid Agency and Criminal Injuries Compensation Authority. This put our finances on a sustainable footing and will ensure that the criminal justice system can respond to the increase in demand from the 20,000 additional police officers announced by the government.

Figure 1 sets out our performance against the Department's parliamentary control totals. A further breakdown of these figures can be seen in table SoPS 1.1 on page 125.

Figure 1: Performance against parliamentary control totals

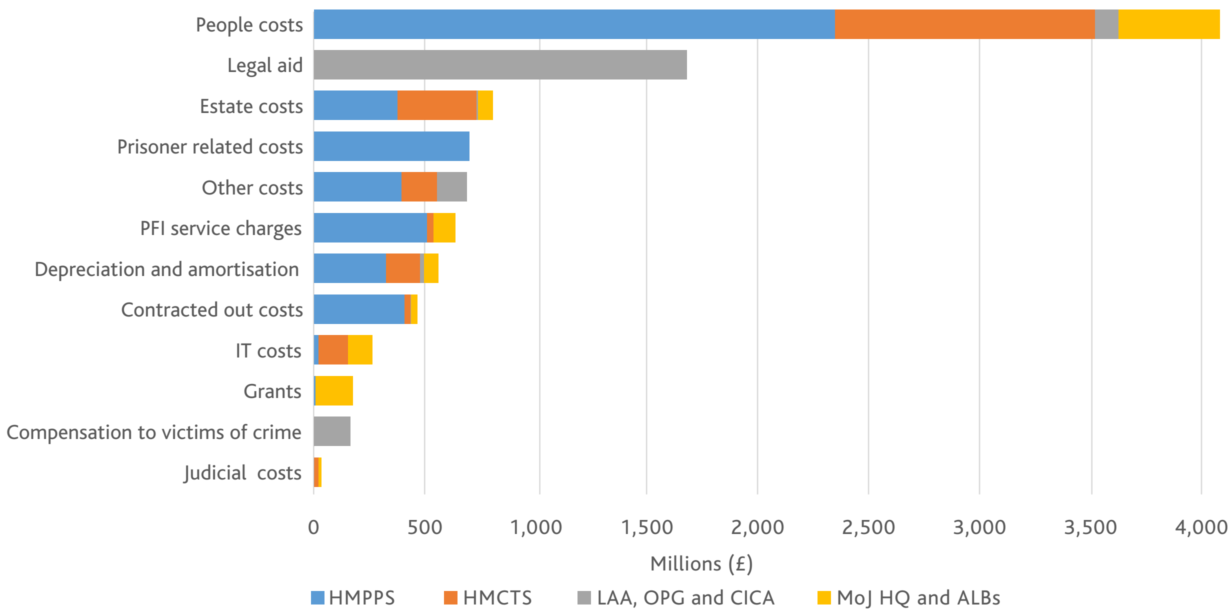
	Supplementary Estimate £m	Outturn £m	Variance £m
RDEL	8,409	8,364	45
Of which administration	426	414	12
CDEL	505	492	13
AME	707	60	647*
Net Cash	8,442	8,106	336

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

RDEL

Around 80% of the Department's budget is spent on operational services - running prisons and probation services, the courts and tribunals system and funding legal aid. Changes in demand for these services are largely driven by policy changes, including actions taken by other parts of government.

Figure 2: Departmental expenditure



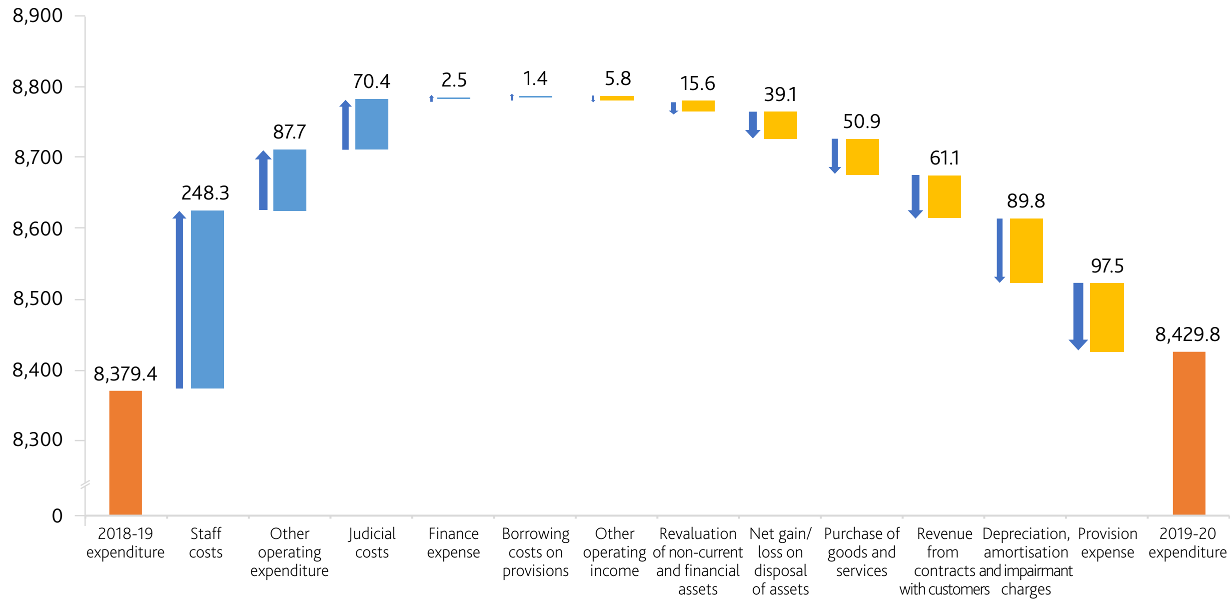
Note: HMPPS - HM Prison and Probation Service; HMCTS - HM Courts & Tribunals Service; LAA, OPG & CICA - Legal Aid Agency, Office of the Public Guardian and Criminal Injuries and Compensation Authority; MoJ HQ and ALBs - Ministry of Justice Headquarters and arm's length bodies

RDEL outturn was £8,364 million against the budget of £8,409 million. Figure 2 shows where we spend our money. The largest area of spend is on our people. Staff costs account for almost 40% of the Department's gross fiscal expenditure, with the biggest employer being HMPPS. The second largest area of spend relates to the payments we make to legal aid providers, and the next relates to estate costs including expenditure on maintenance in prisons and courts. Figure 3 shows the movements in the different expenditure categories from 2018-19 to 2019-20.

Within our RDEL 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 2019-20 business as usual expenditure represented 98.9% of our gross spend. This has ensured we protect delivery of our business as usual services while also continuing to invest in reforms and prioritise funding to tackle our most significant operational challenges, for example prison safety and decency.

Since 2013-14 the Department's proportional spend on administration costs has decreased from 7% to 5% (in cash terms this is a reduction of c.£114 million over the same period). Savings have been achieved by a comprehensive restructuring of back office functions, including a move to a functional leadership model (where corporate services are centralised), smarter working practices maximising use of technology, and moving staff from central London to cheaper accommodation in Canary Wharf, Croydon and other locations.

Figure 3: Expenditure movements between 2019-20 and 2018-19 (£m)



The Department's functional leadership model has provided broader benefits than cost savings. By consolidating corporate services, rather than providing them in each agency, we have increased resilience and consistency of service provision, as well as giving our staff greater opportunity to specialise and develop their careers within the Department. We have seen some of these benefits in the Department's response to the COVID-19 crisis, where our finance, commercial, HR and digital teams were able to respond quickly and support the Department to continue to deliver.

We made good progress during the year in supporting prompt payment to our suppliers, reflected in a steady reduction in the number of invoices awaiting payment. The COVID-19 outbreak caused a temporary spike at the end of the year, which has now been fully reversed due to the actions we took to make payments as quickly as possible. We have worked closely with our suppliers during this period to secure the delivery of vital goods and services, and provide appropriate financial reliefs in line with Cabinet Office guidelines.

EU

The department received a total of £30.46 million for regular EU Transition activities.

The main programmes of work revolved around the following areas:

- Ensuring our courts are ready for potential increases in demand brought into the system as a result of the end of the Transition Period on 31 December 2020, especially in Immigration and Asylum and Commercial cases. Judges and supporting staff need to be recruited and trained appropriately in accordance with changes in UK law arising from the UK's departure from the EU.
- Supporting the engagement and negotiation process between the UK and the EU. This includes ensuring that negotiations to maintain, improve and grow UK legal services market access across the globe, a market that currently contributes £25 billion to the economy, are appropriately resourced.

Investment

The Department is focused on three key investment programmes: courts and tribunals reform; prison expansion and probation reform.

Courts and tribunals reform and maintenance of our buildings

During 2019-20, we invested £151.4 million of capital (supported by £39.8 million of net revenue spend). Our aim for 2019-20 was to continue to modernise the courts and tribunals estate, technology and ways of working to deliver justice in a way that meets the needs of users, supports our independent judiciary and legal professionals, and provides value for money and better access to justice. The HMCTS reform portfolio has made significant progress, with key achievements including: new digital services for family and public law and immigration and asylum tribunals being launched into public beta in January 2020; over 70,000 cases heard through the Single Justice Service case management system; and over 6,000 pleas taken online, reducing delay and waste. Our priorities for future spending are to keep all court users safe and secure within buildings that comply with legislation and regulatory requirements, for example fire safety, Equality Act and health and safety. We also strive to reduce the instances of lost capacity such as failures in heating and cooling as well as building fabric.

To support the wider HMCTS response to COVID-19 and recovery, some projects have been prioritised, adapted and accelerated against original plans, and resource has been re-allocated. The aims of the fully video hearings project have been adapted, and a central audio-video taskforce established to rapidly roll-out audio and video hearings at scale. The fully video hearings project has concentrated on providing their current solution at scale, as quickly as possible. The future operations tactical team have successfully set up an accelerated audio/video hearings support line.

HMCTS delivers capital maintenance either through our facilities management suppliers or, for major projects (>£1 million), via wider Ministry of Justice frameworks. We use our 'core building' strategy to achieve better and more sustainable outcomes, while leveraging cheaper prices by combining works together and improving satisfaction through greater stakeholder engagement. With greater future funding certainty, we can drive further cost savings and deliver outcomes quicker, by developing greater confidence in both future planning and more localised supply chain relationships.

Prison expansion

In 2019-20 HMPPS spent £124.7 million (in capital expenditure) on prison expansion and reconfiguring the current estate. We have completed the demolition of the former HMP Wellingborough and commenced construction of the new prison at the site. We have also completed demolition and entered into a pre-construction services contract for a new prison at the former site of HMP Glen Parva. These new prisons will deliver 3,360 places across both sites. The programme also secured approval for a strategic outline business case for an additional 10,000 prison places following an announcement by the Prime Minister in 2019 of up to £2.5 billion to create places that are decent, safe and secure and support the modernisation of the prison estate. We have started work on delivering that plan including securing outline planning approval to construct a new 1,440 place Category C establishment on land adjacent to HMP Full Sutton, which will be the first of the four new prisons being built. In addition to the above, HMP Haverigg was re-rolled and changed its function earlier this year from a Category C closed prison to a Category D (open) prison, providing 230 additional prison places.

In 2020-21 we will, following business case approvals, announce our plans for progressing the 10,000 additional prison places and identify and secure sites subject to geographical and planning constraints. We will continue with the construction of and announce the successful operator for the new prison at Wellingborough and launch the competition to select the operator for the new prison at Glen Parva in addition to completing the early works and awarding the main construction contract. The programme is committed to continuing to address the backlog of prison maintenance and renewal by investing in the most urgent projects to prevent further losses of capacity, replacing worn out and failing infrastructure and will begin to design and implement the 'next generation' facilities management solution. Despite COVID-19, plans to reconfigure the estate within the original timescale (by April 2023) are still achievable and are being progressed to ensure we can hold people in the right types of prison to enable effective service delivery that meets their needs.

Probation reform

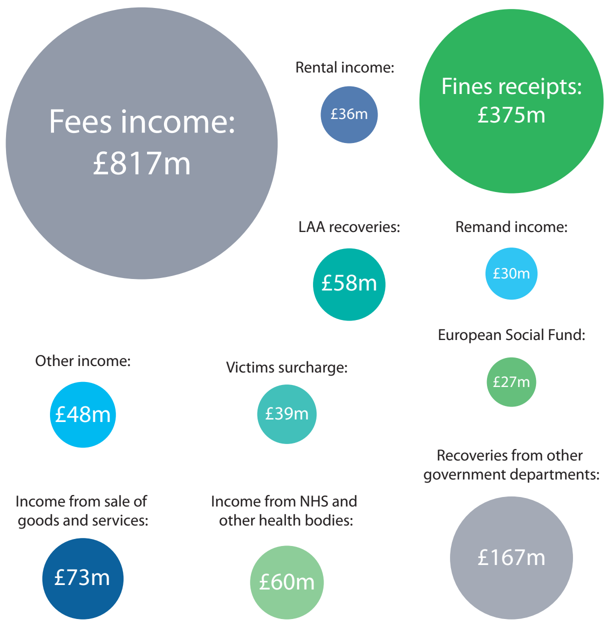
In 2019-20 the probation reform programme published a vision for the future probation system in the form of a response to the public consultation 'Strengthening Probation, Building Confidence'. This proposed a Unified Model for the probation system to be in place by June 2021. More detailed plans were set out in the Draft Operating Blueprint published in June 2019 and the Draft Target Operating Model published in March 2020. We also took the first concrete steps towards the future model with the appointment of 12 regional probation directors for England and Wales, and the completion of offender supervision integration in Wales in December 2019. The programme spent £25 million in 2019-20.

The impact of COVID-19 required a reassessment of plans for the Unified Model, and on 11 June 2020 the Lord Chancellor announced changes to safeguard these plans against any future disruption. These changes will see additional services (unpaid work and accredited programmes) come under the remit of the National Probation Service, but will maintain the original date of June 2021 for bringing new structures and services online. The changes do not affect the programme's ambition to meet the wider Departmental objectives for probation set out in the Department's Justice Strategy and Single Departmental Plan: protect the public from harm caused by offenders; reduce reoffending and improve life chances for offenders; and achieve value for money.

Sources of revenue

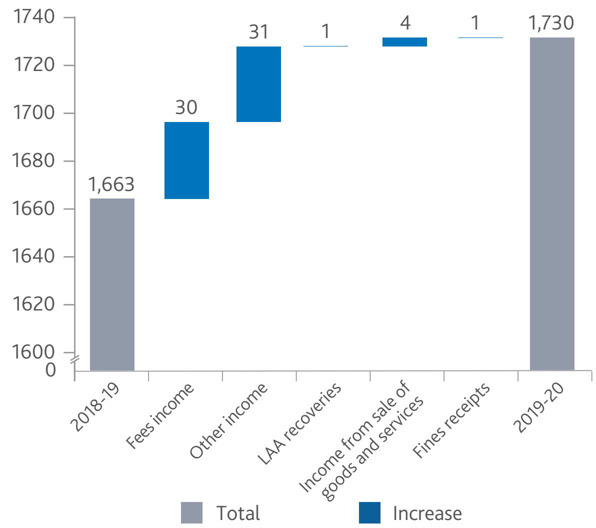
The Department's income comes from a combination of fees, fines, recoveries from other government departments and other income, including collection of historic debt and income from prison industries. As a proportion of our budget, income made up 13% in 2010-11, rising to 21% in 2019-20. We are not expecting this to increase significantly over future years. The breakdown of income can be seen in figure 4 and the movements in income from the previous year in figure 5.

Figure 4: Analysis of 2019-20 revenue sources



Total income in 2019-20 was £1.73 billion compared to £1.663 billion in 2018-19, an increase of 4%. 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 5: Revenue sources and movements since last year



Future plans

Work is ongoing to build recovery plans as we begin to emerge from the COVID-19 pandemic and we continue to work at pace to deliver our manifesto commitments and wider priorities. Inevitably, the impact of the pandemic is likely to lead to some changes to our delivery plans which will inform our preparations for the forthcoming Spending Review. Our response to COVID-19 in prisons and courts has created additional financial challenges in 2020-21. Measures implemented in frontline services to protect users from COVID-19 infection have led to in-year spending pressures. This is likely to be compounded by anticipated lower levels of fee and fine income due to the significant reduction in court activity since March 2020, although this may be partially offset by lower than anticipated spend on legal aid. There remains considerable uncertainty in the forecast outturn for 2020-21 at this stage of the year, which is likely to be significantly impacted by the nature and duration of social distancing restrictions. We are continuing to re-balance resources so they are distributed as efficiently and effectively as possible, particularly as we develop our recovery plans.

Mike Driver CB
Chief Financial Officer
until 28 August 2020

Our performance analysis

Introduction

The Departmental strategy sets out our vision, the outcomes we want to achieve and the strategic priorities we will focus on to achieve those outcomes. In June 2019, we published a Single Departmental Plan, which shows how all the work we do contributes to achieving one or more of those outcomes and sets out the activities which will help deliver our strategic priorities.

Vision

A justice system that builds a better society, supports a growing economy and protects the public

Access to justice
People are able to access justice in a way that best meets their needs

A flourishing legal services sector
The legal services sector flourishes and continues to contribute to the UK's economy

A transparent and efficient court system
The courts system is efficient and cases are resolved in a timely way

- Improve the way that people are supported in their interactions with the justice system
- Build strong future relationships with Europe and the rest of the world, secure legal services market access overseas, and create the conditions for the UK's domestic legal services market to flourish
- Modernise the procedures and infrastructure of our courts and tribunals
- Lead an effective and co-ordinated criminal justice system

Decent and safe prisons
Prisons are decent, safe and productive places to live and work

Public protection
The public are protected from harm caused by offenders

Reduced reoffending
Life chances for offenders are improved and rates of reoffending are reduced

- Provide decent, secure accommodation for offenders, and reduce levels of violence and self-harm
- Reduce the use of prison and increase the use of community and alternative sentences
- Build confidence and trust in an effective probation system
- Work with our partners across government to address the causes of reoffending while offenders are in custody and in the community

Performance against our strategic objectives

Our vision is to create, maintain and protect **a justice system that builds a better society, supports a growing economy and protects the public**. An effective justice system is a cornerstone of a democratic society, enabling individuals to live and businesses to operate in the security that they are protected by the rule of law. It ensures that legal disputes can be resolved fairly and that the criminal law can be enforced in a way which guarantees the right to a fair trial and respects the experience of victims of crime.

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 this is published on GOV.UK.

1. Ensure access to justice in a way that best meets people's needs

1.1 Improve the way that people are supported in their interactions with the justice system

How we achieve this:

- Increase the effectiveness of broader legal support available in line with the Legal Support Action Plan
- Set out our long-term vision for the future of legal aid, review the legal aid means test and undertake a review of criminal legal aid
- Introduce legislation to remove fault from the divorce process
- Introduce legislation to protect domestic abuse victims, including prohibiting direct cross-examination of victims by their abuser
- Publish our response to the Independent Public Advocate consultation

1.2 Build strong future relationships with Europe and the rest of the world to support access to justice

How we achieve this:

- Negotiate future arrangements with the EU on civil and criminal judicial co-operation
- Strengthen international arrangements on civil judicial co-operation

1.3 Protect and uphold the rule of law

How we achieve this:

- Protect the rule of law by upholding protections of equality under the law and of access to justice
- Uphold the rule of law by defending judicial independence and supporting the judiciary to exercise its functions
- Defend the judiciary from unwarranted criticism and prevent judgments being undermined outside the court

2. Support a flourishing legal services sector

Build strong future relationships with Europe and the rest of the world, secure legal services market access overseas, and create the conditions for the UK's domestic legal services market to flourish

How we achieve this:

- Negotiate future relationships with the EU on legal services
- Negotiate future trade deals for UK legal service providers and work to liberalise markets overseas
- Ensure the UK remains a highly attractive place to conduct legal business, focusing on developing the UK as a key LawTech market, and ensuring the law remains fit for the future and is ready to address legal issues arising from new technologies and changing societal trends
- Promote the rule of law and the independence of our legal services to provide a solid foundation for our status as a financial and legal global centre

3. Provide a transparent and efficient court system

3.1 Modernise the procedures and infrastructure of our courts and tribunals

How we achieve this:

- Complete the HM Courts & Tribunals reform programme to increase access to justice through making our system simpler and easier to understand and use, and increase the transparency of the justice system by 2023
- Continue to transform the digital civil money claims service which allows users to claim in a simple, accessible and proportionate way
- Deliver a fully transformed end-to-end probate service and end-to-end divorce service
- Deliver digital transformation of the immigration and asylum service, adoption service, public family law service, civil enforcement service and employment tribunals service
- Improve the use of the court and tribunal estate to become more efficient, flexible and focused on the needs of everyone
- Fully operationalise three courts and tribunal service centres (CTSCs) in Birmingham, Stoke and Loughborough, delivering a set of reformed services
- Introduce measures to simplify the process for private rental landlords to repossess their property and reduce the time taken in court

3.2 Lead an effective and co-ordinated criminal justice system

How we achieve this:

- Improve forecasting and management of demand in the Criminal Justice System
- Drive joined-up improvement of the Criminal Justice System, including through more proactive use of the Criminal Justice Board
- Work with other criminal justice agencies to implement the recommendations made in the Attorney General's Review of Disclosure

3.3 Improve the way that victims and witnesses are supported in their interactions with the justice system

How we achieve this:

- Review the Criminal Injuries Compensation Scheme to ensure it reflects changing crime trends and can better support victims
- Consult on a revised version of the Victims' Code that is less complex and more accessible, and consult on the detail of a Victims' Law, as part of the continued implementation of the Victims' Strategy

4. Ensure that prisons are decent, safe and productive places to live and work

4.1 Provide decent, secure accommodation for offenders and reduce levels of violence and self-harm

How we achieve this:

- Ensure we have enough decent prison places through a balance of building, a sustainable approach to maintenance, and closures
- Build two new prisons at former sites HMP Wellingborough and HMP Glen Parva
- Open a new houseblock at HMP Stocken
- Reconfigure the estate into three functions (reception, training, resettlement) so that prisoners are held in establishments appropriate to their needs
- Implement the lessons learnt from the 10 Prisons Project where needed most across the estate
- Complete the roll out of the Offender Management in Custody model across the estate, delivering key worker training for all prison officers and helping individuals to rehabilitate
- Improve security across the estate to reduce the supply of drugs, weapons and mobile phones
- Establish and implement a new leadership and learning and development strategy, including a senior command course for governors
- Build the skills and strengthen the leadership of the prison workforce, giving them the training and tools to increase productivity and improve outcomes

5. Protect the public from harm caused by offenders

5.1 Build confidence and trust in an effective probation system

How we achieve this:

- Deliver our current improvements to the probation system including the replacement of community rehabilitation company contracts with new arrangements
- Invest an additional £22 million, supporting 500 additional staff in community rehabilitation companies, to improve 'Through the Gate' services for offenders leaving prison
- Introduce reforms to the probation service to place a stronger emphasis on the quality of relationships between offenders and probation officers and to ensure offenders get access to services that support their rehabilitation
- Work with other government departments to support offenders into accommodation, employment and appropriate healthcare
- Recognise the skills and professionalism of the probation workforce through registration and training
- Continue to build a robust, scalable and flexible electronic monitoring service, rolling out satellite-enabled location monitoring capability

5.2 Reduce the use of prison sentences and increase the use of community and alternative sentences

How we achieve this:

- Develop options for restricting the use of short custodial sentences
- Implement a new release on temporary licence (ROTL) policy framework
- Consider ways to increase the use of non-custodial sanctions

6. Reduce rates of reoffending and improve life chances for offenders

6.1 Work with our partners across government to address the causes of reoffending while offenders are in custody and in the community

How we achieve this:

- Work with the Department of Health and Social Care, NHS England and Public Health England to ensure all offenders get the mental health and drug and alcohol abuse treatment they need
- Work with the Department of Work and Pensions to ensure offenders have stable employment and/or access to Universal Credit or other benefits for which they may be eligible on release from prison
- Work with the Ministry of Housing, Communities and Local Government to increase the number of offenders who enter stable accommodation on release from prison
- Make effective use of the new prison education reforms and complete the roll out of the New Futures Network to increase the number of prisoners in education or employment during their sentences which improves employment opportunities on release
- Work with partners across government to deliver the Female Offender Strategy

- Open the first secure school
- Tackle racial disparity in the criminal justice system and implement the Lammy Review recommendations

7. Provide excellent functional services

7.1 Provide functional support to delivery

How we achieve this:

- Deliver our financial strategy, allocate our money and manage our expenditure
- Ensure we have the staff to deliver our frontline services and the leadership capability of a high performing department, while building an inclusive and diverse workforce
- Provide expert commercial support and advice, set the overarching commercial strategy, implement commercial standards and manage supplier relationships
- Manage the second largest estate in government to keep it compliant, functional, efficient and environmentally sensitive, and provide solutions aligned to business objectives that are responsive to users' needs and support new ways of working
- Lead the digital transformation of services for over one million users, providing great technology to over 66,000 staff and supporting the delivery of a joined-up digital justice system
- Use effective, insight-driven communications to protect and promote the reputation of the Department, increase unity and engagement and deliver successful policy outcomes aligned to our priorities
- Provide high-quality data and analytical services, helping to ensure strategic, policy, financial, corporate and operational decisions are based on robust evidence
- Professionalise project delivery, raise standards, give staff the right tools, training, support and opportunities and develop the next generation of project delivery professionals
- Provide expert legal advisory, drafting and litigation services to support Departmental operations and policy, conduct litigation on behalf of the Department and manage legal risk

8. Support delivery of EU Exit

8.1 Provide functional support to delivery

How we achieve this:

- Support the government to deliver on the referendum vote to get control of our money, borders and laws, while building a strong new relationship with Europe

Strategic objective 1:
Ensure access to justice in a way that best meets people's needs

Performance overview:

Priority for 2019-20:

Improve the way that people are supported in their interactions with the justice system

We will set 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.

Against the backdrop of EU Exit preparations, December's general election and, more recently, COVID-19, in 2019-20 we have continued to make progress on our legislative agenda, focusing on improving the way our users are supported in their interaction with the justice system. During the year:

- we introduced the Divorce, Dissolution and Separation Bill, to reduce family conflict during separation by removing fault from the divorce process
- we continued to work on tackling the issue of domestic abuse, re-introducing the Domestic Abuse Bill, which included provisions to prohibit direct cross-examination of victims by their abuser in family proceedings
- we worked across government to progress our consultation response on proposals to introduce an Independent Public Advocate, who will act for bereaved families and others following a public disaster and support them through inquests and inquiries.
- as part of the Criminal Legal Aid review, in February 2020 we opened consultation on a package of measures amending the legal aid fee schemes to address areas identified by the legal profession as needing accelerated action. These proposed reforms include a variety of changes to the way legal aid fees are paid to criminal advocates and solicitors and propose an estimated £32 million to £50 million increase in criminal legal aid funding

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.

Workload continues to increase in the family courts as case demand continues to outpace case disposal. Timeliness performance across two of the three largest tribunals (Employment Tribunal and Social Security and Child Support Tribunal) continues to be affected by judicial capacity constraints and significant increases in receipts. The third (Immigration and Asylum Chamber) has again seen improved performance.

As we move forward in 2020-21, we are closely reviewing our priorities in light of the continued impacts of COVID-19. We remain resolute in building on the progress made to improve the way that people are supported within the justice system and will continue to enhance the support provided to victims of crime including:

- the passing and implementation of a Victims' Law that will enhance the rights and support of victims inside the criminal justice system
- implementing Helen's Law, which will place a legal duty to consider the anguish caused by serious violent criminals who refuse to disclose the location of a victim's body, and by sex offenders who refuse to reveal the identities of their victims when considering release
- supporting rape victims, with a £15 million investment to cut delays, speed up charging decisions and keep more victims engaged with the process until trial
- securing Royal Assent of the Domestic Abuse Bill and investing £5 million to help fund a pilot of new integrated domestic abuse courts which will consider family and criminal cases in parallel thus providing more consistent support for victims

Overarching this activity, we will continue to improve the way that people interact with the Justice system, to create a more effective and more responsive justice system that meets the needs of everyone.

Key to metrics

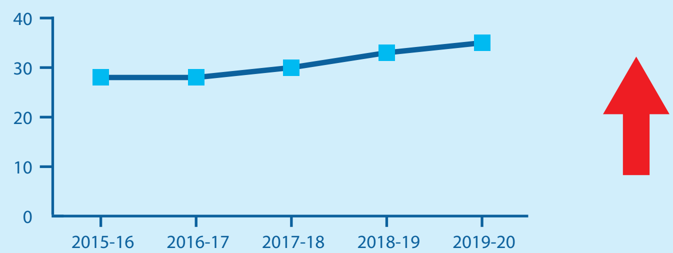
Value change from previous year: Increasing ↑ decreasing ↓ no change →

Progress on previous year: Green – improving ● Amber – marginal or no change ● Red – worsening ●

Performance metrics:

Family court timeliness – public law

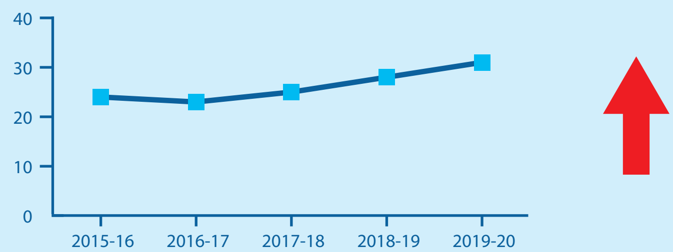
Average time taken for disposal of a care or supervision application in the family court (weeks)



Large increases in the number of cases coming into the system in previous years have meant that the time taken to conclude cases has increased each year since 2016-17. However, during 2019-20 233 new judges have been recruited and have now started work and this year's sitting day allocation has been set at the highest level we can sit – which, before COVID-19, was projected to allow us to stop the rise in outstanding cases, and reduce waiting times over this year.

Family court timeliness – private law

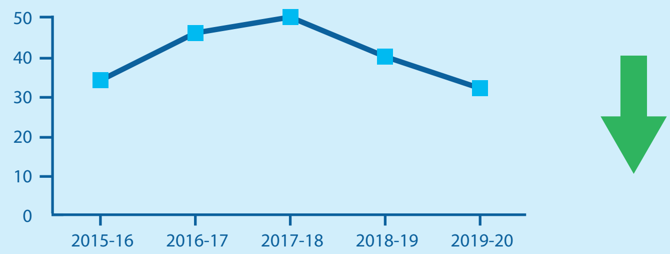
Average time taken for disposal of a section 8 private law application in the family court (weeks)



Significant growth in receipts each year since 2016-17 have meant that the amount of outstanding work has increased. We plan to improve this by sitting more days in 2020-21, using the full capacity of the judiciary available. We expect this to slow the increase in outstanding cases, but since priority will have to be given to public family law, we expect that the total number of cases waiting to be resolved will continue to rise slowly as will average waiting times.

First tier tribunal (immigration and asylum) timeliness

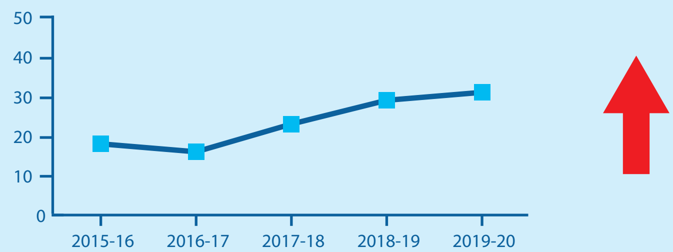
Mean average age of case at clearance



Waiting times have fallen sharply and the outstanding number of cases as of March 2020 is under 20,000, which represents a large fall since the start of 2016-17. We will continue to provide additional judicial capacity to reduce waiting times still further this year, as well as introducing reformed services to help us deal with cases more quickly.

Social security and child support timeliness

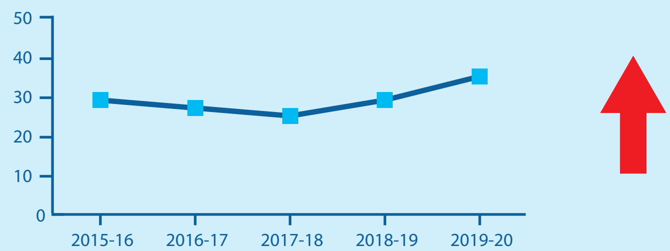
Mean average age of case at clearance



The outstanding workload at the end of March 2020 had decreased by 26% from last year. There were 86,000 outstanding cases at the end of 2019-20, down from 120,000 at the end of 2018-19. However, the average time taken to complete cases is still increasing, partly because older cases are still being worked through as we reduce the backlog. In addition, we are recruiting more judicial office holders and have recently introduced a reformed digital service, both of which should improve progress further.

Employment tribunal timeliness (single cases)

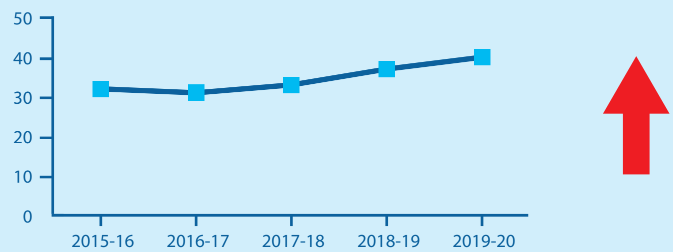
Mean average age of case at clearance



The outstanding caseload for single and multiple lead claims was 37,000 at the end of 2019-20, an increase of 16% from the previous year. This is because the number of claims received increased sharply following the removal of the Employment Tribunal Fee, meaning more claims than we have judicial capacity to hear. We continue to work with the department for Business, Energy and Industrial and Strategy to improve capacity, efficiency and the productivity of the Employment Tribunal.

Civil court cases timeliness

Average time to deal with a small claim (in weeks at the end of the period)



The average time taken to deal with a small claim from the date of issue to completion has increased over the past five years from 32 weeks in 2015-16 to 40 weeks at the end of March 2020. The total volume of claims allocated for a hearing has continued to increase, from 177,033 in 2018-19 to 184,877 in 2019-20.

These increases, alongside a shortfall in the number of successful District Judge appointments following recruitment campaigns this financial year, has contributed to the increase in waiting times.

Strategic objective 2:
Support a flourishing legal services sector

Performance overview:

Priorities for 2019-20:

Build a strong future relationship with Europe and the rest of the world, secure legal services market access overseas and create the conditions for the UK's domestic legal services market to flourish

Build on the existing strength of our judiciary's reputation and the English law to create the right environment for the legal services sector to flourish as we leave the EU, embracing and encouraging the development of new technology within legal services and ensuring that the law is ready to respond to disputes of the future as society and technology changes

'The UK's Approach to Negotiations' with the EU, published on 27 February, set out the Government's objective to secure a future relationship with the EU based on free trade agreements which already exist, and noted that there may be scope to go further on Professional Business Services. We have ensured that key departmental priorities in respect to legal services have been part of the negotiations.

Beyond negotiations with the EU, we are also seeking to deliver improved market access for the legal sector in other countries, including through free trade agreement negotiations with the US, Japan, Australia and New Zealand.

We progressed an ambitious programme of work to support a flourishing domestic legal services sector, securing a £2 million grant to develop and begin to deliver the LawtechUK Vision with the objective of supporting the digital transformation of the UK legal services sector.

In response to the COVID-19 crisis, we are working at pace with the legal services sector to understand and address the impact of COVID-19 on the sector as well as to support the sector to prepare for the end of the EU Exit transition period on 31 December 2020.

Strategic objective 3:
Provide a transparent and efficient court system

Performance overview:

Priorities for 2019-20:

Lead an effective and coordinated criminal justice system

We will work more proactively with our partners to improve the co-ordination of the criminal justice system. We will ensure that we understand the impact of choices in each part of the system and work together to find solutions to cross-system challenges. We will introduce a Victims' Code and consult on whether a Victims' Law would improve support for victims.

Modernise the procedures and infrastructure of our courts and tribunals

Through the HM Courts and Tribunal Service (HMCTS) reform programme, we will continue to modernise our buildings, technology, and ways of working 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.

The HMCTS reform programme has made significant progress, with key achievements including:

- the launch of MyHMCTS, a service which allows users to pay for and manage all their court and tribunal applications in a single place
- new digital services for family and public law and immigration and asylum tribunals have been launched into public beta in January 2020
- the opening of the third courts and tribunals service centre (CTSC) in Loughborough in February – the first two CTSCs in Stoke and Birmingham, which opened in January 2019, operated successfully throughout 2019-20, allowing HMCTS to run consistent, national administrative services with improved resilience. The centres have over 350 staff between them and handle work from the divorce, probate, social security and child support (SSCS), family public law and the single justice digital services. The CTSCs have already improved our ability to progress cases, providing better support to users
- the hearing of over 70,000 cases through the Single Justice Service case management system – we have taken over 6,000 pleas online, reducing delay and waste
- fully video hearings are now taking place on the new video platform
- significant progress has been made on the development of the common platform, a single system for HMCTS, the police and the Crown Prosecution Service to access and progress cases. The system includes new functionality of HMCTS case handling, hearing and resulting. The introduction of this functionality to early adopter courts began in 2020.

As part of the drive to lead an effective and co-ordinated criminal justice system, we continue to consult on proposals for amending the Victims' Code which aims to improve the level of service provided to victims of crime within the Justice system.

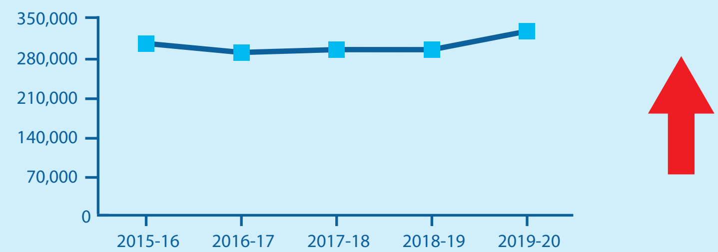
After many years of falling caseloads in the criminal courts, 2019-20 saw them increase; and sitting days had not been allocated to keep pace, which meant that outstanding caseloads increased and timeliness worsened. Additional days were added during the year, which helped, and agreement was reached to add more sitting days in 2020-21 to address the issue, but this was overtaken by COVID-19 impacts on the system.

The impact of COVID-19 has seen unprecedented measures adopted across the whole courts and tribunal system. As part of our emergency response phase, in March, we began prioritising cases to ensure that the court system could continue to function safely. We suspended all new jury trials and published new guidance on security and social distancing arrangements in court and tribunal buildings, operating a network of open, staffed and suspended courts. During April, the number of cases heard each day in England and Wales using audio visual technology reached up to 3,000 per day (increased from 1,000 per day in March). As we move into the recovery phase our planning looks to create the conditions to operate under a 'new normal', including stepped increases to maximise capacity and reduce the growth of work-in-hand as a result of the pandemic.

Performance metrics:

Magistrates' court cases outstanding

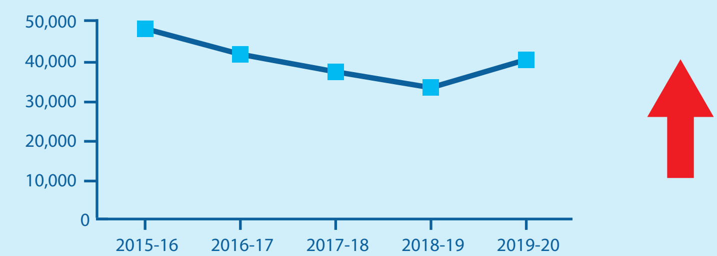
Outstanding criminal cases in the magistrates' courts in England and Wales (number of cases outstanding at end of period)



Outstanding criminal workload in the magistrates' courts rose over 2019-20, with an 11% rise in the number of outstanding cases between the end of March 2019 and the end of March 2020. This rise was primarily in the final quarter of 2019-20, including impacts of COVID-19 which reduced the number of cases heard in March 2020.

Crown Court cases outstanding

Outstanding criminal cases in the Crown court in England and Wales (number of cases outstanding at end of period)



The number of outstanding cases was at a long-term low at the end of 2018-19, after sustained falls in criminal receipts. These rose in 2019-20 and the allocated sitting days did not anticipate the rise sufficiently, which meant that outstanding cases increased from just over 33,000 at the end of 2018-19 to just over 40,000 at the end of 2019-20. Additional sitting days were allocated in-year to reduce this rise; and agreement was reached to offer a significant increase in sitting days for 2020-21 in order to address this; but the impacts of COVID-19, which are particularly acute on jury trials in the Crown Court, will give rise to an additional challenge and make it harder to sit at the level that would clear the outstanding cases.

Strategic objective 4:
Ensure that prisons are decent, safe and productive places to live and work

Performance overview:

Priority for 2019-20:

Provide decent, secure accommodation for offenders, and reduce levels of violence and self-harm

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

Our prison capacity programme aims to provide decent living conditions and ensure we have enough modern prison places. In 2019, we commenced construction of a new 1,680 place resettlement prison at Wellingborough, opened a new house block at HMP Stocken, and re-rolled HMP Haverigg from a Category C prison capable of holding up to 268 Category C men, to a Category D open prison initially holding up to 458 category D men. We remain on track for HMP Wellingborough to be ready for use by the end of 2021 and for a new prison on the site of HMP Glen Parva to be ready for use by Spring 2023. In doing this we will be creating around 3,360 new and modern prison places that will encourage rehabilitation more effectively.

We continue to invest additional funding to improve the fabric of prisons by targeting those with the most pressing maintenance issues. Additional funding was made available in 2019-20 to address some critical maintenance issues and we have put plans in place for an expanded maintenance programme for 2020-21 on the back of the additional £156 million committed to improving the existing estate. A draft programme of maintenance and renewal for 2020–21 has been approved. This includes shower refurbishments, asset replacement (based on highest risk items likely to fail, on hire, or requiring frequent maintenance), Health, Safety & Fire and critical capacity schemes.

In August 2019, the Government pledged £2.5 billion to create a further 10,000 modern and efficient prison places. These new prison places will provide improved security and additional training facilities to help offenders find employment on release, boost rehabilitation and reduce reoffending. As court activity resumes following COVID-19, the prison population is expected to start increasing and in the longer term, the population is projected to increase as an additional 20,000 police officers become operational. The additional prison places will provide decent and appropriate accommodation to meet the expected increase in the prison population, which stood at 82,990 at March 2020.

For the first time in many years, we are pleased to see violence in our prisons starting to decrease. We are not complacent however, as incidents of self-harm continue to rise. We are focused on preventing drugs and weapons from entering our prisons, building the skills of prison officers, and improving the everyday processes that ensure that prisons are safe and operate to consistently high standards. We continue planning for the delivery of a £100 million investment in prison security. In January 2020 we announced plans to introduce x-ray body scanners at 16 of our most challenging prisons, following on from the success seen in prisons that received them during the 10 Prisons Project and in our high-security estate.

There remain high levels of violence and self-harm within the youth estate. To help us tackle this, we have introduced dedicated youth justice training for all prison officers in the Youth Custody Service (YCS) as well as in-room telephony to all YCS establishments. The phones have enabled children to maintain contact with their families and others, especially in recent months. In June 2019 and January 2020, we held the first peace symposiums to bring partners together and build an ethos across the YCS which puts children at the heart of everything we do.

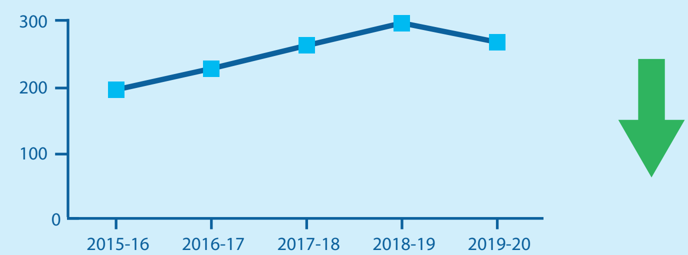
Since the year end, the Government has announced further investment in the prison and probation service. As part of the commitment to provide 10,000 prison places, the Government gave the go ahead to build four new prisons which will provide around 6,500 additional and modern places across the estate. This is in addition to the two already moving forward at Wellingborough and Glen Parva. As well as providing secure and appropriate accommodation to those in custody, the building of the new prisons will provide a much needed boost to the construction industry.

In June 2020, the Government also announced an additional £140 million to improve the prison youth custody and probation estates, increasing capacity and improving IT services. This new investment will help to deliver a better and more secure environment for those in custody and provide better technology and education, so that offenders are better able to find work on release and move away from criminal behaviour.

Performance metrics:

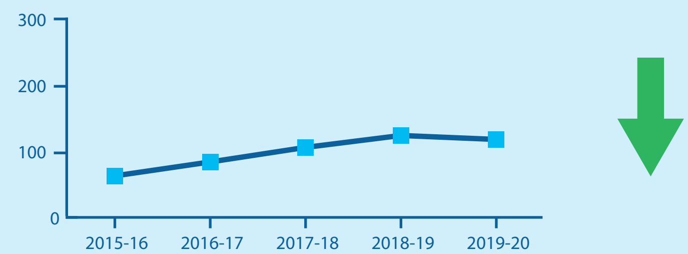
Assaults on prisoners by prisoners

Rate per 1,000 prisoners



Assaults on staff by prisoners

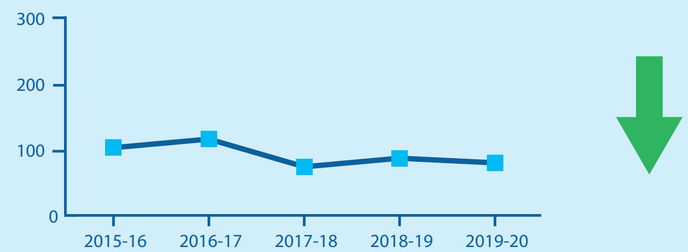
Rate per 1,000 prisoners



The rates of prisoner-on-prisoner assaults and assaults by prisoners on staff fell in the 12 months to March 2020 compared with a year earlier.

Self-inflicted deaths in prison custody

Incidents of self-inflicted deaths (number of incidents)



The number of self-inflicted deaths in prison custody fell in the 12 months to March 2020.

Strategic objective 5:
Protect the public from harm caused by offenders

Performance overview:

Priorities for 2019-20:

Build confidence and trust in an effective probation system

As we consider ways to reduce the use of prison and strengthen community sentences, we need an effective probation system which protects the public, punishes and rehabilitates offenders, and that judges can trust. We will focus on ensuring we have an effective probation system that enforces tough community sentences, while giving offenders the rehabilitative support they need to turn their lives around.

Reduce the use of prison sentences and increase the use of community and alternative sentences

Prison will always be an important way of ensuring that we protect the public and punish the most serious offenders. However, to ensure we are delivering justice that works, we will consider whether prison is effective for those serving short sentences, and whether tough community sentences are likely to have a more positive impact on reoffending.

During 2019-20, we introduced probation reform, made significant changes to how we deal with the release of terrorist offenders and took steps to continue to support the professional development and retention of our key workforce alongside close management of our prison capacity.

Performance in the National Probation Service (NPS) has been strong during 2019-20, with overall performance at or above target. Within NPS divisions, there has been varied performance and we recognise that improvement in the community Rehabilitation companies (CRC) is needed. Three of the CRCs to have undergone an inspection by HM Inspectorate of Probation, have now improved their overall rating to good. The remaining five 'require improvement'.

In May 2019 we announced ambitious plans for the future of probation. The unified probation model will come into effect in England when current CRC contracts expire in June 2021. The probation reform programme aims to stabilise probation delivery, promote improved rehabilitation of offenders, and improve judicial and stakeholder confidence.

Key progress highlights of the programme include:

- the transfer of offender management functions in Wales from Seetec to the NPS in December, as part of an accelerated transition involving the transfer of 300 staff
- In January 2020 we launched a probation workforce programme. This is a parallel programme to the reform programme focused on ensuring the new unified service has the right staff in the right places at the right time
- to best align with the future probation model, we have extended the existing CRC contracts by a further six months. The CRC contracts will now run to June 2021
- using lessons learnt from the transition of the offender management function in Wales, the management of low and medium risk offenders in England will pass from CRCs to the NPS in June 2021, thus allowing time to implement these complex changes safely.

The impact of COVID-19 required a reassessment of plans for the Unified Model, and on 11 June 2020 the Lord Chancellor announced changes to safeguard these plans against any future disruption. These changes will see additional services (unpaid work and accredited programmes) come under the remit of the NPS but will maintain the original date of June 2021 for bringing new structures and services online.

In the wake of the London Bridge attack in November 2019, we led a piece of emergency legislation (Terrorist Offenders Restriction of Early Release Bill) to standardise the earliest point at which terrorist offenders may be considered for release, and to require that any release before the end of the sentence must be assessed by the Parole Board. This bill received royal assent in February 2020.

We continue to work closely with law enforcement agencies and have reviewed how TACT (Terrorism Act) and TACT related offenders are managed in the community. In addition to introducing emergency legislation, this includes considering whether additional licence measures are appropriate; undertaking a review of how effectively multi-agency public protection arrangements operate when it comes to the management of TACT; and reviewing our Approved Premises estate across England and Wales to ensure that it is ready to better manage TACT and other very high-risk offenders.

We issued a new Release on Temporary Licence (ROTL) Policy Framework in May 2019, with its aim being to help facilitate the rehabilitation of offenders, through preparing them for reintegration into communities after release. We are collecting and evaluating data, and though it is too early to measure the true impact of this framework, we have seen a 23% annual increase in prisoners having at least one incidence of ROTL. ROTL allows prisoners to leave prison for short time periods as a key element of their preparation for safe release, including opportunities to take up paid or voluntary work.

ROTL failures have been proportionally very small. In context, there have been 117,576 incidences of Release on Temporary Licence, over 99% of which were successfully completed. Up to the end of March 2020, two thirds of all ROTL has been work-related, showing a 40% annual increase.

We completed the roll out of satellite enabled location monitoring across England and Wales in September 2019 and, building on that success, also made the capability available for use with youths in March 2020. Using GPS technology to record an individual's movements is an innovative way to manage offenders in the community, both increasing public protection and delivering a cost-effective alternative to custody where appropriate.

Making sure that staff have the resources, the skills and the right tools to transform lives is a key priority. We have seen a net decrease of Band 3-5 prison officers in post during this financial year. Though we have adequately managed ongoing turnover and have reduced the time it takes to hire, we been unable to keep pace with areas where there have been the highest levels of attrition. A higher attrition rate is normally expected among new starters within their first two years of service and, following major recruitment campaigns over the last two years, we now expect this position to start to stabilise.

We are committed to providing high quality training and development to ensure the success of our prison and probation officers. We have trained over 3,300 officers on the Prison Officer Entry Level Training programme since April 2019, and placed 350 new officers into the new Level 3 Custody & Detention Apprenticeship. We have passed 550 learners through the Professional Qualification in Probation campaign in late 2019, of which 349 joined NPS and CRC's in January 2020, with the remainder joining the CRC's in July 2020.

Having an inclusive culture that supports all our staff to be their best and reach their potential is important. Through our recruitment campaigns, we have sought to attract a more diverse candidate pool, targeting people from a diverse range of backgrounds and with life skills. We continue to drive the Lammy report delivery programme and have established an 'Inclusive

Recruitment' team to ensure that all Black, Asian and Minority Ethnic

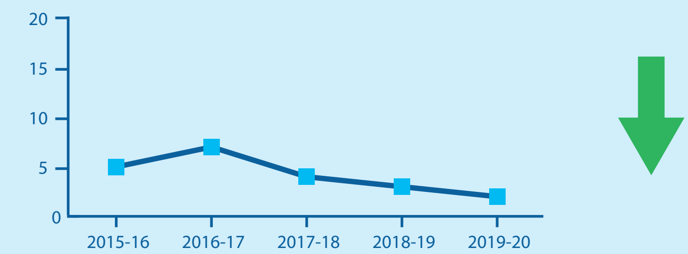
(BAME) staff and candidates have the right support, mentorship and opportunities when working for or applying to a role in HMPPS. The treatment of BAME prisoners is equally important. To reduce discriminatory treatment of BAME prisoners, in February 2020 we published a report on race disparity within the prison and probation system. Periodic reports are now being produced and will be sent to each prison and probation region, highlighting disparities of treatment and outcome against protected characteristics.

As we enter into the delivery phase of the probation reform programme we will work to support a smooth transition to the Unified Model and ensure the successful implementation of the planned changes. This will unify the delivery of offender management, unpaid work and accredited programmes under the National Probation Service from June 2021. We will also begin procurement activity to secure the expertise of private, voluntary and community organisations through the Dynamic Framework to deliver rehabilitation services in the future. We will support these reforms with the extra £155 million investment in probation, which was agreed in 2019-20.

Performance metrics:

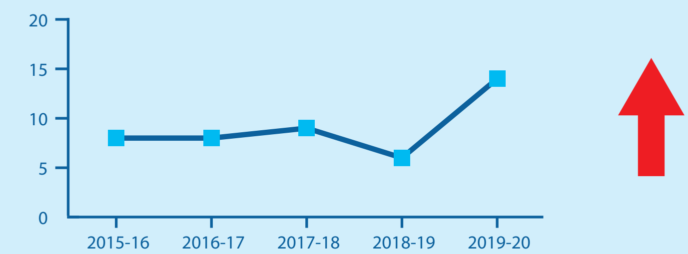
Escapes from prison and prison escorts

Incidents of escapes



Escapes from contractor escorts

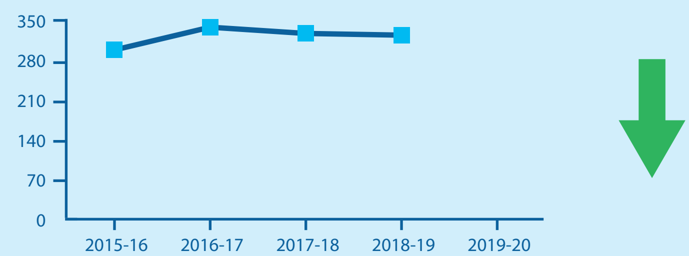
Incidents of escapes



Escapes from prison establishments and from prison escorts remained low: there were two in 2019-20, down from three a year earlier. However, escapes from contractor escorts rose to 14 compared to six in the previous year.

Serious further offences

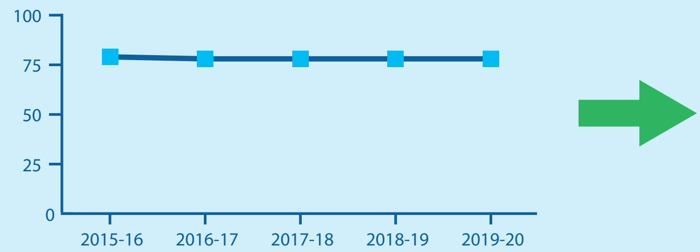
Number of annual serious further offence convictions



Serious further offences resulting in a conviction fell from 327 to 324 for the year 2018-19. Figures for 2019-20 are due to be published in October 2021.

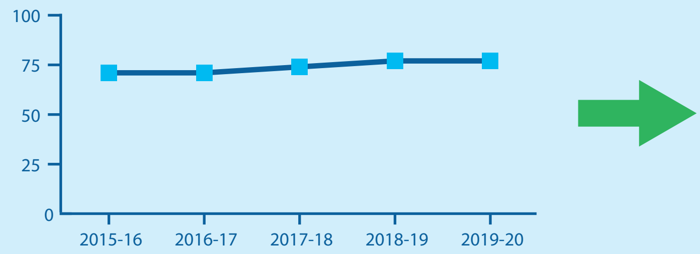
CRC community orders and suspended sentence orders

% of CRC completion of community orders and suspended sentence orders



National Probation Service community orders and suspended sentence orders

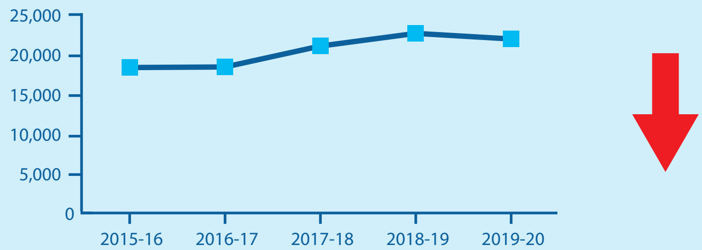
% of NPS completion of community orders and suspended sentence orders



Performance of the NPS and CRCs in the percentage of Community Orders and Suspended Sentence orders completed was maintained in 2019-20, and **remained ahead of target**.

Prison officer numbers (FTE)

Prison officer numbers (number of FTE band 3-5 prison officers)



There were 21,928 FTE Band 3-5 prison officers in post at 31 March 2020, a decrease of 702 (3.1%) since 31 March 2019.

Strategic objective 6:
Reduce rates of reoffending and improve life chances for offenders

Performance overview:

Priority for 2019-20:

Work with our partners across government to address the causes of reoffending while offenders are in custody and in the community

We will use our evidence of which interventions are most effective in reducing reoffending and work with other government departments to ensure we are providing those interventions to offenders.

Working collaboratively with our partners across the HMPPS agency and across government departments will ensure that we reduce reoffending and give offenders the best chance of making a success of their lives outside custody.

To provide the best outcomes for offenders, prisons and probation work closely together. During 2019-20, we continued with the Offender Management in Custody (OMiC) programme. We have introduced a 'Key Worker' model with all 92 adult male prisons now delivering some key work. The role of the key worker is to engage, motivate and support prisoners through their custodial sentence, giving them the best opportunity to turn their lives around and become law abiding citizens on release. The second phase of the OMiC model has commenced in all closed male prisons to move responsibility for offender management from the community into custody for those offenders serving longer term sentences. This introduces the role of Prison Offender Managers, who are providing one-to-one supervision in prison offender management units.

To reduce reoffending rates for adults, children and young people released from custody, we have created a reducing reoffending directorate to influence change in culture, behaviours and actions internally and externally. The department will provide challenge to entrenched thinking, as well as recognising and celebrating what we are doing well and highlighting what we are not doing so well.

To support the rehabilitation of young people, in July 2019 we announced Oasis Charitable Trust as the successful applicant to run the first Secure School. This will be located on the site of the former Medway Secure Training Centre, but with the buildings heavily adapted and refurbished to provide a bespoke Secure School environment. Though challenges remain we aim to register the school as both an Academy and a Secure Children's Home to deliver a therapeutic environment with integrated care, health and education services for children and young people in a secure setting. We intend the Secure School to be a charitable endeavour at its core, and based on our current plans, we are expecting the Oasis Restore Secure School to open in 2022. While we develop the Secure School model we continue to invest in the existing youth estate and opened an Enhanced Support Unit at HMYOI Wetherby in September 2019. This builds on existing Enhanced Support Units at other youth sites which provide a specialist service to some of the most complex young people in the justice system.

We have worked to provide support for offenders leaving prison to reintegrate into society, focusing on four key areas: accommodation, families and communities, employment, and the transition from prison into the community. Working in partnership with the Department for Work and Pensions to support improved access to benefits and work, prison Governors can now commission bespoke education provisions to meet the needs of their population and local labour markets. This is part of our commitment to support offenders to undertake training and learn new skills.

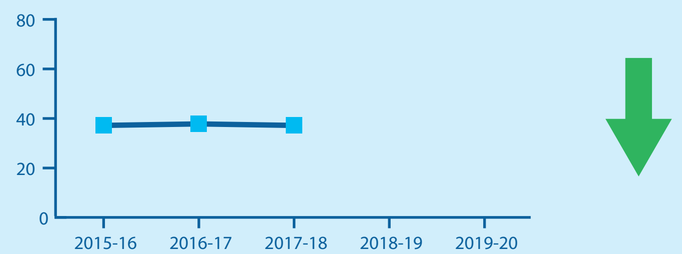
In March we announced additional measures to protect everyone who lives and works in our prisons, approved premises and probation offices while considering measures that can be applied flexibly to help ensure, as we make decisions on prison regimes, that we support family ties. We announced in March a plan to provide 900 secure phone handsets to those 55 prisons without existing in cell-telephony systems. The locked SIM card handsets will allow risk assessed prisoners to speak to a small number of pre-authorised contacts.

As we move forward with investment in our estates and technology, we will provide a modern estate for staff and service users to enhance the quality of relationships and as a vehicle to promote change and provide better environments and information-sharing to support partnership working. We will also invest in upgrades to technology that will enable better recording, sharing and use of data to inform decision making. These changes will enable us to deliver high-quality supervision and targeted interventions, resulting in better outcomes and reduced rates of reoffending.

Performance metrics:

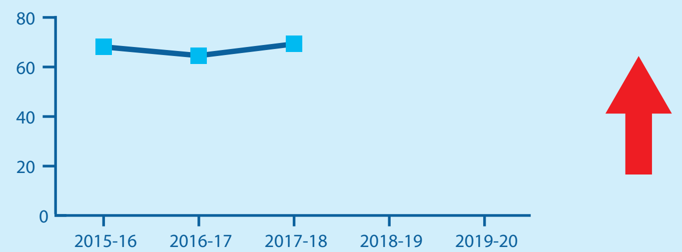
Adult reoffending*

Proportion of offenders who reoffend (%) - custodial release or court order



Youth reoffending

Proportion of offenders who reoffend (%) on release from custody



The proven reoffending rate for adults released from custody or commencing a court order in 2017-18 showed a 0.7 percentage point fall compared to 2016-17, while reoffending for young people released from custody rose over the same period by 4.7 percentage points.

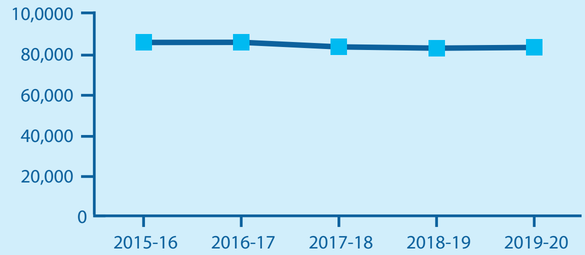
Proven reoffence is where an offender is convicted at court or receives some other form of criminal justice sanction for an offence committed within a set follow-up period and disposed of within either the follow-up period or the waiting period.

Annual figures have been produced by aggregating the four preceding 3-monthly cohorts. This may result in a single offender being included in the annual cohort more than once.

* From October 2015 onwards, adult reoffending data is collected using different data sources to previous quarters - quarters before October 2015 are not directly comparable to those after.

Prison population*

Number of prisoners on remand, sentenced and non-criminal



The total prison population at the close of the financial year was 82,990 with c.97% of total capacity in use. This equates to a less than 1% increase in the 12 months to 31 March 2020, though population numbers have fluctuated during the year.

* Reported at a point in time - 31 March

Strategic objective 7:
Provide excellent functional services

Performance overview:

Delivering and enhancing our public services relies on support from our corporate functions. We are enhancing the functions to meet the growing and changing demands of our users and customers by ensuring they: set clear principles and standards for delivery; provide expert professional insight and advice; champion efficiency and value for money; and engage people in the right roles with the right skills.

Our functions apply our guiding principles for how we deliver services. We are stewards of the justice system. We focus on delivering outcomes and on understanding the impact our work has on people and society. We are champions of innovation and user-centric design and we focus on productivity to deliver value for the public. We provide analysis to understand demand and to enable evidence based decision making.

To achieve this, our functions have supported the business in numerous ways:

- we moved up seven places from 12th to 5th in the prestigious Stonewall Workplace Equality Index, making us the top ranked government department (13.9% of staff are BAME against a target of 12%; 5.6% of Senior Civil Servants (SCS) are BAME, below the 10% target; 13.4% of staff are disabled against a target of 9%; 8.8% of SCS are disabled against a target of 7%) and we maintain our commitment to strengthen the representation of BAME colleagues within strategic decision making roles
- as a 'supply' Department, in the latter part of 2019, over 150 staff were deployed across government to support EU Exit preparations
- the Department reduced reliance on digital and technology contractors and achieved a civil servant to contractor ratio of 80%
- we published a strategic asset management plan in July 2019 setting out the property implications of the 2019–20 Single Departmental Plan, links to cross-government targets and initiatives and how that relates to the current and future requirements of property assets (Ministry of Justice Headquarters estate size per full time equivalent (FTE) staff member decreased from 6.5m^2 to 4.7m^2 at February 2020, meaning the Civil Service 8m^2/FTE target set by Cabinet Office has been exceeded, providing a strong indicator of further efficient use of the estate)
- our communications experts delivered many highly successful campaigns and have played a major role in the Department's co-ordinated response to EU Exit and COVID-19
- we are developing the Department's analytical platform, hosting the first datasets as automated data pipelines, spanning courts, prisons, and Ministry of Justice headquarters
- we enabled new ways of remote working, through the provision of technology and collaborative software to help the Department cope with the challenges presented by the COVID-19 crisis

As a Department, our people response to the pandemic has been framed through inclusion and, specifically, wellbeing, helping all staff to feel they belong regardless of the challenges they are facing. This includes adopting a person-centred approach to ensure we can support all staff, recognising the diversity of our workforce and the workforce we aspire to have. To support this, initial steps we have undertaken are:

- collating a rich and varied resource on the intranet of curated information which we are adding to regularly as we go through each phase of the response

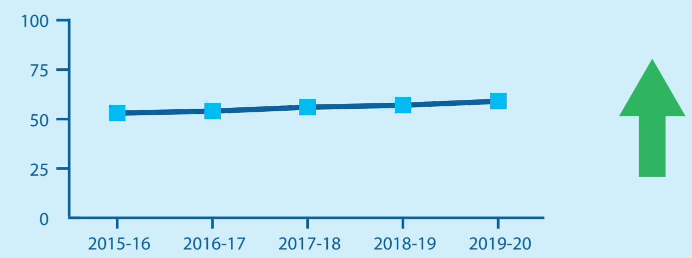
- prioritising guidance for line managers on wellbeing conversations to overcome barriers for those who had never needed to disclose an underlying condition but were now being advised to shield
- progressing guidance and support to address differing and changing circumstances, for example self-care in isolation and home-schooling advice in the early days to more on grief and bereavement as the weeks go on (we have made this advice available across courts and prisons and recognise the different needs of our front line staff and remote staff)
- ensuring that the needs of our staff from under-represented groups are recognised; for example, ensuring that resourcing decisions consider our diversity aims and that we recognise the impacts of COVID-19 on BAME and disabled staff
- enabling a series of staff-led wellbeing webinars and running twice-weekly mindfulness sessions
- continuing to build the capability of our staff network chairs to enable them to lead as heads of voluntary staff support groups (we have increased bespoke support for the chairs such as more frequent check-ins and running specific webinars to help them build a sense of community and support to all staff)

We will continue to draw on expert advice, emerging best practice and seek to learn from our experience to ensure that we keep what is good and to maintain the spirit of a common sense of purpose as we go forward. As we enter the next phase, we will again focus on supporting line managers and staff to have good quality 'return to the office' (physical space) conversations for those who have been working remotely so that everyone can return in a way that maximises productivity while ensuring their needs are met.

Performance metrics:

People Survey engagement score

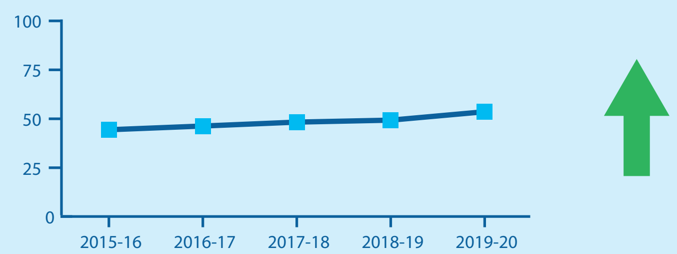
People Survey engagement index score (%)



37,509 MoJ staff took part in the annual Civil Service People Survey which ran in October 2019. The survey saw a 2 percentage point improvement in the Department's headline Engagement Index to 59% and improvements in all nine of the survey's key themes. Results of this year's survey can be found at https://www.gov.uk/government/publications/ministry-of-justice-civil-service-people-survey-results-2019

Representation of female staff at SCS level

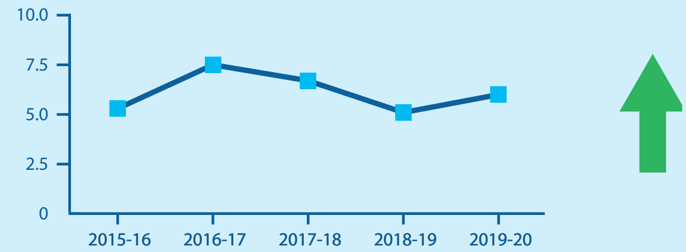
% of SCS who are female



The Department has seen a steady growth in the proportion of female SCS over the last five years. The gender equality network, SCS gender champions and the diversity, inclusion and wellbeing team have worked together to develop and implement a gender action plan. The plan focused on continuously driving gender equality in recruitment, learning and development, and organisational engagement.

Representation of ethnic minority staff at SCS level

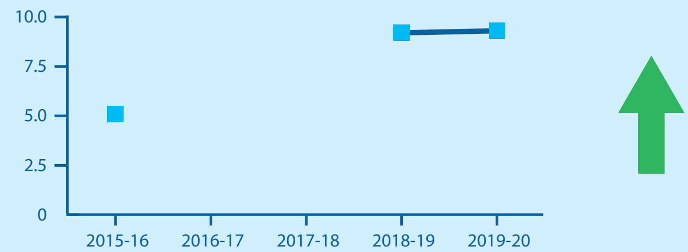
% of SCS who are BAME



Among SCS who have declared their ethnicity, the proportion of BAME SCS has stayed fairly level over the last five years at around 6%. A number of initiatives are underway to increase BAME representation in the Department's SCS, including a range of development programmes such as sponsorship and mentoring for identified high-potential BAME in the feeder grades to SCS.

Representation of disabled staff at SCS level

% of SCS who are declared disabled

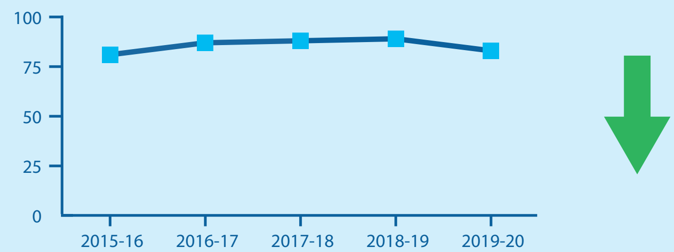


Among SCS who have declared their disability status, the proportion of SCS who have declared they have a disability has increased between March 2016 and March 2020. The mentoring and sponsorship development programmes give disabled staff fair access to career and stretch opportunities and support a sustainable pipeline of disabled talent, aligned with the Department's targets for the flow of disabled staff into the Senior Civil Service. There are two years in the time series where the disability declaration rates were below the statistics reporting threshold.

Ministerial correspondence*

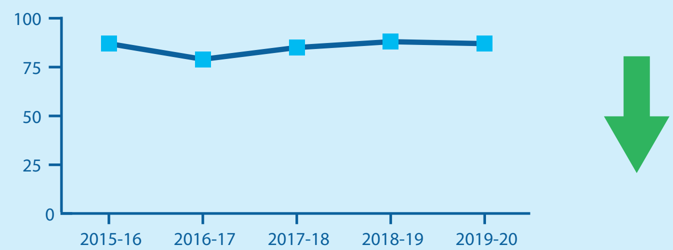
% of ministerial correspondence answered within 15 days

Metric is measured on a calendar year



Parliamentary Questions*

% of Parliamentary Questions answered on time

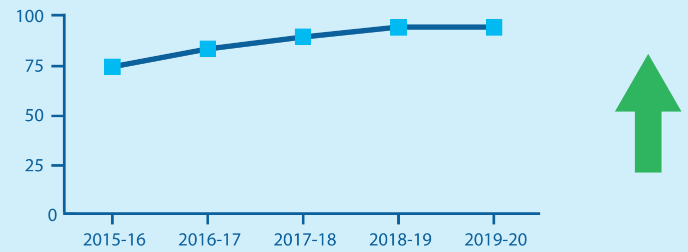


The Parliamentary Questions and correspondence teams work with the Department to establish a consistent performance in responding to correspondence and Parliamentary Questions on time. This is reflected by our response rate where **the Department has met the 80% target set by Cabinet Office for ministerial correspondence and the 85% target set by the Procedure Committee for Parliamentary Questions for the past three years**. The changes in the last year to government, ministers and special advisers, have not impacted significantly on performance. The teams continue to work with the rest of the Department to provide information on process and preferences to help increase capability and improve performance.

* Although a slight decline on the previous year, progress arrows are green, as the department has met the performance targets set by the Procedure Committee.

Freedom of information requests

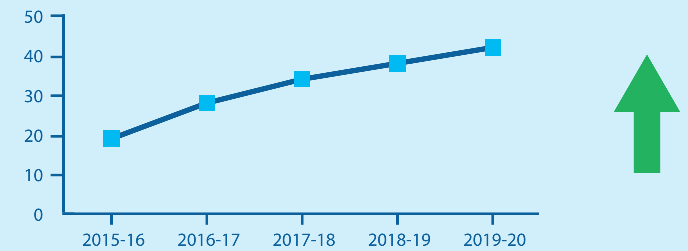
% of freedom of information requests answered within 20 days (calendar year)



We have made a concerted effort to improve and sustain freedom of information performance which has included implementing a new working group to share and build our knowledge across the Department, as well as updating guidance and establishing new ways of using data. The disclosure team has also created a shadowing system within the freedom of information network, in addition to providing bespoke training across different business areas.

Greenhouse gas emission reductions

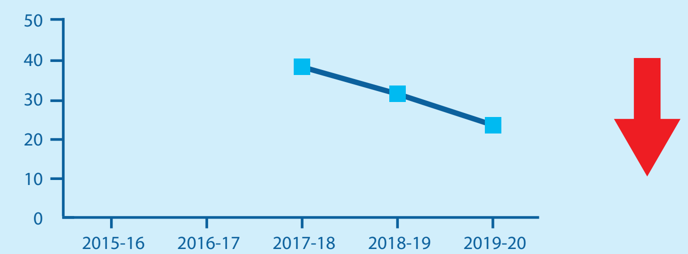
% reduction in total emissions – Scope 1, 2 and 3 (tCO_2e)



The Department has exceeded the 2020 greenhouse gas emissions target achieving a 42% reduction since 2009-10. We have continued to reduce our overall carbon emissions through a range of energy and carbon saving measures and programmes. Going forward we are agreeing stretching carbon reduction targets for 2025 and working towards the government's net zero emissions by 2050.

% of spend that is allocated to small and medium sized enterprises (SME)

% of spend that is allocated to SME



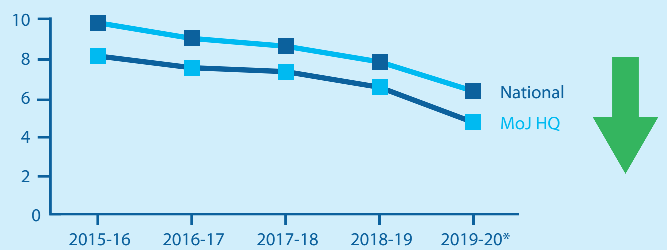
The percentage of spend allocated to SME started being reported in 2017-18.
The latest published figure is for 2018-19 showing achievement of 31.2% against a target of 33%.

A review of the SME classification of our suppliers, bringing them up to date in accordance with how they have grown and developed has resulted in movement of some suppliers out of the SME categories and their spend is no longer counted. The Department remains committed to looking to improve our engagement, management and spend through SMEs and this will be reflected through renewed strategies and action plans.

Property space per FTE staff member

Ministry of Justice Headquarters office estate size per FTE in m^2

National office estate size per FTE in m^2

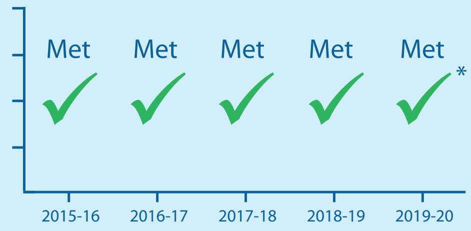


Since the previous year the Ministry of Justice Headquarters estate size per FTE staff member decreased from 6.5m² to 4.7m² and the Department's national office estate size per FTE staff member decreased from 7.8m² to 6.3m². In both cases the Civil Service 8m²/FTE target set by Cabinet Office has been exceeded, providing a strong indicator for efficient use of the estate.

* Data collected for State of the Estate in 2018-19 published in February 2020

£ **Spending control totals met**

Fiscal RDEL



Fiscal RDEL is a measure of cash spend and excludes costs such as depreciation which are included in the parliamentary control total.

* The Fiscal RDEL control total was met following an approval by Treasury to vire budget to cover increased expenditure in the delivery agencies and a loss of income at the end of the financial year, caused by COVID-19.

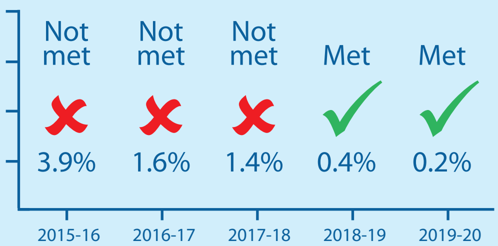
£ **Spending control totals met**

Admin RDEL

The Department continues to meet its administration RDEL. Administration budgets are controlled to ensure that as much money as practicable is available for frontline services and programmes.

£ **Accuracy of financial forecasting**

Year end Total DEL provisional outturn is within 1% tolerance of Period 6 forecast



As a demand-driven Department, analytical modelling is a key input into our finance forecasts. We have a high-quality monthly monitoring regime in place and the reporting of our forecasts is consistent and transparent across our boards and with HM Treasury. We regard being able to forecast accurately as an integral part of financial management and work to continuously improve this within the finance community and budget holders.

Case study: Stonewall's top government employer

The Stonewall Workplace Equality Index lists the 100 best-performing organisations across the private and public sector supporting LGBTQI equality in the workplace. The Ministry of Justice is the top government employer, ranking fifth overall.

Given the broad range of measures within the index, this achievement was a collaborative effort between staff networks, senior staff champions, the diversity, inclusion and wellbeing team, and staff across the Department in areas such as communications, commercial and analytics.

The Department has two staff networks for LGBTQI staff: Spirit, covering all of the Departmental family; and Pride in Prison and Probation (PiPP), specifically for HMPPS. The networks lead on a wide range of activities, including care and support for LGBTQI staff and allies. This year these included PiPP's banter workshops to support staff in identifying and addressing inappropriate language and behaviours in the workplace.

Stonewall commended the Department's trans guidance policy as a leader in best practice, as well as inclusive contract awarding for supply chains, building supplier relationships, training and long-term scrutiny. Other areas where the Department has made improvements in LGBTQI inclusion include organisational policies, procurement and our work with allies, the community and our service users. We also empower our allies to be active and our role models to be visible. We engage with wider LGBTQI community organisations while identifying and addressing issues for our LGBTQI service users.

The Department is committed to building on our successes in LGBTQI inclusion, empowering all areas of the Department to take ownership and deliver.

Strategic objective 8:
Support delivery of EU Exit

Performance overview:

Priority for 2019-20:

Delivery of the best outcome for the justice system and for the UK legal service sector

We aim to deliver the best outcome for the justice system and for the UK legal services sector as part of negotiations on the future relationship between the UK and the EU. We will seek to secure effective arrangements for civil and criminal judicial co-operation, so that individuals, families and businesses have efficient access to justice and the public is protected from harm. We will also seek to protect the interests of the UK legal services sector. Beyond the EU, we will implement a strategy to support the legal sector – and wider justice priorities – worldwide. We will continue to deliver a highly respected, effective and coherent UK human rights framework, and effective international engagement on justice and the rule of law.

We have continued to work to secure the Ministry's interests in the future relationship with the EU, engaging closely with Whitehall colleagues, and where appropriate, engaging directly with the EU and its member states.

The Government published its approach to the negotiations on 27 February 2020. It outlined the UK's negotiating objectives for a comprehensive free trade agreement with the EU, along with its objectives for other supplementary agreements, including in the area of criminal justice and law enforcement. Key Ministry of Justice priorities in respect of legal services and continuing prison transfer arrangements are therefore part of the negotiations.

The Government also confirmed its intention, in its negotiating strategy, to continue working closely with the EU and with European Free Trade Association (EFTA) countries in the area of private international law by seeking to join the Lugano Convention. In support of this application, but also to facilitate improved arrangements beyond the EU, we introduced the Private International Law (Implementation of Agreements) Bill into Parliament. We have continued to play a leading role in developing international cooperation on private international law, finalising both the 2019 Hague Judgments Convention and the Singapore Convention on Mediation.

We have also identified and promoted the Department's key trade interests beyond the EU from a legal services and wider perspective as part of the Department for International Trade-led free trade agreement negotiations, with the US, Japan, Australia and New Zealand. This work is a core element of the Ministry's overall international strategy, which has guided throughout the year our engagement with key international organisations and countries, both overseas and in the UK.

As the guardian of the UK's constitutional relationship with the Crown Dependencies, (CD's), the Ministry has worked closely with the Cabinet Office and the Department for International Trade to ensure that Departments across Whitehall fulfil their constitutional obligations to consult the CD's with respect to both the negotiations with the EU and the trade negotiations with the rest of the world. We worked successfully with other departments to extend the UK's World Trade Organisation membership to the Channel Islands, which constitutes a key plank of their post-Brexit trade policy. We will continue to work closely with the CD's and other Government Departments to ensure that the CD's are prepared for the end of the transition period.

The Department is actively preparing itself and its services for the end of the transition period on 31 December 2020. Whatever the scenario in terms of our relationship with the EU, we will ensure that our courts and prisons are prepared. For the legal services sector, we will engage, working closely with representative bodies, to ensure they are aware of the coming changes, and ready to act accordingly. The Department is also responsible, on behalf of Government, for the establishment of the Independent Monitoring Authority (IMA). This is a body which will monitor the UK's application and implementation of the provisions agreed, under the Withdrawal Agreement with the EU, in relation to the rights of EU and EEA EFTA citizens in the UK. Work has progressed to ensure that the IMA is operational by the end of the transition period, with focus on the appointment of non-executive board members and the Interim Chief Executive, development of a target operating model and development of the organisation's IT infrastructure.

On human rights we have continued to oversee the UK's domestic human rights framework, as well as meeting our international obligations, including regular engagement with the United Nations (UN) and Council of Europe. In May 2019, the Department led a delegation to the UN in Geneva for a dialogue on the UK's compliance with the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. Additionally, in May 2019, the Department coordinated visits of the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment, and in September 2019, the United Nations Subcommittee on Prevention of Torture and other Cruel, Inhuman or Degrading Treatment or Punishment to places of detention in the UK.

Sustainability

The Ministry of Justice is committed to putting sustainability at the heart of its operations and decision making through embedding sustainability principles into everything that we do. We recognise that, as the Department with the second largest estate in government, we have a responsibility to reduce our impacts on the environment and increase biodiversity. In June 2019 the government set a world-leading target to bring all greenhouse gas emissions to net zero by 2050. Public concern for climate change and environmental protection is also at an all-time high meaning that our actions now and in the next few years will define our response to this global crisis. Within the Department we have consolidated sustainability principles within our day-to-day operations and agreed individual sustainability priorities with all chief executives and directors general to guide their decision making. The Department's vision for sustainability is to:

- lead the way in Greening Government
- embed environmental sustainability in everything we do
- support the Department's strategic objectives by reducing reoffending, transforming the estate, reducing costs, and making staff feel proud.

Scope and data quality

The Department reports on sustainability for all its executive agencies and non-departmental public bodies. Included within the scope of this part of the annual report are Ministry of Justice headquarters, HM Prison and Probation Service (HMPPS), HM Courts & Tribunals Service (HMCTS), Legal Aid Agency (LAA), Office of the Public Guardian (OPG) and Criminal Injuries Compensation Authority (CICA).

Sustainability performance data is gathered and validated by Arcadis and Avieco, 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 (Defra).

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 2019-20 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 2019 to December 2019 and therefore does not align with data reported elsewhere in this report which refers to the 2019-20 financial year (1 April 2019 – 31 March 2020). Environmental data for the previous year (2018-19) has been restated to include actual environmental performance for the 2019-20 financial year.[1]

The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business.[2]

This report is prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting' published in the government financial reporting manual 2019-20 on GOV.UK.

UN sustainable development goals

The Department is committed to delivering the UN sustainable development goals and our Single Departmental Plan sets out how our work supports delivery of specific goals. The work of the Department primarily supports delivery of

1 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.

2 https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019

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). 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). Goal 10 (reduce inequality within and among countries, is supported by the Department's work on meeting the needs of young, female and BAME offenders. 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 Department's sustainability team and performance is monitored by the Senior Sustainability Board, chaired by our Chief Property Officer and sustainability champion.

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

- Carbon and Energy Reduction Strategy
- Sustainable Construction: BREEAM Policy
- Sustainable Procurement Policy
- Biodiversity Policy
- Water strategy
- Pollinator Strategy
- Bio-security Strategy and Policy
- Single-Use Plastics Policy

Throughout 2019-20 we continued our Be Seen Being Green staff engagement campaign. Events and campaigns included the Big Garden Birdwatch, International Biodiversity Day, a national BioBlitz, the Wildlife Awards, Earth Hour and Recycle Week. Support and membership of our Green Group increased (now up to 514 members) and eight volunteering days were run by our Green Group co-ordinator. Newsletters and other communications also supported a wide range of activities aimed at further reducing our environmental impact through behaviour change.

Independent reviews

Throughout 2019-20, the Department has been working to address the recommendations of the Environmental Audit Committee (EAC) report on sustainability. In September 2019, our sustainability director and HMPPS programmes director appeared before the EAC as part of a follow-up net zero government inquiry. In response to both inquiries we will be reporting progress to the EAC in 2020.

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 (GGC) framework. Progress is summarised below.

Initiative	Activity in 2019-20 includes
Sustainable procurement 	New contracts require that suppliers meet the Government Buying Standards and the Department's commercial and contract management directorate has committed to agree an approach to reviewing sustainability key performance indicators in all contracts and the pipeline of upcoming tenders. A new Sustainable Procurement Policy was approved by the Senior Sustainability Board in February 2019. As part of the implementation of this policy, the Department's construction framework will include sustainability targets as a key priority in the configuration of the contract reporting process. The Department has an SME Action Plan, published on GOV.UK https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781896/moj-sme-actionplan-v3.PDF, which has a target of 33% spend with SMEs by 2022. The latest published figure is for 2018-19 showing achievement against this target standing at 31.2%. Food provided in our office catering outlets is, where possible, local and in season 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.
Rural proofing 	Working with Defra, 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 further developed since taking a draft to the Policy Profession Board earlier in the year. The aim of the guidance is to ensure 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.

Initiative	Activity in 2019-20 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 new prisons construction 10,000 places programme energy modelling. This will help to reduce summertime overheating, and minimise summertime cooling energy demand. Application of BREEAM requirements will also ensure that new prisons sites and designs consider and address flood risk, rainfall and solar gain. A Climate Change Adaptation Strategy, developed with input from Defra, was approved by our Senior Sustainability Board in February 2020 and was published in the summer, with our plans for climate change adaptation to be put into action next financial year.
Sustainable Construction	The Department is committed to achieving the BREEAM rating of 'excellent' for new builds and 'very good' for refurbishments over stated minimum threshold values in line with our sustainable construction BREEAM policy. Where a BREEAM assessment is required, a costed option to achieve a higher rating than that mandated by the policy is also presented. We are committed to publishing the BREEAM ratings of our new buildings and other major projects annually. To date in 2019-20, nine projects across HMPPS properties have received interim BREEAM certificates, all achieving an 'excellent' rating, and one project for an HMCTS property received a 'very good' rating on the refurbishment and fit-out certificate. 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. Furthermore, processes are being developed to capture smaller projects where the BREEAM policy does not apply, to further embed sustainability across the estate. 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.

Biodiversity

The Departmental estate is one of the largest and most diverse across central government, containing species and habitats representative of both rural and urban settings. It contains nationally and regionally important sites (e.g. SSSIs or NNRs), which have been designated by Natural England and Natural Resources Wales for their biological and geological significance. There are nine sites within special areas of conservation internationally noted for their wetlands and landscape scale conservation. We have a great responsibility to manage our environmentally sensitive sites responsibly and sensitively and are working hard to embed government ambition for the environment into our policy and processes. 60% of our SSSI sites are currently in favourable or recovering condition, and it is anticipated that this will increase to 100% by the end of December 2020 (to allow for seasonal considerations in working times).

By the end of 2019-20, around 50 Extended Phase 1 Habitat Surveys will be complete for our most environmentally sensitive sites, such as large landholdings or those that contain priority species. These surveys will give us a broad and consistent baseline of the condition of our land and, in the future, will be used to quantify the services it provides us and how we can best manage sites for climate change (such as pollination, clean water and carbon absorption). The baseline will also help us to protect and enhance the wide range of species on the estate (e.g. bats and great crested newts) and help us to plan maintenance and prioritise where and how to build new developments. The government's vision is asking us to be ambitious: 10% net gain of biodiversity has recently been mandated, and the estate could have much opportunity to contribute, especially around landscaping, mowing and provision of native flowering species for pollinators.

The sustainability team has been working closely with facilities management providers to improve ecology delivery and is supporting ecological training, audits and troubleshooting. Biodiversity awareness training courses, as well as more specific subjects, are run regularly and open to all staff, contractors or partners.

As well as the strategic priorities, staff and sites are eligible to apply for Departmental Green Group micro-funding. This allows individual action for local priorities important to local people. For example, HMP Berwyn used the opportunity to retrofit some nest boxes for swifts across their buildings and visitor centre, and 102 Petty France replanted the staff courtyard area with native flower species to attract wildlife.

There are strong links between sustainability and protecting the public by running decent and safe prisons that reduce reoffending. HMPPS supports offenders to undertake training and learn new skills that also improve our biodiversity and natural surroundings. A range of opportunities is available for offenders to get involved in wildlife training and horticultural activities, ranging from HMP Ford's plant nursery, providing plants for market gardens and flower beds across the prison service, to farms and farm shops in various prisons that offer a much-valued service to the local communities. Wildlife can offer significant wellbeing and skills opportunities. The HMPPS Wildlife Award showcased environmental good practice and social community projects, with 23 entrants in 2019. The winner, HMP Hewell, was successful for its integrated programme of woodland management and family visit activities.

The Department's ecology team continue to work with their volunteer partners (such as Bat Conservation Trust and Amphibian & Reptile Groups UK) on national habitat creation projects. Two bids for large amounts of matched external funding were contributed to for 2020-21. We have ongoing relationships with Royal Society for the Protection of Birds (RSPB), the Woodland Trust and the British Dragonfly Society. All organisations are working to implement training opportunities for offenders alongside their species and habitat work. This will receive further attention in 2020-21.

Greening Government Commitments (GGCs)

The end of the 2019-20 financial year marks the end of the 2016-2020 round of GGCs. The information in this section therefore outlines performance against these five-year GGC targets. All data shown relates to our performance for the financial year ending 2019-20 against a 2009-10 baseline, unless otherwise stated.

Overall GGC performance

Overall GGC performance 2019-20

Requirement by 2019-20	2019-20 performance	Achievement against target	Explanation where target not achieved
Reduce greenhouse gas (GHG) emissions by 38%	-42%		
Reduce domestic business flights by 30%	-20%		Our staff continue to have a requirement to fly to areas where there is no practical alternative to air travel
Continue to reduce overall waste and exceed 2015-16 levels (-31%)	-27%		Waste across the prison estate has remained largely static or increased over time as new prisons and house blocks are built
Landfill waste to be less than 10%	3%		
Increase recycling and exceed 2015-16 levels (59%)	81%		
Reduce paper use by 50%	-30%		The Department is improving its digital systems to enable a reduction in its reliance on paper but did not meet the 2020 target
Continue to reduce total estate water consumption and exceed 2014-15 levels (-4% target set)	-4%		

Greenhouse gases (GHG)

GHG and financial costs 2019-20

GHG emissions from buildings and travel		2019-20	2018-19[3]	2017-18[4]	2016-17	2015-16
Non-financial indicators (tCO_2e)	Total Gross Scope 1 (Direct) GHG emissions	188,199	185,407	182,544	195,971	195,591
	Total Gross Scope 2 (Energy indirect) emissions	113,158	126,714	159,865	178,950	224,224
	Total Gross Scope 3 (Official business travel) emissions	21,963	22,938	27,939	30,218	39,679
	Total emissions[5]	**323,320**	**335,059**	**370,348**	**405,139**	**459,494**
Non-financial indicators (MWh)	Electricity[6]	356,689	361,258	367,773	350,095	335,636
	Electricity: renewable	86,025	86,384	86,459	83,316	111,515
	Gas	874,621	876,973	886,736	921,913	903,080
	Other energy sources	48,465	43,114	37,832	53,839	84,267
	Total energy	**1,365,800**	**1,367,729**	**1,378,800**	**1,409,163**	**1,434,498**
Financial indicators (£m)	Expenditure on energy	111	92	92	97	97
	CRC expenditure	6	6	7	7	7
	Expenditure on official business travel	29	28	24	28	25
	Total expenditure on energy and business travel	**146**	**126**	**123**	**132**	**129**

The Department has met the 2020 GHG emissions target achieving a 42% reduction on its overall carbon emissions from estate energy consumption and business travel since 2009-10. We have continued to reduce our overall carbon emissions through a range of energy and carbon saving measures and programmes this financial year including:

- replacement of old and inefficient lighting with energy-efficient LED across the prison and probation estate, investing over £1.4 million to save 1,440 tCO_2 per annum
- installation of gas optimisation devices on 500 boilers across the prison estate
- energy efficiency surveys which have highlighted both easy win and investment opportunities at the worst performing prisons – improvement work will be implemented in the 2020-21 year
- renewables surveys which will provide us with a high-level view of the opportunities for solar PV, wind, biomass, heat pumps and battery storage across the prison estate
- installation of automatic metering on prison gas supplies which has enabled HMPPS to identify excessive consumption and improve the accuracy of invoices

3 2018-19 non-financial indicators have been restated to include actual environmental performance for the financial year.

4 2017-18 non-financial indicators have been restated to include actual environmental performance for the financial year – correction from previous year.

5 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

6 The split between renewable and non-renewable tariffs has been removed for the 2019-20 reporting year as this split was not available at the time of publication. Data for previous years has been combined to show total electricity MWh.

As part of our commitment to the UK's 2050 net zero carbon target, we are undertaking a review across the Departmental estate to identify opportunities for further carbon savings and prioritising the decarbonisation of heating. We are also working with the Modern Energy Partners (MEP) programme at three prisons on the Isle of Sheppey to develop a programme of work to reduce carbon emissions from the establishments by 80%. Work has begun on Phase 1 to improve the energy efficiency of the prisons through projects such as LED lighting, building management and heating system improvements and the installation of metering equipment. We have also begun planning for Phase 2 having identified 15 Departmental sites for inclusion as 'test-bed' sites to build upon the knowledge gained from the Phase 1 pathfinder site. 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.

HMCTS continues to reduce overall carbon emissions through its smarter working and reform programmes. Over £430,000 was invested throughout 2019-20 to save energy and reduce carbon emissions across the HMCTS estate, including 11 new energy-efficient boilers, new roof and insulation at five properties, upgraded energy efficient lighting for eight properties and upgraded plant (air handling units and chillers) for eight sites.

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. Since the adoption of the revised Government Buying Standards for vehicles in January 2018, the Department has increased its road-going LEV/ULEV vehicles from zero in January 2018 to a current fleet holding of 71 petrol hybrid LEV vehicles and 16 plug-in petrol hybrid ULEV vehicles. To exceed the GGC target that 25% of all cars are to be ULEV compliant by 2022 we project that by the end of December 2020 we will have circa 112 ULEVs on fleet, making us 20% compliant. The Department will continue to monitor the technological landscape with a view to electrifying other vehicles outside of the mandate, including vans and minibuses. Both new-build prison projects are proceeding on the basis of installing EV charging points on 20% of all car parking spaces.

Prison cell LED gear trays

Throughout 2019-20, over 6,000 prison cell lamps have been replaced with LED gear tray lighting solutions which reduce energy consumption by 64%. The project has delivered savings of 220 tCO_2 and £93k in energy savings per annum. The gear trays also have the added benefit of delivering a higher quality light output, are more robust and have a life expectancy of four times that of the old fluorescent tubes they are replacing.

Boiler optimisation across the prison estate

The installation of Sabien M2G boiler optimisers at establishments across the custodial estate has delivered an average 10% reduction in gas use across 500 boilers, delivering payback in under three months. The device, which monitors flow temperatures and saves energy by minimising unnecessary boiler firing, has proved a simple and cost-effective method of reducing gas and oil consumption.

Travel

Domestic flights 2019-20

Domestic air travel	2019-20	2018-19[7]	2017-18	2016-17	2015-16
Number of flights	**3,703**	4,200	4,256	4,034	3,319

The Department has reduced the number of domestic flights taken by 20% compared to its 2009-10 baseline, but missed its 2020 GGC target to reduce domestic flights by 30%. While the Department is working to reduce the number of domestic flights taken, this area accounts for less than 0.1% of our total carbon emissions. In addition, all flights are either taken to 'hard to reach' locations (e.g. Northern Ireland), or would incur over six hours travel for a return rail journey. Although we are working with colleagues to reduce flight numbers where possible, efforts are primarily being focused 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 2019-20

Water		2019-20	2018-19[8]	2017-18	2016-17	2015-16
Non-financial indicators	Total water consumption (m^3 000)	**8,932**	8,917	9,072	8,682	8,356
Financial indicators	Total water supply costs (£'000,000)[9]	**29**	27	25.9	25.2	24.3

The Department has met its 2020 target to reduce water consumption by 4% compared to the 2009-10 baseline. This has been achieved through various water-saving measures. 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 estate. In addition, a water management programme on the prison estate is focusing 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.

7 2018-19 non-financial indicators have been restated to include actual environmental performance for the financial year.
8 2018-19 non-financial indicators have been restated to include actual environmental performance for the financial year.
9 In the 2018-19 Annual Report and Accounts water supply costs were incorrectly published as £'000 instead of £'000,000. This has been corrected this year.

New water contract for Departmental properties

The Department has signed a three-year agreement with a new supplier to manage water and wastewater services for its 900+ sites. This includes the National Probation Service, HMCTS and the prison service in England.

By consolidating all its water and wastewater services into a single contract, the Department will benefit from having a single contact for all its water needs and access to dedicated water management services such as water surveys, leak detection and consumption reduction technologies.

Our supplier will work with the Department to develop a bespoke water management strategy that will help reduce our overall water use, supporting our efforts to meet GGC targets.

Waste

Waste production and financial costs 2019-20

Waste			2019-20	2018-19[10]	2017-18	2016-17	2015-16
Non-financial indicators (tonnes)	Hazardous waste		n/a[11]	n/a	80	132	n/a
	Non-hazardous waste	Landfill	1,399	1,323	3,907	7,223	10,807
		Recycled/reused	42,258	41,666	31,413	26,907	25,846
	Incinerated with energy from waste		8,193	6,862	13,454	13,616	9,297
	Incinerated without energy recovery		3	0[12]	11	76	109
	Total waste		**51,853**	**49,851**	**48,865**	**47,954**	**46,059**

The Department has narrowly missed its 2020 GGC waste reduction target, achieving a 27% reduction in overall waste compared to the 2009-10 baseline. The Department met its landfill and recycling rates 2020 GGC targets, sending only 3% of our waste to landfill and recycling 81% of our waste. The Department is working with our facilities management and waste providers to reduce overall waste and improve waste management. Our Waste and Resource Strategy will be published in 2020 outlining our responsibilities and how to improve our performance further over the next GGC target period.

Prison waste management workshops employ offenders to sort through waste, separating out items suitable for reuse and processing materials for recycling. This not only reduces waste and increases recycling rates, but also provides rehabilitation opportunities for offenders through accredited waste management qualifications and work experience. In 2019-20 over 140 staff and around 1,100 offenders were employed in waste management workshops, working around 900,000 hours between them throughout the year. 598 waste qualifications were registered from 27 prisons throughout 2019-20. Over £280,000 was spent within establishments for new capital machinery throughout the year, consisting of balers, compactors and food waste digesters/driers. A toolkit is being developed for key stakeholders within establishments which will have the information required to operate an efficient and decent waste management workshop. This will be agreed and published internally in 2020.

[10] 2018-19 non-financial indicators have been restated to include actual environmental performance for the financial year.
[11] Hazardous waste data was not available throughout the reporting year. It will be included in future years once access to a reliable source for this data has been sought.
[12] Only a small amount (0.05 tonnes) of waste was reported from one prison site which has been rounded to 0.

The Department missed the 2020 GGC paper target of 50% reduction, but did achieve a 30% reduction in paper consumption since 2009-10. This has been achieved through the Department's transformation programme which introduced more mobile IT devices, thereby reducing reliance on paper, and will continue in future years to drive further savings.

Prison mattress recycling

HMPPS works with our external supplier, Carpenter, who provide prison mattresses to all prisons in England and Wales.

As part of the delivery service of mattresses from the national distribution centre to individual prisons, used mattresses are also collected and returned to the national distribution centre to be sent back to Carpenter for recycling.

This recycling service is part of the overall cost of the mattresses and when Carpenter receive these used mattresses they can recycle the high-grade foam inside into other products, such as carpet underlay.

Last year HMPPS bought 43,884 mattresses from Carpenter and returned an impressive 47% of these to be recycled.

Consumer single-use plastics

The Department 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. The Department'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 headquarters building, 102 Petty France, the Department has:

- offered keep cups for sale and a discount for using re-usable cups which has been received by around 15% of all hot drink sales per month – saving over 56,000 single-use cups during 2019
- removed single-use compostable cups for drinking water and replaced with reusable glass tumblers, saving around 40,000 cups a month
- replaced plastic coffee cups, cutlery and stirrers with compostable alternatives
- removed all single-use condiment sachets
- made paper straws available only on request
- replaced plastic water bottles with glass alternatives

The Department is also encouraging the reduction of consumer single-use plastics on the operational estate, such as HMCTS sites, and we are working with our suppliers to identify single-use plastics which can be reduced/removed.

Mike Driver CB
Interim Accounting Officer
13 November 2020

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 2019-20.

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 2019-20.

Departmental Board, Audit and Risk Committee and Nominations Committee member attendance 1 April 2019 to 31 March 2020			
	Meetings attended per member out of those eligible to attend		
Members	Departmental Board	Audit and Risk Committee[1]	Nominations Committee
Ministers			
The Rt Hon David Gauke MP, Lord Chancellor and Secretary of State for Justice (to 24 July 2019)	2 of 2	-	-
The Rt Hon Robert Buckland QC MP, Lord Chancellor and Secretary of State for Justice (Minister of State from 9 May 2019; Lord Chancellor and Secretary of State from 24 July 2019)	4 of 4	-	-
Rory Stewart OBE MP, Minister of State (to 1 May 2019)	0 of 0	-	-
The Rt Hon Lord Keen of Elie QC, Lords Spokesperson for Ministry of Justice	3 of 5	-	-
Edward Argar MP, Parliamentary Under Secretary of State for Justice (to 10 Sept 2019)	1 of 2	-	-
Lucy Frazer QC MP, Minister of State (to 10 May 2019 as Parliamentary Under Secretary; and from 25 July 2019)	4 of 4	-	-
Chris Philp MP, Parliamentary Under Secretary of State (from 10 Sept 2019)	3 of 3	-	-
Alex Chalk MP, Parliamentary Under Secretary of State (from 14 Feb 2020)	1 of 1	-	-
Kit Malthouse MP, Minister of State (from 14 Feb 2020)	0 of 1	-	-
Paul Maynard MP, Parliamentary Under Secretary of State (from 9 May 2019 to 26 July 2019)	1 of 1	-	-
Wendy Morton MP, Parliamentary Under Secretary of State (from 26 July 2019 to 13 Feb 2020)	2 of 2	-	-

1 Permanent Secretary and Chief Financial Officer attend Audit and Risk Committee meetings.

Departmental Board, Audit and Risk Committee and Nominations Committee member attendance 1 April 2019 to 31 March 2020			
	Meetings attended per member out of those eligible to attend		
Members	Departmental Board	Audit and Risk Committee	Nominations Committee
Executive management			
Sir Richard Heaton KCB, Permanent Secretary	5 of 5	7 of 7	1 of 1
Mark Sweeney, Director General, Justice and Courts Policy Group (to 3 Nov 2019)	3 of 4	-	-
Justin Russell, Director General, Offender Reform and Commissioning Group (to 22 May 2019)	0 of 0	-	-
Mike Driver CB, Chief Financial Officer	5 of 5	4 of 7	-
Susan Acland-Hood, Chief Executive, HM Courts & Tribunals Service	4 of 5	-	-
Jo Farrar, Chief Executive, HM Prison and Probation Service (from 1 Apr 2019)	5 of 5	-	-
James Bowler, Director General for Policy, Communications and Analysis Group (from 12 Mar 2020)	1 of 1	-	-
Non-executive or independent member			
Mark Rawlinson, Lead Non-Executive Member	4 of 5	-	1 of 1
Liz Doherty, Departmental Audit and Risk Committee Chair and Non-Executive Member (left 18 Aug 2019)	1 of 2	5 of 5	1 of 1
Nick Campsie, Non-Executive Member	4 of 5	-	-
Shirley Cooper, Interim Departmental Audit and Risk Committee Chair and Non-Executive Member	5 of 5	3 of 3	-
Alison Bexfield, Independent Member of Audit and Risk Committee	-	7 of 7	-
Laurence Milsted, Independent Member of Audit and Risk Committee	-	7 of 7	-

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 2019-20. The disclosure of incidents which could cause 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.

The Department manages millions of records of personal data and takes all incidents of personal data loss very seriously. Staff are required to capture small, localised incidents, which comprise most of the figures cited below. Staff are also required to undertake 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 data protection 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.

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
13 May 2019	A police request to be included in family court proceedings was served by the court to the respondent, without redaction of the applicant's address.	Address of the applicant and their children.	3	ICO notified on 21 June 2019. Applicant notified the court via the police. The ICO response is pending.
14 May 2019	A county court issued a family application which included a confidential address form for the applicant. When the Court served the respondent, they included a copy of the document containing the applicant's confidential address.	Address of the applicant.	1	ICO notified on 9 August 2019. The ICO response is pending.
30 May 2019	The home of a staff member was burgled, resulting in the theft of a bag containing an encrypted laptop, mobile phone and sensitive data of 7 staff members.	Names, contact details, driving licences, location and genetic/biometric data.	7	ICO notified on 3 June 2019. The ICO closed its investigation taking no further action.
16 June 2019	A probation officer's car was broken into, and a laptop, diary, notebook, and paperwork relating to offenders were stolen.	Confidential information about offenders.	22	ICO notified on 21 June 2019. The ICO closed its investigation taking no further action.
25 June 2019	An Adoption Hearing Notice was disclosed to the birth parents in error, revealing the identity of the applicant.	Applicant's name.	2	ICO notified on 17 July 2019. The ICO response is pending.

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
9 September 2019	A Legal Aid Representation Order was sent to a defendant's neighbour due to the incorrect address being provided by their solicitor. This address was shared on social media, leading to criminal damage and the defendant's partner being rehoused.	Defendant's name, address, date of birth and details of criminal charges to be answered in court.	1	ICO notified on 4 October 2019. The ICO closed its investigation taking no further action.
16 September 2019	A victim's address was mistakenly disclosed to a Crown Court defendant in a copy of a Monetary Order.	Victim's address.	1	ICO notified on 20 September 2019. The ICO requested further details, which were supplied. The ICO response is pending.
18 September 2019	A Restraining Order was incorrectly drafted at a magistrates' court, resulting in the disclosure of the confidential address of the victim, to the perpetrator.	Applicant's address.	1	ICO notified on 3 November 2019. The ICO response is pending.
24 October 2019	An applicant's address, as well as the names of 5 children were disclosed to the respondent in a domestic violence court case.	Applicant's address.	6	ICO notified on 1 November 2019. The ICO closed its investigation on 2 December 2019 taking no further action.
7 November 2019	An un-encrypted USB stick containing 33,000 documents from a fraud trial was lost by a solicitor-advocate.	Trial documentation.	46	ICO notified on 1 December 2019. The ICO closed its investigation on 13 December 2019 taking no further action.
12 November 2019	A court applicant's confidential address was mistakenly disclosed to the respondent, during a Child's Arrangement Application Order.	Applicant's address.	2	ICO notified on 10 December 2019. The ICO response is pending.
17 December 2019	A court summons was mistakenly sent to the respondent in a restraining order case.	Applicant's address.	1	ICO notified on 10 January 2020. The ICO closed its investigation on 18 February 2020 taking no further action.

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
18 December 2019	The records of 2 ex-offenders were mistakenly disclosed in response to a Subject Access Request made by another offender within the same postal code area.	Names, dates of birth, prison numbers, offence and conviction histories of offenders, and names and contact details of third parties including family members.	5	ICO notified on 18 January 2020. The ICO closed its Investigation on 10 March 2020 taking no further action.
18 December 2019	Due to a sub-processor's technical error, various files on a staff training database were briefly accessible to unauthenticated users, allowing one full and one partial unauthorised download.	Staff data, including names, work locations, staff numbers, NI numbers, email addresses and training records.	121,109	ICO notified on 20 December 2019. The ICO closed its investigation on 14 January 2020 taking no further action.
24 December 2019	Paperwork including criminal allegations was sent to a defendant's neighbour due to the incorrect address being provided by their solicitor.	Defendant's name, date of birth, address, 2 unique reference numbers, alleged sexual offence charge, and basic information about their disposable income.	1	ICO notified on 9 January 2020. The ICO closed its investigation on 22 January 2020 taking no further action.
3 January 2020	A Court Order was sent to an incorrect address within the same postal code area.	Names, dates of birth, allegations of an assault.	4	ICO notified on 10 January 2020. The ICO closed its investigation on 30 January 2020 taking no further action.
24 January 2020	A set of prison records was incorrectly labelled and dispatched to another prisoner following an offender's Subject Access Request.	Data relating to the offender including data relating to other offenders, friends, family, solicitors and Ministry of Justice officials. This included names, prison numbers, contact details and a date of birth.	143	ICO notified on 3 February 2020. The ICO response is pending.

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. The Information Security and Risk Board, which is chaired by the Senior Information Risk Owner, reviews incidents at every meeting. The Board also monitors and assesses information risks to identify and address any weaknesses and ensure continuous improvements are made.

Going forward, we have put processes in place to improve the tracking of remedial action. After each reportable incident a root cause analysis will be undertaken and where necessary or appropriate, changes made. Additionally, all recommendations made by the ICO following an investigation will be recorded and tracked.

The assessment on whether or not an incident meets the threshold for reporting is carried out by the Data Protection Officer's team. 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	250
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	573
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	10
IV	Unauthorised disclosure	5,445
V	Other	147
Total		**6,425**

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 MPs, where there has been alleged maladministration by government departments and other bodies within their jurisdiction.

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

In the Parliamentary and Health Service Ombudsman's most recent report published in December 2019 on complaint handling by government, the Department's performance for the year 2018-19 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	%
15	6	40	4	27	5	33

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

Department spending

	2019-20	2018-19
Publicity and advertising	£452,612	£622,592
Sponsorship spend over £5,000	nil	nil
Political donations and expenditure	nil	nil

Audit

The notional[2] cost of the statutory audit for the core Department was £547,100 (2018-19: £513,000) 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 £1,914,100, of which £422,000 was cash and £1,492,100 notional cost (2018-19: £1,795,900 comprising £401,500 cash and £1,394,400 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 and safety

We are committed to protecting the health, safety and wellbeing of our employees, the judiciary, those in custody, 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 Ministry of Justice

[2] No cash is paid, as these costs are settled through the funding process.

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. A new Corporate Fire Health and Safety Steering Group has been set up to review and pool best practice across the Department, with the aim of bringing in smart systems to report accidents, incidents and near misses. The systems will introduce 'live' assurance reporting and will standardise health and safety policy and practices across the Department.

The Health and Safety team is currently engaged in COVID-19 secure work to keep the workforce safe by opening buildings safely.

Ministerial correspondence

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

The table below shows performance for each agency, some of whom have different targets when chief executives answer correspondence from Parliamentarians. 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 2019 ministers, and chief executives on their behalf, replied to 4,484 items of correspondence (compared to 5,264 in calendar year 2018).

Ministerial correspondence from MPs and peers 1 January 2019 to 31 December 2019[3]

	2019-20		2018-19	
	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[4]	2,168	83%	2,502	89%
HM Courts & Tribunals Service (where CEO replied)	378	95%	413	97%
HM Courts & Tribunals Service (where ministers replied)	755	85%	749	90%
Official Solicitor and Public Trustee (where CEO replied)	5	100%	-	-
Official Solicitor and Public Trustee (where ministers replied)	6	67%	-	-
Office of the Public Guardian (where CEO replied)	38	100%	47	74%
Office of the Public Guardian (where ministers replied)	39	95%	60	98%
HM Prison and Probation Service (where CEO replied)	369	93%	362	94%
HM Prison and Probation Service (where ministers replied)	726	79%	1,131	85%

3 Figures are given for the calendar year rather than financial year, to be consistent with previous annual reports and the method by which this data is presented to Parliament.

4 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 Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the Accounts
- 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
- 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 published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Ministry of Justice's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Introduction

This Governance Statement sets out risks and challenges the Department faced in 2019-20, 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
- 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.

In-year changes to the Board's membership are reflected in this timeline:

April 2019
01 | **Jo Farrar** ■ joined

May 2019
01 | **Rory Stewart MP** ■ left
09 | **Rt Hon Robert Buckland QC MP** ■ joined as Minister of State for Justice
Paul Maynard MP ■ joined
10 | **Lucy Frazer QC MP** ■ left
22 | **Justin Russell** ■ left

July 2019
24 | **Rt Hon David Gauke** ■ left
Rt Hon Robert Buckland QC MP ■ promoted to Lord Chancellor and Secretary of State
25 | **Lucy Frazer QC MP** ■ re-joined
26 | **Wendy Morton MP** ■ joined
Paul Maynard MP ■ left

August 2019
18 | **Liz Doherty** ■ left

September 2019
10 | **Edward Argar MP** ■ left
Chris Philp MP ■ joined

November 2019
01 | **Melissa Case** ■ joined
Nicola Hewer ■ joined
03 | **Mark Sweeney** ■ left

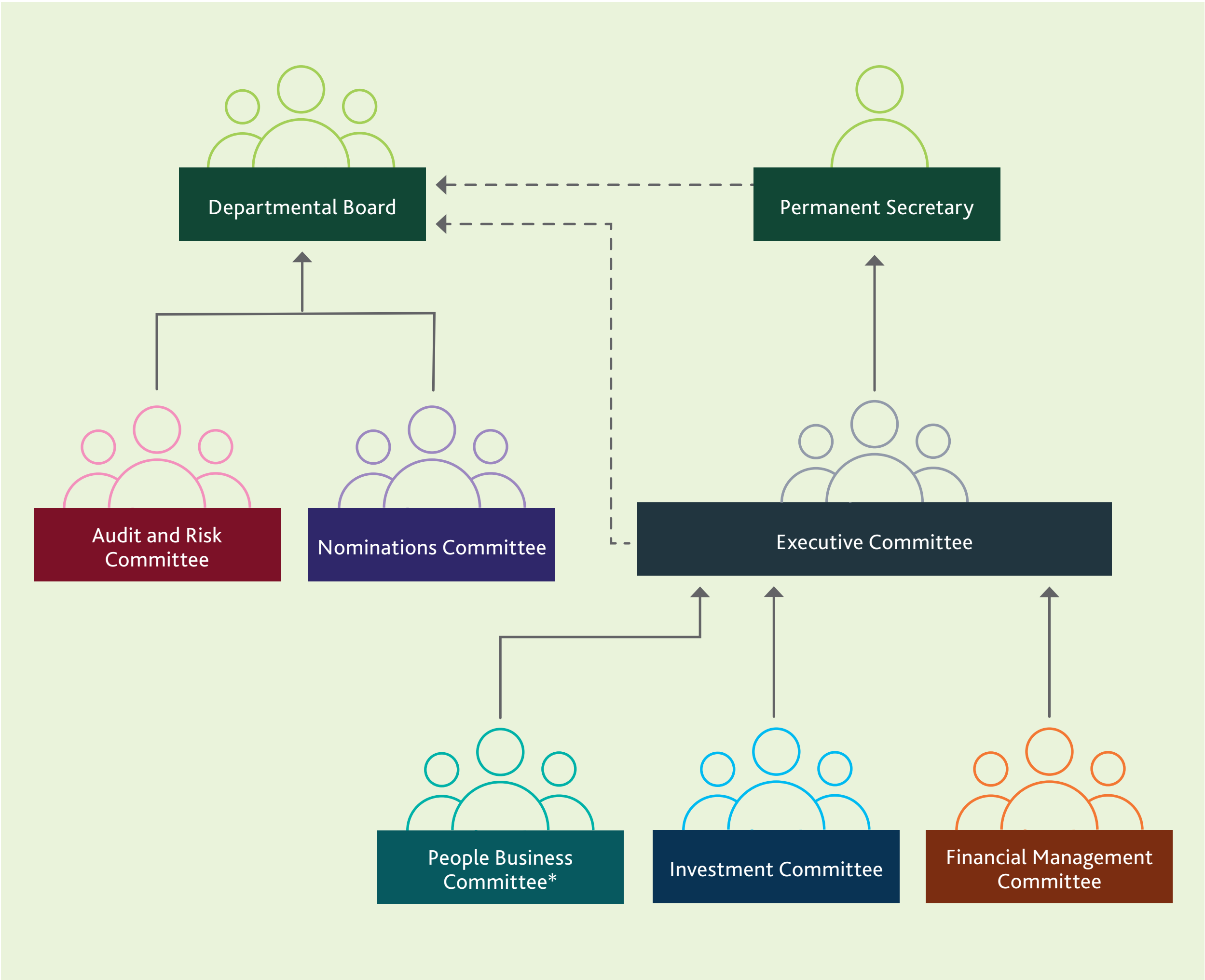
February 2020
13 | **Wendy Morton MP** ■ left
14 | **Alex Chalk MP** ■ joined
Kit Malthouse MP ■ joined

March 2020
11 | **Melissa Case** ■ left
Nicola Hewer ■ left
12 | **James Bowler** ■ joined

key: ■ Ministers
■ Non-executive board members
■ Officials

Board committee structure

Departmental Board attendance has been reported on pages 62 to 63.



* The People Business Committee was piloted during 2018-19 and is now fully operational. The committee supports the Executive Committee in its approach to developing leaders and with people and workforce-related issues.

Departmental Board	
Chair:	Secretary of State
Frequency:	5 during year
Committee composition as at 31 March 2020	

By position:

By gender:

Role of the committee:

The Departmental 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
- strategic risk

Other key areas of operations discussed through the year included:

- courts and tribunal reform
- EU-Exit preparedness
- technology risks
- managing increased demand within the justice system as a result of the recruitment of additional police officers
- probation and sentencing
- workforce planning

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 list of ministers' interests 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. Links to our executive and non-executive register of interest can be found at https://www.gov.uk/government/publications/ministry-of-justice-register-of-board-members-interests

Audit and Risk Committee

Chair:	Non-executive board member
Frequency:	6 during year

Committee composition as at 31 March 2020

By position:

Independent member	Non-executive directors
2	1

By gender:

Female	Male
2	1

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 Department's preparedness for the departure of the UK from the EU
- considering the Department's efficacy and oversight of the Business Appointment Rules
- considering and challenging the development of a new shared services solution for the Department
- reviewing the corporate and occupation health and safety and fire safety management across the Department and its agencies
- considering the work of internal and external audit
- considering and challenging the Department's approach and progress to mitigate cyber security risk
- reviewing the Annual Report and Accounts and providing independent oversight and challenge on its content
- increasing oversight of arm's length bodies through dedicated informal meetings with chairs of arm's length bodies and Departmental managers of internal audit and risk to share information and ideas
- challenging the Department's approach and progress to mitigate against fraud and to test the whistleblowing process

Nominations Committee

Chair:	Lead non-executive board member
Frequency:	1 during year

Committee composition during 2019-20 meeting

By position:		By gender:	
Executive directors	1	Female	1
Non-executive directors	2	Male	2

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 Departmental 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
- discussing and advising on performance, talent strategy and succession planning

Case study: Board Deep Dive: Technical Debt

The Ministry of Justice is similar to most large, complex organisations, in that it operates on a number of different IT systems, with hundreds of applications and a growing number of digital services. A sizeable proportion of this technology is old and unsupported, affecting functionality and increasing security risk. The Departmental Board has prioritised this issue and conducted a deep dive into it. The Departmental Board has been provided with the Department's top business critical IT systems, which have been assessed against the Cabinet Office cyber security minimum standards, to understand the level of risk in the Department's key systems. As a result of this work, the Department made £20 million available in 2019-20 to invest in reducing the amount of risk in the Department's IT systems. Investment was targeted at the business critical systems, moving some of them onto more modern IT platforms, fixing some of the vulnerabilities identified and moving the monitoring of some of our IT systems from suppliers to an in-house model. Funding has also been made available for 2020-21 and will be focused on securing the Department's main IT system covering the majority of our users and replacing old applications. Given the size and complexity of the Department's IT estate, continuous investment will be required to continue reducing the level of risk for the long term.

Executive Committee	
Chair:	Permanent Secretary
Frequency:	50 during year
Committee composition as at 31 March 2020 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
- 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 EU in both deal and no-deal scenarios – this included ensuring sufficient resources were available and that all potential impacts were identified and risks mitigated
- regularly reviewing and taking ownership of the Department's performance against its key objectives, ensuring that performance is constantly aligned to our objectives set out in the Single Departmental Plan and proactively managing the delivery and outcomes of our stated aims
- delving deeper into the specifics of key issues and risks which could severely impact or prevent the delivery of the Department's objectives, for example examining the risks to the Department and wider criminal justice system by continuing to work with outdated and unsupported legacy systems across the criminal justice system and seeking innovative ways to update them at pace
- reviewing the progress made against the three agreed diversity priorities (race, disability and inclusion) in the Department's Diversity and Inclusion Strategy and continuing to proactively support the Department's mental health activities
- encouraging closer co-operation and relationships with a number of arm's length bodies to learn about their achievements and successes and explore current opportunities and challenges to gain a better insight of their work and performance
- undertaking regular forecasting of the demand placed on the court system across all jurisdictions and anticipating the downstream effect on prison population to ensure safe and secure accommodation

Financial Management Committee

Chair:	Chief Financial Officer
Frequency:	6 during year

Committee composition as at 31 March 2020 by gender:

Female Male

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:

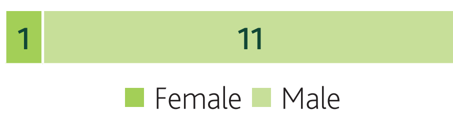
Particular focus was given to the following key areas:

- examining the Department, its executive agencies and arm's length bodies' in-year finances
- considering and advising on departmental spending review planning and allocations
- reviewing financial impacts of strategic workforce planning
- considering and advising on protecting and generating income
- reviewing the financial and commercial risks arising from COVID-19

Investment Committee

Chair:	Chief Financial Officer
Frequency:	15 during year

Committee composition as at 31 March 2020 by gender:



Role of the committee:

The Investment Committee has delegated powers to make investment decisions on the Executive Committee's behalf with oversight of the Ministry of Justice 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 of projects on its delivery confidence
- agreeing and monitoring departmental change programmes' funding
- release of gated funds after reviewing progress of programmes and projects

People Business Committee	
Chair:	Chief Financial Officer
Frequency:	12 during year
Committee composition as at 31 March 2020 by gender:	

Female Male

Role of the committee:

The People Business Committee supports the Executive Committee with its leadership and management of people and workforce strategies.

Key activities during the year under review:

Particular focus was given to the following key areas:

- consideration and challenge to the proposed approach for the development of the next generation of shared services solutions
- ensuring deliverables through progress updates against the Leadership Strategy and testing of future planned activity
- identifying opportunities for improvement from lessons learnt exercises e.g. functional leadership
- oversight of strategic people risks and correct identification of appropriate mitigations
- consideration and challenge of the Corporate Communications Strategy

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
- my holding to account meetings held with the Accounting Officers of each of the Department's executive agencies and directors general throughout the year
- content of executive agencies and arm's length bodies' governance statements to ensure consistency and completeness across both the Department and its bodies

Improving governance

The HM Treasury Corporate Governance Code for Central Government Departments recommends that a Board Effectiveness Evaluation be carried out annually. A rigorous review was carried out in 2018-19 but because of many ministerial changes including a new Secretary of State within the year, it was agreed it would be more beneficial to defer to next year. This will allow newly appointed ministers to provide more considered feedback. An independently led review will be scheduled for 2020-21.

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 Departmental 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:

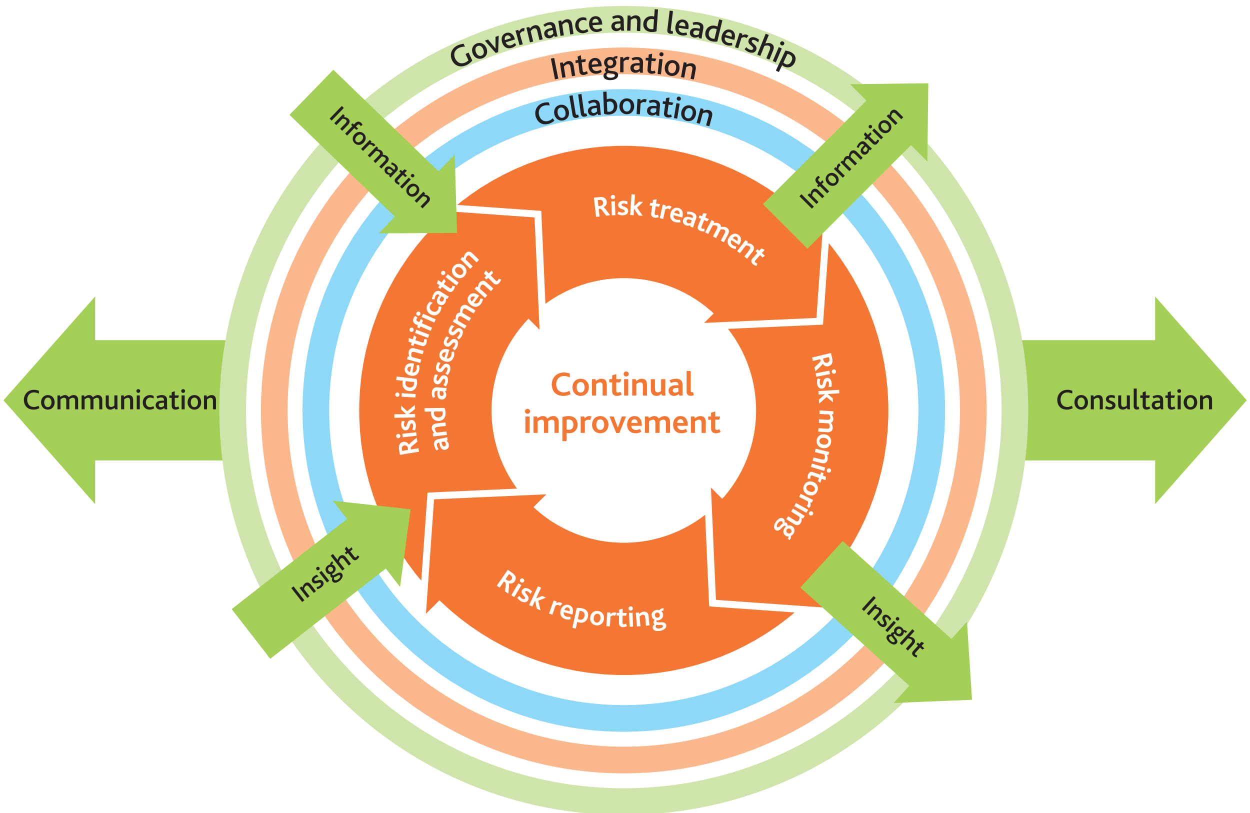
- conduct the analytical quality assurance keyholder reviews of business cases, to improve the quality of the analysis behind these cases
- provide advice on analytical quality activities and develop tools and processes to improve those activities
- carry out an annual review of the business critical models used in data and analytical services to ensure appropriate quality assurance has been carried out

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

Risk management

Our risk management framework and capabilities enhance our strategic planning and prioritisation, assist in achieving objectives and strengthen the ability of the Department to be agile to respond to the challenges faced. Throughout this year, the Department has continued to improve the maturity of its risk management by promoting a supportive risk culture that encourages openness and by developing more informed and insightful reporting.

The HMG Orange Book (Management of Risk – Principles and Concepts) was revised during 2020. We have reviewed our risk management framework during the year to ensure alignment with it.



Risk management is an essential part of our governance and leadership and fundamental to how the organisation is directed, managed and controlled at all levels

Our principal risks are considered and discussed by the Executive Committee quarterly and reported to the Audit and Risk Committee and Departmental Board. The Executive Committee is supported by a Risk Advisory Group that brings insights from across the Department and its executive agencies and provides challenge around the ongoing activity to address the risks to our objectives.

Our principal and emerging risk reporting brings together performance, risk and assurance information to enable a clear understanding of the risks faced and more insightful analysis of their management to support decision making.

Our risk tolerance is reviewed annually with the Executive Committee and the Departmental Board. This year's review took place in February 2020 and concluded that technology and property risks remain furthest from our tolerance position. This is being considered in our forward plans and spending review preparations.

Risk management is an integral part of our organisational activities to support decision making in achieving our objectives

Our strategy, strategic finance, planning, risk management and performance teams have worked together closely to ensure that risks are considered when setting strategy and plans.

Risks are routinely assessed as a part of investment decisions and within the lifecycle of our projects, programmes and our commercial relationships.

This year we have worked with senior leadership teams and facilitated risk workshops with cross-cutting groups to develop an understanding of each of our thematic principal risk areas.

Risk management is collaborative and informed by the best available information

Collaboration and engagement are central to the success of our risk management framework. There are strong relationships between risk leads across all parts of the Department, with a consolidating business partnering approach operated by our central Risk and Assurance centre of excellence.

Executive agency risk dashboards have been developed for consideration at the Executive Committee, Audit and Risk Committee and Departmental Board, providing a clear line of sight between functional risks and the operational risks faced by our executive agencies and other arm's length bodies.

Risk management processes are part of a structured framework that is based on risk identification and assessment, risk treatment, risk monitoring and risk reporting

We have refreshed our internal intranet pages and published a series of simple how-to guides for staff, including a range of good practice tools, techniques and templates.

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.

COVID-19

The COVID-19 outbreak has required flexibility and pace in the way that we identify and respond to risks. We have embedded suitably experienced risk management capability within our COVID-19 Response Team to facilitate this.

Our risk tolerance has dynamically evolved to support the rapid and innovative decision making needed to protect our people and maintain our services during this period.

Significant challenges and issues in 2019-20

Risks 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 2019-20.

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

Objectives:	
1. Ensure access to justice in a way that best meets people's needs	**5.** Protect the public from harm caused by offenders
2. Support a flourishing legal services sector	**6.** Reduce rates of reoffending and improve life chances for offenders
3. Provide a transparent and efficient court system	**7.** Provide excellent functional services
4. Ensure that prisons are decent, safe and productive places to live and work	**8.** Support delivery of EU Exit

Category	Topic	Detail	Key mitigations
General operational issue	COVID-19 – objectives 1/2/3/4/5/6/7/8	The Government's action plan for COVID-19 was published on 2 March 2020 and preparations were made to pass a COVID-19 Bill. On 23 March the Prime Minister announced a series of measures to limit the spread of the virus including social isolation and stay at home measures, with schools closing on 27 March. This has had widespread impacts across the Department and the wider justice system as staff absences rose and different operating models were required across our key functions to ensure social distancing measures could be implemented and staff remain safe.	Our response to COVID-19 is led by a director level senior risk officer who is supported by a dedicated response team. Our contingency governance structures have enabled us to effectively implement the extensive activities required to manage the impacts of this pandemic. These include Gold, Silver and Bronze Commands, a Departmental Operations Centre, Criminal Justice System Strategic Command and a COVID-19 programme board. These structures will be suspended as we move further through the recovery phase and return to a new normal, but can be swiftly enabled, if required to deal with concurrent risks such as a second outbreak during flu season, a no negotiated EU exit, social disorder or economic uncertainty.

Category	Topic	Detail	Key mitigations
Specific operational issue	Prison population – supply and demand – objectives 4/5/6	During 2019–20, we faced increasing and sustained population pressures. Risk of demand outstripping supply is most acute and imminent in the adult male estate, due to higher than projected remand demand and rates of recall. This is in addition to continued loss of spaces owing to deterioration. Responding to COVID-19 has presented new capacity pressures and uncertainties. Although there have been some population falls as a result of reduced upstream court activity, we are using available capacity to implement a compartmentalisation strategy to isolate the sick, shield the vulnerable and cohort new arrivals to reduce risk. We require additional headroom to fully implement this strategy across the estate. Now compartmentalisation is achieved, we will remain vulnerable to underlying population growth caused by upstream activity returning to normal or near-normal levels.	The Department is working to assess demand projections, understand supply risks across the whole system, develop and implement mitigations. In addition we are: Addressing some of the most immediate maintenance pressures across the prison estate with a £156 million investment. Developing a long-term prison estates strategy and investing £2.5 billion to create an additional 10,000 prison places by the mid-2020s. Delivering a further 3,500 places through new prisons in development at Wellingborough and Glen Parva and a houseblock at Stocken. Addressing the increase in capacity that will be needed to meet the anticipated demand upon probation with a dedicated workforce programme. In response to COVID-19 we are delivering a number of schemes to increase available headroom, including: managing the estate we have creatively; support for early release schemes; additional temporary residential units within our estate; the identification of alternative accommodation; and expediting sentencing hearings digitally using video conferencing options.

Category	Topic	Detail	Key mitigations
Specific operational issue	Prison violence, self-inflicted deaths and self-harm – objectives 4/5/6	The high levels of assaults, self-harm and self-inflicted deaths impact adversely on the safety and wellbeing of staff and prisoners and in some cases can potentially lead to incidents of disorder in prisons. There has been a moderate decrease in the number of assaults in custody - the first time since 2013 that the yearly level of assaults has fallen. Self-inflicted deaths also fell. While these decreases are promising, we recognise the numbers are still too high and we continue our efforts to reduce them further. We have seen a concerning increase in self-harm. The latest published safety statistics show the following in the most recent 12 months: ▪ assaults have decreased by 8% ▪ prisoner-on-prisoner assaults decreased by 10% ▪ prisoner-on-staff assaults decreased by 5% ▪ serious prisoner-on-prisoner assaults decreased by 8% ▪ serious assaults on staff decreased by 5% ▪ self-harm incidents increased by 11% ▪ self-inflicted deaths decreased by 13%	A wide-ranging comprehensive safety programme to tackle violence and reduce self-harm and self-inflicted deaths continues to stabilise the system and achieve a reduction in the trends. Specific actions include: ▪ Offender Management in Custody (OMiC) key work – which promotes positive staff-prisoner relationships – started in all 92 male closed prisons. Arrangements to implement the model in the women's and open estate have started. ▪ roll out of the revised Assessment, Care in Custody and Teamwork (ACCT) case management system to support those at risk of suicide and self-harm. ▪ roll out of PAVA incapacitant spray alongside SPEAR (personal protection training) and rigid bar handcuffs. ▪ the 10 Prisons Project using additional funding to tackle drug use, violence and improve living conditions – was completed. The prisons involved saw a 16% reduction in the rate of assaults, and this learning is informing a new performance support programme to assist our most challenged prisons. ▪ A comprehensive youth custody range of strategies to specifically support children and young people in our care.

Category	Topic	Detail	Key mitigations
Specific operational issue	Probation reform – objectives 4/5/6	Performance of CRC contracts remains unsatisfactory. The probation reform programme was formed to put in place replacement arrangements from the point CRC contracts end in June 2021.	We announced the Unified Model (UM), in early 2019, which would bring responsibility for all offender management work into the NPS (from June 2021). ▪ In October we launched the Probation Delivery Partner competition to award contracts to providers to deliver accredited programmes, unpaid work and structured interventions. ▪ We recruited six new NPS regional directors to support the move from six NPS divisions to 11 regions plus Wales. ▪ Significant investment in the probation service was secured for 2020–21, to fund transition to new structures. ▪ The impact of COVID-19 has made the delivery of these reforms more complex. It is vital for public and judicial confidence that we have the flexibility to deliver a national response to any future challenges that COVID-19 presents. We have reviewed and considered alternative options to simplify the reforms. Under those revised plans, announced on 11 June 2020, we will bring the delivery of unpaid work and behavioural change programmes under the control of the NPS instead of contracting them out to Probation Delivery Partners. This will give us a critical measure of control over these core services as we begin to recover from the impact of COVID-19. Delivery confidence of the programme remains at amber red, reflecting the level of complexity that still exists. However, simplifying the reforms means the programme can place more focus on planning the transition of a greater proportion of CRC services to a new model now.
Specific operational issue	Digital/technical debt/GDPR – objectives 4/6/7	The Ministry of Justice is a large and complex organisation with over 800 different IT systems, services and applications, delivered through a variety of in-house teams and outsourced contracts. Systemic prioritisation of the delivery of new systems and the operation of existing ones, and an extended reliance on suppliers, has meant that limited effort has been available previously to update, replace, or decommission older services. In 2019-20, MoJ made some funding available in-year to start tackling technical debt and to begin mitigating the risks. However continued investment is required to address this systemic problem and reach a position where we are able to continuously keep technology current.	As part of the sustained investment plan to address technical debt and data protection compliance, the Department has: ▪ moved additional applications into cloud hosting, which is more reliable, agile and secure ▪ upgraded key business applications ▪ begun to reduce our reliance on suppliers by in-sourcing our protective monitoring capability and develop additional security monitoring tools ▪ funded a portfolio of work to improve our cyber security posture ▪ ensured robust systems are in place to maintain and protect information assets and to improve General Data Protection Regulation (GDPR) compliance, including the ongoing deletion of data in line with retention schedules in some key IT systems

Category	Topic	Detail	Key mitigations
Specific operational issue	Cyber security – objectives 4/6/7	The Ministry of Justice is heavily dependent on a large and complex set of technology systems to deliver its services. As noted, many years of under investment in these technology estates means that many of them are reliant on increasingly out of support products and services, are not well understood by those involved in running them, and do not have effective monitoring and response controls in place. Operational agility is also hindered by dated security controls on older contracts. Previously fragmented approaches, which have improved as a result of functional leadership, but still remain in some areas, mean responsibilities for some systems are not as clear as they should be, adding risk in terms of security updates, and incident response.	Using the existing resource within the team and the additional funding for tackling technical debt, the cyber security team took forward a number of initiatives in 2019-20 to improve the security posture of the Department. This included: ▪ achieving consensus around MoJ's most business critical systems, enabling resource to be focused effectively ▪ assessing the business critical systems against the Cabinet Office cyber security minimum standards ▪ reducing the number of people with administrator rights on key MoJ IT systems ▪ beginning to in-source our protective monitoring capability and develop additional security monitoring tools ▪ funding additional security support for legacy prison systems while a replacement project is underway ▪ funding a review and revision of all security policies for MoJ ▪ funding an exploration of the joiners, movers and leavers process with recommendations for improvements ▪ increasing the capacity and capability of the cyber security team
Specific operational issue	Data protection – objectives 4/6/7	The Department handles a vast amount of personal data in order to deliver services and improve outcomes for its customers. To maintain confidence, be accountable to the Information Commissioner's Office and avoid reputational damage, personal data must be processed. This means it is held, obtained, recorded, used and shared in accordance with data protection laws, namely: the General Data Protection Regulation, the Data Protection Act 2018, and the Law Enforcement Directive. One of the biggest areas of risk remains the level of non-compliance across IT systems and the estate.	In the Department, assurance of compliance is gained through the engagement of a community of Information Assurance Leads, the use of comprehensive Information Asset Registers, and detailed Records of Processing. The Department has an Information and Security Risk Board which is chaired by the Chief Digital and Information Officer and has a membership of the Chief Information Security Officer, the Senior Security Advisor, the Data Protection Officer and the SIROs for the executive agencies and Functional Leads. The Board manages the Department's information risk, ensuring mitigation action is taken where appropriate. The Department's Data Protection Officer leads the Data Privacy team and together they develop policy, provide guidance, complete data protection impact assessments, and deliver training to improve compliance with data protection legislation. The Department is registered with the Information Commissioner's Office as a Data Controller and through the publication of in-depth Privacy Notices we are able to inform data subjects, in a transparent way, of our lawful uses of their personal data. In 2019-20 some of the funding to tackle technical debt was used to build delete functions in IT systems to enable the deletion of data in alignment with retention schedules. This was achieved in key IT systems in HM Prison and Probation Service and HM Courts & Tribunals Service, improving our compliance with data protection legislation.

Category	Topic	Detail	Key mitigations
Specific operational issue	No database to record actions undertaken from fire risk assessments – objectives 1/2	The tracking and reporting of Fire Risk Assessment (FRA) remedial actions is not consistent across the Department. We have a Fire Safety Policy that sets the criteria for FRAs across the property portfolio. For Ministry of Justice headquarters and agency sites, HMPPS sites (prisons and probation) and HMCTS sites, the policy states: • FRA's need to be completed to the PAS79 Industry Standard (which includes the requirement for FRA's to be completed by 'Competent Persons') • FRA's are reviewed annually (or when a material change is made to the configuration, or operation of a building/site) In May 2020, we published a revised Fire Safety Policy which adds the requirement for FRA remedials to be logged, tracked and reported quarterly to the corporate fire health and safety team. This is currently in place for Ministry of Justice headquarters, agencies and HMPPS (probation) with all FRA remedial actions recorded on a central database and tracked and reported centrally by the Ministry of Justice estates directorate fire safety team. This is not yet in place for HMPPS (prisons) and HMCTS.	We are putting systems in place for use by HMPPS (prisons) and HMCTS that will allow FRA actions to be tracked by each organisation's fire safety team, enabling quarterly reporting of performance for the entire property portfolio to the Department's corporate fire, health and safety team/committee. **HMPPS prisons:** FRA remedial actions are monitored locally by duty holders in accordance with the Fire Safety Order 2005. A new digital system (SPHERA) will move FRA's to a digital format enabling central tracking of remedial actions by the HMPPS prisons fire safety team. **HMCTS:** Work by the HMCTS National Committee on Safety and Security to identify a digital mechanism to centrally log FRA's for tracking and monitoring is nearing completion. The new system will enable the central recording, tracking and reporting of FRA remedial actions.
Specific operational issue	Sustainability of legal aid providers – objectives 1/2/3	Before the COVID-19 crisis, there were concerns about the sustainability of legal aid providers with evidence of increasing pressures on supply across several aspects of the market. The downturn in court volumes as a result of COVID-19 increases the risk to the sustainability of the legal aid market; an exit from the market of providers in response to decreased volumes could put court recovery plans at risk as well as threaten our ability to ensure access to justice.	We are mitigating this through a range of measures to support the cashflow of providers and the Legal Aid Agency has halted debt collection. We are continuing to engage with practitioners at all levels, from the front line to the leaders of the representative bodies, to understand the impact of the crisis on the market and are ensuring they are involved in discussions on emerging recovery plans. In addition to these short term measures, we are assessing the sustainability of the marketplace across both civil and crime.

Category	Topic	Detail	Key mitigations
General operational issue	Financial constraints and capacity – 1/2/3/4/5/6/7/8	In 2019-20, with increasing pressure on our finances, we continue to manage a challenging fiscal position. Our key priority is to maintain a tight grip on our finances and we have taken significant steps to ensure we achieve this.	To address these challenges, we are: ▪ increasingly aligning our business and financial planning, to ensure budgets align with available funding – we continue to increase planning maturity and ability to prioritise spend effectively, 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 ▪ proactively building our relationship with HM Treasury, ensuring our challenges and risk are collectively understood to enable the building of a more structured budget

Business continuity

Business continuity improves the Department's resilience, supports our strategic objectives and proactively strengthens capability to continue business operations in the event of disruption. The corporate business continuity team is responsible for oversight, guidance and professional leadership of business continuity for the Department, its agencies and arm's length bodies. The team identifies the Department's priorities and prepares solutions to address disruptive threats. It supports the design and implementation of plans to protect and continue operations in the event of a major incident.

In 2019-20, the team's work has: resulted in increased resilience across the Department in estates, IT and HR; enabled successful responses to Operation Yellowhammer[5] and COVID-19; and enabled the Department to manage disruptive incidents such as an office flood and the Extinction Rebellion protests. The team has:

- delivered a communications programme aimed at introducing business continuity to every member of staff in the Department and a training programme for staff at every level of seniority
- set up a departmental operating centre for Operation Yellowhammer – and re-established it for the Department's COVID-19 response
- considered appropriate business continuity arrangements for those business critical systems as part of the technical debt risk assessment work
- refreshed every business continuity plan in the Department to support Yellowhammer and COVID-19 response
- continued to drive improvement in standards and governance by supporting the Business Continuity Governance Board

Security and privacy

Our Senior Information Risk Owner (SIRO), functional and executive agency SIROs meet every six weeks as an Information Risk and Security Board. This enables active senior monitoring of the Department's key and cross-cutting security and information risks which have been captured in a Departmental wide Information and Security Risk Register. 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 four working groups covering physical, personnel, cyber and data and information security.

All new SIROs and leads receive training to ensure they are following best practice. Leads also have a corporate performance management objective. All Senior Civil Servants (SCS) pay band 1 staff are Information Asset Owners and receive guidance and training to support them in their role. Work has begun to review and update our security policies and guidance for both technical and general users to ensure they are fit for purpose and align with the new government functional standards. This work is part of a security culture change programme which started in 2019.

The Senior Security Advisor oversees the security and privacy division which brings together the data protection, cyber, physical and personnel security teams, aligning their work to ensure the Department is able to meet its data protection and government security obligations as well as reducing cyber threats. The Department has identified the top 40 business critical IT systems to help prioritise where to focus resource and investment.

The Department processes large volumes of sensitive data stored across extensive IT, supplier based and paper systems. Building on work undertaken to agree key risk areas we have undertaken remediation activity within a number of our critical IT systems, including the deletion of data, improved compliance functionality and the insourcing of our protective monitoring services. We will continue to build on this work in the next financial year but, in recognition of the continued risks and challenges in this area, the Department has included a technical debt risk and an information management risk on the departmental strategic risk register.

The Senior Security Advisor is a member of the Government Security Board, chaired by the Chief Government Security Officer, which aims to ensure delivery of consistent security services across departments. It provides an opportunity to contribute and influence the Cabinet Office led Transforming Government Security Programme. As part of this programme, Ministry of Justice vetting services were transferred to the Home Office and the security team manage that service. We have developed a security vetting contact network within the Department, along with supporting guidance aimed to help staff ensure they understand their responsibilities.

A summary of incidents involving personal data reported to the Information Commissioner's Office during 2019-20 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. The Director for Risk and Assurance is the Department's nominated counter fraud champion, supported by a dedicated Head of Counter Fraud, who leads our Counter Fraud Centre of Excellence. This centre of excellence: co-ordinates the Department's people, processes and specialist expertise; sets professional, principle-based standards; works collaboratively with colleagues to deal with high-profile, complex issues and investigations; and is part of the Counter Fraud Function network across government.

The Department's fraud risk assessment is regularly reviewed and updated. In 2019-20, specific risks around corruption, misappropriation of fund/payments and procurement contracts have been updated. The fraud risk assessment will continue to inform the Counter Fraud Strategy.

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 prevent, detect, measure and prosecute. In 2019, 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 and arm's length bodies. The executive agencies and larger arm's length bodies comply with the functional standard and have mature and well-embedded approaches to counter fraud. In smaller arm's length bodies (those without audit and risk committees) there is an ongoing programme of work to address remaining gaps, mainly around fraud risk assessment.

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.

In 2019-20, a former employee was convicted of a significant fraud carried out between 2017-18 and 2018-19. Payments for fictitious technology services were inappropriately directed towards a company set up in the employee's name. The fraud was discovered and reported by a member of the finance team. The individual's bank accounts were frozen and the matter was referred to and investigated by the Government Internal Audit Agency and the police, with some funds returned to the Department at that stage. The individual was arrested, prosecuted through the courts and pleaded guilty to all charges. Based on a review and assessment of the underlying controls, our processes and controls have been strengthened to prevent recurrence. The Department recognises a loss of £1.07 million in respect of this fraud. Recovery of further amounts continues to be progressed through the courts.

Whistleblowing

We encourage employees to speak out and raise concerns about wrongdoing. Our whistleblowing policy and procedures provide advice and guidance on the process for raising complaints and advise on the protection afforded to whistleblowers 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.

We are recruiting several new nominated officers across the Department and, once appointed, there will be 12 whistleblowing nominated officers across the Department. There are currently six nominated officials across the Department. All are of senior management grade (SEO and above) and one is a non-executive director. During the period 1 April 2019 to 31 March 2020, the Department reported nine whistleblowing cases. Complaints of harassment, bullying and discrimination are reported separately under the Department's grievance policy.

In March 2020, intranet articles were published to promote the Department's Fraud, Bribery and Corruption Awareness Week, urging staff to take a positive approach and have the confidence to speak out and report wrongdoing. Throughout the week there were opportunities to find out more information on the Department's counter fraud, bribery and corruption policy and the whistleblowing policy, both of which apply to all staff within the Department.

Departmental People 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 2019 remain relatively static and the Department reported a 63% (64% in 2018-19) outcome in awareness and 63% (61% in 2018-19) 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 Counter Fraud Centre of Excellence 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
- 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 Department's arm's length bodies and executive agencies notably HMPPS, HMCTS and LAA. These are expected to be moderate for 2019-20.

Internal audit issued a number of 'limited' rated audit reports where improvements were identified as being required across key organisational processes, including contingent labour and the management intervention needed to operate certain HR-related procedures effectively. Internal audit also issued a 'limited' opinion on Strategic Asset Management, which reflects significant risks the Department is facing around the maintenance of its estate. However, the majority of corporate systems reviewed were rated 'moderate'.

The key area of control weakness relates to the management of technology risks. Internal audit issued a 'limited' opinion on IT Disaster Recovery and there are known weaknesses relating to IT Incident Management processes. Internal Audit's work reflects well-understood concerns arising from the level of technical debt, resulting from large numbers of legacy systems across the Department, and highlights improvements which are required.

Despite these challenges, the Department has taken steps to improve the control environment in respect of technology. It continues to develop a register of technology. The register includes 40 systems assessed by management as most critical to the Department and on which efforts are focused.

Assurances covering arm's length bodies

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

The centre of expertise, within the Chief Financial Officer Group, is responsible for driving forward the Department's strategic and operational relationship with its arm's length bodies, to ensure that diverse and high quality public appointments are made to arm's length bodies 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 of and support to the Department's arm's length bodies, as well as providing more focused support for arm's length bodies' specific issues.

The arrangements for providing assurance to the Principal Accounting Officer about arm's length bodies 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 arm's length body's business for the year ahead impacts and aligns with that of the Department
  - how best the Department can support its arm's length bodies to deliver and
  - the optimum, risk-based partnership arrangements for arm's length bodies for the year ahead
- an 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 arm's length bodies 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 arm's length bodies within their business groups
- head of the arm's length bodies' centre of expertise attends the Departmental Audit and Risk Committee to provide assurance in respect of arm's length bodies' performance, finance and risk
- holding-to-account meetings between the Principal Accounting Officer and directors general where the latter's oversight of arm's length bodies is discussed and
- year-end governance statements completed by directors general and directors to provide assurance on the sponsorship they provide to arm's length bodies.

Environmental sustainability

2019-20 has seen environmental sustainability at the top of the public agenda and within the Department we have consolidated sustainability principles within the heart of our day-to-day operations and decision making. Looking ahead, the governance structures we have spent the last year establishing should enable the Department to deliver a step change in the transformation of our estate onto a sustainable footing. During 2019-20 we have:

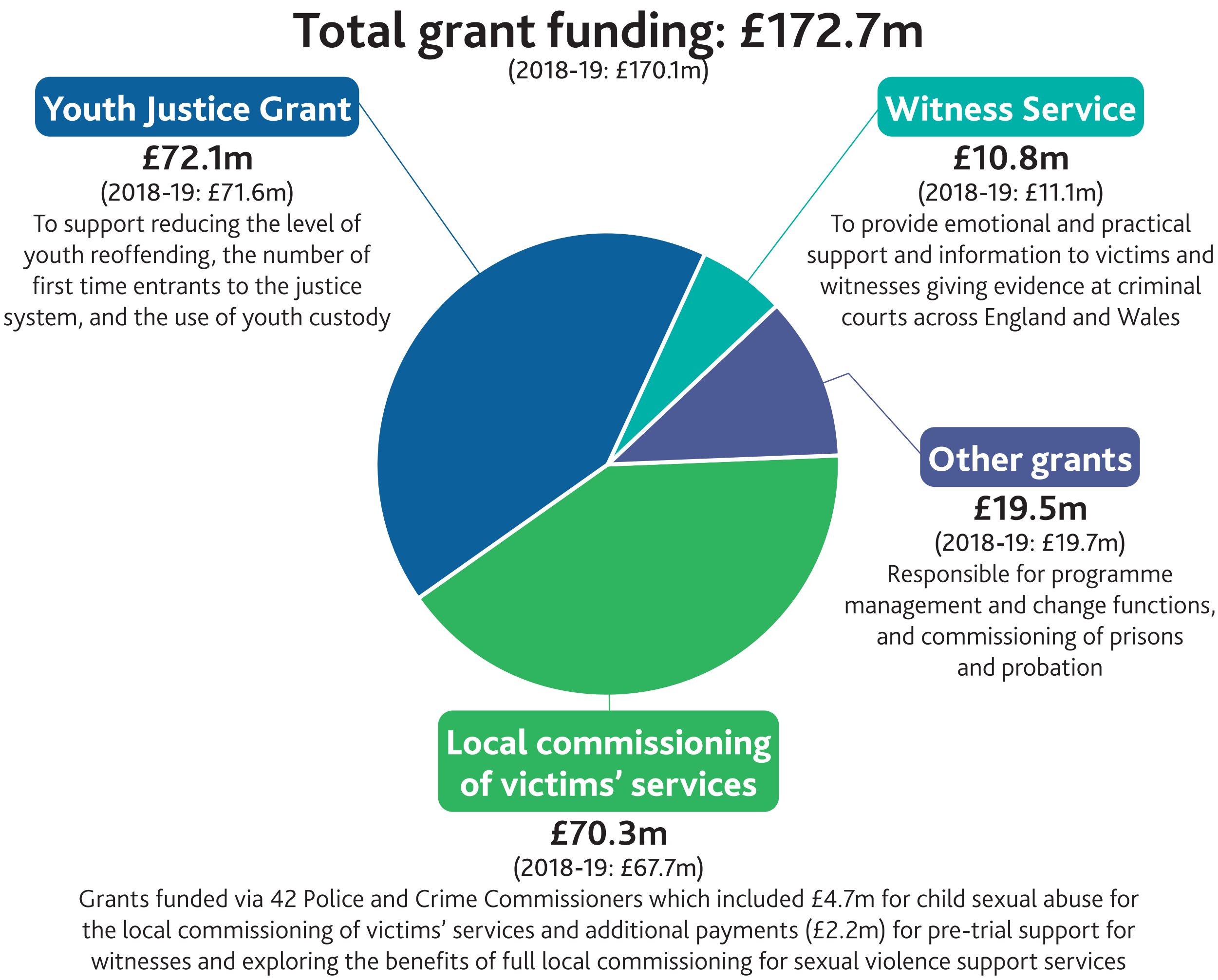
- included the requirement to consider sustainability within the financial delegation letters for 2020-21
- integrated sustainability into the Department's assurance statement, placing sustainability at the core of everyone's remit within the Department
- agreed individual sustainability priorities with all chief executives and directors general to guide their decision-making
- developed energy and water efficiency targets for individual prisons
- published our Sustainable Procurement Policy and developed a Climate Change Adaptation Strategy (which was published in 2020), ensuring transparency of our priorities and approaches
- improved the construction and operational sustainability of our estate by making sustainability a strategic objective of the new prison capacity programme

Looking forward, we will:

- monitor sustainability investment as a strategic priority via our Investment Committee
- track progress against chief executive and directors general sustainability priorities via our Executive Committee
- develop and refine our plans for delivering net zero carbon and net gain biodiversity
- incorporate environmental considerations into more of our major contracts and procurements
- develop stretching new Greening Government Commitments targets to 2025

Spending by grant recipients

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



To ensure that our governance arrangements are robust and that grant expenditure achieves 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 2019 to review planned grant expenditure for 2020-21 and during the year to review new grant proposals.

The panel's purpose is to support decision-making around both establishing new grants and reviewing existing grants. It has oversight of all grants and ensures a strong focus on value for money by:

- scrutinising and assessing all proposed and existing grants annually and as required for new grants
- providing constructive challenge and advice to grant sponsors
- ensuring consistency across the Department with regard in particular to grant necessity/appropriateness, benefits, risk and award level
- supporting financial processes, including the allocations process

As part of its finance operating model the Department has set 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 governance and assurance around grant funding. The Challenge Panel described above sits at the heart of the centre of excellence and is complemented by the recently established Grants Best Practice Network, a cross-departmental network to encourage the sharing of information, experience and expertise, covering all stages of the six-step grant making process. The centre of excellence is also rolling out a training package for all those involved in grants management.

The Grants Centre of Excellence has played a key role in implementing the Government Functional Standard for General Grants. The Cabinet Office grants audit, which reviews compliance with grant standards, has found the Department to be fully compliant with 8 out of 9 standards, up from 4 out of 9 in September 2018. The Department's grants maturity assessment score, as assessed by Cabinet Office, increased to 2.59 in June 2019 from 2.09 in April 2018.

Accounting Officer System Statements

In 2016, the Public Accounts Committee recommended, as part of its wider work on accountability to Parliament for taxpayers' money, that all departments should prepare accountability statements.

The Accounting Officer System Statement (AOSS) provides Parliament a single statement setting out all of the accountability relationships and processes within the department, making clear who is accountable for what, from the principal accounting officer down. It ensures accountability for all of the public money and other public resources which fall within the accounting officer's responsibilities.

The Department's AOSS is available at https://www.gov.uk/government/publications/ministry-of-justice-accounting-officer-system-statement

HM Treasury Corporate Governance Code

As part of the preparation of this report, the Department considers its compliance with the HM Treasury Corporate Governance Code for Central Government Departments.

There have been three departures from the code, which are explained below:

- the Departmental Board did not complete a Board Effectiveness Evaluation during the year as set out under Improving Governance.
- for part of the year the Department had only three non-executive board members. The fourth position is now filled.
- the Departmental Board has chosen to have only one non-executive board member on our Audit and Risk Committee because it was felt that sufficient transparency of the Committee's work via written and verbal updates to the Departmental Board showed appropriate challenge and provided the requisite assurance.

Overall conclusions

Former Permanent Secretary and Accounting Officer Sir Richard Heaton KCB provided me with a letter of assurance for the period up to 31 March 2020. This stated that the Department had maintained a framework of control to ensure the organisation had in place sufficient control processes to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control.

I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support the Ministry of Justice in delivering its statutory duties and to meet the aims and objectives set by ministers while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in Managing Public Money.

Mike Driver CB
Interim Accounting Officer

13 November 2020

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 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.

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 on Senior Salaries also advises the Prime Minister from time to time on: the pay and pensions of MPs and their allowances; peers' allowances; and 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 on Senior Salaries has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target

The Review Body on Senior Salaries 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 on Senior Salaries can be found at www.gov.uk/government/organisations/review-body-on-senior-salaries

Board members and senior civil servants remuneration

The salaries of Ministry of Justice 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 75.

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 https://civilservicecommission.independent.gov.uk

Remuneration and pension entitlements

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

Remuneration (salary and payments in kind)(audited)

Remuneration	2019-20					2018-19				
	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 (to 24 July 2019)	21, 232 (67,505 FYE)	-	6,000	16,876	44,000	67,505	-	15,000	-	83,000
The Rt Hon Robert Buckland, Lord Chancellor and Secretary of State for Justice (from 25 July 2019) and Minister of State (9 May 2019 to 24 July 2019)	52,916 (55,563 FYE)	-	16,000	-	69,000	-	-	-	-	-
Dr Phillip Lee MP, Parliamentary Under Secretary of State (to 12 June 2018)	-	-	-	-	-	4,475 (22,375 FYE)	-	-	5,594	10,000
Rory Stewart OBE MP, Minister of State (to 1 May 2019)	5,280 (31,680 FYE)	-	-	-	5,000	31,680	-	7,000	-	39,000
Chris Philp MP Parliamentary Under Secretary of State (from 10 September 2019)	12,493 (22,375 FYE)	-	2,000	-	14,000	-	-	-	-	-
Lucy Frazer QC MP, Minister of State for Justice (from 25 July 2019) Parliamentary Under Secretary of State (to 9 May 2019)	24,510 (28,578 FYE)	-	6,000	-	30,000	22,375	-	6,000	-	28,000
Paul Maynard MP, Parliamentary Under Secretary of State (9 May 2019 to 26 July 2019)	5,112 (22,375 FYE)	-	1,000	-	6,000	-	-	-	-	-
Edward Argar MP, Parliamentary Under Secretary of State (to 10 September 2019)	11,187 (22,375 FYE)	-	2,000	-	13,000	17,838 (22,375 FYE)	-	5,000	-	23,000
Wendy Morton, Parliamentary Under Secretary of State (26 July 2019 to 12 February 2020)	13,412 (22,375 FYE)	-	3,000	-	16,000	-	-	-	-	-

Remuneration	2019-20					2018-19				
	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	£	£	£	£		£	£	£	£	£
Alex Chalk MP[2], Parliamentary Under Secretary of State (from 14 February 2020)	-	-	-	-	-	-	-	-	-	-
Kit Malthouse MP[2], Minister of State (from 14 February 2020)	-	-	-	-	-	-	-	-	-	-

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.

[2] Alex Chalk MP is paid by HM Treasury and Kit Malthouse MP is paid by Home Office.

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

Remuneration	2019-20					2018-19				
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]	190-195	0.1	-	24	210-215	185-190	-	0-5	-	185-190
Mike Driver CB, Chief Financial Officer[1,2]	175-180	0.1	10-15	25	215-220	175-180	-	10-15	-	190-195
Matthew Coats, Chief Operating Officer (until 30 April 2018)	-	-	-	-	-	10-15	-	-	50	60-65
Mark Sweeney, Director General, Justice and Courts Policy Group (to 3 November 2019)	85-90 (130-135 FYE)	0.1	10-15	33	130-135	130-135	0.1	10-15	166	305-310
Justin Russell, Director General of Offender Reform and Commissioning Group (to 22 May 2019)	15-20 (125-130 FYE)	-	-	14	30-35	125-130	-	-	41	165-170
Michael Spurr CB, Chief Executive, HMPPS (to 31 March 2019)	-	-	-	-	-	145-150	-	-	1	145-150
Jo Farrar Chief Executive HMPPS (from 1 April 2019)[3,4]	155-160	-	-	24	175-180	-	-	-	-	-
Susan Acland Hood, Chief Executive, HM Courts & Tribunals Service[3]	130-135	-	10-15	50	195-200	130-135	-	10-15	55	200-205
Melissa Case, Director Criminal Justice Policy (from 1 November 2019 to 11 March 2020)	25-30 (60-65 FYE)	-	-	39	60-65	-	-	-	-	-
Nicola Hewer, Director of Family and Criminal Justice Policy (from 1 November 2019 to 11 March 2020)	25-30 (60-65 FYE)	-	-	44	65-70	-	-	-	-	-
James Bowler Director General of Policy, Communication and Analysis Group (from 12 March 20)	5-10 (140-145 FYE)	-	-	5	10-15	-	-	-	-	-

Notes to the table:

[1] Sir Richard Heaton KCB and Mike Driver CB joined the Partnership Pension Scheme from 30 June 2019 and 1 May 2019 respectively so did not accrue PCSPS pension benefits in 2019-20. Employer contributions to partnership pension accounts in 2019-20 were £24,300 and £25,100 respectively (to the nearest £100).

[2] Mike Driver CB disclosed a related party during 2019-20. This is detailed in Note 27: Related Party Transactions.

[3] Jo Farrar and Susan Acland-Hood are remunerated by HMPPS and HMCTS respectively.

[4] Jo Farrar joined the Partnership Pension Scheme from 1 April 2019 so did not accrue PCSPS pension benefits in 2019-20. Employer contributions to partnership pension accounts in 2019-20 were £23,700 (to the nearest £100).

Remuneration	2019-20			2018-19		
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	15-20	-	-	15-20 (20-25 FYE)	-	-
Liz Doherty[1], Audit and Risk Committee Chair and Non-Executive Member (to 18 August 2019)	10-15 (25-30 FYE)	-	-	15-20	-	-
Lizzie Noel, Non-Executive Member (to 3 May 2018)	-	-	-	0-5 (10-15 FYE)	-	-
Shirley Cooper, Interim Audit and Risk Committee Chair and Non-Executive Member	10-15	-	-	10-15 (15-20 FYE)	-	-
Nick Campsie, Non-Executive Member	10-15	-	-	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. 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 £79,468 from 1 April 2019 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 and 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 and 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 Nominations Committee, which is chaired by the Permanent Secretary and includes a non-executive director and the Group Human Resources (HR) 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 2019-20 relate to performance in 2018-19 and the comparative bonuses reported for 2018-19 relate to performance in 2017-18.

Pension entitlements

Ministerial pensions (audited)

Pension benefits

Ministers	Accrued pension at age 65 as at 31 March 2020	Real increase in pension at age 65	CETV at 31 March 2020	CETV at 31 March 2019	Real increase/ (decrease) in CETV
	£000	£000	£000	£000	£000
The Rt Hon David Gauke MP, Lord Chancellor and Secretary of State for Justice (to 24 July 2019)	5-10	0-2.5	103	97	2
The Rt Hon Robert Buckland QC MP, Minister of State (9 May 2019- 24 July 2019) and Lord Chancellor and Secretary of State for Justice (from 24 July 19)	5-10	0-2.5	92	75	8
Dr Phillip Lee MP, Parliamentary Under Secretary of State (to 12 June 2018)	-	-	-	10	-
Rory Stewart OBE MP, Minister of State (to 1 May 2019)	0-5	0-2.5	31	31	-
Lucy Frazer QC MP, Minister of State (to 10 May 2019 as Parliamentary Under Secretary; and from 25 July 2019)	0-5	0-2.5	14	6	2
Edward Argar MP, Parliamentary Under Secretary of State (from 14 June 2018)	0-5	0-2.5	5	3	1
Chris Philp MP, Parliamentary Under Secretary of State (from 10 September 2019)	0-5	0-2.5	2	-	1
Paul Maynard MP, Parliamentary Under Secretary of State (9 May 2019 to 26 July 2019)	0-5	0-2.5	13	12	-
Wendy Morton MP, Parliamentary Under Secretary of State (26 July 2019 to 12 February 2020)	0-5	0-2.5	7	4	1
Kit Malthouse MP, Minister of State (14 February 2020)	-	-	-	-	-
Alex Chalk MP, Parliamentary Under Secretary of State (14 February 2020)	-	-	-	-	-

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.

Ministerial pension benefits (audited)

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 Ministers' etc. Pension Scheme 2015, available at http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF MINISTERIAL SCHEME FINAL RULES.doc

Those ministers who are MPs may also accrue an MPs' pension under the PCPF (details of which are not included in this report). A new MPs' 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 MPs' final salary pension scheme.

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued 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 (audited)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value (CETV) is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a minister. CETV's 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 (audited)

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 (audited)

Pension benefits

Senior managers	Accrued pension and related lump sum at pension age as at 31 March 2020	Real increase in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase/ (decrease) in CETV	Employer partnership pension account at 31 March 2020
	£000	£000	£000	£000	£000	Nearest £100
Sir Richard Heaton KCB, Permanent Secretary[1]	-	-	-	-	-	24,300
Mike Driver CB, Chief Financial Officer[1]	-	-	-	-	-	25,100
Matthew Coats, Chief Operating Officer (until 30 April 2018)	-	-	-	1,050	-	-
Mark Sweeney, Director General, Justice and Courts Policy Group (to 3 November 2019)	35-40 plus lump sum of 90-95	0-2.5	629	588	15	-
Justin Russell, Director General of Offender Reform and Commissioning Group (to 22 May 2019)	30-35	0-2.5	491	479	10	-
Michael Spurr CB, Chief Executive, HMPPS (to 31 March 2019)	-	-	-	1,570	-	-
Jo Farrar, Chief Executive, HMPPS (from 1 April 2019)[2]	-	-	-	-	-	23,700
Susan Acland Hood, Chief Executive, HM Courts & Tribunals Service	45-50	2.5-5	624	571	20	-
Melissa Case, Director Criminal Justice Policy (from 1 November 2019 to 11 March 2020)	20-25	0.2-5	291	-	-	-
Nicola Hewer, Director of Family and Criminal Justice Policy (from 1 November 2019 to 11 March 2020)	20-25 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	388	-	-	-
James Bowler, Director General for Policy, Communication and Analysis Group (from 12 March 2020)	45-50 plus lump sum of 100-105	0-2.5 plus lump sum of 0-2.5	776	-	-	-

Notes to the table:

[1] Sir Richard Heaton KCB and Mike Driver CB joined the Partnership Pension Scheme from 30 June 2019 and 1 May 2019 respectively so did not accrue PCSPS pension benefits in 2019-20.

[2] Jo Farrar Joined the Partnership Pension Scheme on 1 April 2019 so did not accrue PCSPS pension benefits in 2019-20.

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 (PCSPS). 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 their 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) their 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 the appointed provider – Legal & General. 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 of Civil Service pensions

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETV's 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 2020) (audited)

	2019-20	2018-19
Band of highest paid director's total remuneration (£000)	190-195	190-195
Median total remuneration (£)	25,196	25,842
Ratio	7.6:1	7.4:1

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 2019-20 was £190-195k (2018-19: £190-195k). This was 7.6 times (2018-19: 7.4) the median remuneration of the workforce, which was £25,196 (2018-19: £25,842).

In 2019-20, one (2018-19: one) member of the workforce received remuneration in excess of the highest-paid director. Remuneration ranged from £15-20k to £190-195k (2018-19: £15-20k to £205k-£210k). These figures exclude any severance pay in respect of compulsory redundancies and voluntary early departures disclosed on page 112.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the CETV of pensions.

Compensation for loss of office (audited)

One minister received compensatory payments in 2019-20 . No senior managers received compensatory payments in 2019-20. (2018-19: One minister received compensatory payments; No senior managers received compensatory payments).

Staff numbers and composition

This section has been subject to audit.

Staff costs

Departmental Group

					2019-20	2018-19
	Permanently employed staff	Other	Ministers	Special advisers*	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,341,794	213,694	164	89	2,555,741	2,505,504
Social security costs**	238,440	1,258	16	6	239,720	233,041
Other pension costs	698,664	110	-	13	698,787	502,295
Sub total	3,278,898	215,062	180	108	3,494,248	**3,240,840**
Early departure costs	11,403	-	-	-	11,403	16,445
Early departure provisions	(42)	-	-	-	(42)	(359)
Add inward secondments	10,787	818	-	-	11,605	10,688
Less recoveries in respect of outward secondments	(10,341)	-	-	-	(10,341)	(8,986)
Total net costs	3,290,705	215,880	180	108	3,506,873	**3,258,628**
Of which:						
Core Department and agencies	3,124,933	176,486	180	108	3,301,707	3,067,136
Non-departmental public bodies	165,772	39,394	-	-	205,166	191,492
	3,290,705	**215,880**	**180**	**108**	**3,506,873**	**3,258,628**

*The Department made severance payments to special advisers totalling £35,250.

**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 GOV.UK.

During the period ended 31 March 2020, £6 million of staff costs (2018-19: £10.8 million) have been capitalised.

The Department has disclosed information on the number of hours and associated cost to the Department of employees who were relevant unions officials during 2019-20 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 2019-20 the Lord Chancellor's full year equivalent salary was £55,563 (2018-19: £67,505) and the associated combined social security costs were £16,000 (2018-19: £15,000).

From September 2019, all existing Special Advisers moved on to Cabinet Office payroll. Special Advisers new to Government were paid by Cabinet Office from August 2019.

The PCSPS and the Civil Servants 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 on GOV.UK.

For 2019-20, employers' contributions of £484.4 million were payable to the PCSPS (2018-19: £354.3 million) at one of four rates which ranged from 26.6% to 30.3% (2018-19: 20.0% to 24.5%) of pensionable pay, based on salary bands (34.1% 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% (2018-19: 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 £1.7 million (2018-19: £415k) 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% (2018-19: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

For 2019-20 employers' pension contributions and contribution rates for the LSC, Cafcass and Probation pension schemes, refer to Note 25.

89 persons (2018-19: 111 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £302k (2018-19: £339k).

Judicial costs

Departmental Group

				2019-20	2018-19
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	135,178	114,537	134,781	384,496	361,874
Social security costs	18,208	14,735	13,656	46,599	44,663
Other pension costs	68,001	51,616	44,558	164,175	118,400
Total net costs	**221,387**	**180,888**	**192,995**	**595,270**	**524,937**

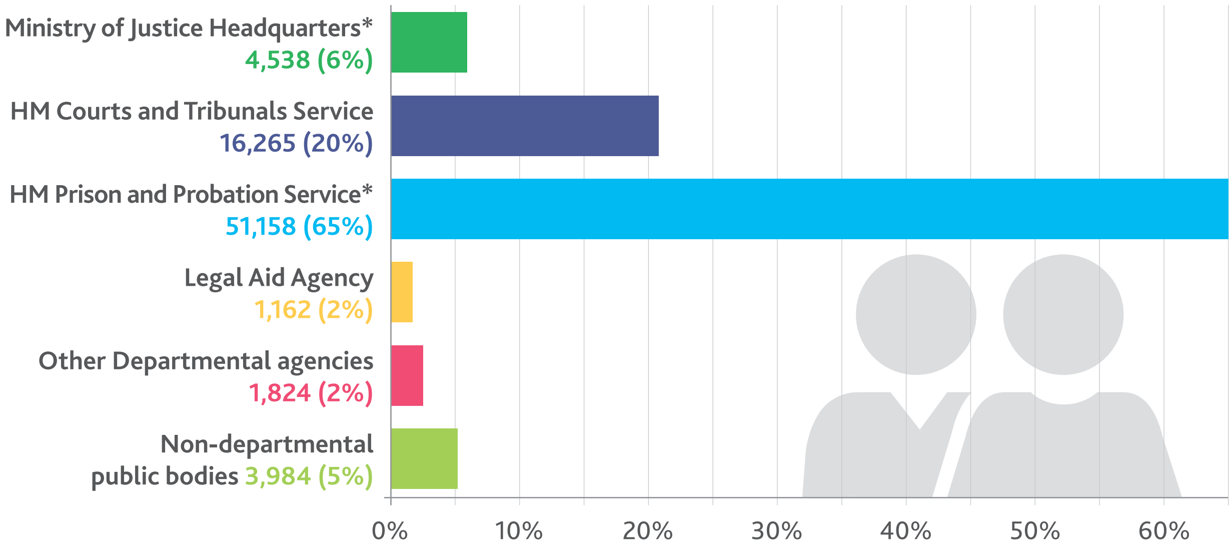
The Judicial Pension Scheme is an unfunded multi-employer defined benefit scheme which prepares its own accounts, but for which the Department (through HM Courts & Tribunals Service) is unable to identify its share of the liabilities. Details of the most recent completed valuation (as at March 2016) 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 Judicial Pension Scheme where the salary has been paid from the Department's supply estimate. Contributions to the Judicial Pension Scheme have been made at a rate of 51.35% (2018-19: 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 Judicial Pension Scheme 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 29 staff; HMPPS 84 staff).

Departmental Group

					2019-20	2018-19
	Permanently employed staff	Other	Ministers	Special advisers	Total	Restated Total
Ministry of Justice headquarters and associated offices						
Chief People Officer Group	581.3	2.0	0.1	0.2	583.6	343.5
Policy, Communications and Analysis Group	1,824.9	11.3	2.0	0.6	1,838.8	1,752.8
Chief Finance Officer Group	1,871.1	215.3	0.1	0.1	2,086.6	2,042.1
Agencies						
HM Courts & Tribunals Service	14,041.0	2,223.0	0.4	0.3	16,264.7	16,219.7
Office of the Public Guardian	1,393.8	165.1	0.1	0.1	1,559.1	1,389.5
HM Prison and Probation Service	49,831.0	1,242.0	0.8	0.3	51,074.1	50,197.1
Legal Aid Agency	1,126.0	35.0	0.4	0.3	1,161.7	1,215.7
Criminal Injuries Compensation Authority	264.9	-	0.1	0.1	265.1	273.2
Non-departmental public bodies						
Non-departmental public bodies	3,167.5	816.5	-	-	3,984.0	3,845.6
Capital projects						
Staff engaged on capital projects	15.8	97.1	-	-	112.9	190.0
Total	**74,117.3**	**4,807.3**	**4.0**	**2.0**	**78,930.6**	**77,469.2**
Of which:						
Core Department and agencies	70,949.8	3,990.8	4.0	2.0	74,946.6	73,623.6
Non-departmental public bodies	3,167.5	816.5	0	0	3,984.0	3,845.6
	74,117.3	**4,807.3**	**4.0**	**2.0**	**78,930.6**	**77,469.2**

The full-time equivalent analysis for ministers and special advisers reflects the proportion of time spent across the different functions within the Departmental Group.

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

Departmental Group

				2019-20	2018-19
	Senior judicial salaried	Other judicial salaried	Fee paid judiciary	Total	Total
Core Department and agencies	924.0	878.0	1,170.0	2,972.0	2,948.0
Total	**924.0**	**878.0**	**1,170.0**	**2,972.0**	**2,948.0**

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

	2019-20			2018-19		
	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	-	80	80	-	73	73
£10,000 - £25,000	-	95	95	1	73	74
£25,001 - £50,000	-	327	327	1	261	262
£50,001 - £100,000	-	132	132	-	79	79
£100,001 - £150,000	-	2	2	-	1	1
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,001 - £300,000	-	-	-	-	-	-
Total number of exit packages by type	**-**	**636**	**636**	**2**	**487**	**489**
Total cost of exit packages by type (£000)	**-**	**24,298**	**24,298**	**62**	**14,840**	**14,902**
Number of exit packages						
Of which:						
Core Department and agencies	-	635	635	-	485	485
Non-departmental public bodies	-	1	1	2	2	4
	-	**636**	**636**	**2**	**487**	**489**
Cost of exit packages (£000)						
Of which:						
Core Department and agencies	-	24,269	24,269	-	14,784	14,784
Non-departmental public bodies	-	29	29	62	56	118
	-	**24,298**	**24,298**	**62**	**14,840**	**14,902**

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 544 inefficiency dismissal exit packages at a value of £17.1 million (2018-19: 462 at a value of £14.3 million) within payment bands not exceeding £150k (2018-19: £150k).

Spend on consultancy and temporary staff

			2019-20			2018-19
	Core and agencies	NDPBs	Total	Core and agencies	NDPBs	Total
	£000	£000	£000	£000	£000	£000
Consultancy	14,934	28	14,962	30,531	41	30,572
Temporary staff	172,868	24,683	197,551	199,560	22,745	222,305
Total	**187,802**	**24,711**	**212,513**	**230,091**	**22,786**	**252,877**

Staff redeployment related to COVID-19 and EU Exit

	Grade	Long-Term loan	Short-Term loan
COVID-19	SCS	-	3
EU Exit	SCS	2	4
	Grade 6/7	8	30
	SEO	13	41
	HEO	10	30
	EO and below	8	17
Total		**41**	**125**

No staff were redeployed into the Department during EU Exit work, as the Department was a supply (home) department. As COVID-19 redeployments mainly occurred after 31 March 2020, the count is low during 2019-20. The average duration of staff redeployments in relation to EU Exit was 3 months and in relation to COVID-19 was 9 days at 31 March. The cost of staff on short term loans to other departments in relation to EU Exit was £991k administration costs, £1.06 million programme costs and in relation to COVID-19 was nil for administration costs and £7k programme costs.

Our staff

Recruitment

The Department is an equal opportunities employer and welcomes applications from all qualified persons regardless of their protected characteristic, identity, circumstance or background. 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.

Since the implementation of its Resourcing Transformation Programme in 2017, the Department continues to maintain more efficient processes and reductions in 'time to hire' and to regularly review and improve its vacancy manager and candidate experience.

The corporate group resourcing team is structured around the core areas of operational delivery and resourcing policy and expert services, which support the Department with recruiting volume, specialist and hard-to-fill roles alongside providing expert advice and guidance on departmental and Civil Service policy and process. This operating model is complemented by dedicated specialist teams leading on marketing and attraction and assessment and selection and augmented by comprehensive data analytics that ensure data-driven decision making.

In response to the resourcing challenges posed by COVID-19, particularly in respect of frontline staff, the team introduced a resourcing recovery model focused on a three-tiered approach of:

- standing all face-to-face recruitment down in the first instance, based on government advice, and communicating that via its public recruitment information channels and to applicants in the pipeline
- developing recovery options to move to digital recruitment where possible and assessing and testing new approaches for reintroducing volume assessments
- ensuring the smooth implementation of those options at the point that recruitment can recommence

All recruitment is anonymised to the point of a face-to-face assessment and the Department has adopted and kept under review the use of diverse recruitment panels. In our aim to be an employer of choice, we continue to build 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.

Employee engagement and experience of work

The Department continues to attach importance to engaging its employees in delivering its aims and objectives and to improving its understanding of their experience of work in order to drive improvements in recruitment and retention, engagement and wellbeing and, ultimately, delivery.

Some 37,509 Ministry of Justice staff took part in the annual Civil Service People Survey which ran in October 2019. This was a slight increase on 2018 (36,738) and included a second year of improving response rate in the prison service (28%: 2019, 27%: 2018) after a number of years of declining participation in that part of the Department. This is also the second year of inclusion of a 'My Establishment' section in the prison service survey covering issues unique to working in a prison environment.

We continue to strongly promote the survey across the Department, with survey results showing improved confidence that senior managers will take action on the results (39%, up 2 percentage points (pp) on 2018).

The survey saw a 2 percentage points (pp) improvement in the Department's headline Engagement Index to 59% and improvements in all nine of the survey's key themes. This included 3pp improvements in the themes most closely related to leadership development, staff training and pay which were highlighted for action in last year's Annual Report and Accounts. (The themes were Leadership and Managing Change, Learning and Development and Pay and Benefits which increased by 3pp to 42%, 51% and 25% respectively in 2019.) It also saw improvements in the two wellbeing indices introduced in 2018 (1pp in each). The proportion of staff reporting personal experience of bullying and harassment stayed the same at 13%, but the proportion of staff reporting personal experience of discrimination at work improved by 1pp to 13% and the proportion of staff who said they reported their experience improved by 5pp to 50%. New information in this year's survey showed that the most often experienced forms of bullying and/or harassment were humiliation in front of colleagues, negative micromanagement, and being treated less favourably than others.

The Executive Committee considered the results of the survey when the headlines were published in December and again once teams had been able to review their individual results in early March. The Executive Committee identified three priorities for improving engagement: changing leadership; giving staff more choice over how they work and greater involvement in decision making; and career development. The Executive Committee also noted within the results the importance of continuing to tackle discrimination, harassment and bullying, continuing to support staff with their mental health and workplace adjustments, and improving our understanding of the impact of intersections between protected characteristics. The Department already has significant work underway in these areas and as such the Executive Committee commissioned the People Business Committee to oversee work to embed the priorities into our corporate programmes and services, business groups, agencies, plans and at working level.

(All figures quoted are for the Department as a whole including agencies and arm's length bodies unless specifically stated.)

Case study: Values and leadership work

Our values of Purpose, Humanity, Openness and Together are incredibly important to us, both in how we operate as a Department and how we enable and empower our leaders at all levels. This year has seen some exceptional work in this regard, the highlights of which are as follows:

- The design of a leadership behaviours 'typology' in which we describe, for each of our values, the leadership behaviours we would like to see staff across the breadth of our organisation demonstrate on a day-to-day basis. Linking in with the Civil Service wide Leadership in Action initiative, this work will continue into the coming financial year, allowing leaders at every level to challenge themselves and others to be the best they can be.
- The development of a modern, interactive learning system which will enable learners right across our Department to access innovative and exciting learning and development opportunities and resources. Our values have been intrinsic to the design of the system, and learning interventions will be categorised in a range of ways, including being value-linked so all of our staff can easily see the connection between their learning and our organisational value set.
- The delivery of an inaugural Ministry of Justice Leadership School in February 2020, which saw 150 leaders from across the Ministry of Justice family gathering for three days to hear inspirational world-renowned speakers, to take part in interactive thought-provoking workshops, to work together to reflect on their learning and to consider how their learning would change their leadership practice. This event was hugely successful, with overwhelmingly positive feedback both from our delegates and speakers alike. A second Leadership School is now being planned for the new year, along with a new spin-off event for aspiring leaders.

Employment of people with disabilities

The Department is accredited as a Disability Confident Leader. This scheme recognises our commitment to ensuring equality of opportunity for all disabled staff as set out in our disability policy and embedded in other HR policies (including those relating to leave, performance and sickness) and practices from recruitment to retention. Staff have access to dedicated intranet pages on the full range of disability support.

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 practice and maximises performance. The Department continues to engage with staff to improve access to adjustments. During 2019-20 we surveyed staff to learn more about their experiences of adjustments in the workplace. With the introduction of COVID-19 restrictions we have prioritised the continuity of access to adjustments.

Disabled staff have access to targeted career development support and advice including the Civil Service Learning Positive Action Pathway. During 2019-20, the Department ran 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 pilot programme (Elevate) is a 12-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 open to staff with a disability and staff from a Black, Asian and Minority Ethnic (BAME) background.

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 signpost them to appropriate specialist support where needed. This work is underpinned by our Mental Health Strategy and Action Plan.

Ultimately, throughout all our practices, policies and ways of working, we are building the foundations which allow a culture of belonging to develop. This is where everyone feels they can bring their full talents to the workplace.

Diversity, inclusion and wellbeing

Our core values – Purpose, Humanity, Open and Together – shape our approach to diversity and inclusion. We aim 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 modern Britain, at all levels and across the breadth of our functions and estate, which will enable us to deliver most effectively as a Department in our strategic aims.

We publish diversity information annually in our Workforce Monitoring Report. The latest report covers 2018-19 and is available at https://www.gov.uk/government/publications/ministry-of-justice-workforce-monitoring-report-2018-to-2019

We also publish gender pay gap information annually including our action plan to close the gap. This is available at https://www.gov.uk/government/publications/ministry-of-justice-gender-pay-gap-report-2019

We continue to make progress against our diversity targets. As at the end of March 2020, women now make up 54% of the Department's Senior Civil Servants (SCS), in comparison with 49% in March 2019, and female representation across all grades is 54%. To work towards our targets, we continue to focus on increasing the flow of under-represented staff into SCS roles including through launching a sponsorship programme and the Elevate leadership development scheme for Band A (Grades 6/7) disabled and ethnic minority staff.

Recording rates (declarations) for ethnicity, disability, religion and sexual orientation in the Department overall have continued to rise over the last year due to drives to increase staff declaration rates.

In January 2020, we launched Be Well, a wellbeing strategy focused on creating a healthy workplace culture and reflects current wellbeing issues. It also emphasised a 'working together' approach to wellbeing. There are four themes within our future wellbeing strategy:

- healthy Mind
- healthy Body and/or Lifestyle
- financial Wellbeing
- healthy Working Environment (physical and cultural)

Diversity, inclusion and wellbeing is the responsibility of everyone in the Department, which is why we work across functions, professions and at all levels. Our staff networks are crucial diversity, inclusion and wellbeing delivery partners who are continuing to build impact in the Department by helping to shape the culture and behaviours of our organisation by embracing the ideas, passion and knowledge of the people who work here.

As our current diversity and inclusion strategy ends during 2020, we are now in the process of developing a Belonging Approach. This encapsulates diversity, inclusion and wellbeing and moves towards a more holistic way of recognising the relationship between individuals and the workplace. It will create a culture change that provides opportunities for everyone, recognising the unique and differing knowledge, skills and insights we can bring to progress the work to deliver a world-class justice system that works for everyone in society. Our approach will continue to work in line with the wider Civil Service Diversity and Inclusion Strategy to help the Civil Service with its aims of being the most inclusive employer.

Sickness absence data

Managers record staff sickness absence through a self-service facility on the single operating platform. The Department reports sickness absence as the number of average working days lost. Across the Department (including its executive agencies, but no non-departmental public bodies), the number of average working days lost was 9.1 at the end of March 2020, compared to 8.6 at the end of March 2019. Business areas actively monitor this data with HR business partner support, and the data is reviewed regularly at Departmental level by the Executive Committee and other senior committees.

The attendance management policy is based on the cross-government Civil Service Employee Policy and is regularly refreshed. It is one of a number of policies that is being reviewed as part of a Departmental policy transformation initiative to ensure they are as effective and accessible as possible.

Mental health and behavioural disorders including stress, anxiety and depression remain the most frequently reported causes of sickness absence as at March 2020. Our proactive approach to wellbeing provides a range of support for staff, as well as encouraging a preventative culture to reduce sickness absence in line with the wider Civil Service strategy.

In addition to dedicated wellbeing intranet pages which provide advice and guidance, practical toolkits and signposting to a range of support, staff and managers can access a network of mental health allies across the Department (trained staff volunteers, who offer support to employees and advice to managers) and regular mental health awareness events. Further support is available through our occupational health provider, and counselling and general advice can be accessed through our employee assistance provider.

Staff turnover

Staff turnover for the Department and its agencies is shown below. The Department continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. The annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in the Ministry of Justice and take appropriate action to improve effectiveness, including where turnover becomes problematic.

	2019-20		2018-19	
	Turnover	Departmental turnover	Turnover	Departmental turnover
MoJ HQ	8.2%	16.0%	9.0%	15.4%
HMPPS	10.1%	10.7%	9.7%	10.1%
HMCTS	9.1%	11.1%	10.0%	11.3%
OPG	5.3%	11.4%	5.7%	10.2%
LAA	4.2%	7.3%	4.1%	6.4%
CICA	5.9%	14.2%	10.7%	15.4%

Note: Transfers of staff within the Civil Service are included in 'Departmental turnover' and excluded from 'Turnover'.

People policy alignment

The Department has an aspiration to have a single set of people policies that can be applied across the whole Ministry of Justice family that are simple to understand, reduce the burden on line managers' time and offer an improved user experience. A key driver for convergence is through the Civil Service HR Global Process design work being driven across government and the next Generation Government Shared Service move to the cloud.

To date the Department's focus has been on people policy alignment for the staff who have moved from HMPPS into the core Ministry of Justice as part of the functional leadership moves that have incrementally been happening since 2017. To date we have aligned 30 out of 35 people polices and the outstanding ones continue to be worked on, with some requiring a system technology change.

Over the next 12 months, our plan is to start to align our people policies across the whole Department, starting with performance management and staff expenses. Our ambition is to simplify each policy, challenge the role of the line manager in a people process and remove their involvement if there is no added value, and improve the overall user experience. This will be achieved through simplified process guidance, utilisation of digital enhancements to improve the user experience and use of videos to explain our people processes and policies.

Case study: Ministry of Justice apprenticeship programmes

Since the introduction of the apprenticeship levy in 2017 the Department has worked hard to bring opportunities for learning to staff across a broad range of roles and grades. In 2019-20 this work saw 1,300 learners taking part in apprenticeship programmes ranging from level 2 to level 7, and across a huge breadth of professional areas. As a result of the hard work that has been done in this area, the Department has seen a huge 64% increase in apprentices starting a programme of learning this year compared to 2018-19. Some highlights and achievements this year include:

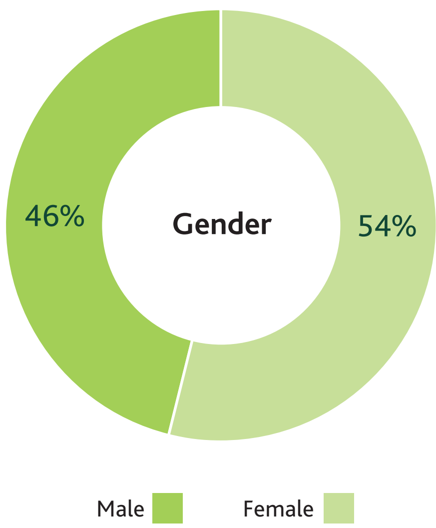
- The Office of the Public Guardian's (OPG) ground-breaking academy, in partnership with Department for Work and Pensions (DWP) and Birmingham City Council, commenced work on a project to support the long-term unemployed and others who are struggling in the labour market to develop skills which make them employment ready. The ultimate aim of this work will be for OPG to be able to offer fixed-term contracts on an apprenticeship programme to those who are assessed as ready and competent.
- Throughout the year, 67 apprentices have taken up degree/masters level programmes in areas such as data science, accountancy, facilities management and professional economics, ensuring that our apprenticeship programmes are available to as broad a range of staff as possible, at whatever stage they may be in their careers.
- This year has also seen the successful launch of our prison officer apprenticeship programme in custody and detention. Throughout the latter part of 2019 and early 2020, over 300 apprentice officers were recruited and the Department plans to offer this programme more widely in the near future. Feedback from prison officer apprentices has been overwhelmingly positive and this apprenticeship programme looks set to deliver a high volume of very high quality learning programmes in the coming years. As the employer provider for this programme, the Department worked closely with our colleagues in DfE to ensure that the programme has been high quality, well managed and sustainable.
- The Department held its inaugural apprenticeship graduation event in early 2020, celebrating the achievements of 50 staff who have successfully completed their apprenticeship programme this year. Hosted by Dr Neil Wooding and attended by Sir Richard Heaton, the aim of the event was to thank apprentices for their hard work and commitment to the Department.
- HMPPS have renewed their inclusion in the national Register of Approved Training Providers in order to continue running the prison officer apprenticeship programme. The re-application for inclusion, which was submitted in 2019, was approved with no reservations, and we are delighted to be in a position to continue delivering this flagship programme for our hardworking and dedicated justice heroes.

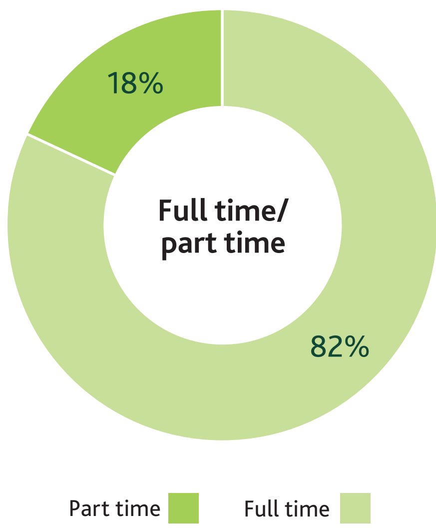
Workforce composition[6]

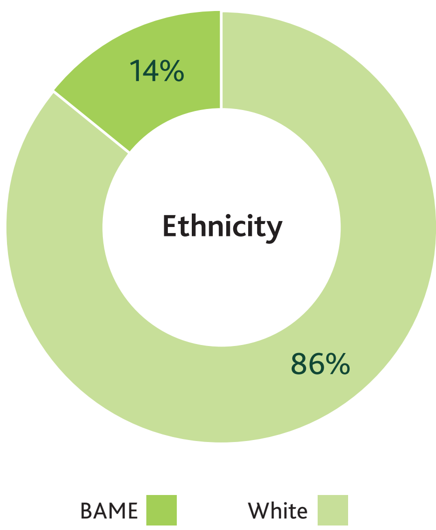
The number of staff split between male and female as at 31 March 2020

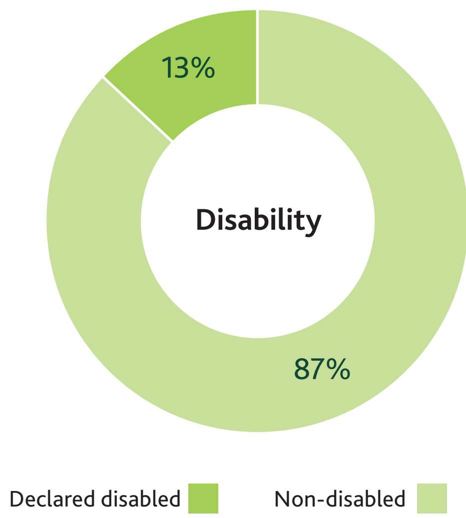
	Male	Female
Board members	17	20
Senior Civil Service (SCS) equivalent	150	173
Departmental employees (excluding SCS equivalent)	34,776	41,350

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 on GOV.UK

[6] 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 equivalent staff by band

Salary band	SCS or equivalent within band as at 31 March 2020		SCS or equivalent within band as at 31 March 2019	
	Number	Percentage	Number	Percentage
£60,000-£69,999	0	0%	20	7%
£70,000-£79,999	133	41%	102	35%
£80,000-£89,999	53	17%	43	15%
£90,000-£99,999	85	26%	79	27%
£100,000-£109,999	16	5%	19	6%
£110,000-£119,999	18	6%	14	5%
£120,000-£129,999	4	1%	4	1%
£130,000-£139,999	5	2%	5	2%
£140,000-£149,999	6	2%	5	2%
£150,000-£159,999	0	0%	0	0%
£160,000-£169,999	1	0%	1	0%
£170,000-£179,999	1	0%	1	0%
£180,000-£189,999	0	0%	1	0%
£190,000-£199,999	1	0%	0	0%
£200,000-£209,999	0	0%	0	0%
Total	**323**	**100%**	**294**	**100%**

Off-payroll engagements

During the financial year 2019-20, the Department has reviewed off-payroll engagements where we are required to consider intermediaries (IR35) legislation using HMRC's guidance and online status indicator. We have advised our contracting body of the outcome of the status determinations so that, where appropriate, tax deductions are made at source from payments made in respect of the engagement with the Ministry of Justice.

Further details of off-payroll engagements for the core Department, executive agencies and arm's length bodies are shown in the off-payroll tables in Annex C and form part of the accountability reports.

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.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against its supply estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by its Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not match exactly to cash spent) and administration.

The supporting notes detail the following: outturn by estimate line, providing a more detailed breakdown (Note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoPS to the financial statements (Note 2); a reconciliation of outturn to net cash requirement (Note 3); and, an analysis of income payable to the Consolidated Fund (Note 4).

Summary of resource and capital outturn 2019-20

		2019-20								2018-19
				Outturn			Estimate		Outturn vs Estimate, saving/ (excess)	Outturn
		Voted	Non-Voted	Total	Voted	Non-voted	Total	Voted	Total	Total
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit										
- Resource	SoPS 1.1	8,220,234	143,792	8,364,026	8,275,009	134,413	8,409,422	54,775	45,396	8,036,577
- Capital	SoPS 1.2	491,925	-	491,925	504,642	-	504,642	12,717	12,717	445,802
Annually Managed Expenditure										
- Resource	SoPS 1.1	60,493	-	60,493	706,955	-	706,955	646,462	646,462	318,435
- Capital	SoPS 1.2	-	-	-	-	-	-	-	-	-
Total Budget		8,772,652	143,792	8,916,444	9,486,606	134,413	9,621,019	713,954	704,575	8,800,814
Non-Budget										
- Resource	SoPS 1.1	-	-	-	-	-	-	-	-	(242,238)
Total		8,772,652	143,792	8,916,444	9,486,606	134,413	9,621,019	713,954	704,575	8,558,576
Total Resource		8,280,727	143,792	8,424,519	8,981,964	134,413	9,116,377	701,237	691,858	8,112,774
Total Capital		491,925	-	491,925	504,642	-	504,642	12,717	12,717	445,802
Total		**8,772,652**	**143,792**	**8,916,444**	**9,486,606**	**134,413**	**9,621,019**	**713,954**	**704,575**	**8,558,576**

Net Cash Requirement 2019-20

				2019-20	2018-19
		Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total
Item	SoPS Note	£000	£000	£000	£000
Net cash requirement	Annex A, SoPS 3	**8,106,212**	**8,441,674**	**335,462**	7,907,961

Administration Costs 2019-20

				2019-20	2018-19
		Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total
Type of spend	SoPS Note	£000	£000	£000	£000
Administration costs	1.1	**414,284**	**425,728**	**11,444**	**406,214**

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 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. The Department has a relatively small AME budget and therefore large variances are not unusual. In 2019-20 the Department budgeted for £707 million of AME and the final outturn was £60 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, especially given the additional uncertainties introduced by the COVID-19 pandemic, 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.

Notes to the Statement of Parliamentary Supply, 2019-20

SoPS 1. Outturn detail, by Estimate Line

SoPS 1.1 Analysis of net resource outturn by section

	Resource Outturn							Estimate				Outturn
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements	Total including virements	Outturn vs Estimate Savings/ (excess)	2018-19 Prior year Outturn Total
	£000	£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	346,041	(45,172)	300,869	963,457	(1,182,729)	(219,272)	81,597	223,117	(97,275)	125,842	44,245	141,570
B HM Prison and Probation Service	54,147	(149)	53,998	4,436,334	(250,242)	4,186,092	4,240,090	4,208,591	31,499	4,240,090	-	4,021,404
C HM Courts & Tribunals Service	19,615	(9)	19,606	1,781,244	(95,246)	1,685,998	1,705,604	1,712,567	-	1,712,567	6,963	1,662,392
D Legal Aid Agency	26,766	-	26,766	1,777,383	(57,746)	1,719,637	1,746,403	1,737,937	8,466	1,746,403	-	1,715,014
E CICA Agency	2,404	-	2,404	205,041	(930)	204,111	206,515	150,328	56,187	206,515	-	121,365
F Office of the Public Guardian	63	-	63	65,172	(79,019)	(13,847)	(13,784)	(13,936)	152	(13,784)	-	(13,952)
G Children and Family Court Advisory and Support Service (net)	5,205	-	5,205	117,793	-	117,793	122,998	122,280	718	122,998	-	119,758
H Criminal Cases Review Commission (net)	923	-	923	4,861	-	4,861	5,784	5,983	188	6,171	387	5,262
I Judicial Appointments Commission (net)	389	-	389	6,616	-	6,616	7,005	7,479	-	7,479	474	7,029
J Legal Services Board (net)	-	-	-	3,772	-	3,772	3,772	3,798	-	3,798	26	3,725
K Office for Legal Complaints (net)	-	-	-	12,413	-	12,413	12,413	12,748	-	12,748	335	13,228
L Parole Board (net)	1,085	-	1,085	17,360	-	17,360	18,445	18,507	65	18,572	127	16,855
M Youth Justice Board (net)	2,976	-	2,976	80,440	-	80,440	83,416	85,609	-	85,609	2,193	84,634
N Government Facility Services Limited (Net)	-	-	-	(24)	-	(24)	(24)	1	-	1	25	-
Total Voted expenditure in DEL	**459,614**	**(45,330)**	**414,284**	**9,471,862**	**(1,665,912)**	**7,805,950**	**8,220,234**	**8,275,009**	**-**	**8,275,009**	**54,775**	**7,898,284**
Non-Voted expenditure												
O Higher judiciary judicial salaries	94	-	94	159,792	-	159,792	159,886	150,966	-	150,966	(8,920)	153,988
P Levy income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	(16,094)	(16,094)	(16,094)	(16,553)	-	(16,553)	(459)	(15,695)
Total Non-voted expenditure in DEL	**94**	**-**	**94**	**159,762**	**(16,094)**	**143,698**	**143,792**	**134,413**	**-**	**134,413**	**(9,379)**	**138,293**
Total Resource DEL Spending	**459,708**	**(45,330)**	**414,378**	**9,631,654**	**(1,682,006)**	**7,949,648**	**8,364,026**	**8,409,422**	**-**	**8,409,422**	**45,396**	**8,036,577**

		Outturn							Estimate				Outturn
		Administration			Programme								
		Gross	Income	Net	Gross	Income	Net	Total	Total	Virements	Total including virements	Outturn vs Estimate Savings/ (excess)	2018-19 Prior year Outturn Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Annually Managed Expenditure Limits (AME)													
Voted expenditure													
Q	Policy, Corporate Services and Associated Offices	-	-	-	(16,236)	-	(16,236)	(16,236)	300,842	(10,187)	290,655	306,891	93,576
R	HM Prison and Probation Services	-	-	-	85,406	-	85,406	85,406	145,000	-	145,000	59,594	125,009
S	HM Courts & Tribunals Service	-	-	-	(9,057)	-	(9,057)	(9,057)	131,080	-	131,080	140,137	20,519
T	Legal Aid Agency	-	-	-	(7,479)	-	(7,479)	(7,479)	73,745	-	73,745	81,224	33,795
U	CICA Agency	-	-	-	(12,648)	-	(12,648)	(12,648)	45,650	-	45,650	58,298	35,492
V	Office of the Public Guardian	-	-	-	224	-	224	224	300	-	300	76	(78)
W	Children and Family Court Advisory and Support Service (net)	-	-	-	19,981	-	19,981	19,981	9,973	10,008	19,981	-	10,456
X	Criminal Cases Review Commission (net)	-	-	-	182	-	182	182	258	-	258	76	156
Y	Office for Legal Complaints (net)	-	-	-	(115)	-	(115)	(115)	7	-	7	122	(50)
Z	Parole Board (net)	-	-	-	56	-	56	56	100	-	100	44	(42)
	Legal Services Board (net)	-	-	-	24	-	24	24	-	24	24	-	-
	Youth Justice Board (net)	-	-	-	62	-	62	62	-	62	62	-	(398)
	Government Facility Services Limited (net)	-	-	-	93	-	93	93	-	93	93	-	-
	Total Resource AME Spending	**-**	**-**	**-**	**60,493**	**-**	**60,493**	**60,493**	**706,955**	**-**	**706,955**	**646,462**	**318,435**

SoPS 1.2 Analysis of net capital outturn by section

	Outturn			Estimate				Outturn
	Gross	Income	Total	Total	Virements	Total including Virements	Outturn vs Estimate Savings/ (excess)	2018-19 Prior year Outturn Total
	£000	£000	£000	£000	£000	£000		£000
Spending in Departmental Expenditure Limits (DEL)								
Voted expenditure								
A Policy, Corporate Services and Associated Offices	151,591	(1,385)	150,206	164,963	(14,757)	150,206	-	203,554
B HM Prison and Probation Service	182,503	(10,993)	171,510	190,793	(6,954)	183,839	12,329	68,346
C HM Courts & Tribunals Service	188,886	(25,033)	163,853	145,790	18,063	163,853	-	169,869
D Legal Aid Agency	731	-	731	-	731	731	-	451
E CICA Agency	899	(12)	887	900	-	900	13	557
F Office of the Public Guardian	1,829	(200)	1,629	100	1,529	1,629	-	2,322
G Children and Family Court Advisory and Support Service (net)	-	-	-	-	-	-	-	-
H Criminal Cases Review Commission (net)	322	-	322	220	102	322	-	125
I Judicial Appointments Commission (net)	476	-	476	750	-	750	274	-
J Legal Services Board (net)	410	-	410	368	42	410	-	-
K Office for Legal Complaints (net)	244	-	244	60	184	244	-	129
L Parole Board (net)	69	-	69	98	-	98	29	9
M Youth Justice Board (net)	528	-	528	600	-	600	72	440
N Government Facility Services Limited (net)	1,060	-	1,060	-	1,060	1,060	-	-
Total Voted expenditure in DEL	**529,548**	**(37,623)**	**491,925**	**504,642**	**-**	**504,642**	**12,717**	**445,802**
Non-voted expenditure								
O Higher Judiciary Judicial Salaries	-	-	-	-	-	-		-
P Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	-	-		-
Total Non-voted expenditure in DEL	-	-	-	-	-	-		-
Total Capital DEL Spending	**529,548**	**(37,623)**	**491,925**	**504,642**	**-**	**504,642**	**12,717**	**445,802**
Spending in Annually Managed Expenditure Limits (AME)								
Voted expenditure								
Q Policy, Corporate Services and Associated Offices	-	-	-	-	-	-		-
R HM Prison and Probation Service	-	-	-	-	-	-		-
S Youth Justice Board (net)	-	-	-	-	-	-		-
T Parole Board (net)	-	-	-	-	-	-		-
U Criminal Cases Review Commission (net)	-	-	-	-	-	-		-
V Legal Aid Agency	-	-	-	-	-	-		-
W Criminal Injuries Compensation Authority	-	-	-	-	-	-		-
X 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	**-**	**-**	**-**	**-**	**-**	**-**		**-**

The total estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require Parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on GOV.UK.

The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can compare the value to the estimates laid before Parliament.

SoPS 2 Reconciliation of outturn to net operating expenditure

SoPS 2.1 Reconciliation of net resource outturn to net operating expenditure

		Outturn Total	2018-19 Prior year Outturn Total
	Note	£000	£000
Total resource outturn in SoPS			
Voted DEL	SoPS 1.1	8,220,234	7,898,284
Non-voted DEL	SoPS 1.1	143,792	138,293
Total DEL		8,364,026	8,036,577
Total AME	SoPS 1.1	60,493	318,435
Total Non-Budget		-	(242,238)
		8,424,519	**8,112,774**
Add:			
Capital grants (net of EU contributions)		(2,168)	16,572
Other			
Research costs classified as capital under ESA 10		4,358	7,241
Adjustment for other capital expenditure in CSoCNE		-	(1,117)
		2,190	**22,696**
Less:			
Income payable to the Consolidated Fund (excluding non-voted levy income)		(1,494)	(2,342)
Other			
Private Finance Initiatives adjustments		4,586	4,040
Prior period adjustments		-	242,238
		3,092	**243,936**
Net Operating Expenditure in CSoCNE		**8,429,801**	**8,379,406**

As noted in the introduction to the SoPS above, outturn and the estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. This reconciliation therefore bridges the resource outturn to net operating expenditure, linking the SoPS to the financial statements.

Capital grants and research costs are budgeted for as CDEL but accounted for as spend on the face of the CSOCNE, and therefore function as a reconciling item between Resource and Net Operating Expenditure. The depreciation on certain PFI contract assets is accounted for as spend in the SOCNE, but is non-budget spend and therefore does not appear in the SoPS.

Regularity of expenditure

Losses and special payments

This section has been subject to audit.

Losses statement

		31 March 2020		31 March 2019
Values	**Core Department and agencies**	**Departmental Group**	**Core Department and agencies**	**Departmental Group**
	£000	£000	£000	£000
Cash losses	411	411	722	722
Claims abandoned	456	456	1,040	1,040
Administrative write-offs	6,174	6,174	1,827	1,910
Fruitless payments	364	505	8,917	9,463
Store losses	3,925	3,925	2,525	2,525
Constructive losses	-	-	26,744	26,744
Total value of losses	**11,330**	**11,471**	**41,775**	**42,404**

		31 March 2020		31 March 2019
Numbers	**Core Department and agencies**	**Departmental Group**	**Core Department and agencies**	**Departmental Group**
Cash losses	1,726	1,726	2,588	2,588
Claims abandoned	110	110	24	24
Administrative write-offs	3,224	3,225	1,834	1,837
Fruitless payments	57	74	668	691
Store losses	18,116	18,116	16,136	16,136
Constructive losses	-	-	7	7
Total number of losses	**23,233**	**23,251**	**21,257**	**21,283**

In 2019-20 there were three losses (2018-19: four) over £300k as follows:

- The Department recognises a loss of £1,074,793 in respect of a fraud undertaken by a former member of staff between 2017-18 and 2018-19, which was identified during 2019-20. We are seeking to recover the loss.
- LAA recognises a loss of £793,159, relating to an overpayment made to a provider in May 2018. This was identified in January 2020 and steps are being taken to recover this overpayment.
- From April 2014 to April 2018, an incorrect fee was charged for low value personal injury claims. This impacted those who issued claims between £5,000 and £25,000. A single flat fee was charged, where these claims should have been treated as a money claim which has a sliding fee scale. This resulted in an overcharging of fees of £16.1 million for which HMCTS will create a refund scheme and a hypothetical loss from the undercharging of these fees of £28.2 million for the period. Under Government accounting rules HMCTS reported the impact of the incorrect charging to HM Treasury. As this is a hypothetical loss, it is not included in the table of losses above.
- There is one potential loss relating to a payment made to a supplier; HMCTS are negotiating the recovery of the overpayment and assessing the root cause, as a result at the current time the exact value of the potential loss is not known.

Special payments

Values	31 March 2020 Core Department and agencies	31 March 2020 Departmental Group	31 March 2019 Core Department and agencies	31 March 2019 Departmental Group
	£000	£000	£000	£000
Compensation payments	28,923	29,098	30,349	30,571
Ex gratia	1,821	1,822	2,412	2,449
Extra-contractual payments	182	190	32	118
Special severance payments	-	-	40	40
Gifts	-	-	1	1
Total value of special payments	**30,926**	**31,110**	**32,834**	**33,179**

Numbers	31 March 2020 Core Department and agencies	31 March 2020 Departmental Group	31 March 2019 Core Department and agencies	31 March 2019 Departmental Group
Compensation payments	6,913	7,054	7,665	8,037
Ex gratia	6,407	6,408	30,471	30,472
Extra-contractual payments	283	285	369	371
Special severance payments	-	-	1	1
Gifts	-	-	23	23
Total number of special payments	**13,603**	**13,747**	**38,529**	**38,904**

In 2019-20 there were nine (2018-19: five) special payments over £300k:

- Eight compensation payments were made to operational members of HMPPS staff injured in the course of their duties: £1,328,453, £506,878, £426,455, £406,500, £404,203, £379,568, £357,000 and £329,209.
- One compensation payment of £3,676,672 was made to a prisoner for a personal injury suffered.

Charitable donations

HMCTS made charitable donations totalling £10,000 in 2019-20 (2018-19: £10,000). These donations were made to organisations to support activities related to HMCTS's operations.

Gifts and hospitality

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

					2019-20	2018-19
	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	10,459	5,606	4,853	187%	100%	100%
Official Solicitor and Public Trustee						
Litigation	1,633	8,109	(6,476)	20%	n/a	23%
Trust and Estates	691	521	170	133%	n/a	88%
HM Courts & Tribunals Service						
Family	166,108	251,175	(85,067)	66%	100%	70%
Civil	550,101	545,153	4,948	101%	100%	118%
Asylum and Immigration	6,346	110,427	(104,081)	6%	n/a	6%
Other tribunals	1,613	14,658	(13,045)	11%	n/a	12%
Office of the Public Guardian	78,996	78,439	557	101%	100%	100%
Legal Services Board	3,796	3,796	-	100%	100%	100%
Office for Legal Complaints	12,298	12,298	-	100%	100%	100%
	832,041	**1,030,182**	**(198,141)**			

Operating Segment	Details
Office of the Accountant General (OAG)	The OAG 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 (OSPT)	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. As at 31 March 2020 the caseload was 153 (106 OS & 47 PT) (2018-19: 154). 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 the 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 HM 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 the County Court, higher courts and magistrates' courts). Tribunal business contains two business streams: immigration and asylum; and other fee charging special tribunals (including 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 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 (OPG)	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 regard to the Power of Attorney fee. Further details are provided in the repayment schemes section below.
Legal Services Board (LSB) and Office for Legal Complaints (OLC)	LSB and the OLC 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.

Operating Segment	Details
Category	**Details**
Repayment schemes	There are three active repayment schemes currently in operation: ▪ On July 26 2017 the UK Supreme Court handed down a judgment that quashed 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 £18 million in respect of fees and interest. During 2019-20 £0.6 million of fees was 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. In 2019-20, the Department recognises a provision of £2 million. On 1 February 2018 the Department launched the repayment scheme for those customers that had been overcharged and at the reporting date, £14.5 million, reflecting approximately 270,000 refunds of fees, had been repaid. Further details can be found on GOV.UK. ▪ The refund scheme for supervision of deputy cases launched October 2019, covering deputyship fees paid between 1 April 2008 and 31 March 2015, with a 3-year expiry date. The potential number of combined active and closed cases affected was approximately 82,000. To date, 19,566 cases have been refunded a total of £6.1 million. A further £51,000 has been paid to date in respect of refund applications received for 144 closed cases. In 2019-20, the Department recognises a provision of £8 million.
Fee review outcomes	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 been mistakenly 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: 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 had 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 would 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 due is £64.2 million, of which £59 million has been provided for; the balance of £5.2 million is held as a contingent liability as detailed below. The fees which were set above cost were reduced by statutory instrument in July 2018, and a refund scheme is in the process of being established. HMCTS recognises a refund provision of £43.6 million in respect of these fees (£38.5 million in respect of CTLOs where the fee was set above cost and £5.1 million in respect of other fees which were set above cost) and a contingent liability of £4.2 million. HMCTS also recognises a refund provision of £15.4 million 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 million.

Remote contingent liabilities

As required by Managing Public Money, in addition to contingent liabilities disclosed in accordance with IAS 37 in Note 26 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 while on board an aeroplane
- personal accident and/or sickness for HMPPS staff while 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 (LGPS) 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.

Criminal Injuries Compensation Authority (CICA): On occasions, compensation cases at appeal stage, under the jurisdiction of the First-tier Tribunal – Criminal Injuries Compensation, may proceed to judicial review. These could have an impact on CICA's future liabilities. These cases are not included within the provision due to the fact that a possible obligation exists which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CICA.

Mike Driver CB
Interim Accounting Officer

13 November 2020

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 2020 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 2019. 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 2020 and of the Department's net operating expenditure and the 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.

Emphasis of matter – material uncertainty regarding property valuations

I draw attention to the disclosures made in Note 1.b Critical accounting estimates and judgements to the financial statements, which describes the effects of a material valuation uncertainty on the professional revaluations of land and building assets arising from the impacts of COVID-19 on market prices for land and building costs. My opinion is not modified in respect of this matter.

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 2020 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'. 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 and the Departmental Group 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Department and the Departmental Group's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Department and the Departmental Group have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Department and the Departmental Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

- Conclude on the appropriateness of the Department and the Departmental Group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department and Departmental group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the Department or Departmental Group to cease to continue as a going concern.

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 November 2020

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 2020

		2019-20		2018-19	
		Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	Note	£000	£000	£000	£000
Revenue from contracts with customers	3	(1,650,586)	(1,665,867)	(1,590,330)	(1,604,817)
Other operating income	4	(63,856)	(63,938)	(57,989)	(58,053)
Total Operating Income		**(1,714,442)**	**(1,729,805)**	**(1,648,319)**	**(1,662,870)**
Staff costs	5	3,301,707	3,506,873	3,067,136	3,258,628
Judicial costs	5	595,270	595,270	524,937	524,937
Purchase of goods and services	6	2,154,798	2,060,606	2,163,435	2,111,501
Depreciation, amortisation and impairment charges	7	507,382	510,815	596,269	600,572
Provision expense	8	1,908,856	1,909,853	2,007,557	2,007,403
Net (gain)/loss on disposal of assets	9	(42,440)	(42,436)	(3,265)	(3,256)
Revaluation of non-current and financial assets	10	(22,863)	(22,863)	(7,288)	(7,288)
Other operating expenditure	11	1,657,198	1,558,683	1,613,781	1,471,020
Total Operating Expenditure		**10,059,908**	**10,076,801**	**9,962,562**	**9,963,517**
Net Operating Expenditure before financing		**8,345,466**	**8,346,996**	**8,314,243**	**8,300,647**
Finance income		(3)	(3)	(2)	(2)
Finance expense	12	71,110	76,643	69,114	74,093
Borrowing cost on provisions		6,146	6,149	4,706	4,656
Net Operating Expenditure before tax		**8,422,719**	**8,429,785**	**8,388,061**	**8,379,394**
Taxation		-	16	-	12
Net Operating Expenditure		**8,422,719**	**8,429,801**	**8,388,061**	**8,379,406**
Non-operating activities					
Net (gain)/loss on transfers by absorption		-	-	(5,886)	-
Net Expenditure for the year ended 31 March 2020		**8,422,719**	**8,429,801**	**8,382,175**	**8,379,406**
Other Comprehensive Net Expenditure					
Items that will not be reclassified to operating expenditure:					
Net (gain)/loss on revaluation of:					
Property, plant and equipment		(454,235)	(454,280)	(169,099)	(169,109)
Intangible assets		(959)	(1,003)	(1,919)	(1,947)
Assets for sale		15	15	-	-
Remeasurement of pension schemes:					
Cafcass pension scheme		-	33,885	-	9,525
LSC pension scheme		(9,210)	(9,210)	(690)	(690)
By-analogy pension schemes		93	500	(508)	(611)
Probation pension schemes		(352,068)	(352,068)	267,477	267,477
Total Comprehensive Net Expenditure for the year ended 31 March 2020		**7,606,355**	**7,647,640**	**8,477,436**	**8,484,051**

The notes on pages 147 to 217 form part of these Accounts.

Consolidated Statement of Financial Position

as at 31 March 2020

		31 March 2020		31 March 2019	
	Note	Core Department & Agencies £000	Departmental Group £000	Core Department & Agencies £000	Departmental Group £000
Non-current assets					
Property, plant and equipment	13	11,915,355	11,918,794	11,511,841	11,515,157
Intangible assets	14	542,838	553,806	500,668	512,000
Investments		451	451	559	559
LSC pension net asset	25	116,370	116,370	105,211	105,211
Trade and other receivables	16	548	551	1,875	1,875
Total non-current assets		**12,575,562**	**12,589,972**	**12,120,154**	**12,134,802**
Current assets					
Assets held for sale	15	23,228	23,228	6,165	6,165
Inventories		58,616	59,602	63,435	64,100
Trade and other receivables	16	647,214	657,021	627,994	642,437
Cash and cash equivalents	17	193,258	218,563	185,420	207,300
Total current assets		**922,316**	**958,414**	**883,014**	**920,002**
Total assets		**13,497,878**	**13,548,386**	**13,003,168**	**13,054,804**
Current liabilities					
Trade and other payables	18	(1,506,142)	(1,528,645)	(1,417,026)	(1,435,311)
Financial liabilities	18	(43,996)	(43,996)	(42,359)	(42,359)
Provisions	19	(893,641)	(895,681)	(900,214)	(902,298)
Total current liabilities		**(2,443,779)**	**(2,468,322)**	**(2,359,599)**	**(2,379,968)**
Total assets less current liabilities		**11,054,099**	**11,080,064**	**10,643,569**	**10,674,836**
Non-current liabilities					
Trade and other payables	18	(81,309)	(83,135)	(77,508)	(77,508)
Other Financial liabilities	18	(486,642)	(486,642)	(522,857)	(522,857)
Provisions	19	(648,188)	(649,472)	(668,928)	(669,540)
Cafcass pension net liability	25	-	(265,713)	-	(212,368)
By-analogy pension liabilities		(1,573)	(8,171)	(1,609)	(7,915)
Probation pension net liability	25	(1,637,818)	(1,637,818)	(1,850,086)	(1,850,086)
Total non-current liabilities		**(2,855,530)**	**(3,130,951)**	**(3,120,988)**	**(3,340,274)**
Assets less liabilities		**8,198,569**	**7,949,113**	**7,522,581**	**7,334,562**
Taxpayers' equity					
General Fund		4,046,612	3,796,025	3,657,479	3,468,324
Revaluation Reserve		4,151,957	4,153,088	3,865,102	3,866,238
Total taxpayers' equity		**8,198,569**	**7,949,113**	**7,522,581**	**7,334,562**

The notes on pages 147 to 217 form part of these Accounts.

Mike Driver CB
Interim Accounting Officer
13 November 2020

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

	Note	2019-20 Core Department & Agencies £000	2019-20 Departmental Group £000	2018-19 Core Department & Agencies £000	2018-19 Departmental Group £000
Cash flows from operating activities					
Net operating expenditure	CSoCNE	(8,422,719)	(8,429,801)	(8,388,061)	(8,379,406)
Adjustments for non-cash transactions		2,396,988	2,409,552	2,660,229	2,672,955
Finance costs/(income)		29,186	29,186	31,708	31,708
Movements in pensions		61,423	75,236	41,157	46,661
(Increase)/decrease in trade and other receivables	16	(17,893)	(13,260)	(62,859)	(75,476)
Less: Movements in receivables not passing through the CSoCNE and receivable impairments		(7,268)	(7,262)	(16,546)	(22,580)
(Increase)/decrease in inventories		4,819	4,498	(14,231)	(14,896)
(Decrease)/increase in trade and other payables	18	92,921	98,965	38,060	45,178
Less: Movements in payables relating to items not passing through the CSoCNE		(138,183)	(157,846)	697	(14,975)
Increase/(decrease) in other financial liabilities	18	(34,582)	(34,582)	(35,620)	(35,620)
Less: Movements in other financial liabilities relating to items not passing through the CSoCNE		35,463	35,463	36,755	36,755
Utilisation of provisions	19	(1,941,284)	(1,941,656)	(1,872,036)	(1,872,492)
Intra-departmental adjustment through SoCiTE (between MoJ core and agencies)		24,903	21,823	(2,600)	(8,486)
Net cash outflow from operating activities		**(7,916,226)**	**(7,909,684)**	**(7,583,347)**	**(7,590,674)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(392,118)	(393,045)	(360,022)	(360,483)
Purchase of intangible assets		(130,980)	(133,165)	(144,278)	(146,828)
Adjust for increase/(decrease in capital payables)		(20,415)	(20,419)	-	-
Proceeds on disposal of property, plant and equipment		1,169	1,167	5,140	5,140
Proceeds on disposal of intangible assets		644	645	16	16
Proceeds on disposal of assets held for sale		79,315	79,315	93,377	93,377
Other		2,981	2,981	-	-
Net cash outflow from investing activities		**(459,404)**	**(462,521)**	**(405,767)**	**(408,778)**
Cash flows from financing activities					
From the Consolidated Fund (Supply)		8,115,000	8,115,000	7,916,221	7,916,221
From the Consolidated Fund (Supply) - Prior year		183,599	183,599	-	-
From the Consolidated Fund (Non-Supply)		159,886	159,886	153,988	153,988
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		(35,463)	(35,463)	(36,755)	(36,755)
Repayment of local authority loans		(1,863)	(1,863)	(2,030)	(2,030)
Interest paid		(29,186)	(29,186)	(31,708)	(31,708)
Net cash inflow from financing activities		**8,391,973**	**8,391,973**	**7,999,716**	**7,999,716**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**16,343**	**19,768**	**10,602**	**264**
Payments of amounts due to the Consolidated Fund		(8,505)	(8,505)	(15,714)	(15,714)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**7,838**	**11,263**	**(5,112)**	**(15,450)**
Cash and cash equivalents at the beginning of the period	17	**185,420**	**207,300**	**190,532**	**222,750**
Transfer out of boundary		-	-	-	-
Cash and cash equivalents at the end of the period	17	**193,258**	**218,563**	**185,420**	**207,300**

The notes on pages 147 to 217 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2020

	Note	Core Department & Agencies			Departmental Group		
		General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves
		£000	£000	£000	£000	£000	£000
Balance at 1 April 2019		**3,657,479**	**3,865,102**	**7,522,581**	**3,468,324**	**3,866,238**	**7,334,562**
Net Parliamentary Funding – drawn down		8,115,000	-	8,115,000	8,115,000	-	8,115,000
Net Parliamentary Funding – deemed		183,599	-	183,599	183,599	-	183,599
Unspent Supply drawn down repayable to the Consolidated Fund		(192,387)	-	(192,387)	(192,387)	-	(192,387)
Consolidated Fund Standing Services							
- Judicial salaries		152,785	-	152,785	152,785	-	152,785
- Lord Chancellor's salary		94	-	94	94	-	94
- Utilisation of Judicial Service Award		7,007	-	7,007	7,007	-	7,007
CFERs payable to the Consolidated Fund		(1,494)	-	(1,494)	(27,222)	-	(27,222)
Net expenditure for the year	CSoCNE	(8,422,719)	-	(8,422,719)	(8,429,801)	-	(8,429,801)
Net gain/(loss) on revaluation of							
- Property, plant and equipment		-	454,235	454,235	-	454,280	454,280
- Intangible assets		-	959	959	-	1,003	1,003
- Assets held for sale		-	(15)	(15)	-	(15)	(15)
Remeasurement of pension schemes							
- Cafcass pension scheme	25	-	-	-	(33,885)	-	(33,885)
- LSC pension scheme	25	9,210	-	9,210	9,210	-	9,210
- By-analogy pension schemes		(93)	-	(93)	(500)	-	(500)
- Probation pension schemes	25	352,068	-	352,068	352,068	-	352,068
Non-cash adjustment							
- Auditors' remuneration	6	1,492	-	1,492	1,492	-	1,492
- Corporate overhead charges	11	(2,595)	-	(2,595)	-	-	-
Movements in reserves							
- Transfers from Revaluation Reserve		168,324	(168,324)	-	168,418	(168,418)	-
- Absorption accounting transfers between reserves		-	-	-	-	-	-
Adjustment in respect of prior periods		-	-	-	9,634	-	9,634
Intra-departmental adjustment		10,241	-	10,241	-	-	-
Other		8,601	-	8,601	12,189	-	12,189
Balance at 31 March 2020		**4,046,612**	**4,151,957**	**8,198,569**	**3,796,025**	**4,153,088**	**7,949,113**

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**
Correction of prior year error		(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)	-
Adjustment in respect of prior periods		-	-	-	-	-	-
Intra-departmental adjustment		9	-	9	9	-	9
Other		4	-	4	4	-	4
Restated Balance at 31 March 2019		**3,657,479**	**3,865,102**	**7,522,581**	**3,468,324**	**3,866,238**	**7,334,562**

The notes on pages 147 to 217 form part of these Accounts.

Notes to the Accounts for the year ended 31 March 2020
1a) Statement of accounting policies

1.1 Basis of preparation

These Accounts have been prepared in accordance with the ***Government Financial Reporting Manual (FReM) 2019-20*** 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 circumstances of the Department for the purpose of giving a true and fair view has been selected. The accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

In addition to the primary statements prepared under IFRS, the FReM requires the Department to prepare a Statement of Parliamentary Supply and supporting notes showing the outturn against Estimates in terms of the net resource requirement and the net cash requirement. These are included within the Parliamentary accountability section in this document.

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

1.2 Going concern

In common with other government departments, the group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. The Department considers there is no reason to believe that future approvals will not be forthcoming. Hence, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3 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.

1.4 Basis of consolidation

These Accounts consolidate the core department, executive agencies and non-departmental public bodies (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.

Where two columns are included, the first contains amounts for the core department and its agencies and the second contains amounts for the departmental group as a whole. Accounting policies are harmonised across the group and all significant intra-departmental balances and transactions between entities within the departmental boundary are eliminated.

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

1.5 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 is 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 is 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 2019-20.

1.6 The impact of new International Financial Reporting Standards (IFRS) on the 2019-20 Accounts

a) New and amended standards adopted

There have been no new or amended standards adopted in 2019-20.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2019 and not early adopted

IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset is of low value. The assets, to be described as 'right of use' assets, will be presented under property, plant and equipment. Implementation of the standard in the public sector has been delayed: it will now be effective from the financial year beginning 1 April 2021. IFRS16 is expected to have a material impact on the group accounts.

IFRS 17 Insurance Contracts requires a discounted cash flow approach to accounting for insurance contracts. Subject to EU adoption, it may come into effect for accounting periods commencing on, or after, 1 January 2023 and should be included in the 2023-24 FReM at the earliest. To assess the impact of the standard, the Group is reviewing contracts which meet the definition of insurance contracts.

The Group does not consider that any new, or revised standard, or interpretation will have a material impact.

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 of the Board during the year. Details of the changes are provided in Note 2.

1.7 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 £1 million. The thresholds across the Departmental Group range from £500 to £1 million. 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

Non-property assets are restated at each reporting date using the Producer Price Index published by the Office for National Statistics (ONS). Land and buildings (including dwellings) are restated 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 (BCIS TPI), compiled by the Royal Institute of Chartered Surveyors (RICS).

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 weighted 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. See 1b) Critical Accounting Estimates and Judgements for information on the effect of COVID-19 on revaluations.

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 for all non-current assets.

If an item of property, plant and equipment comprises two or more significant components, with substantially different useful lives, 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.

1.8 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 these 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 £1 million (including irrecoverable VAT). The thresholds across the Departmental Group range from £1,000 to £1 million (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).

1.9 Impairment

At each reporting date, the Department assesses all assets for indications of impairment. If any such indications exist, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

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. See 1b) Critical Accounting Estimates and Judgements for information on the effect of COVID-19 on impairments.

1.10 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).

1.11 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.

1.12 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.

1.13 Employee benefits

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 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 2019). The results of the valuation as at 31 March 2019 were shown in the actuarial report as at 31 March 2020 and are 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 1.18.

1.14 Income

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.

Income is stated net of VAT and comprises mainly fees and charges for services which are set on a full cost recovery basis.

The Department recognises revenue from a number of different sources, primarily from fees collected by HM Courts & Tribunals Service (HMCTS) in relation to court fees for services rendered to civil, family court and tribunal users; Legal Aid Agency (LAA) civil representation and criminal case recoveries; Office of the Public Guardian (OPG) fees (largely Power of Attorney fees); HM Prison and Probation Service (HMPPS) income (largely prison related) as well as recoveries from other government departments.

Fee Income

HMCTS fee income

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 stage of the administration of the court process. The payment of a fee does not convey the right to a decision, or a 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.

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 also provides for statutory instruments to set out a price list for the fees to be charged, listed in Annex A. These statutory instruments, determined in the FReM adaption as contracts under IFRS 15, are interpreted as the performance obligations on HMCTS in respect of the individual fees charged. This does not place a performance obligation on the judiciary.

HMCTS has therefore adopted an income policy which recognises that in the administration of the courts system, HMCTS, 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 our income and can be disaggregated into broad jurisdictional categories. Within each category, there are three significant common performance recognition points: issue, hearing and enforcement.

OPG fee income

For OPG fees and charges, revenue from contracts with customers comprises 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.

Fines and penalties

Fines and penalties largely comprise of the collections of fines and fixed penalty impositions by HMCTS. The Department is permitted to retain part of the value of fines and penalties collected. The fines and penalties largely comprise of the collections from fines, criminal court charges and fixed penalty impositions.

The victim surcharge

An additional surcharge is added to fines that are imposed. The receipts from the collection of the victim surcharge are passed to the Department by HMCTS to fund victims' services.

LAA recoveries

The LAA's income includes contributions from funded clients, costs recoverable from funded clients or others, including statutory charges, recoveries of damages and administration income.

Recoveries from other government departments and income from the NHS and other healthcare providers

Recoveries from other government departments relate to the recharge of expenditure to other government departments. HMPPS receives income from the Home Office in relation to Healthcare funding and Immigration Removal Centres. HMCTS receives funding from DWP and HMRC in respect of the operations of the First Tier Tribunal (Social Security and Child Support).

Retail sales

Retail income is generated within HMPPS from retail sales in prison shops.

Levy income of the Office of Legal Complaints (OLC) and Legal Services Board (LSB)

In accounting for levy income of the OLC and LSB, section 175 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 HM Treasury, are seeking to identify a suitable legislative vehicle to make an amendment to section 175 of the 2007 Act to enable them to retain the levy income and not surrender it in return for an equal grant.

IFRS 15 Revenue from contracts with customers

IFRS 15 and the FReM require 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 table below sets out the performance obligation for each stream of income and the point at which this is satisfied and revenue recognised.

Income stream	Description of income stream/ Fee law	Performance obligation	Nature, timing and satisfaction of performance obligation
Fee income			
Probate	The Non-Contentious Probate Fees Order 2018	Application and issue	HMCTS recognises revenue at the point of completion of the examination and sending 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.

Income stream	Description of income stream/ Fee law	Performance obligation	Nature, timing and satisfaction of performance obligation
Divorce	The Civil Proceedings, Family Proceedings and Upper Tribunal Fees (Amendment) Order 2016	Application and issue	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	Application and issue	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.
Care and Supervision	The Family Proceedings Fees (Amendment) Order 2014	Application and issue	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	Application and issue	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
Hearing fees	The Civil Proceedings, Family Proceedings and Upper Tribunal Fees (Amendment) Order 2016	Hearing fees deferred to expected date of hearing	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.
Civil Enforcement	The Civil Proceedings, First-tier Tribunal, Upper Tribunal and Employment Tribunals Fees (Amendment) Order 2016	Application and issue	A County Court Judgment (CCJ) application for enforcement can be 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

Income stream	Description of income stream/ Fee law	Performance obligation	Nature, timing and satisfaction of performance obligation
			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 creates a second performance obligation. HMCTS defer warrant application fee income to match the distinct performance obligation.
Power of Attorney (PoA) fee income	Application fees for registering lasting and enduring powers of attorney	On completion of the service provided	POA fees are payable to the OPG upon receipt of the application but income arising therefrom is not recognised until the point of completion of the service provided, either at the registration of the POA or if processing actions conclude prior to registration. Where POA payments are received online before an application, funds are held in contract liabilities until a complete application is received. If an application is not received, the amount is refunded.
Supervision fee income	When someone loses capacity and they have not appointed an attorney, the Court of Protection will appoint a deputy to make decisions on their behalf.	As fees are invoiced or as fees accrue on an annual cycle up to the date that supervision of a case terminates	Supervision income is due in arrears on an annual cycle up to the date that supervision of a case terminates, calculated on a pro rata basis. The performance obligation is satisfied and income recognised when fees are invoiced for or as fees accrue. A bad debt provision is calculated, based on the expected credit loss model, and is netted off trade receivables.
Fines income			
Fines and penalties	HMCTS is responsible for collecting fines and penalties imposed by the criminal justice system	At the point the Department receives the cash for the fine impositions from HMCTS Trust.	HMCTS prepares a Trust Statement which accounts for fines and penalties imposed by the CJS. The Department is permitted to retain as income part of the value of fines and penalties collected. The revenue retained comes from fine collections, fixed penalties from motor offences and criminal court charges. The performance obligation is satisfied at the point HMCTS Trust receives the cash for the fine impositions. The income is recognised as HMCTS Trust journals the monthly cash collected from fine impositions which are permissible to be retained by the Department to the MoJ intercompany account.
LAA recoveries			
Legal Aid Agency – civil representation recoveries	Recoveries from damages and statutory charge	On conclusion of a case	Costs incurred in funding a case are recovered once the case is completed and the final bill assessed and costs determined. The performance obligation is satisfied on conclusion of a case. Revenue is recognised at this point.
Legal Aid Agency – criminal cases recoveries	Crown Court Means Testing scheme income	On conclusion of a case	Contributions may be payable to the LAA towards the cost of Crown Court proceedings in cases that are subject to means testing. If the applicant is found guilty, once the final judgment and costs are determined, the value of the funds up to the cost limit are due to the LAA. Revenue is recognised once the case is concluded and the funds assessment made.

Income stream	Description of income stream/ Fee law	Performance obligation	Nature, timing and satisfaction of performance obligation
Other income streams			
Recoveries from other government departments & Income from NHS and other healthcare providers	Relates to the recharge of expenditure to other government departments (OGDs).	At the point the service is rendered or the goods delivered	HMPPS receives income from the Home Office for the provision of custodial services to foreign national offenders, running of immigration removal centres and counter terrorism activities and from NHS England and other healthcare providers for the provision of healthcare services in prisons. HMCTS receives funding from DWP and HMRC in respect of the operations of the First Tier Tribunal (Social Security and Child Support). The performance obligation is met and the revenue recognised at the time that the services are rendered or goods delivered.
Retail prison shop	Sale of goods to prisoners through the prison shop	At the point the goods are exchanged.	HMPPS receives income from the sale of goods to prisoners through the prison shop. The retail prison shop income results from a contract providing offenders with the weekly opportunity to make purchases with their own funds for food, hobby materials and other items. The performance obligation is satisfied at the point of the goods are received by the prisoner.
External sale of prison industries	Sale of goods produced by prison industries	At the point the goods and services are delivered	HMPPS receives income from the sale of goods made within the prison, by offenders to customers outside the prison. The performance obligation is satisfied at the point the goods or service are delivered to the customer.

Other income

Rental income

The Department receives income for subletting floors at 102 Petty France and Clive House to other government departments. The revenue is recognised over the length of the contract as the Department is providing a constant service and incurring costs on behalf of the OGDs for providing floor space and facilities management services.

European Social Fund and other European funding

Through HMPPS, the Department receives a financial allocation for delivery of resettlement services to offenders during the period 2015 to 2020. The funding is used to support offenders considered hard to reach, in both custody and community settings, to increase employability and provide opportunities to access mainstream services. Funding is matched to eligible expenditure on an accruals basis. The performance obligation is met and income recognised when expenditure is incurred that meets the funding payment criteria.

1.15 Grants payable and paid

Grant-in-Aid financing to the Department's 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.

1.16 Costs borne by the Consolidated Fund

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

1.17 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.

1.18 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, 0.51%, 0.55% and 1.99% for short-term, medium-term and long-term cash flows respectively. Early departure and injury benefit provisions are discounted using the HM Treasury post-employment benefits real discount rate of -0.5% (2018-19: 0.29%).

1.19 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.

1.20 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.

1.21 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 2020 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.

1.22 Financial instruments

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with 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.

Receivables relating to LAA's statutory charge are measured at fair value in line with the requirements of IFRS 13 Fair Value Measurement which applies the consideration of the three hierarchies set under the standard for determining fair value. This was previously measured under IFRS 9 Financial Instruments. This is explained in Note 24.

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.

The Department recognises a provision for expected credit losses on financial assets measured at amortised cost. Any interest receivable or loss arising on impairment is recognised in the Statement of Comprehensive Net Expenditure.

Trade receivables are generally due for settlement within 30 days and are therefore 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. The department is therefore not exposed to significant credit risk on these balances. The collectability of these debts is not considered to be impacted by COVID-19.

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.

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.

1.23 Cash and cash equivalents

Cash and cash equivalents recorded in the CSoFP and Consolidated Statement of Cash Flows include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less 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 preparation of the financial statements requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. 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.

Revaluation and impairment 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.

Impact of COVID-19 on land and building valuations.

Valuations have been conducted on behalf of the Department by the Valuation Office Agency (VOA). As is common with many valuations with a reporting date of 31 March 2020, the report included a material uncertainty clause due to the impact of COVID-19. This does not mean, nor is it intended to imply, that the values supplied in the report are only estimates or cannot be relied upon; they are firm valuations for financial reporting purposes. The presence in a report of a material uncertainty clause is sometimes misunderstood and the Global Director of Valuation at the Royal Institute of Chartered Surveyors (RICS) has issued the following explanatory statement to give reassurance:

'Where a material uncertainty clause is being used, its purpose is to ensure that any client relying upon that specific valuation report understands that it has been prepared under extraordinary circumstances. The term is not meant to suggest that the valuation cannot be relied upon; rather, it is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. Indeed, with regard to the process itself, professional valuers will almost certainly have undertaken far more due diligence than normal, in order to arrive at their estimate of value.'

The Department acknowledges the uncertainty but considers that there is limited evidence to indicate that there is an impact relevant to the valuation of the estate from COVID-19. While this lack of evidence reduces the level of certainty that can be attached to such a valuation, the valuation provided is considered to be an appropriate basis on which to determine value at the date of reporting.

The overwhelming majority of the Department's estate is specialist property in operational use. The valuer concluded that there has been no diminution identified in the public sector's ongoing requirement for these operational assets nor reduction in their ongoing remaining economic service potential as a result of the incidence of COVID-19. More detail on the level of uncertainty on key asset categories is below.

Sensitivity Analysis

The value of specialised buildings is linked to the cost of rebuilding. The RICS Building Cost Information Service Tender Price Index (TPI) is a measure of inflation in the construction industry, and is used to estimate how the cost of rebuilding specialised buildings changes from year to year. Valuations of specialised buildings are based on a TPI of 335 that was published on 14 March 2020.

This is an increase of 3.7% from the previous years figure of 323. BCIS have advised that it is too early for issues related to COVID-19 to have impacted on the TPI index. However, by way of illustration, a change in the TPI of 1 point would lead to a change in the value of the estate by £28m.

Land associated with specialised buildings, is valued using modern equivalent residential or office land-use sites, the majority based on commercial or residential redevelopment of the respective locations. While price growth was strong in 2019-20, by 31 March 2020 valuation date, the UK had entered lockdown due to COVID-19, physical viewings were no longer permitted and the market consequently quietened. The professional view of the valuers is that any impact would fall within normal valuation tolerances, and therefore the degree of uncertainty inherent within the valuation relating to land associated with specialised buildings is low relative to other types of property.

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. In March 2020, there were significant falls in some global markets as a result of the COVID-19 pandemic. This reduced the value of the pension scheme assets recorded by the pension funds managing the Cafcass and Probation Pension Scheme. The impact of the reduction in value of the assets fluctuates depending on the asset mix of the Pension Fund (for example, there was a 10% reduction in the Probation Pension Scheme assets due to a relatively high exposure to equity markets).

While the impact of COVID-19 produces some uncertainty on the market valuation of properties, management acknowledges the uncertainty but considers that the valuation provided is appropriate at the date of reporting. Within the asset mix, property is 4% of the total relating to the Probation and Cafcass pension share.

The overall reduction in the asset valuation is offset by a reduction in the pension liabilities following the 2019 triennial valuation. The pension liabilities for 2019-20 reflect the appropriate assumptions, taking account of COVID-19. All assumptions remain under constant review. As the economic climate changes and more information becomes available assumptions will be updated to reflect this. The reductions in market value as at 31 March 2020 for these schemes are reflected in Note 25 Pension costs.

Provisions for liabilities and charges

The recognition and measurement of provisions rely on the application of professional judgement, 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

Receivables are shown net of impairments in accordance with the requirements of the FReM and IFRS 9.

Under IFRS 9, allowances are made for credit losses on an ‘expected loss’ basis. The amortised cost of receivables is determined by making an impairment to reduce the carrying value of receivables to the estimated future flow of repayments.

For the LAA, for assets held at amortised cost, IFRS 9 requires LAA to recognise expected credit losses based on historic experience and adjust for reasonable and supportable forward-looking information such as management's assessment of likely recoveries. This assessment may be of individual assets (individual impairment) or of a portfolio of assets (collective impairment). An assessment of collective impairment is made of financial assets with similar risk characteristics. For these assets, the LAA's previous experience of losses in each portfolio is used to estimate the degree of impairment on that asset class.

Where such an estimate is made, impairment provisions are made to reduce the carrying value of financial assets accordingly. LAA apply the simplified model and recognise lifetime expected credit losses.

The measurement of expected credit loss involves increased complexity and judgement. Further detail on the valuation model used to generate this estimate and the actual impairments against the LAA's receivables is included in Note 24 to these financial statements.

Default is determined by reference to one or more missed contractual payments but also includes arrangements in place to pay less than contractual payments, fraud and bankruptcy or other indicators.

Impact of COVID-19 on receivables

The COVID-19 Global Pandemic has had far reaching economic impacts in the period from the reporting date. The Department's assessment of the impact this could have on the recoverability of debts due is disclosed in Note 24. At the date of issue we have considered the impact of COVID-19 on the recoverability of debt based on the evidence available to us. We do not expect this to have a material impact but we acknowledge that there is some estimation uncertainty associated with the impact of COVID-19. There is therefore a risk that adjustment to the carrying value of receivables may be required in the future.

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

The department regularly reviews income recognition following the adoption of IFRS 15 by the public sector. The department defers income where the performance obligation is not met.

Accounting Policy 1.14 on Income includes a table covering the department's income streams. The table sets out the performance obligations from which the department generates income and where applicable, the jurisdiction to which that income relates.

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 Executive Committee.

The Department is split into five segments: three business groups plus two executive agencies. These segments are: Chief Finance Officer Group (CFOG); Policy, Communications and Analysis Group (PCAG); Chief People Officer Group (CPOG); HM Courts & Tribunals Service (HMCTS); and HM Prison and Probation Service (HMPPS).

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

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, LAA, the Criminal Injuries Compensation Authority and OPG and it sponsors Government Facility Services Limited.

PCAG are responsible for setting and advising on policy across the full range of the Department's responsibilities, including: criminal, civil, family and administrative justice; the criminal and civil law; the court system, legal aid and support and the legal services sector; the prison and probation systems, and offender policy; the youth justice system; the UK's domestic human rights framework and international obligations; and the Department's interests in EU exit.

CPOG is responsible for Human Resources and Shared Services.

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 a change in Board Reporting resulting from an internal restructure in 2018-19.

	CFOG	CPOG	PCAG	HMCTS	HMPPS	Gross Total	Elimination	2019-20 Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	2,452,715	(3,522)	774,907	2,033,711	5,286,392	10,544,203	(384,594)	10,159,609
Income	(680,146)	(4,878)	(96,463)	(818,776)	(260,628)	(1,860,891)	131,083	(1,729,808)
Net expenditure	**1,772,569**	**(8,400)**	**678,444**	**1,214,935**	**5,025,764**	**8,683,312**	**(253,511)**	**8,429,801**

	CFOG	CPOG	PCAG	HMCTS	HMPPS	Gross Total	Elimination	Restated 2018-19 Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	2,449,385	23,156	782,153	2,004,700	5,141,331	10,400,725	(358,447)	10,042,278
Income	(643,924)	(5,855)	(85,951)	(781,344)	(245,575)	(1,762,649)	99,777	(1,662,872)
Net expenditure	**1,805,461**	**17,301**	**696,202**	**1,223,356**	**4,895,756**	**8,638,076**	**(258,670)**	**8,379,406**

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

	CFOG	CPOG	PCAG	HMCTS	HMPPS	2019-20 Gross Total (pre-eliminations)
	£000	£000	£000	£000	£000	£000
Income						
Revenues from external customers	(125,023)	(4,878)	(50,287)	(94,001)	(233,182)	(507,371)
Revenues from transactions with other operating segments of the Department	(129,605)	-	-	-	-	(129,605)
Interest revenue	-	-	(82)	-	-	(82)
Material items of income						
EU Grant	-	-	-	-	(27,446)	(27,446)
CFERs	(1,494)	-	(16,094)	-	-	(17,588)
Fee Income	(424,024)	-	(30,000)	(724,775)	-	(1,178,799)
Total income	**(680,146)**	**(4,878)**	**(96,463)**	**(818,776)**	**(260,628)**	**(1,860,891)**
Individual items of expenditure						
Depreciation	48,530	-	624	131,795	288,570	469,519
Amortisation	25,494	5,753	2,214	19,069	33,112	85,642
Material items of expenditure						
Staff costs	311,193	19,235	269,185	576,242	2,331,234	3,507,089
Costs of the judiciary	174	1	8,398	586,697	-	595,270
Accommodation, maintenance and utilities	36,475	29	6,171	265,331	499,826	807,832
Offender related costs	-	-	-	-	622,839	622,839
Service concession charges	97,845	-	-	28,280	505,651	631,776
IT services & telecommunications (non-service concession arrangements)	92,735	8,670	10,154	132,046	18,356	261,961
Costs of Community Rehabilitation Companies	-	-	-	-	403,122	403,122
Payments of grant-in-aid to NDPBs which eliminate with receipts of grant-in-aid by NDPBs	16,994	-	236,517	-	-	253,511
Cost of legal services and disbursements (crime)	6,710	-	-	-	-	6,710
Cost of legal services and disbursements (civil)	5,965	-	-	-	-	5,965
Provisions provided for in year	1,845,991	124	9,138	7,013	47,587	1,909,853
Corporation tax	-	-	16	-	-	16
Rentals under operating leases	29,318	88	394	88,871	1,850	120,521
Finance charges on leases and service concession arrangements	8,705	-	-	5,473	14,085	28,263
Current Grants	-	-	168,014	10	4,710	172,734
Corporate Overhead recharge	(279,954)	(103,912)	(16,819)	88,416	312,269	-
SoCNE Impairments	3,453	-	-	10,410	(68,621)	(54,758)
Immaterial items of expenditure	203,087	66,490	80,901	94,058	271,802	716,338
Total expenditure	2,452,715	(3,522)	774,907	2,033,711	5,286,392	10,544,203

	CFOG £000	CPOG £000	PCAG £000	HMCTS £000	HMPPS £000	Restated 2018-19 Gross Total (pre-eliminations) £000
Income						
Revenues from external customers	(124,800)	(5,855)	(40,192)	(88,018)	(221,192)	(480,057)
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	(2,342)	-	(15,695)	-	-	(18,037)
Fee income	(421,436)	-	(30,000)	(693,326)	-	(1,144,762)
Total income	**(643,924)**	**(5,855)**	**(85,951)**	**(781,344)**	**(245,575)**	**(1,762,649)**
Individual items of expenditure						
Depreciation	45,418	-	634	130,326	277,451	453,829
Amortisation	24,173	5,755	3,110	17,928	29,258	80,224
Material items of expenditure						
Staff costs	309,609	15,519	249,786	536,938	2,146,359	3,258,211
Costs of the judiciary	636	2	7,658	516,641	-	524,937
Accommodation, maintenance and utilities	47,715	762	5,829	255,404	492,567	802,277
Offender related costs	-	-	-	-	609,740	609,740
Service concession charges	101,732	-	(12)	29,726	487,711	619,157
IT services & telecommunications (non-service concession arrangements)	134,727	9,760	9,498	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	23,613	-	235,057	-	-	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	1,915,925	-	15,764	(8,506)	84,220	2,007,403
Corporation tax	-	-	12	-	-	12
Rentals under operating leases	27,262	64	197	85,032	2,144	114,699
Finance charges on leases and service concession arrangements	9,409	-	-	6,020	15,301	30,730
Current Grants	-	-	165,055	10	4,981	170,046
Corporate Overhead recharge	(343,713)	(61,724)	(15,007)	89,798	330,646	-
SoCNE Impairments	-	-	432	44,853	3,860	49,145
Immaterial items of expenditure	142,343	53,018	104,140	169,477	259,461	728,439
Total expenditure	**2,449,385**	**23,156**	**782,153**	**2,004,700**	**5,141,331**	**10,400,725**

3. Revenue from contracts with customers

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Fines receipts	375,005	375,005	373,880	373,880
Fee income	816,577	816,577	786,574	786,574
Victim surcharge	39,361	39,361	30,500	30,500
Legal Aid Agency - Civil Representation recoveries	24,508	24,508	22,578	22,578
Legal Aid Agency - Criminal cases recoveries	33,238	33,238	34,068	34,068
Remand income	29,774	29,900	25,844	26,070
Income from NHS and other healthcare providers	59,917	59,917	61,807	61,807
Income from Community Rehabilitation Companies	935	935	651	651
Recoveries from other government departments	167,255	167,087	152,764	151,840
External sales of prison industries	16,053	16,053	14,556	14,556
Retail prison shop income	56,693	56,693	54,206	54,206
In-cell TV income	1,759	1,759	1,829	1,829
Training	2,207	2,261	2,306	2,381
Compensation	5,931	5,931	5,661	5,661
Internal customers	1,834	1,834	1,291	1,291
Miscellaneous income	18,045	17,220	19,473	18,888
Revenue from contracts with customers within the Department's ambit	**1,649,092**	**1,648,279**	**1,587,988**	**1,586,780**
CFER Receipts	1,494	17,588	2,342	18,037
Total Revenue from contracts with customers	**1,650,586**	**1,665,867**	**1,590,330**	**1,604,817**

Prior year numbers have been changed to match the current year classification

4. Other operating income

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Rental income	36,410	36,410	33,606	33,606
European Social Fund and other European funding	27,446	27,446	24,383	24,383
Miscellaneous income	-	82	-	64
Other operating income within the Department's ambit	**63,856**	**63,938**	**57,989**	**58,053**
Consolidated Fund Extra Receipts	-	-	-	-
Total other operating income	**63,856**	**63,938**	**57,989**	**58,053**

Prior year numbers have been changed to match the current year classification

5. Staff and Judiciary costs

Staff costs

					2019-20	2018-19
	Permanently employed staff	Other	Ministers	Special advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,341,794	213,694	164	89	2,555,741	2,505,504
Social security costs	238,440	1,258	16	6	239,720	233,041
Other pension costs	698,664	110	-	13	698,787	502,295
Sub Total	**3,278,898**	**215,062**	**180**	**108**	**3,494,248**	**3,240,840**
Early departure costs	11,403	-	-	-	11,403	16,445
Early departure provisions	(42)	-	-	-	(42)	(359)
Add inward secondments	10,787	818	-	-	11,605	10,688
Less recoveries in respect of outward secondments	(10,341)	-	-	-	(10,341)	(8,986)
Total Net Costs	**3,290,705**	**215,880**	**180**	**108**	**3,506,873**	**3,258,628**
Of which:						
Core Department and Agencies	3,124,933	176,486	180	108	3,301,707	3,067,136
NDPBs	165,772	39,394	-	-	205,166	191,492
	3,290,705	**215,880**	**180**	**108**	**3,506,873**	**3,258,628**

Judiciary costs

				2019-20	2018-19
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	135,178	114,537	134,781	384,496	361,874
Social security costs	18,208	14,735	13,656	46,599	44,663
Other pension costs	68,001	51,616	44,558	164,175	118,400
Total Net Costs	**221,387**	**180,888**	**192,995**	**595,270**	**524,937**
Of which:					
Core Department and Agencies	221,387	180,888	192,995	595,270	524,937
NDPBs	-	-	-	-	-
	221,387	**180,888**	**192,995**	**595,270**	**524,937**

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.

6. Purchase of goods and services

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Lease/service concession charges:				
PFI service charges	631,776	631,776	616,285	616,285
Other service concession service charges (non-PFI)	-	-	2,872	2,872
Rentals under operating leases	120,295	120,506	114,460	114,630
Other services:				
Accommodation, maintenance and utilities	801,476	677,994	786,285	706,699
Communications, office supplies and services	51,701	53,736	47,070	49,521
Travel, subsistence and hospitality	62,293	67,952	66,185	71,567
Training and other staff related costs	54,201	57,089	56,575	59,010
IT services and telecommunications (non-service concession arrangements)	253,894	261,371	293,627	297,984
Professional services	72,377	75,300	78,474	83,965
Other contracted out services	51,743	59,418	52,676	59,640
Shared Service outsourcing	53,550	53,550	47,532	47,532
External Auditor's remuneration and expenses	-	422	-	402
Non-cash services:				
External Auditor's remuneration*	1,492	1,492	1,394	1,394
Total purchase of goods and services	**2,154,798**	**2,060,606**	**2,163,435**	**2,111,501**

* Non-cash external auditors' remuneration represents the statutory audit fees of the core department and agencies. Refer to page 68 in the Directors' Report, for details of total statutory audit fees for the Group.

7. Depreciation, amortisation and impairment charges

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Depreciation	468,672	469,519	453,123	453,829
Amortisation	83,050	85,642	77,032	80,224
Impairment charge on non-current assets:				
Property, plant and equipment	(54,624)	(54,624)	29,268	29,290
Intangible assets	-	-	10,475	10,885
Assets held for sale	-	-	9,000	9,000
Investments	(133)	(133)	(30)	(30)
Increase/(decrease) in receivables impairment	10,417	10,411	17,401	17,374
Total depreciation, amortisation and impairment charges	**507,382**	**510,815**	**596,269**	**600,572**

8. Provision expense

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Provisions provided in year net of release	251,778	252,775	354,377	354,223
Civil legal help and representation – solicitors' charges, counsel fees and disbursements	804,605	804,605	736,849	736,849
Criminal cases – solicitors' charges, counsel fees and disbursements	852,473	852,473	916,331	916,331
Total provision expense	**1,908,856**	**1,909,853**	**2,007,557**	**2,007,403**

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

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Net (gain)/loss on disposal of:				
Property, plant and equipment	5,223	5,227	758	758
Intangible assets	52	52	109	118
Assets held for sale	(47,715)	(47,715)	(4,132)	(4,132)
Total net (gain)/loss on disposal of assets	**(42,440)**	**(42,436)**	**(3,265)**	**(3,256)**

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

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
(Increase)/decrease in the valuation of:				
Property, plant and equipment	(22,944)	(22,944)	(7,343)	(7,343)
Intangible assets	(2)	(2)	-	-
Assets held for sale	83	83	55	55
Total revaluation of non-current and financial assets	**(22,863)**	**(22,863)**	**(7,288)**	**(7,288)**

11. Other operating expenditure

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Grants:				
Current	100,523	172,734	98,449	170,046
Capital	-	-	16,776	16,776
Criminal justice costs:				
Offender related costs	622,839	622,839	607,417	607,417
Youth Offender costs	70,834	71,029	68,306	68,386
Judicial and Juror costs	403,122	403,122	383,356	383,356
Compensation payments	63,522	63,522	65,193	65,193
Cost of legal services and disbursements (Civil)	6,710	6,710	6,260	6,260
Cost of legal services and disbursements (Crime)	5,965	5,965	4,276	4,276
Cost from Central Funds	12,933	12,933	12,553	12,553
Compensation payments	29,493	29,493	2,326	2,326
Other administrative expenditure	7,339	7,514	8,644	8,900
Other programme costs	80,526	160,347	78,871	119,208
Grant-in-Aid to NDPBs	253,511	-	258,670	-
Non-cash operating expense:				
Notional charges	-	-	-	-
Corporate notional overhead charge	(2,595)	-	(3,640)	-
Other pension costs	2,281	2,281	3,429	3,429
Other non-cash	195	194	2,895	2,894
Total other operating expenditure	**1,657,198**	**1,558,683**	**1,613,781**	**1,471,020**

12. Finance expense

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Finance charges on leases and service concession arrangements	28,263	28,263	30,730	30,730
Non-cash finance expense:				
Net interest on pension	42,847	48,380	38,384	43,363
Total finance expense	**71,110**	**76,643**	**69,114**	**74,093**

13. Property, plant and equipment

Departmental Group 2019-20

	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 2019	**1,533,173**	**9,273,801**	**52,650**	**592,184**	**379,564**	**39,504**	**387,207**	**12,258,083**
Additions	2,304	25,502	-	27,771	13,505	1,932	322,031	393,045
Disposals	(1,832)	(729)	-	(148,484)	(26,477)	(10,706)	(867)	(189,095)
Reclassifications	(37,070)	182,036	(10,429)	(6,970)	(513)	430	(172,493)	(45,009)
Revaluations	67,694	8,100	1,252	2,919	3,397	(195)	-	83,167
Impairments	(2,427)	61,873	59	(37)	(662)	(156)	(4,057)	54,593
At 31 March 2020	**1,561,842**	**9,550,583**	**43,532**	**467,383**	**368,814**	**30,809**	**531,821**	**12,554,784**
Depreciation								
At 1 April 2019	**-**	**(1,340)**	**32**	**(431,377)**	**(274,230)**	**(36,011)**	**-**	**(742,926)**
Charged in year	(575)	(397,223)	(1,302)	(49,086)	(20,378)	(955)	-	(469,519)
Disposals	-	111	-	147,188	24,903	10,499	-	182,701
Reclassifications	-	(667)	181	149	-	2	-	(335)
Revaluations	575	396,959	1,090	(2,141)	(2,596)	171	-	394,058
Impairments	-	-	-	-	29	2	-	31
At 31 March 2020	**-**	**(2,160)**	**1**	**(335,267)**	**(272,272)**	**(26,292)**	**-**	**(635,990)**
Carrying amount at 31 March 2020	**1,561,842**	**9,548,423**	**43,533**	**132,116**	**96,542**	**4,517**	**531,821**	**11,918,794**
Carrying amount at 1 April 2019	**1,533,173**	**9,272,461**	**52,682**	**160,807**	**105,334**	**3,493**	**387,207**	**11,515,157**
Owned	1,483,249	8,101,448	38,331	130,660	93,454	4,517	531,821	10,383,480
Finance leased	58,543	432,653	5,202	-	3,088	-	-	499,486
On balance sheet PFI and other service concession arrangements	20,050	1,014,322	-	1,456	-	-	-	1,035,828
Carrying amount at 31 March 2020	**1,561,842**	**9,548,423**	**43,533**	**132,116**	**96,542**	**4,517**	**531,821**	**11,918,794**
Of the total								
Core Department and Agencies	1,561,842	9,546,962	43,533	130,411	96,536	4,250	531,821	11,915,355
NDPBs	-	1,461	-	1,705	6	267	-	3,439
Carrying amount at 31 March 2020	**1,561,842**	**9,548,423**	**43,533**	**132,116**	**96,542**	**4,517**	**531,821**	**11,918,794**

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)	(385,013)	(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**

Included in the carrying values above are non-operational sites with a combined value of £18.1 million (2018-19: £18.3 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 2019-20

	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 2019	**70,696**	**449,777**	**390,247**	**286,699**	**1,197,419**
Additions	873	3,602	6,900	121,790	133,165
Disposals	(8,173)	(45,482)	(45,825)	(74)	(99,554)
Reclassifications	793	1,610	11,831	(19,487)	(5,253)
Revaluations	282	2,610	2,321	-	5,213
Transfers	(276)	213	-	(707)	(770)
Impairments	-	-	-	-	-
At 31 March 2020	**64,195**	**412,330**	**365,474**	**388,221**	**1,230,220**
Amortisation					
At 1 April 2019	**(59,061)**	**(337,405)**	**(288,953)**	**-**	**(685,419)**
Charged in year	(4,965)	(47,436)	(33,241)	-	(85,642)
Disposals	8,076	45,473	45,308	-	98,857
Reclassifications	-	(2)	-	-	(2)
Revaluations	(245)	(2,161)	(1,802)	-	(4,208)
Impairments	-	-	-	-	-
At 31 March 2020	**(56,195)**	**(341,531)**	**(278,688)**	**-**	**(676,414)**
Carrying amount at 31 March 2020	**8,000**	**70,799**	**86,786**	**388,221**	**553,806**
Carrying amount at 1 April 2019	**11,635**	**112,372**	**101,294**	**286,699**	**512,000**
Asset financing					
Owned	8,000	70,799	86,786	388,221	553,806
Carrying amount at 31 March 2020	**8,000**	**70,799**	**86,786**	**388,221**	**553,806**
Of the total					
Core Department and Agencies	7,569	68,344	78,285	388,640	542,838
NDPBs	431	2,455	8,501	(419)	10,968
Carrying amount at 31 March 2020	**8,000**	**70,799**	**86,786**	**388,221**	**553,806**

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**	**286,699**	**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**

At 31 March 2020 and 31 March 2019 there were no individually material intangible assets.

15. Assets held for sale

	31 March 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	**6,165**	**6,165**	**102,166**	**102,166**
Reclassifications	48,761	48,761	2,299	2,299
Disposals	(31,600)	(31,600)	(89,245)	(89,245)
Revaluations	(98)	(98)	(55)	(55)
Impairments	-	-	(9,000)	(9,000)
Balance at 31 March	**23,228**	**23,228**	**6,165**	**6,165**

HMPPS has committed to a plan to sell various surplus properties, which are to be sold for commercial use and domestic dwellings. In addition, as part of an ongoing court rationalisation review, HMCTS has committed to a plan to sell a number of surplus properties (land and buildings) that were previously used to provide court services. An active programme to locate buyers and complete the sale of each property has begun and estate agents are actively marketing the properties. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification as an asset held for sale.

16. Trade and other receivables

	31 March 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Amounts falling due within one year				
Trade receivables	80,777	88,263	76,808	77,772
Other receivables	129,274	130,170	193,013	194,187
Contributions due from funded clients	6,757	6,757	6,762	6,762
Statutory charge and interest	95,329	95,329	75,419	75,419
Amounts due from service providers	48,722	48,722	39,115	39,115
VAT receivables	106,671	106,671	77,136	77,136
Deposits and advances	416	501	476	551
Prepayments and accrued income	178,179	180,608	156,825	161,861
Intra-departmental receivables	1,089	-	2,440	-
Receivables related to CFERs	-	-	-	9,634
	647,214	**657,021**	**627,994**	**642,437**
Amounts falling due after more than one year				
Other receivables	548	548	548	548
Prepayments and accrued income	-	3	1,327	1,327
	548	**551**	**1,875**	**1,875**

The above includes a receivables impairment provision of £217.9 million (2018-19: £227.5 million) for LAA. For further detail regarding the LAA impairment provision refer to Note 24.

Other receivables includes £32.7 million (2018-19: £81.2 million) from the HMCTS Trust Statement.

17. Cash and cash equivalents

	31 March 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	**185,420**	**207,300**	**190,532**	**222,750**
Net change in cash and cash equivalents	7,838	11,263	(5,112)	(15,450)
Balance at 31 March	**193,258**	**218,563**	**185,420**	**207,300**
Of which:				
Government Banking Service (GBS)	175,898	202,574	165,928	185,396
Commercial banks and cash in hand	17,360	15,989	19,492	21,904
	193,258	**218,563**	**185,420**	**207,300**

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 2019	Cash flows (out)/in	Interest charged	Capital repayment	Interest paid	Closing liabilities at 31 March 2020
	£000	£000	£000	£000		
Capital element of finance leases and on balance sheet PFI contracts	-	(35,463)	-	35,463	-	-
Repayment of local authority loans	-	(1,863)	-	1,863	-	-
Interest paid	-	(29,186)	-	-	29,186	-
Long term borrowings	24,021	-	983	(1,863)	(983)	22,158
Finance Lease Liabilities	116,418	-	9,276	(9,100)	(9,276)	107,318
PFI & SCA Liabilities	303,300	-	18,927	(26,363)	(18,927)	276,937
Total liabilities from financing activities	**443,739**	**(66,512)**	**29,186**	**-**	**-**	**406,413**

18. Trade payables and other current liabilities

18.1 Payables - Analysis by type

	31 March 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Amounts falling due within one year				
Trade payables	122,716	130,491	84,760	93,048
Taxation and social security	62,336	69,043	67,235	69,167
Capital payables	95,409	95,436	115,824	115,855
Other payables	87,047	88,632	73,608	74,876
Accruals and deferred income	786,042	804,298	787,156	779,660
Amounts due to solicitors, counsel and advice agencies	120,799	120,799	67,534	67,534
Contribution refunds to funded clients	960	960	1,369	1,369
Creditor for pension transfer deficit: amounts payable to LGPS	-	-	32,687	32,687
Amounts issued from the Consolidated Fund for supply but not spent at year end	192,387	192,387	183,599	183,599
CFERs due to be paid to the Consolidated Fund:				
- received	871	26,599	1,821	7,882
- receivable	-	-	-	9,634
Intra-departmental payables	37,575	-	1,433	-
	1,506,142	**1,528,645**	**1,417,026**	**1,435,311**
Amounts falling due after more than one year				
Local Authority loan balances	22,158	22,158	24,021	24,021
Creditor for pension transfer deficit: amounts payable to LGPS	47,970	49,796	46,259	46,259
Other payables	11,181	11,181	7,228	7,228
	81,309	**83,135**	**77,508**	**77,508**

18.2 Other financial liabilities - Analysis by type

	31 March 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Amounts falling due within one year				
Lease incentive creditors	714	714	1,905	1,905
Straight lining creditors	5,348	5,348	5,014	5,014
Finance lease creditors	10,328	10,328	9,076	9,076
Imputed finance lease element of on-balance sheet PFI contracts	27,606	27,606	26,364	26,364
	43,996	**43,996**	**42,359**	**42,359**
Amounts falling due after more than one year				
Lease incentive creditors	14,360	14,360	14,077	14,077
Straight lining creditors	125,961	125,961	124,502	124,502
Finance lease creditors	96,990	96,990	107,342	107,342
Imputed finance lease element of on-balance sheet PFI contracts	249,331	249,331	276,936	276,936
	486,642	**486,642**	**522,857**	**522,857**

19. Provisions for liabilities and charges

	2019-20		2018-19	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Balance at 1 April	**1,569,142**	**1,571,838**	**1,388,025**	**1,391,381**
Provided in the year	2,001,988	2,003,479	2,093,128	2,093,737
Provisions not required written back	(94,163)	(94,657)	(41,968)	(42,731)
Provisions utilised in the year	(1,941,284)	(1,941,656)	(1,872,036)	(1,872,492)
Borrowing costs (unwinding of discount)	6,146	6,149	1,993	1,943
Balance at 31 March	**1,541,829**	**1,545,153**	**1,569,142**	**1,571,838**
Analysis of expected timing of discounted cash flows				
Not later than one year	893,641	895,681	900,214	902,298
Later than one year but not later than five years	300,188	301,203	352,195	352,553
Later than five years	348,000	348,269	316,733	316,987
Balance at 31 March	**1,541,829**	**1,545,153**	**1,569,142**	**1,571,838**

Provisions by type

												2019-20
	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 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**
Provided in the year	37,800	29,117	5,476	37,444	59,627	-	2,339	145,586	2,812	1,657,078	26,200	2,003,479
Provisions not required written back	-	(961)	(57)	-	(33,086)	(58,951)	-	-	(1,385)	-	(217)	(94,657)
Provisions utilised in the year	(15,622)	(5,649)	(4,431)	(41,972)	(31,963)	(8,944)	(1,327)	(160,522)	(1,136)	(1,667,610)	(2,480)	(1,941,656)
Borrowing costs (unwinding of discount)	1,400	-	2,259	-	1,227	-	-	1,259	3	-	1	6,149
Balance at 31 March 2020	**200,382**	**152,487**	**86,490**	**17,303**	**125,379**	**69,028**	**14,690**	**165,624**	**72,814**	**569,197**	**71,759**	**1,545,153**
Analysis of expected timing of discounted cash flows												
Not later than one year	27,679	5,445	4,477	17,303	67,636	60,526	14,690	77,329	12,933	569,197	38,465	895,680
Later than one year but not later than five years	76,197	21,347	21,408	-	48,619	7,995	-	88,295	35,572	-	1,769	301,202
Later than five years	96,506	125,695	60,605	-	9,124	507	-	-	24,309	-	31,525	348,271
Balance at 31 March 2020	**200,382**	**152,487**	**86,490**	**17,303**	**125,379**	**69,028**	**14,690**	**165,624**	**72,814**	**569,197**	**71,759**	**1,545,153**

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 and 2019-20 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 December 2019 the Supreme Court ruled that the time limit to make a pension claim ran from three months from the date of retirement rather than from the end of fee paid service, thereby extending the number of potential eligible claimants.

In June 2019, the Supreme Court refused the Government permission to appeal the McCloud and Sergeant cases, which decided that the transitional protection provisions in the Judicial Pension Scheme 2015 Regulations were unlawful on grounds of age discrimination.

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 £200 million 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.

	2019-20
	£m
Provision recognised	
Judicial Service Award	77
Length of service and transitional protection	30
Total	**107**

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 -0.5% (2018-19: 0.29%) 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.

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 cases incurred prior to 1996 which remain to be settled in future years. In accordance with the 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 parliamentary 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 is reflective of CICA's liabilities under the 1996, 2001, 2008 and 2012 Schemes. CICA recognises liabilities that are based upon an evaluation of total applications that are currently known and received which are held within CICA and have not yet been processed; these are referred to as claims reported but not completed (discounted value £165.6 million). Where an event has occurred on or before the reporting date, but an application has not yet been made, CICA recognise this as a contingent liability.

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.

The provision model estimates a provision for three different categories of case:

Decided: These are live cases that have been sufficiently assessed to determine their monetary value; however an offer has not yet been made to the claimant. Subject to any adjustment arising from the quality assurance process, these cases are provided for at their assessed value. Awards are accrued for at the point the case is 'on offer' i.e. a decision letter has been sent to the claimant. These cases are accrued (and removed from the provision), however an adjustment is made at the point an acceptance letter is not received from a claimant.

Not Decided: These are cases which are still under assessment by CICA and therefore a monetary value has not yet been determined. In order to estimate a provision for these cases, the model builds historical profiles of average award values, aggregated by tariff band and case age, which are then applied to the population of outstanding cases. A further adjustment is made to account for the fact that a subset of the live case population will be 'nil-assessed', i.e. will not attract a monetary award. The proportion of such cases is determined based upon an assessment of the historical proportion of nil-assessed cases within each tariff band.

On Offer Not Accrued – Once an offer is made in respect of a case, the award value is accrued and therefore no provision is required for this case. A small proportion of such cases do not have their offer accepted and therefore an adjustment is made to account for this. These cases are removed from the accrual and their value is provided for. The proportion of such cases is determined based upon an assessment of the historical level of occurrence.

Since applications are determined under the scheme in force at the date of application, the tariff provision model calculates the provision for pre-2012 schemes (1996, 2001 and 2008) and the current 2012 scheme separately.

In 2019-20 the provision calculation was amended to use historical data to determine the spread of the provision liability into future periods. This is done for discounting purposes to calculate the Net Present Value (NPV). The amendment uses historical data at a more granular level to challenge prior assumptions and increase the confidence level of assumptions now in use.

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

Discount Rates – The general provisions discount rates are used to discount future cash flows related to provisions recognised in accordance with IAS 37 Provisions, contingent liabilities and contingent assets and are obtained from HMT.

Sensitivity for CICA Tariff Scheme

A sensitivity analysis for the tariff provision has been undertaken to identify the impact of any changes to assumptions. Each assumption within the provision model has been identified, a reasonable change identified and the impact on the overall financial liability calculated. These changes include flexing historical data trends to show the potential impact on the provision. For each assumption which is being analysed for sensitivity, only that assumption is changed. If two or more assumptions are changed at one time, the actual sensitivity of a change in assumption may be obscured because of the potential interrelation of the assumptions.

In order to determine the sensitivity of the provision estimate to some of the core features of the methodology, sensitivity analysis was conducted, through which various aspects of the methodology were flexed to determine how sensitive the estimate was to variations in them.

The following tables show the impact of adjusting the key assumptions used for the tariff provision. The sensitivity analysis is included in this note to enable readers to understand the impacts such adjustments would have on the accounts. The ranges of the sensitivity tests shown are based on the variability of past data. They do not represent the maxima or minima of past observed values nor the full range of possible outcomes, but they do capture future values that could plausibly occur. Each change is shown separately but in practice combinations are possible as different assumptions can be correlated.

Average Value Profiles: The provision uses average value profiles for both tariff bands and case age. This is based on historic case data. The sensitivity analysis determines the impact on the provision by using the maximum or minimum average tariff values within each band irrespective of age. The sensitivity analysis suggests that the estimate could increase by £11.8m or decrease by £19.2m.

% Cases decided at nil value: The provision includes an adjustment to recognise that not all applications result in a monetary award. Some cases are valued at nil or are determined to be ineligible due to exclusions within the scheme. The sensitivity looks at the likelihood of cases being assessed at nil value within each tariff band. The analysis flexes the modelled profiles by 5% points in either direction. This is sufficient to cover the range of variation observed across the periods of assessment. This will be kept under review each year. The sensitivity analysis suggests that the estimate could increase by £15.1m or decrease by £15.1m.

Cases that are decided: These are live cases that have been sufficiently assessed and a monetary award value has been calculated but the case has not yet been paid. These cases are provided for at their assessed value. However these cases are subject to quality control review which may result in an adjustment to the award value. The model is therefore sensitive to changes in award values. The sensitivity looks at the 5% and 95% percentiles of a sample of cases to determine the impact of higher or lower values. The sensitivity analysis suggests that the estimate could increase by £2.0k or decrease by £2.4k.

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Average case value	+7%	11.8	-12%	(19.2)
Percentage decided to offer.	+0.0%	(0.0)	-0.0%	0.0
Percentage of nil value cases in 2012 caseload	+9%	15.1	-9%	(15.1)

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 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 £204.9 million (2018-19: £206.9 million) and crime higher work in progress provision equals £294.7 million (2018-19: £307.1 million).

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 model estimates activity to the next financial event in each expenditure stream, reflecting the business realities of billing timing.

The reasonable alternative assumptions below have been arrived at by observing the maximum historical high and low points within the actual source data of the respective models, adjusted for projected future trends. The impact of 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 2019 profiles	3.7	March 2018 profiles	(3.7)
Billing duration**	110 days	3.7	80 days	(3.7)
Dormancy assumption***	910 days	8.4	N/A	N/A

*In order to estimate the provision, profiles outlining the timing and magnitude of costs on civil representation cases are calculated. There is a degree of uncertainty in the calculation of these profiles, particularly due to the inherent time lag. We therefore make the assumption that the level of variance could be equal to the variance between this year's profile and last years'.

**It can take some time for Legal Aid providers to compile and submit their bills to us once work has completed on a case. The estimate of the provision assumes that the average delay will be equivalent to that seen in the preceding quarter; however, this does vary to a small degree over time. We therefore make the assumption that this delay could vary by up to 15 days in either direction.

***In estimating the provision, an assumption is made that cases that have had no financial activity for two years or more are 'dormant', and will not go on to have further activity, and we therefore generate no provision in respect of them. There is a risk that this underestimates the provision, since a small proportion of these cases may indeed go on to have further financial activity. We therefore assume that the dormancy period could be longer by 6 months, taking it to two and a half years. 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 2020 could be higher by up to + 5.0% (£15.7 million) (2018-19: £19.5 million) or lower by up to -2.3% (£7.4 million) (2018-19: £9.5 million).

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%	28.3	-10.0%	(28.3)
Case duration	10.0%	35.7	-10.0%	(30.2)
Completion rates	2.5%	28.9	-2.5%	(25.7)

Assumptions are monitored and reviewed where data is available.

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2020 could be higher by up to +29.9% (£93 million) (2018-19: £87.0 million) or lower by up to -27.1% (£82.2 million) (2018-19: £78.7 million).

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. 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 estimated cost of refunds for Supervision fees is based on the number of assessments and supervisions which took place between 1 April 2008 and 31 March 2015.

The total 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.

The Power of Attorney (POA) scheme ends on 1 February 2021. The number of POA cases for refund has reduced significantly over the past 18 months. An assessment of the closing liability at 31 March 2020 has been made based on the average payment and refund volume over this period. This has resulted in a £52 million reduction in provision.

Supervision refunds will continue until 4 October 2022. This refund is split into two parts; **proactive refunds** to those payees already on record with a live supervision case and **reactive refund** where the public is required to submit a claim. All proactive refunds are completed. The **reactive refund** historic uptake is very low and projecting current refund profile and costs has resulted in a £5 million reduction in provisions.

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.

Employment tribunals: Further to the July 2017 Supreme Court ruling HMCTS has continued to process these refunds. We identified £32.2 million in fees paid and to date have refunded £18 million including interest, as we are not able to reliably estimate the probability that the remaining fees will be claimed and refunded, we have recognised a contingent liability of £14.2 million.

In July 2018 The Court of Protection, Civil Proceedings and Magistrates Courts Fees (Amendment) Order 2018 became law. The statutory order reduced a small number of fees which were mistakenly set above cost. These changes affect fees charged for certain proceedings in the Court of Protection, particular fees relating to civil proceedings in the magistrates' Courts (including Council Tax Liability Orders – CLTOs), fees for general applications in insolvency proceedings and the fees charged for High Court Judges sittings as arbitrators. The refund scheme applicable to these cases was launched by the Department in January 2020.

Following an internal review of fees it was determined that an incorrect fee for low value personal injury claims was charged, the error arose as a result of a single flat fee being charged for cases which should have been treated as money claims and had a sliding fee scale applied. Thus has resulted in an overcharge of £16.4 million for which a refund scheme is currently being developed.

The above are included in the accounts as follows:

- HMCTS recognises a provision for the refund of £38.5 million in respect of CTLOs where the fee was set above cost.
- HMCTS also recognises a provision for refunds of £5.1 million and a contingent liability of £4.2 million in respect of other fees which were set above cost.
- HMCTS recognises a provision of £15.4 million and a contingent liability of £1 million 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 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Property, plant and equipment	395,750	395,750	183,428	183,428
Intangible assets	57,343	57,343	70,516	70,516
Total capital commitments	**453,093**	**453,093**	**253,944**	**253,944**

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 9 months to 79 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 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	129,804	133,600	123,205	127,150
Later than one year but not later than five years	437,844	440,907	417,211	419,965
Later than five years	984,636	985,074	1,010,417	1,010,677
Total land and buildings	**1,552,284**	**1,559,581**	**1,550,833**	**1,557,792**
Other				
Not later than one year	457	712	568	859
Later than one year but not later than five years	673	1,271	718	1,350
Later than five years	-	94	-	94
Total other	**1,130**	**2,077**	**1,286**	**2,303**
Total obligations under operating leases	**1,553,414**	**1,561,658**	**1,552,119**	**1,560,095**

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 2020 are given in the table below for each of the following periods:

	31 March 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	18,833	18,833	18,376	18,376
Later than one year but not later than five years	80,004	80,004	78,107	78,107
Later than five years	50,678	50,678	71,431	71,431
	149,515	**149,515**	**167,914**	**167,914**
Less: interest element	(42,197)	(42,197)	(51,496)	(51,496)
Present value of obligations	**107,318**	**107,318**	**116,418**	**116,418**
Other				
Not later than one year	-	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	-	-
Less: interest element	-	-	-	-
Present value of obligations	**-**	**-**	**-**	**-**
Total present value of obligations	**107,318**	**107,318**	**116,418**	**116,418**

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

	31 March 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	10,328	10,328	9,076	9,076
Later than one year but not later than five years	56,223	56,223	49,973	49,973
Later than five years	40,767	40,767	57,369	57,369
Present value of obligations	107,318	107,318	116,418	116,418
Other				
Not later than one year	-	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
Present value of obligations	-	-	-	-
Total present value of obligations	**107,318**	**107,318**	**116,418**	**116,418**

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 in Note 21.1 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 a reduction of space used by departmental staff. The value of minimal lease receipts at 31 March 2020 under non-cancellable operating leases is:

	31 March 2020	Restated 31 March 2019
	£000	£000
Land and buildings		
Not later than one year	19,336	17,339
Later than one year but not later than five years	77,342	69,351
Later than five years	38,673	52,012
Present value of future income receivable	135,351	138,702

22. Commitments under PFI and Service Concession Arrangements

22.1 Arrangements not recognised on the Consolidated Statement of Financial Position

As at 31 March 2020 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	7	Provision of IT infrastructure and associated services to Department HQ and executive agencies (extension to LEDOIS element of contract for 8 months to April 2020).
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	7	Provision of managed print service and bulk print service to Department HQ and executive agencies.
End User Computing Service	Core Department	October 2014	6	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 will 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.
East Anglia Magistrates Court	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 Magistrates Court	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 Magistrates Court	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.
HMP Altcourse	HMPPS	December 1997	25	Design, build, finance and operate an 800-place category B prison at HMP Altcourse, Liverpool.
HMP Parc	HMPPS	December 1997	25	Design, build, finance and operate a 1,519-place category B prison near Bridgend, South Wales.

Project name	Entity	Contract start date	Duration (years)	Description
HMP Lowdham Grange	HMPPS	February 1998	25	Design, build, finance and operate a 760-place category B prison at HMP Lowdham Grange, Nottingham.
HMP Ashfield	HMPPS	November 1999	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	January 2000	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	January 2001	25	Design, build, finance and operate a 600-place category B prison HMP Rye Hill at Onley, near Rugby.
HMP Dovegate	HMPPS	July 2001	25	Design, build, finance and operate a 1,060-place category B prison and therapeutic community facility at HMP Dovegate, Marchington.
HMP Bronzefield	HMPPS	June 2004	25	Design, build, finance and operate a 500-place category B prison at Ashford in Middlesex.
HMP Peterborough	HMPPS	March 2005	25	Design, build, finance and operate an 840 place category B prison at Peterborough in Cambridgeshire.
HMP Thameside	HMPPS	March 2012	25	Design, build, finance and operate a 900-place category B prison at Woolwich in London.
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 £631.7 million (2018-19: £619.2 million). 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 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Rentals due not later than one year	44,729	44,729	45,265	45,265
Rentals due later than one year but not later than five years	157,736	157,736	167,269	167,269
Rentals due later than five years	187,842	187,842	223,037	223,037
	390,307	**390,307**	**435,571**	**435,571**
Less: interest element	(113,370)	(113,370)	(132,271)	(132,271)
Present value of obligations	**276,937**	**276,937**	**303,300**	**303,300**

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 2020		31 March 2019	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Rentals due not later than one year	27,606	27,606	26,364	26,364
Rentals due later than one year but not later than five years	107,519	107,519	109,948	109,948
Rentals due later than five years	141,812	141,812	166,988	166,988
Present value of obligations	**276,937**	**276,937**	**303,300**	**303,300**

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 2020		31 March 2019
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Service charge due within one year	553,988	553,988	608,351	608,351
Service charge due later than one year but not later than five years	1,262,676	1,262,676	1,595,946	1,595,946
Service charge due later than five years	957,807	957,807	1,203,856	1,203,856
Total	**2,774,471**	**2,774,471**	**3,408,153**	**3,408,153**

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 2020		31 March 2019
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Not later than one year	877,282	880,775	817,385	820,797
Later than one year but not later than five years	1,002,018	1,002,184	1,122,511	1,125,624
Later than five years	152,766	152,766	223,506	223,506
Total other financial commitments	**2,032,066**	**2,035,725**	**2,163,402**	**2,169,927**

Included within the table above is a commitment of £243.7 million (2018-19: £565.4 million), £16.1 million (2018-19: £17.4 million) and £16.0 million (2018-19: £14 million) relating to the Fee for Service (FfS), Fee for Use (FfU) and Payments by Results (PbR) elements of the contracts with Community Rehabilitation Companies.

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.

Interest rate risk

The LAA is not exposed to significant interest rate risk. At 31 March 2020, £95.3 million (2018-19: £75.4 million) of statutory charge debt was due, the principal of which carried a fixed rate of interest.

Money received by the LAA on behalf of funded clients is held on deposit until the case is concluded. Interest is paid to funded clients by reference to the London Inter Bank Offered Rate, at the rate of 0.5% per annum less the rate payable on damages on deposit in the general account.

Money received by the LAA in relation to Crown Court Means Testing contributions is held until the final judgment and costs of the case have been determined. Refunds of contributions are paid to applicants that have been found not guilty including interest calculated at 2% per annum from the date of contribution receipt by the LAA. The balance of contribution monies is held as cash.

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 £217.9 million (2018-19: £227.5 million). This includes receivables valued at fair value and those measured at amortised cost. The majority of the LAA's trade and other receivables are the result of a statutory charge, i.e. £95.3 million (2018-19: £75.4 million) out of a total receivables balance after impairment of £197.5 million (2018-19: £164.5 million).

A high proportion of these are secured on property and settlement is deferred until the property is sold. As these assets are measured at fair value, this is taken account of in the projected cash flows.

The LAA provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt. This analysis is also used to inform the expected cash flows for trade and other receivables which are measured at fair value. This assumes that future performance will be reflective of past performance and there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, LAA undertake a rollback review to compare previous estimated repayment profiles with the actual experience in subsequent years, to assess the accuracy of the profile and resulting impairment, adjusting assumptions where required. There have been no material adjustments to the assumptions as a result of this review in 2019-20.

There is no additional adjustment in the impairment of the LAA's secured debt at 31 March 2020 to reflect the potential future impact of the macroeconomic effect of COVID-19. Based on the experience from previous recessions we do not consider this will have a material impact on the fair value of secured debt recognised in these accounts. The impact of a recession has historically resulted in a delay in the cash receipts on secured debt, due to the impact on the property market and delays to property sales which result in the repayment of the debt.

Disclosed below is the impact of a 10% reduction in cash receipts across both secured and unsecured debt, which is a more significant reduction than previously experienced.

The LAA's valuation model uses historical recovery profiles by debt category to estimate the provision required against debt balances. The valuation model is underpinned by specific assumptions including: the life of debt, the expected remittance profiles and the discount rate is 3.70% nominal and 0.70% real (2018-19: 3.70% nominal and 0.70% real).

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

- cash received evenly throughout the year rather than at the end of the year
- predicted cash receipts used to calculate the impairment provision cashflows +/- 10%
- discount rate +/-1% (this rate is set by HM Treasury)

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Timing of income received	Evenly throughout the year	1.1	N/A	-
Predicted cash receipts	+10%	(14.4)	-10%	(14.5)
Discount rate	-1%	(7.8)	+1%	(8.7)

Using these reasonably possible alternative assumptions, the fair value of the LAA financial assets as at 31 March 2020 could be higher by £24.2 million (2018-19: £19.2 million) or lower by £22.3 million (2018-19: £17.7 million). These assumptions will be reviewed annually and changed if management believe alternative assumptions are a better reflection of the underlying trends.

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.

The IFRS 9 approach to impairment provisioning is a forward-looking 'expected loss' approach. Expected losses on the Department's financial assets are not considered to be material.

Fair values

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:

- Financial assets at fair value through profit and loss ('FVP&L');
- Financial assets at fair value through other comprehensive income ('FVOCI'); or
- 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:

– Financial liabilities at FVP&L; or
– 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 2020	Fair value	Total carrying value at 31 March 2019 (Restated)
Financial assets:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	-	-	218,563	218,563	218,563	207,300
Trade and other receivables	95,329	-	376,750	472,079	472,079	486,300
Other financial assets	451	-	-	451	451	559
Total financial assets	**95,780**	**-**	**595,313**	**691,093**	**691,093**	**694,159**

Financial liabilities:	Liabilities at FVPTL £'000	Liabilities at amortised cost £'000	Total carrying value at 31 March 2020 £'000	Fair value £'000	Total carrying value at 31 March 2019 (Restated) £'000
Trade and other payables	-	1,171,483	1,171,483	1,171,483	1,078,542
Other financial liabilities	-	530,638	530,638	530,638	565,216
Total financial liabilities	**-**	**1,702,121**	**1,702,121**	**1,702,121**	**1,643,758**

The Department considers that the carrying amounts for cash and cash equivalents, trade payables and other liabilities approximate to their fair value due to the short-term maturities of these instruments.

Trade and other receivables have been discounted over the period from the reporting date to the expected date of collection. This has a material impact on their present value.

To take account of this time value of money effect an estimation technique has been used, discounting all receivable balances over periods commensurate with historical cash flow patterns for each class of receivable at a rate of 3.70% real and 0.70% nominal (2018-19: 3.70% real, 0.70% nominal). The discount rate used is the HM Treasury discount rate. The estimation technique used assumes that the timing of future cash flows will follow historical trends.

Fair value hierarchy

The Department uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All of the financial assets and liabilities measured at fair value fall within level 3.

25. Pension costs

Reconciliation of net pension (liability)/asset 2019-20:

	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 2019	**(767,980)**	**555,612**	**(212,368)**	**(326,360)**	**431,571**	**105,211**	**(5,980,255)**	**4,130,169**	**(1,850,086)**
Service costs									
Current service cost	(25,844)	-	(25,844)	-	-	-	(180,207)	-	(180,207)
Past service cost	(3,003)	-	(3,003)	-	-	-	(25,711)	-	(25,711)
Administration costs	-	-	-	(569)	-	(569)	-	-	-
Net interest	(18,281)	12,927	(5,354)	(7,709)	10,227	2,518	(144,356)	99,035	(45,321)
Total recognised in the CSoCNE	**(47,128)**	**12,927**	**(34,201)**	**(8,278)**	**10,227**	**1,949**	**(350,274)**	**99,035**	**(251,239)**
Scheme participant's contributions	(4,927)	4,927	-	-	-	-	(26,094)	26,094	-
Employer contributions	-	14,741	14,741	-	-	-	-	108,026	108,026
Benefits paid after net transfers	17,893	(17,893)	-	11,440	(11,440)	-	162,216	(158,803)	3,413
Total cash flows	**12,966**	**1,775**	**14,741**	**11,440**	**(11,440)**	**-**	**136,122**	**(24,683)**	**111,439**
Actuarial gains/(losses)									
Changes in demographic assumptions	26,366	-	26,366	(485)	-	(485)	180,769	-	180,769
Changes in financial assumptions	24,064	-	24,064	19,883	-	19,883	434,167	-	434,167
Experience gains/(losses)	(11,219)	-	(11,219)	(7,434)	-	(7,434)	167,038	-	167,038
Return on assets excluding amounts included in net interest	-	(73,096)	(73,096)	-	(2,754)	(2,754)	-	(429,906)	(429,906)
Remeasurements through Other Comprehensive Net Expenditure	**39,211**	**(73,096)**	**(33,885)**	**11,964**	**(2,754)**	**9,210**	**781,974**	**(429,906)**	**352,068**
Balance at 31 March 2020	**(762,931)**	**497,218**	**(265,713)**	**(311,234)**	**427,604**	**116,370**	**(5,412,433)**	**3,774,615**	**(1,637,818)**
Of which									
Core Department and Agencies	-	-	-	(311,234)	427,604	116,370	(5,412,433)	3,774,615	(1,637,818)
NDPBs	(762,931)	497,218	(265,713)	-	-	-	-	-	-
	(762,931)	**497,218**	**(265,713)**	**(311,234)**	**427,604**	**116,370**	**(5,412,433)**	**3,774,615**	**(1,637,818)**

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	(21)	-	(21)	(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	**(38,015)**	**13,282**	**(24,733)**	**(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
Benefits paid after net transfers	18,541	(18,541)	-	10,077	(10,077)	-	147,161	(147,161)	-
Total cash flows	**13,842**	**284**	**14,126**	**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)**

The key assumptions used by the actuaries were:

	Cafcass Pension	LSC Pension	Probation Pension	Cafcass Pension	LSC Pension	Probation Pension
	2019-20 %	2019-20 %	2019-20 %	2018-19 %	2018-19 %	2018-19 %
Inflation assumption	2.00	1.95	n/a	2.20	2.45	n/a
Rate of increase in salaries	2.60	n/a	2.70	3.30	n/a	2.60
Pension increase rate	2.00	2.00	1.90	2.20	2.50	2.50
Discount rate	2.30	2.30	2.30	2.40	2.40	2.40
Pension accounts revaluation rate	2.00	n/a	n/a	2.20	n/a	n/a

The major categories of scheme assets for 2019-20 were:

	Cafcass Pension				LSC Pension				Probation Pension			
	Quoted	Unquoted	Total	Value as a percentage of total scheme assets	Quoted	Unquoted	Value at	Value as a percentage of total scheme assets	Quoted	Unquoted	Value at	Value as a percentage of total scheme assets
	£000	£000	£000	%	£000	£000	£000	%	£000	£000	£000	%
Equities	335,125	50,219	385,344	77.5	105,939	-	105,939	24.8	2,048,256	194,875	2,243,131	59.4
Gilts	47,733	-	47,733	9.6	313,559	-	313,559	73.3	-	-	-	-
Corporate bonds	25,358	-	25,358	5.1	-	-	-	-	700,310	-	700,310	18.6
Property	9,447	12,928	22,375	4.5	-	-	-	-	-	159,046	159,046	4.2
Cash and cash equivalents	-	9,447	9,447	1.9	2,045	-	2,045	0.5	59,873	-	59,873	1.6
Other	-	6,961	6,961	1.4	-	6,061	6,061	1.4	94,656	517,599	612,255	16.2
Total plan assets	**417,663**	**79,555**	**497,218**	**100**	**421,543**	**6,061**	**427,604**	**100**	**2,903,095**	**871,520**	**3,774,615**	**100**

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

	Cafcass Pension				LSC Pension				Probation Pension			
	Quoted	Unquoted	Total	Value as a percentage of total scheme assets	Quoted	Unquoted	Total	Value as a percentage of total scheme assets	Quoted	Unquoted	Total	Value as a percentage of total scheme assets
	£000	£000	£000	%	£000	£000	£000	%	£000	£000	£000	%
Equities	347,258	63,895	411,153	74.0	103,769	-	103,769	24.0	2,200,378	193,427	2,393,805	58.0
Gilts	62,229	-	62,229	11.2	319,205	-	319,205	74.0	27,198	-	27,198	0.7
Corporate bonds	22,224	-	22,224	4.0	-	-	-	-	772,996	-	772,996	18.7
Property	1,111	25,003	26,114	4.7	-	-	-	-	-	196,170	196,170	4.7
Cash and cash equivalents	-	12,779	12,779	2.3	1,093	-	1,093	0.3	103,162	-	103,162	2.5
Other	-	21,113	21,113	3.8	-	7,504	7,504	1.7	82,577	554,261	636,838	15.4
Total plan assets	**432,822**	**122,790**	**555,612**	**100**	**424,067**	**7,504**	**431,571**	**100**	**3,186,311**	**943,858**	**4,130,169**	**100**

Sensitivity analysis - change in assumptions relative to 31 March 2020 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 2020	Actuarial value of liabilities on 31 March 2019 (Restated)
	£000	£000
0.1% decrease in discount rate	777,558	781,063
0.1% increase in the salary increase rate	764,352	770,515
1 year decrease in post retirement mortality age rating*	787,941	792,212
0.1% increase to pension increase rate	776,352	778,505

*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 2020 actuarial assumptions for LSC pension liabilities (based on total liabilities):

	Actuarial value of liabilities on 31 March 2020	Actuarial value of liabilities on 31 March 2019
	£000	£000
0.5% decrease in discount rate	340,735	360,992
1 year increase in life expectancy	323,684	339,417
0.5% p.a. increase in inflation	337,160	354,277

Sensitivity analysis - change in assumptions relative to 31 March 2020 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
	2019-20	2019-20	2018-19	2018-19
	£000	%	£000	%
0.5% decrease in real discount rate	525,077	10.0	619,973	10.0
0.5% increase in the salary increase rate	60,340	1.0	96,493	2.0
0.5% increase in the pension increase rate	459,478	8.0	512,946	9.0

The principal demographic assumption is the mortality assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

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 employer contribution rate for 2019-20 was 16.2%. The last actuarial valuation was at 31 March 2019 and the contributions to be paid until 31 March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate (employer contributions over this period will be 19.4% plus an additional lump sum payment that varies each year (£1.05 million in 2020-21).

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

Assets

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return over the accounting period. The Fund holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Fund Administering Authority) is shown in the disclosures.

The Fund Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

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. The Funding Strategy Statement (https://www.wypf.org.uk/publications/policy-home/wypf-index/funding-strategy-statement/) sets out the risk management strategies for the key risks that impact on the funding strategy of the Pension Fund. One of these strategies, for example, is that the Fund Administering Authority has diversified investments held to mitigate the risk of asset volatility.

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 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.

The Trustees of the LSCPS maintain a risk register which they use to determine appropriate responses to mitigate the risks identified. These include maintaining a high level of hedging for interest rate and inflation changes and a prudent approach when setting future longevity assumptions.

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 2021. The Schedule of Contributions dated 12 November 2019 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.

The funding arrangements and asset ceiling are set out in Section 18 of the Legal Aid, Sentencing and Punishment of Offenders Act 2012. Where the value of the Scheme assets is more than 105% of the value of the Scheme's technical provisions on the effective date of an actuarial valuation, this constitutes a refundable surplus. The Department can request payment of amounts not exceeding the refundable surplus. The Scheme would be required to make payment unless advised by the actuary that, because of events subsequent to the date of the actuarial valuation, payment would reduce the value of the assets of the Scheme to less than 105% of the value of the Scheme's technical provisions.

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 (NPS). In addition, 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 through one LGPS pension fund which is with the Greater Manchester Pension Fund (GMPF).

The LGPS pension liability transferred from Probation Trusts to HMPPS on 1 June 2014, under the Transforming Rehabilitation Programme, which saw the creation of the CRCs and NPS. 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 2020, HMPPS paid employers' contributions of £87.5 million to Greater Manchester Pension Fund (GMPF), relating to current probation staff, at 29.6% (£87.0 million for 2018–19 at 29.6%).

Following the 2019 Triennial Valuation, the employer contribution rates for 2020-21 to 2022-23 will remain unchanged at 29.6%.

The pension position as at 31 March 2020, as detailed below, is based on the actuarial report from Hymans Robertson LLP, the independent actuary for GMPF, in compliance with IAS 19. There were no plan curtailments or settlements during the year.

Full details of GMPF's Investment Strategy Statement, Funding Strategy Statement, including its annual report and financial statements, and responsibilities of the GMPF Management Panel can be found on the GMPF website www.gmpf.org.uk. Tameside Metropolitan Borough Council is the Administering Authority of GMPF.

A number of assumptions are made as part of the actuarial valuation process and the major assumptions are set out in the table below. The assumptions underlying the calculation of the net liability as at 31 March 2020 are used for accounting purposes as required under IAS 19.

Risks associated with the Fund in relation to accounting, including COVID-19 impact

In March 2020, there were significant falls in some global markets as a result of the COVID-19 pandemic. This reduced the value of the LGPS assets recorded by GMPF and the share of assets applicable to HMPPS, as set out in the disclosure below. This reflected GMPF's asset mix, including a relatively high exposure to equity markets. While the impact of COVID-19 produces some uncertainty on the market valuation of properties, management acknowledges the uncertainty but considers that the valuation provided by GMPF is appropriate at the date of reporting.

The overall reduction in asset valuation is offset by a reduction in the pension liabilities following the 2019 triennial valuation, as shown in the disclosure below. The pension liabilities for 2019-20 reflect the appropriate assumptions, taking account of COVID-19. All assumptions remain under constant review. As the economic climate changes and more information becomes available assumptions will be updated to reflect this.

Discount rate

The discount rate is the most significant financial assumption for assessing pension obligations. A reduction in the discount rate results in an increase in pension liability for accounting purposes and vice versa. This discount rate used in these financial statements, as required by IAS 19, is based on the market yields on high quality corporate bonds valued as at the reporting date of 31 March. Hymans corporate bond yield curve is based on the constituents of the iBoxx AA corporate bond index. The discount rate assumptions set by the actuary are considered appropriate in light of COVID-19.

Inflation

The inflation assumption is the second most significant financial assumption for assessing pension obligations and typically drives the assumption for salary growth and pension increases (to the extent they are inflation linked). A higher inflation assumption will lead to an increase in pension liabilities. The inflation rate assumptions used have not been altered in light of COVID-19 at this point in time as it is too early to assess the future impact on pension and salary rates, beyond the assumptions already made.

Mortality

Based on very high-level analysis it is not expected that mortality arising from COVID-19 in the short term will have a significant impact on the valuation of the pension liability for HMPPS. In the longer term, COVID-19 may have an impact on future mortality, but it is too early at this stage to quantify this and the mortality rate assumptions used have not been altered in light of COVID-19 at this point in time.

Risk mitigation strategies

The GMPF Management Panel carries out a similar role to the trustees of a pension scheme. They are key decision makers for:

- Investment Strategy
- Monitoring investment activity and performance
- Overseeing administrative activities
- Guidance to officers in exercising delegated powers
- Reviewing Governance arrangements

Each local authority within Greater Manchester is represented on the Management Panel, along with the Department. There have been no concerns raised by MoJ to date on GMPF's investment or funding strategy or asset performance.

McCloud judgment

The December 2018 McCloud Judgment found that transitional arrangements put in place during the reform of firefighters and judges pension schemes was discriminatory on grounds of age. The Government has confirmed this ruling also applies to the LPGS. Based on the findings of the Government Actuary's Department (GAD), published in June 2019 and taking account of the proposed remedial action published by HM Treasury in July 2020 in their consultation document, Hymans Robertson has calculated an estimated past service cost applicable to HMPPS. This has resulted in an additional cost of £25.3 million, reflected in the pension liability. Further information on the McCloud Judgement can be found at https://www.civilservicepensionscheme.org.uk/members/mccloud-judgment/.

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: Following a legal challenge, the Department has conceded that the current policy for sitting in retirement (where a judge may retire and draw a pension from their salaried office, and then to sit in a fee paid office), do not apply equally to fee paid judges. We will consult on changes to rectify this. There is potential for affected judges to bring compensation claims in respect of this.

The Department has undertaken to compensate fee paid judicial office holders who have suffered financial detriment compared to salaried equivalents, because the fee paid pension scheme is not contracted out. There are also a number of other legal claims in relation to discrimination between fee paid and salaried judges, which may give rise to further pay and pension claims. We are currently unable to estimate the extent of the potential liabilities.

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

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 liability and others which are unquantifiable. Where it can be quantified, the estimated possible liability for the Department is £0.5m.

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. Where it is possible but not probable that the Department will have a liability it has been estimated at £1.2m.

Data Protection Act: There are claims against the the Department for alleged failure to comply with the Data Protection Act. These cases are ongoing. Where the likelihood of a liability arising is deemed possible but not probable the estimated liability for the Department is £0.175m.

Judicial review: The Department is currently defending several Judicial Review claims at various stages. Where it is deemed possible, but not probable, that the Department will have a liability it has been estimated at £0.1m.

The Lord 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 -0.25%, 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, in contravention of Article 14 of the European Convention on Human Rights (ECHR), when read with Article 1 of Protocol 1 ECHR. The Government chose not to appeal this judgment to the Supreme

Court and announced in September 2018 that the rule would be abolished. An amendment to the Criminal Injuries Compensation Scheme 2012, removing the rule took effect on 13 June 2019.

This enabled new applications from people who were previously refused compensation because of the rule, as well as those who had not previously applied. This increased the compensation payable under the Criminal Injuries Compensation Scheme 2012 and a total of £10,590,982 was paid in 2019-20 in respect of applications which were made eligible by the amendment.

Incidents Incurred But Not Yet Received (IBNYR): Incidents incurred but not yet received is an unquantifiable contingent liability in respect of a possible future obligation to individuals who have been victims of violent crime as of 31st March 2020. This liability depends upon uncertain future events occurring and an application being submitted which meets the criteria set out in the relevant scheme. Although CICA recognise that this contingent liability exists in respect of 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 and the potential value of any award made.

Legal challenge to unspent convictions rule: The Supreme Court granted permission to the applicants to appeal against the decision of the Court of Appeal dated 3 July 2018 that the provisions of the Criminal Injuries Compensation Scheme 2012 are not unlawful insofar as they prohibit an award of compensation to applicants who are victims of human trafficking and who have unspent criminal convictions. Permission to appeal was granted on one ground: whether those provisions are contrary to Article 4 of the European Convention on Human Rights (ECHR) (prohibition of slavery and forced labour) combined with Article 14 ECHR (prohibition of discrimination). The Supreme Court will hear the appeal on 10 November 2020.

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 £7.3 million (2018-19: £1.3 million).

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

The UK Supreme Court ruled on 6 February 2013 that the retired fee paid judicial office holder was entitled to a pension on terms equivalent to those applicable to salaried judicial office holders. This lead case set the precedent for other stayed cases, which in addition to pension entitlements, extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions, for example, holiday and sick pay, payments in respect of training and writing up fees, increases in daily fees and cancellation fees where bookings are not honoured. The Fee Paid Judicial Pension Scheme was established in April 2017 to provide retrospective pensions for eligible fee paid judicial office holders.

There were outstanding appeals in relation to the scope of the Department's liability arising from this decision. The UK Supreme Court in July 2017 decided to refer the question of pre-2000 liability to the Court of Justice of the European Union (CJEU). In November 2018, the CJEU ruled that, in calculating the pension the Court of Justice of the European Union (entitlement of eligible fee paid judges, any continuous service prior to 7 April 2000 (the date that the Part-Time Worker Regulations should have been transposed into domestic law) must be taken into account.

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.

At this stage all these outstanding matters are treated as contingent liabilities. A contingent liability of £14.2 million is recognised in relation to Employment Tribunal Fee refunds.

HMCTS fee refunds: 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 due is £64.2 million, of which £59 million has been provided for, the balance of £5.2 million is held as a contingent liability as detailed below.

The fees which were set above cost were reduced by statutory instrument in July 2018, and a refund scheme is in the process of being established. HMCTS recognises a refund provision of £43.6 million 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 recognises a contingent liability of £4.2 million.

HMCTS also recognises a refund provision of £15.4 million 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 recognised a contingent liability of £1 million.

HMPPS: HMPPS faces claims amounting to £55.1 million (2018-19: £116.3 million) for injury to staff, prisoners and the public and for third party contract disputes 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.

LAA contingent assets: The LAA have two contingent assets in relation to costs orders from legal proceedings with a total value of £22.4 million (2018-19: two with a total value of £22.4 million).

IR35 Legislation: A change in legislation from April 2017 placed the responsibility for assessment of employment status of contingent workers on to the end client where the engaging client is a public sector body. As the end client, the Department is responsible for deciding whether engagements are inside of the off-payroll working rules or not, and passing on status determinations to the fee-paying agency, so that appropriate tax and NI deductions are made. The public sector engager may be liable for any tax unpaid as a result of an incorrect determination passed to the fee-paying agency.

In 2019, HMRC challenged the Departmental group to revisit employment status determinations for all off-payroll workers engaged as at and since April 2017, where we had previously concluded workers are operating outside of the off-payroll working rules on the basis the individual worker could be substituted by another worker at the choice of the worker without consultation with the Departmental and without the Departmental having any right of veto.

IR35 legislation states that if the client has taken reasonable care and fulfilled its other duties, in reaching its conclusion in assessing whether a worker is outside of scope, the responsibility for deducting tax and NICs and paying these to HMRC will not rest with it. The Department applied the off-payroll rules with diligence and care, taking a considered assessment of the status of each contingent worker in the first instance, using HMRC’s online status determination tool. The Department may be liable for any tax unpaid as a result of an incorrect determination passed to the fee-paying agency. The Department discloses an unquantifiable contingent liability in respect of tax and NI that would have been paid to HMRC had the engagements been considered inside scope of IR35.

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 £61.1 million in 2019-20 (2018-19: £65.1 million).

The spouse of Lucy Frazer, a Minister of the Department, became the Chief Executive Officer of Alexander Mann Solutions (AMS) on 11 November 2019. AMS is a supplier of contingent labour to the Department, through the Public Sector Resourcing Commercial Framework (RM3749) which began on 16 January 2018. The Department made payments to AMS totalling £42.3 million in 2019-20, which includes all wages paid to contractors and temporary workers. AMS also subcontracts elements of their work to the Department via two other providers of contingent labour, Brook Street and Hays.

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.

Lesley King-Lewis, Non-Executive Director, is Chief Executive Officer of Windsor Leadership which is a supplier to HMPPS. HMPPS made payments to Windsor Leadership totalling £13,890 in 2019-20 (2018-19: £18,305). There is an outstanding balance of £1,000 as at 31 March 2020.

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains the Register of County Court Judgments on behalf of the Lord Chancellor and the Secretary of State for Justice. Revenue recognised from the Registry Trust Limited in the year amounted to £0.6 million (2018-19 £0.6 million). No balance was due at year end.

On 16 July 2018 Andrew Baigent, 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 uses Indesser to provide information and analysis to assist with the recovery of debt. HMCTS paid £183,709 (2018-19: £261,000) to Indesser for goods and services during 2019-20, with a total payable balance of £187,752 (all amounts shown include VAT).

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.

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 2020	31 March 2019
	£000	£000
Cash at bank and on deposit	2,724,810	2,648,905
Securities	81,479	88,112
Total	**2,806,289**	**2,737,017**

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	2,146	83,041	12,487	68,814	15,561	182,049
Investments	44,629	-	-	-	-	44,629
Non-cash assets	10,973	-	-	-	-	10,973
At 31 March 2020	**57,748**	**83,041**	**12,487**	**68,814**	**15,561**	**237,651**
At 31 March 2019	**66,912**	**78,881**	**13,093**	**26,977**	**14,231**	**200,094**

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. The LAA receives 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 third party asset transfers to LAA or is returned to the third party
- HMCTS holds a number of cash balances on behalf of third parties. These consist of bail monies and monies held on behalf of court users which are received and held while the case progresses. At 31 March 2020 these amounted to £69 million (2018-19: £27.0 million) and have not been recognised in the accounts in accordance with FReM requirements
- HMPPS holds cash on behalf of offenders

29. The Departmental Boundary

Entities within the Departmental Boundary

Entities within the Departmental Boundary comprise supply financed agencies and those entities listed in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2019, 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.

Following earlier announcements that offender management, would be brought back in-house, it was announced on 11 June 2020 that the delivery of unpaid work and key programmes to stop criminals reoffending will also be brought under the control of the National Probation Service within HM Prison and Probation Service when the current CRC contracts end in June 2021. This will result in around 2,000 additional staff being transferred into HMPPS from the CRCs.

On 29 June 2020 the Minister for Prisons and Probation announced that four further prisons are to be built across England over the next six years. Two of the prisons will be in the North West, the first of which will be built next to HMP Full Sutton, in East Yorkshire, with the other two in the South-East. The operators of the prisons will be announced in due course with the intention that at least one prison will be operated by the public sector.

In July 2020, the government launched a consultation document on changes to public service pensions to remove discrimination arising from the transitional protection arrangements that were introduced when the schemes were reformed in 2014-15. This also applies to the Local Government Pension Scheme (LGPS) and the impact of the proposed changes have been reflected in these accounts as a past service cost.

In June 2020, a judgment in a tribunal case relating to the Teachers' Pension Scheme found that a survivor's pension for a widower or surviving male civil partner was less favourable than for a widow or surviving female civil partner and as a result directly discriminated on the basis of sexual orientation. Both MHCLG (Ministry of Housing, Communities and Local Government) and GAD (Government Actuary's Department) have confirmed that this is immaterial to the Local Government Pension Scheme and no further adjustment is required in these accounts.

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

				2019-20
	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	SoPS 1.1	9,116,377	8,424,519	691,858
Capital Outturn	SoPS 1.2	504,642	491,925	12,717
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation		(872,778)	(551,722)	(321,056)
New provisions and adjustments to previous provisions		(607,221)	(1,913,971)	1,306,750
Other non-cash items		-	(48,128)	48,128
Adjustments for Non-Departmental Public Bodies (NDPBs):				
Remove voted resource and capital		(268,839)	(277,201)	8,362
Add cash Grant in Aid		254,322	253,511	811
Adjustments to reflect movements in working balances:				
Increase / (decrease) in inventories		-	(4,819)	4,819
Increase / (decrease) in trade and other receivables		-	17,893	(17,893)
(Increase) / decrease in trade and other payables		265,000	(92,921)	357,921
(Increase) / decrease in financial liabilities		-	-	-
(Increase) / decrease in pension liability		-	-	-
Use of provisions		184,584	1,941,284	(1,756,700)
		8,576,087	**8,240,370**	**335,717**
Removal of non-voted items:				
Consolidated Fund Standing Services		(150,966)	(159,886)	8,920
OLC and LSB non-voted levy income			16,094	(16,094)
Other adjustments		16,553	9,634	6,919
Net cash requirement		**8,441,674**	**8,106,212**	**335,462**

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation therefore bridges the resource and capital outturn to the net cash requirement. 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 2019-20		Outturn 2018-19	
	Income £000	Receipts £000	Income £000	Receipts £000
Income outside the ambit of the Estimate	1,494	11,128	2,342	2,342
Levy income of OLC and LSB within the ambit of the Estimate	16,094	16,094	15,695	6,061
Total income payable to the Consolidated Fund	**17,588**	**27,222**	**18,037**	**8,403**

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 2020, OSCAR reflects the position agreed at Budget 2019. 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 2019-20 Supplementary Estimate headings.

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Outturn	2020-21 Plans
Resource DEL						
Policy, Corporate Services and Associated Offices	666,985	(100,468)	123,413	141,570	81,597	352,926
National Offender Management Service	3,660,493	3,722,864	-	-	-	-
HM Courts & Tribunals Service	833,483	1,565,064	1,576,656	1,662,392	1,705,604	1,781,220
Legal Aid Agency	1,611,142	1,639,385	1,680,067	1,715,014	1,746,403	1,783,394
CICA Agency	139,789	135,229	148,812	121,365	206,515	134,458
Office of The Public Guardian	(17,241)	2,092	(12,299)	(13,952)	(13,784)	(14,507)
Children and Family Court Advisory and Support Service (net)	114,493	113,147	119,414	119,758	122,998	127,720
Criminal Cases Review Commission (net)	5,298	5,349	5,240	5,262	5,784	6,351
Judicial Appointments Commission (net)	3,832	3,622	4,852	7,029	7,005	7,746
Legal Services Board (LSB) (net)	3,364	3,525	3,470	3,725	3,772	3,923
Office of Legal Complaints (OLC) (net)	13,214	11,855	12,240	13,228	12,413	14,721
Parole Board (net)	14,182	16,753	17,544	16,855	18,445	21,080
Youth Justice Board (net)	164,546	149,432	104,755	84,634	83,416	86,932
Government Facility Services Limited	-	-	-	-	(24)	295
Higher Judiciary Judicial Salaries	149,465	152,165	148,407	153,988	159,886	155,031
OLC/LSB Levy CFER	(14,936)	(14,083)	(14,480)	(15,695)	(16,094)	(18,823)
HM Prison and Probation Service	-	-	3,709,003	4,021,404	4,240,090	4,460,969
Total Resource DEL	**7,348,109**	**7,405,931**	**7,627,094**	**8,036,577**	**8,364,026**	**8,903,436**

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Outturn	2020-21 Plans
Of which:						
Staff costs	3,112,707	3,261,219	3,333,741	3,811,703	4,134,827	4,087,466
Purchase of goods and services	4,466,295	4,872,655	4,763,208	4,747,172	4,878,563	3,256,097
Income from sales of goods and services	(742,765)	(594,733)	(723,609)	(685,386)	(120,924)	2,025,620
Other Income	-	-	-	-	(632,818)	-
Current grants to local government (net)	314,174	184,452	180,230	138,137	142,501	-
Current grants to persons and non-profit bodies (net)	-	-	-	31,909	29,554	176,983
Rentals	826,030	142,774	745,283	733,856	752,297	-
Depreciation[3]	453,891	491,328	492,519	534,706	559,180	606,784
Other resource	(1,082,223)	(951,764)	(1,164,278)	(1,275,520)	(1,379,154)	(1,249,514)
Resource AME[1]						
Policy, Corporate Services and Associated Offices	1,108	153,139	(55,692)	93,576	(16,236)	72,591
National Offender Management Service	68,881	47,036	-	-	-	-
HM Prison and Probation Service	-	-	84,351	125,009	85,406	145,000
HM Courts & Tribunals Service	98,355	9,644	(44,498)	20,519	(9,057)	127,880
Legal Aid Agency	55,476	37,414	18,401	33,795	(7,479)	3,658
CICA Agency	26,882	4,601	33,175	35,492	(12,648)	50,000
Office of the Public Guardian	-	504	(64)	(78)	224	300
Children and Family Court Advisory and Support Service (net)	6,913	5,554	10,054	10,456	19,981	14,500
Criminal Cases Review Commission (net)	231	343	186	156	182	258
Legal Services Board (LSB) (net)	-	-	-	-	24	-
Office of Legal Complaints (OLC) (net)	57	67	30	(50)	(115)	3
Parole Board (net)	133	1,052	(1,144)	(42)	56	130
Youth Justice Board (net)	1	-	398	(398)	62	80
Government Facilities Services Limited	-	-	-	-	93	-
Total Resource AME	**258,037**	**259,354**	**45,197**	**318,435**	**60,493**	**414,400**

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Outturn	2020-21 Plans
Of which:						
Staff costs	-	1,919	-	-	-	-
Net public service pensions[2]	-	-	-	-	-	258
Depreciation[3]	123,458	116,221	(65,616)	48,492	(58,776)	212,980
Take up of provisions	342,388	2,036,774	1,924,749	2,011,770	1,915,960	-
Release of provision	(207,809)	(1,936,251)	(1,983,927)	(1,872,492)	(1,941,532)	201,162
Change in pension scheme liabilities	-	-	-	217,081	283,670	-
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)	(138,829)	-
Total Resource	**7,606,146**	**7,665,285**	**7,672,291**	**8,355,012**	**8,424,519**	**9,317,836**
Of which:						
Depreciation[3]	577,349	607,549	426,903	583,198	500,404	819,764
Capital DEL						
Policy, Corporate Services and Associated Offices[4]	225,306	197,294	212,555	203,554	150,206	437,134
National Offender Management Service	11,679	71,827	-	-	-	-
HM Prison and Probation Service	-	-	83,460	68,346	171,510	277,359
HM Courts & Tribunals Service	15,861	130,998	111,322	169,869	163,853	155,141
Legal Aid Agency	8,552	9,168	265	451	731	-
CICA Agency	486	1,192	1,340	557	887	1,112
Office of The Public Guardian	3,152	1,524	2,332	2,322	1,629	100
Children and Family Court Advisory and Support Service (net)	-	-	697	-	-	-
Criminal Cases Review Commission (net)	47	247	122	125	322	710
Judicial Appointments Commission (net)	-	-	147	-	476	-
Legal Services Board (LSB) (net)	-	-	-	-	410	24
Office of Legal Complaints (OLC) (net)	34	407	371	129	244	250
Parole Board (net)	46	877	915	9	69	570
Youth Justice Board (net)	844	3,666	941	440	528	600
Government Facility Services Limited	-	-	-	-	1,060	-
Total Capital DEL	**266,007**	**417,200**	**414,467**	**445,802**	**491,925**	**873,000**

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Outturn	2020-21 Plans
Of which:						
Purchase of goods and services	-	16,168	-	-	-	-
Capital support for local government (net)	-	14,367	4,180	16,572	(2,168)	-
(net) Purchase of assets	297,403	420,290	446,189	517,287	526,210	891,837
Income from sales of assets	(31,396)	(35,666)	(56,345)	(94,181)	(36,475)	(18,837)
Other capital	-	2,041	20,443	6,124	4,358	-
Total Capital	**266,007**	**417,200**	**414,467**	**445,802**	**491,925**	**873,000**
Total Departmental Spending[4]	**7,294,804**	**7,474,936**	**7,659,855**	**8,217,616**	**8,416,040**	**9,371,072**
Of which:						
Total DEL[4]	7,160,225	7,331,803	7,549,042	7,947,673	8,296,771	9,169,652
Total AME[4]	134,579	143,133	110,813	269,943	119,269	201,420

[1] The figures for 2015-16 to 2016-17 have been restated to reflect the Machinery of Government transfer of commonhold law from the Department 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 2019-20 Supplementary Estimate headings.

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Outturn	2019-20 Outturn	2020-21 Plans
Policy, Corporate Services and Associated Offices	276,893	240,339	289,215	294,423	300,886	357,460
National Offender Management Service	139,166	131,396	-	-	-	-
HM Prison and Probation Service	-	-	98,388	62,043	53,998	56,335
HM Courts & Tribunals Service	22,971	24,766	20,266	17,171	19,606	20,100
Legal Aid Agency - Administration	100,431	84,452	24,465	20,208	26,766	20,308
CICA Agency	12,151	12,753	4,857	2,293	2,404	1,106
Office of the Public Guardian	52	52	56	58	63	-
Children and Family Court Advisory and Support Service (net)	9,286	7,289	6,046	5,219	5,205	5,329
Criminal Cases Review Commission (net) Judicial Appointments Commission (net)	1,137	1,139	596	654	923	620
Judicial Appointments Commission (net)	248	219	354	276	389	443
Parole Board (net)	1,444	2,655	1,190	911	1,085	1,235
Youth Justice Board (net)	6,705	4,977	4,244	2,958	2,976	3,039
Higher Judiciary Judicial Salaries	74	94	75	76	77	-
Total Administration	**570,558**	**510,131**	**449,752**	**406,290**	**414,378**	**465,975**
Of which:						
Staff costs	381,065	321,685	295,467	259,244	270,159	275,984
Purchase of goods and services	171,405	136,371	129,388	137,936	125,598	194,307
Income from sales of goods and services	(30,174)	(12,615)	(14,714)	(36,732)	-	(44,616)
Other Income	-	-	-	-	(45,330)	-
Current grants to local government (net)	-	25	-	-	-	-
Current grants to persons and non-profit bodies (net)	-	-	-	-	-	-
Rentals	24,927	21,985	18,704	23,502	27,051	-
Depreciation[2]	23,330	23,728	19,512	20,625	34,273	40,300
Other resource	5	18,952	1,395	1,715	2,627	-

[1] The figures for 2015-16 to 2016-17 have been restated to reflect the Machinery of Government transfer of commonhold law from the Department 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 2020, 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 2020	118	15	81	-	11	-	-	2	1	-	4	-	-	18	250
Of which:															
Number that have existed for less than one year at time of reporting	92	13	55	-	7	-	-	1	1	-	4	-	-	9	182
Number that have existed for between one and two years at time of reporting	25	2	18	-	4	-	-	1	-	-	-	-	-	9	59
Number that have existed for between two and three years at time of reporting	-	-	6	-	-	-	-	-	-	-	-	-	-	-	6
Number that have existed for between three and four years at time of reporting	1	-	1	-	-	-	-	-	-	-	-	-	-	-	2
Number that have existed for four or more years at time of reporting	-	-	1	-	-	-	-	-	-	-	-	-	-	-	1

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 2019 and 31 March 2020	112	12	68	-	11	-	-	3	1	-	4	-	-	41	252
Number assessed as caught by IR35	104	8	19	-	10	-	-	2	1	-	4	-	-	41	189
Number assessed as not caught by IR35	8	4	49	-	1	-	-	-	-	-	-	-	-	-	62
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	-	-	-	-	-	-	-	1	-	-	-	-	-	-	1
Number of engagements reassessed for consistency / assurance purposes during the year.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Number of engagements that saw a change to IR35 status following the consistency review	30	3	7	-	-	-	-	-	-	-	1	-	-	-	41

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

	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	2
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	21	12	15	10	8	5	7	18	4	9	5	13	9	5	141

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 2019-20

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
623	595.5

Table 2 Percentage of time spent on facility time

The number of employees who were relevant union officials employed during 2019-20, 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%	25
1-50%	598
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 2019-20.

Total cost of facility time (£000)	2,388
Total pay bill (£000)	3,290,705
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.07%

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 2019-20 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	0%

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978-1-5286-2112-0