Ministry of Justice

Annual Report and Accounts 2020-21

HC 788

Protecting and advancing the principles of justice

Ministry of Justice
Annual Report and Accounts 2020-21

(For the year ended 31 March 2021)

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

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Performance

Overview

This section sets out the department's objectives as laid out in our Departmental Delivery Plan 2020-21, the challenges to the delivery of our objectives and how we have performed during the year.

Who we are and what we do

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

We are responsible for the following 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

Read more on services delivered on pages 7 to 8

How we operate

The MoJ is a ministerial department, supported by 34 agencies and arm's length bodies.

In 2020-21 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.

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Our vision and objectives (2020-21)

The MoJ works to protect and advance the principles of justice. Our vision is to deliver a world-class justice system that works for everyone in society.

In March 2020, the former Lord Chancellor and Justice Secretary, Robert Buckland, set out his priorities and the six outcomes he wanted us to progress in the year. These were to:

- reform sentencing and probation to protect the public from harm
- transform the prison estate so it is decent, safe and has the right capacity
- reduce reoffending to turn people's lives around for good
- provide access to justice that best meets people's needs today
- create a modern, transparent and efficient courts and tribunals system
- foster a flourishing legal services sector that contributes to the economy

Read more about our objectives and performance on pages 23 to 54 (Our performance analysis)

Executive agencies and arm's length bodies

The MoJ 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.

Agencies

HM Prison and Probation Service (HMPPS) manages 78,058* prisoners across over 100 prisons and supervises over 224,000* offenders. The prison service runs public sector prisons and immigration removal centres, and oversees 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 probation service supervises offenders in the community to protect the public and help offenders rehabilitate.

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 compensation schemes for victims of crime who suffer injuries and victims of overseas terrorism.

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.

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. It 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.

Arm's length and other bodies

Children and Family Court Advisory and Support Service (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.

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

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

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.

* as at 31 March 2021

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.

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

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.

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

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.

Independent Monitoring Authority for the Citizens' Rights Agreements (IMA) monitors how public bodies in the UK and Gibraltar implement and apply the citizens' rights part of the EU Withdrawal Agreement and EEA EFTA Separation Agreement.

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.

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 Chief Coroner* provides national leadership for coroners in England and Wales.

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

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.

*These offices work with the MoJ, but are not MoJ ALBs.

2020-21 in numbers

In this section we outline our performance during 2020-21. 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 23 to 54.

Criminal justice

1,150 temporary units delivered, to reduce crowding and minimise the risk of the spread of infection in prisons

51 scanners installed in prisons, disrupting **5,347** attempts to bring harmful items into our prisons

32 Nightingale venues opened, unlocking additional capacity which provided extra courtrooms

an additional **782** court rooms digitally enabled to support remote attendance at hearings

224,174 offenders supported by probation services

21,926 full time equivalent (FTE) prison officers in post

held over **990,000** hearings using audio or video technology

held over **630,000** face-to-face hearings

Legal aid

almost **400,000** legal aid applications processed

over **1.1 million** bills processed. 99% of complete, accurate bills were paid within 20 working days, exceeding the 90% target

Family, civil and administrative justice

29,100 children involved in public law cases

86,000 children involved in private family law cases

1,296,188 claims to the County Court

636,000 lasting power of attorneys registered

Corporate

£10 billion total comprehensive net spend during the year

50% overall reduction in total emissions against 2009-10 baseline

Of those staff who have declared their ethnicity, increase in % of SCS from Black, Asian and minority ethnic communities from **6%** in previous year to **9%**

Of those staff who have declared their disability status, increase in % of SCS who are disabled from **9%** in previous year to **12%**

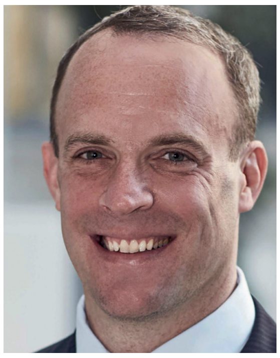
Parliamentary activity

63 statutory instruments laid

97% parliamentary questions answered within parliamentary deadline

Forewords

By the Deputy Prime Minister, Lord Chancellor and Secretary of State for Justice



It is an honour to have been appointed Justice Secretary and Lord Chancellor.

From using offender employment to tackle reoffending and plug skills gaps in the economy, to utilising technology to enable the courts and tribunals to meet the needs of ordinary citizens today, I am determined to ensure that justice is at the heart of our mission to level up the country and build back better after COVID-19.

We're going to enact a new strategy to cut crime by addressing the key strands of rehabilitation; deliver the biggest prison building programme in more than a century with 20,000 extra prison places to protect the public; ensure victims are supported to get justice so that we can put more criminals behind bars; carry on doing everything possible to bring down the backlogs in the courts and tribunals; and overhaul the Human Rights Act to prevent increasingly elastic interpretations of human rights.

As we look ahead as a department, it's important to recognise the progress and challenges of the last year. I am pleased, therefore, to publish our 2020-21 Annual Report and Accounts – setting out the Ministry of Justice's achievements over the past financial year. I pay tribute to my predecessor, Robert Buckland, and the department's 88,000[1] staff for the breadth and quality of work highlighted in the report, particularly in the context of COVID-19.

The pandemic brought unprecedented challenges but across prisons, probation, courts, tribunals, and youth justice, the department took decisive action – implementing measures to keep people safe, while at the same time continuing to deliver a range of services to the public.

Despite the huge challenges, the department also continued making progress on its strategic objectives, including:

- Passing the Domestic Abuse Act, which will provide greater protections for the many people who experience domestic abuse in our country and strengthen measures to tackle perpetrators.
- Publishing a Sentencing White Paper, which set out plans to protect the public by keeping dangerous and serious criminals in prison for longer and introducing tougher, more effective community sentences.
- Expanding and modernising the prison estate, moving at pace with the first of six new prisons, HMP Five Wells, which will open in early 2022, as well as carrying out critical maintenance work to improve the quality of existing prisons.
- Improving safety and security in prisons to keep out drugs and other harmful items, installing 51 body scanners across the closed male estate between July 2020 and March 2021, and disrupting 5,347 attempts to smuggle contraband into the estate.
- Delivering the probation reform programme, ensuring we were ready to bring all offender management under a single organisation supported by over 110 contracts with specialist providers of commissioned services by June 2021.
- Introducing alcohol tags to monitor compliance with the new Alcohol Abstinence and Monitoring Requirement, first to courts in Wales and then completing the rollout to England. This new option directly responds to alcohol-fuelled crime with a ban on drinking

[1] FTE figure for MoJ, including executive agencies and NDPBs at September 2021.

for up to 4 months, encouraging offenders to stay out of trouble.

In the few months since I joined the department, we've delivered a consultation on a Victims' Law that will put victims at the heart of the criminal justice process, a Prisons Strategy White Paper setting out our new approach to rehabilitation, and our consultation, *Human Rights Act Reform: a Modern Bill of Rights*.

None of this would have been possible without the commitment and professionalism of the justice system's devoted staff, including those who continued going into work physically during the pandemic to keep vital services running. I pay tribute to our Hidden Heroes, who were unflinching in their service to the public and continued to keep us all safe from harm.

In January, the department welcomed back Antonia Romeo as the new Permanent Secretary. Antonia has provided strong leadership as the department continues delivering on the Government's agenda. I look forward to working with her, the department's staff, our judiciary, executive agencies, arm's length bodies, and the wider Government to cut crime, protect the public, reduce reoffending, bring criminals to justice and support victims.

The Right Honourable Dominic Raab MP
Deputy Prime Minister, Lord Chancellor and Secretary of State for Justice

By the Permanent Secretary

In a hugely challenging year, the Ministry of Justice has responded to the unprecedented pressures of the global pandemic.

The whole team, from those within our courts, prisons, and probation services to those working on policy and corporate services, and those in the broader justice landscape, have overcome major challenges to keep as many people safe and protected as possible.

As COVID-19 dominated the year, I am proud that we continued to support the health, safety and wellbeing of our staff, and those in our care. Many colleagues have been deeply affected by the pandemic both personally and through the course of their jobs.

This collective effort in the response to COVID-19 has ensured that our essential public services – relied upon by millions of victims, families and businesses across the country – could continue despite the difficulties of putting in place social distancing and other COVID-secure measures.

In our courts and tribunals, we expanded the use of digital tools, using audio and video technology to enable more remote attendance. We installed plexiglass screens in more than 450 courtrooms and jury deliberation rooms to keep staff and court users safe, and by the end of March 2021, had secured additional court capacity through 62 Nightingale courtrooms. As a result, we were one of the first countries in the world to resume jury trials during the pandemic and are beginning to make strides towards recovery in the courts.

To minimise the risk of the spread of infection in prisons, we immediately introduced a new system, putting barriers between vulnerable prisoners and the general prison population, and bringing in temporary units and accommodation to reduce crowding. We also focused on activities to enhance prisoner wellbeing, for example, introducing secure video calls to maintain vital family contact.

While managing the effects of the pandemic, we also made significant progress delivering on our strategic priorities to protect the public, to reduce re-offending and cut crime, and to provide swift access to justice.

Public protection is at the centre of an effective Criminal Justice System. The Government's reforms to sentencing and the recruitment of additional Police officers mean the prison population is likely to grow. We are therefore working to increase prison capacity and to make prisons safer and more secure. Work is underway to deliver 20,000 additional modern prison places by 2026 (including up to 2,000 temporary places funded in November 2021) – the biggest prison building programme in more than a century – with 10,000 expected to be in place by the end of this Parliament, including new prisons HMP Five Wells and Glen Parva.

Our work to cut crime in prisons and to prevent drugs from entering prison environments continues. Through our Security Investment Programme we disrupted 5,347 attempts to smuggle items into our prisons between July 2020 and March 2021.

As part of our work to reduce reoffending and cut crime, we continued to make significant progress towards the unification of the probation service, bringing all offender management under a single service, and in 2020-21 we increased our recruitment of probation officers from 600 to 1,000. We plan to bring in a further 1,500 in the coming year.

To ensure swift access to justice, as well as focusing on recovering the courts and reducing waiting times for victims, we made rapid progress on our Courts and Tribunals Reform Programme, enabling the criminal justice system to operate more efficiently and effectively. The rollout of our new digital case management system, the Common Platform, has begun, and will be instrumental in transforming the way the criminal justice system shares case information and the way victims engage with it.

We also supported the Government's commitment to look at the broad aspects of our constitution by setting up reviews into Administrative Law and the Human Rights Act.

Our progress and achievements over the past year have only been made possible by the dedication of our over 88,000[2] staff. The majority of MoJ staff continued to attend a workplace throughout the pandemic to ensure vital services continued to be delivered, with others quickly adapting to remote working.

In the year ahead, my priority will be to ensure the Department's operating model is in line with the significant challenges we face and aligned with our new Ministerial team's strategic agenda. Our management focus will be on strengthening our capabilities and structures so that we can innovate digitally and further modernise our services; transform our data and modelling capability to improve evidence to inform policy development; and ensure successful project delivery through clear leadership and accountability. This focus will ensure that we have the right tools and resources to deliver a leading-edge justice system that is equipped to meet future challenges. Building a representative and inclusive organisation also remains central to our approach.

It is a privilege to have been appointed Permanent Secretary at the MoJ. Thank you to my predecessor Sir Richard Heaton for his leadership of the Ministry for the first part of the year, and to Mike Driver in his role as interim Permanent Secretary.

Antonia Romeo
Permanent Secretary and
Principal Accounting Officer

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[2] FTE figure for MoJ, including executive agencies and NDPBs at September 2021.

By the Lead Non-Executive Board Member

Writing this report last year, I referred to the "developing threat posed by COVID-19" and commented "it is only too evident that this pandemic will dominate at least the rest of 2020". Sitting in the same chair in the same room, 12 months on, there appears to be light at the end of the tunnel, but that tunnel has been much longer and darker than many of us thought. Inevitably, the justice system has not been immune to the challenges posed by the pandemic which has also magnified the interdependencies between its various parts. For example, while the total prison population has reduced over the last year, the remand contingent has increased, mostly due to the challenges in holding Crown Court trials during the period.

All our services have taken measures to limit the spread of the virus, while also trying to maintain delivery. However, social distancing has had a dramatic impact on our physical capacity to deliver services in many areas, particularly Courts and Tribunals where the outstanding caseload continued to rise. To ensure the courts and tribunals system could continue to operate throughout the pandemic, we have invested in new technology to enable cases to be heard remotely using video and audio technology. Our recovery focus remains on increasing capacity (more courtrooms and hearing rooms) to help work through the outstanding caseload. Prisons responded through Restrictive Regimes and a capacity management approach of 'compartmentalisation' which involved the isolation of prisoners with symptoms, shielding of vulnerable prisoners and new arrivals being quarantined. These steps have helped to limit the spread of the virus in prisons which is no mean achievement in the circumstances. However, managing the department's long-standing prison and probation capacity risk has become even more complex. The combined effects of courts and tribunals recovery and the additional 20,000 police officers will inevitably increase the pressure and impact on prisons and probation.

As the turn of the year approached, the department and the Departmental Board were acutely aware of the concurrent risks posed by COVID-19 and the EU/UK negotiations which led to the establishment of a Winter Planning programme in September. The scope of this programme included increasing stocks of critical goods and finding alternative product ranges. Different transport routes were considered for medicines and plans were put in place to cope with local transport disruption to ensure people could get to work.

During the 12-month period covered by this report our Board met four times. Regular topics included Performance and Delivery as well as Finance, and Risk. We also undertook a number of "in depth" reviews and discussions concerning:

- probation and sentencing
- workforce planning
- impact of 20,000 additional police officers
- COVID-19 and Winter Planning for COVID-19/ EU transition
- EU negotiations and transition
- courts and tribunals recovery
- board effectiveness review

The Board's membership has undergone various changes, most notably at Permanent Secretary level. Sir Richard Heaton stood down at the end of August after five years in the role. On behalf of the Non-Executives (NEDs), we would like to thank Richard for the way in which he welcomed us to the department, for his inclusive approach and for his many achievements. He undoubtedly left the department in better shape than he found it. From September to mid-January, Mike Driver picked up the baton on an interim basis and his knowledge of the department and leadership was vital at a time when we could not afford to break stride. Since January, we have welcomed Antonia Romeo to the role and she has brought the energy and leadership which will be crucial as the department recovers from the effects of the pandemic. Given the size of the department, the number of areas it covers and the challenges it faces, the NEDs also enthusiastically support Antonia's appointment of Jo Farrar as Second Permanent Secretary.

The Board Effectiveness Evaluation this year was undertaken by an independent reviewer, Andrew Ballheimer (the recently retired Global Managing Partner at the law firm Allen & Overy). Overall he found that "the Board is functioning well along a number of key criteria and the challenge of operating on a virtual basis has been handled impressively". Andrew's suggestions for improvements were consistent with an ongoing departmental governance review and a number of changes are in the course of being implemented. To enhance security and assurance, NEDs involvement in the department's major projects is increasing. A Delivery Board, which I jointly chair with Antonia, has been established as a sub-committee to the Departmental Board to oversee delivery on all major programmes. Consistent with increased non-executive involvement, two additional NEDs will be recruited, ideally with skill sets including digital transformation, data and technology. This will also be another opportunity to redress the diversity imbalance. While the gender diversity of the Departmental Board has improved, there is a lack of Black, Asian and minority ethnic representation. The review also recommended greater clarity of governance arrangements for the department's ALBs.

The NEDs were reinforced by the arrival of Paul Smith in April this year. Paul took on the Chair of the Audit and Risk Assurance Committee and has led an enhanced focus on risk and assurance across the department, with improved communications with Agency and ALB audit committees. Paul has also worked with the Union Devolution team and ensures that leading aspects of the Union strategy are visible at board level, as well as being the sponsor for a cross-departmental security governance review which reported in March. As well as regularly discussing current issues with the Permanent Secretary, I have been particularly involved in the review of the HMCTS Reform programme and chaired a related Challenge Panel during this year. More generally the NEDs have been involved in the development of the 2021-22 Outcome Delivery Plan (ODP) as well as a review of the departmental cost base. It is reassuring to be able to meet again in Petty France and concentrate on business as usual rather than crisis management. Never has the prospect of a commute into St James's Park felt so attractive.

Mark Rawlinson
Non-Executive Board Member

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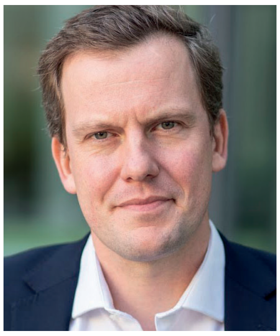


Interim Chief Financial Officer's review of the year

Inevitably the onset of the pandemic had a material impact on our plans and financial position across the year. With the support of HM Treasury the department was able to adapt those plans to respond to the challenges of the pandemic while continuing to deliver the government's longer term ambitions for the justice system. The performance report sets out the impact of the energy, focus and commitment from our teams across the department. We are proud of their efforts.

In terms of financial position, the pandemic brought unprecedented uncertainty to our forecasts for demand and across the income we receive from fees and fines. Against the background of this uncertainty, the department's resource budget, as voted by Parliament in the Supplementary Estimate, was £9,500 million, CDEL was £1,077 million and total resource AME was £602 million. The commentary set out below summarises how these funds were utilised.

Figure 1: Performance against parliamentary control totals

	Supplementary Estimate £m	Outturn £m	Variance £m
RDEL	9,500	9,165	334
Of which			
Administration	467	424	43
CDEL	1,077	1,067	10
AME	602	159	444
Net Cash	10,236	9,215	1,021

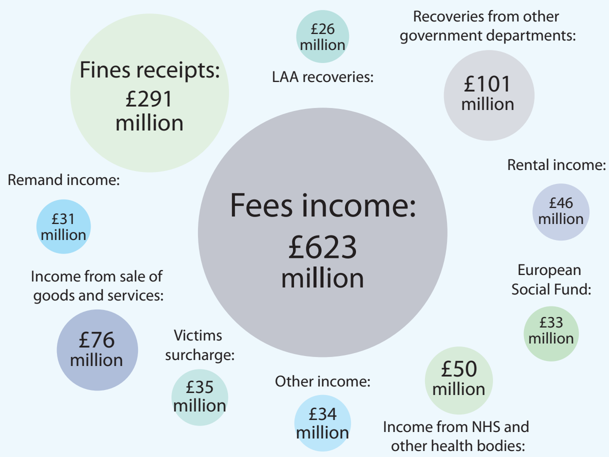
*AME spending is inherently volatile and dependent on a number of factors outside the control of the department, resulting in the variance between outturn and estimate.

This year has seen a high number of losses greater than £300k, including two of significant value. Actions taken in relation to these are disclosed in the Governance Statement on pages 87 and 89. Losses are disclosed on page 123.

Income

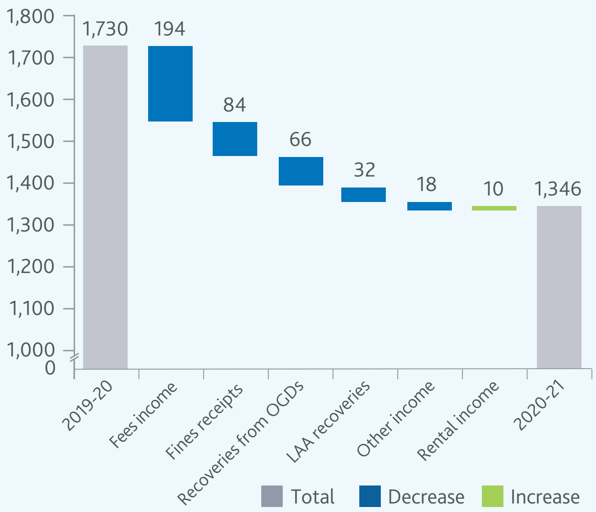
The department's costs are funded, in part, by income. This income comes from a number of sources including fees, fines, recoveries from other government departments, the collection of historic debt and income from prison industries.

Figure 2: Analysis of 2020-21 revenue sources



Total income in 2020-21 was £1,346 million compared to £1,730 million in 2019-20, a decrease of 22%. As a proportion of our gross resource budget, income made up 14% in 2020-21 compared to 21% in 2019-20. This fall in income – driven by the impact of the pandemic – was a driver for the department seeking additional funding through the Supplementary Estimate.

Figure 3: Revenue sources and movements since last year

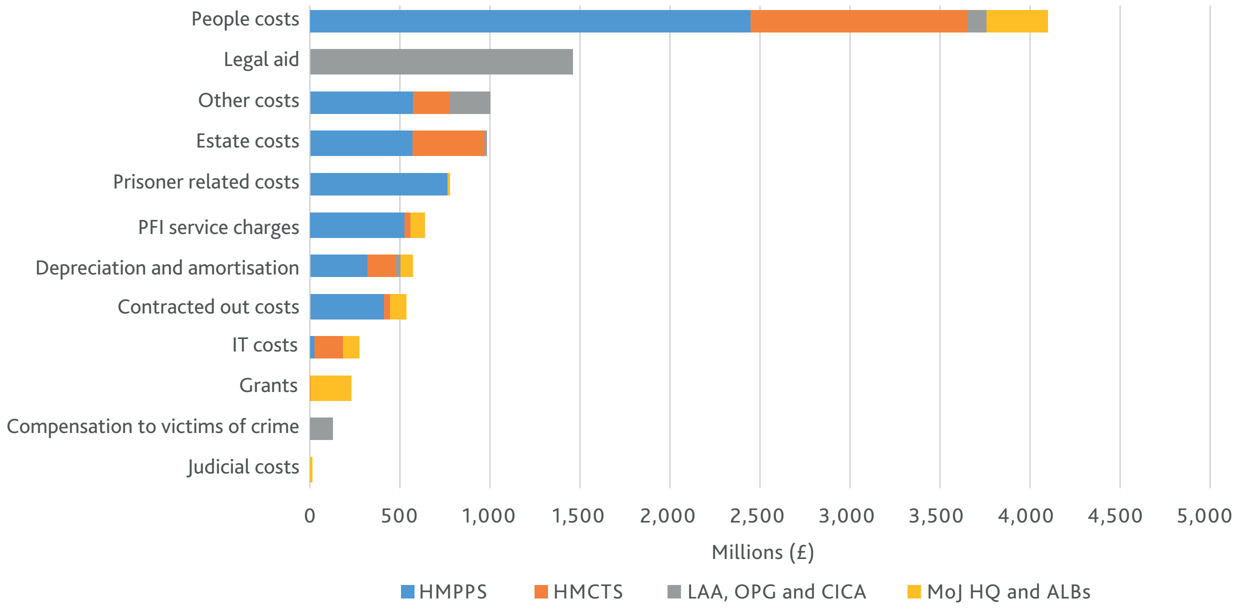


Resource

Setting a taut and realistic budget for the safe operation of the justice system was challenging through the pandemic. Uncertainty about the potential path of the pandemic and the impact that would have on demand for services and the department's income was particularly challenging to model. Against the background of this uncertainty, the department requested a £9,500 million budget at the Supplementary Estimate to manage those risks. In practice only £9,165 million was consumed to manage the impact of the pandemic and deliver the results set out in our Performance Report.

Figure 4 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.

Figure 4: Departmental expenditure



Capital Investment

Despite the pandemic, this was a record year of investment in our infrastructure. Between 2019-20 and 2020-21 our capital budget more than doubled to £1,077 million. The outturn of £1,067 million represents a significant achievement in terms of our capability to deliver major infrastructure and points to the strength in our underlying systems of planning and financial management.

Throughout the year, we invested £499 million across the prison estate. That investment allowed us to carry out critical maintenance works and improve the condition of the estate, including updating infrastructure such as fire systems and boilers, refurbishing cells and showers and improving conditions for those living and working in prisons.

We introduced temporary cells to boost prison capacity and the construction of new prisons continues at pace, with construction well underway at HMP Five Wells and work starting at HMP Glen Parva. We also rolled out secure video calls, in all 120 prisons and young offender institutions. The service has helped families remain connected with almost 6,000 calls per week and was a critical measure in our pandemic response.

£287 million was invested in our courts and tribunals. In order to alleviate the pressure resulting from the pandemic, we opened 62 new courtrooms through 32 temporary Nightingale venues. This has freed up capacity in existing courts to hear cases which require secure dock facilities to keep the public, victims and witnesses safe.

We sped up the introduction of fully digital hearings, investing in technology to enable remote hearings. We expanded the use of audit and video capability, rolled out cloud video platforms and installed video-link equipment in 782 courtrooms. To maximise the capacity of the judiciary and enable staff to work remotely, we rolled out over 14,000 laptops to staff and judiciary.

Spend on COVID-19 related activities

The department received £466.1 million (£411 million RDEL and £55.9 million CDEL) additional funding from HM Treasury to support operational delivery in response to the COVID-19 pandemic through the Supplementary Estimate process. Of that, £113.2 million was to support courts and tribunals recovery, £180.5 million to support prisons and probation operational delivery, £150.5 million to compensate towards lost fee and fine income and £21.9 million to support IT infrastructure across the estate and enable remote working. An additional £53.1 million funding support was received from other government departments for medical grade personal protective equipment (PPE) and grants for the voluntary and community sector (VCS).

Figure 5 sets out how the additional RDEL funding was spent.

Figure 5: RDEL spend on COVID-19 related activities

Category	Description	(£m)
Operational Delivery – HMPPS	Includes: homelessness prevention interventions, temporary accommodation and measures to ensure prisons can operate safely	198
Operational Delivery – HMCTS	Includes: cleaning and safety measures, installing audio and video systems to support virtual hearings, increasing court capacity	96
Operational Delivery – Other	Includes: IT infrastructure and Cafcass additional staffing to meet increase in demand	13
Demand impacts	The net effect of reduction in fee and fine income streams offset by the reduction in demand for Legal Aid support	48
Other	Includes: annual leave and additional grants to support Victim Services	55
Total		**411**

EU Exit

The department received a ringfenced budget of £30.5 million from HM Treasury to support EU related activities. We spent a total of £26.6 million on direct EU-related activities, with an additional £5.5 million on setting up the Independent Monitoring Authority (IMA), which monitors the application and implementation of the provisions relating to the rights of EU citizens living in the UK.

Figure 6: Analysis of EU 2020-21 expenditure by activity

Activity	£m
Courts impacts including judicial recruitment and training	16.6
Negotiations	4.5
Commercial contracts and supply chain management	1.4
Prisons operational contingency measures	1.2
Legal advice	1
Affiliated functional support	0.9
Internal/external communication	0.6
Legal aid support	0.6
EU Spend 2020-21	**26.6**
Set up of IMA	5.5

Of the £26.6 million spent on EU exit activities, £16.6 million was spent to mitigate expected changes to case volumes and case complexity across a number of jurisdictions. £4.5 million was spent on negotiations with the EU and other post-EU Exit opportunities.

Future plans

Preparations are now underway for the 2021 Spending Review. Our operating context remains challenging. Demand for services will increase across courts, prisons and probation services as police recruitment continues and as backlogs of cases across the criminal justice system are tackled. A tightening labour market may pose recruitment challenges for operational agencies, and wider economic conditions, including inflationary pressures across some good and services, which will impact the department.

Our financial achievements in responding to the pandemic have helped drive performance and deliver outcomes on access to justice, transparency and efficiency of our court system, and safe and decent prisons.

Among other measures, we will make progress by increasing capacity in our courts and tribunals to reduce outstanding caseloads; delivering the court reform programme; building new prison places; continuing our transformation of the probation system , expanding electronic monitoring and investing to maintain or replace ageing infrastructure.

James McEwen
Interim Chief Financial Officer

Principal and emerging risks

The COVID-19 pandemic tested our resilience, requiring sustained flexibility to identify and respond to changing risks at pace across our operational frontline services, supported by our corporate functions. The impact of COVID-19 saw worsening trends across most areas of risk in the first half of 2020. Risk trends flattened in October then trended upwards again in early 2021 due to the introduction of further restrictions. The year closed with most risks stabilising. In most areas, we continue to operate with a level of risk that is outside of where we aim to be and consider tolerable.

	Apr 2020	Jun 2020	Oct 2020	Feb 2021	Apr 2021
Operational delivery	▲	▲	◀▶	▲	◀▶
People	▲	◀▶	◀▶	▲	◀▶
Digital & Technology	▲	◀▶	◀▶	◀▶	◀▶
Information management	▲	◀▶	◀▶	◀▶	◀▶
Property	▲	▲	◀▶	◀▶	◀▶
Demand & Supply	▲	▲	◀▶	▲	◀▶
Commercial	▲	▲	◀▶	▲	◀▶
Change	▲	◀▶	◀▶	▲	◀▶
Finance	▲	◀▶	◀▶	◀▶	◀▶

We are proud of our response to these risks; the pandemic has been the biggest peacetime challenge to have faced our justice system. We will continue to draw on expert advice and emerging best practice and seek to learn from our experience.

Operational risks

Operational risks trended upwards for three out of four quarters in 2020-21. During the COVID-19 response phase, the measures put in place to keep our staff and service users safe increased challenges to maintain capacity to provide critical services.

In our courts and tribunals, we maximised use of the existing estate and adhered to public health requirements by installing plexiglass screens in courtrooms and deliberation rooms. We expanded the use of audio and video technology enabling remote hearings and provided additional capacity, setting up 32 Nightingale courts. Despite this our operations were significantly curtailed, particularly in the first phase of the pandemic and there remain challenges maximising court throughput to reduce outstanding caseload.

In prisons and the secure estate for children and young people, our focus was on the protection of health and maintaining security by ensuring stability and safety in prisons. In our custodial establishments, we managed the impact of the virus, by introducing a compartmentalisation strategy, which included quarantining new arrivals and shielding the vulnerable.

We introduced temporary accommodation and additional technology in prisons to ensure we could continue to serve the courts, maintaining access to justice, and had enough capacity to safely meet demand. We introduced restricted regimes to limit the amount of contact within prisons, and minimise the spread of the virus. The restrictions we put in place meant the loss of life was well below the reasonable worst-case projections from Public Health England (PHE) at the beginning of the pandemic.

In probation, COVID-19 required us to rapidly change the way we work, so we could continue protecting the public from high risk offenders. We continued supervision through socially distanced face-to-face contact with offenders posing a high or very high risk, and medium risk offenders where there were domestic abuse or safeguarding concerns. We introduced phone, video call or `doorstep' contact for lower risk offenders. Social distancing restrictions reduced the amount of unpaid work and training programmes that could be delivered creating a backlog of work.

Our executive agencies and arm's length bodies have worked closely with partners across the justice system to plan for recovery. Remote working, flexible working patterns and the innovative use of technology has ensured we maintain continuity of service.

People risks

Maintaining a safe, productive and engaged workforce to meet business need has been an increased challenge throughout 2020-21. We proactively managed the impact of frontline staff sickness and absence for other COVID-19 related reasons, with active monitoring of staff absence via the Departmental Operations Centre. We prioritised guidance for line managers on wellbeing conversations, offered support to address changing circumstances, for example self-care in isolation and home-schooling advice. We recognised the impacts of COVID-19 on Black, Asian and minority ethnic and disabled staff and ensured that our decisions reflected our diversity aims.

The corporate response to managing wellbeing challenges has been sustained through a campaign of projects, products and interventions. The department's flexible working arrangements have opened an opportunity to explore future ways of working and to attract and retain high-quality talent within a changed employment market.

Digital and technology risks

Throughout the pandemic, technology enabled frontline activities to continue to deliver services to the public. We rolled out digital technology at an unprecedented rate, enabling many of our office-based staff to work from home while continuing to deliver our services for the public. To support continuation of trials in courts, we rolled out the cloud video platform. To support changes to prison visits, we mobilised our in-cell technology programme within the existing prison estate.

We continued to make good progress to improve our cyber security. We have also funded a range of smaller technical debt projects to reduce cyber risks, such as decommissioning legacy servers. However, ensuring our technology is fit for purpose remains a risk that significantly above our tolerance levels, with sustained investment is required to rationalise and modernise ageing systems and infrastructure.

Information management risks

The heavy reliance on and swift roll-out of technology to enable remote working during the pandemic have increased risks around the number and control of information processing repositories. To address this risk, the security and privacy team responded proactively launching new guidance, materials, and policy updates to support changed ways of working and to improve compliance.

COVID-19 has made the processing of offender subject access requests (SARs) more difficult. Operational pressures resulted in partial responses being sent to requesters and a backlog of full responses remains. Following pre-pandemic scrutiny by the Information Commissioner's Office (ICO), there is a continuing risk of enforcement action in relation to SARs. MoJ informed the regulator of our approach during the pandemic and sought their views at a meeting in April 2021. They are considering their response.

The department handles a vast amount of personal data in order to deliver services and improve outcomes for its customers. Risks related to our ability to manage and protect information effectively and lawfully were significantly above where we aim to be prior to the pandemic and remain so. Improvements to the management of this area of risk will be heavily reliant on investment in our technology infrastructure.

The high demand for accurate data throughout the COVID-19 period from internal and external stakeholders has shone a light on the gaps in our information management and the challenges of extracting coherent and consistent data from our systems. We have significant ambitions to enhance capacity and capabilities to better understand our data landscape, streamline and automate our data to enable self-service, and enhance data sharing.

Property risks

Ensuring our buildings have continued to be safe places to work and deliver services has been a significant area of focus during the pandemic. Property risk assessments were conducted across the estate in consultation with stakeholders. Outbreaks have been robustly managed.

In the 2019 Spending Review, we secured £315 million CDEL and £56 million RDEL in maintenance funding for the 2021-22 financial year to carry out critical maintenance works and improve the condition of the estate. This allowed us to begin to update critical infrastructure, such as fire systems and boilers, refurbish cells and showers and improve conditions for those living and working in prisons requiring the most urgent attention.

There has been positive progress on the prison building programme, with the maximum number of people possible on site throughout the year at Five Wells and Glen Parva to continue work to bring on this new capacity.

Maintaining an estate that is compliant, operational, environmentally sensitive, and efficient remains challenging.

Commercial risks

Our commercial function have been playing a pivotal role in our response to EU Exit and COVID-19, in mitigating disruption to the supply chain for critical products, including PPE, supplies for prisons and construction materials, and allowing our services and programmes of work to continue. During the pandemic, we utilised existing processes to track market strength and suppliers most at risk, including suppliers in receipt of financial relief payments.

Enhanced understanding of our commercial pipeline has resulted in earlier and better dialogue over 'make' or 'buy', renew or retender decisions and resulted in more time to discuss and agree our requirements with the marketplace. Throughout the last year, market issues and capacity constraints saw this risk shift above our tolerance level. Risk levels are now reducing as COVID-19 restrictions ease.

Change risks

Despite the pandemic exacerbating existing issues, such as market strength, resourcing gaps and affordability, overall portfolio delivery confidence was maintained over the course of the year. Risks remain around the delivery of several complex, high-profile programmes. The risk environment for these programmes, and the wider portfolio, remains challenging. There are also ongoing commercial risks caused by the lingering effects of COVID-19 and market instability.

Finance risks

The pandemic placed significant pressure on our ability to forecast with any degree of certainty for 2020-21. Modelling the impact of the pandemic on demand for services and the department's income from fees and fines was challenging.

Through this period, finance teams worked closely with business areas to understand the various pressures and uncertainties presented. Where necessary, they worked positively with HM Treasury colleagues to secure additional funding to support changed delivery requirements, particularly for the courts and prisons, and to cover shortfalls in income due to reduced demand for services.

The ability to forecast accurately remains challenging as we emerge from the pandemic. We will continue to monitor and analyse our performance across the year, focusing on improved reporting of forecast and performance information to provide the basis for improved challenge and debate, as well as driving increased accountability for forecasts with director level budget holders.

Our performance analysis

Introduction

To maintain delivery continuity through this challenging year, our internal planning focused on continuing to make progress on the Government's justice priorities through six strategic system outcomes. This approach has sharpened our outcome focus with our 2021-22 Outcome Delivery Plan published in July 2021 underpinned by our commitment to:

- protect the public from serious offenders and improve the safety and security of our prisons
- reduce reoffending
- deliver swift access to justice

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.

Strategic system outcomes and priorities

Public protection – The public are protected from harm caused by offenders

Priority 1

Ensure that the sentencing framework protects the public from the most serious offenders and turns the most prolific offenders away from crime

Priority 2

Build confidence in a strong, effective probation system

Reduced reoffending - Rates of reoffending are reduced and life chances of offenders are improved

Priority 1

Work with our partners across government to prevent crime and address the causes of reoffending

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

Priority 1

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

Access to Justice – People can access justice in a way that best suits their needs

Priority 1

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

Priority 2

Build a strong future relationship with Europe and the rest of the world

Priority 3

Lead an effective and co-ordinated justice system

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

Priority 1

Modernise the procedures and infrastructure of our courts and tribunals

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

Priority 1

Secure legal services market access overseas

Priority 2

Create the conditions for the UK's domestic legal services market to flourish

Supporting our delivery

Delivering the MoJ's Strategy relies on support from our corporate functions (Finance, Human Resources, Commercial and Contract Management, Property, Digital and Technology, Communications and Information Services, Data and Analysis, Project Delivery), advice from the Government Legal Department and scrutiny from the Government Internal Audit Agency.

Priority 1

Delivering a system-wide recruitment service to meet increased demand for frontline operational delivery roles

Priority 2

Enabling reform through the implementation and standardisation of HR policies across the whole department

Priority 3
Delivering a modern leadership capability offer through the leadership school that enables and empowers people to be their best

Priority 4
Building a digital, self-curated learning offer to support new ways of working

Performance against our system outcomes:

Alongside responding to and leading the justice system's response and recovery from the pandemic, we also focused on the continuing delivery of government manifesto commitments and preparing our services for the challenges ahead through our six system outcomes:

System outcome 1: Public protection

Priorities for 2020-21:

Ensure that the sentencing framework protects the public from the most serious offenders and turns the most prolific offenders away from crime

Build confidence in a strong, effective probation system

We have reformed the sentencing framework. September 2020 saw the publication of the Sentencing White Paper that outlined a `Smarter approach to sentencing'. This publication laid the groundwork for a better-balanced criminal justice system which will introduce new laws, support ex-offenders back into work and help them contribute to society.

The Sentencing Act 2020 came into force on 1 December 2020, creating the Sentencing Code, which brings together the legislative provisions that courts refer to when sentencing offenders.

The Prisoners (Disclosure of Information about Victims) Act, also known as 'Helen's Law', came into effect in November 2020. Helen's Law means that those convicted of murder or child sexual offences who hold back information on their victims could now face longer sentences.[3]

In April 2021, the Counter-Terrorism Sentencing Act was brought into law. This law toughens our sentencing guidelines for those offenders convicted of terrorism or a terrorism-connected offence. These offenders will receive an increased minimum sentence and must now serve at least two-thirds of their whole sentence before being considered for release by the Parole Board.

The Parole Board has focused on adapting its operating model in light of the COVID-19 pandemic. Despite having to pause all face-to-face hearings for the safety of all participants, it conducted a record number of oral hearings, the majority via telephone and video. It was able to continue to make effective decisions and accelerate the progression of cases via paper assessments and remote hearings.

In response to the COVID-19 pandemic, exceptional delivery arrangements were introduced across the probation system. These allowed us to continue to manage risk and protect the public while following government and public health advice and protecting the health and safety of our staff and people on probation.

Probation reform has continued at pace to build a strong, effective probation system which protects the public and turns prolific offenders away from crime.

The probation workforce strategy, published in July 2020, set out how we will recruit, retain and develop enough probation staff to manage caseloads effectively. The probation workforce programme worked to ensure that staff were in place and well supported to enable successful delivery of the new probation model.

We increased our recruitment in 2020-21 from 600 to 1,000 trainee probation officers. We also refreshed our approach to learning and

[3] Helen's Law (https://www.gov.uk/government/news/helen-s-law-receives-royal-assent)

development to ensure staff had access to high-quality, practical resources to support their day-to-day work.

In February 2021, we published our Target Operating Model[4] which set out how the future probation system will work. We published a revised draft of national standards, outlining the minimum expectations for practitioners working with people on probation.

The Target Operating Model introduced the dynamic framework which will procure rehabilitation and resettlement interventions in each area and enable voluntary and private sector organisations to run commissioned rehabilitative services. These include education, employment, accommodation and support services for those with addictions.

Throughout the pandemic, both the National Probation Service (NPS) and Community Rehabilitation Companies (CRCs) used a range of methods to aid the delivery of vital services. A reduction in face-to-face and group contact in probation meant the completion rates of unpaid work and accredited programmes were much lower than in the previous year. CRCs, who were responsible for the delivery of unpaid work, implemented a range of measures to ensure it could continue to be delivered safely. In addition, there were projects specific to supporting the UK recovery from COVID-19, including helping foodbanks and vaccine centres. We also encouraged greater use of education, training and employment services and verified volunteering which can now account for up to 30% of an offender's unpaid work hours.

Key to metrics

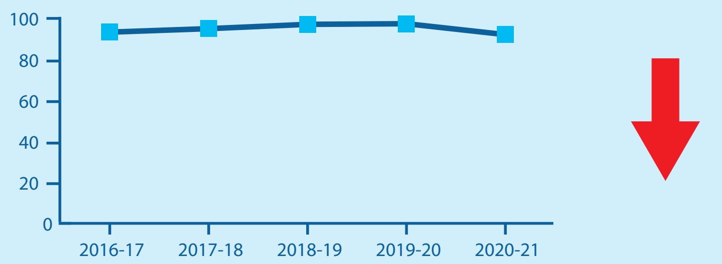
Value change from previous year: Increasing ↑ decreasing ↓ no change →

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

Initial contact

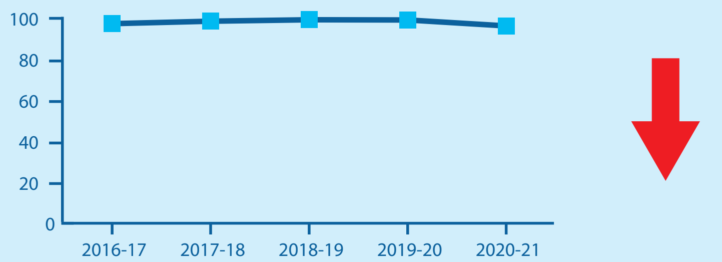
NPS initial contact – Community Order (CO) and Suspended Sentence Order (SSO)

% of cases where the first face-to-face appointment takes place within the required timescale (five business days for CO/SSO)



NPS initial contact (release from custody on licence)

% of cases where the first face-to-face appointment takes place within the required timescale (one business day for release from custody on licence).

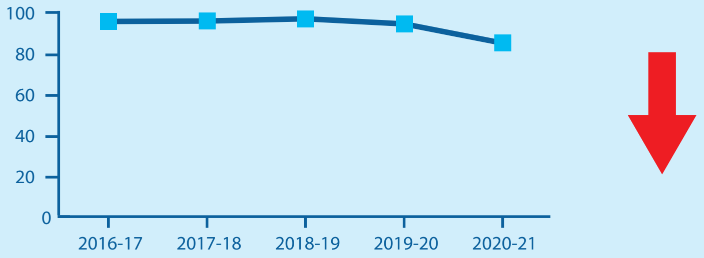


The conditions of the pandemic meant a reduction of face-to-face and group contact in probation. This has had a direct impact on NPS initial contact during 2020-21

[4] Probation 2021 Target Operating Model (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/959745/HMPPS_-_The_Target_Operating_Model_for_the_Future_of_Probation_Services_in_England___Wales_-__English__-_09-02-2021.pdf)

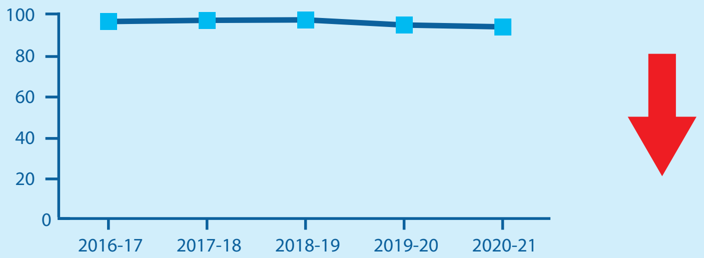
CRC initial contact – Community Order (CO) and Suspended Sentence Order (SSO)

% of cases where the first face-to-face appointment takes place within the required timescale (five business days for CO/SSO)



CRC initial contact (release from custody on licence)

% of cases where the first face-to-face appointment takes place within the required timescale (1 business day for release from custody on license).

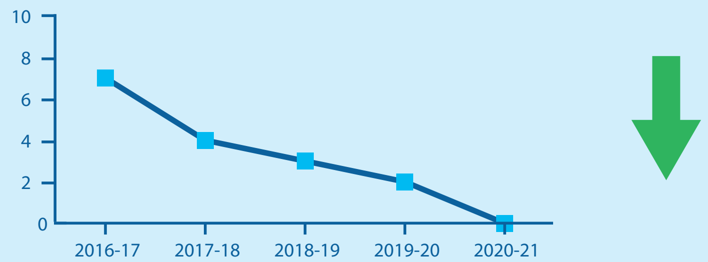


The conditions of the pandemic meant a reduction of face-to-face and group contact in probation. This has had a direct impact on CRC initial contact during 2020-21

Security

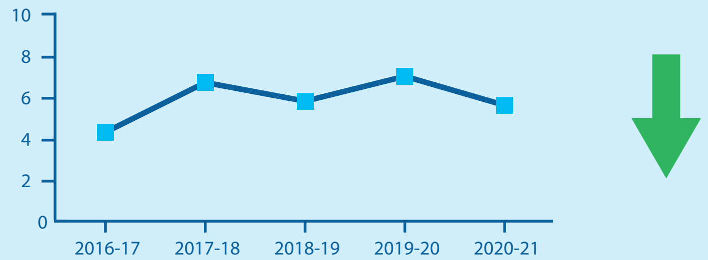
Number of escapes

Incidents of escapes from prison establishments and HMPPS escorts



Rate of absconds

Rate per 100,000 prisoner days (for open and semi-open prisons only)



Rates of absconds and escapes have dropped with the introduction of restriction of regimes in April 2020

System outcome 2:
Reducing reoffending

Priority for 2020-21:

Work with our partners across government to prevent crime and address the causes of reoffending, while contributing to wider Government commitments, including the Rough Sleeping Strategy.

We want to break the cycle that leads to 80% of convicted or cautioned crime being committed by someone who has offended previously.[5] We know there are complex reasons why people reoffend, which the prison and probation system provide an opportunity to address.

To do this, we need to strengthen supervision of ex-offenders, engage prisoners in rehabilitative activity and improve the support they get to resettle in the community.

We know that people who leave prison with strong foundations in place to make a success of their lives are less likely to reoffend – a stable home, a steady job, and good health free from substance misuse.

As part of its response to the COVID-19 pandemic, the MoJ provided up to 56 nights' accommodation to individuals released from prison at risk of homelessness, and help to move on to permanent accommodation, through regional homelessness prevention teams (HPTs) set up by HMPPS. Phase 1 of the scheme operated between 18 May 2020 to 26 October 2020 with Phase 2 operating between 22 October 2020 to 26 May 2021.

The COVID-19 emergency accommodation scheme successfully provided temporary accommodation to around 5,400 individuals, with a third of those housed in Phase 2 moving on to settled accommodation after exiting the scheme. Published community performance statistics for accommodation upon release show that there was a 5 percentage point decrease in those sleeping rough or homeless on the first night for the year 2020-21 (14%) compared to 2019-20 (19%).[6]

In January 2021, we announced a £70 million investment to reduce crime and improve public safety and have established a new official-level, cross-government board which is meeting regularly to monitor progress. The investment includes:

- £50 million to enhance the department's approved premises, provide temporary accommodation to prison leavers at risk of homelessness, and enhance resettlement support for prisoners before and after release. This includes work within sixteen prisons to test new processes and initiatives across accommodation, education, employment and substance misuse treatment to improve the rehabilitative support individuals receive in custody.
- £20 million for the Prison Leavers Project that will test new and innovative ways to reduce reoffending by addressing the challenges people face when they are leaving prison.

The learning from Phase 1 of the COVID-19 accommodation scheme contributed to the development of the new accommodation scheme, providing up to 12 weeks' temporary accommodation. The new transitional accommodation provision commenced in July 2021, initially within five probation regions,[7] to provide accommodation for prison leavers at risk of homelessness for up to 12 weeks. During this

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5 Criminal Justice System Statistics, December 2019 (https://www.gov.uk/government/statistics/criminal-justice-system-statistics-quarterly-december-2019)

6 Community Performance Annual, March 2021 (https://www.gov.uk/government/statistics/community-performance-annual-update-to-march-2021)

7 Five regions: East of England; Kent, Surrey & Sussex; Yorkshire & the Humber; Greater Manchester; North West.

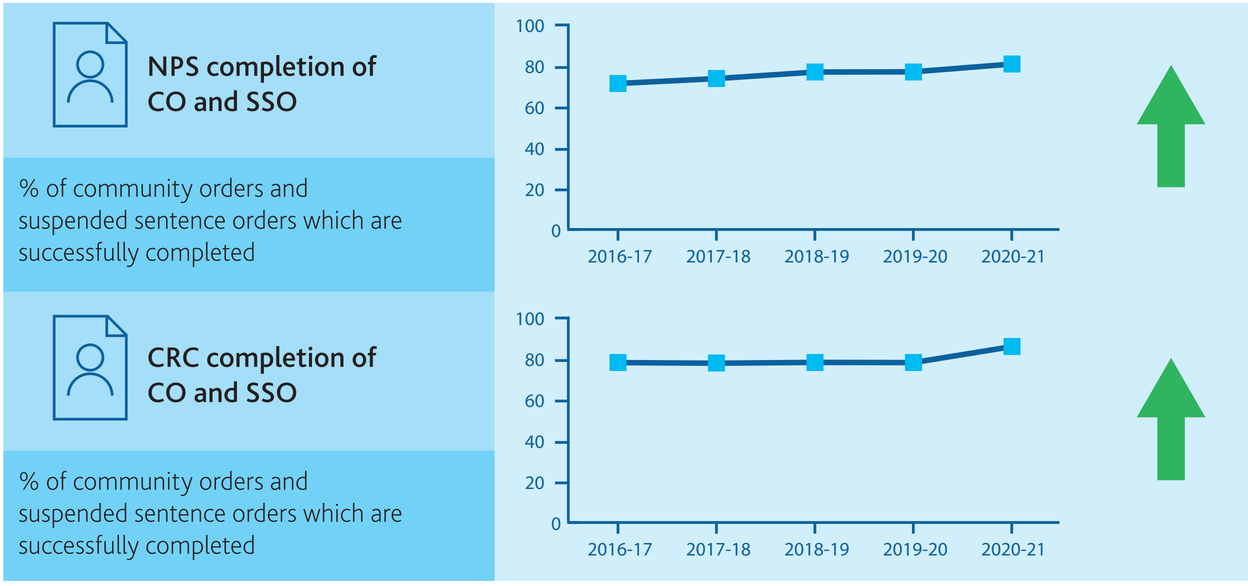
period of temporary accommodation, offenders will be provided with support to enable them to find a permanent home.

Employment also plays a vital role in cutting crime. Although the labour market has been extremely challenging, we are focused on getting more prison leavers into jobs. Our New Futures Network (NFN) works in partnership with prisons to broker jobs with employers. Alongside this, we work closely across government to open opportunities for prisoners in government supply chains and the government has committed to recruit 1,000 prison leavers into the Civil Service by the end of 2023. Published data show that of offenders released from custody during 2020-21 who were available for work, 10% were employed six weeks following their release while 90% were unemployed. This is down from 13% employed in the previous year.[8] In addition, we have allocated funding to Community Sentence Treatment Requirements (CSTR). As part of an offender's sentence, their requirement can include treatment for mental health problems, for drug and/or alcohol misuse, or both, where these are assessed to be a driver for that individual's offending. By focusing on these, the ambition is to reduce reoffending and to divert offenders from short-term custodial sentences, ensuring we meet the government objective to cut crime. Currently in England and Wales, there are 14 programme sites, spanning 48 courts, with four new sites established between March 2020 and May 2021. These are largely funded by monies from the NHS long-term plan.

This rehabilitative and resettlement support will be underpinned with strict supervision from the newly-unified probation service which increased recruitment of trainee probation officers from 600 to 1,000 in 2020-21 and has set an ambitious target to recruit another 1,500 in 2021-22. The government is increasing the use of electronic monitoring. In October 2020, we introduced alcohol monitoring tags in Wales to support the Alcohol Abstinence Monitoring Requirement. We completed the rollout to England in March 2021. Since then, over 1,300 offenders have been tagged in England and Wales. The scheme has proven effective with people on an alcohol monitoring tag staying sober on over 97% of the days monitored and reporting that the scheme has helped them to improve their lifestyle, staying away from crime.

Performance metrics:

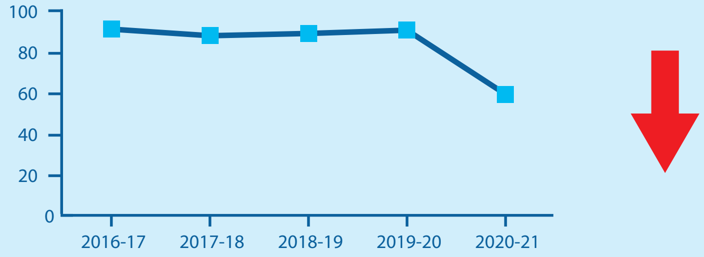
Completion of the sentence of the court



8 Community Performance Annual, March 2021 (https://www.gov.uk/government/statistics/community-performance-annual-update-to-march-2021)

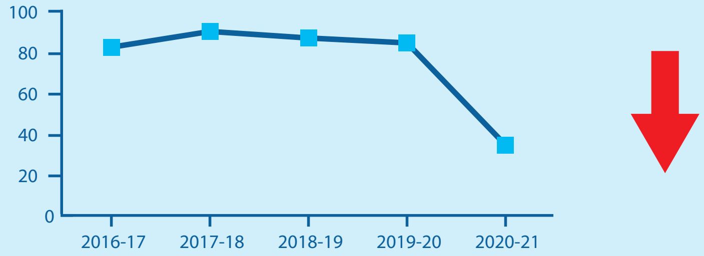
CRC completion of unpaid work

% of unpaid work requirements which are successfully completed



CRC completion of accredited programmes

% of accredited programme requirements which are successfully completed



It is likely that CO/SSO completion rates for NPS and CRCs have been artificially inflated by a reduction in breach action and a drop in further offences going through the courts during the pandemic. Completions of unpaid work and accredited programmes were heavily impacted by suspension of face-to-face and group activity to comply with social distancing.

As set out in the MoJ's Outcome Delivery Plan, we will also monitor the percentage of prison leavers in work six months after release, the percentage of prison leavers in settled accommodation three months after release, and the percentage of prison leavers who successfully engage in community-based substance misuse treatment within three weeks from release, if this is required.

System outcome 3:
Decent and safe prisons

Priority for 2020-21:

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

To minimise the impact of the pandemic on our frontline services, Her Majesty's Inspectorate of Prisons suspended full inspections and paused our overall prison rating system.

We reduced the prison maximum capacity, but also brought in 1,150 temporary units and accommodation previously out of use in order to reduce crowding and minimise the risk of the spread of infection within the closed prison environment. Population levels gradually reduced over the year due to the reduced demand coming from the courts.

As the pandemic continued, we used learning from the first wave to help prioritise resources, focusing on activities shown to be most helpful, such as wellbeing checks, new communication channels and prisoner consultations. We also reinforced fair and decent practice with strong and visible leadership, demonstrating gestures of kindness and support and introducing initiatives that were seen to build camaraderie and empathy. A project to introduce secure video calls to maintain vital family and significant other contact for prisoners was shortlisted as a finalist at the National Civil Service Diversity and Inclusion Awards.

We are applying learning from COVID-19 to improve safety and security in prisons by redesigning regimes, prioritising work, and building on the digital innovation underway, including continuing video visits and the roll-out of in-cell technology.

The Offender Management in Custody (OMiC) programme was implemented in the adult estate to improve outcomes for offenders, despite the roll-out being impacted by COVID-19. OMiC is used to deliver aspects of the sentence plan, which might include teaching and practising problem-solving techniques; recognition of the specific roles of thought, emotion and behaviour; targeted work to address harmful behaviour such as domestic abuse and sexual offending; and reviewing feedback from interventions and consolidation of the skills learnt.

Within prisons, we commenced the first phase of our Security Investment Programme. This focuses on reducing illicit items entering prisons through X-ray body scanners, blocking and detecting mobile phones, while strengthening resilience against organised crime. In addition to a suite of enhanced gate security measures, between July 2020 and March 2021, 51 scanners were installed across our closed male estate. In this time period these had over 5,347 positive scans, disrupting attempts to bring harmful items into our prisons.

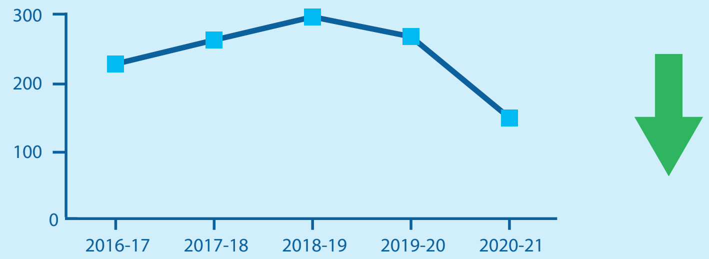
As part of our aim to modernise our estates and technology, we have embarked on an ambitious prison building programme. In November 2020, the government announced an extra £4 billion of funding over four years for the delivery of 18,000 additional prison places, including the construction of four additional new prisons. The constructor competition for these was launched in December 2020. The planned opening of HMP Five Wells remains on track for early 2022. We also progressed the construction of a new prison at Glen Parva, with teams continuing to work throughout the pandemic to support and maintain the delivery of decent and secure accommodation.

Performance metrics:

Decent and Safe Prisons:

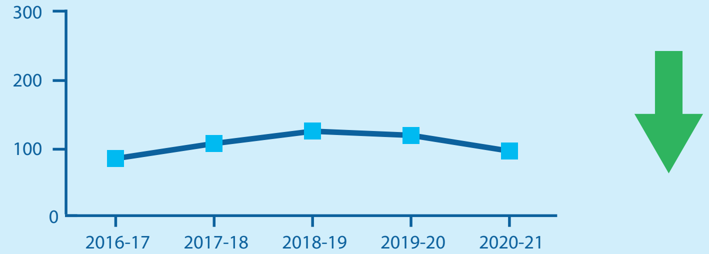
Prisoner-on-prisoner assault*

Rate per 1,000 prisoners



Assaults on staff*

Rate per 1,000 prisoners

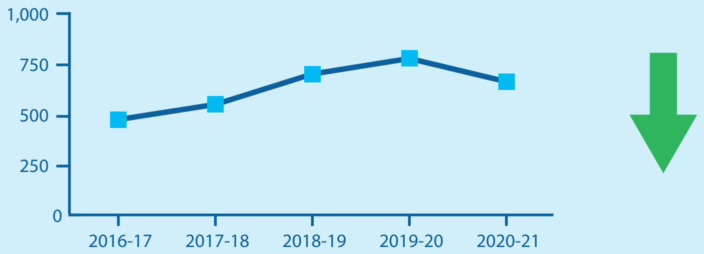


The rate of prisoner-on-prisoner assault and the rate of assaults on staff decreased over the last year, influenced by reduced contact introduced in prison regimes to reduce the spread of COVID-19. Prior to COVID-19, feedback from prisons indicated that the controls rolled out by the safety programme are making a difference.

* 12 months ending March 2021

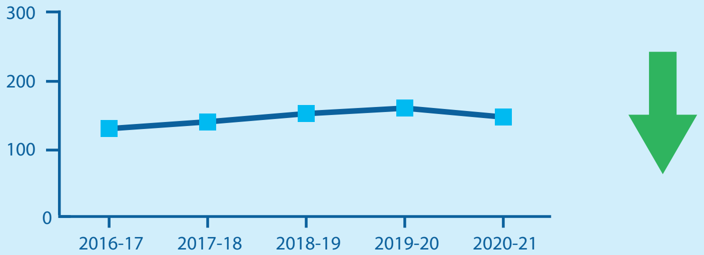
Self-harm incidents*

Rate per 1,000 prisoners



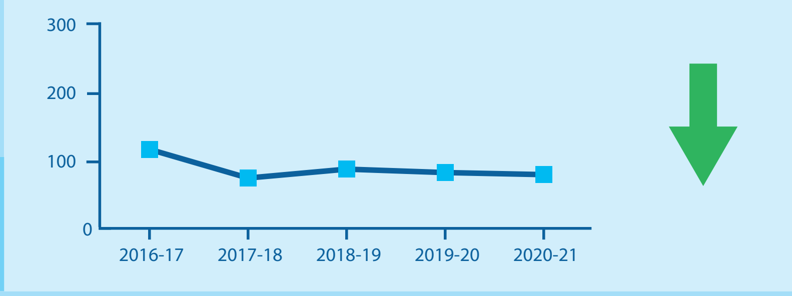
Self-harming individuals*

Rate per 1,000 prisoners



Self-inflicted deaths in prison custody*

Incidents of self-inflicted deaths in prison custody (number of incidents)

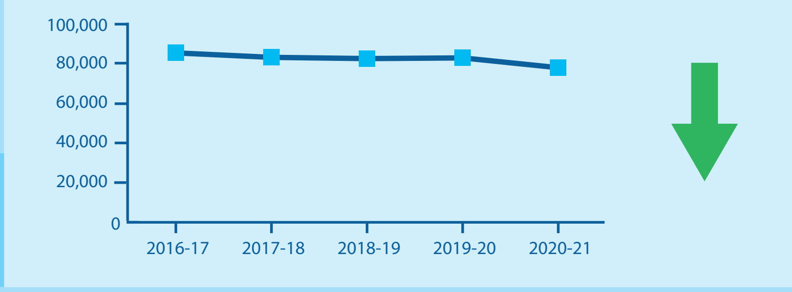


We have retained focus on addressing high levels of self-harm. The rate of self-harm incidents per 1,000 prisoners has decreased by 15% overall and by 19% in the male estate. However, the rate of incidents per 1,000 prisoners has increased by 12% in the female estate. In April 2020, we established a multidisciplinary Women's Self-Harm Taskforce to gather and evaluate evidence and implement measures to support women at risk. This included introducing a specific COVID-19 workstream to immediately improve our ability to address the drivers of self-harm in the pandemic conditions.

* 12 months ending March 2021

Prison Population**

Number of prisoners on remand, sentenced and non-criminal



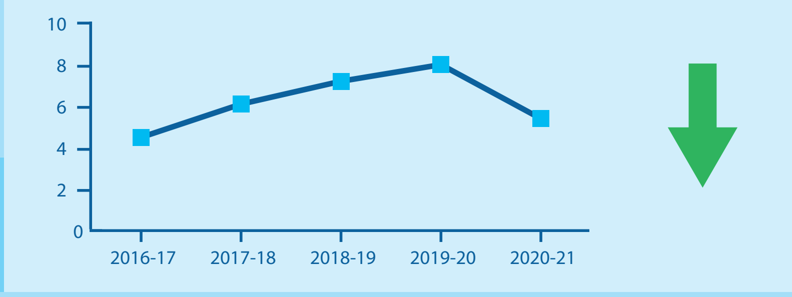
Due to the impact of the pandemic on court performance, in Quarter 4 2020-21 the prison population fell to 78,058, its lowest level since 2006, 4,932 lower than the same point of the previous year.

** at 31 March 2021

Staffing

Resignation rate for band 3-5 prison officers*

% resignation rate for band 3-5 prison officers



* 12 months ending March 2021

System outcome 4:
Access to justice

Priorities for 2020-21:

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

Build a strong future relationship with Europe and the rest of the world

Lead an effective and co-ordinated justice system

We have worked to improve the way that victims, witnesses and defendants are supported in their interactions with the justice system. The Domestic Abuse Act 2021 was implemented in April 2021; a landmark legislation to support victims of domestic abuse, as well as their children.[9] We provided emergency funding of £25 million for domestic abuse and sexual violence support services to allow the recruitment of more staff, adapt to remote counselling and keep helplines open for longer.

We also provided greater protection for victims of crime by implementing our Victims Code.[10] The code will better identify shortcomings and demand in the support victims need from the criminal justice system. The new code places the victims as the primary audience, focusing on 12 overarching rights, and setting out the level of service victims can expect to receive from criminal justice agencies.

The Criminal Injuries Compensation Authority (CICA) continued to administer the compensation scheme for victims of crime, developing more accessible and supportive services that are sensitive to the needs of victims. CICA launched a new application service in May 2020, that streamlines the information required from the applicant and aims to remove the potential triggers for re-traumatisation identified by victims.

The Legal Aid Agency (LAA) has continued to provide timely and reliable access to legal aid despite the challenges of COVID-19. Transformation continues with the new application service in the latter stage of testing, which will simplify the process of applying for legal aid. As part of this, the LAA has improved the means testing process by using open banking, the first agency within government to do so. This means faster decisions are made on getting people the help they need. The LAA also delivered important elements of justice reform, including HMCTS Reform and Phase 1 of the Criminal Legal Aid Review.[11,12,13]

The Office of the Public Guardian (OPG) has continued to protect the most vulnerable despite being significantly impacted by the pandemic. Through the creation of guidance and innovative working practices, such as fast-track referrals for NHS staff, virtual and garden visits, and expanding the 'Use my LPA' service, many aspects of the registration process were able to be conducted by those working from home and progress could be made in tackling the outstanding caseloads, with Attorneys on 68,604 LPA's registered to use the service.

We have commenced an Independent Human Rights Act Review (IHRAR). A public call for evidence was launched in January 2021, closing

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9 Domestic Abuse Bill (https://www.gov.uk/government/news/landmark-domestic-abuse-bill-receives-royalassent)
10 Victims Code (https://www.gov.uk/government/publications/the-code-of-practice-for-victims-of-crime/code-of-practice-for-victims-of-crime-in-england-and-wales-victims-code)
11 HMCTS Reform Programme/Projects Explained (https://www.gov.uk/guidance/hmcts-reform-programme-projects-explained)
12 Criminal Legal Aid Review (https://www.gov.uk/guidance/criminal-legal-aid-review)
13 Independent Review of Criminal Legal Aid (https://www.gov.uk/government/groups/independent-review-of-criminal-legal-aid)

in March 2021.[14] Following analysis of responses to the call for evidence, the IHRAR panel are due to submit their final report to the government in summer 2021.

The Independent Review of Administrative Law (IRAL) panel were asked to consider whether the right balance is being struck between the rights of citizens to challenge executive decisions and the need for effective and efficient government. The review examined a range of data and evidence, including caselaw, on the development of judicial review and considered whether reform is justified.[15] The government issued a response and consultation on the recommendations made by the panel, which was published in March 2021; the consultation closed in April 2021.[16]

We have worked to build a strong future relationship with Europe and the rest of the world in the lead up to and following the UK's exit from the EU, and secured effective arrangements for civil and criminal judicial co-operation with the EU so that individuals, families and businesses have access to justice and the public is protected from harm.

The Private International Law Bill also became law in December 2020, which now allows the UK to implement vital agreements that protect the country's business and citizens across borders.[17] These agreements help to resolve a range of legal disputes – from returning children abducted by a parent and settling international business disagreements, to helping prevent a spouse living abroad avoiding child maintenance obligations.

On 31 December 2020, the Independent Monitoring Authority (IMA) went live from our Swansea office at the end of the UK's transition from the EU. The IMA monitors how public bodies in the UK and Gibraltar implement and apply citizens' rights part of the EU Withdrawal Agreement and EEA-EFTA Separation Agreement.[18]

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14 IHRA Call for Evidence (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962423/Call-for-Evidence.pdf)

15 Independent Review of Administrative Law (https://www.gov.uk/government/groups/independent-review-of-administrative-law)

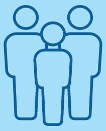
16 Judicial Review Reform (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975301/judicial-review-reform-consultation-document.pdf)

17 Private International Law Bill (https://www.gov.uk/government/news/private-international-law-bill-gains-royal-assent)

18 Independent Monitoring Authority (https://ima-citizensrights.org.uk/about-the-ima/what-we-do/)

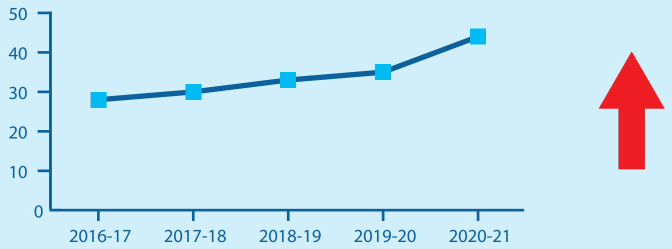
Performance metrics:

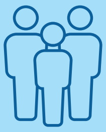
Family Court timeliness



Family court timeliness – public law

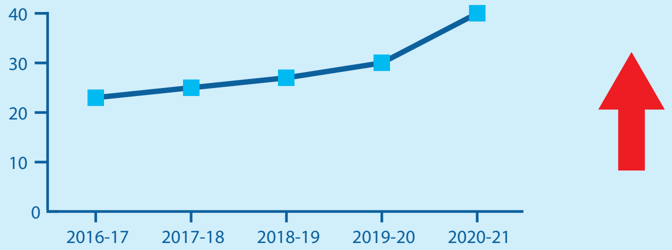
Average time taken for disposal of a care or supervision application in the family court (weeks)





Family court timeliness – private law

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

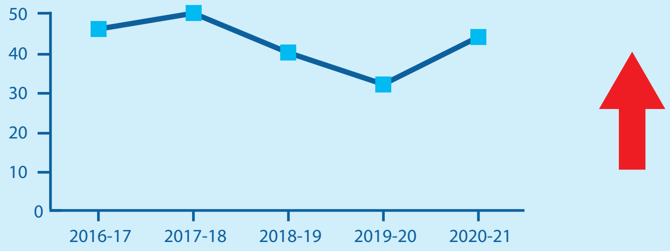


Trend: To support recovery from the impact of COVID-19, record levels of sitting days were sat in the Family Court during 2020-21. For public law, levels of outstanding caseload have been stable since August 2020 with case disposals matching case receipts, followed by a small reduction in caseload towards the end of the year. In private law, levels of outstanding caseload have been stable since October 2020. Towards the end of the year case receipts have exceeded case disposals with a slight increase in caseloads. In 2021-22, we expect the impacts of the pandemic on the throughput of family cases to continue to affect waiting times. Our recovery plans will continue to focus on reopening courtrooms and increasing judicial capacity, which we forecast will stabilise waiting times in public law in the second half of 2021-22 as we increase the number of disposals. In private law we expect a slower recovery, with growth in outstanding volumes meaning waiting times are likely to continue to rise.

Immigration and asylum timeliness

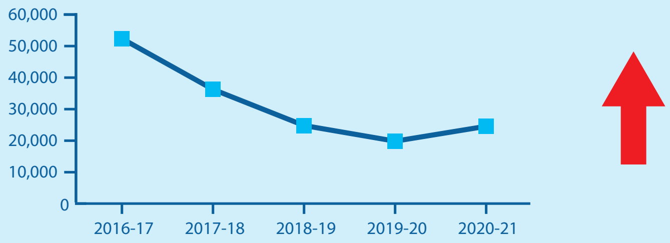
First tier tribunal (immigration and asylum) timeliness

Average age of case at clearance (weeks)



Outstanding First Tier Tribunal (Immigration and Asylum Chamber) cases

Volume of outstanding First Tier Tribunal (Immigration and Asylum Chamber) cases

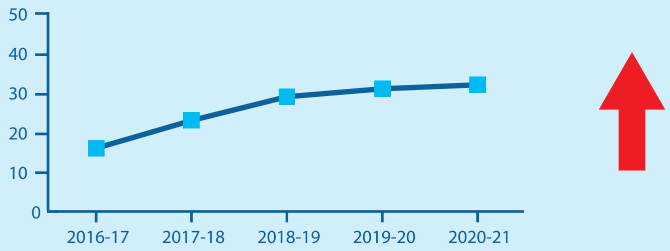


Trend: The outstanding caseload has increased during 2020-21 with the impacts of COVID-19. There was a significant fall in case receipt and disposal levels during the spring of 2020, which have risen across the remainder of the year. Receipts were higher in February and March. Changes were introduced at the start of 2020-21 to enable remote hearings and the launch of the reformed digital service will enable increased efficiency and ongoing reductions in caseloads and waiting times.

Social security and child support timeliness

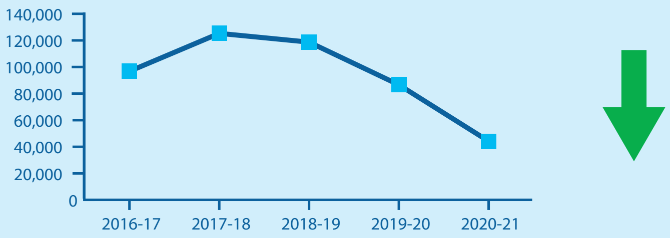
Social security and child support timeliness

Average age of case at clearance (weeks)



Outstanding social security and child support cases

Volume of outstanding social security and child support cases



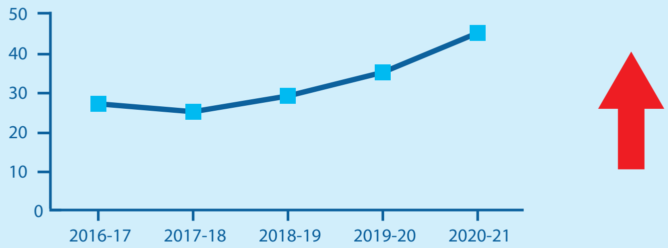
Trend: Outstanding workload halved during 2020-21 as levels of appeal remained low during COVID-19. Levels of case disposals have exceeded appeals receipts throughout the year. We expect waiting times to reduce during 2021-22 given lower levels of caseloads within the tribunal.

Employment tribunal timeliness

Employment tribunal timeliness (single cases)

Average age of case at clearance (weeks)

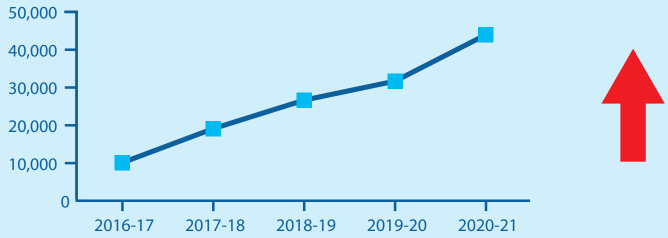
*Breakdown of published information



Employment tribunal outstanding caseload (single claims only)

Volume of outstanding Employment Tribunal cases

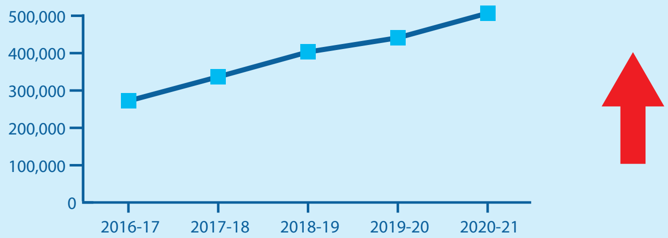
*Breakdown of published information



Employment tribunal outstanding caseload (total of single and multiple claims)

Volume of outstanding Employment Tribunal cases

*Breakdown of published information

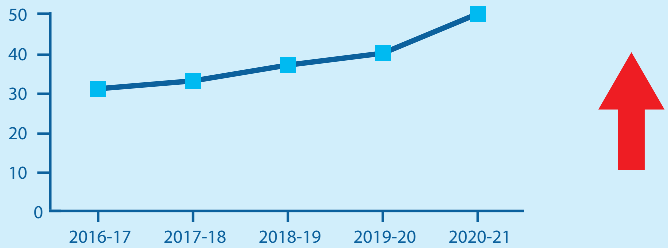


Trend: Levels of new cases in the employment tribunal remains high with outstanding caseloads continuing to increase. A joint MoJ and Department for Business, Energy and Industrial Strategy taskforce was established to improve capacity, efficiency and productivity of the Employment Tribunal. A new case management system was introduced from March 2021 to enable more flexible working. We are working to incorporate the new data from this system alongside established data sources to improve the completeness and accuracy of data.

Small claim trial cases timeliness

Small claim trial cases timeliness

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



Trend: The number of small claim hearings significantly reduced during the first half of 2020-21 because of COVID-19. In the second half of the year, the number of hearings greatly increased as the capacity for remote hearings greatly increased, and safe courtroom capacity was made available. These efforts brought the volume of hearings to levels very close to pre-COVID levels. The number of claims receiving defences have also returned close to pre-COVID levels and reflects the wider resumption of parties issuing and progressing civil claims.

System outcome 5: A transparent and efficient court system

Priority for 2020-21:

Modernise the procedures and infrastructure of our courts and tribunals

We have focused our resources and efforts on rapidly recovering courts and tribunals operations to stem the outstanding caseload. In July 2020, the response to COVID-19 on our services was published, setting out our general approach to recovery, which required continued collaboration and flexibility in the face of an unpredictable operating environment.[19]

The Criminal Courts Recovery Plan sets out the four pillars of recovery.

1. We have focused on maximising the use of our existing estate efficiently, introducing remote hearings where appropriate. We also installed plexiglass screens in over 450 courtrooms and jury spaces to ensure court users were safe where attendance in person was necessary.

2. We have provided vital additional capacity through 32 Nightingale venues (venues used as courts on a temporary basis), which in total provided 62 extra Nightingale court rooms by March 2021. The number of open rooms has fluctuated according to our needs, as well as the needs of the venues providing those spaces.

3. Remote or video hearings were used where appropriate. 782 court rooms – comprising around 70% of the estate – were fitted-out with video technology to enable up to 20,000 remote hearings to be heard each week. This included the rollout of a cloud video Platform to improve the quality of video hearings and BT MeetMe telephone conferencing to facilitate increased levels of remote hearings across all jurisdictions.

4. We worked as flexibly as possible in our buildings – we left open only those hearing rooms with enough space to accommodate social distancing measures, while others were quickly fitted with video and audio technology to enable remote proceedings to take place. Thanks to this work we were the first country to resume jury trials within the first few months of the pandemic.

The pandemic has reinforced the importance of reform and modernisation of the courts and tribunals system, as those services which have already been modernised proved more resilient to the challenges we faced.

In March 2021, we began the roll-out of our new digital case management system, Common Platform, which will be used in criminal hearings in all crown and magistrates' courts. It has been designed to transform the way the criminal justice system shares case information by allowing participants in a criminal case – including the police, judiciary, court staff, defence and prosecution, probation and witness services – to access the most up to date case details and documents appropriate to them. It will make the criminal justice system more robust and flexible, cutting down on unnecessary duplication and making it more straightforward for different organisations to work together more effectively.

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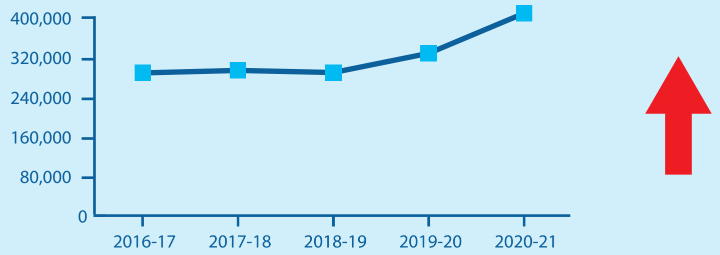
[19] HMCTS response for criminal courts in England & Wales (https://www.gov.uk/government/publications/court-and-tribunal-recovery-update-in-response-to-coronavirus)

Performance metrics:

Magistrates' court cases outstanding

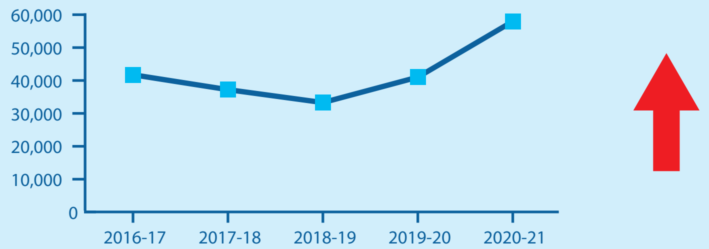
Volume of outstanding criminal cases in the magistrates' courts in England and Wales (number of cases outstanding at end of period)



Trend: In the first part of 2020-21 the magistrates' courts were significantly impacted by COVID-19 and could only hear urgent cases. Significant effort to reopen courts safely has helped recovery in the magistrates' courts with outstanding case volumes falling since the autumn of 2020.

Crown court cases outstanding

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



Trend: In the first part of 2020-21 the crown courts were significantly impacted by COVID-19 and could only hear urgent cases. Significant effort to reopen courts safely has helped recovery in the crown courts. Outstanding case volumes stabilised at the end of this year and early data indicates outstanding cases are starting to reduce.

System outcome 6:
Flourishing legal services sector

Priority for 2020-21:

Build a strong future relationship with Europe and the rest of the world through securing legal services market access overseas and support the sector to grow market share, and where possible, work with the sector to improve conditions for the UK's domestic legal services market to flourish

Throughout the pandemic, we have continued to create an environment where the legal services sector can continue to flourish and remain a world leading provider for the benefit of the UK economy and consumers. We have worked closely with the legal sector as they navigated the effects of, and responses to, the pandemic. Additionally, we have actively engaged and advised the sector to support preparation for the end of the post-EU Exit transition period, including through a series of jointly hosted webinars which drew in over 1,000 professionals.

EU Exit presented opportunities to advance the `Global Britain' agenda through trade and the promotion of our legal services.[20] During 2020-21 we focused on maintaining and improving market access for the UK legal sector. Substantive progress has also been made on securing legal services provisions in ongoing Free Trade Agreement negotiations with the US, Australia, New Zealand and the EEA EFTA states. We have also initiated reinvigorated discussions to tackle trade barriers with important trading partners, including India, Japan, Malaysia and a number of EU member states.

We have continued to promote UK legal services exports, English and Welsh law and the UK as a global centre for dispute resolution, including through the Legal Services are GREAT campaign,[21] joint English Law Days with the Law Society[22] and a regional export round table. As part of the Legal Services are GREAT campaign, the UK-Africa Trade Mission in December, the first virtual legal services trade mission brought together over 370 legal professionals to showcase the UK's legal services offer to priority markets across Africa.

Through 2020-21, MoJ also ramped up efforts to ensure the UK is recognised as a world leader in Lawtech[23] and a centre of innovation in legal services. Lawtech supports the development and use of technology in the legal sector, to create a modern legal service which benefits society and the economy. A two-year £2 million innovation grant was secured, through which year one has delivered a range of projects, including world-leading digital dispute resolution rules and 'remote courts worldwide' site, as well as a successful Lawtech pilot. This work paves the way for an ambitious year two delivery plan in 2021-22. Two two-year Law Commission projects were also funded, addressing the ambiguity surrounding the legal status of smart contracts and cryptoassets[24] – an important step towards building the right legal framework which supports thriving Lawtech and legal services sectors.

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[20] Global Britain delivering on our International ambition (https://www.gov.uk/government/collections/global-britain-delivering-on-our-international-ambition)
[21] GREAT Campaign (https://www.gov.uk/guidance/legal-services-are-great)
[22] English Law Day (https://www.lawsociety.org.uk/topics/international/english-law-day)
[23] UK Lawtech (https://www.gov.uk/government/news/tech-nation-to-support-growth-of-uk-lawtech-with-2-million-of-government-funding)
[24] Smart Contracts and Cryptoassets (https://www.lawsociety.org.uk/en/campaigns/lawtech/news/cryptoassets-dlt-and-smart-contracts-ukjt-consultation)

Outcome enabler:
Provide excellent functional services

Delivering and enhancing high-quality and efficient public services relies on support from our enabling corporate functions. Our people are vital to everything we do as a department and effective financial management is essential to meet the expectations of parliament and deliver accountability to the general public. Our openness to new ideas and digital change has helped us address the unique and unprecedented challenges of COVID-19 recovery and deliver better public services.

Financial control metrics (12 months ending March):

Metric	2016-17	2017-18	2018-19	2019-20	2020-21
Spending control totals met – Fiscal RDEL	Met ✓	Met ✓	Met ✓	Met ✓	Met ✓
Spending control totals met – Admin RDEL	Met ✓	Met ✓	Met ✓	Met ✓	Met ✓
Accuracy of financial forecasting – Year end Total DEL provisional outturn is within 1% tolerance of Period 6 forecast	Not met ✗ 1.6%	Not met ✗ 1.4%	Met ✓ 0.4%	Met ✓ 0.2%	Met ✗ 1.2%

Trend: The department continues to meet its Fiscal RDEL and Admin RDEL totals. Administration budgets are controlled to ensure that as much money as practicable is directed to frontline services and programmes.

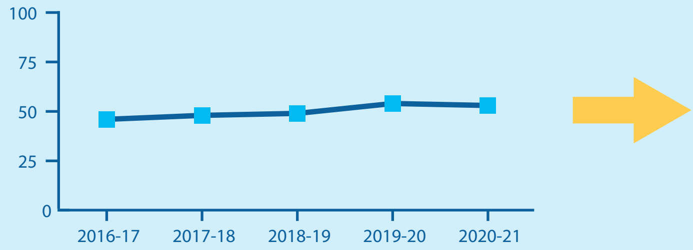
As a demand driven department, analytical modelling is essential for our finance forecasts. We have a high quality monthly monitoring regime in place, whereby we produce a set of monthly management reports, which are reviewed by Finance Directors and the Financial Management Committee. Regular updates are made to the Executive Committee. We regard being able to forecast accurately as an integral part of financial management, with work to continuously improve this discipline within the finance community and across budget holders.

The impact of the pandemic on demand for services and the department's income was particularly challenging to model. The department requested additional funding at Supplementary Estimate to manage those risks. The departments resource and capital spend is on page 16.

Representation rates for SCS staff by personal characteristics

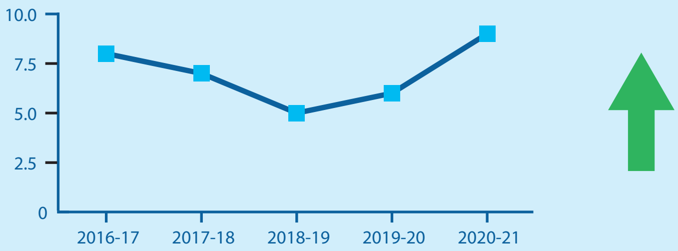
Representation of female staff at SCS level

% of SCS who are female



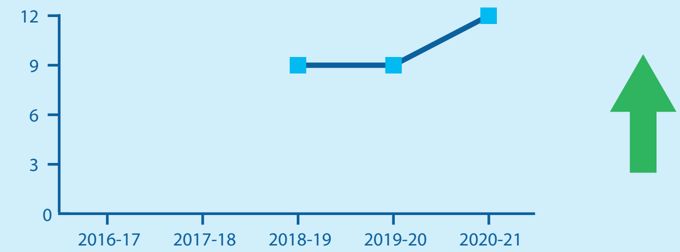
Representation of ethnic minority staff at SCS level

% of SCS who are
Black, Asian and minority ethnic



Representation of disabled staff at SCS level

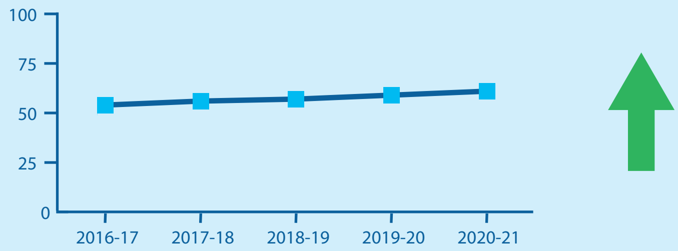
% of SCS who are declared disabled



Note – percentages given for ethnicity and disability are those of declared staff, not all MoJ staff. For example, for March 2021 it is 12% of SCS who have declared their disability status rather than 12% of all SCS. There are two years in the time series where the disability declaration rates were below the statistics reporting threshold.

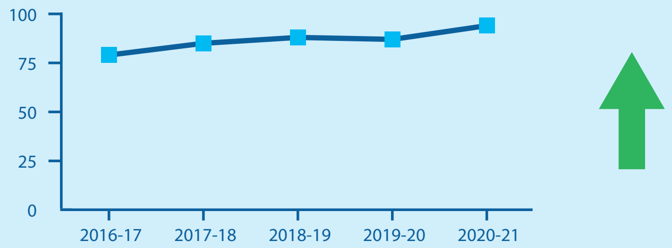
People Survey engagement

Average engagement score (%)



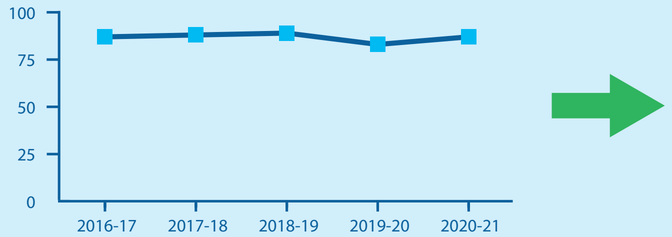
Parliamentary Questions answered on time

% of Parliamentary Questions answered on time



Ministerial correspondence answered on time

% of Ministerial correspondence answered on time



During calendar year 2020 ministers and chief executives on their behalf, replied to 5,180 items of correspondence (compared to 4,484 in calendar year 2019). 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.

Sustainability

The MoJ embeds sustainability principles into everything that we do. As the second largest government estate, we have a responsibility to manage our environmental impact and to enhance biodiversity. The UK government has set a world-leading target to achieve net zero greenhouse gas emissions 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.

Scope and data quality

The department reports on all its executive agencies and Non-Departmental Public Bodies.

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 2020-21 against a 2009-10 baseline (unless otherwise stated). Data and target performance are restated where more accurate historic information has been made available. 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.

Our sustainability performance data is audited by DNV-GL on behalf of Department for Environment, Food and Rural Affairs (DEFRA).

This report is prepared in accordance with guidelines laid down by HM Treasury in HM Treasury Sustainability Reporting Guidance 2020-21.[25]

UN sustainable development goals

The work of the department primarily supports delivery of four UN sustainable development goals (SDGs) and our Single Department Plan (SDP) and Outcome Delivery Plan (ODP) set out how. These are Goals 5, 10, 13 and 16, relating to climate change, equality, peaceful and inclusive societies and access to justice.

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[25] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/907011/Sustainability_Reporting_Guidance_2020-21.pdf

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

Greening Government Commitments (GGCs)

New GGC targets to 2025 were not announced during this financial year and consequently, MoJ's Senior Sustainability Board agreed interim targets for 2020-21, to be reported internally and to maintain momentum around environmental performance. Due to the delay in setting new targets, the information in this section outlines performance against the previous 2020-21 targets and a 2009-10 baseline, unless otherwise stated.

The impact of the pandemic on sustainability performance has been mixed. The majority of MoJ's estate, including courts and prisons, has remained operational and so we expected energy use to remain fairly consistent. However, travel and paper use have reduced as many office-based staff have been working from home. We will be looking to take forward many of the efficiencies and innovations that have emerged during the national restrictions, to reduce costs and improve our environmental performance.

Overall GGC performance

Overall GGC Performance 2020-21 against a 2009-10 baseline (unless stated otherwise)

Requirement by 2020-21	2020-21 performance	Achievement against target	Explanation where target not achieved
Reduce greenhouse gas (GHG) emissions by 38%	-50%		
Reduce domestic business flights by 30%	-82%		
Continue to reduce overall waste and exceed 2015-16 levels (-31%)	-31%		
Landfill waste to be less than 10%	9%		
Increase recycling and exceed 2015-16 levels (59%)	75%		
Reduce paper use by 50%	-48%		The department is improving its digital systems to enable a reduction in its reliance on paper but did not meet the 2020 target

Overall GGC Performance 2020-21 against a 2009-10 baseline (unless stated otherwise)			
Requirement by 2020-21	2020-21 performance	Achievement against target	Explanation where target not achieved
Continue to reduce total estate water consumption and exceed 2014-15 levels (-4% target set)	-2%		Reducing water consumption across the MoJ estate is challenging, particularly in prisons which run 24/7 and use 90% of our water.

Greenhouse gases (GHG)

Greenhouse gases and financial costs 2020-21

Greenhouse gas (GHG) emissions from buildings and travel		2020-21	2019-20[26]	2018-19	2017-18
Non-financial indicators (tCO_2e)	Total Gross Scope 1 (Direct) GHG emissions	169,937	182,242	185,407	182,544
	Total Gross Scope 2 (Energy indirect) emissions	94,667	111,393	126,714	159,865
	Total Gross Scope 3 (Official business travel) emissions	13,490	21,496	22,938	27,939
	Total emissions[27]	**277,094**	**315,132**	**335,059**	**370,349**
Non-financial indicators (MWh)	Electricity	328,150	352,133	361,258	367,773
	Electricity: renewable	77,902	83,679	86,384	86,459
	Gas	814,783	837,642	876,973	886,736
	Other energy sources	42,638	47,143	43,114	37,832
	Total energy	**1,263,472**	**1,320,597**	**1,367,729**	**1,378,801**
Financial indicators (£m)	Expenditure on energy	97	111	92	92
	Expenditure on official business travel	5	29	28	24
	Total expenditure on energy and business travel	**102**	**140**	**126**	**123**

As part of our commitment to the UK's 2050 net zero carbon target, we have undertaken a review across the MoJ estate to identify opportunities for further carbon savings and prioritising the decarbonisation of heating. We have identified a high level pathway to meet net zero carbon by 2050 or earlier and we plan to publish our Net Zero Carbon Strategy later this year.

The department has reduced its greenhouse gas emissions by 50% since 2009-10, through a range of energy and carbon saving measures. In this financial year, we have:

- replacement of lighting with energy efficient LED across the prison, probation and court estate, investing over £1.5 million to save in excess of 416 tCO_2 per annum
- installation of automatic metering on electricity and gas supplies to monitor and reduce energy consumption
- across the HMCTS estates, we are modernising building management system technologies in 84 buildings, with new heating plant in 12 buildings, to ensure all heating, cooling and air conditioning is working efficiently

[26] 2019-20 non-financial indicators have been restated to include actual environmental performance for the financial year.
[27] Definitions for Scope 1-3 emissions (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf)

- installation of ground mount solar PV arrays at three prison sites and roof mount arrays at five prison sites and 40 HMCTS buildings
- investing over £3 million to install over 200 electric vehicle (EV) charge points at over 40 prison sites and eight HMCTS buildings, including converting 20% of car spaces for electric vehicles at our new-build prisons (coming on line in 2022-23) to help transition the MoJ car fleet to Ultra Low Emission Vehicles (ULEV). 23.5% of the current car fleet is now ULEV-compliant (a target of 25% by the end of 2022)

MoJ continues to work with the Modern Energy Partners (MEP) programme at three prisons on the Isle of Sheppey to reduce carbon emissions by 80%. All lighting at HMP Elmley has been replaced with LED alternatives reducing lighting energy demand by 49% and saving 364 tCO2 per annum. Work to improve the control and monitoring capability of the Building Management System (BMS) has begun and will reduce consumption by building services by 15%. We have also begun planning for Phase 2 having identified 15 MoJ sites for inclusion as 'test-bed' sites.

Case studies

Branston National Distribution Centre – LED Lighting Upgrade

The lighting within the packing and racking area of HMPPS' Branston National Distribution Centre warehouse was at the end of its design life and due for life cycle replacement. In June 2020, the main high bay lamps were replaced by new LED fittings and set up on a dedicated new circuit which can be controlled centrally. Despite the simple controls, significant savings are already apparent with a clear reduction in daytime consumption seen since the commissioning date. Around 600 kWh/day during the week and 450 kWh/day at weekends have been saved, with a projected annual saving of £26,000 or 50 tCO_2e.

Solar PV installation at HMP Bure

The installation of solar photovoltaics (PV) at HMP Bure was carried out as a pilot to test the viability of installing roof mounted PVs on prison buildings. The project was a success, installing the panels across three buildings, adhering to all necessary security and safety requirements. The array was sized at 200kWp in accordance with local DNO agreement and generates around 186,600kWh per year (10% of the prisons annual demand), saving 70 tCO2 and £29,000.

EVCP programme

The majority of MoJ fleet vehicles are currently used at prison establishments. We have currently committed to converting 100% of its fleet to electric vehicle equivalents by 2030. In order to facilitate and support this transition towards electric vehicles within the agreed timescales, the MoJ sustainability team undertook a programme to install electric vehicle charge points across the prison estate. Over 40 establishments were selected for installation, each to receive a set number of 22kW dual charging points based upon their available electrical capacity and anticipated use by fleet. 1 dual charger would be capable of charging two vehicles.

Project delivery partners worked with the local site stakeholders and programme managers to determine the best locations for installation in terms of infrastructure availability, fleet vehicle access and security considerations. By the end of 2020-21, over 200 22kW dual chargers had been installed at more than 40 sites.

Travel

Domestic flights 2020-21

Domestic air travel	2020-21	2019-20[28]	2018-19	2017-18
Number of domestic flights	**847**	3,338	4,200	4,256

Travel has reduced significantly throughout 2020-21 due to the pandemic restrictions. The department has reduced the number of domestic flights taken by 82%, compared to our 2009-10 baseline. We will look at how we can take forward new ways of working developed during the pandemic to maintain lower levels of air travel.

Water

Water consumption and financial costs 2020-21

Water		2020-21	2019-20[30]	2018-19	2017-18
Non-financial indicators	Total water consumption (m^3 000)	**9,137**	8,940	8,917	9,072
Financial indicators	Total water supply costs (£'000,000)	**24**	29	27	25.9

The department has reduced water consumption by 2% compared to the 2009-10 baseline. Improvements in monitoring and measurement of water consumption are being undertaken through a project to install automatic meter reading devices on water meters across the department's estate. In addition, a water management programme on the prison estate is focussing on opportunities for consumption reduction and water leak detection.

Water leak at HMP The Verne

Located on the Isle of Portland and established in 1949 at the site of a 19th century citadel, The Verne's infrastructure is one of the oldest within the estate. In early 2019, the site launched a programme to find and fix water leaks that concluded in August 2020.

Taking action against water leaks can be a slow and disruptive process. Finding leaks along several kilometres of pipework which is often concealed underground or is otherwise inaccessible can be a very difficult job. The work will often continue until the leak is found which can take a few days or span a few weeks. To limit disruption, the site team resolved quick fixes first and then assessed the reduction in leaks achieved. As a result of these works, The Verne has reduced their average annual water consumption by over 25%.

By implementing improved monitoring systems and adopting the latest leak detection technologies, the sustainability team is working alongside the Prison Maintenance Group to tackle water leakages and wastage across the prison estate.

[28] 2019-20 non-financial indicators have been restated to include actual environmental performance for the financial year.

Waste and resources

Waste production 2020-21

Waste		2020-21	2019-20[29]	2018-19	2017-18
Non-financial indicators (tonnes)	Landfill	4,164	1,355	1,323	3,907
	Recycled/reused	36,819	42,113	41,666	31,413
	Incinerated with energy from waste	7,682	9,102	6,862	13,454
	Incinerated without energy recovery	22	11	0[30]	11
	Total waste	**48,687**	**52,581**	**49,851**	**48,865**

The department has reduced overall waste by 31% compared to the 2009-10 baseline, sent only 9% of waste to landfill and met recycling rates of 75%. We are working with our facilities management and waste contractors to improve further, waste management; and our Waste and Resource Strategy, to be published next financial year, will complement this.

Paper usage

The department has reduced paper usage by 48% compared to the 2009-10 baseline. This has been achieved through greater use of remote working and replacing paper-based services with digital solutions. Paper use has also reduced this year as many office-based staff have been working from home.

Consumer single-use plastics

The department is committed to removing avoidable consumer single use plastics (CSUPs) from its office estate in line with the government's pledges in the 25-year Environment Plan and Resources and Waste Strategy 2018. Our Single-use plastics policy,[31] published in January 2019, continues to drive our work with facilities management providers to ensure CSUPs are only used when no viable alternative is available.

The department is also encouraging the reduction of CSUPs on the operational estate, and working with our suppliers to identify single-use plastic which can be reduced/removed.

Single use plastic removal at HMP Brixton

During 2020-21 HMP Brixton worked with the MoJ sustainability team to reduce the prison's use of plastic water bottles. Chilled water fountains that dispense filtered ambient and chilled water were installed around the site and a campaign introduced to encourage staff and offenders to use the fountains and reusable bottles rather than reaching for the single-use plastic.

This initiative was supported by the Governor and Head of Residence, Julie McGowan, who said: "I was really pleased that Brixton was chosen for this pilot project so we can start to reduce our single-use plastic going forward". Brixton is committed to reducing waste and becoming more environmentally friendly, sustainable and initiatives like this make small inroads into more sustainable choices and behaviour.

[29] 2019-20 non-financial indicators have been restated to include actual environmental performance for the financial year.
[30] Only a small amount (0.05 tonnes) of waste was reported from one prison site which has been rounded to 0.
[31] Single-Use Plastic Policy (https://www.gov.uk/government/publications/ministry-of-justice-single-use-plastics-policy)

Biodiversity

The MoJ estate contains a wide range of protected species, and internationally important habitats. We have increasing legal obligations and government commitments to improve our land for wildlife, and increase resilience to climate change.

The highlight of this financial year was the publication of the '*Celebration of Wildlife & People 2020*' - illustrating the health and learning benefit of nature to offenders and staff.

All of our Site of Special Scientific Interest sites are now in favourable or recovering condition, and we are working with our facilities management providers to ensure management is in place.

Our programme of Phase 1 habitat surveys is complete, as is our biodiversity baseline for the custodial estate (non-custodial will be calculated in 2021-22). This baseline will help measure and track land condition.

Our delivery of 'A pond in every prison' and 'An orchard in ever prison' continues. We are very grateful to our partners Amphibian & Reptile Groups UK, the Conservation Foundation, and The London Orchard Partnership who support this project.

Looking ahead to 2021-22, our policies on biodiversity and natural capital will be updated in line with the new Environment Bill, the revised Green Book accounting recommendations, and more ambitious Greening Government Commitments. We will also publish our estate Nature Recovery Plan.

HMP Wealstun Beekeeping

In 2017 the Governor at HMP Wealstun asked the gardens team to start a beekeeping project. None of the team had ever kept bees in the past so one member of the team volunteered to complete a basic beekeeping course and lead on the project. Leeds Beekeeping Association kindly offered to provide him with the basic training required. One hive was procured and built initially and located in an area adjacent to the gardens complex (between the internal and external fence line). The establishment also procured three starter sets of equipment so that prisoners could be involved in the art of beekeeping.

Over the course of the next two years, the number of hives was expanded and by the end of 2019 there were four hives. This year we have harvested 58 jars of honey from our bees with hopefully more to come later in the year as there are now have s hives in various stages of development. Each year the honey is sold to members of staff and the public via the pop-up Farm Shop which operates from the Visitors' Centre, and this year all 58 jars sold within just a few days.

From the start of the project one prisoner, a member of the gardens work party, approached staff to express his interest in the bees: he was a great help and was involved in setting up the first two hives. He also featured in our 2019 prisoner case study booklet.

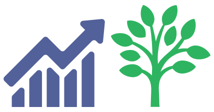
Beekeeping forms part of our rehabilitative culture, creating a stress-reducing environment through increased green spaces for both staff and the men in our care to enjoy. The bees also encourage the men in nurturing and taking responsibility, which are transferable skills on release.

The bees form part of the local eco-communities and provide an essential role in the pollination of other important crops thereby helping our local rural neighbours.

Transparency commitments

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 2020-21 included:
Sustainable procurement	New contracts require that suppliers meet the Government Buying Standards (GBS) and the MoJ Commercial and Contract Management Directorate (CCMD) will review sustainability performance indicators in all contracts and the pipeline of upcoming tenders. MoJ is working to improve our engagement, management and spend through SMEs and this is reflected through renewed strategies and action plans. Food provided in our office catering outlets is local and where possible in season. 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 is being reduced, 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 is also being reduced where possible ensuring that, where it is used, it is sustainably sourced. This approach is promoted through the supply chain through all office catering contracts. During the year we have procured through Crown Commercial Services frameworks, the supply and installation of solar PV and electric vehicle charging infrastructure.
Social value	The Government launched its 'Social Value Model' during 2020 which offers an outcomes-based approach and a framework for measuring social value aligned to government priorities. From 1 January 2021, departments should explicitly evaluate social value where the requirements are related and proportionate to the subject matter of the contract. Departments will be required to evaluate social value at a minimum of 10%. The MoJ has appointed a Director of Social Value and Corporate Social Responsibility - a senior level sponsor for social value. MoJ has two social value professionals to embed the new policy approach across the commercial function, covering governance, systems, documentation and processes, and that outcomes are collated and monitored, who will operate as a senior level sponsor for social value across the whole of the department. The team will work alongside the MoJ sustainability team to maximise opportunities to further embed the government's environmental agenda. MoJ is also piloting an innovative tool with some of its existing supply chain, assessing the impact of an organisation across a broad range of sustainability factors. The tool will be tested and evaluated during 2021-22.
Rural proofing	MoJ follows Defra's rural proofing guidance, with the aim of ensuring policy options consider rural locations/users, and results are recorded. The sustainability team is also developing 'natural capital approach' tools, alongside national models, which will be trialled in 2021. These will enable broader consideration of rural features, values and benefits at a project level.
Climate change adaptation	A Climate Change Adaption Strategy, developed with input from Defra, published in summer 2020 and climate change adaptation plans will continue to be put into action. We are mindful of the risks posed by climate change and have taken steps to review and introduce measures to mitigate against overheating in the existing prison estate. This is included in the modelling for new prisons construction, helping to reduce summertime overheating and minimise summertime cooling energy demand. We apply the Building Research Establishment Environmental Assessment Method (BREEAM), which also ensures that new prison designs consider and address flood risk, rainfall and solar gain. The department is a corporate member of CIRIA and we joined IEMA in 2020.

Initiative	Activity in 2020-21 included:
Sustainable Construction 	The department is committed to achieving minimum BREEAM rating of 'excellent' for new builds and 'very good' for refurbishments. We are committed to publishing the BREEAM ratings of our new building and other major projects annually, details will be logged via a dedicated tracker system. The department has developed guidance and policies for project teams on applying the BREEAM policy. A tracker system is being rolled out and will help to monitor progress throughout project design and construction phases. The department has also developed an interactive toolkit for those involved in implementing BREEAM. This will be launched in Spring 2021 along with training on how to use the toolkit and Tracker. The department continues to integrate environmental sustainability into the decision-making process from the earliest stages of project development. **New prisons construction** Throughout 2020-21, the department successfully secured the investment required to build the four new prisons to a higher sustainability standard than ever before and reduce carbon and energy compared to prisons currently under construction (Five Wells and Glen Parva). HM Treasury approved £97 million of additional spend to support delivering the New Prisons Programme to achieve the following sustainability standards: ▪ Achieve a 70% reduction in operational energy consumption from the national grid compared to the Glen Parva baseline ▪ Achieve a c. 90% reduction in operational carbon emissions compared to the Glen Parva baseline ▪ Achieve a BREEAM rating of 'outstanding' Site specific risks remain due to constraints such as planning restrictions but will be subject to close scrutiny and approvals by the New Prisons Programme Board. Work will continue throughout 2021-22 to ensure these ambitious plans are realised.

Antonia Romeo
Principal Accounting Officer
9 December 2021

Accountability

Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the department's governance structures and how these arrangements have supported the achievement of its objectives during 2020-21.

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 2020-21.

Departmental Board, Audit and Risk Assurance Committee and Nominations Committee member attendance 1 April 2020 to 31 March 2021

	Meetings attended per member out of those eligible to attend		
Members	**Departmental Board**	**Audit and Risk Assurance Committee[32]**	**Nominations Committee**
Ministers			
The Rt Hon Robert Buckland QC MP, Lord Chancellor and Secretary of State for Justice	4 of 4	-	-
The Rt Hon Lord Keen of Elie QC, Lords Spokesperson for Ministry of Justice (to 16 September 2020)	2 of 2	-	-
Lord David Wolfson of Tredegar QC, Parliamentary Under Secretary of State (from 22 December 2020)	1 of 1	-	-
Lucy Frazer QC MP, Minister of State (to 2 March 2021)	3 of 3	-	-
Chris Philp MP, Parliamentary Under Secretary of State	4 of 4	-	-
Alex Chalk MP, Parliamentary Under Secretary of State	4 of 4	-	-
Kit Malthouse MP, Minister of State	4 of 4	-	-

[32] Permanent Secretary and Chief Financial Officer attend Audit and Risk Assurance Committee meetings.

Departmental Board, Audit and Risk Assurance Committee and Nominations Committee member attendance 1 April 2020 to 31 March 2021			
	Meetings attended per member out of those eligible to attend		
Members	Departmental Board	Audit and Risk Assurance Committee	Nominations Committee
Executive management			
Antonia Romeo, Permanent Secretary (from 18 January 2021)	1 of 1	1 of 1	-
Sir Richard Heaton KCB, Permanent Secretary (to 28 August 2020)	1 of 1	4 of 4	1 of 1
Mike Driver CB, CFO (to 28 August 2020) and Interim Permanent Secretary (from 29 August 2020 to 17 January 2021)	3 of 3	3 of 6	-
James McEwen, Interim Chief Financial Officer (from 29 August 2020)	3 of 3	3 of 3	-
Susan Acland-Hood, Chief Executive Officer, HM Courts & Tribunals Service (to 21 August 2020)	1 of 1	-	-
Kevin Sadler, Interim Chief Executive Officer, HM Courts & Tribunals Service (from 22 August 2020)	3 of 3	-	-
Dr. Jo Farrar, Chief Executive Officer, HM Prison and Probation Service (to 15 March 2021) Second Permanent Secretary, Ministry of Justice and CEO HMPPS (from 16 March 2021)	4 of 4	-	-
James Bowler, Director General for Policy, Communications and Analysis Group (to 18 October 2020)	2 of 2	-	-
Jerome Glass, Interim Director General for Policy and Strategy Group (from 2 November 2020)	1 of 2	-	-
Non-executive or independent member			
Mark Rawlinson, Lead Non-Executive Member	4 of 4	-	1 of 1
Paul Smith, Non-Executive Board Member and Chair of the Audit and Risk Assurance Committee (from 1 April 2020)	4 of 4	7 of 7	-
Nick Campsie, Non-Executive Member	4 of 4	-	-
Shirley Cooper, Non-Executive Member	4 of 4	-	1 of 1
Alison Bexfield, Independent Member of Audit and Risk Assurance Committee	-	7 of 7	-
Laurence Milsted, Independent Member of Audit and Risk Assurance Committee	-	7 of 7	-

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 replicated at Audit and Risk Assurance 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

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 2020-21. The department manages millions of records containing personal data and takes all incidents of personal data loss very seriously. All staff are required to undertake mandatory data protection training upon joining the department and yearly thereafter.

Effective implementation of security measures is applied in line with the Government's Security Policy Framework and the Government Functional Standard on Security. Adherence is monitored through a network of trained security and data protection practitioners.

Table 1 – Personal Data Incidents reported to the Information Commissioner's Office

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
15 May 2020	An error at a third party bulk scanning facility resulted in tribunal information being attributed to the wrong data subject	Names, addresses, court case details	62	ICO notified on 28 May 2020. The ICO closed its investigation taking no further action
19 May 2020	New name and confidential address shared with partner inappropriately. Domestic violence/ safeguarding concerns	Names and address	4	ICO notified on 3 June 2020. The ICO closed its investigation taking no further action
16 June 2020	Member of staff inappropriately accessed and took screenshots of prison computer system	Confidential information about offenders	72	ICO notified on 16 June 2020. The ICO closed its investigation taking no further action
26 June 2020	New name and confidential address of data subject and their child disclosed inappropriately as part of court proceedings	Name and address	2	ICO notified on 26 June 2020. The ICO closed its investigation taking no further action
15 July 2020	Confidential address of data subject and their two children disclosed inappropriately as part a child support case. Domestic violence/ safeguarding concerns	Name and address	3	ICO notified on 17 July 2020. The ICO closed its investigation taking no further action
21 September 2020	Audio from a Cloud Video Platform of Interim Care Order hearing was live streamed to Facebook by the respondent	Confidential information of court case and attendees	10	ICO notified on 24 September 2020. The ICO closed its investigation taking no further action
29 October 2020	Ransomware attack on London Borough of Hackney	Potentially personal data shared with Hackney	Unknown	ICO notified on 29 October 2020. The ICO response is still pending
April 2020 to October 2020	A bulk amendment facility to update the cases of magistrates' hearing adjourned due to the impact of the pandemic, resulted in an inaccurate change to plea data	Limited personal data	5,286 (comprising 5,231 individuals and 55 companies)	ICO notified on 19 November 2020. The ICO response is still pending.

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
3 December 2020	Ransomware attack on Ubiqus, a data processor providing court recordings and transcriptions	Limited personal data	Unknown	ICO notified on 11 December 2020. The ICO closed its investigation taking no further action
3 December 2020	Confidential address of data subject inappropriately given to other party in child arrangement court case. Domestic violence/ safeguarding concerns	Address and location details	1	ICO notified on 10 December 2020. The ICO closed its investigation taking no further action
4 December 2020	Confidential address of data subject inappropriately given to the person convicted of the data subject's attempted murder during a court case procedure. Domestic violence/ safeguarding concerns	Address and location details	1	ICO notified on 11 December 2020. The ICO response is still pending
22 December 2020	A letter containing the name and address of prospective adoptive parents given to birth parents in error	Names and address	3	ICO notified on 22 December 2020. The ICO closed its investigation taking no further action
11 January 2021	An adoption application containing the names and address of current foster and prospective parents given to birth parents in error	Names and address	3	ICO notified on 14 January 2021. The ICO closed its investigation taking no further action
19 February 2021	A medical report (regarding gender re-assignment) for a different GP patient was included in the medical record of the CICA data subject as part of a tribunal case. This has been included in the pack sent to members of the tribunal	Name, address, GP surgery and address, gender, ethnicity	1	ICO notified on 24 February 2021. The ICO response is still pending
24 February 2021	Adoption paperwork in a step-parent adoption case was sent to the birth father in error. Domestic violence/ safeguarding concerns	Name and address	3	ICO notified on 26 February 2021. The ICO response is still pending
19 March 2021	Vaccination status for HMPPS staff stolen from a third party occupational health provider staff member following a vehicle break in. Data returned to HMPPS	Name, location, type of vaccination	25	ICO notified on 19 March 2021. The ICO closed its investigation taking no further action

The department continues to monitor and assess its personal data risks in order to identify and address any weaknesses and ensure continuous improvements. The Information Security and Risk Board, which is chaired by the Senior Information Risk Owner (and ExCo member) James McEwen, reviews reportable incidents at every meeting. We have also implemented processes to improve root cause analysis and the development and implementation of remedial actions following data protection incidents. Additionally, all recommendations made by the ICO following an investigation are recorded and tracked.

The assessment of whether an incident meets the threshold for reporting to the ICO is carried out by the Data Protection Officer's team. Incidents which are not reported are recorded centrally as set out in the table below and which are categorised according to Cabinet Office requirements:

Table 2 – Incidents which did not meet the threshold to report to the ICO for 2020-21

Category	2020-21 Number of incidents	2019-20 Number of incidents
Loss or theft of information assets from secured government premises	169	250
Loss or theft of information assets from outside secure premises	967	573
Insecure disposal of inadequately protected electronic equipment, devices or paper documents	9	10
Unauthorised disclosure (information disclosed in error) *	4,724	5,445
Other **	398	147
TOTALS	**6,267**	**6,425**

* Examples of 'Unauthorised disclosures' could include the release of personal data to the wrong recipient, such as information being sent to the wrong email or postal address, the sharing of data to wrong recipients internally within the department and inappropriate access to electronic data.

** Examples of 'Other' incidents could include any cyber or related attacks on the personal data held by the MoJ, technical security failings either with an application setup or a breach of a relevant policy.

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. The department's performance for the year 2020-21 is shown below.

The Parliamentary and Health Service Ombudsman's annual analysis of the complaints it has received for each government department 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	%
12	7	58.3	4	33.3	1	8.4

*Includes enquiries about organisations that are accountable to the department.

	Complied with	Not complied with	Total
The number of Ombudsman recommendations:	15	0	15

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), 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 by order made under the GRAA by Statutory Instrument 2000 No 2020. 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 the 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
- prepare the accounts on a going concern basis
- 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

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

The Principal Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other arm's length public bodies as accounting officers of those bodies. The Principal Accounting Officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the accounting officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental or other arm's length public body for which the Accounting Officer is responsible, are set out in Managing Public Money published by HM Treasury.

As the Principal 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.

The Annual Report and Accounts as a whole are fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable.

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

Governance Statement

This Governance Statement sets out the main features of the governance, risk management and internal control frameworks operated in 2020-21 and up to the date of approval of the annual report and accounts. It also sets out my view of the most significant challenges across the department and the collective steps which the team are taking to continuously improve these frameworks.

Governance and assurance of sustainability is managed by the MoJ sustainability team. Performance is monitored by the MoJ Senior Sustainability Board, chaired by our Chief Property Officer and Sustainability Champion.

Governance framework

The Secretary of State chairs the Departmental Board, which comprises the department's ministerial team, our non-executive board members, me and some members of my executive team.

There have been a number of changes to the Permanent Secretary and Principal Accounting Officer role during the year. On 18 January 2021, I took over the role of Permanent Secretary and Principal Accounting Officer from Mike Driver CB, who had earlier taken the role over on an interim basis from Sir Richard Heaton KCB on 29 August.

On 16 March 2021, Jo Farrar, currently Chief Executive, HM Prison and Probation Service, was appointed as the new Second Permanent Secretary at the MoJ. This newly created role brings together HM Prison and Probation Service, the Office of the Public Guardian, Legal Aid Agency and Criminal Injuries Compensation Authority.

Other in-year changes to the board's membership are reflected in this timeline:

April 2020
01 | **Paul Smith** ■ appointed as ARAC chair

August 2020
21 | **Susan Acland-Hood** ■ left
22 | **Kevin Sadler** ■ appointed as Interim HMCTS CEO
28 | **Sir Richard Heaton KCB** ■ left
Mike Driver CB ■ left as CFO
29 | **James McEwen** ■ appointed as Interim CFO
29 | **Mike Driver CB** ■ appointed as Interim Permanent Secretary

September 2020
16 | **Rt Hon Lord Keen of Elie QC** ■ left

October 2020
18 | **James Bowler** ■ left

November 2020
02 | **Jerome Glass** ■ appointed as Interim DG Policy and Strategy Group

December 2020
22 | **Rt Hon Lord David Wolfson of Tredegar QC** ■ appointed

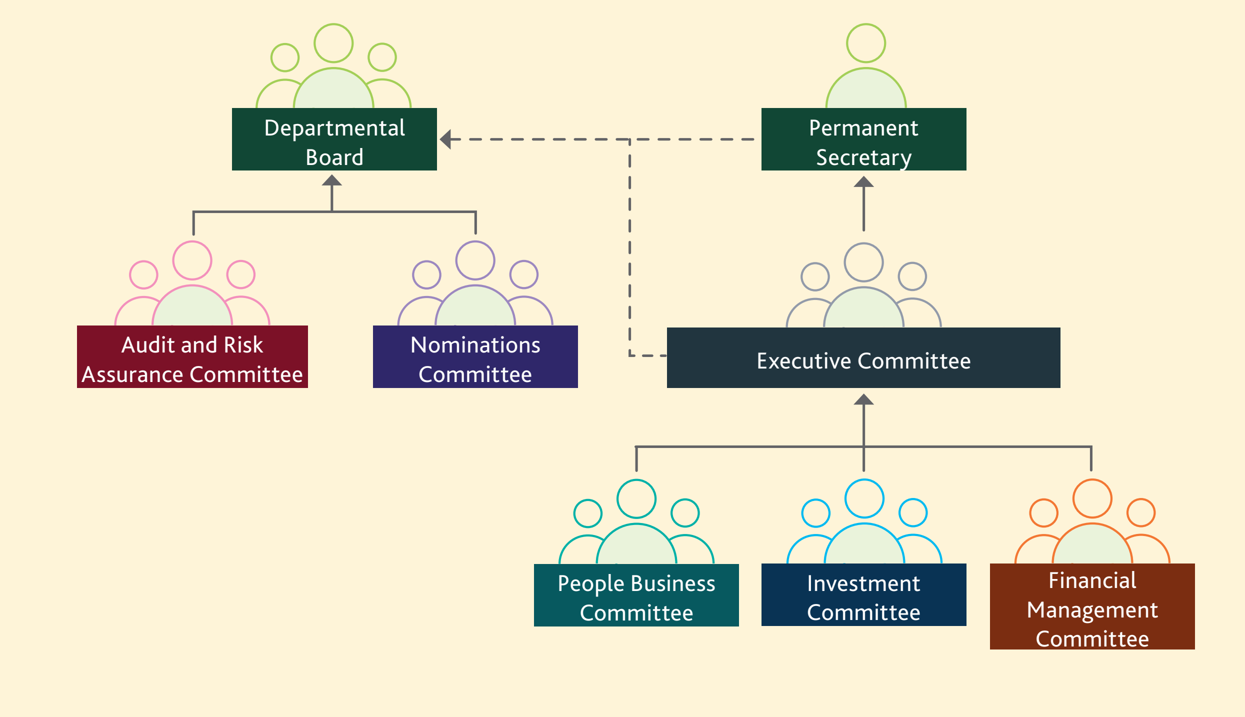
January 2021
17 | **Mike Driver CB** ■ left as Interim Permanent Secretary
18 | **Antonia Romeo** ■ appointed as Permanent Secretary

March 2021
01 | **Lucy Frazer QC MP** ■ left
16 | **Dr. Jo Farrar** ■ appointed as Second Permanent Secretary

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

Board committee structure

Departmental Board attendance has been reported on pages 56 to 57.



Departmental Board	
Chair:	Secretary of State
Frequency:	4 during year
Committee composition as at 31 March 2021	

By position:

Ministers	Executive directors	Non-executive directors
5	5	4

By gender:

Female	Male
3	11

Role of the board:

The Departmental Board forms the collective strategic and operational leadership of the department, bringing together the ministerial and civil service leaders with senior non-executives from outside government. It is responsible for setting MoJ's strategic direction, including reviewing delivery against the MoJ business plan. Its remit is advising and challenging on performance and delivery, including appropriate oversight of sponsored bodies. The board assures itself that the departmental priorities and efficiency agenda for MoJ are delivered and the associated risks in the strategic risk register managed. In its discussions, the board considers the needs of departmental users and stakeholders.

Activities during the year under review:

The standing agenda included:

- performance and delivery
- strategic risk

Other areas of operations discussed through the year included:

- COVID-19 strategic recovery work
- EU negotiations and implications for the department
- EU transition preparedness, including winter planning and concurrent risks
- Courts and tribunals recovery and future recovery plans
- Board Effectiveness Review and recommendations for areas of development and improvement

Audit and Risk Assurance Committee	
Chair:	Non-executive board member
Frequency:	7 during year

Committee composition as at 31 March 2021

By position:

2	1

Independent member
Non-executive directors

By gender:

1	2

Female Male

Role of the committee:

Supports the Departmental Board and me in my role as Principal Accounting Officer by reviewing the completeness and reliability of assurances over the design and operation of governance, risk management and internal control frameworks and the integrity of financial statements in the department. This includes oversight of the assurances over the department's executive agencies and arm's length bodies.

Activities during the year under review:

Particular focus was given to the following areas:

- reviewing and monitoring the management of COVID-19, winter planning and concurrent risks
- considering the department's supply chain risks
- monitoring the progress of corporate and occupational health and safety and fire safety management across the department and its agencies
- considering the work of internal audit, particularly in relation to limited audit opinions
- considering the work of external audit
- examining the proposal to replace Court Funds Office ISAE3402 assurance framework with a risk-based approach
- testing the newly developed Governance Assurance Framework
- considering and challenging the department's approach and progress to mitigate cyber security risk, data protection, privacy and technical debt
- reviewing the Annual Report and Accounts and providing independent oversight and challenge on its content
- continuing oversight of arm's length bodies through dedicated informal meetings with ALB Chairs and Government Internal Audit Agency to share information and ideas
- challenging the department's approach and progress to mitigate against fraud and to test the whistleblowing process

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Nominations Committee

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

Committee composition as at 31 March 2021

By position:

Executive directors	Non-executive directors
1	2

By gender:

Female	Male
1	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).

Activities during the year under review:

Particular focus was given to the following areas:

- discussing and advising on performance assessment and appraisal of Director General with pay award recommendations, talent strategy and succession planning

Executive Committee

Chair:	Permanent Secretary
Frequency:	50 during year

Committee composition as at 31 March 2021 by gender:

Role of the committee:

The Executive Committee is the senior executive leadership team for the MoJ and supports me in my duties as the department's Principal Accounting Officer.

ExCo's remit is to:

- ensure the department is fully aligned with the strategic direction set by the Secretary of State and has the capability to deliver this
- oversee the delivery of Ministers' priorities and the activities and outcomes associated with these
- take a balanced view of the department's approach to managing opportunity and risk
- prioritise and allocate financial and other resources
- provide assurance that internal controls operate properly
- provide support and assurance for major policies and projects
- develop and promote the department's culture, values, and approach to diversity and inclusion

Activities during the year under review:

- reviewing the planning of the department's readiness for EU transition
- assessing the impact of COVID-19 on departmental business and identifying and implementing mitigations to maintain continued delivery
- developing and reviewing the department's plans for recovery from COVID-19, including plans for courts and tribunals recovery
- monitoring the department's performance against its objectives and managing the delivery of our outcomes
- examining specific risks or issues that could affect the delivery of the department's objectives,
- reviewing the progress made against agreed diversity priorities in the department's Diversity and Inclusion Strategy and supporting the department's work on mental health
- encouraging closer co-operation and relationships with the department's arm's length bodies to share good practice and gain a better insight into their work and performance
- regularly reviewing projected demand in the justice system to inform long-term planning and identify any risks

Financial Management Committee

Chair:	Chief Financial Officer
Frequency:	6 during year

Committee composition as at 31 March 2021 by gender:

Role of the committee:

The Financial Management Committee provides advice to Executive Committee and me in my role as 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.

Activities during the year under review:

Particular focus was given to the following 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 the impacts of COVID-19 on forecasting and budgets
- reviewing financial impacts of the changes to off-payroll working (IR35) legislation
- considering and advising on the department's debt management strategy

Investment Committee

Chair:	Chief Financial Officer
Frequency:	15 during year

Committee composition as at 31 March 2021 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 MoJ portfolio, including portfolio projects from inception through to implementation, ensuring they remain strategically aligned, affordable and deliverable.

Activities during the year under review:

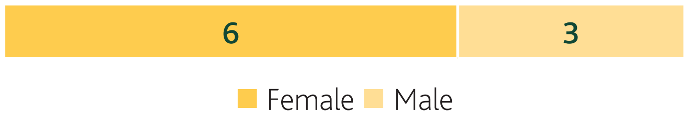
Particular focus was given to the following areas:

- 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 funds after reviewing progress of programmes and projects

People Business Committee

Chair:	Chief People Officer
Frequency:	10 during year

Committee composition as at 31 March 2021 by gender:



Role of the committee:

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

Activities during the year under review:

Particular focus was given to the following areas:

- consideration of the benefits realised from staff adjusting to work in a virtual or remote environment due to impacts of COVID-19
- monitoring delivery against the department's Race Action Plan and continuing to proactively support the department's inclusion and wellbeing priorities, particularly in the context of COVID-19
- oversight of strategic people risks and correct identification of appropriate mitigations
- monitoring the progress of the 3rd Generation Shared Services Programme and the proposed approach for the development of the next generation of shared services solutions
- considering and advising on the future approach to pay and reward and monitoring the progress of the employee benefits contract retender

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 two departures from the code, which are explained below:

- the Departmental Board had chosen to have only one non-executive board member on our Audit and Risk Assurance Committee because it was felt that sufficient transparency of the committee's work via written and verbal updates to the board showed appropriate challenge and provided the requisite assurance. However, following the Board Effectiveness Review an additional non-executive will be asked to join the committee during coming months
- the Audit and Risk Assurance Committee did not provide an annual report to the board because timely written and verbal updates are provided throughout the year

Improving governance

The HM Treasury Corporate Governance Code for Central Government Departments recommends that a Board Effectiveness Evaluation is carried out annually (with an external review carried out every third year). This year, the Lord Chancellor commissioned an independently led review and evaluation of the Departmental Board to assess its strengths and areas of development. Overall, the board was found to be functioning well but there are areas for improvement and several recommendations are to be adopted. These include the addition of two non-executive directors where skills gaps were identified; and a recommendation to build on the work already underway to better align our governance arrangements with that of our executive agencies and arm's length bodies, so that the board can provide more robust oversight.

During the year, we reviewed our governance, risk and performance arrangements. This concluded that, while many individual elements work well, the arrangements were not always designed, managed or operated as a cohesive framework. In 2021-22, we will be changing our high level governance arrangements to further strengthen oversight of our major change programme portfolio and our most significant risks, through the establishment of a Portfolio Board and Finance, Performance and Risk Committee as sub-committees of Executive Committee. Through the development of the 2021-22 Outcome Delivery Plan, we have also enhanced integration and alignment of strategies, priorities, plans and enablers across the organisation and brought together allocative prioritisation, business planning, workforce planning and risk management within a single framework.

Identifying and managing conflicts of interest

MoJ's conduct policies place the onus on individuals to identify potential conflicts of interest and report them locally to line managers. Line managers consider the effect actions or declared interests are likely to have on the individual's work; the risk to public money; and whether the department will be affected in a negative way. We will take disciplinary action if: an individual has done something deliberately which has affected the reputation of the department; has failed to tell their manager or an HR professional about their actions or involvement; or there is evidence that public funds may have been involved in an illegal act.

As of April 2021, the department has set up a transparency unit which now holds a register of all declarations of outside interests for all SCS staff. These declarations have been examined and there are no non-compliant interests. Arm's length bodies and non-executive directors have been contacted to ensure that there is an appropriate process in place for identifying and recording interests. Individual registers must be kept up to date and submitted bi-annually to the transparency unit; initial responses are currently being reviewed.

The MoJ is updating the policies that manage conflicts of interest and business appointments. Revised policies will incorporate guidance from Cabinet Office. Mandatory training is also in development.

All special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. I have considered these returns and there are no relevant interests to be published.

Risk management framework

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 in managing risk – this has been central to our response to the unprecedented challenge of the pandemic.

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.

In March 2020 the MoJ risk & assurance team was embedded into the Departmental Operations Centre (DOC) to ensure timely support to senior stakeholders on the identification, management and reporting of risk. Risks were regularly reported to and discussed at the COVID-19 Programme Board (later Winter Planning Board) and Executive Committee during this period.

Embedding risk management expertise ensured that longer-term impacts of short-term changes to controls and risk trade-offs were understood by ExCo and risk owners.

Throughout the year, embedded risk professions have provided proactive advice and reporting to the Criminal Justice System Strategic Command.

The principal risks were monitored within the DOC throughout the year with revised controls put in place to respond to these COVID-19 related risks. This included a primary focus on risks related to the safety and wellbeing of our people, our financial management in responding to changed operational challenges, the supply of necessary goods and services and the resilience of supply chains, continuing safe access to and maintenance of our estate, and the availability and continuity of technologies to support new and revised remote ways of working.

Risk management arrangements and engagement

Our risk management framework has continued to improve to support the principles set out in the Orange Book – Management of risk, principles and concepts (2019).

Our principal risks have been considered and discussed by the Executive Committee quarterly and reported to the Audit and Risk Assurance 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 risk tolerance is continually reviewed with the Executive Committee and the Departmental Board and informs our forward plans and spending review preparations.

Our strategy, strategic finance, planning, risk management and performance teams have worked together closely to ensure that risks are considered when setting strategy and the Outcome Delivery Plan for 2021-22. Risks are routinely assessed as a part of investment decisions and within the lifecycle of our projects, programmes and our commercial relationships.

There are strong relationships between risk leads across all parts of the department, with a consolidating business partnering approach operated by our risk and assurance centre of excellence. This year we have continued to develop the link between the operational delivery risks faced by our executive agencies and other arm's length bodies, and functional risks creating a clear line of sight between them and enabling improved decision-making.

Business continuity

Comprehensive business continuity and contingency planning underpin the department's response to any significant change or disruption and were fully implemented for COVID-19 and in preparation for leaving the European Union. Working closely with the Cabinet Office, appropriate response structures were in place and regularly tested. This was underpinned by a programme which provided oversight of, and support for, preparedness activity across the department.

Steps taken include:

- developing testing for staff and prisoners, piloting lateral flow device testing in some services and rolling out of asymptomatic testing to critical workers
- ensuring that our services receive all necessary legislative exemptions to allow them to continue during lockdown
- nominating a Senior Responsible Officer for personal protective equipment (PPE) and worked closely with DHSC to ensure operational supply of vital kit for handling and combating the spread of the virus
- ensuring prisoners received the same priority access to vaccines as those in the community
- protecting of those in prisons through compartmentalisation and testing, development of 'exceptional delivery models' in probation services to maintain essential services and introducing Nightingale courts alongside physical changes to courtrooms and increased video technology

Activating Criminal Justice Sector Strategic Command (CJSSC)

The Criminal Justice Sector Strategic Command (CJSSC), an extraordinary emergency response structure that provides a mechanism for criminal justice sector co-ordination outside of individual agency structures, was mobilised on 19 March 2020 and met daily throughout the first wave. It was re-activated following rising cases in October 2020.

Actions taken by CJSSC during the pandemic include:

- ensuring flow of information between Gold Commands and CJSSC leads on response work across the system to help inform delivery
- working together to improve understanding of the system-wide impact of ongoing response management
- unblocking system-wide issues preventing effective delivery of response measures
- oversight of 'task and finish' working groups set up to mobilise extraordinary delivery including groups on victims and witnesses, on transportation and transfer, and technology enabled justice.

Health and safety

The department is fully committed to protecting the health, safety and wellbeing of our employees, the judiciary, those in custody, contractors and all our visitors. In support of this aim we recently published revised versions of the corporate health and safety and fire safety policies. These provide clear performance outcomes which we report against during the year.

A new governance committee, the Statutory Compliance Steering Group, was 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 policy and practices across the department.

The health and safety team is currently working to support employees returning to offices, where appropriate, by ensure that buildings are opened in a COVID-secure way.

Security and privacy

Our Senior Information Risk Owner (SIRO), functional and executive agency SIROs meet every two months as an Information Risk and Security Board. This enables active senior monitoring of the department's cross-cutting security and information and personal data risks which have been captured in a departmental wide information and security risk register. This board is chaired by the Chief Financial Officer and attended by the department's Data Protection Officer, Chief Security Officer and Chief Information Security Officer. The board is supported by 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 designated information asset owners and receive guidance and training to support them in their role.

MoJ has invested in 'OneTrust', a data protection compliance tool, to document our compliance activity. We have also invested in 'Surecloud' to improve the management of security incidents. The department processes large volumes of sensitive data stored across extensive IT, supplier based and paper systems. Building on work to agree risk areas we have undertaken remediation activity within a number of our critical IT systems, invested in security licences to better protect our main IT system and continued to improve our joiners, movers and leavers process.

The Chief Security Officer is a member of the Government Security Board, 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, MoJ 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. We have reviewed SCS vetting across the department to ensure existing SCS carry appropriate levels of vetting. and ensured that all SCS roles are assessed at the recruitment stage to maintain consistency.

A summary of incidents involving personal data reported to the Information Commissioner's Office during 2020-21 is contained in the Directors' Report.

Counter fraud activity

The department's policy on fraud, bribery and corruption is one of zero tolerance across the spectrum of its diverse activities and its engagement with official bodies and third parties.

The Chief Financial Officer has overall responsibility for counter fraud in the department; the Governance, Risk and Assurance Director is the nominated counter fraud champion, supported by a dedicated Head of Counter Fraud, who leads our Counter Fraud Centre of Expertise (CoE).

The CoE provides a business partner capability to executive agencies and arm's length bodies and their respective response to the threat from fraud, bribery and corruption. This is achieved by ensuring that partners meet the Cabinet Office counter fraud functional standard. A recent assurance review of the management of fraud risk across the executive agencies and arm's length bodies evidenced an overall mature and well-embedded approach to counter fraud. Additionally, the CoE drives a culture of awareness in order to raise the profile of the threat from fraud, ensures staff know their responsibilities, and provides practical, operational support in the event of an incident or report, with advice and guidance to ensure an appropriate response by the most appropriate authority.

The department recognises that some necessary changes to payment processes as a result of the COVID-19 pandemic introduced additional or new fraud risks. A programme of post event assurance has been established to ensure any additional fraud risks are understood and remedial actions taken where appropriate.

Whistleblowing

We actively encourage employees to speak out and raise concerns about wrongdoing. Our new 'Raising a concern (including whistleblowing)' policy, procedures and supporting toolkits provide advice and guidance on the process for raising concerns 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 across all the department's intranet platforms.

We have recently recruited several new nominated officers to support the policy, which brings our total pool of nominated officers to twelve (an increase from six), who all cover the entire department. During the period 1 April 2020 to 31 March 2021, the department reported four whistleblowing cases.

Complaints of harassment, bullying and discrimination are reported separately under the department's grievance policy. Complaints relating to corruption in HMPPS are dealt with directly by the HMPPS Counter Corruption Unit.

In November 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.

In February 2021, we promoted the cross-government 'Speak up' campaign, which aims to build the comfort levels of individuals coming forward with concerns, the credibility of internal reporting routes, and underline the inclusive leadership culture to which the department aspires.

Departmental People Survey results provide a measure of the effectiveness of the 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 2020 showed an increase, with the department reporting a 65% (63% in 2019-20) outcome in awareness and 66% (63% in 2019-20) 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 & investigations team to ensure that staff raising fraud-related concerns get immediate support and understand the protections afforded to them under the policy.

Internal Control Framework

As the Principal Accounting Officer, I am responsible for ensuring that the department, its executive agencies and arm's length bodies operate effectively through a balanced view of opportunity and risk. This includes the design and operation of internal controls to safeguard the use of resources and to gain the necessary assurances over value for money and the quality of delivery. This internal control is supported through a framework of standards, policies, policies and practices set and monitored through our governance and risk management frameworks.

MoJ governance and COVID-19 response

The COVID-19 pandemic created historic challenges for the delivery of justice services. Revised governance was established at pace, with the first COVID-19 Programme Board taking place in February 2020 to co-ordinate the response to the pandemic through representatives from across the department. A dedicated Senior Responsible Owner (SRO) was appointed to lead the programme, supported through the Departmental Operations Centre (DOC). The DOC reported directly to the Lord Chancellor, me, the wider ministerial team and ExCo through weekly meetings and update packs, and regular situation reports. Steps taken by the DOC are set out on page 73, under 'Business continuity'.

Procuring essential equipment

We put in place accelerated commercial governance processes to secure the provision of personal protective equipment (PPE) and cleaning and hygiene materials. This was supported by expanded staff support for a bespoke commercial COVID-19 sourcing team to ensure that essential services could continue to get what they needed in the face of disrupted supply chains.

Regular meetings were established to address ongoing issues and support the accelerated governance routes, ensuring appropriate rigour in commercial acquisitions. This was supported by daily calls with colleagues across the department with an interest in the provision of PPE. The nominated PPE SRO within the DOC attended (and continues to attend) regular cross-government meetings on PPE.

The way we work

The government restrictions introduced significant changes to the way we work, with many staff having to work entirely from home. Functional areas played a significant role in ensuring the department can continue to operate. These include:

- the property function ensured our workplaces were COVID-secure for our staff and providers who needed to attend in person
- digital and commercial functions played an integral role securing access to additional equipment to allow for the rapid expansion of home working for those who could do so

The DOC-led task and finish group, with membership from across the department has operated throughout the pandemic to ensure a consistent message and approach have been in place to allow for the transition back to office environments.

Steps taken in courts and tribunals, prisons and probation

HMCTS and HMPPS put in place swift, robust responses to the pandemic. The challenge was significant and required major changes to the way our services operate.

In courts and tribunals, HMCTS took a series of steps to ensure operations could continue as safely as possible, including:

- allocating over £250 million to courts and tribunals to roll out new technology for remote hearings, hire more staff, make the estate COVID-secure, and set up 62 new Nightingale courtrooms including 32 crown court jury rooms
- making safety adjustments to court buildings to make 290 crown court jury rooms available, that we were among the first internationally to re-start jury trials
- estate works on around 70 courtrooms to increase our capability to hear multi-hander trials of up to 10 defendants

HMPPS worked quickly to ensure the safety of staff and prisoners. The introduction of the 'National framework for prison regimes' placed significant but proportionate restrictions on prison regimes to minimise contact and save lives. The most severe restrictions have included difficult decisions such as suspending visits for all but exceptional compassionate cases and pausing delivery of face-to-face education, workshops and rehabilitation services. This is in addition to robust staff and prisoner testing regimes and support to the NHS prison vaccination programme, which have been crucial to managing the pandemic in prisons.

In addition, HMPPS have made extra funds available in response to the pandemic, including:

- provision of additional pin credit - £383,000 per week
- free social video calls - £40,000 per week
- supplementary food packs - £350,000 per week
- removal of rental charge for TV - £33,000 per week

In probation, exceptional delivery models were introduced to enable continued supervision of offenders as safely as possible, focusing on highest risk offenders in order to best protect the public. Delivery of services where social distancing was not possible, such as unpaid work and accredited programmes, was suspended.

Next steps

It has been agreed by ExCo that the DOC will continue to operate until the end of March 2022. This reflects the ongoing need for the function, in light of the continuing situation. Whilst following the vaccine rollout this pressure is not as great as in previous waves, the risks are predicted to intensify through the autumn to winter 2021-22 period, creating further pressures on services. The DOC will also lead any necessary emergency response work through the autumn and winter, managing concurrent risks (workforce absence, weather events etc.) and longer-term resilience activity, and acting as the department's relationship lead with Cabinet Office and the Civil Contingencies Secretariat.

Quality of information

The Board Secretariat is responsible for ensuring the information provided to the Board and sub-committees 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.

Quality assurance of analysis (modelling) is 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 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 these
- 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.

We have produced a range of new data to support the department's response to COVID-19, for example:

- daily data collections for HMPPS to manage the response in terms of staff numbers and risk to service users across the prison estate and probation
- new performance data for HMPPS to reflect the range of emergency delivery arrangements put in place, and to track recovery through periods of lockdown easing
- new monthly data on court recoveries for prosecutions and convictions to highlight the initial impact of closures due to COVID-19 and the subsequent recovery

The pandemic and uncertainty about the future has led to challenges in modelling the recovery of the justice system. We are looking at how we can improve modelling to better enable an understanding of risk; an early focus will be on courts and tribunals recovery where we anticipate significant uncertainty to persist with the need for a rapid response.

Arm's length bodies

Assurance over the organisational management and performance of our arm's length bodies (excluding Executive Agencies), statutory office holders and associated offices and compliance with their respective framework documents is provided primarily by the arm's length bodies centre of expertise (the ALB CoE), reporting to senior officials and ministers. The ALB CoE, within the Chief Financial Officer Group, is also responsible for ensuring that diverse and high quality public appointments are made to arm's length bodies. The relationship between the department and ALBs is informed by the Cabinet Office guidance - 'Partnerships with arm's length bodies: Code of good practice'.

The arrangements for providing proportionate oversight and engagement with ALBs include:

- an annual assessment of the optimum risk based partnership arrangement between the department and each ALB
- quarterly or six-monthly holding-to-account meetings between the CoE's assurance partners, finance business partners, policy partners and ALBs, with relevant risks escalated as appropriate to the business group risk register or the departmental risk register
- quarterly updates to senior officials about the oversight of ALBs,

- regular attendance at the departmental Audit and Risk Assurance Committee to provide assurance in respect of ALBs' performance, finance and management of risk

To respond to the challenges of the COVID-19 pandemic, an ALB workstream was established which reported into MoJ's main Departmental Operations Centre (DOC). The ALB workstream was responsible for ensuring that:

- ALBs had a robust contingency plan in place
- consequential planning scenarios and business preparedness were developed and tested
- relevant bodies were considered in wider plans for HMCTS and HMPPS (where appropriate)
- organisations fully considered how delivery of critical functions might be impacted by a potential reduction in workforce or services slowing down
- ALB risks and performance were reported weekly
- approaches for returning each ALB to business-as-usual were considered

Environmental sustainability

At government level, environmental performance is overseen by the Environmental Audit Committee (EAC). The department has continued to address the recommendations of the EAC report on sustainability at MoJ and the inquiry on Net Zero Government from September 2019. Progress was reported back to the EAC in December 2020.

Governance and assurance of sustainability within MoJ is coordinated by the MoJ Sustainability Team. Performance is monitored by the MoJ Senior Sustainability Board, chaired by our Chief Property Officer and Sustainability Champion. MoJ's sustainability strategies and policies are all published online at GOV.UK.

The impact of the pandemic on sustainability performance has been mixed. The majority of MoJ's estate, including courts and tribunals and prisons, has remained operational and so we expect energy use to remain fairly consistent.

Environmental sustainability has been recognised as one of four enablers in our new Outcome Delivery Plan, demonstrating how we are looking to consolidate environmental thinking in our day-to-day operations and decision making. During 2020-21 we have:

- developed a high-level pathway to Net Zero Carbon (NZC), and commissioned over 20 site-specific NZC studies which will inform our forward project pipeline
- set a new prison design which will meet 'outstanding' environmental standards, improve biodiversity and reduce emissions by nearly 90%
- established a biodiversity and natural capital baseline for the MoJ estate
- agreed stretching new Greening Government targets to 2025
- developed sustainability action plans for each DG-led business area
- increased our environmental focus in major contracts and tender evaluations

Looking forward, we will:

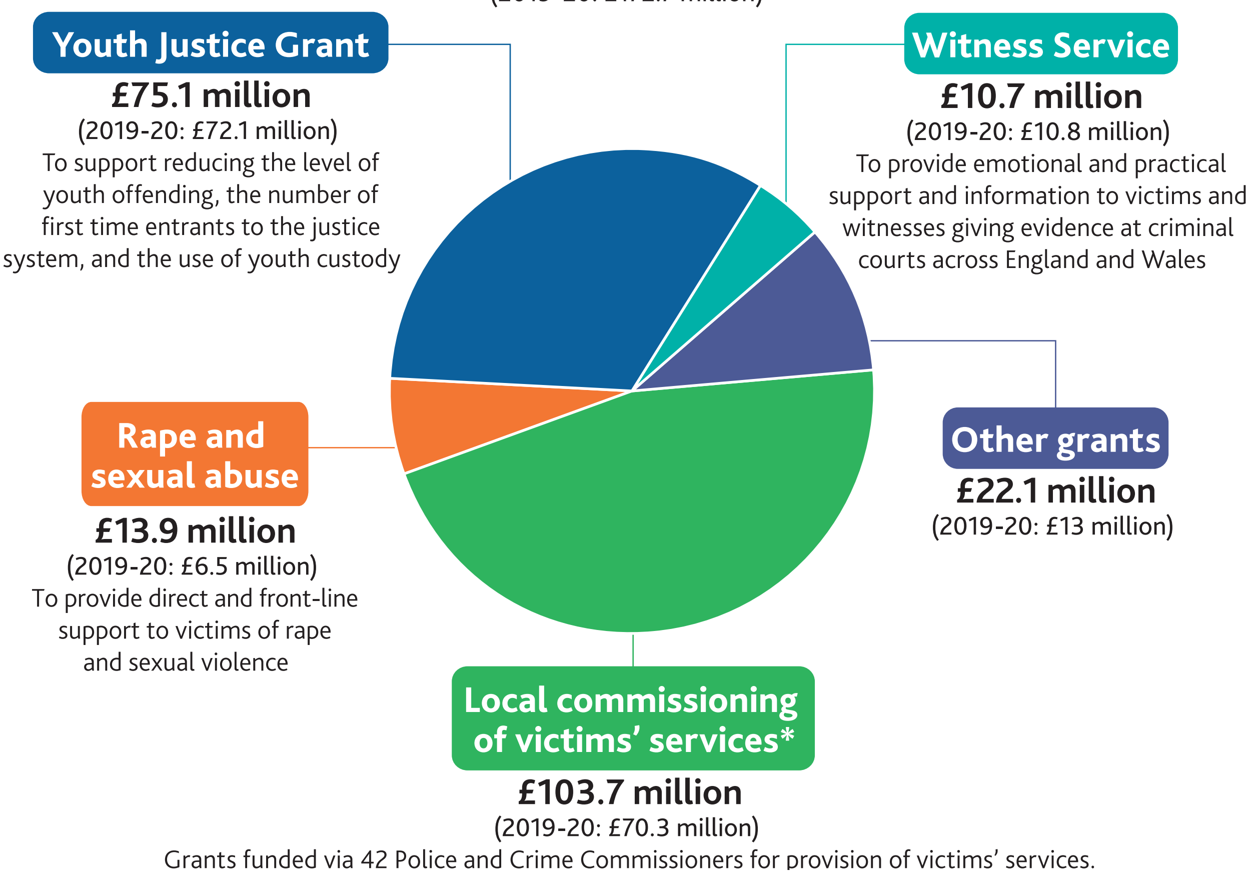
- develop detailed plans for delivering Net Zero by 2050 or sooner
- strive to improve our environment performance in line with new Greening Government Commitments
- oversee performance via our Executive Committee, and relevant sub-committees
- continue to embed sustainability throughout MoJ, its executive agencies and ALBs
- develop a nature recovery plan for the MoJ estate

Spending by grant recipients

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

Total grant funding: £225.5 million

(2019-20: £172.7 million)

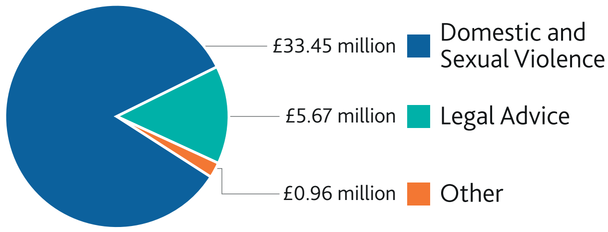


Notes:

*Includes £4.8 million for child sexual abuse for the local commissioning of victims' services and additional payments of £4.1 million for pre-trial support for witnesses and exploring the benefits of full local commissioning for sexual violence support services.

The value of the department's grants increased significantly this year as a direct result of COVID-19. This included additional funding of £30.4 million (including match funding) awarded as part of the government's £750 million funding for the voluntary, community and social enterprise sector to support domestic abuse and sexual violence community based services and specialist advice services. Throughout this time the department's central grants team, the grants centre of Expertise (grants CoE) worked to ensure that the same level of governance and due diligence was followed for the emergency grants as for business as usual grants. Included in the grants awarded are grants totalling £9,093,686 to charities under the provision of the Charities Act 2006. See Annex E, page 224.

COVID-19 spend by grant recipients



To ensure that our governance arrangements are robust and that grant expenditure achieves value for money, the department uses a grants challenge panel. Panels were held in autumn 2020 to review planned grant expenditure for 2021-22 and were also held during the year to review new grant proposals.

The panel 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 grants CoE provides 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. It has also rolled out a training package for all those involved in grants management.

The grants CoE has played a fundamental role in implementing the government functional standard for general grants. The Cabinet Office maturity assessment was completed in 2021 and the results independently verified by the Government Internal Audit Agency. The department's scores have increased over the last three assessments from 42% to 52% and to 62% in this year's assessment.

Review of effectiveness

As Principal Accounting Officer, I am required to conduct an annual review of the effectiveness of the department's governance structures, risk management and internal control framework. This review is informed by:

- feedback from senior management with delegated responsibility within the department about the business, our use of resources, responses to risks, compliance with standards and the extent to which in-year budgets and other targets have been met
- information from the department's Executive Agencies and other arm's length bodies on the performance of their organisations and their relevant boards
- insight into the department's performance from internal audit, including an audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk and control
- the board's annual review of its own processes and practices, informed by the views of the Audit and Risk Assurance Committee (ARAC) on the department's risk and assurance arrangements

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. In doing so I rely on assurance from the Agency CEOs, directors general and directors who have delegated authority appropriate to their responsibilities. In addition to the in-year assurances provided through the governance framework, 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 across MoJ HQ (which have been reviewed and countersigned by the relevant director general) to provide an assessment of the level of compliance against departmental policy and guidance
- completion of assurance statements by function leads giving their assessment on levels of compliance with relevant government function standards and other requirements
- overview of material issues from executive agencies, assessed for materiality at MoJ level, supported by a formal assurance statement and narrative from each accounting officer, providing an overview of compliance for their area, and underpinned by the ARAC chairs' outputs from their Governance Statement reviews

- overview of material issues from our other arm's length bodies with ARAC chairs providing assurance on the challenge process undertaken and any significant findings arising from this

Internal audit

One of the main sources of independent assurance within the department comes from the activities of the internal audit function which provides me and the ARAC with a clear view on issues emerging from internal audit work.

The internal audit programme is closely linked to the principal risks of the department, its executive agencies and other arm's length bodies. Arrangements are in place to ensure that I am made aware of any significant issues which indicate that risks are not being effectively managed. I am assured that the internal audit service complies with the public sector internal audit standards.

The MoJ Group Chief Internal Auditor has provided a 'moderate' annual opinion on the department's framework of governance, risk management and control, 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 executive agencies and other arm's length bodies, notably HMPPS, HMCTS and LAA which have each have been given a moderate opinion.

Internal audit activity throughout the year highlighted the department was effective in taking decisions at pace, in response to COVID-19, to deliver against an increasing demand for services and the speed with which the department was able to mobilise and implement accelerated decision making within already established governance arrangements. This extended to where internal audit was invited via early engagement to identify weaknesses in process and control that were then investigated and resolved real-time. This included the bonus payment scheme for HMPPS staff, COVID-19 supplier management and revised payment protocols. Internal audit reported positively on the role of the Winter Planning Programme Board and Departmental Operations Centre in brigading the concurrent pressures of COVID-19, other winter risks and arrangements for managing the transition out of the EU. Internal audit also reported that risk management arrangements at a strategic level and high-level governance structures continued to be enhanced through the year.

The significant majority of assurance reports issued by Internal audit were rated moderate, although some reports were rated 'limited', requiring significant improvements across individual organisational policies and processes. These included the systems of payroll and manual payments processes, which reflects a need for functions to work more collaboratively and with business areas. Internal audit also reported on there being scope for the department to implement fuller second line assurance arrangements and, where these currently exist, for them to be clearer, including those that relate to well understood areas of concern across the department around high levels of technical debt, information security and GDPR.

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
- Independent Monitoring Board regular reports
- OFSTED

External audit

The notional[33] cost of the statutory audit for the core department was £575,000 (2019-20: £547,100) which also includes the statutory external audit of the consolidated accounts, Office of the Accountant General and the Judicial Pension Scheme.

The total cost of statutory external audits across the departmental group was £2,017,000, of which £427,000 was cash and £1,590,000 notional cost (2019-20: £1,914,100 comprising £422,000 cash and £1,492,100 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.

Significant challenges and issues in 2020-21

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 2020-21.

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

MoJ System outcomes	
1. Public protection	**4.** Access to justice
2. Reduce reoffending	**5.** A transparent and efficient courts and tribunals system
3. Decent and safe prisons	**6.** A flourishing legal services sector

Specific operational issues	
Topic	**Operational delivery – COVID-19** (System outcomes 1, 2, 3, 4, 5, 6)
Detail	COVID-19 had widespread impacts across the department and the wider justice system. Significant challenges that had to be managed were: ▪ insufficient people and resources being available across the MoJ to maintain critical services and deliver organisational priorities, including declining staff wellbeing levels ▪ to ensure staff and public safety, all properties had to comply with PHE guidelines/ COVID-19 secure minimum standards ▪ to ensure staff and public safety, PPE had to be sourced and delivered to operational and public facing areas of the department The department's detailed COVID-19 response is on page 75.

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

Specific operational issues	
Mitigations	Actions taken: ▪ all agencies, functions and business areas produced detailed contingency plans to manage staff shortages and targeted interventions were implemented within operational areas to manage resourcing levels and strengthen resilience - this included securing keyworker status for critical staff in prisons, probation and courts and tribunals services so that they could continue to work throughout periods of restrictions ▪ the 'Winter wellbeing programme' was endorsed by ExCo and implemented to support staff wellbeing across the department. Departmental wellbeing strategies were continually reviewed and amended to meet changing needs of staff ▪ the department consulted with PHE to ensure compliance with COVID-19 secure guidance and the property function implemented all required safety and security measures across the entire estate. Risk assessments and business continuity plans were continually reviewed and updated to ensure ongoing building safety. Outbreak management and notification of incidents was closely managed to minimize disruption to services ▪ commercial function liaised with HMCTS and HMPPS to implement centralised procurement of PPE supplies. Forecasting of future demand and close monitoring and control of supply levels was implemented to ensure PPE provision was maintained

Specific operational issues	
Topic	**Demand and supply – Capacity** (System outcomes 1, 2, 3, 4, 5, 6)
Detail	Prisons The level of uncertainty regarding upcoming demand continues to be high due to a number of factors, including the fluctuating situation regarding COVID-19 and the pace of courts recovery. While the prison population remained steady during the final quarter of 2020-21, reflecting restrictions in place across the wider community, and is currently 5,184 below pre-COVID levels, the proportion of remand and convicted unsentenced prisoners has increased significantly since March 2020. During the pandemic, there has been considerable disruption both to capacity management and workforce owing to COVID-19 restrictions and outbreak control. The Probation Service is operating at capacity in most areas. We anticipate additional pressures upon prison and probation capacity in future due to the impacts of courts recovery and additional police. Courts and tribunals The pandemic materially impacted the ability to progress courts and tribunal cases and appeals. This was principally due to the effect of social distancing requirements, which meant the full extent of our physical estate capacity could not be utilised effectively or efficiently (both in terms of accommodating hearings, and in terms of ensuring suitable staff complements could undertake necessary duties in respective sites).

Specific operational issues

Mitigations

Prisons

A number of measures were taken to address rising demand:

- closer working with the wider department to assess demand projections, understand supply risks across the whole system, develop and implement mitigations and contingencies
- we have committed to build 18,000 additional prison places by mid 2020s. In the short to medium term, we are exploring ways we can maximise use of the existing estate
- a dedicated women's estate capacity taskforce was set up to ensure capacity risks in the short and medium term for the women's estate are identified and to test creative solutions to reduce demand and increase capacity
- probation increased recruitment in 2020-21 from 600 to 1,000 probation officer trainees and has committed to increasing that further by recruiting 1,500 new probation officer trainees for 2021-22
- liaison with HM Courts and Tribunals Service to facilitate timely case progression for remand and convicted unsentenced prisoners

Courts and tribunals

To progress courts and tribunal cases, including appeals:

- we enhanced utilisation of technology to facilitate remote hearings wherever directed/considered appropriate by the judiciary
- wherever physical hearings were necessary, we provided support to the independent judiciary to enable the effective prioritisation of caseload progression in the interests of justice
- we utilised technology to allow remote/home working for staff, meaning less reliance on working from physical settings to support the necessary administration of proceedings
- we carried out detailed work to risk assess and manage existing courts and tribunal buildings, allowing us to re-open and then optimise the use of our physical estate (in addition to remote hearing capacity) to ensure cases including appeals could progress, whilst adherence to prevailing public health guidance was maintained. This included provision of mitigation measures (including PPE) as required
- the additional courts and tribunals capacity programme provided Nightingale venues to increase physical capacity across our jurisdictions
- responsive emergency governance structures were established (at national, regional and local levels) to oversee response and recovery management and progress. Structures have been kept under continual review, and iterated according to need throughout
- ongoing liaison with justice system partners to ensure effectiveness of response was aligned as far as was practicably necessary and possible in the circumstances

Specific operational issues	
Topic	**Information management** (System outcomes 1, 2, 3, 4, 5, 6)
Detail	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 – meaning obtained recorded, used and shared – in accordance with data protection laws, namely: the UK General Data Protection Regulation and the Data Protection Act 2018.
Mitigations	The MoJ's Data protection strategy', published in April 2021 will allow us to improve our overall compliance with data protection standards. We will have: ▪ complete and verified information asset registers for every executive agency, the 13 within scope arm's length bodies and all major directorates in HQ ▪ an increase in the number of data protection impact assessments being initiated and completed and an increased number of incidents being reported to the data privacy team ▪ every significant personal data flow out of the department tracked on an information flow register. Every memorandum of understanding, data sharing agreement or contract covering a data flow will be stored in the central repository on OneTrust ▪ a published and publicised policy and supporting guidance framework and a documented governance and assurance framework ▪ uptake in bespoke training and the data privacy team attendance of stakeholder meetings, site visits, and stand ups and also an increased level of footfall on our intranet pages and via the privacy mailbox

Specific operational issues	
Topic	**Digital and technology** (System outcomes 1, 2, 3, 4, 5, 6)
Detail	The MoJ 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 resulted in a resource challenge to update, replace, or decommission older services. The current estimated level of technical debt is conservatively set at £500 million.
Mitigations	In 2020, the department took steps to mitigate the technical debt risk, including: ▪ investing £102 million in reducing technical debt including £60 million in the prisons technology transformation programme ▪ allocating £8 million to funding a dedicated team tasked with planning and implementing a multi year strategy to address the upcoming expiry of large outsourced IT contracts In the immediate term, the cross functional team is managing the procurement of extensions to the existing contracts to ensure continuity of critical services. In parallel, the team are working with business stakeholders to define requirements for the longer term, identify technical solutions that will fulfil those requirements, identify suitable commercial vehicles to procure services or establish projects to build in-house capability, planning transition activity and building business cases to secure approval to implement. Our SR21 settlement covering the 3 year period from 2022-23 will allow us to continue to reduce technical debt, by both managing legacy risk and building replacement digital services to start the process of retiring older services.

Specific operational issues	
Topic	**Finance – IR35**
Detail	IR35 is tax legislation designed to ensure that workers supplying their services via an intermediary, who would have been assessed as an employee for tax purposes if they were directly engaged by their client, pay the appropriate tax and national insurance contributions (NIC). A change in legislation from April 2017 placed the responsibility for the assessment of employment status of off-payroll workers on the department. As the end client, the department is responsible for determining if the IR35 legislation applies and for ensuring the appropriate deduction of tax and NIC. If the worker is paid by an agency or other third party, the department is responsible for assessing whether engagements are subject to the off-payroll working rules or not, and for passing on status determinations to the fee-paying agency. The public sector engager may be liable for any tax and NIC as a result of an incorrect determination. HMRC has audited the department's IR35 assessments (made between 6 April 2017 and 5 April 2021) and has challenged our interpretation of the rules, asking us to revisit employment status determinations made for all off-payroll workers where our hiring managers had concluded their workers could send a substitute to deliver work instead of themselves. Following the compliance audit, HMRC concluded that incorrect determinations were made by the department. As the public sector engager is liable for any tax and NIC as a result of an incorrect determination, the department incurs a liability of £72.1 million to HMRC. This includes interest of £4.5 million.
Mitigations	Off-payroll workers are a legitimate requirement where the department does not plan to have permanent resource e.g. engaging contingent workers on a large complex IT programme requiring specialist skills. As well as reassessing historic engagements, the department has made it a priority to get IR35 determinations right for new contingent labour engagements. A significant amount of work has been done with business areas and our confidence level with IR35 compliance for new contingent labour engagements is now high as all requests are visible to the MoJ tax team for review, and challenge where outside of scope determinations have been made. Actions taken include: ▪ a considerable amount of training has been delivered in the form of interactive sessions, presentations and guidance to our business areas to supplement HMRC guidance. Training has also evolved over time to reflect changes made to the HMRC CEST tool (used to make the determinations) and HMRC guidance ▪ collaborative engagement between the Government Finance Function tax centre of excellence and HMRC policy teams has taken place, to increase capability and improve IR35 guidance available to government departments. This has resulted in improvements being made to better guide users to appropriate HMRC CEST tool outcomes

Specific operational issues	
Topic	**Finance – Systems and processes**
Detail	The systems of payroll and manual payments processes were rated 'limited' – requiring significant improvement – in reviews by GIAA. Manual payments processes Manual payments processes are sometimes used by the business to expedite payments for commercial goods and services, where a purchase order should have been raised. There is a risk that this may cause the department to breach public procurement regulations and fail to achieve value for money, as well as having a greater risk of fraud or error than compliant, purchase order processes. Payroll processes An internal audit review identified some weaknesses in payroll processes. The MoJ employs 85,500 staff across its headquarters, executive agencies and ALBs. With many joiners and leavers during the year, it is inevitable that there will be some staff overpayments. Controls in place over staff overpayments (stemming from the late notification of changes affecting pay) and the application of allowances are being strengthened.
Mitigations	Actions taken: Manual payments ▪ the department has commenced a programme of transformation in how it conducts purchasing and paying activities. The programme is designed to support the business in using the correct processes, strengthen controls and challenge non-compliant behaviour Payroll processes ▪ the department is conducting a deep dive into the root causes of overpayments, making progress to apply controls to avoid the high levels of staff overpayments being incurred month on month, and establishing appropriate governance arrangements to drive down the outstanding aged debt and apply strategic solutions to reduce the generation of new overpayments ▪ we have also initiated a full review of communications and access to pay information for the business. This is to ensure that HR, Finance, managers and staff understand how their pay works and have access to the appropriate guidance to support and aid understanding of pay related issues ▪ we are undertaking a full review of allowances to assure and baseline the accurate application of allowances. Regular reviews are in place to ensure continued compliance ▪ this will be underpinned by a full governance review so that the department has effective governance and controls that ensure oversight of our payroll and overpayments processes to maintain high levels of audit compliance

Specific operational issues	
Topic	**Commercial – Electronic monitoring**
Detail	Within HMPPS, the electronic monitoring (EM) legacy programme has delivered three of its four objectives. The final objective for the programme to develop a new case management system and self-service portal, had been subject to delay. Following a review of options, HMPPS concluded that the public interest would be best served by ceasing the development of the case management system rather than continuing to invest. This results in a disclosure in the HMPPS (and therefore MoJ group) financial statements for this year of £98.2 million to reflect payments made which will not result in future benefit to HMPPS. See losses and special payments on page 123.
Mitigations	Actions taken: ▪ a thorough analysis of the relative costs, benefits and risks of continuing with systems development or stopping was undertaken ▪ the use of our current system, Integrity, has been extended and has proven itself to be robust and is the basis upon which we operate all EM live services today. A detailed discovery exercise took place to examine risks to the continued running of the existing case management system and all essential work identified will be taken forward before the legacy programme closes. This decision is lower risk to operational delivery than continuing to prosecute the plan for the replacement case management system. When the decision was taken in HMPPS, the history of the programme and previous decision points relating to system development were reviewed. We have written to the NAO, and the EM legacy programme has commissioned reviews by our HMPPS non-executive directors and by the Government Internal Audit Agency (GIAA) to identify improvements that can be made to programme controls. I have asked the MOJ Audit and Risk Assurance Committee to look at wider lessons that may be relevant to the MoJ group.

Overall conclusions

I am satisfied that I have effective governance and risk management frameworks 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 responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in Managing Public Money.

Antonia Romeo
Principal Accounting Officer

9 December 2021

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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 MoJ 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 67.

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.

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	2020-21					2019-20				
	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 Robert Buckland, Lord Chancellor[2]	67,505	-	17,000	-	84,000	52,916 (55,563 FYE)	-	16,000	-	69,000
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
Rory Stewart OBE MP, Minister of State (to 1 May 2019)	-	-	-	-	-	5,280 (31,680 FYE)	-	-	-	5,000
Chris Philp MP, Parliamentary Under Secretary of State (from 10 September 2019)	22,375	-	5,000	-	28,000	12,493 (22,375 FYE)	-	2,000	-	14,000
Lucy Frazer QC MP, Minister for Prisons and Probations (to 1 March 2021)	29,040 (31,680 FYE)	-	7,000	-	36,000	24,510 (28,578 FYE)	-	6,000	-	30,000
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
Wendy Morton, Parliamentary Under Secretary of State (26 July 2019 to 12 February 2020)	-	-	-	-	-	13,412 (22,375 FYE)	-	3,000	-	16,000
Alex Chalk MP[2], Parliamentary Under Secretary of State (from 14 February 2020)	-	-	-	-	-	-	-	-	-	-
Kit Malthouse MP[3], Minister of State (from 14 February 2020)	-	-	-	-	-	-	-	-	-	-
Lord David Wolfson of Tredegar QC (from 22 December 2020)[2]	-	-	-	-	-	-	-	-	-	-

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] The Rt Hon Robert Buckland, left MoJ on 15 September 2021.

[3] Alex Chalk MP is paid by HM Treasury and Kit Malthouse MP is paid by Home Office and Lord David Wolfson is an unpaid Parliamentary Under Secretary of State.

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

Remuneration	2020-21					2019-20				
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
Antonia Romeo, Permanent Secretary (from 18 January 2021)	35-40 (185-190 FYE)	-	-	17	50-55	-	-	-	-	-
Sir Richard Heaton KCB, Permanent Secretary[1,4] (to 28 August 2020)	110-115 (190-195 FYE)	-	-	15	125-130	190-195	0.1	-	24	210-215
Mike Driver CB, Chief Financial Officer[1] (to 28 August 2021) Interim Permanent Secretary (from 29 August 2020 to 17 January 2021)[2]	140-145 (180 185 FYE)	-	10-15	22	175-180	175-180	0.1	10-15	25	215-220
James McEwen, Interim Chief Financial Officer (from 29 August 2020)	70-75 (125-130 FYE)	-	0-5	55	130-135	-	-	-	-	-
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
Justin Russell, Director General of Offender Reform and Commissioning Group (to 22 May 2019)	-	-	-	-	-	15-20 (125-130 FYE)	-	-	14	30-35
Jo Farrar, Chief Executive Officer (until 15 March 2021) Second Permanent Secretary Ministry of Justice and CEO HMPPS (from 16 March 2021)[2,3]	160-165	-	10-15	25	200-205	155-160	-	-	24	175-180
Kevin Sadler, Interim Chief Executive Officer, HM Courts & Tribunals Service[2,5] (from 22 August 2020)	75-80 (120-125 FYE)	-	10-15	95	175-180	-	-	-	-	-
Susan Acland Hood, Chief Executive, HM Courts & Tribunals Service[2] (to 21 August 2020)	50-55 (130-135 FYE)	-	-	24	75-80	130-135	-	10-15	50	195-200
Jerome Glass, Interim Director General, Policy and Strategy Group (from 2 November 2020)	45-50 (115-120 FYE)	-	0-5	25	75-80	-	-	-	-	-
Melissa Case, Director Criminal Justice Policy (from 1 November 2019 to 11 March 2020)	-	-	-	-	-	25-30 (60-65 FYE)	-	-	39	60-65

Remuneration	2020-21					2019-20				
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
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 (to 18 October 2020)	75-80 (140-145 FYE)	-	-	64	140-145	5-10 (140 145 FYE)	-	-	5	10-15

Notes to the table:

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

2 Dr. Jo Farrar is remunerated by HMPPS, Kevin Sadler and Susan Acland Hood are remunerated by HMCTS.

3 Dr Jo Farrar is a member of the Partnership pension scheme and as such did not accrue PCSPS pension benefits in 2020/21 and 2019/20. The employer contributions to her Partnership pension account are included in the 'Pension related benefits' column of this table and CETV table below.

4 Sir Richard Heaton's remuneration includes payment in lieu of notice (PILON) from 28th August to 1 October and excludes severance.

5 Kevin Sadler's remuneration is also published in the 2020-21 HMCTS annual report and accounts. Differences in the amounts reported in both sets of accounts relate to differences in the periods in which the member was on the board of each entity.

Remuneration	2020-21			2019-20		
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	20-25	-	-	20-25	-	-
Liz Doherty, Audit and Risk Assurance Committee Chair and Non-Executive Member (to 18 Aug 2019)	-	-	-	10-15 (25-30 FYE)	-	-
Shirley Cooper, Non-Executive Member	10-15	-	-	10-15	-	-
Nick Campsie, Non-Executive Member	10-15	-	-	10-15	-	-
Paul Smith, Non-Executive Member (from 1 April 2020)	20-25	-	-	-	-	-

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

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: £81,932 (from 1 April 2020); and various allowances to which they are entitled are borne centrally. Ministers in the House of Lords 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 Pay band 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 2020-21 relate to performance in 2019-20 and the comparative bonuses reported for 2019-20 relate to performance in 2018-19.

Pension entitlements

Ministerial pensions (audited)

Pension benefits

Ministers	Accrued pension at age 65 as at 31 March 2021	Real increase in pension at age 65	CETV at 31 March 2021	CETV at 31 March 2020	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)	-	-	-	103	-
The Rt Hon Robert Buckland MP, Lord Chancellor	5-10	0-2.5	110	92	9
Rory Stewart OBE MP, Minister of State (to 1 May 2019)	-	-	-	31	-
Lucy Frazer QC MP, Minister of State for Justice (to 1 March 2021)	0-5	0-2.5	21	14	3
Edward Argar MP, Parliamentary Under Secretary of State (to 10 September 2019)	-	-	-	5	-
Chris Philp MP, Parliamentary Under Secretary of State (from 10 September 2019)	0-5	0-2.5	7	3	2
Paul Maynard MP, Parliamentary Under Secretary of State (9 May 2019 to 26 July 2019)	-	-	-	13	-
Wendy Morton MP, Parliamentary Under Secretary of State (26 July 2019 to 12 February 2020)	-	-	-	7	-
Kit Malthouse MP, Minister of State (from 14 February 2020)	-	-	-	-	-
Alex Chalk MP, Parliamentary Under Secretary of State (from 14 February 2020)	-	-	-	-	-
Lord David Wolfson of Tredegar QC (from 22 December 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

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 revalued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

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

Cash equivalent transfer value of ministerial pensions

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value (CETV) is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a minister. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in value of the cash equivalent transfer value on ministerial pensions

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

Civil Service pensions

Pension benefits

Senior managers	Accrued pension and related lump sum at pension age as at 31 March 2021	Real increase in pension and related lump sum at pension age	CETV at 31 March 2021	CETV at 31 March 2020	Real increase/ (decrease) in CETV	Employer partnership pension account at 31 March 2021
	£000	£000	£000	£000	£000	Nearest £100
Antonia Romeo, Permanent Secretary (from 18 January 2021)	50 – 55 plus a lump sum of 80 – 85	0 – 2.5 plus a lump sum of 0 – 2.5	745	733	9	-
Sir Richard Heaton KCB, Permanent Secretary[1]	-	-	-	-	-	14,700
Mike Driver CB, Chief Financial Officer[1] (to 28 August 2020) and Interim Permanent Secretary (from 29 August 20 to 17 January 2021)	-	-	-	-	-	22,000
James McEwen, Interim Chief Financial Officer (from 29 August 2020)	35 – 40	2.5 – 5	468	433	28	-
Mark Sweeney, Director General, Justice and Courts Policy Group (to 03 November 2019)	-	-	-	629	-	-
Justin Russell, Director General of Offender Reform and Commissioning Group (to 22 May 2019)	-	-	-	491	-	-
Jo Farrar, Chief Executive Officer, HMPPS (until 15 March 2021), Second Permanent Secretary, Ministry of Justice and CEO HMPPS (from 16 March 2021)[2]	-	-	-	-	-	25,100
Susan Acland Hood, Chief Executive, HM Courts & Tribunals Service (to 21 August 2020)	50 – 55	0 – 2.5	656	624	11	-
Kevin Sadler, Interim Chief Executive Officer, HM Courts & Tribunals Service (from 22 August 2020)[3]	50 – 55 plus a lump sum of 160 – 165	2.5 – 5 plus a lump sum of 12.5 – 15	1,311	1,176	98	-
Jerome Glass, Interim Director General, Policy and Strategy Group (from 2 November 2020)	15 – 20	0 – 2.5	180	165	11	-
James Bowler, Director General for Policy Strategy Group (to 18 October 2020)	50 – 55 plus a lump sum of 105 -110	2.5-5 plus lump sum of 2.5-5	844	776	41	-
Melissa Case, Director Criminal Justice Policy (from 01 November 2019 to 11 March 2020)	-	-	-	291	-	-
Nicola Hewer, Director of Family and Criminal Justice Policy (from 01 November 2019 to 11 March 2020)	-	-	-	388	-	-

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 2020-21.

[2] Dr Jo Farrar is a member of the Partnership pension scheme. No PCSPS pension benefits were accrued in 2020/21 (2019/20: £0). There were no employer contributions to the Local Government Pension Scheme (LGPS).

[3] Kevin Sadler's remuneration is also published in the 2020-21 HMCTS annual report and accounts. Differences in the amounts reported in both sets of accounts relate to differences in the periods in which the member was on the Board of each entity.

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** at some time 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

Pay multiples (as at 31 March 2021) (audited)

	2020-21	2019-20
Band of highest paid director's total remuneration (£000)	185-190	190-195
Median total remuneration (£)	27,157	25,196
Ratio	6.9:1	7.6:1

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 2020-21 was £185,000-£190,000 (2019-20: £190,000-£195,000). This was 6.9 times (2019-20: 7.6) the median remuneration of the workforce, which was £27,157 (2019-20: £25,196).

In 2020-21, three (2019-20: one) members of the workforce received remuneration in excess of the highest-paid director. Remuneration ranged from £15,000-£20,000 to £210,000-£215,000 (2019-20: £15,000-£20,000 to £190,000-£195,000). These figures exclude any severance pay in respect of compulsory redundancies and voluntary early departures disclosed on page 106.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the Cash Equivalent Transfer Value (CETV) of pensions. Benefits in kind have been excluded as the final value is to be agreed between the Secretary of State for Justice and HM Revenue and Customs. The omission of benefits in kind is not considered material.

Compensation for loss of office (audited)

The former Permanent Secretary, Sir Richard Heaton KCB, left the department on voluntary exit terms on 28 August 2020 and received an exit package of £262,185. No minister received compensation in 2020-21. In 2019-20 one minister received compensation. No senior managers received compensatory payments in 2019-20.

Staff numbers and composition

This section has been subject to audit.

Staff costs

Departmental group

				2020-21	2019-20
	Permanently employed staff*	Other	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	2,595,999	250,711	315	2,847,025	2,555,741
Social security costs**	268,931	1,431	36	270,398	239,720
Other pension costs	670,827	60	-	670,887	698,787
Sub total	**3,535,757**	**252,202**	**351**	**3,788,310**	**3,494,248**
Early departure costs	9,990	-	-	9,990	11,403
Early departure provisions	43	-	-	43	(42)
Add inward secondments	16,159	196	-	16,355	11,605
Less recoveries in respect of outward secondments	(13,570)	-	-	(13,570)	(10,341)
Total net costs	**3,548,379**	**252,398**	**351**	**3,801,128**	**3,506,873**
Of which:					
Core department and agencies	3,351,014	223,113	351	3,574,478	3,301,707
Non-departmental public bodies	197,365	29,285	-	226,650	205,166
	3,548,379	**252,398**	**351**	**3,801,128**	**3,506,873**

* Includes staff on permanent and fixed term contracts.

** 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 2021, £10.3 million of staff costs (2019-20: £6.0 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 2020-21 in Annex F.

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 2020-21 the Lord Chancellor's full year equivalent salary was £67,505 (2019-20: £55,563) and the associated combined social security costs were £13,000 (2019-20: £16,000). No severance payments were made to ministers in 2020-21 (2019-20: £16,876).

Special advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all special advisers across government was moved to the Cabinet Office in July 2019, with corresponding budget cover transfers. Therefore special adviser costs are now reported in the Cabinet Office Annual Report and Accounts. Special advisers remain employed by the respective departments of their appointing minister.

In line with the Constitutional Reform and Governance Act 2010 and the 'Model contract for special advisers', a special adviser's appointment automatically ends when their appointing minister leaves office. Special advisers are not entitled to a notice period but receive contractual termination benefits to compensate for this. Termination benefits are based on length of service and capped at six months' salary. If a special adviser returns to work for the government following the receipt of a severance payment, the payment is required to be repaid, less a deduction in lieu of wages for the period until their return. Termination costs for special advisers are reported in the Cabinet Office Annual Report and Accounts.

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 2020-21, employers' contributions of £513 million were payable to the PCSPS (2019-20: £484.4 million) at one of four rates which ranged from 26.6% to 30.3% (2019-20: 26.6% to 30.3%) 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.

Employer pension contributions equivalent to 0.5% (2019-20: 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.

Past employees of the probation trusts, and Local Government Pension Scheme (LGPS) probation staff who transferred to community rehabilitation companies and Her Majesty's Prison and Probation Service (HMPPS) National Probation Service (NPS) are covered by the provisions of LGPS via one pension fund, GMPF, administered by their local council, Tameside Metropolitan Borough Council. For the year to 31 March 2021, HMPPS paid employers' contributions of £98.5 million to GMPF, relating to current NPS probation staff, at 29.6% (2019-20: £87.5 million at 29.6%).

Employees of Cafcass are members of the Local Government Pension Scheme (LGPS) through the West Yorkshire Pension Fund (WYPF). For 2020-21 employer contributions of £15.8 million were payable at a rate of 19.4%.

Employees can opt to open a partnership pension account; a stakeholder pension with an employer contribution. Employers' contributions to partnership pension accounts were £2.5 million (2019-20: £1.7 million) and were paid to one or more of the three appointed stakeholder pension providers. Employer contributions, which are age-related, ranged from 8% to 14.75% (2019-20: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

NEST Defined Contribution Scheme is offered to individuals working in HMPPS who are not civil servants and are therefore not eligible to join the Civil Service Pension Scheme or the Local Government Pension Scheme. For the year to 31 March 2021, employer contributions of £0.04 million were paid (2019-20: £0.09 million).

In addition, other pension costs includes GMPF pension costs of £29.4 million, WYPF pension costs of £10 million and pension costs of £1.76 million for some of the departments ALBs. For further details on employers' pension contributions and contribution rates for the LSC, Cafcass and Probation pension schemes, refer to Note 25.

63 persons (2019-20: 89 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year were £180,000 (2019-20: £302,000).

Judicial costs

Departmental group

				2020-21	2019-20
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	139,228	114,098	113,220	366,546	384,496
Social security costs	18,565	14,738	11,285	44,588	46,599
Other pension costs	69,386	56,384	43,074	168,844	164,175
Total net costs	**227,179**	**185,220**	**167,579**	**579,978**	**595,270**

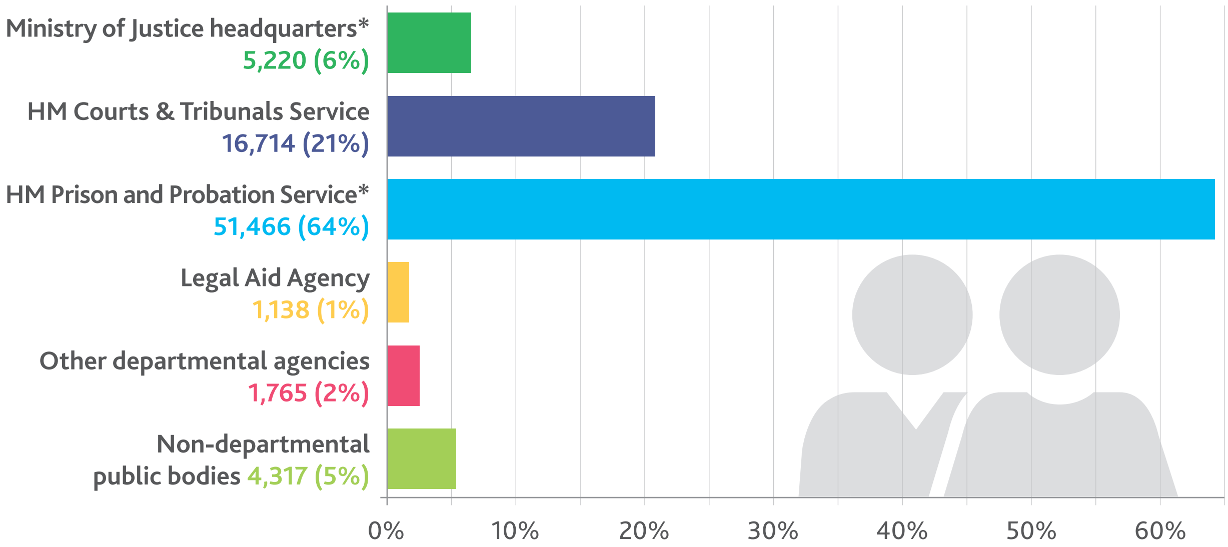
The Judicial Pension Scheme is an unfunded multi-employer defined benefit scheme which prepares its own accounts, but for which the department (through HM Courts & Tribunals Service) is unable to identify its share of the liabilities. Details of the most recent completed valuation (as at March 2016) 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%.

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); so 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 104 staff; HMPPS 89 staff).

Departmental group

					2020-21	2019-20
	Permanently employed staff*	Other	Ministers	Special advisers	Total	Total
Ministry of Justice headquarters and associated offices						
People Group	813.3	9.3	0.1	0.2	822.9	583.6
Policy and Strategy Group	1,657.1	14.2	2.3	0.6	1,674.2	1,838.8
Chief Finance Officer Group	2,459.1	159.5	0.2	0.1	2,618.9	2,086.6
Agencies						
HM Courts & Tribunals Service	14,495.0	2,218.0	0.6	0.3	16,713.9	16,264.7
Office of the Public Guardian	1,366.0	121.7	0.1	0.1	1,487.9	1,559.1
HM Prison and Probation Service	50,480.0	897.0	0.8	0.3	51,378.1	51,074.1
Legal Aid Agency	1,119.0	18.0	0.3	0.3	1,137.6	1,161.7
Criminal Injuries Compensation Authority	277.0	-	0.1	0.1	277.2	265.1
Non-departmental public bodies						
Non-departmental public bodies	3,849.9	466.8	-	-	4,316.7	3,984.0
Capital projects						
Staff engaged on capital projects	77.3	115.5	-	-	192.8	112.9
Total	**76,593.7**	**4,020.0**	**4.5**	**2.0**	**80,620.2**	**78,930.6**
Of which:						
Core department and agencies	72,743.8	3,553.2	4.5	2.0	76,303.5	74,946.6
Non-departmental public bodies	3,849.9	466.8	-	-	4,316.7	3,984.0
	76,593.7	**4,020.0**	**4.5**	**2.0**	**80,620.2**	**78,930.6**

* Includes staff on permanent and fixed term contracts. Data for agencies is taken from agency published accounts.

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

				2020-21	2019-20
	Senior judicial salaried	Other judicial salaried	Fee-paid judiciary	Total	Total
Core department and agencies	921.0	925.0	941.0	2,787.0	2,972.0
Total	**921.0**	**925.0**	**941.0**	**2,787.0**	**2,972.0**

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

	2020-21			2019-20		
	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	-	154	154	-	80	80
£10,000 - £25,000	1	95	96	-	95	95
£25,001 - £50,000	1	135	136	-	327	327
£50,001 - £100,000	-	106	106	-	132	132
£100,001 - £150,000	-	6	6	-	2	2
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,001 - £300,000	-	1	1	-	-	-
Total number of exit packages by type	**2**	**497**	**499**	**-**	**636**	**636**
Total cost of exit packages by type (£000)	**44**	**15,448**	**15,492**	**-**	**24,298**	**24,298**
Number of exit packages						
Of which:						
Core department and agencies	-	497	497	-	635	635
Non-departmental public bodies	2	-	2	-	1	1
	2	**497**	**499**	**-**	**636**	**636**
Cost of exit packages (£000)						
Of which:						
Core department and agencies	-	15,448	15,448	-	24,269	24,269
Non-departmental public bodies	44	-	44	-	29	29
	44	**15,448**	**15,492**	**-**	**24,298**	**24,298**

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 446 efficiency departure exit packages at a value of £12.9 million (2019-20: 544 at a value of £17.1 million) within payment bands not exceeding £150k (2019-20: £150k). Efficiency departures are authorised in the interests of the continued efficiency of the service and the wellbeing of the individual, under section 6.3 of the Civil Service Management Code.

Spend on consultancy and temporary staff

	2020-21			2019-20		
	Core and agencies	NDPBs	Total	Core and agencies	NDPBs	Total
	£000	£000	£000	£000	£000	£000
Consultancy	15,742	60	15,802	14,934	28	14,962
Temporary staff	221,493	11,841	233,334	172,868	24,683	197,551
Total	**237,235**	**11,901**	**249,136**	**187,802**	**24,711**	**212,513**

The increase in agency staff costs due to IR35 liabilities arising from incorrect assessments of the employment status of workers, is offset by a fall in agency staff as vacant posts were filled on a permanent basis and reliance on agency staff reduced. Further details on IR35 are included in the Governance Statement on page 87.

Staff redeployment related to COVID-19 and EU Exit

	Grade	Long-Term loan	Short-Term loan
COVID-19	SCS	7	2
	Grade 6/7	16	4
	SEO	2	
	HEO	2	3
	EO and below	2	
	Chaplain		1
EU Exit		-	-
Total		**29**	**10**

No staff were redeployed into the department during EU Exit work, as the department was a supply (home) department. The average duration of staff redeployments in relation to COVID-19 was 5.09 months at 31 March.

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Our staff

Recruitment

The department is an equal opportunities employer and welcomes applications from all qualified persons regardless of their protected characteristics, identity, circumstances 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, available at http://civilservicecommission.independent.gov.uk/civil-service-recruitment

The Civil Service Success Profiles framework is used in recruitment across the department to assess candidates, and our assessment methods ensure that we recruit the right people, with the right skills.

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 contracts and agency staff.

Despite the challenges posed by COVID-19, which included the suspension of some face to face recruitment, we have continued to focus on improvements to our recruitment processes and selection methods including:

- innovation and new technology to improve candidate experience
- focusing on reducing the time to hire
- increasing the diversity of new recruits

All recruitment is anonymised up to the point of an interview/online assessment. The department has adopted and kept under review the use of diverse recruitment panels and has recently implemented an 'Inclusive recruitment guide' to support business areas in their local recruitment activity and a Diverse Recruitment Framework for our most senior appointments.

Case study: Recruitment

We are constantly improving our recruitment process so we can make it more efficient and effective for our applicants. This year has seen some exceptional work in how we have responded to the COVID-19 pandemic, the highlights of which are as follows:

- The design and implementation of our online assessment centres has enabled us to surpass our recruitment target hires for probation officers as announced in a recent press release: 'One thousand probation officers recruited to protect the public' (www.gov.uk)
- We have also designed an online assessment portal to help candidates prepare for the probation officer assessment and guide them through the recruitment process; further details can be found at: https://www.pqip-ac.co.uk
- We have continued to manage prison officer recruitment campaigns. The restrictions on social distancing and non-essential travel impacted on our ability to recruit and train new officers during 2020, however, recruitment was accelerated from autumn 2020 with the introduction of the newly designed online assessment centre solution for prison officers. This enabled the department to progress applicants through the prison officer recruitment process more quickly and there has been an increase of 362 FTE new officers between end December 2020 and end March 2021.

Our innovative digital solutions mean that candidates can be assessed in the same way and to the same standards we used in our face-to-face assessments; further details can be found at: 'Working in the Prison and Probation Service' (https://prisonjobs.blog.gov.uk/2020/11/19/prison-officer-assessment-and-recruitment-centre-arc-is-now-online-what-you-need-to-know/)

Employment of people with disabilities

The department and our executive agencies were successfully reaccredited as Disability Confident Leaders in March 2021. We committed to ensuring that our processes, policies and organisational culture promote the inclusion of people with disabilities. We use this government scheme to help us embed best practice in our work to attract, recruit and retain disabled staff. For example, we have made a range of commitments, including having inclusive and accessible recruitment for disabled people, and by offering reasonable adjustments to allow disabled applicants to be considered for a job on an equal basis with non-disabled applicants.

During 2020-21 we adapted processes and guidance to reflect changes to supply and demand for workplace adjustments due to pandemic restrictions. Also, we revised how we deliver workplace adjustment support establishing a new in-house service that has now been rolled out across the department.

The Civil Service and departmental career development programmes targeted at under-represented groups including staff with a disability slowed during Covid restrictions. However we have continued to encourage staff with disabilities to apply for DELTA, the disability mentorship element of the Civil Service 'Future Leaders Scheme' (FLS). New Civil Service talent schemes are under development. These will continue to support disabled staff and we will promote these when they become available.

All staff have access to disability awareness and mental health awareness training. We created a new online training module on workplace adjustments in 2020. The department supports disability, and other staff networks and has a cohort of senior disability champions who raise awareness of the issues that impact staff. In addition, we have a network of mental health allies who are trained to provide advice and guidance to those experiencing 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.

Diversity, inclusion and wellbeing

Our core values – Purpose, Humanity, Open and Together – shape our approach to diversity and inclusion. We aim to deliver a justice system that works for everyone and reflects our diverse society.

We publish diversity information annually in our workforce monitoring report. The latest report covers 2019-20 and is available at https://www.gov.uk/government/publications/ministry-of-justice-workforce-monitoring-report-2019-to-2020

We publish gender pay gap information annually including our action plan to close the gap and this is available at https://www.gov.uk/government/publications/ministry-of-justice-gender-pay-gap-report-2020/ministry-of-justice-gender-pay-gap-report-2020

We continue to make progress against our diversity targets. As at the end of March 2021, women make up 53% of the department's SCS, and female representation across all grades is 55%. We continue to focus on increasing the flow of under represented staff into SCS roles, including through launching a sponsorship programme for Band A (Grade 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 slowly. On our latest published figures, of those staff who have declared their ethnicity, 14% of staff are from Black, Asian and minority ethnic communities, and 9% of SCS. Of those staff who have declared their disability status, 14% of staff are disabled, and 12% of SCS are disabled. We maintain our commitment to strengthen the representation of Black, Asian and minority ethnic colleagues within strategic decision making roles.

Work has continued to develop collaboratively a new common framework ('approach') to diversity, inclusion and wellbeing. The focus is on:

- embedding inclusive practices into everything we do as an organisation
- ensuring action we are taking has the desired impact

- empowering everyone to be their best of themselves and fulfil their potential

Together this will enable us to deliver a world-class justice system. This will be aligned to Civil Service requirements on inclusion.

The approach has been piloted in the race equality action plan, developed to provide a sustainable response to the disparities that were given new emphasis by the pandemic and by the global response to the death of George Floyd. Our approach, underpinned with collaborative working with business areas, networks, champions and trade unions, and listening to staff through a departmental consultation, led to a long-term plan with specific programmes of action – actions completed included reviewing the sponsorship programme for Band A staff, reviewing temporary promotions, tailored webinars, allyship guidance and inclusive recruitment guidance.

Sickness absence data

Across the department (including its executive agencies), the number of average working days lost in the last 12 months was 9.8 at the end of March 2021, compared to 9.1 at the end of March 2020.

Employment and occupation

Trade union relationships

MoJ (excluding HMPPS) recognises four trade unions – PCS, FDA, Prospect and GMB (GMB is recognised for the Legal Aid Agency only).

This year there has been extensive engagement on reforming pay strategy, organisational change and supporting our people through the pandemic.

HMPPS recognises 10 trade unions across a complex operational environment. In respect of the prison service, youth custody service and HQ, this includes the Prison Officers Association (the POA), the Prison Governors Association (PGA) and NTUS (an amalgamation of five trade unions representing non-operational staff – the PCS, GMB, UNITE, FDA and PROSPECT). In respect of the probation service, this comprises the National Association of Probation Officers (NAPO), UNISON and GMB SCOOP (for senior probation grades).

Health and safety at work

All MoJ employees are subject to the protection set within the Health and Safety at Work etc. Act 1974. All work processes are subject to the required risk assessment process.

From early 2020, all MoJ properties have been certified as COVID-19 Secure. Risk assessments and guidance were developed for our HQ building, 102 Petty France, London, and then cascaded across our estate. The guidance is available to all staff and includes working from home support, personal risk assessments and travel risk assessments. During this period we have had two HSE spot checks and passed both to underpin our COVID-19 Secure status. In addition to the current risk assessment, we have carried out an Equality Impact Assessment.

Staff engagement

Some 35,668 MoJ staff took part in the annual Civil Service People Survey, which ran in October 2020. This was a slight decrease on 2019 (37,509) and included a drop in the response rate for the prison service (23%, down from 28% in 2019) after two years of improved participation in that part of the department. We continue to strongly advocate completion of the survey across the department to amplify employee voice, with survey results showing improved confidence that senior managers will take action on the results (41%, up 3 percentage points [pp] on 2019).

The survey saw a 2pp improvement in the department's headline 'Engagement index' to 61% and improvements in seven of the survey's nine leading themes. This included 'leadership and managing change', which is the strongest driver of engagement, with a 7pp improvement to 49%. Despite being on a slow upward trend since 2017, and seeing a 2pp increase this year, 'pay' continues to be our least positive theme at 27%. This figure compares to a Civil Service figure of 40%. The only theme to decrease was 'learning and development', with a 1pp difference from 2019 at 49% and a drop of 5pp in the number of people who felt that any learning and development activities they had completed in the previous 12 months had helped improve their performance. With regard to discrimination, harassment and bullying, which was noted by the Executive Committee in 2019 as an area of continued concern, the proportion of staff reporting personal experience of bullying and harassment stayed the same at 11%, whilst the proportion of staff reporting personal experience of discrimination at work improved by 1pp to 12%. In line with the results for the Civil Service as a whole, more than half of those responding said the pandemic was having a negative impact on their mental health, their caring responsibilities or day to day work.

The Executive Committee considered the results of the survey and noted more was needed to demonstrate clear action in response to employees' feedback through the survey. The Executive Committee agreed a shared commitment to focus on the health and wellbeing of all staff, and committed to driving actions in talent, diversity and inclusion, purpose and development. A 'People experience action plan' was commissioned to set out activities to drive up people engagement and make the right interventions at organisational level.

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.

	2020-21		2019-20	
	Turnover	Departmental turnover	Turnover	Departmental turnover
MoJ HQ	4.6%	12.7%	8.2%	16.0%
HMPPS	7.7%	8.5%	10.1%	10.7%
HMCTS	8.5%	10.8%	9.1%	11.1%
OPG	4.5%	10.5%	5.3%	11.4%
LAA	3.2%	5.6%	4.2%	7.3%
CICA	3.9%	10.9%	5.9%	14.2%

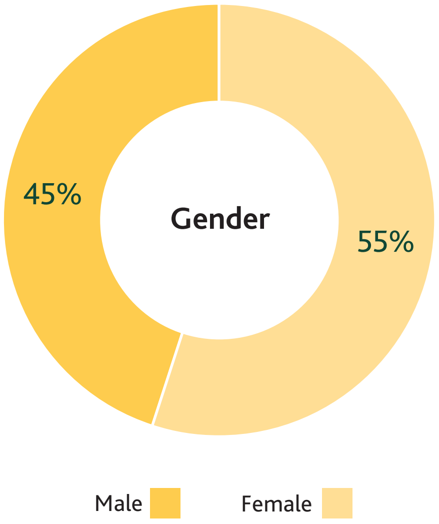
Note: Transfers of staff within the Civil Service are included in 'Departmental turnover' and excluded from 'Turnover'.

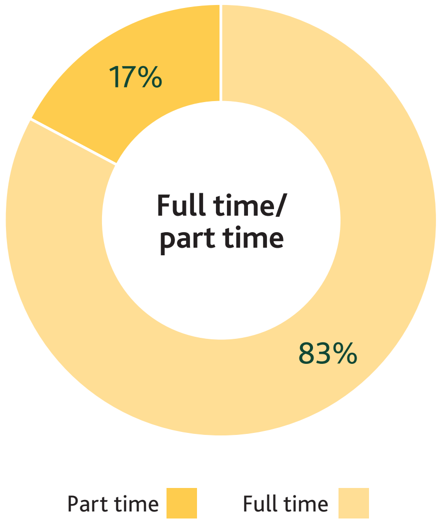
Workforce composition[34]

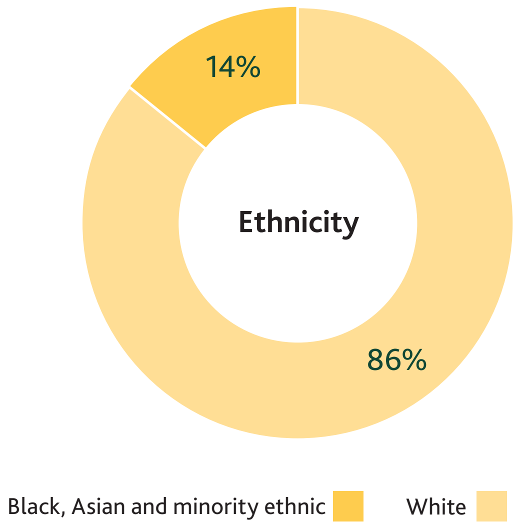
The number of staff split between male and female as at 31 March 2021

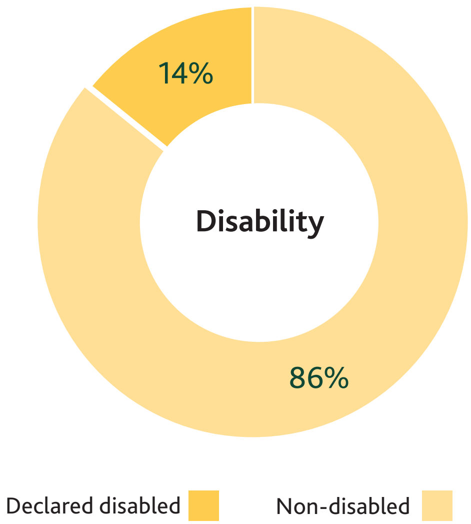
	Male	Female
Board members	26	23
Senior Civil Service (SCS) equivalent	157	174
Departmental employees (excluding SCS equivalent)[35]	35,468	43,547

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.

The department publishes an annual workforce monitoring report which provides more detailed statistics and analysis of the workforce. This is available on GOV.UK

[34] 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.
[35] Headcount at 31 March 2021. The number of staff reported on page 104 represent the average number of full time equivalent (FTE) staff over the year.

Senior Civil Service equivalent staff by band

Salary band	SCS or equivalent within band as at 31 March 2021		SCS or equivalent within band as at 31 March 2020	
	Number	Percentage	Number	Percentage
£60,000-£69,999	0	0%	0	0%
£70,000-£79,999	129	39%	133	41%
£80,000-£89,999	54	16%	53	17%
£90,000-£99,999	65	20%	85	26%
£100,000-£109,999	47	14%	16	5%
£110,000-£119,999	16	5%	18	6%
£120,000-£129,999	11	3%	4	1%
£130,000-£139,999	1	0%	5	2%
£140,000-£149,999	4	1%	6	2%
£150,000-£159,999	1	0%	0	0%
£160,000-£169,999	1	0%	1	0%
£170,000-£179,999	0	0%	1	0%
£180,000-£189,999	2	1%	0	0%
£190,000-£199,999	0	0%	1	0%
£200,000-£209,999	0	0%	0	0%
Total	**331**	**100%**	**323**	**100%**

Off-payroll engagements

During the financial year 2020-21, 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 MoJ. 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 D and form part of the accountability reports.

Parliamentary accountability

Statement of Outturn against 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 Outturn against Parliamentary Supply (SOPS) and supporting notes.

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

The SOPS show an entity's spend 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 2020-21

		2020-21								2019-20
				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	9,018,667	146,831	9,165,498	9,361,951	137,856	9,499,807	343,284	334,309	8,364,026
- Capital	SOPS 1.2	1,066,578	-	1,066,578	1,076,681	-	1,076,681	10,103	10,103	491,925
Annually Managed Expenditure										
- Resource	SOPS 1.1	158,643	-	158,643	602,400	-	602,400	443,757	443,757	60,493
- Capital	SOPS 1.2	-	-	-	-	-	-	-	-	-
Total Budget		10,243,888	146,831	10,390,719	11,041,032	137,856	11,178,888	797,144	788,169	8,916,444
Non-Budget										
- Resource	SOPS 1.1	-	-	-	-	-	-	-	-	-
Total		10,243,888	146,831	10,390,719	11,041,032	137,856	11,178,888	797,144	788,169	8,916,444
Total Resource		9,177,310	146,831	9,324,141	9,964,351	137,856	10,102,207	787,041	778,066	8,424,519
Total Capital		1,066,578	-	1,066,578	1,076,681	-	1,076,681	10,103	10,103	491,925
Total		**10,243,888**	**146,831**	**10,390,719**	**11,041,032**	**137,856**	**11,178,888**	**797,144**	**788,169**	**8,916,444**

Net Cash Requirement 2020-21

		2020-21			2019-20
		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	**9,215,023**	**10,235,525**	**1,020,502**	8,106,212

Administration Costs 2020-21

		2020-21			2019-20
		Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total
Type of spend	SOPS Note	£000	£000	£000	£000
Administration costs	1.1	**423,557**	**466,940**	**43,383**	**414,284**

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 their size, the variances in estimate to outturn of resource departmental expenditure limit (RDEL) and annually managed expenditure (AME) have been explained below.

In 2020-21, the RDEL budget for day-to-day spending was £9,500 million and the final outturn was £9,165 million. This underspend was largely due to a significant reduction in the number of court hearings during the initial months of the pandemic and the recovery in the latter part of the year was affected by a further period of lockdown. This not only impacted expenditure in HMCTS, but across the justice system including reduced legal aid spending. Costs relating to prison and probation staff and offender costs were also lower due to COVID-19 restrictions.

AME spend is by its nature inherently volatile. The department has a relatively small AME budget and therefore large variances are not unusual. In 2020-21, the department budgeted for £602 million of AME and the final outturn was £159 million. The main reason for this underspend was that the budgeted figure 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 Outturn against Parliamentary Supply. These notes are subject to audit.

Notes to the Statement of Outturn against Parliamentary Supply, 2020-21

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)	2019-20 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	398,275	(47,512)	350,763	1,119,545	(903,470)	216,075	566,838	606,708	(1,367)	605,341	38,503	81,597
B HM Prison and Probation Service	19,646	(130)	19,516	4,804,820	(224,717)	4,580,103	4,599,619	4,673,975	(45,229)	4,628,746	29,127	4,240,090
C HM Courts & Tribunals Service	19,636	-	19,636	1,909,791	(63,485)	1,846,306	1,865,942	1,901,979	-	1,901,979	36,037	1,705,604
D Legal Aid Agency	19,456	-	19,456	1,556,436	(25,653)	1,530,783	1,550,239	1,782,358	-	1,782,358	232,119	1,746,403
E CICA Agency	2,063	-	2,063	164,772	(998)	163,774	165,837	138,458	27,379	165,837	-	206,515
F Office of the Public Guardian	63	-	63	63,711	(62,262)	1,449	1,512	(14,650)	16,162	1,512	-	(13,784)
G Children and Family Court Advisory and Support Service (net)	5,295	-	5,295	124,718	-	124,718	130,013	127,339	2,708	130,047	34	122,998
H Criminal Cases Review Commission (net)	751	-	751	5,641	-	5,641	6,392	6,351	131	6,482	90	5,784
I Judicial Appointments Commission (net)	399	-	399	6,875	-	6,875	7,274	7,746	-	7,746	472	7,005
J Legal Services Board (net)	-	-	-	3,906	-	3,906	3,906	3,923	-	3,923	17	3,772
K Office for Legal Complaints (net)	-	-	-	13,151	-	13,151	13,151	13,252	-	13,252	101	12,413
L Parole Board (net)	998	-	998	19,362	-	19,362	20,360	21,080	-	21,080	720	18,445
M Youth Justice Board (net)	3,255	-	3,255	83,057	-	83,057	86,312	87,016	216	87,232	920	83,416
N Gov Facility Services Limited (Net)	-	-	-	(692)	-	(692)	(692)	438	-	438	1,130	(24)
O Independent Monitoring Authority (Net)	1,362	-	1,362	602	-	602	1,964	5,978	-	5,978	4,014	-
Total Voted expenditure in DEL	**471,199**	**(47,642)**	**423,557**	**9,875,695**	**(1,280,585)**	**8,595,110**	**9,018,667**	**9,361,951**	**-**	**9,361,951**	**343,284**	**8,220,234**

	Resource Outturn									Estimate		Outturn
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements	Total including virements	Outturn vs Estimate Savings/ (excess)	2019-20 Prior year Outturn Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Non-Voted expenditure												
P Higher judiciary judicial salaries	76	-	76	163,822	-	163,822	163,898	155,031	-	155,031	(8,867)	159,886
Q Levy income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	(17,067)	(17,067)	(17,067)	(17,175)	-	(17,175)	(108)	(16,094)
Total Non-voted expenditure in DEL	**76**	**-**	**76**	**163,822**	**(17,067)**	**146,755**	**146,831**	**137,856**	**-**	**137,856**	**(8,975)**	**143,792**
Total Resource DEL Spending	**471,275**	**(47,642)**	**423,633**	**10,039,517**	**(1,297,652)**	**8,741,865**	**9,165,498**	**9,499,807**	**-**	**9,499,807**	**334,309**	**8,364,026**

	Outturn							Estimate				Outturn
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements	Total including virements	Outturn vs Estimate Savings/ (excess)	2019-20 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												
R Policy, Corporate Services and Associated Offices	-	-	-	(34,865)	-	(34,865)	(34,865)	242,255	(5,918)	236,337	271,202	(16,236)
S HM Prison and Probation Services	-	-	-	63,648	-	63,648	63,648	75,000	-	75,000	11,352	85,406
T HM Courts & Tribunals Service	-	-	-	23,678	-	23,678	23,678	71,400	-	71,400	47,722	(9,057)
U Legal Aid Agency	-	-	-	89,133	-	89,133	89,133	147,658	-	147,658	58,525	(7,479)
V CICA Agency	-	-	-	(4,544)	-	(4,544)	(4,544)	50,000	-	50,000	54,544	(12,648)
W Office of the Public Guardian	-	-	-	4,418	-	4,418	4,418	300	4,118	4,418	-	224
X Children and Family Court Advisory and Support Service (net)	-	-	-	16,271	-	16,271	16,271	15,319	952	16,271	-	19,981
Y Criminal Cases Review Commission (net)	-	-	-	117	-	117	117	258	-	258	141	182
Z Parole Board (net)	-	-	-	(141)	-	(141)	(141)	130	-	130	271	56
AA Youth Justice Board (net)	-	-	-	100	-	100	100	80	20	100	-	62
Office for Legal Complaints (net)	-	-	-	24	-	24	24	-	24	24	-	(115)
Legal Services Board (net)	-	-	-	74	-	74	74	-	74	74	-	24
Gov Facility Services Limited (net)	-	-	-	730	-	730	730	-	730	730	-	93
Total Resource AME Spending	**-**	**-**	**-**	**158,643**	**-**	**158,643**	**158,643**	**602,400**	**-**	**602,400**	**443,757**	**60,493**
Total Resource	**471,275**	**(47,642)**	**423,633**	**10,198,160**	**(1,297,652)**	**8,900,508**	**9,324,141**	**10,102,207**	**-**	**10,102,207**	**778,066**	**8,424,519**

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)	2019-20 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	272,196	362	272,558	239,791	32,767	272,558	-	150,206
B HM Prison and Probation Service	503,565	(1,348)	502,217	533,102	(30,885)	502,217	-	171,510
C HM Courts & Tribunals Service	298,115	(10,195)	287,920	300,290	(2,805)	297,485	9,565	163,853
D Legal Aid Agency	888	(397)	491	-	491	491	-	731
E CICA Agency	6	(5)	1	83	-	83	82	887
F Office of the Public Guardian	31	(78)	(47)	100	-	100	147	1,629
G Children and Family Court Advisory and Support Service (net)	449	-	449	431	18	449	-	-
H Criminal Cases Review Commission (net)	659	-	659	710	-	710	51	322
I Judicial Appointments Commission (net)	513	-	513	500	13	513	-	476
J Legal Services Board (net)	21	-	21	24	-	24	3	410
K Office for Legal Complaints (net)	245	-	245	250	-	250	5	244
L Parole Board (net)	421	-	421	570	-	570	149	69
M Youth Justice Board (net)	729	-	729	830	-	830	101	528
N Gov Facility Services Limited (net)	401	-	401	-	401	401	-	1,060
O Independent Monitoring Authority (Net)	-	-	-	-	-	-	-	-
Total Voted expenditure in DEL	**1,078,239**	**(11,661)**	**1,066,578**	**1,076,681**	**-**	**1,076,681**	**10,103**	**494,671**
Non-voted expenditure								
P Higher Judiciary Judicial Salaries	-	-	-	-	-	-		-
Q Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	-	-		-
Total Non-voted expenditure in DEL	-	-	-	-	-	-		-
Total Capital DEL Spending	**1,078,239**	**(11,661)**	**1,066,578**	**1,076,681**	**-**	**1,076,681**	**10,103**	**494,671**

	Outturn			Estimate				Outturn
	Gross	Income	Total	Total	Virements	Total including Virements	Outturn vs Estimate Savings/ (excess)	2019-20 Prior year Outturn Total
	£000	£000	£000	£000	£000	£000		£000
Spending in Annually Managed Expenditure Limits (AME)								
Voted expenditure								
R Policy, Corporate Services and Associated Offices	-	-	-	-	-	-		-
S HM Prison and Probation Service	-	-	-	-	-	-		-
T Youth Justice Board (net)	-	-	-	-	-	-		-
U Parole Board (net)	-	-	-	-	-	-		-
V Criminal Cases Review Commission (net)	-	-	-	-	-	-		-
W Legal Aid Agency	-	-	-	-	-	-		-
X Criminal Injuries Compensation Authority	-	-	-	-	-	-		-
Y Children and Family Court Advisory and Support Service (net)	-	-	-	-	-	-		-
Z HM Courts & Tribunals Service	-	-	-	-	-	-		-
A1 Office of the Public Guardian	-	-	-	-	-	-		-
A2 Office for Legal Complaints (net)	-	-	-	-	-	-		-
Total Capital AME Spending	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Total Capital	**1,078,239**	**(11,661)**	**1,066,578**	**1,076,681**	**-**	**1,076,681**	**10,103**	**494,671**

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

	Note	Outturn Total £000	2019-20 Prior year Outturn Total £000
Total resource outturn in SOPS			
Voted DEL	SOPS 1.1	9,018,667	8,220,234
Non-voted DEL	SOPS 1.1	146,831	143,792
Total DEL		9,165,498	8,364,026
Total AME	SOPS 1.1	158,643	60,493
Total Non-Budget		-	-
		9,324,141	**8,424,519**
Add:			
Capital grants (net of EU contributions)		1,754	(2,168)
Other			
Research costs classified as capital under ESA 10		4,101	4,358
Adjustment for other capital expenditure in CSoCNE		-	-
		5,855	**2,190**
Less:			
Income payable to the Consolidated Fund (excluding non-voted levy income)		(267)	(1,494)
Other			
Private Finance Initiatives adjustments		380	4,586
Prior period adjustments		-	-
		113	**3,092**
Net Operating Expenditure in CSoCNE		**9,330,109**	**8,429,801**

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

Values	31 March 2021 Core department and agencies	31 March 2021 Departmental group	31 March 2020 Core department and agencies	31 March 2020 Departmental group
	£000	£000	£000	£000
Cash losses	554	554	411	411
Claims abandoned	2,642	2,642	456	456
Administrative write-offs	5,499	5,500	6,174	6,174
Fruitless payments	196,524	196,683	364	505
Store losses	2,215	2,215	3,925	3,925
Constructive losses	30,615	30,625	-	-
Total value of losses	**238,049**	**238,219**	**11,330**	**11,471**

Numbers	31 March 2021 Core department and agencies	31 March 2021 Departmental group	31 March 2020 Core department and agencies	31 March 2020 Departmental group
Cash losses	865	865	1,726	1,726
Claims abandoned	108	108	110	110
Administrative write-offs	2,166	2,167	3,224	3,225
Fruitless payments	41	42	57	74
Store losses	17,343	17,343	18,116	18,116
Constructive losses	2	10	-	-
Total number of losses	**20,525**	**20,535**	**23,233**	**23,251**

In 2020-21 there were eight losses (2019-20: three) over £300,000 as follows:

- £98.2m in respect of expenditure incurred in HMPPS prior to the management decision taken in the agency to discontinue the development of a new case management system, which was one objective of the Electronic Monitoring legacy programme. The EM legacy programme had previously delivered its objectives to be scalable and flexible, increase Global Positioning Service (GPS) capability and replace the curfew tag service. Further details are included in the Governance Statement on page 89.
- £72.1 million payable to HMRC in relation to IR35 liabilities arising from incorrect assessments of the employment status of workers. In 2019, HMRC challenged the MoJ to revisit employment status determinations for off-payroll workers engaged between 6 April 2017 and 5 April 2020, where we had previously concluded workers were operating outside of the off-payroll working rules. The department has extended the review to 5 April 2021. This liability has crystallised and quantifies the contingent liability disclosed in the 2019-20 Annual Report and Accounts. As the department could have avoided these tax and NI payments if a different determination had

originally been made, the liabilities are classified as fruitless. In addition, HMRC found that the department had been 'careless' in its application of the off-payroll working rules. As a result, it imposed a penalty of £15 million. That penalty has been suspended for 3 months subject to certain conditions and is therefore not included within the losses total. The conditions relate to meeting the department's notification and filing obligations, a 100% assurance check on all out of scope determinations, and improved training of hiring managers. The department expects to meet those conditions.

- HMCTS and the Crown Prosecution Service (CPS) are developing a 'common platform' as a case management system for use by both organisations. This is being delivered using an agile methodology developing and testing functionality incrementally. The initial pilot tested the pre-charge functionality for CPS, which included building interfaces to link back into legacy systems. After a successful pilot, the programme reviewed the delivery approach and concluded that greater certainty was needed of CPS requirements prior to development and that all the CPS functionality should be launched together, to reduce the complexity of interaction with the existing systems. CPS therefore undertook a full review of their processes and completed the design work for digital case file (a joint CPS and Police initiative). As a result of their review, the CPS changed their detailed requirements meaning that elements of the functionality developed for the pilot (as well as the interfaces) are not reusable, leading to an £18.35 million impairment (constructive loss) of common platform assets in relation to functionality designed for use by the CPS.
- £14.1 million contract breakage payments made by HMPPS to community rehabilitation companies (CRCs) in respect of terminating the CRC contracts eight months early. The payments compensate the CRC parent organisations for the financial commitments made to sub-contractors based on the original length of the contract.
- £12.3 million in respect of 'Technology transition programme' (TTP). TTP was the delivery element of the 'Future IT sourcing' (FITS) contractual programme of work that was initiated in 2011. TTP was set up to deliver new technology to users across the MoJ. In 2018, as part of a 'commercial amendment note' (CAN) 15 it was agreed that everything would remain as it was under the previous contract and in legacy data centres, running old equipment. The transformation and transition were put on hold and not progressed as part of a management decision. Since 2018, only small elements of this hardware have been utilised and due to its age or compatibility with other existing services it can no longer be deployed. The management decision as part of the CAN 15 agreement means that the expenditure has proved not to be as useful as originally intended and therefore constitutes a constructive loss. £10.4 million relates to the FITS hosting asset, and £1.9 million of uncapitalised were as a consequence of CAN 15.
- £6.8 million loss in HMPPS due to excess personal protective equipment (PPE) resulting from a significant reduction in the need for PPE due to a change in the Public Health England (PHE) guidelines which was bought as part of the fight against the spread of the COVID infection.
- £4.6 million for the lease of additional electronic monitoring tags under a scheme introduced as part of measures to limit the spread and impact of Covid-19 in the prison estate. Due to smaller volumes of releases than anticipated under the scheme, these tags were not required.
- HMPPS recognised a loss for an error in the bed night price calculation charged to local authorities for children held on remand in youth custody accommodation. The error led to an under-recovery of remand income of £2 million. The number of available places for secure training centres was incorrect and artificially deflated the published rate that was used to recharge for occupancy over the financial year.

Special payments

Values	31 March 2021 Core department and agencies	31 March 2021 Departmental group	31 March 2020 Core department and agencies	31 March 2020 Departmental group
	£000	£000	£000	£000
Compensation payments	33,721	33,895	28,964	29,098
Ex gratia	6,754	6,754	1,821	1,822
Extra-contractual payments	50,560	50,560	182	190
Total value of special payments	**91,035**	**91,209**	**30,967**	**31,110**

Numbers	31 March 2021 Core department and agencies	31 March 2021 Departmental group	31 March 2020 Core department and agencies	31 March 2020 Departmental group
Compensation payments	7,760	7,895	6,923	7,054
Ex gratia	2,677	2,677	6,407	6,408
Extra-contractual payments	1,461	1,461	283	285
Total number of special payments	**11,898**	**12,033**	**13,603**	**13,747**

In 2020-21 there were thirteen (2019-20: nine) special payments over £300,000:

- extra-contractual payments include £43.4 million payable to retired fee-paid judiciary in lieu of pensions. The Court of Justice of the European Union has ruled that pre-2000 judicial service should be included when calculating pension entitlement for fee-paid judges. However, pension benefits for this period cannot be paid from the Judicial Pension Scheme until the scheme regulations have been amended by legislation. In the interim the department is compensating eligible retired fee-paid judges for the additional pension benefits due.
- extra-contractual payments include £7 million pension liability for non-legal tribunal members (NLM). In 2016, several NLM complained to the Pensions Regulator that MoJ had failed to auto-enrol them into a workplace pension scheme. Their claim was that they were workers for the purposes of the Pensions Act 2008 and, having no other judicial pension provision, were eligible for auto-enrolment. Following litigation in Gilham v MoJ, HMCTS agreed the need to retrospectively auto-enrol a group of non-legal tribunal members into a workplace pension scheme. Exceptionally, this involves payment of backdated employee contributions.
- ex gratia payments include a £5.3 million out of court settlement with a supplier in relation to a dispute over a procurement contract in HMCTS.
- two compensation payments were made to third parties for work-related injuries: £5.4 million and £688,000.
- six compensation payments were made to operational members of HMPPS staff injured in the course of their duties: £1.6 million, £950,000, £615,000, £406,000, £304,000 and £325,000.
- two compensation payments were made to prisoners for personal injuries: £346,000 and £352,000.

Charitable donations

HMCTS made charitable donations totalling £25,000 in 2020-21 (2019-20: £10,000). These donations were made to organisations to support activities related to HMCTS's operations.

Publicity and advertising

The department spent £611,205 on publicity and advertising in 2020-21 (£452,612 in 2019-20).

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 https://www.gov.uk/government/collections/moj-gifts-hospitality-travel-and-meetings#2020.

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.

					2020-21	2019-20
	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	(4,816)	5,152	(9,968)	0%	100%	187%
Official Solicitor and Public Trustee						
Litigation	1,666	8,405	(6,739)	20%	N/A	20%
Trust and Estates	641	631	10	102%	N/A	133%
HM Courts & Tribunals Service						
Family	159,483	325,987	(166,504)	49%	100%	66%
Civil	398,839	539,526	(140,687)	74%	100%	101%
Asylum and Immigration	2,775	89,899	(87,124)	3%	N/A	6%
Other	2,105	15,213	(13,108)	14%	N/A	11%
Office of the Public Guardian	62,259	81,130	(18,871)	77%	100%	101%
Legal Services Board	3,905	3,905	-	100%	100%	100%
Office for Legal Complaints	13,162	13,162	-	100%	100%	100%
	640,019	**1,083,010**	**(442,991)**			

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. In 2019-20 there was a surplus position of £4.9 million which was the subject of negotiations with HM Treasury to determine if this could be retained and offset against previous deficits that had been funded by MoJ. The outcome of these discussions was that the surplus should be surrendered to the Consolidated Fund and the negative income shown in the table above results from reversals of the surplus interest. 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 2021 the caseload was 150 (105 OS & 45 PT) (2019-20: 153). 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.

Operating Segment	Details
HM Courts & Tribunals Service	HMCTS collects and reports upon fee charges that have been set by MoJ 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 the 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.

Category	Details
Repayment schemes	There are three active repayment schemes currently in operation: ▪ On 26 July 2017 the UK Supreme Court handed down a judgment that quashed that the Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013/1893. The Lord Chancellor has committed to refunding the fees taken to those who paid them. To date HMCTS has refunded a total of £18.6 million in respect of fees and interest. HMCTS recognises a contingent liability of £14 million in respect of future employment tribunal fee refunds, including an estimate of the interest payable. During 2020-21 £0.4 million of fees were refunded including interest and accruals. ▪ An analysis performed internally identified that the OPG was charging fees in excess of costs. To ensure compliance with Managing Public Money, a full review of the power of attorney fee was performed to investigate the level of historic over-recovery and as a result, a repayment scheme was announced. In 2020-21, the department recognises a provision of £0.9 million. On 1 February 2018 the department launched the repayment scheme for those customers that had been overcharged, appointing OPG to deliver the scheme. Over 322,000 refunds, worth £16.42 million, have been repaid in respect of power of attorney fees. 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 three-year expiry date. The potential number of combined active and closed cases affected was approximately 82,000. The expected cost of that scheme is up to £18 million. To date, 19,690 cases have been refunded with a total cost of £6.1 million. A further £80,000 has been paid to date in respect of refund applications received for 274 closed cases. The online application service for power of attorney fee refunds came to an end on 31 January 2021 and as a consequence it is anticipated that application volumes will fall. OPG will continue to accept postal applications for both power of attorney and supervision fee refunds until January 2024 and October 2025 respectively. In 2020-21, the department recognises a provision of £6 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 £62.8 million, of which £57.6 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. HMCTS recognises a refund provision of £42 million in respect of these fees (£37.1 million in respect of CTLOs where the fee was set above cost and of £5.1 million in respect of other fees which were set above cost) and a contingent liability of £4.2 million. The refund scheme in respect of other fees was launched in January 2020. 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. A refund scheme was launched for these fees in October 2020.

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 (GMPF) 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.

Antonia Romeo
Principal Accounting Officer

9 December 2021

The Certificate 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 2021 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 2021. 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the Statement of Outturn against 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 2021 and of the department's net operating expenditure and departmental group's net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Ministry of Justice in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Ministry of Justice's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Ministry of Justice's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Ministry of Justice is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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 certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; 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

In the light of the knowledge and understanding of the Ministry of Justice and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Ministry of Justice's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Ministry of Justice will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Ministry of Justice's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Ministry of Justice's controls relating to the Government Resources and Accounts Act 2000, Managing Public Money and the Supply and Appropriation (Main Estimates) Act 2020
- discussing among the engagement team including significant component audit teams and involving relevant internal and or external specialists, including IT audit and statistics experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals, potential bias in management estimates and posting of adjustments in relation to the Statement of Outturn against Parliamentary Supply:
- obtaining an understanding of the Ministry of Justice and the departmental group's framework of authority as well as other legal and regulatory frameworks that the Ministry of Justice and departmental group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental

effect on the operations of the Ministry of Justice and departmental group. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, the Supply and Appropriation (Main Estimates) Act 2020, Employment Law and tax legislation; and

- specific risk assessments performance in respect of significant risks relating to fraud: risk based sampling of manual journals to identify those presenting higher risk of fraud, informed by planning risk assessment and review of the Statement of Outturn against Parliamentary Supply outturn against budget; review of estimates presented within the accounts review the Ministry of Justice's submissions to HMRC on non-compliance with IR35 tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- challenging assumptions and judgements that have formed the basis of significant accounting estimates;
- review of the Ministry of Justice's settlement with HMRC, and liabilities within the departmental group, relating to non-compliance with IR35 tax legislation.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against 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.

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.

Gareth Davies
Comptroller and Auditor General

9 December 2021

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

The Report of the Comptroller and Auditor General to the Houses of Commons

The Ministry of Justice is the government department responsible for courts and tribunals which they administer in partnership with the independent judiciary; prisons; probation; and a range of services to help victims of crime, children, vulnerable people, and those seeking access to justice. The net cost of providing these services is reported in these Resource Accounts.

During 2020-21 the Ministry agreed tax liabilities relating to incorrect assessment of contractors under IR35. This is reported as a fruitless payment of £72.1 million in the Losses and Special Payment section of the Accountability report relating to tax liabilities arising from the Department's errors in assessing the employment status of contractors under IR35 for the years 2017-18 to 2020-21. This charge relates to arrears of tax due and the interest on those arrears.

In addition, HMRC found that the Ministry had been 'careless' in its application of the off-payroll working rules. As a result, it imposed a penalty of £15 million. That penalty has been suspended for 3 months subject to certain conditions and therefore not included within the losses total. The conditions relate to meeting the Ministry's notification and filing obligations, a 100% assurance check on all out of scope determinations, and improved training of hiring managers. The Ministry expects to meet those conditions.

Gareth Davies
Comptroller and Auditor General

9 December 2021

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 2021

	Note	2020-21 Core department & agencies £000	2020-21 Departmental group £000	2019-20 Core department & agencies £000	2019-20 Departmental Group £000
Revenue from contracts with customers	3	(1,250,404)	(1,266,608)	(1,650,586)	(1,665,867)
Other operating income	4	(79,101)	(78,953)	(63,856)	(63,938)
Total Operating Income		**(1,329,505)**	**(1,345,561)**	**(1,714,442)**	**(1,729,805)**
Staff costs	5	3,574,478	3,801,128	3,301,707	3,506,873
Judicial costs	5	579,978	579,978	595,270	595,270
Purchase of goods and services	6	2,280,264	2,167,789	2,154,798	2,060,606
Depreciation, amortisation and impairment charges	7	677,662	681,285	507,382	510,815
Provision expense	8	1,740,464	1,741,863	1,908,856	1,909,853
Net (gain)/loss on disposal of assets	9	(5,973)	(5,961)	(42,440)	(42,436)
Revaluation of non-current and financial assets	10	(5,224)	(5,224)	(22,863)	(22,863)
Other operating expenditure	11	1,739,555	1,648,254	1,657,198	1,558,683
Total Operating Expenditure		**10,581,204**	**10,609,112**	**10,059,908**	**10,076,801**
Net Operating Expenditure before financing		**9,251,699**	**9,263,551**	**8,345,466**	**8,346,996**
Finance income		-	-	(3)	(3)
Finance expense	12	62,293	68,264	71,110	76,643
Borrowing cost on provisions		(1,707)	(1,706)	6,146	6,149
Net Operating Expenditure before tax		**9,312,285**	**9,330,109**	**8,422,719**	**8,429,785**
Taxation		-	-	-	16
Net Expenditure for the year ended 31 March 2021		**9,312,285**	**9,330,109**	**8,422,719**	**8,429,801**
Other Comprehensive Net Expenditure					
Items that will not be reclassified to operating expenditure:					
Net (gain)/loss on revaluation of:					
Property, plant and equipment		171,432	171,331	(454,235)	(454,280)
Intangible assets		(4,645)	(4,846)	(959)	(1,003)
Assets for sale		1,358	1,358	15	15
Net (gain)/loss on impairment of:					
Property, plant and equipment		-	176	-	-
Remeasurement of pension schemes:					
Cafcass pension scheme		-	35,384	-	33,885
LSC pension scheme		29,512	29,512	(9,210)	(9,210)
By-analogy pension schemes		59	398	93	500
Probation pension schemes		704,781	704,781	(352,068)	(352,068)
Total Comprehensive Net Expenditure for the year ended 31 March 2021		**10,214,782**	**10,268,203**	**7,606,355**	**7,647,640**

The notes on pages 143 to 212 form part of these accounts.

Consolidated Statement of Financial Position

as at 31 March 2021

		31 March 2021		31 March 2020	
		Core department & agencies	Departmental group	Core department & agencies	Departmental group
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	13	12,150,665	12,153,828	11,915,355	11,918,794
Intangible assets	14	606,561	617,015	542,838	553,806
Investments		641	641	451	451
LSC pension net asset	25	88,887	88,887	116,370	116,370
Trade and other receivables	16	3,353	3,353	548	551
Total non-current assets		**12,850,107**	**12,863,724**	**12,575,562**	**12,589,972**
Current assets					
Assets held for sale	15	9,713	9,713	23,228	23,228
Inventories		54,792	56,005	58,616	59,602
Trade and other receivables	16	546,020	549,782	647,214	657,021
Cash and cash equivalents	17	214,590	266,618	193,258	218,563
Total current assets		**825,115**	**882,118**	**922,316**	**958,414**
Total assets		**13,675,222**	**13,745,842**	**13,497,878**	**13,548,386**
Current liabilities					
Trade and other payables	18	(1,781,931)	(1,814,815)	(1,506,142)	(1,528,645)
Financial liabilities	18	(52,166)	(52,166)	(43,996)	(43,996)
Provisions	19	(942,996)	(945,921)	(893,641)	(895,681)
Total current liabilities		**(2,777,093)**	**(2,812,902)**	**(2,443,779)**	**(2,468,322)**
Total assets less current liabilities		**10,898,129**	**10,932,940**	**11,054,099**	**11,080,064**
Non-current liabilities					
Trade and other payables	18	(41,274)	(43,397)	(81,309)	(83,135)
Other Financial liabilities	18	(497,050)	(497,050)	(486,642)	(486,642)
Provisions	19	(611,685)	(613,188)	(648,188)	(649,472)
Cafcass pension net liability	25	-	(316,967)	-	(265,713)
By-analogy pension liabilities		(1,487)	(8,221)	(1,573)	(8,171)
Probation pension net liability	25	(2,410,011)	(2,410,011)	(1,637,818)	(1,637,818)
Total non-current liabilities		**(3,561,507)**	**(3,888,834)**	**(2,855,530)**	**(3,130,951)**
Assets less liabilities		**7,336,622**	**7,044,106**	**8,198,569**	**7,949,113**
Taxpayers' equity					
General Fund		3,510,822	3,217,084	4,046,612	3,796,025
Revaluation Reserve		3,825,800	3,827,022	4,151,957	4,153,088
Total taxpayers' equity		**7,336,622**	**7,044,106**	**8,198,569**	**7,949,113**

The notes on pages 143 to 212 form part of these accounts.

Antonia Romeo
Principal Accounting Officer
9 December 2021

Consolidated Statement of Cash Flows
for the year ended 31 March 2021

	Note	2020-21 Core department & agencies £000	2020-21 Departmental group £000	2019-20 Core department & agencies £000	2019-20 Departmental group £000
Cash flows from operating activities					
Net operating expenditure	CSoCNE	(9,312,285)	(9,330,109)	(8,422,719)	(8,429,801)
Adjustments for non-cash transactions		2,443,412	2,458,796	2,396,988	2,409,552
Finance costs/(income)		27,893	27,893	29,186	29,186
Movements in pensions		(1,979)	7,753	61,423	75,236
(Increase)/decrease in trade and other receivables	16	98,389	104,437	(17,893)	(13,260)
Less: Movements in receivables not passing through the CSoCNE and receivable impairments		(19,628)	(19,574)	(7,268)	(7,262)
(Increase)/decrease in inventories		3,824	3,597	4,819	4,498
(Decrease)/increase in trade and other payables	18	235,754	246,432	92,921	98,965
Less: Movements in payables relating to items not passing through the CSoCNE		(258,459)	(249,198)	(138,183)	(157,846)
Increase/(decrease) in other financial liabilities	18	18,578	18,578	(34,582)	(34,582)
Less: Movements in other financial liabilities relating to items not passing through the CSoCNE		(17,798)	(17,798)	35,463	35,463
Utilisation of provisions	19	(1,724,553)	(1,724,849)	(1,941,284)	(1,941,656)
Intra-departmental adjustment through SoCiTE (between MoJ core and agencies)		(30,275)	(6,287)	24,903	21,823
Net cash outflow from operating activities		**(8,537,127)**	**(8,480,329)**	**(7,916,226)**	**(7,909,684)**
Cash flows from investing activities					
Purchase of property, plant and equipment		(978,653)	(980,173)	(392,118)	(393,045)
Purchase of intangible assets		(141,600)	(143,508)	(130,980)	(133,165)
New PFI liabilities in year		55,707	55,707	-	-
Adjust for increase/(decrease in capital payables)		76,668	76,668	(20,415)	(20,419)
Proceeds on disposal of property, plant and equipment		(386)	(386)	1,169	1,167
Proceeds on disposal of intangible assets		383	364	644	645
Proceeds on disposal of assets held for sale		18,676	18,676	79,315	79,315
Other		900	-	2,981	2,981
Net cash outflow from investing activities		**(968,305)**	**(972,652)**	**(459,404)**	**(462,521)**
Cash flows from financing activities					
From the Consolidated Fund (Supply)		9,237,140	9,237,140	8,115,000	8,115,000
From the Consolidated Fund (Supply) - Prior year		192,387	192,387	183,599	183,599
From the Consolidated Fund (Non-Supply)		163,898	163,898	159,886	159,886
Advances from the Contingencies Fund		-	-	-	-
Repayments to the Contingencies Fund		-	-	-	-
Capital element of finance leases and on-balance sheet Private Finance Initiative (PFI) contracts		(37,909)	(37,909)	(35,463)	(35,463)
Repayment of local authority loans		193	193	(1,863)	(1,863)
Interest paid		(27,893)	(27,893)	(29,186)	(29,186)
Net cash inflow from financing activities		**9,527,816**	**9,527,816**	**8,391,973**	**8,391,973**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**22,384**	**74,835**	**16,343**	**19,768**
Receipts due to the Consolidated Fund outside the scope of the department's activities		(267)	(17,334)	-	-
Payments of amounts due to the Consolidated Fund		(785)	(9,446)	(8,505)	(8,505)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**21,332**	**48,055**	**7,838**	**11,263**
Cash and cash equivalents at the beginning of the period	17	**193,258**	**218,563**	**185,420**	**207,300**
Transfer out of boundary		-	-	-	-
Cash and cash equivalents at the end of the period	17	**214,590**	**266,618**	**193,258**	**218,563**

The notes on pages 143 to 212 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2021

		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 1 April 2020		**4,046,612**	**4,151,957**	**8,198,569**	**3,796,025**	**4,153,088**	**7,949,113**
Net Parliamentary Funding – drawn down		9,237,140	-	9,237,140	9,237,140	-	9,237,140
Net Parliamentary Funding – deemed		192,387	-	192,387	192,387	-	192,387
Unspent Supply drawn down repayable to the Consolidated Fund		(214,504)	-	(214,504)	(214,504)	-	(214,504)
Consolidated Fund Standing Services							
- Judicial salaries		155,694	-	155,694	155,694	-	155,694
- Lord Chancellor's salary		76	-	76	76	-	76
- Utilisation of Judicial Service Award		8,128	-	8,128	8,128	-	8,128
CFERs payable to the Consolidated Fund		(267)	-	(267)	(17,334)	-	(17,334)
Net expenditure for the year	CSoCNE	(9,312,285)	-	(9,312,285)	(9,330,109)	-	(9,330,109)
Net gain/(loss) on revaluation of							
- Property, plant and equipment		-	(171,432)	(171,432)	-	(171,331)	(171,331)
- Intangible assets		-	4,645	4,645	-	4,846	4,846
- Assets held for sale		-	(1,358)	(1,358)	-	(1,358)	(1,358)
Net gain/(loss) on impairment of							
- Property, plant and equipment		-	-	-	-	(176)	(176)
Remeasurement of pension schemes							
- Cafcass pension scheme	25	-	-	-	(35,384)	-	(35,384)
- LSC pension scheme	25	(29,512)	-	(29,512)	(29,512)	-	(29,512)
- By-analogy pension schemes		(59)	-	(59)	(398)	-	(398)
- Probation pension schemes	25	(704,781)	-	(704,781)	(704,781)	-	(704,781)
Assets transferred out of the group		-	-	-	(673)	-	(673)
Non-cash adjustment							
- Auditors' remuneration	6	1,590	-	1,590	1,590	-	1,590
- Corporate overhead charges	11	(3,513)	-	(3,513)	-	-	-
Movements in reserves							
- Transfers from Revaluation Reserve		164,391	(164,391)	-	164,426	(164,426)	-
Adjustment in respect of prior periods		(32,067)	6,379	(25,688)	(7,143)	6,379	(764)
Other		1,792	-	1,792	1,456	-	1,456
Balance at 31 March 2021		**3,510,822**	**3,825,800**	**7,336,622**	**3,217,084**	**3,827,022**	**7,044,106**

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

		Core department & agencies			Departmental group		
	Note	General fund £000	Revaluation reserve £000	Total reserves £000	General fund £000	Revaluation reserve £000	Total reserves £000
Balance at 31 March 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)	-
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**

The notes on pages 143 to 212 form part of these accounts.

Notes to the accounts for the year ended 31 March 2021

1a) Statement of accounting policies

1.1 Basis of preparation

These accounts have been prepared in accordance with the ***Government Financial Reporting Manual (FReM) 2020-21*** 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 Outturn against 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 2020-21 (none in 2019-20).

1.6 The impact of new International Financial Reporting Standards (IFRS) on the 2020-21 accounts

a) New and amended standards adopted

There have been no new or amended standards adopted in 2020-21.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2020 and not early adopted

IFRS 16 Leases

The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below.

IFRS 16 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. Under the FReM, the standard is effective from 1 April 2022, with the option to early adopt. The Group will early adopt IFRS 16 in the financial year commencing 1 April 2021.

IFRS 16 will be implemented using the cumulative catch-up method; as a result, comparatives will not be restated. On the date of transition to IFRS 16, the Group will recognise a lease liability and a right-of-use asset.

The lease liability will be measured at the value of the remaining lease payments, discounted either by the interest rate implicit in the lease, or where this is not readily determinable, the incremental rate of borrowing advised by HM Treasury. Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options the Group is reasonably certain to exercise and any termination options the Group is reasonably certain not to exercise.

The right-of-use asset will initially be measured at the value of the lease liability, adjusted for: any lease payments made before the commencement date; any lease incentives received; any incremental costs of obtaining the lease; and any costs of removing the asset and restoring the site at the end of the lease. As a practical expedient for existing operating leases recognised on transition, the latter two elements will not be included in the asset value.

Where the lease requires nil or nominal consideration (usually referred to as a 'peppercorn' lease), the asset will instead be measured at its existing use value, with the difference between the carrying amount of the right-of-use asset and lease liability treated as notional income (or on transition, a credit to the General Fund).

The Group occupies three court buildings owned by Corporation of London at nil consideration under statutory arrangements. These arrangements did not constitute leases under the previous standard but have been assessed as leases under the wider definition in IFRS 16. The assets will be recognised at their fair value at the transition date.

See Note 1.10 for details of the Group's current leases policy. Those leases currently recognised as operating leases will be converted to right of use assets and liabilities on transition to IFRS 16, with those currently recognised as finance leases transferring at their existing values.

For the material arrangements within the scope of IFRS 16, the impact of implementation is currently considered to be an increase in assets and liabilities of approximately £1.3 billion. This value is lower than the value of minimum operating lease commitments under IAS 17, primarily because the IFRS 16 liabilities exclude VAT and any leases with less than 12 months remaining.

The standard is expected to increase total expenditure in 2021-22 by approximately £20 million, comprising an increase of £139 million in depreciation and interest costs, offset by a reduction of £119 million in operating lease rental expenses.

IFRS 17 Insurance Contracts requires a discounted cash flow approach to accounting for insurance contracts. Subject to UK 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 IFRS 17 will have a material impact.

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 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 department utilises an agile development approach. For each module of information technology (IT), amortisation begins when it is ready for its intended use, regardless of whether the IT will be placed into service in planned stages that may extend beyond a reporting period. If the functionality of a module is entirely dependent on the completion of other modules, amortisation begins when both that module and the other modules upon which it is functionally dependent are ready for their intended use.

With effect from 1 April 2020, there was a reduction in the intangible assets capitalisation threshold from £1 million to £250,000. This change was required to provide consistency in accounting treatment across larger entities within MoJ thus providing more relevant information about the effects of transactions and enabling the reader to make consistent comparisons. This has been applied prospectively however, MoJ has reported no new additional capital spend in 2020-21 that would not have been previously capitalised; all intangible spend has been for projects in excess of £1 million.

The thresholds across the departmental group range from £1,000 to £250,000 (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 https://www.gov.uk/government/publications/judicial-pension-scheme-accounts-2019-to-2020.

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 2021 and are reflected in the 2020-21 accounts.

The Secretary of State for Justice has provided a guarantee to the pension administrator in respect of the CRCs' participation in the scheme for pension liabilities that transferred to the community rehabilitation companies.

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 obligations 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 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 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)

The Legal Services Act 2007 (the Act) makes provision for the costs of OLC and LSB to be recovered through the imposition of a levy on the legal profession's approved regulators. In accounting for levy income, section 175 of the Act 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 in 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 (CJS)	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 and Income from NHS and other healthcare providers	Relates to the recharge of expenditure to other government departments	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. 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 current discount rates set by HM Treasury based on the underlying cash flows: -0.02%, 0.18% 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 -1.03% (2019-20: -0.5%).

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 2021 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 requirements, 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.

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 uncollectable.

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, 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. This year, all land, buildings and dwellings were valued on a desktop basis, with the exception of six properties that had significant complex capital works completed. The majority of operational buildings are specialised and are therefore valued at depreciated replacement cost (DRC) to a modern equivalent basis. This modern equivalent is assumed to be in the same location with the same internal area as the existing property. 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.

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

Net pension assets and liabilities

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

The pension liabilities for 2020-21 reflect the appropriate assumptions, taking account of COVID-19. As a result of the large reduction in the discount rate at 31 March and changes to the inflation assumptions following the government's response to RPI reforms, this has significantly increased the pension liability for all Local Government Pension Scheme (LGPS) employers.

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; however, the assets have performed well over the past year which has partially offset the increase in pension liability for 2020-21.

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.

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, LAA recognises 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.

Critical judgements in applying 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.

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.

LAA Work In Progress (WIP) provision and receivables impairment provision

The estimates and associated assumptions included within the financial statements are based on data held by the LAA, historical experience and various other factors. These are believed to provide a reasonable basis on which the carrying values of assets and liabilities that are not readily apparent from other sources can be estimated.

The key areas in which management make estimations and assumptions are trade and other receivables (note 16 and note 24) and provisions for liabilities and charges (note 18).

Impact of COVID-19 on receivables

The 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.

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 (ExCo).

The department is split into five segments: three business groups plus two executive agencies. These segments are: Chief Finance Officer Group (CFOG); Policy and Strategy Group (PSG); People Group (PG); 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 brings together finance, commercial and contract management, estates, project technology, risk and assurance, and digital and technology. It also includes three executive agencies: LAA, the Criminal Injuries Compensation Authority and OPG and it sponsors Gov Facility Services Limited.

PSG 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.

PG 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.

	CFOG	PG	PSG	HMCTS	HMPPS	Gross total	Elimination	2020-21 Net total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	2,394,651	17,446	829,773	2,192,001	5,642,249	11,076,120	(400,450)	10,675,670
Income	(536,851)	(5,067)	(87,806)	(625,263)	(236,547)	(1,491,534)	145,973	(1,345,561)
Net expenditure	**1,857,800**	**12,379**	**741,967**	**1,566,738**	**5,405,702**	**9,584,586**	**(254,477)**	**9,330,109**

	CFOG	PG	PSG	HMCTS	HMPPS	Gross total	Elimination	Reclassified 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**

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

	CFOG	PG	PSG	HMCTS	HMPPS	2020-21 Gross total (pre-eliminations)
	£000	£000	£000	£000	£000	£000
Income						
Revenues from external customers	(69,183)	(5,067)	(40,737)	(62,061)	(203,697)	(380,745)
Revenues from transactions with other operating segments of the department	(144,517)	-	-	-	-	(144,517)
Interest revenue	-	-	(2)	-	-	(2)
Material items of income						
EU Grant	-	-	-	-	(32,850)	(32,850)
CFERs	(267)	-	(17,067)	-	-	(17,334)
Fee Income	(322,884)	-	(30,000)	(563,202)	-	(916,086)
Total income	**(536,851)**	**(5,067)**	**(87,806)**	**(625,263)**	**(236,547)**	**(1,491,534)**
Individual items of expenditure						
Depreciation	54,321	-	742	134,242	305,761	495,066
Amortisation	18,304	5,895	2,178	35,193	9,973	71,543
Material items of expenditure						
Staff costs	410,982	58,186	256,218	625,064	2,450,721	3,801,171
Costs of the judiciary	142	1	6,150	573,685	-	579,978
Accommodation, maintenance and utilities	35,051	3,467	6,973	307,806	568,876	922,173
Offender related costs	-	-	-	-	702,805	702,805
Service concession charges	79,477	-	-	30,029	526,091	635,597
IT services & telecommunications (non-service concession arrangements)	71,546	5,895	9,794	156,042	28,310	271,587
Costs of Community Rehabilitation Companies	-	-	-	-	411,040	411,040
Payments of grant-in-aid to NDPBs which eliminate with receipts of grant-in-aid by NDPBs	2,300	-	252,177	-	-	254,477
Cost of legal services and disbursements (crime)	4,739	-	-	-	-	4,739
Cost of legal services and disbursements (civil)	5,169	-	-	-	-	5,169
Provisions provided for in year	1,732,939	181	2,866	5,533	344	1,741,863
Corporation tax	-	-	-	-	-	-
Rentals under operating leases	26,083	166	159	90,859	1,774	119,041
Finance charges on leases and service concession arrangements	7,920	-	-	4,937	14,098	26,955
Current Grants	-	157	220,589	25	4,752	225,523
Corporate Overhead recharge	(269,359)	(142,858)	3,513	82,337	326,367	-
SoCNE Impairments	12,265	-	85	43,522	39,220	95,092
Immaterial items of expenditure	202,722	86,356	68,329	102,727	252,117	712,301
Total expenditure	2,394,651	17,446	829,773	2,192,001	5,642,249	11,076,120

						2019-20
	CFOG £000	PG £000	PSG £000	HMCTS £000	HMPPS £000	Gross total (pre-eliminations) £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**

3. Revenue from contracts with customers

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Fines receipts	290,622	290,622	375,005	375,005
Fee income	622,955	622,955	816,577	816,577
Victim surcharge	35,393	35,393	39,361	39,361
Legal Aid Agency - Civil Representation recoveries	10,695	10,695	24,508	24,508
Legal Aid Agency - Criminal cases recoveries	14,958	14,958	33,238	33,238
Remand income	31,022	31,080	29,774	29,900
Income from NHS and other healthcare providers	49,622	49,622	59,917	59,917
Income from Community Rehabilitation Companies	-	-	935	935
Recoveries from other government departments	101,368	101,219	167,255	167,087
External sales of prison industries	9,771	9,771	16,053	16,053
Retail prison shop income	65,884	65,884	56,693	56,693
In-cell TV income	33	33	1,759	1,759
Training	1,557	1,557	2,207	2,261
Compensation	4,256	4,256	5,931	5,931
Internal customers	1,375	1,375	1,834	1,834
Miscellaneous income	10,626	9,854	18,045	17,220
Revenue from contracts with customers within the department's ambit	**1,250,137**	**1,249,274**	**1,649,092**	**1,648,279**
CFER Receipts	267	17,334	1,494	17,588
Total Revenue from contracts with customers	**1,250,404**	**1,266,608**	**1,650,586**	**1,665,867**

4. Other operating income

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Rental income	46,251	46,251	36,410	36,410
European Social Fund and other European funding	32,850	32,850	27,446	27,446
Miscellaneous income	-	(148)	-	82
Other operating income within the department's ambit	**79,101**	**78,953**	**63,856**	**63,938**
Consolidated Fund Extra Receipts	-	-	-	-
Total other operating income	**79,101**	**78,953**	**63,856**	**63,938**

5. Staff and Judiciary costs

Staff costs

				2020-21	2019-20
	Permanently employed staff	Other	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	2,595,999	250,711	315	2,847,025	2,555,741
Social security costs	268,931	1,431	36	270,398	239,720
Other pension costs	670,827	60	-	670,887	698,787
Sub Total	**3,535,757**	**252,202**	**351**	**3,788,310**	**3,494,248**
Early departure costs	9,990	-	-	9,990	11,403
Early departure provisions	43	-	-	43	(42)
Add inward secondments	16,159	196	-	16,355	11,605
Less recoveries in respect of outward secondments	(13,570)	-	-	(13,570)	(10,341)
Total Net Costs	**3,548,379**	**252,398**	**351**	**3,801,128**	**3,506,873**
Of which:					
Core department and agencies	3,351,014	223,113	351	3,574,478	3,301,707
NDPBs	197,365	29,285	-	226,650	205,166
	3,548,379	**252,398**	**351**	**3,801,128**	**3,506,873**

Judiciary costs

				2020-21	2019-20
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	139,228	114,098	113,220	366,546	384,496
Social security costs	18,565	14,738	11,285	44,588	46,599
Other pension costs	69,386	56,384	43,074	168,844	164,175
Total Net Costs	**227,179**	**185,220**	**167,579**	**579,978**	**595,270**
Of which:					
Core department and agencies	227,179	185,220	167,579	579,978	595,270
NDPBs	-	-	-	-	-
	227,179	**185,220**	**167,579**	**579,978**	**595,270**

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

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Lease/service concession charges:				
PFI service charges	635,701	635,701	631,776	631,776
Other service concession service charges (non-PFI)	(104)	(104)	-	-
Rentals under operating leases	118,800	118,951	120,295	120,506
Other services:				
Accommodation, maintenance and utilities	915,340	777,257	801,476	677,994
Communications, office supplies and services	51,832	53,467	51,701	53,736
Travel, subsistence and hospitality	20,518	21,709	62,293	67,952
Training and other staff related costs	73,918	77,072	54,201	57,089
IT services and telecommunications (non-service concession arrangements)	263,536	270,953	253,894	261,371
Professional services	86,564	90,088	72,377	75,300
Other contracted out services	112,569	120,626	51,743	59,418
Shared Service outsourcing	-	-	53,550	53,550
External Auditor's remuneration and expenses	-	427	-	422
Other legal aid service costs	-	52	-	-
Non-cash services:				
External Auditor's remuneration*	1,590	1,590	1,492	1,492
Total purchase of goods and services	**2,280,264**	**2,167,789**	**2,154,798**	**2,060,606**

* Non-cash external auditors' remuneration represents the statutory audit fees of the Core department and agencies. Refer to page 82 in the Governance Statement, for details of total statutory audit fees for the Group.

7. Depreciation, amortisation and impairment charges

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Depreciation	494,030	495,066	468,672	469,519
Amortisation	68,987	71,543	83,050	85,642
Impairment charge on non-current assets:				
Property, plant and equipment	76,562	76,647	(54,624)	(54,624)
Intangible assets	18,349	18,349	-	-
Assets held for sale	96	96	-	-
Investments	-	-	(133)	(133)
Increase/(decrease) in receivables impairment	19,638	19,584	10,417	10,411
Total depreciation, amortisation and impairment charges	**677,662**	**681,285**	**507,382**	**510,815**

8. Provision expense

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Provisions provided in year net of release	195,869	197,268	251,778	252,775
Civil legal help and representation – solicitors' charges, counsel fees and disbursements	848,216	848,216	804,605	804,605
Criminal cases – solicitors' charges, counsel fees and disbursements	696,379	696,379	852,473	852,473
Total provision expense	**1,740,464**	**1,741,863**	**1,908,856**	**1,909,853**

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

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Net (gain)/loss on disposal of:				
Property, plant and equipment	2,060	2,060	5,223	5,227
Intangible assets	716	728	52	52
Assets held for sale	(8,749)	(8,749)	(47,715)	(47,715)
Total net (gain)/loss on disposal of assets	**(5,973)**	**(5,961)**	**(42,440)**	**(42,436)**

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

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
(Increase)/decrease in the valuation of:				
Property, plant and equipment	(5,337)	(5,337)	(22,944)	(22,944)
Intangible assets	-	-	(2)	(2)
Assets held for sale	303	303	83	83
Investments	(190)	(190)	-	-
Total revaluation of non-current and financial assets	**(5,224)**	**(5,224)**	**(22,863)**	**(22,863)**

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11. Other operating expenditure

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Grants:				
Current	150,385	225,523	100,523	172,734
Capital	3,901	3,901	-	-
Criminal justice costs:				
Offender related costs	702,805	702,805	622,839	622,839
Youth Offender costs	59,143	59,143	70,834	71,029
Contracted probation services (CRCs)	411,040	411,040	403,122	403,122
Judicial and juror costs	30,421	30,421	63,522	63,522
Cost of legal services and disbursements (Civil)	4,739	4,739	6,710	6,710
Cost of legal services and disbursements (Crime)	5,169	5,169	5,965	5,965
Cost from Central Funds	9,405	9,405	12,933	12,933
Compensation payments	28,538	28,538	29,493	29,493
Other administrative expenditure	6,855	7,059	7,339	7,514
Other programme costs	52,397	136,753	80,526	160,347
Grant-in-Aid to NDPBs	254,477	-	253,511	-
Other PSP related personal protective equipment	24,035	24,035	-	-
Non-cash operating expense:				
Notional charges	-	-	-	-
Corporate notional overhead charge	(3,513)	-	(2,595)	-
Other pension costs	1,205	1,205	2,281	2,281
Other non-cash	(1,447)	(1,482)	195	194
Total other operating expenditure	**1,739,555**	**1,648,254**	**1,657,198**	**1,558,683**

12. Finance expense

	2020-21		2019-18	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Finance charges on leases and service concession arrangements	26,955	26,955	28,263	28,263
Non-cash finance expense:				
Net interest on pension	35,338	41,309	42,847	48,380
Total finance expense	**62,293**	**68,264**	**71,110**	**76,643**

13. Property, plant and equipment

Departmental group 2020-21

	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 2020	**1,561,842**	**9,550,583**	**43,532**	**467,383**	**368,814**	**30,809**	**531,821**	**12,554,784**
Additions	4,392	82,927	-	52,129	71,917	149	768,659	980,173
Disposals	-	(610)	-	(1,739)	(7,187)	(2)	(948)	(10,486)
Reclassifications	4,200	149,586	(1,497)	7,525	37,640	243	(201,674)	(3,977)
Revaluations	40,003	(623,482)	712	15,471	(12,794)	49	-	(580,041)
Transfers	-	(1,765)	-	1	-	-	-	(1,764)
Impairments	(1,357)	(37,210)	-	-	(23,755)	-	(14,571)	(76,893)
At 31 March 2021	**1,609,080**	**9,120,029**	**42,747**	**540,770**	**434,635**	**31,248**	**1,083,287**	**12,861,796**
Depreciation								
At 1 April 2020	**-**	**(2,160)**	**1**	**(335,267)**	**(272,272)**	**(26,292)**	**-**	**(635,990)**
Charged in year	(592)	(412,268)	(1,123)	(53,394)	(26,770)	(919)	-	(495,066)
Disposals	-	-	-	2,149	6,662	1	-	8,812
Reclassifications	-	14	19	(66)	1	1	-	(31)
Revaluations	592	412,313	1,103	(11,977)	12,057	(41)	-	414,047
Transfers	-	190	-	-	-	-	-	190
Impairments	-	57	-	-	13	-	-	70
At 31 March 2021	**-**	**(1,854)**	**-**	**(398,555)**	**(280,309)**	**(27,250)**	**-**	**(707,968)**
Carrying amount at 31 March 2021	**1,609,080**	**9,118,175**	**42,747**	**142,215**	**154,326**	**3,998**	**1,083,287**	**12,153,828**
Carrying amount at 1 April 2020	**1,561,842**	**9,548,423**	**43,533**	**132,116**	**96,542**	**4,517**	**531,821**	**11,918,794**
Owned	1,529,172	7,735,236	37,562	141,335	94,591	3,999	1,083,287	10,625,182
Finance leased	59,572	410,883	5,185	-	2,202	-	-	477,842
On balance sheet PFI and other service concession arrangements	20,336	972,056	-	880	57,533	-	-	1,050,805
Carrying amount at 31 March 2021	**1,609,080**	**9,118,175**	**42,747**	**142,215**	**154,326**	**3,999**	**1,083,287**	**12,153,829**
Of the total								
Core department and agencies	1,609,080	9,117,475	42,747	140,379	154,324	3,775	1,082,885	12,150,665
NDPBs	-	700	-	1,836	2	223	402	3,163
Carrying amount at 31 March 2021	**1,609,080**	**9,118,175**	**42,747**	**142,215**	**154,326**	**3,998**	**1,083,287**	**12,153,828**

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**
Asset financing								
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 SCAs	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**

Included in the carrying values above are non-operational sites with a combined value of £23.9 million (2019-20: £18.1 million). These sites are vacant, but do not yet meet the criteria for classification as assets held for sale.

14. Intangible assets

Departmental group 2020-21

	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 2020	**64,195**	**412,330**	**365,474**	**388,221**	**1,230,220**
Additions	1,600	62	2,689	139,157	143,508
Disposals	(24,114)	(417)	(24,113)	(675)	(49,319)
Reclassifications	(132)	19,477	111,889	(125,862)	5,372
Revaluations	1,218	13,300	11,515	(2)	26,031
Transfers	1	6,613	(7,195)	(2)	(583)
Impairments	-	-	-	(18,349)	(18,349)
At 31 March 2021	**42,768**	**451,365**	**460,259**	**382,488**	**1,336,880**
Amortisation					
At 1 April 2020	**(56,195)**	**(341,531)**	**(278,688)**	**-**	**(676,414)**
Charged in year	(4,064)	(19,283)	(48,196)	-	(71,543)
Disposals	24,107	16	24,104	-	48,227
Reclassifications	64	403	-	-	467
Revaluations	(1,099)	(11,102)	(8,984)	-	(21,185)
Transfers	-	(744)	1,327	-	583
At 31 March 2021	**(37,187)**	**(372,241)**	**(310,437)**	**-**	**(719,865)**
Carrying amount at 31 March 2021	**5,581**	**79,124**	**149,822**	**382,488**	**617,015**
Carrying amount at 1 April 2020	**8,000**	**70,799**	**86,786**	**388,221**	**553,806**
Asset financing					
Owned	5,581	79,124	149,822	382,488	617,015
Carrying amount at 31 March 2021	**5,581**	**79,124**	**149,822**	**382,488**	**617,015**
Of the total					
Core department and agencies	5,015	76,824	143,041	381,681	606,561
NDPBs	566	2,300	6,781	807	10,454
Carrying amount at 31 March 2021	**5,581**	**79,124**	**149,822**	**382,488**	**617,015**

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)
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)
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**

At 31 March 2021 and 31 March 2020 there were no individually material intangible assets.

15. Assets held for sale

	31 March 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Balance at 1 April	**23,228**	**23,228**	**6,165**	**6,165**
Reclassifications	(1,831)	(1,831)	48,761	48,761
Disposals	(9,927)	(9,927)	(31,600)	(31,600)
Revaluations	(1,661)	(1,661)	(98)	(98)
Impairments	(96)	(96)	-	-
Balance at 31 March	**9,713**	**9,713**	**23,228**	**23,228**

HMPPS has committed to a plan to sell various surplus properties, which are to be sold for commercial use and domestic dwellings. These sites have a combined value of £9.1 million. 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. These sites have a combined value of £0.6 million. 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 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Amounts falling due within one year				
Trade receivables	77,492	78,310	80,777	88,263
Other receivables	170,170	171,517	129,274	130,170
Contributions due from funded clients	6,047	6,047	6,757	6,757
Statutory charge and interest	90,971	90,971	95,329	95,329
Amounts due from service providers	27,062	27,062	48,722	48,722
VAT receivables	82,855	82,855	106,671	106,671
Deposits and advances	54	102	416	501
Prepayments and accrued income	90,602	92,918	178,179	180,608
Intra-departmental receivables	767	-	1,089	-
Receivables related to CFERs	-	-	-	-
	546,020	**549,782**	**647,214**	**657,021**
Amounts falling due after more than one year				
Other receivables	2,943	2,943	548	548
Prepayments and accrued income	410	410	-	3
	3,353	**3,353**	**548**	**551**

The above includes a receivables impairment provision of £248.2 million (2019-20: £217.9 million) for LAA on the statutory charge and interest and the amounts due from service providers. For further detail regarding the LAA impairment provision refer to Note 24.

Other receivables includes £74.8 million (2019-20: £32.7 million) from the HMCTS Trust Statement.

17. Cash and cash equivalents

	31 March 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Balance at 1 April	**193,258**	**218,563**	**185,420**	**207,300**
Net change in cash and cash equivalents	21,332	48,055	7,838	11,263
Balance at 31 March	**214,590**	**266,618**	**193,258**	**218,563**
Of which:				
Government Banking Service (GBS)	195,996	224,616	175,898	202,574
Commercial banks and cash in hand	18,594	42,002	17,360	15,989
	214,590	**266,618**	**193,258**	**218,563**

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 2020	Cash flows (out)/in	Interest charged	Capital repayment	Interest paid	Closing liabilities at 31 March 2021
	£000	£000	£000	£000		
Capital element of finance leases and on balance sheet PFI contracts	-	17,798	-	(17,798)	-	-
Repayment of local authority loans	-	(1,734)	-	1,734	-	-
Interest paid	-	(27,893)	(27,893)	-	27,893	-
Long term borrowings	24,085	-	938	(1,734)	(938)	22,351
Finance Lease Liabilities	107,318	-	8,491	(10,305)	(8,491)	97,013
PFI & SCA Liabilities	276,937	-	18,464	28,103	(18,464)	305,040
Total liabilities from financing activities	**408,340**	**(11,829)**	**-**	**-**	**-**	**424,404**

18. Trade payables and other current liabilities

18.1 Payables - Analysis by type

	31 March 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Amounts falling due within one year				
Trade payables	109,659	118,365	122,716	130,491
Taxation and social security	67,799	73,910	62,336	69,043
Capital payables	172,077	172,104	95,409	95,436
Other payables	90,303	92,415	87,047	88,632
Accruals	946,598	968,501	684,243	702,202
Deferred income	82,977	83,314	101,799	102,096
Amounts due to solicitors, counsel and advice agencies	62,013	62,013	120,799	120,799
Contribution refunds to funded clients	755	755	960	960
Creditor for pension transfer deficit: amounts payable to LGPS	11,781	11,781	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	214,504	214,504	192,387	192,387
CFERs due to be paid to the Consolidated Fund:				
- received	86	17,153	871	26,599
- receivable	-	-	-	-
Intra-departmental payables	23,379	-	37,575	-
	1,781,931	**1,814,815**	**1,506,142**	**1,528,645**
Amounts falling due after more than one year				
Local Authority loan balances	22,351	22,351	22,158	22,158
Deferred income	-	2,123	-	1,826
Creditor for pension transfer deficit: amounts payable to LGPS	4,068	4,068	47,970	47,970
Other payables	14,855	14,855	11,181	11,181
	41,274	**43,397**	**81,309**	**83,135**

18.2 Other financial liabilities - Analysis by type

	31 March 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Amounts falling due within one year				
Lease incentive creditors	1,766	1,766	714	714
Straight lining creditors	5,154	5,154	5,348	5,348
Finance lease creditors	11,697	11,697	10,328	10,328
Imputed finance lease element of on-balance sheet PFI contracts	33,549	33,549	27,606	27,606
	52,166	**52,166**	**43,996**	**43,996**
Amounts falling due after more than one year				
Lease incentive creditors	13,499	13,499	14,360	14,360
Straight lining creditors	126,744	126,744	125,961	125,961
Finance lease creditors	85,316	85,316	96,990	96,990
Imputed finance lease element of on-balance sheet PFI contracts	271,491	271,491	249,331	249,331
	497,050	**497,050**	**486,642**	**486,642**

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19. Provisions for liabilities and charges

	2020-21		2019-20	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Balance at 1 April	**1,541,829**	**1,545,153**	**1,569,142**	**1,571,838**
Provided in the year	1,823,309	1,825,650	2,001,988	2,003,479
Provisions not required written back	(84,197)	(85,139)	(94,163)	(94,657)
Provisions utilised in the year	(1,724,553)	(1,724,849)	(1,941,284)	(1,941,656)
Borrowing costs (unwinding of discount)	(1,707)	(1,706)	6,146	6,149
Balance at 31 March	**1,554,681**	**1,559,109**	**1,541,829**	**1,545,153**
Analysis of expected timing of discounted cash flows				
Not later than one year	942,996	945,921	893,641	895,681
Later than one year but not later than five years	288,299	289,788	300,188	301,203
Later than five years	323,386	323,400	348,000	348,269
Balance at 31 March	**1,554,681**	**1,559,109**	**1,541,829**	**1,545,153**

Provisions by type

												2020-21
	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 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**
Provided in the year	19,100	12,645	4,369	24,089	47,731	994	323	123,418	12,452	1,544,595	35,934	1,825,650
Provisions not required written back	-	(3,854)	-	-	(60,415)	(3,395)	-	-	(5,842)	-	(11,633)	(85,139)
Provisions utilised in the year	(27,222)	(5,612)	(4,609)	(22,877)	(33,013)	(2,120)	(185)	(128,848)	(505)	(1,455,171)	(44,687)	(1,724,849)
Borrowing costs (unwinding of discount)	1,000	-	2,372	-	(5,900)	-	-	821	1	-	-	(1,706)
Balance at 31 March 2021	**193,260**	**155,666**	**88,622**	**18,515**	**73,782**	**64,507**	**14,828**	**161,015**	**78,920**	**658,621**	**51,373**	**1,559,109**
Analysis of expected timing of discounted cash flows												
Not later than one year	43,600	5,519	4,257	18,515	21,771	56,435	14,828	88,781	16,716	658,621	16,878	945,921
Later than one year but not later than five years	83,100	21,822	16,471	-	44,174	7,566	-	72,234	39,776	-	4,645	289,788
Later than five years	66,560	128,325	67,894	-	7,837	506	-	-	22,428	-	29,850	323,400
Balance at 31 March 2021	**193,260**	**155,666**	**88,622**	**18,515**	**73,782**	**64,507**	**14,828**	**161,015**	**78,920**	**658,621**	**51,373**	**1,559,109**

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 (GAD), 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 takes into account liabilities arising from recent 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 UK 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 (JPS) 2015 Regulations were unlawful on grounds of age discrimination.

The JSA provision of £193.3 million can be analysed as follows:

	£m
Salaried judicial office holders	**78.6**
Fee paid judicial office holders	34.0
Transitional protection	54.0
Length of service protection	26.7
Total	**193.3**

Sensitivity analysis

A sensitivity analysis for the JSA provision was undertaken by GAD to identify the impact of changes in the assumptions used to calculate the liability as at 31 March 2021. Each change is shown separately to enable the reader to understand the impact that an adjustment would have on the accounts. The following assumptions are used in the calculation of this provision:

(i) Discount rate: The liability is accounted for under ***IAS 37*** Provisions, Contingent Liabilities and Contingent Assets and uses the general provisions discount rate as published by HM Treasury. The discount rate is used to calculate the present value of expected future cash flows. The sensitivity analysis shows the impact of a +0.5% change in the discount rate for the short term, medium term and long term. A +0.5% change in the rate results in a reduction in the liability of 2.5% or £2.8 million.

(ii) (Long-term) salary increase: A long-term salary increase of CPI + 1.50% pa is used to calculate the provision. This is in keeping with the Judicial Pension Scheme resource accounts. The sensitivity analysis shows the impact of a +0.5% change in the earnings assumptions and would result in an increase in the liability of 3% or £3.4 million.

(iii) Post-employment rates: This sensitivity shows the impact of calculating the provision using the post-employment rate rather than the general provisions rates. This would increase the liability by 0.5% or £0.6 million.

(iv) Retirement age: This is the unweighted average age at which members are assumed to retire on grounds other than ill health in each of the Judicial Pension Schemes. A 1 year increase in the retirement age assumption would increase the liability by 3% or £3.4 million.

(v) Inflation: A service award is paid when a member retires and is dependent on the earnings assumptions but not inflation.

	Approximate effect on total liability	
Change in assumption	**%**	**£m**
(i) Discount rate: +0.5% p.a.	- 2.5	- £2.8
(ii) (Long-term) salary increase: +0.5% p.a	+ 3.0	+ £3.4
(iii) Post-employment rates:	+ 0.5	+ £0.6
(iv) Retirement age: all members retire 1 year later	+ 3.0	+ £3.4
(v) Inflation: +0.5% pa	Nil	Nil

A separate element of liability has also been recognised for fee-paid judiciary:

MoJ is required to compensate eligible retired fee-paid judges for the additional pension benefits due, including interest where applicable, 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 and are expected to be settled within the next year. MoJ has recognised a provision of £12.8 million for the outstanding payments. This is disclosed within 'Other Provisions'.

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 a provision is made for expected future costs. The Government Actuary's Department (GAD) provides HMPPS with annuity rates each year covering whole of life (for total liability value), 1 year and 1 to 5 years (for cash flow values). These assumptions take the time value of money into account.

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 -0.95% (2019-20: -0.5%) 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 Lord Chancellor's discount rate, which is currently fixed at -0.25%, is applied to future care costs and loss of earnings. 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 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 £161.0 million). Where an event has occurred on or before the reporting date, but an application has not yet been made, CICA recognises this as a contingent liability.

Due to the fixed nature of the tariff scheme the liability has been discounted at the prevailing HM Treasury Discount Rates 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 table below shows the impact of adjusting the 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 £16.4 million or decrease by £17 million.

% 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 five percentage 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 £14.3 million or decrease by £14.3 million.

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 £1,400 or decrease by £2,300.

	Net Present Value			Difference from Base Scenario			% Difference from Base Scenario		
	2012	Pre-2012	Total	2012	Pre-2012	Total	2012	Pre-2012	Total
Scheme Base Scenario	£157,112,368	£3,902,868	£161,015,235						
Average Value									
Low	£140,082,829	£3,902,868	£143,985,696	(£17,029,539)	£0	(£17,029,539)	(10.84%)	0.00%	(10.58%)
High	£173,504,525	£3,902,868	£177,407,393	£16,392,158	£0	£16,392,158	10.43%	0.00%	10.18%
% Nil Profile									
Low (-5%)	£142,812,588	£3,902,868	£146,715,456	(£14,299,779)	£0	(£14,299,779)	(9.1%)	0.00%	(8.88%)
High (+5%)	£171,412,147	£3,902,868	£175,315,015	£14,299,779	£0	£14,299,779	9.1%	0.00%	8.88%
% Decided to Offer									
Low Sample Value	£157,113,782	£3,902,868	£161,016,649	£1,414	£0	£1,414	0.00%	0.00%	0.00%
High Sample Value	£157,110,075	£3,902,868	£161,012,943	(£2,293)	£0	(£2,293)	0.00%	0.00%	0.00%

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 the 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 calculating the provision, the LAA uses complex valuation models to estimate the value of unbilled live cases based on the latest data available. A sensitivity analysis is performed for each major class of funded work in progress (WIP) provision. Each significant assumption within the provision models has been identified, a reasonable change identified and the impact on the final WIP 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. Underlying the estimates of liabilities for unbilled work across all of the Legal Aid funding schemes is the modelling assumption that costs accrue at a constant rate throughout the lifetime of cases.

The significant WIP provision balances relate to civil representation – £204.3 million (2019-20: £204.9 million) – and 'crime higher' – £378.6 million (2019-20: £294.7 million).

Civil representation WIP provision

Civil Representation legal aid relates to funding for representation by barristers and solicitors in civil cases that go to court. 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 impact of COVID-19 was taken into account when estimating the liabilities within the Legal Aid funding schemes. The following amendments have been made:

- Civil and family court capacity: the capacity of the family and civil courts was reduced during the pandemic, meaning that cases could not be cleared at the same rate. An adjustment has been made to the model, reducing the assumed rate at which work accumulated on cases during this period in direct proportion to the reduction in court capacity. The reduced capacity has also been assumed to apply over a larger population of outstanding cases, as court backlogs increased.
- Payment on account: during the pandemic, the LAA increased the amount of completed work that was remunerated through payment on account (POA) from 75% to 80% for non-Family Advocacy Scheme (FAS) claims, and to 100% for FAS claims. This has been taken into account within the WIP provision model in generating the bill value profiles.

- Duration profiles: until August 2020, a subset of civil representation bills were sent to HMCTS for assessment prior to being submitted to the LAA for payment. As a result of the pandemic, the LAA decided to bring the assessment of these bills in-house, in order to speed up payments to providers. This meant that the delay in claiming prior to, and post August 2020 was significantly different. The model has been adjusted to remove the billing delay.

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
Duration profile[1]	Max duration + 1 year	10.0	Max duration + 1 year	(10.0)
Final billing duration[2]	+15 days	0.0	-15 days	(0.0)
Dormancy[3]	910 days	17.5	N/A	N/A
Average final bill value (new since COVID-19)[4]	+10%	26.9	-10%	(26.9)
Court Capacity Profiles[5]	Without Backlog	5.2	N/A	N/A

[1] Duration profile: 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 if this year's profile was extended by 1 year.

[2] Final billing duration: 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. Note that for 31 March 2021 this sensitivity will only impact counsel costs and disbursements, since changes to the model introduced in light of the COVID-19 pandemic mean that billing delay no longer forms part of the considered duration profiles for solicitor profit costs.

[3] Dormancy: There is a risk that our assumption that no provision is required for cases that have been dormant for 2 years underestimates the provision, since a small proportion of these cases may indeed go on to have further financial activity.

[4] Average bill value: There is a degree of uncertainty in assuming that future prices will follow historical patterns, as prices vary to a small degree over time. In previous estimates, the sensitivity to this assumption has been reflected through reverting to price profiles from prior periods, however the changes that we have introduced due to the COVID-19 pandemic mean that the profiles are no longer on an equivalent basis. We have therefore changed our approach to flexing this assumption, and now consider that prices could be 10% higher or lower on average that the model suggests, based upon historical price variances

[5] Court capacity profiles: The sensitivity analysis removes the interaction between court capacity and the backlog of cases in the courts.

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 2021 could be higher by up to +18.2% (£59.6 million) or lower by up to -11.2% (£36.9 million).

Crime higher WIP provision

Crime higher legal aid relates to funding for solicitors and advocates in relation to representation in Crown Courts, the Court of Appeal and the Supreme Court. 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 COVID-19 pandemic was considered when estimating the crime higher WIP liabilities, the following amendments have been made:

- Crown court capacity: crown court capacity was substantially reduced during the pandemic. An adjustment was made to the model to reduce the assumed rate at which work accumulated on cases during this period. The reduced capacity has also been assumed to apply over a larger population of outstanding cases, as court backlogs increased.
- Interim payment profiles: as fewer cases were completing in the crown court, the estimated proportion of open interim-billed cases was over-estimated by the model and has been adjusted for.
- Price adjustment: social distancing restrictions in crown courts during the pandemic has meant that the ability to hear complex cases involving multiple parties has been reduced. This has resulted in the mean cost of the cases that have been cleared through the court substantially reducing. This in turn means that the value of outstanding cases will be skewed towards the more expensive end of the spectrum, and an adjustment has been made to the model to account for this, increasing the value of the liability in accordance with the reduction in case values that has been seen.

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%	60.0	-10.0%	(60.0)
Case duration	10.0%	33.3	-10.0%	(38.3)
Completion rates	2.5%	32.5	-2.5%	(29.0)
Capacity baseline	15%	53.0	-15%	(36.8)

Assumptions are monitored and reviewed where data is available.

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2021 could be higher by up to +30.7% (£112.2 million) (2019-20: £93.0 million) or lower by up to -23.9% (£87.5 million) (2019-20: £82.2 million).

Other provisions

OPG repayment scheme: Provision has been made for the estimated cost of repayment for Power of Attorney (POA) 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.

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In accordance with the department's accounting policies, the provision is reviewed annually and reflects the likely settlement values at the year-end. The online application service for Power of Attorney fees came to an end on 31 January 2021 and it is anticipated that application volumes will fall. An assessment of the closing liability at 31 March 2021 was based on the average payment and refund volume over this period and a provision of £0.9 million remains.

Supervision refunds will continue until 4 October 2025. This refund is split into two parts; proactive refunds to those payees already on record with a live supervision case and reactive refunds where the public is required to submit a claim. All proactive refunds are completed. The reactive refund uptake is very low and projecting current refund profile and costs has resulted in a £2 million reduction in provision.

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 £18.5 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 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. This has resulted in an overcharge of £16.4 million for which a refund scheme was launched in October 2020.

The above are included in the accounts as follows:

- HMCTS recognises a provision for the refund of £37.1 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 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Property, plant and equipment	441,904	441,904	395,750	395,750
Intangible assets	34,754	34,754	57,343	57,343
Total capital commitments	**476,658**	**476,658**	**453,093**	**453,093**

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 nine months and 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 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	138,241	141,614	129,804	133,600
Later than one year but not later than five years	461,813	465,794	437,844	440,907
Later than five years	973,831	975,194	984,636	985,074
Total land and buildings	**1,573,885**	**1,582,602**	**1,552,284**	**1,559,581**
Other				
Not later than one year	448	696	457	712
Later than one year but not later than five years	614	1,028	673	1,271
Later than five years	-	94	-	94
Total other	**1,062**	**1,998**	**1,130**	**2,077**
Total obligations under operating leases	**1,574,947**	**1,584,600**	**1,553,414**	**1,561,658**

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 2021 are given in the table below for each of the following periods:

	31 March 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	19,301	19,301	18,833	18,833
Later than one year but not later than five years	81,952	81,952	80,004	80,004
Later than five years	29,451	29,451	50,678	50,678
	130,704	**130,704**	**149,515**	**149,515**
Less: interest element	(33,691)	(33,691)	(42,197)	(42,197)
Total present value of obligations	**97,013**	**97,013**	**107,318**	**107,318**

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

	31 March 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Land and buildings				
Not later than one year	11,697	11,697	10,328	10,328
Later than one year but not later than five years	63,063	63,063	56,223	56,223
Later than five years	22,253	22,253	40,767	40,767
Present value of obligations	**97,013**	**97,013**	**107,318**	**107,318**

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 minimum lease receipts at 31 March 2021 under non-cancellable operating leases is:

	31 March 2021	31 March 2020
	£000	£000
Land and buildings		
Not later than one year	20,213	19,336
Later than one year but not later than five years	80,852	77,342
Later than five years	20,213	38,673
Present value of future income receivable	**121,278**	**135,351**

22. Commitments under PFI and Service Concession Arrangements

22.1 Arrangements not recognised on the Consolidated Statement of Financial Position

As at 31 March 2021 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
Networks (Voice, Video and Integration)	Core department	January 2014	8	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	8	Provision of managed print service and bulk print service to department HQ and executive agencies.
End User Computing Service	Core department	October 2014	8	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 will 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.
HMP Lowdham Grange	HMPPS	February 1998	25	Design, build, finance and operate a 760-place category B prison at HMP Lowdham Grange, Nottingham.

Project name	Entity	Contract start date	Duration (years)	Description
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.
Prisoner Escort Custody Service	HMPPS	August 2020	10	The supply and running of the Prison Vans and Escorts

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 £635.7 million (2019-20: £631.7 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 2021		31 March 2020
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Rentals due not later than one year	51,641	51,641	44,729	44,729
Rentals due later than one year but not later than five years	172,110	172,110	157,736	157,736
Rentals due later than five years	191,953	191,953	187,842	187,842
	415,704	**415,704**	**390,307**	**390,307**
Less: interest element	(110,664)	(110,664)	(113,370)	(113,370)
Present value of obligations	**305,040**	**305,040**	**276,937**	**276,937**

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 2021		31 March 2020
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Rentals due not later than one year	33,549	33,549	27,606	27,606
Rentals due later than one year but not later than five years	119,883	119,883	107,519	107,519
Rentals due later than five years	151,608	151,608	141,812	141,812
Present value of obligations	**305,040**	**305,040**	**276,937**	**276,937**

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 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Service charge due within one year	576,589	576,589	553,988	553,988
Service charge due later than one year but not later than five years	1,720,589	1,720,589	1,262,676	1,262,676
Service charge due later than five years	1,410,689	1,410,689	957,807	957,807
Total	**3,707,867**	**3,707,867**	**2,774,471**	**2,774,471**

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 2021		31 March 2020	
	Core department & agencies	Departmental group	Core department & agencies	Departmental group
	£000	£000	£000	£000
Not later than one year	736,379	739,601	877,282	880,775
Later than one year but not later than five years	785,901	788,709	1,002,018	1,002,184
Later than five years	77,210	77,210	152,766	152,766
Total other financial commitments	**1,599,490**	**1,605,520**	**2,032,066**	**2,035,725**

Included within the table above is a commitment of £2.4 million (2019-20: £16.1 million) and £8.5 million (2019-20: £16 million) relating to the Fee for Use (FfU) and Payments by Results (PbR) elements of the contracts with Community Rehabilitation Companies. The table also includes £92.1 million for the cost-plus element of the CRC contracts, replacing Fee for Service (2019-20: £243.7 million) in December 2020. The CRC contracts are being terminated in June 2021, hence the decrease in the liability.

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 parliamentary supply 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 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 2021, £89.9 million (2019-20: £94.2 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 interbank offered rate (LIBOR), 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 £248.2 million (2019-20: £217.9 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: £89.9 million (2019-20: £94.2 million) out of a total receivables balance after impairment of £161.6 million (2019-20: £197.5 million).

A high proportion of these are secured on property and settlement is deferred until the property is sold. Secured statutory charge debt is measured under IFRS 13 and reductions in carrying value are classed as fair value adjustments rather than impairments.

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 at 31 March 2021.

However, past payment profiles have been adjusted to account for the exceptional circumstances arising from COVID-19 in 2020-21: our expectation is that these extraordinary payment patterns will not be repeated in the future.

There is no additional adjustment in the impairment of the LAA's secured debt at 31 March 2021 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. The financial impact of COVID-19 on the property market has been improved in the short term through government action, for example stamp duty holidays, and it may be that cash receipts have been accelerated rather than delayed. Again, based on experience from previous recessions we do not consider this will have a material impact.

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 – 3.7% nominal and 0.7% real (2019-20: 3.7% nominal and 0.7% 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	-
Expected cash inflows based on historic repayment profiles	+10%	14.7	-10%	(14.8)
Discount rate	-1%	8.2	+1%	(7.4)

Using these reasonably possible alternative assumptions, the fair value of the LAA financial assets as at 31 March 2021 could be higher by £24 million (2019-20: £24.2 million) or lower by £22.2 million (2019-20: £22.3 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.

Financial assets:	Assets at FVPTL	Assets at FVOCI	Assets at amortised cost	Total carrying value at 31 March 2021	Fair value	Total carrying value at 31 March 2020
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash at bank and in hand	-	-	266,618	266,618	266,618	218,563
Trade and other receivables	89,887	-	326,080	415,967	415,967	472,079
Other financial assets	641	-	-	641	641	451
Total financial assets	**90,528**	**-**	**592,698**	**683,226**	**683,226**	**691,093**

Financial liabilities:	Liabilities at FVPTL	Liabilities at amortised cost	Total carrying value at 31 March 2021	Fair value	Total carrying value at 31 March 2020 (Restated)
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Trade and other payables	-	1,360,873	1,360,873	1,360,873	1,171,483
Other financial liabilities	-	549,216	549,216	549,216	530,638
Total financial liabilities	**-**	**1,910,089**	**1,910,089**	**1,910,089**	**1,702,121**

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 3.7% real and 0.7% nominal (2019-20: 3.7% real, 0.7% 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 2020-21:

	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 2020	**(762,931)**	**497,218**	**(265,713)**	**(311,234)**	**427,604**	**116,370**	**(5,412,433)**	**3,774,615**	**(1,637,818)**
Service costs									
Current service cost	(25,818)	-	(25,818)	-	-	-	(151,014)	-	(151,014)
Past service cost	-	-	-	(5)	-	(5)	(319)	-	(319)
Administration costs	-	-	-	(635)	-	(635)	-	-	-
Net interest	(17,343)	11,488	(5,855)	(7,043)	9,712	2,669	(124,614)	86,634	(37,980)
Total recognised in the CSoCNE	**(43,161)**	**11,488**	**(31,673)**	**(7,683)**	**9,712**	**2,029**	**(275,947)**	**86,634**	**(189,313)**
Scheme participant's contributions	(5,356)	5,356	-	-	-	-	(27,844)	27,844	-
Employer contributions	-	15,803	15,803	-	-	-	-	121,901	121,901
Benefits paid after net transfers	23,590	(23,590)	-	11,403	(11,403)	-	160,410	(160,410)	-
Total cash flows	**18,234**	**(2,431)**	**15,803**	**11,403**	**(11,403)**	**-**	**132,566**	**(10,665)**	**121,901**
Actuarial gains/(losses)									
Changes in demographic assumptions	-	-	-	880	-	880	(27,927)	-	(27,927)
Changes in financial assumptions	(151,275)	-	(151,275)	(63,619)	-	(63,619)	(1,482,981)	-	(1,482,981)
Experience gains/(losses)	9,053	-	9,053	4,047	-	4,047	55,895	-	55,895
Return on assets excluding amounts included in net interest	-	106,838	106,838	-	29,180	29,180	-	750,232	750,232
Remeasurements through Other Comprehensive Net Expenditure	**(142,222)**	**106,838**	**(35,384)**	**(58,692)**	**29,180**	**(29,512)**	**(1,455,013)**	**750,232**	**(704,781)**
Balance at 31 March 2021	**(930,080)**	**613,113**	**(316,967)**	**(366,206)**	**455,093**	**88,887**	**(7,010,827)**	**4,600,816**	**(2,410,011)**
Of which									
Core department and agencies	-	-	-	(366,206)	455,093	88,887	(7,010,827)	4,600,816	(2,410,011)
NDPBs	(930,080)	613,113	(316,967)	-	-	-	-	-	-
	(930,080)	**613,113**	**(316,967)**	**(366,206)**	**455,093**	**88,887**	**(7,010,827)**	**4,600,816**	**(2,410,011)**

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 2018	**(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 2019	**(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)**

The assumptions used by the actuaries were:

	Cafcass Pension	LSC Pension	Probation Pension	Cafcass Pension	LSC Pension	Probation Pension
	2020-21 %	2020-21 %	2020-21 %	2019-20 %	22019-20 %	2019-20 %
Inflation assumption	2.70	2.85	n/a	2.00	1.95	n/a
Rate of increase in salaries	3.50	n/a	3.60	2.60	n/a	2.70
Pension increase rate	2.70	2.85	2.85	2.00	2.00	1.90
Discount rate	2.10	2.00	2.00	2.30	2.30	2.30
Pension accounts revaluation rate	2.70	n/a	n/a	2.00	n/a	n/a

The major categories of scheme assets for 2020-21 were:

	Cafcass Pension				LSC Pension				Probation Pension			
	Quoted £000	Unquoted £000	Total £000	Value as a percentage of total scheme assets %	Quoted £000	Unquoted £000	Value at £000	Value as a percentage of total scheme assets %	Quoted £000	Unquoted £000	Value at £000	Value as a percentage of total scheme assets %
Equities	427,340	61,311	488,651	79.7	123,683	-	123,683	27.0	2,016,983	273,837	2,290,820	50.0
Gilts	50,888	-	50,888	8.3	324,921	-	324,921	72.0	-	-	-	-
Corporate bonds	28,203	-	28,203	4.6	-	-	-	-	282,151	-	282,151	6.0
Property	9,810	13,488	23,298	3.8	-	-	-	-	-	171,909	171,909	4.0
Cash and cash equivalents	-	12,262	12,262	2.0	873	-	873	0.0	91,438	-	91,438	2.0
Investment Funds & Unit Trusts	-	-	-	-	-	-	-	-	1,092,471	672,027	1,764,498	38.0
Other	**-**	**9,811**	**9,811**	**1.6**	**-**	**5,616**	**5,616**	**1.0**	**-**	**-**	**-**	**-**
Total plan assets	**516,241**	**96,872**	**613,113**	**100.0**	**449,477**	**5,616**	**455,093**	**100**	**3,483,043**	**1,117,773**	**4,600,816**	**100.0**

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

	Cafcass Pension				LSC Pension				Probation Pension			
	Quoted £000	Unquoted £000	Total £000	Value as a percentage of total scheme assets %	Quoted £000	Unquoted £000	Total £000	Value as a percentage of total scheme assets %	Quoted £000	Unquoted £000	Total £000	Value as a percentage of total scheme assets %
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**

Sensitivity analysis - change in assumptions relative to 31 March 2021 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 2021	Actuarial value of liabilities on 31 March 2020
	£000	£000
0.1% decrease in discount rate	947,752	777,558
0.1% increase in the salary increase rate	931,840	764,352
1 year decrease in post retirement mortality age rating*	964,493	787,941
0.1% increase to pension increase rate	945,891	776,352

*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 2021 actuarial assumptions for LSC pension liabilities (based on total liabilities):

	Actuarial value of liabilities on 31 March 2021	Actuarial value of liabilities on 31 March 2020
	£000	£000
0.5% decrease in discount rate	403,420	340,735
1 year increase in life expectancy	380,854	323,684
0.5% p.a. increase in inflation	398,749	337,160

Sensitivity analysis - change in assumptions relative to 31 March 2021 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
	2020-21	2020-21	2019-20	2019-20
	£000	%	£000	%
0.5% decrease in real discount rate	725,070	10.0	525,077	10.0
0.5% increase in the salary increase rate	79,640	1.0	60,340	1.0
0.5% increase in the pension increase rate	629,339	9.0	459,478	8.0

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% to 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).

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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 fair 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 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 2020-21 was 19.4%. 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 (£0.63 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 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. The average duration of the LSCPS scheme liabilities as at 31 March 2021 was 20 years. 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

- 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 LSCPS hedges 90% of its interest rate and inflation exposure as assessed on a gilts basis using index-linked and fixed-interest gilts
- the LSCPS also holds a historical buy-in policy (approximatively 1% of scheme accounts) which fully matches benefits covered by the policy

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 2022. The 'Schedule of contributions' dated 2 November 2016 sets out the current contributions payable by the department to the Scheme. Future contributions depend on the Scheme's funding position at each formal valuation and are set out in the Scheme's funding framework.

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).

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.

With effect from 1 June 2014, HMPPS is responsible for the overall pension liability for past and present LGPS employees employed in NPS, including the former probation trusts and the community rehabilitation companies (and their sub-contracted bodies) and the total pension liability is recorded within the HMPPS accounts below. The contracts with the CRCs were designed so that the CRCs paid a fixed fee with the pension liability risk remaining with HMPPS. The total LGPS pension liability transferred to HMPPS on 1 June 2014, under absorption accounting and the transforming rehabilitation programme, which saw the creation of CRCs and NPS. Up to 31 May 2014, 35 probation trusts accounted for their pension liability separately via locally administered pension funds. Under the transforming rehabilitation programme, the probation trusts were dissolved and the NPS (within HMPPS) and the outsourced CRCs were created on 1 June 2014. At this point, the community rehabilitation companies became LGPS admitted bodies under the responsibility of HMPPS who became the LGPS scheme employer.

Past employees of the probation trusts, and LGPS probation staff who transferred to community rehabilitation companies and HMPPS NPS are covered by the provisions of LGPS via one pension fund, GMPF, administered by their local council, Tameside Metropolitan Borough Council. The assets and liabilities from the former probation trust's own pension funds were transferred to GMPF.

From 25 June 2021, the contracts with the community rehabilitation companies ended and the majority of LGPS employees transferred into the NPS, with a few remaining LGPS employees transferring to new outsourced dynamic framework providers. The new outsourced providers are LGPS admitted bodies, under the responsibility of HMPPS as the scheme employer. The total pension liability will continue to be the responsibility of HMPPS and will be reported in the HMPPS annual report and accounts.

The LGPS is a statutory scheme primarily governed by the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. These are subject to amendment over time. The LGPS is a funded, multi-employer defined benefit scheme. An LGPS pension scheme liability is recognised in accordance with IAS 19.

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 accrued 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 2021, HMPPS paid employers' contributions of £98.5 million to GMPF, relating to current probation staff, at 29.6% (£87.5 million for 2019–20 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 2021, 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 2021 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. Since then, the markets have improved and the assets held by GMPF have performed extremely well over the past year, as set out in the disclosure below. While the impact of COVID-19 continues to produce 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 pension liabilities is partially offset by the increase in asset valuation, as shown in the disclosure below. The pension liabilities for 2020-21 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.

HMPPS is only liable for the pension obligations due to GMPF relating to NPS employees (and ultimately the CRC employees under the Secretary of State for Justice Pension Guarantee. HMPPS is not liable for pension obligations of other employers that participate in the LGPS with GMPF.

Should HMPPS move to another pension fund or pension scheme, an exit payment to cover the pension liability due would be determined by GMPF and their actuary. However, there are no plans to move to another pension fund or pension scheme.

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. The large reduction in discount rate compared to last year has resulted in a significant increase in the pension liability.

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 has the potential to 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 the 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 (impact on LGPS)

The December 2018 McCloud Judgment found that transitional arrangements put in place during the reform of firefighters and judges pension schemes were 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. In May 2021 a written ministerial statement was issued on McCloud and LGPS and the government response to the consultation exercise is expected until later in the year.

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), does 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 for tax purposes. There are 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. Where it can be quantified, the estimated possible liability for MoJ is £0.1 million.

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 £0.5 million.

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.

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

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 £0.2 million.

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 £10.7 million was paid in 2020-21 (£10.6 million 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 31 March 2021. 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: On 10 November 2020, the Supreme Court heard an appeal by two applicants 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 dismissed the appeal on 9 July 2021.

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 £0.9 million (2019-20: £7.3 million).

HMCTS fee refunds: Our current estimate of the total value of potential refunds is £76.8 million, of which £57.6 million is provided for, with the balance of £19.2 million recognised as a contingent liability. Note 19 provides an analysis of both the provisions and contingent liability by refund scheme.

HMPPS: HMPPS faces claims amounting to £69.9 million (2019-20: £55.1 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: On 30 March 2021, judgment was delivered in the High Court in respect of an appeal against a decision of a Costs Judge that costs or expenses incurred before the commencement of the criminal proceedings could not be recovered out of Central Funds. The appeal was granted, and the case remitted to the Costs Judge to decide which of the pre-commencement costs and expenses come within s.17 of the Prosecution of Offences Act 1985. A provision for the case itself has been included within Provision for amounts outstanding on privately funded cases (note 19). It is possible that other litigants of privately funded prosecutions may now seek to rely on the High Court judgment and may recover costs from Central Funds that have previously been disallowed. It is not possible for the LAA to provide an estimate of the liability that might arise.

LAA contingent assets: The LAA have two contingent assets in relation to costs orders from legal proceedings with a total value of £29 million (2019-20: two with a total value of £22.4 million).

27. Related party transactions

Associated departments and other central government bodies

The MoJ 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 accordance with the requirements of the FReM these transactions have not been reported**.

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.

Management personnel

Mike Driver CB, the Chief Financial Officer of the department (1 April 20 to 28 August 20) and the interim Permanent Secretary (29 August 20 to 17 January 21), is a non-executive board member of Shared Services Connected Ltd (SSCL). SSCL is a supplier of HR, procurement, finance and payroll support functions to the department. The department made payments to SSCL totalling £64.3 million in 2020-21 (2019-20: £62 million).

The spouse of Lucy Frazer, a former Minister of the department is the Chief Executive Officer of Alexander Mann Solutions (AMS). AMS is a supplier of contingent labour to the department. The department made payments to AMS totalling £45.3 million in 2020-21 (in £50.7 million 2019-20). AMS also subcontract elements of their work to the department via two other providers of contingent labour, Brook Street and Hays.

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 £389,768 to Indesser for goods and services during 2020-21, with a total payable balance of £18,462 (all amounts shown include VAT).

Other

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains the Register of County Court Judgements on behalf of the Lord Chancellor and the Secretary of State for Justice. Revenue recognised from the Registry Trust Limited in the year amounted to £0.6 million (2019-20 £0.6 million) with a total debtor balance due to us as at 31 March 2021 of £nil (2019-20: £nil).

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 2021	31 March 2020
	£000	£000
Cash at bank and on deposit	2,406,082	2,724,810
Securities	83,831	81,479
Total	**2,489,913**	**2,806,289**

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	2,316	83,876	16,838	75,350	16,894	195,274
Investments	56,727	-	-	-	-	56,727
Non-cash assets	8,260	-	-	-	-	8,260
At 31 March 2021	**67,303**	**83,876**	**16,838**	**75,350**	**16,894**	**260,261**
At 31 March 2020	**57,748**	**83,041**	**12,487**	**68,814**	**15,561**	**237,651**

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

- The Official Solicitor (OS) administers trusts and estates 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 (PT) 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 OS and PT 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 2021 these amounted to £75.0 million (2019-20: £69.0 million) and have not been recognised in the accounts in accordance with FReM requirements
- HMPPS holds cash on behalf of offenders. At 31 March 2021 the balance held was £16.9 million (2019-20: £15.6 million).

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 Order 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
- Independent Monitoring Authority[36]
- Judicial Appointments Commission
- Legal Services Board
- Gov Facility Services Limited
- Office for Legal Complaints
- Parole Board for England and Wales
- Youth Justice Board for England and Wales, and
- Press Recognition Panel[37]

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

[36] The Independent Monitoring Authority (IMA) was established in December 2020 and will prepare its first set of accounts to 31 March 2022.

[37] The 2017-18 Designation Order established the Press Recognition Panel (PRP) as part of the Ministry of Justice (MoJ) Departmental Boundary. This is an administrative action on behalf of government with no change to the Lord Chancellor's responsibilities as stated under the Charter. DCMS remain the policy lead in relation to the PRP.

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.

In line with the public announcements made in 2019 and 2020, the community rehabilitation companies (CRCs) ceased with effect from 25 June 2021. On 26 June 2021, nearly 7,300 CRC employees transferred into the NPS within HMPPS. For those transferring into the NPS, existing LGPS CRC employees will remain in the LGPS and non-LGPS CRC employees will join the LGPS (unless they chose to opt out of the pension scheme). This will increase the overall membership in the LGPS during 2021-22. Once the transfer has taken place and membership data becomes available from GMPF later in the year, the actuary will undertake a review of the membership which will be reflected in the pension liability for 2021-22.

Annexes

Annex A: Other notes to the Statement of Outturn against Parliamentary Supply

This section is subject to audit.

SOPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

				2020-21
	Note	Outturn £000	Estimate £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	SOPS 1.1	9,324,141	10,102,207	778,066
Capital Outturn	SOPS 1.2	1,066,578	1,076,681	10,103
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation		(563,017)	(753,471)	(190,454)
New provisions and adjustments to previous provisions		(1,737,405)	-	1,737,405
Other non-cash items		(80,213)	-	80,213
Adjustments for Non-Departmental Public Bodies (NDPBs):				
Remove voted resource and capital		(289,293)	(292,225)	(2,932)
Add cash Grant in Aid		254,477	266,802	12,325
Adjustments to reflect movements in working balances:				
Increase / (decrease) in inventories		(3,824)	-	3,824
Increase / (decrease) in trade and other receivables		(98,389)	-	98,389
(Increase) / decrease in trade and other payables		(235,754)	410,000	645,754
(Increase) / decrease in financial liabilities		-	-	-
(Increase) / decrease in pension liability		-	-	-
Use of provisions		1,724,553	(436,613)	(2,161,166)
Removal of non-voted items:				
Consolidated Fund Standing Services		(163,898)	(155,031)	8,867
OLC and LSB non-voted levy income		17,067		(17,067)
Other adjustments		-	17,175	17,175
Net cash requirement		**9,215,023**	**10,235,525**	**1,020,502**

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 2020-21		Outturn 2019-20	
	Income £000	Receipts £000	Income £000	Receipts £000
Income outside the ambit of the Estimate	267	267	1,494	11,128
Levy income of OLC and LSB within the ambit of the Estimate	17,067	17,067	16,094	16,094
Total income payable to the Consolidated Fund	17,334	17,334	17,588	27,222

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 2021, OSCAR reflects the position agreed at Budget 2020. 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 2020-21 Supplementary Estimate headings.

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Restated Outturn	2020-21 Outturn	2021-22 Plans
Resource DEL							
Policy, Corporate Services and Associated Offices	666,985	(100,468)	123,413	141,570	-36,628	566,838	200,904
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	1,834,627	1,865,942	2,025,502
Legal Aid Agency	1,611,142	1,639,385	1,680,067	1,715,014	1,746,141	1,550,239	1,908,498
CICA Agency	139,789	135,229	148,812	121,365	206,512	165,837	137,879
Office of The Public Guardian	(17,241)	2,092	(12,299)	(13,952)	(14,069)	1,512	(8,007)
Children and Family Court Advisory and Support Service (net)	114,493	113,147	119,414	119,758	129,950	130,013	135,821
Criminal Cases Review Commission (net)	5,298	5,349	5,240	5,262	5,765	6,392	7,303
Judicial Appointments Commission (net)	3,832	3,622	4,852	7,029	6,988	7,274	8,661
Legal Services Board (LSB) (net)	3,364	3,525	3,470	3,725	3,774	3,906	4,014
Office of Legal Complaints (OLC) (net)	13,214	11,855	12,240	13,228	12,351	13,151	14,485
Parole Board (net)	14,182	16,753	17,544	16,855	18,427	20,360	23,478
Youth Justice Board (net)	164,546	149,432	104,755	84,634	83,407	86,312	94,281
Gov Facility Services Limited	-	-	-	-	(24)	(692)	-
Higher Judiciary Judicial Salaries	149,465	152,165	148,407	153,988	159,886	163,898	165,763

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Restated Outturn	2020-21 Outturn	2021-22 Plans
OLC/LSB Levy CFER	(14,936)	(14,083)	(14,480)	(15,695)	(25,728)	(17,067)	(18,500)
HM Prison and Probation Service	-	-	3,709,003	4,021,404	4,170,755	4,599,619	4,702,680
Independent Monitoring Authority For The Citizens' Rights Agreements	-	-	-	-	-	1,964	6,945
Total Resource DEL	**7,348,109**	**7,405,931**	**7,627,094**	**8,036,577**	**8,302,134**	**9,165,498**	**9,409,707**
Of which:							
Staff costs	3,112,707	3,261,219	3,333,741	3,811,703	4,011,613	4,398,670	4,492,766
Purchase of goods and services	4,466,295	4,872,655	4,763,208	4,747,172	5,053,486	4,855,394	5,619,687
Income from sales of goods and services	(742,765)	(594,733)	(723,609)	(685,386)	(441,310)	(69,287)	(560,451)
Other income	-	-	-	-	-	(563,625)	-
Current grants to local government (net)	314,174	184,452	180,230	138,137	142,359	182,388	-
Current grants to persons and non-profit bodies (net)	-	-	-	31,909	29,799	43,135	227,534
Rentals	826,030	142,774	745,283	733,856	116,404	754,638	-
Depreciation[3]	453,891	491,328	492,519	534,706	470,052	598,957	725,836
Take up of provisions	-	-	-	-	-	-	139,758
Other resource	(1,082,223)	(951,764)	(1,164,278)	(1,275,520)	(1,080,269)	(1,034,772)	(1,235,423)
Resource AME[1]							
Policy, Corporate Services and Associated Offices	1,108	153,139	(55,692)	93,576	(1,773,220)	(34,865)	84,490
National Offender Management Service	68,881	47,036	-	-	-	-	-
HM Prison and Probation Service	-	-	84,351	125,009	1,862,813	63,648	175,000
HM Courts & Tribunals Service	98,355	9,644	(44,498)	20,519	38,232	23,678	81,488
Legal Aid Agency	55,476	37,414	18,401	33,795	(7,479)	89,133	17,000
CICA Agency	26,882	4,601	33,175	35,492	(12,648)	(4,544)	30,000
Office of the Public Guardian	-	504	(64)	(78)	220	4,418	300
Children and Family Court Advisory and Support Service (net)	6,913	5,554	10,054	10,456	14,014	16,271	15,319
Criminal Cases Review Commission (net)	231	343	186	156	182	117	258
Legal Services Board (LSB) (net)	-	-	-	-	-	74	-
Office of Legal Complaints (OLC) (net)	57	67	30	(50)	12	24	-
Parole Board (net)	133	1,052	(1,144)	(42)	104	(141)	165
Youth Justice Board (net)	1	-	398	(398)	62	100	200
Government Facilities Services Limited	-	-	-	-	93	730	-

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Restated Outturn	2020-21 Outturn	2021-22 Plans
Total Resource AME	258,037	259,354	45,197	318,435	122,385	158,643	404,220
Of which:							
Staff costs	-	1,919	-	-	-	-	-
Net public service pensions[2]	-	-	-	-	168	-	-
Depreciation[3]	123,458	116,221	(65,616)	48,492	87,712	62,744	151,558
Take up of provisions	342,388	2,036,774	1,924,749	2,011,770	1,928,438	1,740,200	-
Release of provision	(207,809)	(1,936,251)	(1,983,927)	(1,872,492)	(1,941,284)	(1,724,849)	252,662
Change in pension scheme liabilities	-	-	-	217,081	-	219,073	-
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)	47,351	(138,525)	-
Purchase of goods and services	-	-	-	-	-	-	-
Current grants to persons and non-profit bodies (net)	-	-	-	-	-	-	-
Total Resource Budget	7,606,146	7,665,285	7,672,291	8,355,012	8,424,519	9,324,141	9,813,927
Of which:							
Depreciation[3]	577,349	607,549	426,903	583,198	557,764	661,702	877,394
Capital DEL							
Policy, Corporate Services and Associated Offices[4]	225,306	197,294	212,555	203,554	164,963	272,558	90,751
National Offender Management Service	11,679	71,827	-	-	-	-	-
HM Prison and Probation Service	-	-	83,460	68,346	190,793	502,217	1,151,686
HM Courts & Tribunals Service	15,861	130,998	111,322	169,869	133,073	287,920	459,317
Legal Aid Agency	8,552	9,168	265	451	2	491	3,543
CICA Agency	486	1,192	1,340	557	898	1	100
Office of The Public Guardian	3,152	1,524	2,332	2,322	100	(47)	5,254
Children and Family Court Advisory and Support Service (net)	-	-	697	-	-	449	5,622
Criminal Cases Review Commission (net)	47	247	122	125	220	659	868
Judicial Appointments Commission (net)	-	-	147	-	750	513	250
Legal Services Board (LSB) (net)	-	-	-	-	368	21	24
Office of Legal Complaints (OLC) (net)	34	407	371	129	60	245	250
Parole Board (net)	46	877	915	9	98	421	-

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Restated Outturn	2019-20 Restated Outturn	2020-21 Outturn	2021-22 Plans
Youth Justice Board (net)	844	3,666	941	440	600	729	600
Gov Facility Services Limited	-	-	-	-	-	401	-
Total Capital DEL	266,007	417,200	414,467	445,802	491,925	1,066,578	1,718,265
Of which:							
Purchase of goods and services	-	16,168	-	-	4,782	-	-
Capital support for local government (net)	-	14,367	4,180	16,572	-	1,754	-
(net) Purchase of assets	297,403	420,290	446,189	517,287	548,387	1,123,681	1,718,265
Income from sales of assets	(31,396)	(35,666)	(56,345)	(94,181)	(59,077)	(5,425)	-
Other capital	-	2,041	20,443	6,124	(2,167)	(53,432)	-
Capital AME							
Policy, Corporate Services and Associated Offices	-	-	-	-	-	-	22,672
HM Courts & Tribunals Service	-	-	-	-	-	-	6,871
Office of the Public Guardian	-	-	-	-	-	-	1,088
Children and Family Court Advisory and Support Service	-	-	-	-	-	-	1,200
Total Capital AME	-	-	-	-	-	-	31,831
Total Capital	266,007	417,200	414,467	445,802	491,925	1,066,578	1,750,096
Total Departmental Spending[4]	7,294,804	7,474,936	7,659,855	8,217,616	8,358,680	9,729,017	10,686,629
Of which:							
Total DEL[4]	7,160,225	7,331,803	7,549,042	7,947,673	8,324,007	9,633,118	10,402,136
Total AME[4]	134,579	143,133	110,813	269,943	34,673	95,899	284,493

[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 2020-21 Supplementary Estimate headings.

	2015-16 Restated Outturn[1]	2016-17 Restated Outturn[1]	2017-18 Restated Outturn[1]	2018-19 Outturn	2019-20 Restated Outturn	2020-21 Outturn	2021-22 Plans
Policy, Corporate Services and Associated Offices	276,893	240,339	289,215	294,423	299,414	350,763	420,656
National Offender Management Service	139,166	131,396	-	-	-	-	-
HM Prison and Probation Service	-	-	98,388	62,043	52,931	19,516	25,132
HM Courts & Tribunals Service	22,971	24,766	20,266	17,171	19,487	19,636	19,325
Legal Aid Agency - Administration	100,431	84,452	24,465	20,208	20,574	19,456	17,283
CICA Agency	12,151	12,753	4,857	2,293	2,401	2,063	215
Office of the Public Guardian	52	52	56	58	63	63	-
Children and Family Court Advisory and Support Service (net)	9,286	7,289	6,046	5,219	(59)	5,295	5,330
Criminal Cases Review Commission (net) Judicial Appointments Commission (net)	1,137	1,139	596	654	918	751	570
Judicial Appointments Commission (net)	248	219	354	276	375	399	443
Parole Board (net)	1,444	2,655	1,190	911	1,085	998	1,396
Youth Justice Board (net)	6,705	4,977	4,244	2,958	2,854	3,255	3,039
Higher Judiciary Judicial Salaries	74	94	75	76	-	76	-
Independent Monitoring Authority for the Citizens' Rights Agreements	-	-	-	-	-	1,362	3,246
Total Administration	**570,558**	**510,131**	**449,752**	**406,290**	**400,043**	**423,633**	**496,635**
Of which:							
Staff costs	381,065	321,685	295,467	259,244	267,705	284,053	290,134
Purchase of goods and services	171,405	136,371	129,388	137,936	118,346	133,292	198,388
Other income	(30,174)	(12,615)	(14,714)	(36,732)	(13,807)	(47,642)	(41,808)
Current grants to local government (net)	-	25	-	-	-	-	-
Current grants to persons and non-profit bodies (net)	-	-	-	-	88	-	-
Rentals	24,927	21,985	18,704	23,502	(1,673)	24,741	-
Depreciation[2]	23,330	23,728	19,512	20,625	31,470	27,189	49,921
Other resource	5	18,952	1,395	1,715	(2,086)	2,000	-

[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: Information on arm's-length bodies

The department is required to report total operating income, total operating expenditure and net expenditure for the year and staff numbers and costs for each component ALB.[38] The table below includes the final consolidated figures in the department's accounts including adjustments and intragroup eliminations. As a result of adjustments on consolidation, the annexed figures may not agree directly to the published ALB accounts.

				Permanently employed staff		Other staff	
	Total operating income	Total operating expenditure	Net expenditure for the year (including financing)	Number of employees	Staff costs	Number of employees	Staff costs
	£'000	£'000	£'000		£'000		£'000
Children & Family Court Advisory & Support Service	(77)	146,361	146,284	1,951.0	113,330	263.0	7,165
Youth Justice Board	(126)	88,172	88,046	86.3	5,508	7.5	311
Parole Board	-	21,049	21,049	151.0	6,320	11.0	11,361
Judicial Appointments Commission	-	8,323	8,323	71.0	3,905	41.0	2,651
Criminal Cases Review Commission	(4)	6,513	6,509	87.5	4,623	2.2	423
Independent Monitoring Authority	-	1,964	1,964	6.0	1,086	3.0	304
Legal Services Board	(3,905)	3,980	75	34.1	2,420	0.1	499
Gov Facility Services Limited	(144,517)	144,555	38	1,228.0	50,259	135.0	6,335
Office of Legal Complaints	(13,164)	13,177	13	235.0	9,957	4.0	236

All tabled information was correct and accurate as at the approval date of the accompanying annual report and accounts. Staff numbers are presented by the average number of Full Time Equivalent.

[38] The 2017-18 Designation Order established the Press Recognition Panel (PRP) as part of the Ministry of Justice (MoJ) Departmental Boundary. This is an administrative action on behalf of government with no change to the Lord Chancellor's responsibilities as stated under the Charter. DCMS remain the policy lead in relation to the PRP.

Annex D: Off-payroll engagements

All off-payroll engagements as at 31 March 2021, for more than £245 per day

	HQ	HMPPS	HMCTS	LAA	OPG	CICA	Cafcass	OLC	Parole Board	CCRC	JAC	LSB	YJB	GFSL	Total
Number of existing engagements as of 31 March 2021	281	36	53	-	5	-	34	1	1	-	-	-	-	16	427[39]
Of which:															
Number that have existed for less than one year at time of reporting	238	28	38	-	4	-	27	-	-	-	-	-	-	8	343
Number that have existed for between one and two years at time of reporting	37	7	12	-	-	-	3	-	1	-	-	-	-	6	66
Number that have existed for between two and three years at time of reporting	5	1	1	-	-	-	-	-	-	-	-	-	-	2	9
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	-	1	-	3	1	-	-	-	-	-	-	7

All temporary off-payroll workers engaged at any point during the year ended 31 March 2021, earning £245 or more per day

	HQ	HMPPS	HMCTS	LAA	OPG	CICA	Cafcass	OLC	Parole Board	CCRC	JAC	LSB	YJB	GFSL	Total
No. of off-payroll workers engaged during the year ended 31 March 2021	428	63	157	-	14	-	40	1	1	-	9	-	-	60	773
Of which:															
No. determined as in-scope of IR35	415	58	102	-	14	-	33	-	1	-	9	-	-	60	692
No. determined as out-of-scope of IR35	13	5	55	-	-	-	7	1	-	-	-	-	-	-	81
No. of engagements reassessed for compliance or assurance purposes during the year	389	56	133	-	11	-	38	-	1	-	8	-	-	-	636
Of which: no. of engagements that saw a change to IR35 status following review	6	2	16	-	-	-	-	-	-	-	-	-	-	-	24

[39] Includes 4 furloughed workers, one each at HMCTS, HMPPS, HQ and OPG. In total, £5,855 was recharged by the fee payers to the MOJ group in respect of the 4 workers.

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

	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	-	-	2	-	-	-	-	-	-	-	-	-	-	1[40]	3
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	22	11	15	10	14	5	7	19	4	12	5	14	10	17	165

[40] Not included in 1st row of table as moved into permanent payroll during year.

Annex E: Report by the Secretary of State on the use of powers under section 70 of the Charities Act 2006 for the year 2020-21

Section 70 of the Charities Act ('the Act') sets out the powers for Ministers to give financial assistance to charitable, benevolent or philanthropic institutions and requires that payments made under this power are reported.

During 2020-21, the department awarded grants totalling £9,093,686 under the provisions of the Act. This spending does not represent the total amount of grant funding provided to the voluntary and community sector, as many other grants have been paid to this sector under the powers conferred by alternative legislation.

The activities undertaken by various organisations which the department has funded are in line with the department's aims and objectives.

The table below sets out the financial assistance provided by the Secretary of State under these powers for 2020-21.

Name of organisation	Grant name	Amount £
Access to Justice Foundation	COVID-19 Specialist advice services	**2,400,000**
Access to Justice Foundation	Legal Support for Litigants in person	**1,162,849**
Access to Justice Foundation	Litigants in person support strategy (LIPSS)	**1,450,000**
Butler Trust	Administration, development and dissemination of outstanding work and best practice across UK prisons, probation and youth justice	**125,000**
Circles UK	Provision and development of circles of accountability	**111,240**
Justice	Supporting secretariat function of the Administrative Justice Council	**20,000**
Koestler Trust	Outside the wire	**250,000**
Law Centres Federation	COVID-19 Specialist advice services	**3,000,000**
Law for Life	Trusted intermediaries training	**21,870**
Lucy Faithfull Foundation	'Stop it now' helpline	**217,727**
National Association Child Contact Centres	Support of safe contact between a child and a parent who no longer lives with them following parental separation	**192,000**
Reunite International Child Abduction Centre	Prevention of international child abduction	**118,000**
The Citizenship Foundation	Mock Trials Competition	**25,000**
TOTAL		**9,093,686**

Annex F: 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 disclose 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 2020-21.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
667	629.5

Table 2 Percentage of time spent on facility time

The number of employees who were relevant union officials employed during 2020-21, 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%	29
1-50%	638
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 2020-21.

Total cost of facility time (£000)	2,431
Total pay bill (£000)	3,547,628
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%

Glossary

Accounting Officer		A person appointed by HM Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the head of a department or other organisation, or the Chief Executive of a non-departmental public body.
Administration budget		A Treasury budgetary control that forms part of the resource Departmental Expenditure Limit (DEL). It is normally spent on the running costs of the department and its agencies, including back office staff and accommodation.
Annually Managed Expenditure	AME	A Treasury budgetary control. AME is spending included in Total Managed Expenditure, which does not fall within DEL. Expenditure in AME is generally less predictable and controllable than expenditure in DEL. AME is split between resource and capital expenditure.
Capital expenditure		Spending on assets and investment.
Cash Losses		Physical losses of cash and its equivalents which we have recorded receipt of (e.g., cheques, vouchers, credit cards, electronic transfers).
Cash Equivalent Transfer Value	CETV	The overall value, as calculated by an actuary, of an individual's pension entitlement. This is the anticipated cost of providing the pension throughout retirement
Claims abandoned		Losses that may arise if claims are waived or abandoned because, though properly made, it is decided not to present or pursue them.
Consolidated fund		The government's current account, operated by HM Treasury
Consolidated Fund Extra Receipt	CFER	Income, or related cash, received by a department that it is not authorised to retain and which are surrendered/paid over to the consolidated fund.
Constructive Loss		A loss caused by a procurement action. For example, stores correctly ordered, delivered or provided, then paid for as correct; but later, perhaps because of a change of policy, they prove not to be needed or to be less useful than when the order was placed.
Departmental Expenditure Limit	DEL	A Treasury budgetary control. Annually voted expenditure which covers the day-to-day, planned, and controllable departmental expenditure. DEL is split between resource (RDEL) and capital expenditure (CDEL).
Estimate (or Supply estimate)		Supply estimates are the means by which Parliament gives approval to (and grants resources for) departmental spending plans. The amount approved by Parliament is often termed the Vote. The resources granted in the Vote are specifically for the set of departmental operations covered under the ambits. The Vote also includes the Net Cash Requirement.

Executive agency		A public body which, while being a separate entity to its parent/sponsoring government department, is subject to significant control from the department and its ministers. Executive agencies usually have a narrow remit covering one policy area of the parent department.
Ex-gratia payments		Payments made when there is no legal obligation to do so. Ex-gratia payments go beyond statutory cover, legal liability, or administrative rules.
Extra-contractual claims		Also known as common law claims, are claims for damages for breach of contract.
Fees and charges		A department's income generated from services where it is permitted to charge recipients for the service.
Financial Reporting Manual	FReM	The HM Treasury technical guide to accounts preparation for government bodies. https://www.gov.uk/government/collections/government-financial-reporting-manual-frem
Fruitless payment		A payment that cannot be avoided because the recipient is entitled to it even though the department will receive nothing of use in return.
Grant-in-aid	GIA	Grant provided to a body by government for a specific purpose. Most NDPBs are grant-in-aid funded.
Inland Revenue off-payroll tax	IR35	The IR35 rules make sure that workers, who would have been an employee if they were providing their services directly to the client, pay broadly the same income tax and national insurance contributions as employees.
International Financial Reporting Standards	IFRS	The set of financial reporting standards adopted by the government, as adapted by the FReM. IFRS comprises International Accounting Standards (IAS) and IFRSs.
Managing Public Money	MPM	The HM Treasury guide for civil and other public servants containing the principles for dealing with public resources. https://www.gov.uk/government/publications/managing-public-money
Materiality		The threshold above which amounts in the financial statements affect the decisions of users of the accounts. The threshold is subject to judgement and may depend on value, nature (e.g. senior staff salaries are low in value, but of significant interest to readers of the accounts), or context.
National Audit Office	NAO	Office of the Comptroller and Auditor General, which audits accounts of government bodies and carries out value for money inspections within the bodies it audits. https://www.nao.org.uk/
Net cash requirement	NCR	The limit voted by Parliament reflecting the maximum amount of cash that can be released from the consolidated fund to a department in support of expenditure in its estimate.
Non-departmental public body	NDPB	A body which is not an integral part of a department, and which operates at arm's length from ministers (in contrast to an executive agency).

Other comprehensive income/expenditure		A section of the Statement of Comprehensive Net Expenditure which contains gains and losses which are not yet recognised in profit and loss (e.g. revaluations of non-current assets).
Private Finance Initiative	PFI	A means of funding public infrastructure or services by collaboration between the public and private sectors. Typically, a private sector contractor will build and operate an asset, which the public sector entity will use to deliver services for which it pays an annual charge.
Programme budget/ expenditure		A department's direct frontline delivery costs, including support costs directly associated with frontline service delivery.
Regularity		The principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and Managing Public Money.
Resource expenditure		The department's resource budget, as voted by Parliament. Resource expenditure reflects the consumption of resources in that year.
Service concession arrangement		An arrangement whereby a public sector body contracts with a private operator to develop (or upgrade), operate and maintain the grantor's infrastructure assets (e.g. prisons). The grantor controls or regulates what services the operator must provide.
Spending review		A cross-government review of departmental aims and objectives and analysis of spending programmes which results in the allocation of multi-year budgetary limits.
Store losses		Losses of accountable stores through damage, obsolescence, fraud, theft, arson or any other causes.
Supply		The funds paid to the department by HM Treasury. The amount paid in the year is shown in the Statement of Changes in Taxpayers' Equity.

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