



HM Courts &
Tribunals Service

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Annual Report and Accounts 2021-22





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Tribunals Service

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For the period 1 April 2021 to 31 March 2022

Annual report presented to Parliament pursuant to section 1(4) of the Courts Act 2003 and section 39(3) of the Tribunals, Courts and Enforcement Act 2007.

Accounts presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000 and to the House of Lords by Command of Her Majesty.

Ordered by the House of Commons to be printed on 19 July 2022.



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Any enquiries regarding this publication should be sent to us at HMCTS.Communications@Justice.gov.uk.

ISBN 978-1-5286-3577-6

E02769036 07/22

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office

Contents

Joint foreword	1
Section 1: Performance section	3
1.1 Overview	3
1.2 HMCTS at a glance	7
1.3 Who we are and what we do	9
1.4 Performance analysis	12
1.5 Our priorities for the year ahead	22
1.6 Other reporting	26
1.6.1 Financial performance	26
1.6.2 Environmental sustainability	27
1.6.3 Anti-corruption and anti-bribery	28
1.6.4 Whistleblowing arrangements	28
1.6.5 Complaints to the Parliamentary and Health Service Ombudsman	29
Section 2: Accountability report	31
2.1 Corporate governance report	31
2.1.1 Directors' report	31
2.1.2 Statement of Accounting Officer's responsibilities	35
2.1.3 Governance statement	35
2.2 Remuneration and staff report	50
2.2.1 Remuneration report	50
2.2.2 Our people	56
2.3 Parliamentary accountability and audit report	62
Section 3: External scrutiny	65
3.1 The Certificate and Report of the Comptroller and Auditor General to the House of Commons	65
Section 4: Our expenditure	71
4.1 Accounts	71
4.2 Notes to the accounts for period ended 31 March 2022	75
Annex A – Fees and charges legislation	105
Annex B – Our Greening Government Commitments	106
Annex C – Glossary and notes	109

Joint foreword



Nick Goodwin

Chief Executive Officer of
HM Courts and Tribunals Service



Tim Parker

Independent Chair of
HM Courts and Tribunals Service Board

This year's annual report represents a year of considerable achievement and progress against what has been another period of significant challenge.

HMCTS's priority focus during the year has been to deliver the best possible level of service and performance to all users of the justice system, as we continue to recover from the impacts of the pandemic, while continuing to implement our programme of transformational reform as we seek to deliver a justice system fit for the 21st century.

The backdrop of the pandemic has been ever-changing – from the Government's four-step roadmap out of lockdown at the start of the financial year, to the implementation of Plan B in response to the Omicron variant, and more recently the removal of COVID-19 restrictions and measures. HMCTS's operational response to the pandemic has also therefore had to remain flexible and adaptable; remaining in lock-step with the prevailing public health guidance at the time, while ensuring that justice could continue to be served for as many people as possible across the different jurisdictions in the justice system.

As restrictions have been gradually lifted, and our estate has re-opened to its fullest, with the addition of those Nightingale courtrooms that we are retaining to help hear as many cases as possible, physical capacity has no longer been a constraint on the number of hearings taking place and the movement of cases through the system. This in turn has helped ensure that we can address those areas where the pandemic has seen an increase in the length of time that people have had to wait to access justice.

At the heart of this lies the effort and hard work of a great many people across the justice system – HMCTS staff, judicial office holders, legal professionals, the Crown Prosecution Service (CPS), colleagues from across the Ministry of Justice, and staff from stakeholder organisations across the whole of the system. This strong collaborative working is key to ensuring that the system works as efficiently and effectively as possible, whether in ensuring that the most serious cases are dealt with as quickly



as possible, or, as was the case earlier this year, in managing the impact of a spike in the number of cases where defendants were approaching the statutory limit for pre-trial detention.

We would of course, though, like to pay particular tribute to the many thousands of staff across HMCTS for all that they have done this year. This is not the first (nor will it be the last) year in which we reflect on the fact that staff have gone above and beyond to ensure that the system is the best that it can possibly be for all those who use or come into contact with it. The well of personal energy and resilience from which we all have to draw is of course not bottom-less. Our staff have been at the forefront, first, of dealing with the immediate impact of the pandemic, and more recently of doing everything that they can to help the system recover as quickly as possible for the benefit of all of those waiting for their case to be heard or their dispute settled. Yet again, we go into the year ahead with an ambition to hear as many cases and deal with as much work as we possibly can. And so it is only right that the health and wellbeing of all of our staff should remain a key priority as we continue to seek to meet that challenge head on.

A key element of meeting that challenge is through HMCTS's Reform Programme. This has been another year marked by delivery, implementation but also challenge, as we enter the final phase of the most ambitious programme of reform ever attempted in our justice system.

We always knew that this programme was akin to an ambitious full-scale refit at sea and that the degree of change to long-standing systems and ways of working would be both difficult and challenging for those involved. The unforeseen storm of the pandemic has of course added a whole new degree of complexity and so it is perhaps understandable that it has not all been plain sailing this year.

While those services that had already been reformed were best able to deal with the impacts of the pandemic, it is also true that rolling out further change during such a turbulent period operationally has at times been difficult. The Common Platform system is now in use in 50% of our criminal courts, but we did pause while we dealt with unexpected performance issues that were making life more difficult than it should have been for staff and judges. And again, it is the resilience and determination of those staff and judges that has been crucial, meaning that, while individual deadlines and milestones may have slipped in some areas, overall we remain on track.

With reform entering its final stages, now is not the time for us to blink; nor, though, should we be looking ahead to the end of the Reform Programme as a 'job done'. Due to the pandemic, we have gone through an enormous amount of recalibration in terms of what we thought we knew and what we thought 'business as usual' might look like. We must make sure that we build on the opportunities that the circumstances of the pandemic have provided us to constantly reconsider what we do and how we do it, to strive to provide the best possible justice system we possibly can.

Finally, we would both like to pay tribute to Kevin Sadler, who, during what was his second stint as HMCTS's Acting Chief Executive, led the organisation for the period covered by this report before his retirement in March 2022. Kevin's leadership was not only vital for HMCTS in meeting the extraordinary challenges of this past 18 months, but his contribution across a Civil Service career that included more than 20 years with HMCTS and its predecessors cannot be overstated.

Nick Goodwin
Chief Executive and
Accounting Officer

Tim Parker
Independent Chairman
HMCTS Board

Section 1: Performance section

1.1 Overview

HM Courts and Tribunals Service (HMCTS) is an executive agency of the Ministry of Justice (MoJ), responsible for administering courts and tribunals. We work with an independent judiciary to provide a fair, efficient and effective justice system. We have a unique governance structure, reflecting the constitutional settlement safeguarding the independence of the judiciary.

Through a partnership agreement between the Lord Chancellor, the Lord Chief Justice and the Senior President of Tribunals, day-to-day operational management is delegated to our Chief Executive, under the general direction and strategic leadership of the HMCTS Board, which has an independent chair.

This report reflects on our continued focus to recover from the effects of the COVID-19 pandemic and delivery of our Reform Programme. The overview section summarises our performance and key challenges during the year.

Our people

Our success is highly dependent on the skills and commitment of our people. We are proud of the way our colleagues have responded to the challenges of the pandemic and embraced the opportunities of reform. Working together across the whole organisation and beyond, we succeeded in keeping the justice system running throughout the pandemic (one of the few nations to do so), whilst prioritising safety at every site. Our people have demonstrated outstanding resilience and dedication to public services, and a commitment to maintain access to justice.

We know from our annual survey results that our workforce has a strong sense of purpose and commitment to those we serve. In turn, we provide high-quality people services through advice, guidance and support, with clear, open engagement and communication channels, all of which remain essential in meeting the ongoing challenges of reform and recovery.

The pandemic provided an opportunity for us to reassess the way we work, with new remote options being tried and tested, and our people's confidence in using them significantly increasing. We are now considering how new work practices might further benefit our services and people in the future. Our People and Culture Strategy 2021-24 sets out how we want

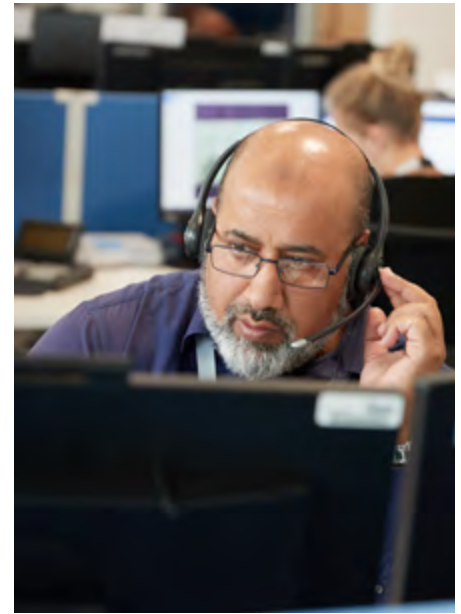
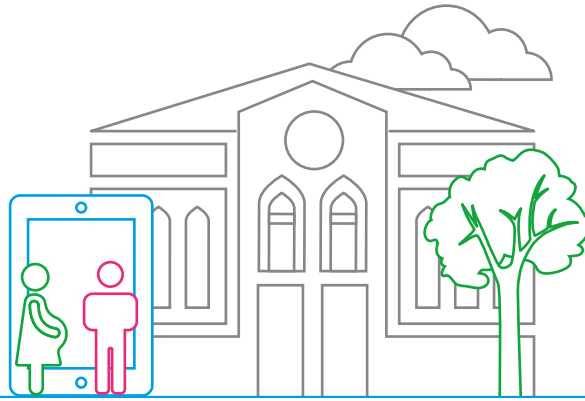
our organisation to look, feel and act from a people point of view as we move through the implementation of our Reform Programme. You can find more details in the Performance analysis and the Our people sections of this report.

Our continued recovery

As the government eased social distancing restrictions from summer 2021, and the subsequent decision to introduce additional measures following the emergence of the Omicron variant, we continued to work with the judiciary and our users to maximise our productivity and continue to provide services safely. We opened courtrooms and hearing rooms which had previously closed due to the pandemic safety measures, and we now have more rooms open than prior to the pandemic. The Lord Chancellor endorsed on a short-term, timebound basis and at the discretion of local judiciary, a flexible approach known as temporary operating arrangements, enabling courts to open for longer. Judges were also given greater flexibility to free up space in court buildings by scheduling Crown Court pre-trial preparation hearings online. This helped speed up proceedings and allowed trials to be heard sooner, while releasing vital courtroom capacity for face-to-face hearings.

We also extended Nightingale courtrooms. These measures in combination have been crucial in helping reduce delays which built up during the pandemic. As the number of people attending our buildings increased, we continued to liaise closely with our stakeholders and users to ensure we followed public health guidance. We continued to administer justice safely and provided an essential service to public and professional users. We reduced outstanding caseloads and improved timeliness across jurisdictions.

With increased capacity across our estate, more sitting days were made available across all jurisdictions. This was part of



the wider effort to maximise space across the justice system and tackle outstanding caseloads. During 2021-22, there was no limit on the number of days that the Crown Court could sit, and we sat 98,604 days (2020-21: 67,255), disposing of 100,035 cases (2020-21: 82,144). This enabled us to safely hold as many hearings as possible, both remotely and face-to-face, as we continued to recover from the pandemic.

As we changed the ways we operated in response to the pandemic, we identified and sought to understand any impacts on our vulnerable users. We developed and published our Vulnerability Action Plan which detailed the work we put in place to support and offer alternative solutions to access our services. We have now developed and extended the plan to include the work we are doing as part of our Reform Programme to design future accessible services. An update was published in April 2022 on GOV.UK¹.

¹ www.gov.uk/government/publications/hmcts-vulnerability-action-plan/hmcts-vulnerability-action-plan-april-2022-update

Our Reform Programme

Our ambitious, multi-year Reform Programme is a £1.3 billion investment to improve the way we deliver services, enable improved access to justice, and become more efficient. The programme has delivered eight reformed services which have made a real impact on the way justice is delivered. The services are getting good feedback from users and have supported our response to the pandemic.

The pandemic reinforced the case for reform in the justice system. It highlighted the risks of unforeseen challenges and showed how modernised systems can keep the wheels of justice turning. Reform is also critical in supporting recovery as it will support getting through more cases more quickly. It has helped reduce the backlog in our courts and tribunals by implementing more efficient processes and removing suitable cases from being held in physical courtrooms.

Reform is utilising modern technology to speed up justice across all jurisdictions. The Common Platform is our new digital platform for criminal courts, that cuts down the need for manual document handling, and improves the way criminal cases are accessed, managed and processed for HMCTS and other court users. Reform technology has already supported the rollout of the Single Justice Procedure for low level offences, and we are now expanding this to include other case types such as motoring offences. The Common Platform has been rolled out for the remainder of more serious cases to 50% of criminal courts across the UK, with over 20% of live cases nationally currently being processed on it.

We are continuing to rollout the system to the remainder of criminal courts in England and Wales, following a pause while the programme resolved performance and stability issues. This rollout will continue to be challenging as the remaining sites includes many of our larger centres, and we need to balance implementation of reform with a continued focus on recovery from the pandemic. In parallel with the rollout, the programme continues its plan to complete additional functionality to manage all 1.5 million annual criminal cases. The PCS union registered a formal dispute with us in relation to the rollout of the Common Platform and a number of meetings took place to better understand and resolve the issues raised. A number of actions were agreed and taken forward, and as at 31 March 2022 the formal dispute was suspended.

We have made good progress in procuring, configuring, and piloting new tools to support video hearings and more efficient listing of court and tribunal hearings. The Video Hearings service will deliver a robust, high-quality service, enabling fully remote and hybrid hearings to take place across all jurisdictions. Following completion of testing, the first early adopter sites are live and preparations for full rollout are underway. As of end of March 2022, a new tool for scheduling court and tribunal hearings, called ListAssist, was live in 43% of civil and family courts, and more sites went live in April 2022. The tool will reduce the administrative time needed for listing cases, and give us much richer data about hearings to improve services for users.

This year we have completed implementation of the divorce and family public law (local authority applications relating to care of children) services. This brings us to eight live online services across all jurisdictions. They are designed to be easier and quicker for users, receive consistently high satisfaction rates and have had over 1 million cases submitted online so far across online civil money claims, probate, divorce and the Social Security and Child Support Tribunal services. We have begun the final tranche of projects for civil, adoption, the Employment Tribunal, special tribunals (a group of smaller tribunal jurisdictions for example the Mental Health Tribunal) and family private law (private applications relating to care of children). These services will help some of the most vulnerable people facing difficult situations access justice quicker.

We are collecting data on the protected characteristics of users for our reformed services. This information will help inform continuous improvement of our services, identify any differences in the service experience to improve access to justice, and strengthen our approach to meeting our Public Sector Equality Duty. In March 2022 we published a summary² of the responses to the protected characteristics questions collected between April 2021 and September 2021 for divorce, probate, online civil money claims and Social Security and Child Support Tribunal services. This is the first time this information has been published and we will add the questionnaire to more services as they complete the reform process.

An important part of reform is to improve access to justice as well as making sure no barriers are placed in the way. To support users, we have put in place Courts and Tribunals Service Centres (CTSCs). These centres provide users with information on their case, handle queries and support people to use the online services. They are equipped with the latest technology, making responses more efficient and consistent. This year we opened our fourth centre in Salford, and the fifth is on track to open in Wales in summer 2022.

To provide further support for those who find it difficult to access our online services, we have set up a new national service to deliver face-to-face support through community and advice centres.

Reform is now entering the final implementation stages across a range of programmes and will start delivering the biggest financial and user benefits. We have published a number of factsheets detailing our progress on reform at www.gov.uk/government/collections/hmcts-reform-programme-fact-sheets.

² www.gov.uk/government/publications/hmcts-protected-characteristics-questionnaire/hmcts-protected-characteristics-questionnaire-data-on-users-of-reformed-services#contents

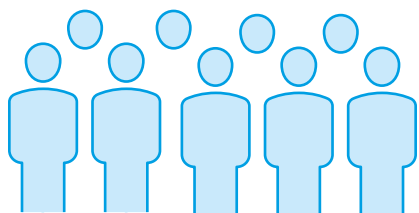
Challenges during 2021-22

The highest risks we managed during the year were related to the implementation of the MoJ pay deal, our Reform Programme, and potential operational failure as a result of external factors. Details of these and other risks managed during the year can be found in the Risk management section of this report.

Examples of challenges that emerged throughout the year include:

- **Keeping our people and our users safe** has been both a priority and a challenge this year. Teams across our organisation have worked hard to assess risks and implement safety measures. We have supported our people with a range of wellbeing tools and support, and you can find further details in the Performance analysis and the Health and safety sections of this report.
- As social distancing restrictions ended and landlords returned to their core business, it became increasingly challenging to find replacement **Nightingale venues** to provide temporary additional courtrooms. This presented a risk to delivery against the target of 32 Crown Court jury trial rooms by the end March 2022. We extended existing venues where possible and sought venues in sectors where recovery was slower and rental was more likely. On 31 March 2022, there were 23 live Nightingale court venues delivering 50 rooms, of which 32 were Crown Court jury trial rooms. You can find further details on our estate in the Performance analysis section of this report.
- One of the most significant challenges to delivering recovery was **judicial capacity**, particularly in the Crown Court. The appointment of some new salaried Circuit judges added some capacity and we sought to maximise available capacity by: increasing use of Recorders to the highest levels seen for several years; agreeing to the temporary and time-limited movement of some salaried judges into London; introduction of more flexible operation of the national fee paid pool; and increased sittings in the Crown Court of other eligible judiciary, for example, district judges in magistrates' courts and Judge Advocate/Assistant Judge Advocates General.
- Our **Common Platform** case management system was rolled out to users, albeit at a slower pace than planned. Rollout commenced in March 2021, managed in a phased and agile way to allow us to evaluate and where necessary improve functionality and performance. Our rollout of the platform was paused in August 2021 to resolve performance issues. During this pause, Common Platform remained live in 101 courts (44% of our estate). Additional work was done to improve performance and stability of the application and the infrastructure on which it is hosted, and we focused on supporting staff to use the platform. We are also working hard to reduce system complexity, and so improve the Common Platform's efficiency. In March 2022, Common Platform went live in an additional 11 criminal courts in Bedfordshire, Hertfordshire and Cambridgeshire. Given over three-quarters of our live criminal caseload records currently still sit on the legacy Libra system, we have some way to go, but we remain confident in our plans to complete the Common Platform by the end of 2023.
- The end of temporary (extended) **custody time limits** (CTLs) introduced by the Prosecution of Offences (Custody Time Limits) (Coronavirus) (Amendment) Regulations 2020, generated a surge in the number of criminal cases with CTLs due to expire between December 2021 and April 2022. Where there were areas of concern, particularly in respect of cases with no/post-CTL hearing dates, the judiciary and our staff worked closely to reduce the number of 'at risk' cases.
- We are in a challenging phase of **change implementation and integration**. There is a risk posed by the need to balance this with continuing work to recover the service after the pandemic. Reform will impact on almost every role, person and system across our organisation and the scale of change is significant as we seek to achieve the benefits set out in reform. We are working to address the challenges presented, for example, setting up a new Implementation Board to oversee change load and resources and continuing our strong stakeholder engagement.
- The recruitment of civil servants **to create the new digital delivery teams** in Digital and Technology Services remains a challenge due to the highly competitive digital recruitment market. There was a risk that Civil Service teams would not be in place in time to support the maintenance of the new products being transitioned from reform into live service. This could have resulted in an additional reliance on external contracts. Through a review of processes, role specific targeting and alignment to the Digital, Data and Technology professional framework, we were able to improve our offer and minimise the time to hire. This in turn allowed us to recruit the necessary civil servants to support new products.

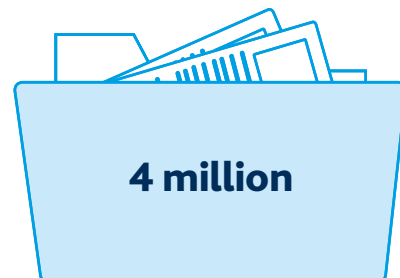
1.2 HMCTS at a glance



We have around **19,000 members of staff** across HMCTS



We operate from **336 venues and 21 admin sites**

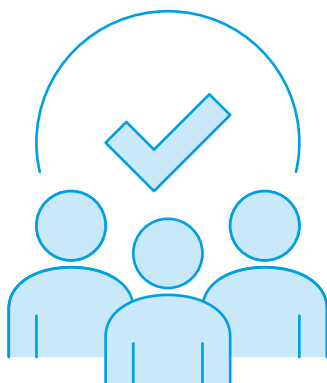


4 million

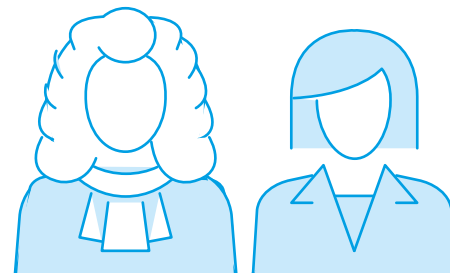
We handled over **4 million cases**



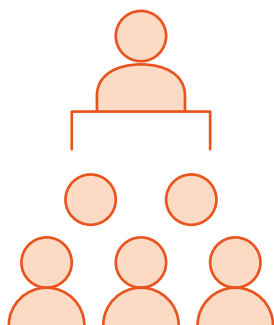
Our net expenditure was **£1.72 billion**



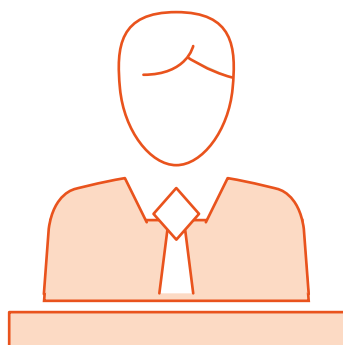
Our employee engagement index increased to **59%** (up from 56%)



We support over **20,000 judicial office holders**, including over **12,000 magistrates**



We sat a total of **559,888 days** across our courts and tribunals of which **98,604** were sat in the Crown Court

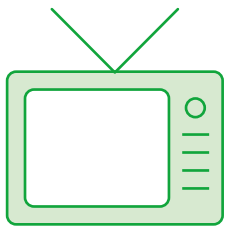


We held over **2.2 million hearings**, of which 42% primarily used audio or video hearings technology, 46% were in part or fully held face-to-face and 12% were predominately paper based



We have reduced our carbon emissions by over **28,000 tonnes** since 2017-18 (baseline year)

We provide services in the criminal, civil and family courts and tribunals. A number of these have been transformed so they are accessible online, including the following, showing the level of user satisfaction.



Make a plea for **traffic offences** and **TV licenses**



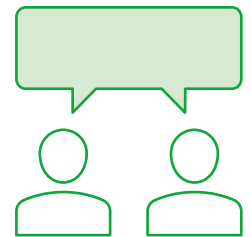
Apply for a **divorce**



Apply for **probate**



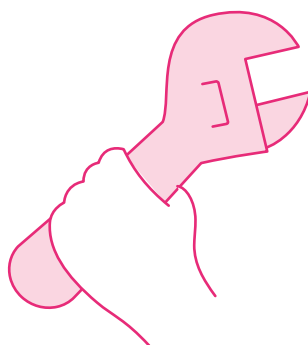
Submit an appeal for **social security and child support**



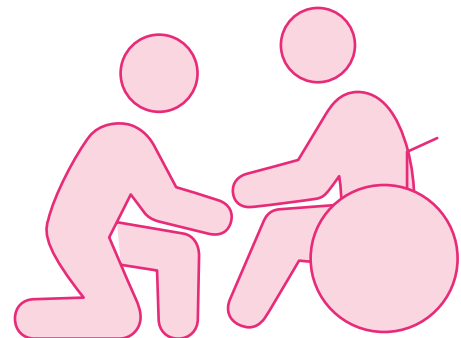
Issue and resolve **civil claims**



Our Courts and Tribunals Service Centres received over **1 million calls**



We spent **£108.5 million** on critical maintenance works and estate projects



We published updates to our **Vulnerability Action Plan** detailing how we are supporting vulnerable users in engaging with the justice system

1.3 Who we are and what we do

Our role and responsibilities

Our central aim is to run an efficient and effective courts and tribunals system, enabling the rule of law to be upheld and provides access to justice for all. Our justice system has a global reputation, recognised far and wide for its expertise and excellence, and we are critical to maintaining that strong justice system reputation.

Courts and tribunals are a bedrock of our society. They provide stability, security and safety for individuals and businesses; and support the cohesion necessary for the proper functioning of our national economy and wider society.

Those who directly rely on our services include victims and witnesses of crime as well as those charged with criminal wrongdoing; children and other vulnerable people who need protection; families affected by relationship breakdown; citizens challenging decisions of the state; and people and businesses needing to assert their rights in civil or commercial disputes.

We are responsible for the management and administration of the justice system. Our courts, across the criminal, civil and family jurisdictions, run throughout England and Wales. Our tribunals are based throughout the United Kingdom, and include the non-devolved jurisdictions in Wales, Scotland and Northern Ireland.

Together, we:



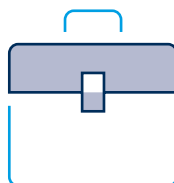
provide the supporting administration for a fair, efficient and accessible courts and tribunals system



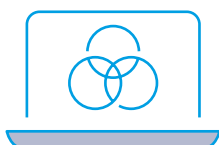
collaborate effectively with other justice organisations and agencies, including the legal professions, to improve access to justice



support an independent judiciary in the administration of justice



work with government departments and agencies to improve the quality and timeliness of their decision-making, which will reduce the number of cases coming before courts and tribunals

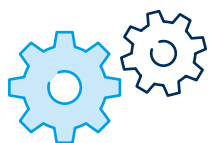


make improvements across all aspects of the administration of courts and tribunals

You can find out more about our work at www.gov.uk/government/organisations/hm-courts-and-tribunals-service.

Our vision and strategic priorities

Our vision is a justice system with people's needs and expectations at its heart, underpinned by the guiding principles below.



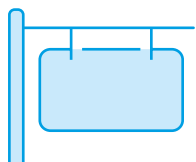
A just system that is built in partnership with and around the needs of those who use it.

Citizens, judiciary, business users, victims, witnesses and state users



A system that is transparent, accountable and continually reviewed

- in its approach overall, and use of digital technology



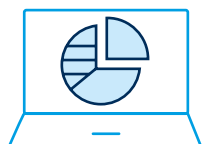
A system that is accessible

– easy to use, digital by design and default, and well supported for non-digital users



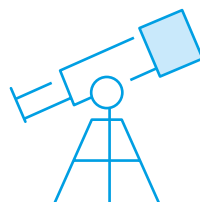
A system that is financially viable

- operating at low cost for much of the system, and securely funded



A system that is proportionate and segmented

with the 'majesty of the court' when needed and low cost, low burden (mostly digital) channels, where speed and simplicity is what users want most



A system that is future proofed, designed for 2050 not 2015.

With a flexible infrastructure to keep it relevant and accessible to our users



A system that builds on our strong, independent and trusted justice brand

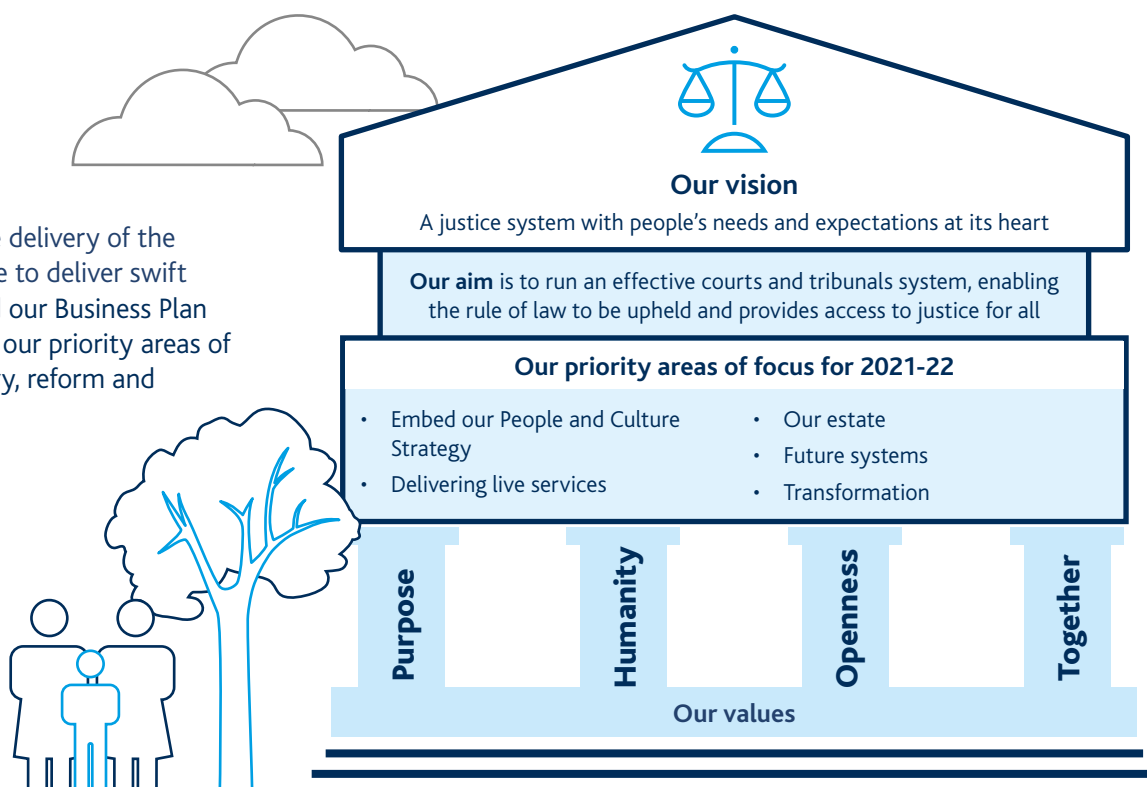
but with different channels and experiences for different cases – all consistent with this brand



A system with our people and our users at its heart.

A smaller and smarter workforce who are there for users where they need us most across a number of platforms

We contribute to the delivery of the MoJ priority outcome to deliver swift access to justice, and our Business Plan for 2021-22 sets out our priority areas of focus around recovery, reform and our people.



Our strategic priorities for 2021-22

We focused on the following five strategic priorities this reporting year, and each of these is explored in more detail in the Performance analysis section of this report.

	<h3>Embed our People and Culture Strategy</h3> <p>A high-level overview of our people priorities that aim to deliver organisational change through reform and recovery from COVID-19</p>	<p>4 5</p> <p>● ●</p>
	<h3>Delivering live services</h3> <p>Manage the flow of demand through our system</p>	<p>1 2</p> <p>●</p>
	<h3>Our estate</h3> <p>Support the recovery of our services, utilising capital and resource funded programmes and contracts to enhance the provision of safe, well maintained and sustainable court and tribunal buildings. Minimise lost capacity while maintaining our services by acquiring new premises when required.</p>	<p>3</p> <p>●</p>
	<h3>Transformation</h3> <p>Modernise the procedures and infrastructure of our courts and tribunals through the Reform Programme</p>	<p>7 8</p> <p>●</p>
	<h3>Future systems</h3> <p>Design the shape of our future technology estate, decommission legacy applications and mitigating the risks of the legacy landscape</p>	<p>10 11</p> <p>●</p>

Key



Relation to risk number



Relation to recovery



Relation to reform

1.4 Performance analysis

Our Business Plan 2021-22 detailed our priorities for the year. It focuses on recovering from the ongoing effects of the pandemic, continuing with our Reform Programme and embedding our people strategy which is central to our ability (including capability and capacity) to deliver.

We publish our summary management information monthly, to provide frequent and timely measures on the operation of the courts and tribunals system. These figures reflect the data held on our case management systems and therefore there are some definition and timing differences from the official statistics published by MoJ. All published data, together with a guide to HMCTS management information, can be found at www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about/statistics. We voluntarily apply the Code of Practice for Statistics to our publication of management information.

In December 2021, we published our Data Strategy³. This

strategy provides the vision and framework we will use to improve our data and analysis over the next few years. We are creating an externally facing Catalogue of Open and Accessible Data that will compile and index the many data services we already offer: our published data series (such as HMCTS management information), transparency information (such as Court Listings) and other resources, such as our transcription services. The catalogue will also list additional data titles which we believe are appropriate to make accessible as reusable public sector information, and will explain how to obtain these data. Further details are available at www.gov.uk/guidance/access-hmcts-data-for-research.



Strategic priority: Embed our People and Culture Strategy

Our People and Culture Strategy outlines our people priorities for 2021-24. The strategy sets out broad strategic outcomes and objectives that will guide delivery and implementation through to the end of our Reform Programme. It is designed to enable and equip our people with the necessary knowledge, skills, experiences and inspiration to deliver a world class justice system and embed an organisational culture which embraces the diversity of our people and drives engagement. You can find further details in the Our people section of this report.

Following a comprehensive review of MoJ pay policies and structures to which we are aligned, a three-year pay deal was agreed with HM Treasury (HMT) and Cabinet Office. It enabled us to start improving pay across the MoJ and make our arrangements simpler, fairer and more consistent for our people. The pay deal was agreed by the majority of members in each of our three recognised trade unions.

It represented a significant investment in the pay of our people to make us more competitive and improve alignment with other government departments across all grades. It will help us tackle long standing challenges to recruit, retain and reward our fantastic workforce, and support our efforts in the recovery and reform of the justice system.

Activities/outputs	Our progress during 2021-22
Deliver and implement a new delegated pay award	<ul style="list-style-type: none"> The business case for a three-year deal (2020-21 to 2022-23) which went beyond the standard approach to setting Civil Service pay was agreed with the Cabinet Office and HMT. Years one and two of the pay award were implemented in September and October 2021. Year three will be implemented in August 2022.
Develop implementation plans to deliver the strategic aims of the people strategy and a set of success metrics to measure progress	<ul style="list-style-type: none"> We held workshops on each of the strategic aims of the strategy to agree priorities and establish current and future planned activities. We developed a three-year implementation plan to demonstrate key activities to deliver our People and Culture Strategy. We finalised the evaluation framework (success metrics) to demonstrate how we measure success against the strategic outcomes. The implementation plan and evaluation framework were presented to the HMCTS Board in May 2022.

³ assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1038712/HMCTS_Data_Strategy_December_2021.pdf



Strategic priority: Delivering live services

We focused on maximising our physical and judicial capacity for hearings, particularly for jury trials in the Crown Court. As pandemic restrictions eased, we assessed safety requirements and opened up more of our estate. We expanded use of the national fee paid pool of deputy district judges, providing access to a greater number of fee paid judiciary capable of deployment across England and Wales.

The overall number of hearings across our jurisdictions rose to over 2.2 million. 46% were held in part or full in our courts and tribunals buildings. The number of jury trial rooms increased by 14% from 428 to 487, and jury trials completed rose from 7,700 to 18,600 (140% increase).

Audio and video technologies have long played a role in courts and tribunals. We continued to support the decision of the judge, which is made in accordance with guidance issued by the Lord Chief Justice, and on a case-by-case basis, as to whether a remote hearing was appropriate in the interests of justice. During the pandemic we accelerated the rollout of video conferencing technology to support a wide range of remote hearings across England and Wales.

The impact of these measures is already being seen. As at the end of March 2022, the number of outstanding cases in the magistrates' courts had dropped by over 46,000 to 360,999, compared to 407,686 at the end March 2021. Since September 2021, the number of disposals in the Crown Court outpaced the number of receipts and the outstanding caseload reduced from 60,190 to 57,870.

Whilst the overall volume of outstanding cases in family public and private law have remained stable for the last 12 months, they are still higher than pre-pandemic levels. The age and make up of those cases have changed. As these older cases are disposed of, the average waiting times will continue to increase as those cases are worked through and resolved. Together with MoJ, we brought together key partners across the family justice system to put in place measures to tackle recovery in this jurisdiction and develop plans to reduce demands on the family courts, increase productivity, and continue to increase the overall capacity of the courts.

In the Employment Tribunals, a joint ministerial taskforce was established including MoJ, HMCTS and Department for Business, Energy and Industrial Strategy (BEIS) to develop a whole-system approach to improvements to the employment dispute system. These focused on prevention, early conciliation, and maximising tribunal capacity and efficiency. The taskforce recovery plan will be reviewed following the recent spending review process.

We launched a new electronic case management system to support the administration of the Employment Tribunal and reduce the burdens caused by aged legacy systems. We recruited 16 additional legal officers to support recovery plans. Legal officers undertake vital case management work releasing judicial resource to focus on hearings. In April 2021, the President of the Employment Tribunal in England and Wales launched an Employment Tribunal virtual region, operating alongside the ten existing regions. This was a new national initiative targeting outstanding caseloads by hearing urgent cases that judges decided could proceed remotely. It takes advantage of the flexibility offered by video hearings to enable judges, non-legal members and staff who are geographically dispersed, to come together to hear cases remotely from any part of England and Wales. The scheme will be evaluated and reviewed at the end of the year.

Activities/outputs	Our progress during 2021-22
<p>Maximise courtroom capacity and hearing capability across the courts and tribunals estate whilst ensuring that the appropriate COVID-19 safety measures are in operation</p>	<ul style="list-style-type: none"> • Of the 339 court and tribunal buildings normally open to the public, 332 (98%) have fully reopened. Of the remainder, 1 is open to staff but closed to the public, and 6 are closed to both staff and public. Primarily the closures were due to sites being unable to accommodate social distancing during the pandemic and the work was dealt with elsewhere. • We increased the number of available courtrooms in the permanent estate (excluding Nightingale venues) to 2,478 as at the end of March 2022, representing an increase of over 9% over the year • We modified 71 courtrooms to hold large multi-hander trials (3 of which have subsequently been de-modified)
<p>Optimise performance in the courts and tribunals to manage throughput</p>	<ul style="list-style-type: none"> • We increased capacity in the Crown Court by opening up over 490 courtrooms and jury deliberation rooms • We sat 98,604 sitting days in the Crown Court (47% increase from 2020-21) • We hosted more than 20,000 hearings across all jurisdictions each week, using remote technology at the height of the pandemic • We sat 968 additional Saturday sessions in the magistrates' courts dealing with approximately 18,760 cases • Details on our key operational performance metrics and supporting trend analysis is overleaf
<p>Ensure remote hearings continue to be effectively administered with guidance for users</p>	<ul style="list-style-type: none"> • In response to the pandemic, we increased the number of additional rooms with audio-visual equipment installed from 782 rooms to 829 to host remote and hybrid hearings, bringing coverage to 69% • In April 2022 we deployed an Application Performance Monitoring tool into our services to provide proactive monitoring of our online services, and digital availability including that for remote hearings
<p>Develop and embed better data and management information infrastructure</p>	<ul style="list-style-type: none"> • Essential data requirements are understood and functionality to enable essential data capture has been factored into our Reform Programme plans. A self-assessment is revisited each quarter and updates are provided to programme boards. • The development of a strategic data platform has made good progress in year and the infrastructure has been built. The minimum viable product went live at the end of May 2022 and we are on track to meet the March 2023 deadline

Our key operational performance metrics 2021-22

Our operational delivery focus was on our continued efforts to maximise capacity and increase the throughput of cases. We continued to work with the judiciary and our users to increase the disposal of cases and improve timeliness across all jurisdictions. We measure how well we are disposing of cases using a range of metrics and data captured throughout the year. This enables us to understand the trends, with the aim of driving improvement.

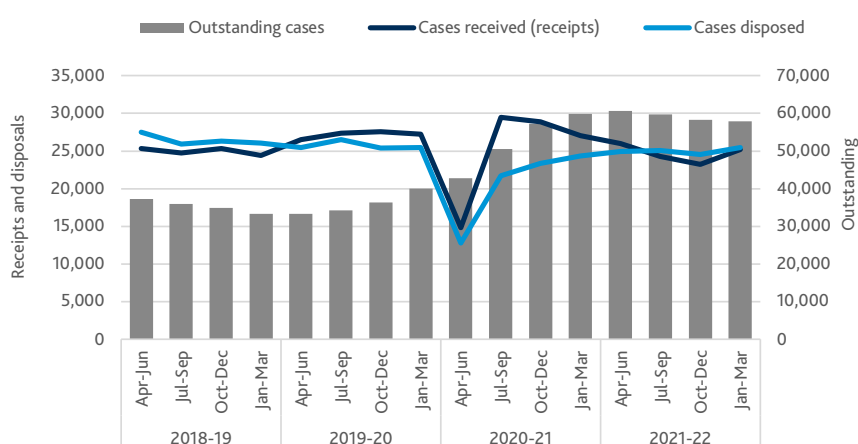
Our key operational performance metrics are outlined in the MoJ Outcome Delivery Plan⁴. During 2021-22 they were the monthly disposal of cases in the Crown Court, criminal cases in the magistrates' courts, the number of children involved in Family Court applications (public and private law), and claims in the Employment Tribunal.

The data for our performance metrics are set out in the tables below, together with accompanying receipts, outstanding caseload and timeliness figures for context and transparency. The exception is Crown Court timeliness and data for this is published as Official Statistics by MoJ at www.gov.uk/government/organisations/ministry-of-justice/about/statistics. End-to-end timeliness in the criminal justice system (CJS) is published in CJS Scorecards at <https://criminal-justice-delivery-data-dashboards.justice.gov.uk/>.

The data in the tables below are based on our monthly management information published on 9 June 2022 at www.gov.uk/government/collections/hmcts-management-information. Data are subject to revision each publication. The revisions are minor and do not usually change the overall picture of performance.

Performance metrics

Crown Court

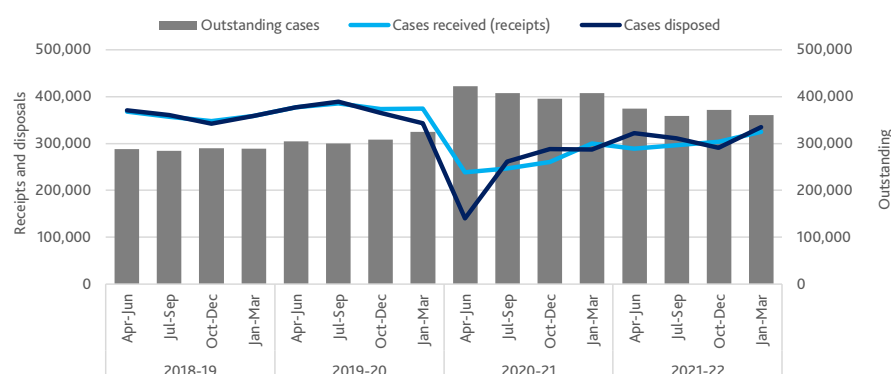


Trend: Increased levels of sittings in the Crown Court have been supported by the increased number of available courtrooms numbering over 450 by the end of March 2022.

This increased capacity has seen the outstanding caseload fall by 4% this financial year to 57,870. There was a 7% reduction in receipts over the same period, and higher levels of sittings by 47%. Disposal rates are now back to pre-pandemic levels and have remained stable over the past 12 months.

Timeliness: Mean days from case arriving at the Crown Court to case completion is published in the CJS Scorecard at <https://criminal-justice-delivery-data-dashboards.justice.gov.uk/>.

Magistrates' courts (criminal cases)



Trend: Increased levels of sittings in the magistrates' courts have also been supported by the increased number of available courtrooms and the continuing availability of remote hearings.

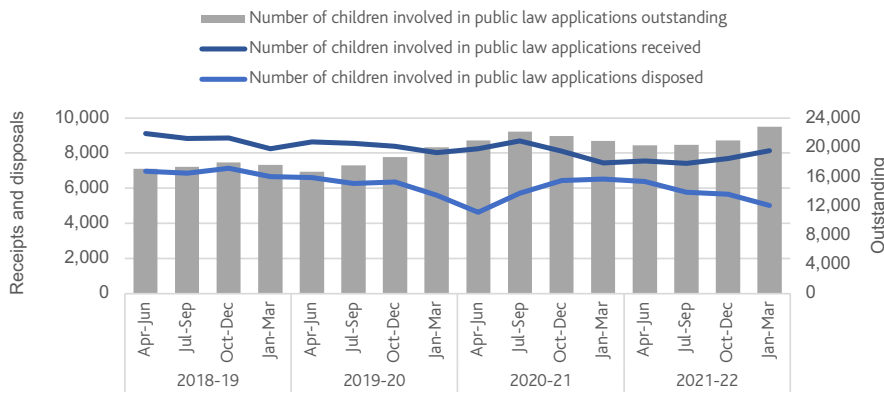
This increased capacity has seen the outstanding caseload fall by 9% this financial year to 360,999, with receipts increasing by 26% over the same period, with disposals increasing by 25% over the financial year.

Timeliness: Average time from charge to disposal (weeks):

2018-19 = 7.8 | 2019-20 = 7.4 | 2020-21 = 14 | 2021-22 = 10.9

⁴ www.gov.uk/government/publications/ministry-of-justice-outcome-delivery-plan

Family public law



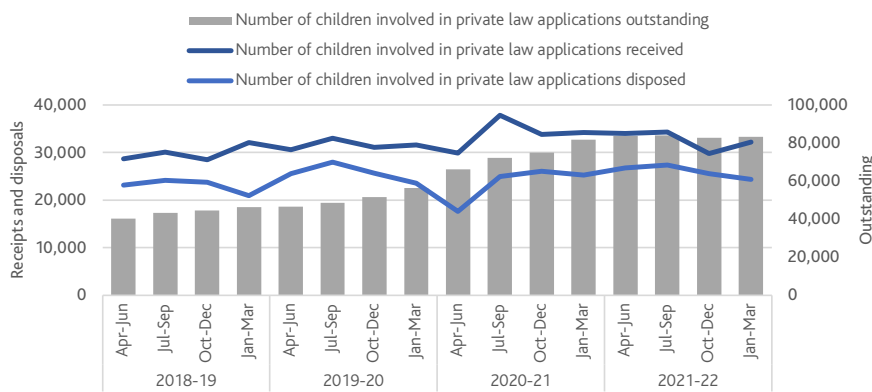
Trend: Increased levels of sittings in the Family Court have also been supported by the increased number of available courtrooms and the continuing availability of remote hearings.

This increased capacity has maintained the outstanding caseload this financial year with a 3% increase to 13,963. Receipts decreased by 7% over the same period, with disposals remaining stable with 2020-21.

Timeliness has been more challenging as we clear older cases, which will increase waiting times overall. Increased levels of sitting days will continue to target timeliness

Timeliness: Average time for disposal for Section 31: Care and supervision cases (weeks):
 2018-19 = 34.4 | 2019-20 = 36.1 | 2020-21 = 43.5 | 2021-22 = 50.4

Family private law



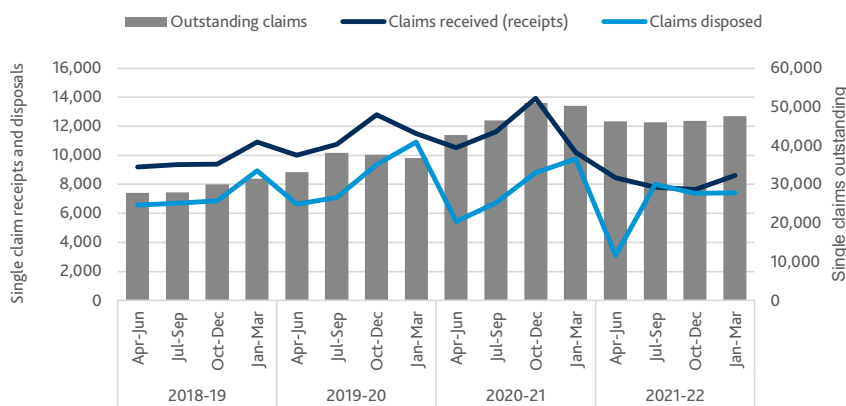
Trend: Increased levels of sittings in the Family Court have also been supported by the increased number of available courtrooms and the continuing availability of remote hearings.

This increased capacity has maintained the outstanding caseload this financial year with 52,199. Receipts decreased by 5% over the same period, with the number of cases disposed of increasing by 15%.

Average timeliness has increased by 7 weeks from 37 weeks to 44 weeks as the Family Court continues to clear older cases.

Timeliness: Average time from receipt to final order for Section 8 Orders (weeks):
 2018-19 = 29 | 2019-20 = 28.6 | 2020-21 = 37.2 | 2021-22 = 44.8

Employment Tribunal



Trend: Increased levels of sittings in the Employment Tribunal have also been supported by the increased number of available hearing rooms and the continuing availability of remote hearings.

This increased capacity has seen the outstanding caseload reduce this year to 47,567 single and multiple claim cases. Receipts have remained stable over the same period, with the number of cases disposed of decreasing by 22% between June 2021 and March 2022.

Timeliness: Average clearance time for single claims (weeks):

2018-19 = 29.7 | 2019-20 = 32.2 | 2020-21 = 36.8 (as at February 2021) | 2021-22 The Employment Tribunal transitioned to a new case management system during 2021-22. The timeliness information from the new case management system is under review and is expected to be available through future editions of our management information.

Note: The Employment Tribunal transitioned to a new database (Employment Case Management) during March to May 2021. We are validating a significant proportion of records in the new service to ensure that details have been correctly captured, and so the results shown here are liable to change. Metrics are not currently available to provide a like-for-like comparison with data from the old database, so results from June 2021 onwards should not be compared to results prior to March 2021. We are not able to provide results for the migration period of March to May 2021.



Strategic priority: Our estate

Our estate comprises a variety of property types, including leasehold and listed buildings. They have restrictions on works we can carry out, as well as older buildings not yet as accessible as we would like them to be. Although we have spent substantial sums on the maintenance of our estate, much of it needs further investment. We take every opportunity to improve the condition of our estate and enhance the working environment for staff, judges and our users, and avoid the loss of hearing capacity through building failure. During 2021-22 we spent £108.5 million on critical maintenance works and estate projects to enhance the resilience of our estate and maintain operational capacity.

We developed an estates strategy which guides our decision making, helps us maintain our buildings in the best possible condition, looks for innovative capacity and capability solutions, and delivers value for money. In July 2021, the Newcastle Civil and Family Court and Tribunals Centre opened as a modern space providing 25 courtrooms for civil, family and tribunal hearings making it easier for people to access justice. It replaced several buildings, some not fit for purpose, that previously heard this work. In September 2021, we opened the first new 'super courtroom' at Manchester Crown Court. This is three times the size of a usual courtroom, and was followed by a second 'super courtroom' at Loughborough Magistrates' Court in November 2021. This allowed us to restart trials with up to 12 defendants, which usually involve gang-related crime such as county line drug trafficking, murders and money laundering. The trials that require this level of space are known as multi-handers, and they built up during the pandemic due to the need for social distancing. These courtrooms are national resources that can take on trials from anywhere across England and Wales, where needed and appropriate. They are giving us the capacity we need to clear these physically-difficult types of case from the backlog, whilst preventing disruption to other courtrooms in the building.

We received £22 million in June 2021 for the extension of Nightingale courts through to March 2022. These venues were temporary buildings to help aid recovery in the justice system. In addition to our permanent estate, we utilised a total of 34 Nightingale court venues during 2021-22, providing 72 courtrooms, of which 46 were Crown Court jury trial rooms. The number of courtrooms open at any one point fluctuated as our needs, and those of the venues, changed. As social distancing restrictions eased and landlords returned to their core business, it became increasingly challenging to find replacement venues when licenses expired. To help mitigate this, we sought venues in sectors where recovery was slower and rental more likely.

The safety and security of those using our buildings remained a priority. As government guidance changed during the pandemic, we reviewed our plans to increase our capacity and deliver services, to ensure we were compliant with security, health and safety standards, and updated government and public health guidance. You can find further details in the Health and safety section of this report.

In September 2021 we launched our Environmental Sustainability Strategy 2021-25. Our strategy outlines the measures we will take over the coming years to reduce the impact we have on the environment and achieve Greening Government Commitments. Our strategy outlines our commitment to carbon reduction, minimise our consumption of water, reduce and manage our waste responsibly, and help nurture and protect biodiversity. Our commitment to environmental sustainability is reflected in our Business Plan and Reform Programme Business Case, and progress is tracked and reported to our senior management team.

Activities/outputs	Our progress during 2021-22
<p>Deliver critical maintenance projects which incorporates a rolling programme of works to replace failing and inefficient mechanical and electrical equipment, superstructure or other items in pressing need of replacement</p>	<ul style="list-style-type: none"> • We invested £108.5 million in critical maintenance works and estate projects, replacing for example, failing and inefficient mechanical and electrical equipment. • Of the 528 projects within the programme of maintenance works, 328 were completed during 2021-22 and the remaining 200 are being progressed into 2022-23.
<p>Acquire new premises and/or invest in the existing estate. Leaving existing locations and transiting to new buildings</p>	<ul style="list-style-type: none"> • We acquired two new premises to be converted into replacement hearing venues for existing leasehold properties: the Carbon Building in Reading and 7 Newgate Street in London. • We completed integration schemes at Hull and Leeds and established a new custody suite at Wrexham Law Courts. • Work continues to deliver replacement venues for Watford County Court, Medway County and Family Court, and Dundee Tribunal Centre. All of these are scheduled to be completed during 2022. • We opened Newcastle Civil and Family Court and Tribunals Centre, replacing several ageing buildings on our estate with a single, economically sustainable, and accessible space. • We refurbished Newcastle Magistrates' Court to create disability compliant cells for defendants on remand, and improved facilities for witnesses and victims. • We revamped Manchester Crown Court to create a 'super courtroom' to accommodate trials with up to 12 defendants. • We created a 'super courtroom' at Loughborough Magistrates' Court.
<p>Deliver additional courts and tribunals temporary buildings to enable recovery</p>	<ul style="list-style-type: none"> • We utilised 23 Nightingale venues to provide an additional 50 courtrooms including 32 jury trial rooms in March 2022.
<p>Manage our estate to relevant safety and security standards</p>	<ul style="list-style-type: none"> • We have an established security and safety management system in place, in line with government and industry standards. • We received no regulatory enforcement notices. We received 31 informal Notices of Deficiency on fire related concerns which have been addressed, and no Notices of Contravention from the Health and Safety Executive (HSE). • We sought and acted upon specific advice from the UK Health Security Agency (Public Health England pre-October 2021), Public Health Wales, HSE, and other regulatory bodies as required, to ensure our security and safety standards are effective. • Our COVID-19 Local Assessment Tool enabled local managers to monitor and review the COVID-19 safety arrangements in all our buildings to ensure they continued to meet sufficient safety standards
<p>Establish and manage a delivery plan to reduce carbon emissions, water consumption and waste generation across our estate</p>	<ul style="list-style-type: none"> • Our Greening Government Commitments (GGC) Delivery Plan is in place and actively managed by our sustainability team. • We identified remedial works that need to take place to realise the carbon benefits of our sustainability investment. A revised GGC Delivery Plan is in place for 2022-23 that can be delivered within current resources to progress against our environmental targets. Details of our sustainability performance are in the Environmental sustainability section of this report.



Strategic priority: Transformation

In February 2021, we completed the final business case for the Reform Programme following a review by the Major Projects Review Group. The overall delivery timetable for our Reform Programme remains unchanged from that reported in previous annual reports, with programme closure planned for December 2023. We expect to remain on time and within our approved budget. We continue to make significant progress against our planned activity, modernising courts and tribunals in England and Wales, and improving the way justice is delivered.

In divorce, we further developed the digital service to accommodate the new 'no fault' divorce legislation that came into law from 6 April 2022. The digital service simplifies the divorce process for court users and reduces the time it takes to administer and progress cases. The changes have made the process, which for many couples can be distressing and difficult, smoother and simpler. Less than 1% of online divorce applications were returned because of user error, compared to 40% with the paper-based system, significantly reducing the time users spent on completing, or correcting, applications. Online applications took less than half the time to progress from issue to decree nisi than paper applications. The uptake of the service has been widespread with 90% of applications received from the public and 96% from professionals submitted online, as at the end of March 2022. Over 90% of people rated the online service as either 'good' or 'extremely good'.

A fully digital service for family public law now enables local authorities to apply online for care and supervision orders, and they can opt to resolve simple disputes online. This helps ensure vulnerable children are given access to justice and safety as soon as possible, making the process more efficient and saving time for users, the judiciary and administrative staff. The service is being used by all local authorities in England and Wales and as at the end of March 2022, 83% of applications were submitted online.

During 2021-22, there have been large scale rollouts of technology reaching every court and tribunal site in which we operate, improving access to justice for our users. A huge amount of change has been deployed into the business, including technical integration between new IT systems and high levels of inter-dependency across our change portfolio. This was delivered in the context of supporting our people in the recovery of our services from the impact of the pandemic. We continue to drive efficiency benefits whilst maintaining sustainable operational delivery.

In July 2021, we migrated to using Antenna (telephony and multi-communications software) in our CTSCs. From July 2021 to the end of March 2022, we received over 1 million calls to our CTSCs. There were some technical issues with the software and systems that impacted our ability to manage calls and resulted in high levels of repeat calls, waiting times and abandonment rates. Antenna performance has since stabilised. CTSCs also struggled to cope with higher volumes of calls relating to probate cases (partly pandemic related), and in the latter part of the year related to the change in the divorce law. The timeliness of probate cases is improving which will reduce call volumes. Divorce cases have increased following the new divorce law and we are working to stabilise the service following this change.

Activities/outputs	Our progress during 2021-22
Common Platform national rollout	<ul style="list-style-type: none"> All early adopter areas went live with Common Platform by May 2021. At the end of March 2022, it was live in 112 courts (50%).
Complete the divorce project	<ul style="list-style-type: none"> We completed the divorce project in May 2021. It delivered a transformed and efficient fully digital system for individuals and legal representatives to make an application, to legally end a marriage and resolve associated financial issues. The digital uptake of the online service was 88% as at the end of March 2022. User satisfaction with the online service was 91% as at the end of March 2022.
Complete the family public law project	<ul style="list-style-type: none"> We rolled out the family public law service to all courts in April 2021. A fully digital service was created that enables local authorities to complete and submit online applications for care and supervision orders. As at the end of March 2022, 83% of eligible applications were submitted online.
Delivery of reform into operations and realising planned benefits	<ul style="list-style-type: none"> We reported on realised benefits to the Government Major Projects Portfolio in April 2022. We continue to remain confident in the achievement of the end-state benefit figures.
Complete rollout of the CTSC strategic technology	<ul style="list-style-type: none"> We rolled out Release 1.0 of our strategic technical solution called Antenna, to a number of services. It is now live across the following jurisdictions: crime, probate, single justice procedure, social security and child support, immigration and asylum, the Welsh language unit, family public law, video hearings, online civil money claims and divorce. A release to fix a number of defects in the system took place and performance has since been stable in the live environment. Elements of Release 2.0 will now be delivered by a newly established project to deliver back office work allocation within the case management systems of crime, and civil, family and tribunals. Between July 2021 and the end of March 2022, the call waiting time increased from 11 minutes 56 seconds to 14 minutes 41 seconds. The abandonment rate increased from 25% to 34%.



Strategic priority:
Future systems

We have a substantial number of old and legacy systems. The Decommissioning and Legacy Risk Mitigation (DLRM) programme, formerly called the Future Systems Programme, is part of the Government’s Major Projects and Programmes portfolio. It was established to mitigate the risks presented by our legacy technology. The programme sits within our Digital and Technology Services directorate and works across HMCTS, MoJ and the Cabinet Office to deliver its primary aim of decommissioning our applications.

The scale of ambition for the DLRM programme is significant. There are around 250 bespoke applications in use across our organisation. The programme’s aim is to ensure these applications are able to support our operations as well as decommissioning those that are no longer needed. As such, it

brings together multiple inter-related workstreams focussed on reducing our technical, cyber and data debt.

Our digital services significantly contribute to the goal of making our courts and tribunals services modern, reliable, efficient and accessible to all.

Activities/outputs	Our progress during 2021-22
Develop a plan for replacing systems which are not replaced by our Reform Programme	<ul style="list-style-type: none"> • We completed discovery work for the Future Systems programme in May 2021. • The strategic outline business case for the DLRM Programme was approved in November 2021. • The DLRM Programme has established nine workstreams with initiation planning in place. • Approval of the DLRM Programme outline business case was agreed by MoJ Investment Committee in February 2022.
Define the hosting and application maintenance service (AMS) strategy to replace the current contract	<ul style="list-style-type: none"> • The procurement strategy for the replacement AMS contract is being developed and is expected to be completed in June 2022

1.5 Our priorities for the year ahead

HMCTS Corporate Plan 2022-25

We have developed a three-year Corporate Plan for 2022-25. It provides the medium-term strategy for our organisation for the period covered by the 2021 Spending Review settlement. Over the next three years our focus will be on delivering swift access to justice, one of strategic outcomes in the MoJ Outcome Delivery Plan 2022-25. We will achieve this by working towards our strategic objectives below.



Making processes straightforward for the public, which we do by improving user experience through simplifying, automating and joining up processes



Building resilience, which we do through enhancing organisational capacity to deal with political, economic, social, technological, environmental, legal and ethical changes



Dealing with cases as quickly as is reasonable, which we do by optimising timeliness for public users and supporting the judiciary and MoJ in upholding the principle of open justice



Reducing cost, which we do through ensuring efficiency and reducing effort for HMCTS and our users



Ensuring services are accessible and inclusive, which we do through reducing variance of access and outcomes for different user groups

Challenges ahead

It is important to recognise ongoing and potential challenges that we will face in implementing our plans over the next three years, so that we can anticipate and prepare for them. These include:

- managing existing demand and reducing the number of outstanding cases that has grown since the onset of the pandemic
- maximising capacity so we can minimise delays in providing access to justice
- managing the workload whilst taking into account external factors such as professional user availability or action taken by the Criminal Bar Association
- planning for varying levels of demand for services in the future, and making the most of how we work across the justice system so that what comes to court really needs to
- ensuring digital services are not a barrier for anyone accessing justice, and keeping up with user expectations for slick, simple services
- ensuring vulnerable people, including victims and witnesses, have the support they need to access and participate in court and tribunal services

By focussing on our people, insight, innovation, resilience and collaboration, as well as continuing to invest and improve, we will be well prepared to deal with future challenges that may arise.

HMCTS Business Plan 2022-23

Our delivery focus for 2022-23 remains on recovering and then stabilising performance, and transitioning to our new post-reform operating model. Our people strategy is central to our ability to deliver, and the wellbeing of our colleagues is hugely important. Therefore we have included key people-focused activities in our business plan, to ensure appropriate attention to this critical enabler.

Our priority outcomes for the year ahead are below.

Theme: Reform and its transition to core business

Outcome	Deliverable
Enhance our ability to deliver and sustain excellent digital and technology services	Reduce the risk and cost from legacy systems by executing a safe exit from end-of-life data centres
	Digital Technology Services ownership of our digital services, ensuring that they meet the required standards and are actively improved
	Improve the technology estate and bring the risk score to planned levels through secure decommissioning and consolidation, and increased supportability
Improve the way we gather, hold and curate data. Develop a proactive culture with the right analytical skills to use the information we have to deliver high quality services	Complete development of reform management information (Strategic Data Platform populated and sole source of our management information) to enable effective access to and analysis of data to inform decision making
	Complete development of a unit costing methodology for measuring reform benefits delivery within individual services, and for tracking operational efficiency and effectiveness in the longer-term
Modernise the procedures and infrastructure of our courts and tribunals; improve user experience of the justice system fit for the modern era; make the system more resilient; build capacity to manage increased demand (i.e. through online services); and retain our reputation as a justice system leader	Work towards delivery of national rollout of Common Platform, including for Single Justice Procedure cases. Deliver the remaining functionality for the Common Platform, including interfacing with the Crown Prosecution Services' case management system. Develop the capability to use the Video Hearings service and scheduling and listing solution.
	Work towards delivery of new digitised services for the remainder of civil case types in scope of reform, including: online civil money claims; damages claims; possession claims; and enforcement work. Develop the capability to use the Video Hearings service and scheduling and listing solution
	Work towards delivery of new digitised services for the remainder of family case types within the scope of reform, including family private law and adoption. Develop the capability to use the Video Hearings service and scheduling and listing solution.
	Work towards delivery of new digitised services for the remainder of tribunals within the scope of reform including: Social Security and Child Support; Immigration and Asylum Chambers; Employment Tribunals and special tribunals. Develop the capability to use the Video Hearings service and scheduling and listing solution.

Theme: Recovery and stabilisation of our services

Outcome	Deliverable
Enhance organisational capacity and resilience, reducing our outstanding caseloads by as much as possible within our levers of control	Maximise remote and available physical hearing capacity to deliver allocated sitting days. Effectively manage incoming demand within courts and tribunals by running efficient administrative operations to enable the timely listing/disposal of cases.
	Maintain estate capacity by acquiring new premises or investment in existing estate where landlords force our vacation
Ensure our estate is as compliant, operational, and sustainable as possible. Supporting Operations to deliver efficiently, effectively and safely as possible with people's health and wellbeing at the heart.	Enable changes that are driven by policy or wider legislative changes such as raising income, fees and sustainable operations
	Provide a well-functioning sustainable physical estate that can be utilised to meet operational/functional needs and achieve compliance with statutory obligations
	Within allocated capital funding, fix or replace broken/ageing equipment, to meet sustainable, safety and statutory obligations as and when required
	Within the allocated capital funding, fix broken equipment as and when required; and have a very small number of planned maintenance projects to maintain useable courtrooms as well as ancillary accommodation

Theme: Our people

Outcome	Deliverable
Deliver and embed the strategic outcomes of our People and Culture Strategy	<p>Work towards delivery of the agreed strategic outcomes in our People and Culture Strategy to:</p> <ul style="list-style-type: none"> • enable an accountable, inclusive, diverse, confident, and effective leadership through change • develop our people, identify, attract, retain, nurture talent and leaders of the future • enable and support our people to work smarter • support an agile, flexible, responsive and efficient workforce • provide a high-quality approach to our people services

Key challenges for 2022-23

- As we embark on the final phase of reform, we expect more of our people to be impacted by changes. Work is changing as new processes are implemented, and with that, the activities of individuals are changing too. For some people these changes will be relatively small but for others that change might be more significant, maybe involving changes to location and the number of roles at a local level. Overall, we expect most roles within our organisation to feel different in the next couple of years as a result of reformed processes and ways of working. We are working to identify and mitigate the **people impacts of organisational change** and will support our people as we work through these changes.
- The final period of reform involves **delivery of a high level of change into live operations**. We need to carefully balance this, alongside some non-reform change, into an environment which is already under operational pressure from the impact of the pandemic. With finite time to complete reform, and a busy and inter-dependent schedule of implementation activities, delays in one area will very quickly impact on others. To address this, we have collected data to review detailed change load and ensure that this is deliverable or enable us to change plans accordingly. We have adapted and strengthened our central implementation and people transition functions. A model court/model office has been established in every jurisdiction to help test processes, improve productivity and assess benefits realisation. We also continue our strong stakeholder engagement, including with judiciary, through leadership meetings with the Judicial Office and judicial working groups.
- We face an increasing challenge in **staff recruitment and retention within our Reform Programme team** as we enter the final reform delivery phase. To mitigate this, we have a significant focus on retention across the programme with development opportunities, and our newly launched people development scheme.
- The New Plan for Immigration is a major Home Office led programme. It aims to deliver an ambitious package of reforms to **streamline the end-to-end immigration and asylum system**, including the application and appeals process. Over the course of 2022-23 we will put in place a programme of work to implement these reforms, which will require changes to procedure rules, business processes, and ways of working.
- We need to continue to **maximise the performance of our family courts**, working closely with the President of the Family Division. The pandemic had long term impacts on the family courts, with receipts continuing at relatively normal levels as system capacity reduced due to restrictions. Judicial resources have increased by over 30% since the start of the pandemic and the judiciary quickly embraced the use of remote hearings. Whilst the number of cases disposed of per judicial sitting day is almost back to pre-pandemic levels in public law, in private law there remain considerable challenges to reduce caseloads and improve waiting times, making full use of the increased levels of judicial sitting days.
- It will continue to be a challenge to cover all anticipated **critical maintenance works** across our estate, and there is a risk of building failures. Spending will be prioritised to ensure that buildings are safe, secure, meet statutory requirements and protect continuity of service. We will continue to look for opportunities to seek further funding.
- Meeting ambitious **Greening Government Commitments** by 2025, and ensuring we are on the trajectory to achieve net zero carbon by 2050 will be challenging to achieve on account of our diverse property portfolio. We will continue to align estates investment and property maintenance activity to our environmental goals wherever viable.

1.6 Other reporting

1.6.1 Financial performance

This section provides commentary on our financial performance during 2021-22 and supports the Financial Statements. The Financial Statements are set out from pages 71 to 74. We are primarily financed by funding from MoJ as our parent department. We also received funding from Department for Work and Pensions, and HM Revenue and Customs in respect of the First Tier Tribunal (Social Security and Child Support).

Financial outturn

Throughout 2021-22 our funding was concentrated in the following three keys areas.

1. Core activity

- Fee income is still lower than pre-COVID-19 levels, predominantly due to the backlog of work still being progressed through the courts. During the year there were fee increases applied to civil online applications, inflationary increases to fees excluding tribunal cases, and an increase in probate fees.
- We implemented two years (2020-21 and 2021-22) of a three-year pay deal for staff. The total cost of the award paid was £23.4 million.
- We invested £108.5 million on critical estates maintenance as part of our drive to improve the standard of all our estate, for both staff and court users.
- We spent £8 million on EU exit costs. The EU exit costs consist primarily of staff costs, these being the payroll cost for staff and judiciary for processing EU exit cases in affected jurisdictions.

	2021-22 £m	2020-21 £m
Staff costs	7.5	12.8
Non-staff costs	0.6	0.4
Total	8.1	13.2

2. Courts and tribunals reform

- We invested £42 million of revenue spending as part of the ongoing transformational Reform Programme aimed at digitalising our services.
- This funding enabled us to rollout the video hearings service to early adopter sites, and introduce a new scheduling and listing tool for civil and family courts, which was live in 43% of courts by the end of March 2022.

3. COVID-19 recovery

- In total we received £61 million in resource and £1 million capital in 2021-22 to fund the COVID-19 recovery. Details of this expenditure are below.
- During 2021-22 we have continued to run Nightingale courts as part of our Additional Courts and Tribunals Capacity Programme (ACTC) to help us recover from the backlog of work created by the pandemic. The cost of the ACTC and other COVID-19 related expenditure is detailed below. During 2021-22 we utilised 25 Nightingale courts which will reduce to 13 during 2022-23.

COVID-19 revenue expenditure	£000
ACTC set up and hire costs	27,840
ACTC cleaning and security costs	6,926
Enhanced cleaning costs	27,574
Additional staffing costs	13,807
COVID-19 testing kits	61
Information technology costs	1,302
Total	77,510

Capital Expenditure

During the height of the pandemic, our focus was on maintaining and expanding operations to provide for the required additional courtroom capacity and completing essential maintenance works. We received capital funding in 2020-21 and 2021-22 to support both these projects. As a result, during 2021-22 we spent £108.5 million on maintenance including works on failing and inefficient mechanical and electrical equipment. However, this was a limited two-year capital allocation that has not fully covered the total cost of all the outstanding maintenance on our properties. We thus have a pressure on future years allocations to resource the remaining work and to maintain all our estate.

Our capital allocation has also allowed us to complete the following property transactions:

- Extend/renew property leases to the value of: £89.8 million
- Purchase new properties to the value of: £140.4 million

The allocation included £126 million on a new tribunals building in London. This building is currently being re-furbished to allow it to operate effectively as a tribunal centre. All of the above transactions will allow us to consolidate estate and improve the efficiency of the services offered to our users.

1.6.2 Environmental sustainability

Our sustainability report follows the scope and details laid out in the Greening Government Commitments (GGC)⁵. As an agency of MoJ, we are committed to achieving the GGC, which forms the primary sustainability driver across central government. We contribute to the overall MoJ GGC improvement targets and these are a key priority for us. During 2021-22, we established and will manage a delivery plan to reduce our carbon emissions, minimise our water consumption, reduce and manage our waste responsibly, as well as help nurture and protect biodiversity. You can find more details on our Environmental Sustainability Strategy and our delivery plan in the Performance analysis section of this report, under the priority area of Our estate.

We follow MoJ's Sustainable Operations Strategy which sets out the methodology to embed environmental sustainability throughout our estate, operations and procurement activity. We subscribe to a range of other sustainability strategies and policies for our staff and supply chain. The strategies and policies are published at www.gov.uk/guidance/ministry-of-justice-and-the-environment.

UN sustainable development goals

We contribute to the MoJ's delivery of UN sustainable development goals 5 (gender equality) and 16 (peace, justice and strong institutions), under the priority outcome called Deliver swift access to justice, set out in the MoJ Outcome Delivery Plan at www.gov.uk/government/publications/ministry-of-justice-outcome-delivery-plan.

Overall GGC performance

In October 2021, new GGC targets were set for 2021-25 and the baseline year was changed from 2009-10 to 2017-18, to more accurately reflect the current government estate and ensure progress already achieved is built upon. We track and measure our performance against GGCs and the table below summarises how we are progressing against MoJ interim measures for 2021-22. A detailed breakdown of our data and performance is at Annex B.

Our sustainability commitment to save carbon emissions from our 2020-21 investment programme was not fully achieved during 2021-22. We delivered approximately two-thirds of the carbon savings due to supplier performance delaying the setting up of systems and optimising the equipment to run efficiently; however, we expect to deliver the remaining savings during the first quarter of 2022-23.

Overall GGC performance against MoJ interim measures for 2021-22

All interim targets are measured against our 2017-18 baseline.

Key

- Achieved MoJ interim measure
- Not achieved MoJ interim measure

■ Reduce greenhouse gas emissions by 27%

We have achieved a 33% reduction in total greenhouse gas emissions and we are generating our own renewable energy through roof-mounted solar panels

■ Reduce heating emissions by 15%

We have increased our emissions by 4% as we have not yet replaced fossil fuel heating on a large scale and our investment in better automated controls and optimisation of plant and equipment has not yet impacted

■ Reduce water consumption by 5%

We increased our consumption by 43% against our 2017-18 baseline. We have maintained additional flushing regimes this year as part of our pandemic safe-working procedures; we have prioritised investment in smart meters to improve the accuracy of our consumption data.

■ Reduce overall waste by 10%

We have reduced the amount of waste we generate by 80%. Campaigns to win hearts and minds of our people to continually reduce waste are underway as well as proactive engagement with our waste contractors to reduce landfill waste.

N/A Remove consumer single use plastics

This measure has been extended to our whole estate and will be reported against from 2022-23

■ Reduce paper use by 30%

We have reduced our paper use by 48%

■ Nature recovery and biodiversity action planning

We have developed our Nature Recovery Plan in readiness for delivery next year

■ Procuring sustainable products and services

We have adhered to MoJ's Sustainable Procurement Policy

■ Adapting to climate change

As a member of the MoJ Climate Resilience and Adaption Group, we have initiated a review of climate change risks and mitigations

■ Rural proofing

We follow Defra's rural proofing guidance and conduct proofing tests where appropriate

■ Sustainable construction

We adhere to MoJ's Building Research Establishment Environmental Assessment Method (BREEAM) policy

■ Reducing environmental impacts from ICT and digital

Our Digital and Technology Services strategies include a specific objective to increase sustainable practices, adhering to the Greening Government ICT and digital services strategy

⁵ www.gov.uk/government/collections/greening-government-commitments

Governance

Our dedicated sustainability team works in partnership the MoJ sustainability team, and they co-ordinate our response to meet UK Government environmental ambitions and targets. Our team is guided by our Property Director as the senior responsible officer, and progress is reported directly to our Chief Executive and senior management team. We established a Sustainability Steering Group with corporate and operational colleagues across the organisation to provide support and challenge.

We are an active member of the MoJ's Senior Sustainability Board. This Board is the internal body accountable for the MoJ Sustainable Operations Strategy which sets out how we embed environmental sustainability throughout our estate, operations and procurement activity. The MoJ range of sustainability strategies and policies for our staff and supply chain to follow are published at www.gov.uk/guidance/ministry-of-justice-and-the-environment.

1.6.3 Anti-corruption and anti-bribery

MoJ has a zero tolerance of fraud, bribery and corruption, whether involving its own employees or other external individuals or bodies. There are clear policies which set out responsibilities for the prevention, detection and reporting of fraud, bribery and corruption, which apply to all staff across the MoJ family, including us. We have a dedicated counter fraud and investigations team, and our Counter Fraud Strategy places prevention and awareness of fraud, bribery and corruption at the heart of our people, systems and processes.

During 2021-22 we developed a Fraud Management Information Dashboard, showing incidents of fraud types by region. The dashboard was used as part of a wider communications drive across our organisation, which included presentations, blogs on our intranet pages and news articles. The insight the dashboard provided on fraud patterns also allows us to better target proactive fraud drives. This work contributes towards our strategic aim of becoming an intelligent client function.

Our counter fraud and investigations team engaged with colleagues to assess the current audit capability and controls of our IT systems, to prevent and detect insider enabled fraud. As a result of this work, there has been an increase in the proactive audit capability of our IT systems. This enabled us to conduct more accurate, detailed investigations.

During 2021-22, we received 151 referrals specifically related to fraud. Of these, 37 were internal incidents and 114 were external. Thirty-eight referrals were reported to the police and Action Fraud for consideration of criminal charges this reporting year.

We carried out a full review of the Fraud Risk Assessment in April 2022. In conjunction with the Fraud Risk Assessment we are developing a new three-year Counter Fraud Strategy for 2022-25. The strategy is built around a framework of "Promote, Prevent, Respond" and is focused on activities that can be carried out to prevent fraud being committed. We regularly meet with colleagues across the MoJ fraud community to consider intelligence sharing, current trends and sharing of best practice.

We were assessed against the annual Cabinet Office fraud functional standards in November 2021 and met all the required elements.

1.6.4 Whistleblowing arrangements

The MoJ procedure for whistleblowing is part of the Raising a Concern Policy and applies to our staff. The policy is supported by toolkits, forms and guidance putting in place effective arrangements so our people feel safe to speak up if they come across something in the course of their work, past, present or imminent, that they think raises concerns of wrongdoing. It advises on the protection afforded to whistleblowers and provides reassurance that the concerns will be investigated responsibly and professionally.

There are currently eleven nominated officers across MoJ, all of a senior management grade, that our staff can access. They can offer impartial support and advice outside of the management chain, to those who suspect wrongdoing and want to raise a concern. Their role is to ensure individual voices are heard and help ensure that concerns are appropriately addressed. There were no whistleblowing cases reported by us during 2021-22 (2020-21: Nil).

We continue to work closely with MoJ and the Civil Service Employee Policy to regularly review the Raising a Concern Policy including the whistleblowing procedure, and update it as appropriate. We will also continue to promote this guidance in our corporate induction and 'Focus On' line manager workshops.

Our Audit and Risk Assurance Committee is responsible for overseeing the effectiveness of the whistleblowing policy in our organisation.

1.6.5 Complaints to the Parliamentary and Health Service Ombudsman

The complaints we receive are dealt with at three levels:

- first contact – at the point where the problem happened
- review – by a senior manager who works in the area where the complaint happened
- appeal – by our customer investigations team

Around 95% of the complaints we receive are resolved at levels one and two. Complainants who remain dissatisfied after the appeal stage can take their complaints to the Parliamentary and Health Service Ombudsman (PHSO).

PHSO investigate complaints from individuals who believe they have received poor service from government departments, other public organisations and the NHS in England. They have the power, in law, to investigate and make the final decision on complaints about public services for individuals. The PHSO may also make recommendations on how mistakes can be put right. This can include explanations, apologies and recommendations for the service to learn and improve. They can also ask organisations to produce action plans to show how they will be implemented.

During 2021-22, PHSO investigated four complaints against us, which represented less than 0.01% of all complaints received. The PHSO made 5 recommendations, all of which we complied with.

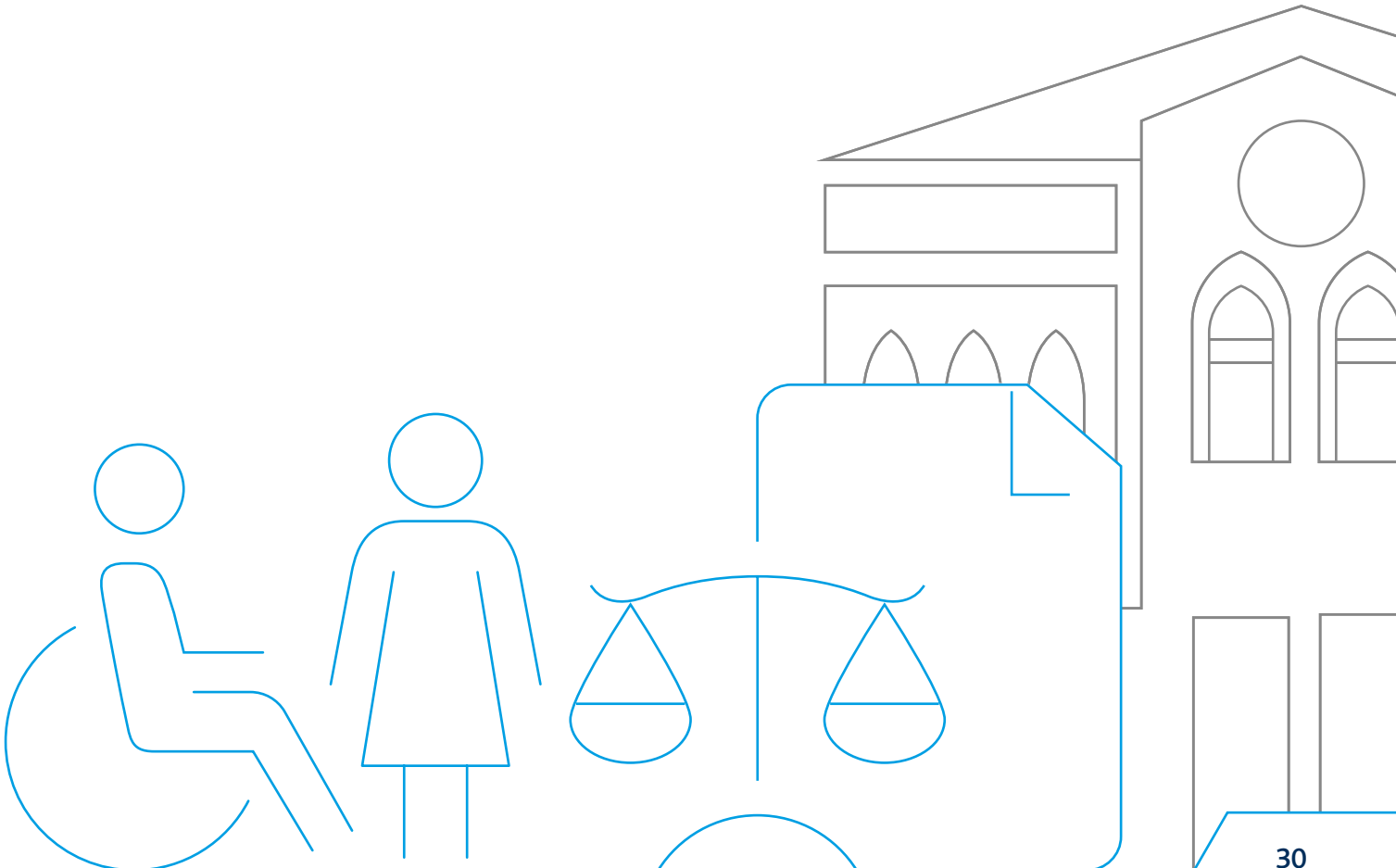
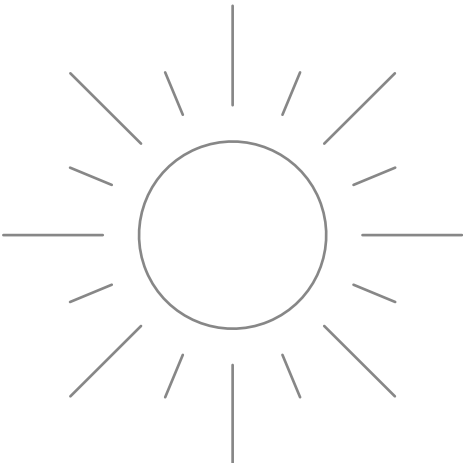
We are committed to continually improving how we handle complaints. In the last year we launched several initiatives to use the evidence from when things go wrong to support our decision making. We created a framework for serious incident learning reviews. These are detailed fact-finding exercises which, when a serious incident occurs, are designed to find out what went wrong and to work out how we can stop it happening again. We have improved learning materials for our staff so that they are better able to deal with the complaints they receive. We are working on a new set of performance measures for complaints and once developed, these new measures will allow us to better interpret the data we collect from court and tribunal users and use it for service improvement. We expect these new measures to be introduced during 2022-23.

	2019-20	2020-21	2021-22
Investigations completed by PHSO	4 (100%)	6 (100%)	4 (100%)
Upheld complaints	1 (25%)	2 (33%)	1 (25%)
Partly upheld complaints	3 (75%)	1 (17%)	1 (25%)
Complaints not upheld	0 (0%)	3 (50%)	2 (50%)

Nick Goodwin

Chief Executive and Accounting Officer

12 July 2022



Section 2: Accountability report

2.1 Corporate governance report

The purpose of the Corporate Governance Report is to explain the composition and organisation of our governance structures, and how these arrangements have supported the achievement of our objectives during 2021-22.

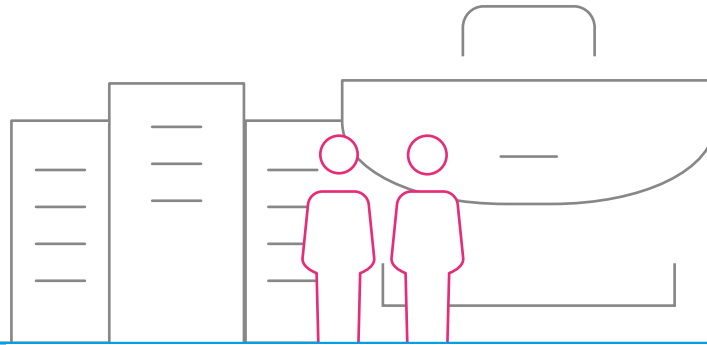
2.1.1 Directors' report

Introduction

HMCTS is an executive agency of MoJ. Our aim is to run an efficient and effective courts and tribunals system which enables the rule of law to be upheld and provides access to justice for all. The organisation operates in accordance with our published Framework Document (www.gov.uk/government/publications/hm-courts-and-tribunals-service-framework-document) which sets out the basis of an operating partnership between the Lord Chancellor (Secretary of State for Justice), the Lord Chief Justice and the Senior President of Tribunals.

Prior to the end of the financial year, our Chief Executive in post changed. Before his departure from the Agency, Kevin Sadler provided a comprehensive handover to me. Following a secondment to HMCTS as acting Operations Director from September to November 2020, I was already aware of, and to an extent involved with, Accounting Officer and corporate governance responsibilities for the Agency. As Chief Executive, I am responsible for the day-to-day operations and administration of the organisation and leadership of its employees. I work under the general direction of the HMCTS Board. As Chief Executive and Accounting Officer, I am accountable to the MoJ Permanent Secretary and Principal Accounting Officer, and ultimately to Parliament.

As Accounting Officer, and working with my directors, I have responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of our policies, aims and objectives, while safeguarding the public funds and assets for which I am personally accountable. Overall, I am satisfied that we have had effective governance, risks management and internal controls in place during 2021-22. I take personal responsibility for the annual report and accounts, and the judgments required for determining that it is fair, balanced and understandable.



HMCTS Board composition

Our Board, its members, and summaries of our Board meetings can be found at www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about/our-governance.

Photos of our Board members as at 31 March 2022 are below.



Tim Parker C
Independent chair



Nicky Wilden B C FB
Non-executive



Victoria Cochrane B
Non-executive



Lakh Jemmett B AR
Non-executive



Nick Goodwin B C
Chief Executive



Andrew Baigent B CP C
Chief Financial Officer



Paul Harris B CP PB
Operations Director



Gemma Hewison B CP
Strategy and Change Director



Sir Keith Lindblom B
Senior President of Tribunals



Sir Charles Anthony Haddon-Cave B PB
Senior Presiding Judge



Tim Jenkins B AR CP PB
District Judge



Annabel Burns B
MoJ representative

C HMCTS Board Chair

C Audit and Risk Assurance Committee Chair

C Change Portfolio Board Chair

C Property Board Chair

B HMCTS Board member

AR Audit and Risk Assurance Committee member

CP Change Portfolio Board member

PB Property Board member

Register of interests

Details of company directorships and other significant interests of HMCTS Board members can be found in Note 22 of the accounts. In addition, registers of interests are maintained for the HMCTS Board and its sub-committees. We comply with MoJ procedures for our senior civil servants (SCS), providing information regarding declarations of interests, gifts and hospitality, and applications under the business appointment rules. This includes submission of a register detailing senior civil servant’s declarations of outside interests to the MoJ Transparency Unit. This Unit holds a central log and provides MoJ wide governance, due diligence and organisational oversight.

Our approach to information security

We handled over 4 million cases during 2021-22. This included a vast range of sensitive personal information through various avenues from people using our services. We take our responsibility very seriously to ensure this information is appropriately protected. Our policy is to self-refer all significant data incidents to the Information Commissioner’s Office (ICO) and we continue to work closely with the ICO and other agencies to further improve our systems and learn lessons.

Our annual mandatory information assurance training was rolled out in March 2021 and completed by 86% of our staff. An e-learning package for the mandatory training will be available from June 2022. Our data incident team continued to engage with operational colleagues, including the recently established CTSCs, to assist with incident management. A range of data incident products were developed for new and existing CTSC staff and rolled out from October 2021.

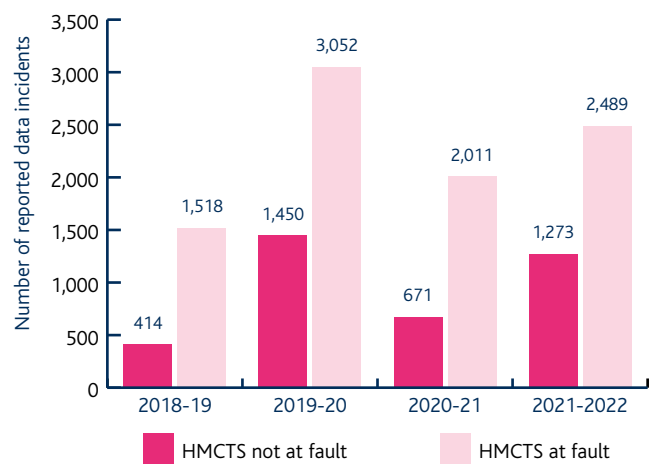
In November 2021 we launched our serious incident learning review toolkit. It provides a process we follow in instances when our services fail and helps us to understand what went wrong, learning from our errors, and applying the lessons learned.

Data incidents are captured on OPTIC, our case management system used to capture feedback and report incidents, and these were analysed throughout the year. The Serious Incident Forum was established to review serious incidents reported, monitor trends and ensure appropriate remedial legacy actions are taken. It also makes sure lessons learned are shared across the organisation to mitigate any future similar incidents, and to understand where further improvements could be made. The data incident team continues to engage with the Service Assurance and Improvement Team to address concerns about confidential address disclosures. A number of serious incident review learning workshops were held in the family jurisdiction and a number of improvement measures were put in place, including the updated Confidential Address Policy, launched in June 2021. We continue to ensure the processes are embedded across the organisation. Further details on the review of compliance with our Confidential Address Policy is in the 'Our assurance framework' section of this report.

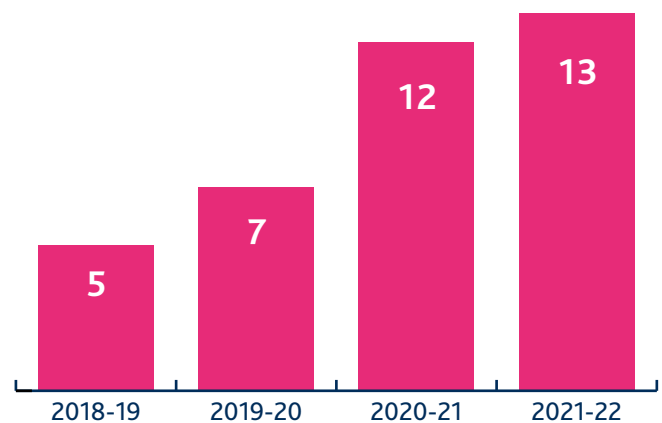
There were 3,923 reported data incidents during 2021-22, compared to 2,828 in 2020-21 and 4,577 in 2019-20. In comparison to the volume of work processed across the organisation, this equates to a 0.1% incident rate. The increase

is primarily due to the easing of pandemic restrictions which led to the re-opening of courts and increased volumes of courts and tribunals hearings. Of the incidents reported, 13 were self-referred to the ICO (see following table for details). The ICO took no action against us and the remaining incidents were considered to be low impact. At the end of March 2022, 161 (4%) of the incidents were open and still undergoing investigation. These may be 'not at fault' incidents or not data incidents at all. Of the closed incidents, 1,273 (34%) were confirmed through root cause analysis as 'not at fault' incidents but as external events, for example, incorrect information supplied to us. The remaining 2,489 (66%) of closed incidents were 'at fault' incidents, caused by internal staff errors, for example, enclosing two pieces of data in the same envelope, or issuing data to the wrong address and checks not being completed.

Breakdown of closed data incidents



Number of personal data incidents reported to ICO



Personal data related incidents

We are required to report personal data related incidents where these have been formally reported to the ICO. The following incidents were reported by us between 1 April 2021 and 31 March 2022.

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected	Notification
15 April 2021	Disclosure of confidential address of respondent to applicant in a family case	Confidential address	2	Moj DPO ¹ referred to the ICO 15-04-2021
28 April 2021	Disclosure of confidential address of victim in a compensation order to the defendant	Confidential address	3	Moj DPO referred to the ICO 30-04-2021
2 June 2021	Disclosure of confidential address of an applicant in a non-molestation order to the respondent	Confidential address	1	Moj DPO referred to the ICO 04-06-2021
17 June 2021	Disclosure of names of youth defendants on publicly available websites	Names of youth defendants	4	Moj DPO referred to the ICO 18-06-2021
18 June 2021	Disclosure of names of youth defendants on publicly available websites	Names of youth defendants	3	Moj DPO referred to the ICO 18-06-2021
23 June 2021	Disclosure of confidential address of respondent in child arrangement case to the applicant	Confidential address	1	Moj DPO referred to the ICO 25-06-2021
30 June 2021	Disclosure of confidential address of respondent in a child arrangement case to the applicant	Confidential address	1	Moj DPO referred to the ICO 05-08-2021
27 September 2021	A C21 completed risk assessment form for bailiff service, and a blank C9 was sent to a party to divorce proceedings in error. The recipient then forwarded this email with attachments to approximately 50 different email addresses.	Confidential details of the child and parents	3	Moj DPO referred to the ICO 06-10-2021
21 October 2021	Disclosure of confidential address of an applicant in a non-molestation order to the respondent	Confidential address	1	Moj DPO referred to the ICO 27-10-2021
7 January 2022	Disclosure of confidential address disclosed to the other party	Confidential address	1	Moj DPO referred to the ICO 10-01-2022
22 February 2022	Disclosure of confidential address disclosed to the other party	Confidential address	1	Moj DPO referred to the ICO 25-02-2022
24 March 2022	Bailiff's vehicle broken into and data stolen	Warrants of control	90	Moj DPO referred to the ICO 24-03-2022
16 March 2022	A Notice of a Grant of Bail was sent to the incorrect address	Bail notice	1	Moj DPO referred to the ICO 31-03-2022

¹ Data Protection Officer

2.1.2 Statement of Accounting Officer's responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HMT has directed us to prepare for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction issued by HMT on 16 December 2021. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, and of its net expenditure, financial position and cash flows.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and to:

- observe the Accounts Direction issued by HMT, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- have taken all steps that ought to have been taken to make themselves aware of any relevant audit information, establish that the entity's auditors are aware of that information, and that they are not aware of any relevant audit information of which the entity's auditors are unaware of
- 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 judgments required for determining that it is fair, balanced and understandable

The Principal Accounting Officer for MoJ has designated our Chief Executive as HMCTS Accounting Officer. The Accounting Officer's Memorandum issued by HMT, and published in Managing Public Money, sets out the responsibilities of an Accounting Officer. These include responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, keeping proper records, safeguarding our assets, and preparing the accounts.

2.1.3 Governance statement

This Governance Statement summarises the main features of the governance, risk management and internal control frameworks we operated in 2021-22. It also sets out our most significant challenges and the steps taken to continuously improve.

Our governance framework and management structure

Our Framework Document reflects an agreement reached by the Lord Chancellor, the Lord Chief Justice and the Senior President of Tribunals on a partnership between them in relation to the effective governance, financing and operation of our organisation. Our governance is delivered through the HMCTS Board and executive senior management team forum and their respective sub-committees, as set out in our Delegation of Authority Policy. This policy is aligned to our Framework Document and HMT guidance for Accounting Officers on Managing Public Money. It is reviewed annually by the HMCTS Board.

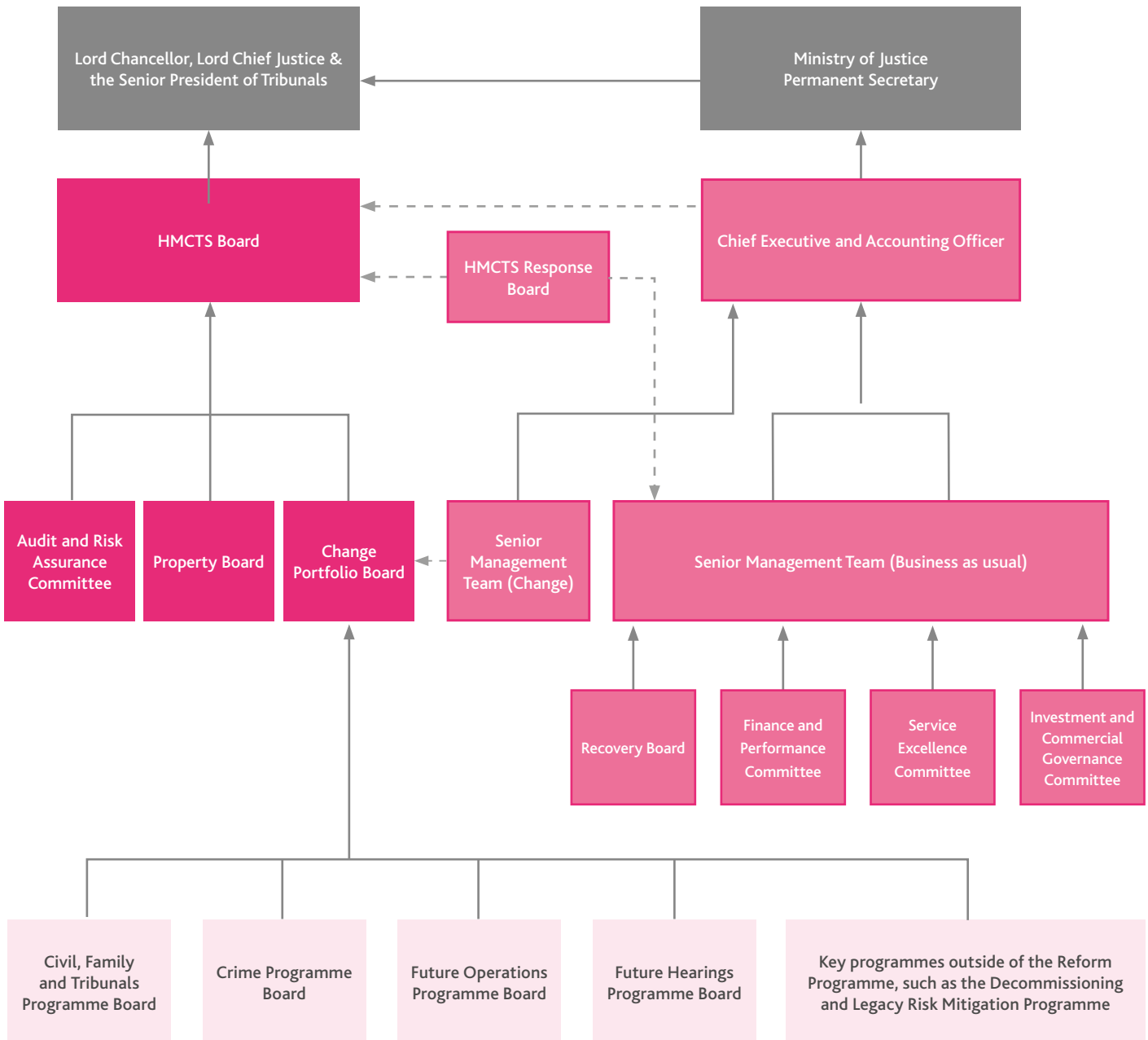
The following substantive changes were made to the governance structure this reporting year:

- The Property Board, previously reporting to the Change Portfolio Board, became a sub-committee of the HMCTS Board as the property aspects of the Reform Programme have largely been delivered and to reflect the significant property portfolio.
- The Change Portfolio Board assumed responsibility for significant non-reform change programmes in addition to those contained within the Reform Programme Business Case. Therefore, key programmes particularly those with interdependencies with the Reform Programme, report directly to the Change Portfolio Board. As a result of this additional focus on non-reform change programmes, and reflecting the fact that some of the Change Portfolio Board members attendance related specifically to the Reform Programme, the meetings were split from February 2022 into a reform (with full membership in attendance) and non-reform sessions (with only our executive and judicial members in attendance).
- The Data Governance Authority, a sub-committee of SMT, was dissolved in April 2021. It was replaced by the Data Strategy Programme Board, reporting to the Chief Financial Officer, to provide a more programmatic approach to delivery of our data strategy, and to support other overarching data decisions. However, given the importance of data to the future of our organisation, it was agreed that assurance in relation to the Data Strategy and consideration of certain data related matters would revert to SMT.

On 16 December 2021, we stood up Gold Command to manage operational impacts as levels of staff absence increased due to the pandemic. Gold Command was stood down on 21 January 2022, and any further need for it will be kept under review in light of staff absence levels and whether there are any critical delivery issues.

The top-level governance structure as at 31 March 2022 is set out below.

This HMT Code of Practice for Corporate Governance in Central Government Departments applies to MoJ directly, and we have adopted key principles as best practice. We remain compliant with material requirements with the exception of the Nominations Committee. Instead, the HMCTS Board is annually constituted as our People Committee to consider the performance, talent, development and succession planning of the organisation's senior leadership.



HMCTS Board and its sub-committees

Membership of our HMCTS Board and its sub-committees can be found in the Director's Report.

	HMCTS Board	Audit and Risk Assurance Committee (ARAC)	Change Portfolio Board	Property Board
Terms of reference	Last reviewed and agreed on 2 December 2021	Last reviewed and agreed on 23 July 2021	Last reviewed and agreed on 28 June 2021	Last reviewed and agreed on 21 September 2021
Roles and responsibilities	Responsible for overseeing the leadership and direction in delivering our aim and objectives set by the Lord Chancellor, Lord Chief Justice and the Senior President of Tribunals	This is an advisory body supporting the Chief Executive as Accounting Officer and the HMCTS Board in its responsibilities for risk management, internal controls and governance, and production of the annual report and accounts	Has delegated authority from the HMCTS Board to govern and hold to account all reform programmes and projects, producing strategic direction and taking decisions on the prioritisation of those programmes and projects to ensure reform activities coalesce effectively	Responsible for setting the strategy for our property and estate matters and to approve, on behalf of the HMCTS Board, property transactions.
Chair	Tim Parker, Independent Chair	Nicky Wilden, Non-executive Director	Kevin Sadler, Acting HMCTS Chief Executive until 25 March 2022 Nick Goodwin, Chief Executive from 26 March 2022	Andrew Baigent, Chief Financial Officer
Issues covered	<ul style="list-style-type: none"> regularly reviewed and discussed HMCTS's response to the pandemic, our operational and recovery performance, and demand across all jurisdictions undertook in-depth jurisdictional and regional performance discussions with the input of key stakeholders and partners (including a substantive discussion on the criminal justice system in London and consideration of the family jurisdiction) provided input into the quarterly reports to the Lord Chancellor, Lord Chief Justice and Senior President of Tribunals discussed the monthly financial position and approved the annual budget received regular reports on our Reform Programme and was provided with demonstrations of new services held a strategy awayday focusing both on medium-term priorities and on how to shape a longer-term vision for the organisation endorsed our Corporate Plan 2022-25 and Estates Strategy 	<ul style="list-style-type: none"> regular discussions on all corporate risks to challenge management controls and effectiveness of mitigation consideration of lessons learned from HMCTS Annual Report and Accounts 2020-21 and our accounting policies, provisions and accruals discussed adequacy of management response to issues identified by audit activity, including internal audits, the National Audit Office management letter and value for money audits acted on the delegated authority of the HMCTS Board to approve the annual report and accounts and trust statement 2020-21 substantive discussions in relation to areas such as business continuity, cyber security, rollout of the Civil, Family and Tribunals Programme, and the CTSCs control environment 	<ul style="list-style-type: none"> discussed progress against the portfolio performance plans and the Reform Programme's financial position provided input on overarching portfolio direction discussed the delivery of reform benefits, key metrics of the wider economic benefits, and the work to develop unit costs for reformed services undertook regular substantive discussions on specific programmes and projects within the portfolio, including updates on the Video Hearings service, scheduling and listing, CTSC strategic technology, and the DLRM Programme reviewed the portfolio risks, issues and mitigation 	<ul style="list-style-type: none"> regularly reviewed key property activity and the financial position discussed and provided steers on the capital maintenance programme, and considered monthly progress reports considered and approved investment in relation to our current or new sites reviewed and provided steers in relation to our Estates Strategy considered our Environmental Strategy

	HMCTS Board	Audit and Risk Assurance Committee (ARAC)	Change Portfolio Board	Property Board
Effectiveness reviews	Discussed findings of annual self-assessment of performance on 8 April 2021. Key improvement activity included: proposing areas for discussion at the Board strategy awayday; consideration of lessons learned including more thematic areas; and the re-introduction of the regular non-executive Board members meetings.	Discussed findings of annual self-assessment of performance on 25 May 2021. Key improvement activity included: inviting Lakh Jemmett, a non-executive HMCTS Board member, to become an additional ARAC member; reviewing the format and content of the Compliance and Assurance Report; and a change in approach in relation to out of committee papers.	Discussed findings of annual self-assessment of performance on 28 April 2021. Key improvement activity included: more clearly defining what decisions should be taken by the Board and the roles and responsibilities of attendees; reviewing the format and content of the Portfolio Performance Pack; and consideration of future lessons learned exercises in relation to cross-programme issues.	Discussed findings of annual self-assessment of performance on 15 June 2021. Key activity included: introduction of a monthly progress report on the Capital Programme; clarifying roles and responsibilities of those who attend the Board regularly; and a focus on key risks.

Quality of information

During the year, professional teams provided specialist information to the HMCTS Board and its sub-committees, to facilitate informed decision-making. Members sponsored agenda items and ensured the papers met the agreed standards, were of sufficient quality and supported focused discussion on key issues. The structured information highlighted risks and resource implications where required, to ensure sufficient engagement and challenge during discussions.

Board papers were of sufficient quality that strategic direction was set. The HMCTS Board and its committees reviewed and obtained reports and assurance from a number of sources to enable them to perform their duties. The papers included updates in relation to key matters of focus.

As part of reform, during the course of this year, we have been transitioning some of our information to new case management systems. This data needed extraction and processing to replicate our existing management information and provide a seamless time series of data. In the case of the new Employment Tribunals system, ECM, this process was very challenging which meant that for the majority of 2021-22, limited management information has been available from this system. Following extensive work to validate and cleanse records on ECM and engineer the new data, some new management information was made available again at the start of 2022. This data was published as our management information on 9 June 2022 and is expected to be published again in the MoJ national statistics in the summer of 2022.

Attendance schedule for the HMCTS Board and its sub-committees

Member	HMCTS Board	Audit and Risk Assurance Committee	Change Portfolio Board ²	Property Board
<i>Attendance at meetings – expressed as number of meetings attended out of number eligible to attend</i>				
Non-executive members				
Independent Chair Tim Parker	12/12			
Senior Independent Non-executive Victoria Cochrane	12/12			
Chair of Audit and Risk Assurance Committee Nicky Wilden	12/12	7/7		9/9
Lakh Jemmett <i>(Member of ARAC from 27 July 2021)</i>	12/12	4/4		
Jonathan Clear		6/7		
Critical friend Jan Gower	8/12 ³		7/12	
Critical friend Chris Pearson			1/2	
Judicial members				
Senior President of Tribunals Sir Keith Lindblom	10/12		5/6	
Senior Presiding Judge Lady Justice Kate Thirlwall <i>(until 30 September 2021)</i>	4/6		3/6	3/5
Senior Presiding Judge Sir Charles Anthony Haddon-Cave <i>(from 1 October 2021)</i>	11/12		6/6 ⁴	6/7
District Judge Tim Jenkins	11/12	6/7	12/12	10/11
Judge Siobhan McGrath		7/7		11/11
Mr Justice Stephen Cobb			6/6 ⁵	
Mr Justice Peter Fraser				9/11

2 Where the reform and non-reform sessions were on the same day, only attendance at the reform session has been recorded

3 Jan Gower attended the HMCTS Board as an observer

4 Sir Charles Anthony Haddon-Cave was a member of the Change Portfolio Board until 30 September 2021 when he took up the post of Senior Presiding Judge from 1 October 2021

5 Mr Justice Stephen Cobb was a member of the Change Portfolio Board from 1 October 2021

Attendance schedule for the HMCTS Board and its sub-committees

Member	HMCTS Board	Audit and Risk Assurance Committee	Change Portfolio Board ²	Property Board
Executive members				
Chief Executive Nick Goodwin ⁶ (from 14 March 2022)			1/1	
Chief Executive Kevin Sadler (acting until 25 March 2022)	12/12	6/6	10/11	
Chief Financial Officer Andrew Baigent	12/12	7/7	10/12	11/11
Operations Director Paul Harris (acting Director until substantive appointment from 23 December 2021)	8/12		9/12	7/11
Strategy and Change Director Gemma Hewison	11/12		12/12	0/5 ⁷
Courts and Tribunals Development Director Jason Latham				4/7 ⁸
Chief Digital and Information Officer John Laverick (interim)			10/12	
Human Resources Director Louise Alexander			11/12	
Property Director Rupert Morgan				10/11
HMCTS Commercial Director⁹ John Michalski (until 31 March 2022)			9/12	
HMCTS Commercial Director⁹ Tim Byford (from 24 January 2022)			3/4	
Change Portfolio Delivery Deputy Director Joe Gilonis			11/12	
Moj representative Annabel Burns	12/12			
Representative from Moj Property				9/9
Representative from Moj Policy			7/8	
Representative from Infrastructure and Projects Authority			8/11	
Representative from HMT			7/11	

6 Nick Goodwin assumed Accounting Officer responsibilities from 26 March 2022

7 Gemma Hewison was a member of the Property Board until 21 September 2021

8 Jason Lathan was a member of the Property Board from 21 September 2021

9 There was a handover period when both John Michalski and Tim Byford jointly undertook the role of HMCTS Commercial Director

Our senior management team

The members of the Senior Management Team meetings are listed below. The Chief Executive and three directors are also executive members of the HMCTS Board (as indicated below). You can find details of our management at www.gov.uk/government/organisations/hm-courts-and-tribunals-service.

Name	Dates in post, if not entire year
Chief Executive and Executive Board member Nick Goodwin ¹⁰	<i>From 14 March 2022</i>
Chief Executive and Executive Board member Kevin Sadler (acting)	<i>Until 25 March 2022</i>
Chief Financial Officer and Executive Board member Andrew Baigent	
Operations Director and Executive Board member Paul Harris	<i>Acting Director until substantive appointment from 23 December 2021</i>
Strategy and Change Director and Executive Board member Gemma Hewison	
Human Resources Director Louise Alexander	
Chief Digital and Information Officer John Laverick (interim)	
Criminal Enforcement and Confiscation Director Guy Tompkins	
Communications Director Georgia Jerram	

The Commercial Director, John Michalski (until 31 March 2022) and Tim Byford (from 24 January 2022), also attended the SMT meetings. Joe Gilonis, Change Portfolio Delivery Deputy Director, attended Change SMT meetings.

HMCTS SMT and its sub-committees

Committee: Senior Management Team

Chair: Chief Executive

Purpose: Responsible for supporting the Chief Executive in delivering the day-to-day operations and administration of HMCTS, the leadership of its staff and delivery of their Accounting Officer requirements.

Committee: Change Portfolio Senior Management Team

Chair: Strategy and Change Director

Purpose: Responsible for acting on behalf of the Change Portfolio Board to provide executive oversight of portfolio, programme and project activity. Acts as a filter for the Change Portfolio Board for escalations from programmes, workstreams and Design Authorities and other key non-reform change programmes/projects for issues that cannot be resolved at the sub-portfolio level.

Committee: Finance and Performance Committee

Chair: Chief Financial Officer

Purpose: To monitor and investigate the overall financial and non-financial performance of the agency, using management information and the management accounts, to identify opportunity and risk and, where it identifies under-performance, determine what remedial action is needed and ensure it is addressed.

Committee: Investment and Commercial Governance Committee

Chair: Chief Financial Officer

Purpose: To ensure effective and robust oversight of all investment decisions, and assurance on commercial governance and contract management. Assure the processes put in place to ensure all contracts and services are sufficiently funded, sustainable and deliver value for money.

¹⁰ Nick Goodwin assumed Accounting Officer responsibilities from 26 March 2022

Committee: Recovery Board

Chair: Operations Director

Purpose: To initiate, identify, prioritise and monitor all recovery activity that has resulted from the COVID-19 pandemic and existing backlogs, in line with the aims, objectives and decisions of the Lord Chancellor, the Lord Chief Justice and the Senior President of Tribunals.

Committee: Response Board (reports to SMT but not a formal sub-committee)

Chair: Operations Director

Purpose: To co-ordinate all response activities, including COVID-19 pandemic, Autumn/Winter 2021 business continuity and, as yet unseen, emerging issues that may impact on HMCTS' operational capabilities, to ensure new work is allocated and resourced and ensure a coherent response across the organisation.

Committee: HMCTS Service Excellence Committee

Chair: Operations Director

Purpose: To ensure improved management and monitoring of the quality of the service provided to citizens, using evidence to drive decisions.

Dissolved SMT sub-committees

Committee: Data Governance Authority (last meeting held 13 April 2021)

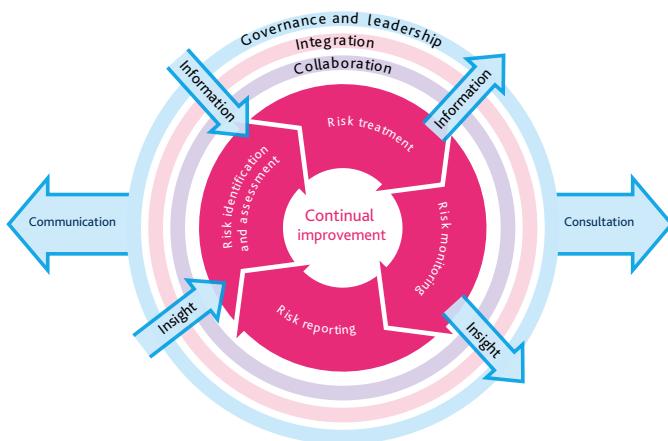
Chair: Chief Financial Officer

Purpose: Provide overall strategic governance of data and maintain a cross-cutting view over current and future data management, data capabilities and data strategy.

Risk management

Our risk strategy was refreshed during 2020-21, and a new Risk Management Framework was introduced in November 2020. The Framework conforms to the key principles and concepts in the HM Government publication 'The Orange Book'. It brings together our overarching risk strategy and practical guidance on how risks and issues should be managed at all levels.

In June 2021, the HMCTS Board discussed and agreed the risk appetite against a number of thematic areas, including serious operational failures, legal and commercial. In the majority of risk areas, the appetite was set as 'cautious'.



Our corporate risk register

In April 2020, our corporate risk register was temporarily substituted by a contingency risk register as an emergency provision at the outset of the pandemic. The business as usual risk register was managed at directorate level. As we moved into 2021-22, we reviewed our risk landscape, considering each of the existing contingency risks and other risks managed within each business area. As a result, in April 2021 the contingency risk register was retired and we reverted to a corporate risk register with strategic risks aligned to our Business Plan (and the MoJ Outcome Delivery Plan) priorities, principally around reform and recovery.

The corporate risk register was reviewed monthly by the senior management team, and deep-dives of the highest scoring risks were held periodically. The HMCTS Board was provided with the risk dashboard each month, which outlined movements and updates. In addition, our Audit and Risk Assurance Committee undertook a quarterly challenge and assurance reviews of the risk register.

Risk assessment 2021-22

We use a 5x5 scoring methodology for impact and likelihood to determine the level of risk as set out in our Risk Management Framework. This provides a very high, high, medium and low risk ratings which ensures we assess our risks in a consistent way and focus resources on the most significant risks to the organisation. This methodology is used across all regions and directorates, as well as at a corporate level.

Very high risks

Through our successful risk management arrangements, we have seen an overall reduction in the scores of our risks assessed as very high.

Specifically:

Our pay deal risk was assessed as very high in May 2021. The risk was reduced to a high risk in June 2021 following HMT agreeing MoJ's business case for a new pay deal. Following implementation of the pay deal, this risk was retired from the risk register in October 2021.

Our reform implementation risk was assessed as very high in May 2021. This decreased to a high risk in August 2021 following ministerial endorsement to interface Common Platform with the CPS case management system. The original intention was for CPS to decommission their current case management system and move fully to using Common Platform. However, it was jointly decided that CPS would retain their case management system and interface into Common Platform instead, in order to deliver the benefits of the programme and continue to support criminal justice system

recovery. This change in approach, which was supported by the Central Digital and Data Office, reduced the scope and complexity in delivering that aspect of the Reform Programme implementation. In October 2021 this risk was retired to be managed at portfolio level and replaced with a new risk on reform implementation and change overload (assessed as high).

Our operational failure risk was assessed as very high in September 2021. In December 2021 the risk had decreased to high. This was because incidents which can have a very high impact (for example, serious confidential information breaches which can endanger safety and security; estate maintenance problems causing significant operational disruption beyond a single, local site; and detention-related failures) are both rare and relatively well controlled. We have developed and embedded serious incident learning reviews to ensure we apply lessons from incidents that have happened. On the maintenance side, additional funding was secured in-year to address priority concerns, and thereby lower our overall exposure to risk.

One of our risks on reform implementation and change overload materialised as an issue to manage. The themes of our risks as at the end of March 2022 are outlined below, followed by details of those risks and the issue we managed during 2021-22.

Risk themes














Key	
Relation of risk to key priorities	<ul style="list-style-type: none"> ○ Delivering live services ○ Future systems ○ Transformation ○ Estate ○ Embed our People and Culture Strategy
Risk assessment as at end March 2021	<ul style="list-style-type: none"> ⬆️ Very high ⬆️ High — Medium ⬆️ Low






¹¹ The people theme has no assessment as at the end of March 2022, as the risk had been retired




¹² The reform theme has no assessment as at the end of March 2022, as one of the risks had been retired from the corporate risk register and one had materialised as an issue







Key



Risk assessment as at end March 2021	 Very high	 High	 Medium	 Low
Risk movement (from date risk identified to end March 2021)	 Risk increase	 Risk decrease	 No risk movement	 At target score
Relation of risk to key priorities	 Embed our People and Culture Strategy	 Estate	 Transformation	
	 Delivering live services	 Future systems		

Risk description	Key controls and activities to manage risks
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<p>Recovery - Performance is hindered by capacity and capability levers</p>   	<ul style="list-style-type: none"> • A Gold/Silver/Bronze Command or Response Board structure is in place and was stood up when needed, to manage the immediate response to matters impacting recovery. • Our Recovery Board reviewed operational performance and ensured visibility on recovery plans. Regional deep-dives into recovery were regularly undertaken by the Recovery Board. • In addition to maximising capacity through our existing estate, by the gradual opening of courtrooms following relaxation of the pandemic regulations, in line with UK Health Security Agency (UKHSA) and Department for Business Energy and Industrial Strategy (BEIS) guidance, we maintained 23 Nightingale venues to the end of March 2022 and 30 have now been extended to the end of March 2023. • MoJ legislated to double the sentencing powers of magistrates from 6 months to 12 months which will free up an estimated 2,000 Crown Court days a year. • We removed the cap on Crown Court sitting days for 2021-22. • Two 'super courtrooms' in Manchester and Loughborough were established to provide extra capacity to hear large multi-hander trials. • We closely monitored our people resources, including staff absence rates and wellbeing to manage capacity. Recruitment exercises, including 'friends and family' recruitment, was undertaken to quickly increase resources and support operational recovery. • We collaborated with the judiciary to understand judicial capacity. Following agreement from the Senior Presiding Judge, we temporarily redeployed judiciary across regions to increase capacity where needed.
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<p>Operational failure – Significant service delivery failure in operations</p>   	<ul style="list-style-type: none"> • The Operations Director and Development Director were appointed as Serious Incident Champions. They role model a strong culture of continuous improvement, learning lessons and promoting a no blame culture. • The monthly Serious Incident Forum was refreshed to improve methods for identifying serious operational issues and trends that require remedial activity. • An incident reporting system (OPTIC) is in place to escalate serious operational failures and to learn from them. • There is weekly reporting to the senior management team (SMT) for the most serious incidents for rectification, review and oversight purposes and reporting to the Service Excellence Committee. • The most serious incidents are the subject of serious incident learning reviews, both nationally and regionally. • There are standard procedures in place to report failures quickly so damage can be contained by reacting swiftly. • The Service Assurance Framework provides regular scrutiny of the quality of operational service delivery and improvements driven by the Innovation and Change Forum. • Operational assurance checks are reported and reviewed every quarter.
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Risk description	Key controls and activities to manage risks
<p>Safety and security - Staff, judiciary, stakeholders and users become gravely ill or die if we fail to provide a safe operating environment</p> 	<ul style="list-style-type: none"> We continued to apply all relevant pandemic advice from BEIS and the UKHSA, minimising risk so far as reasonably possible. The COVID-19 Organisational Risk Assessment and local risk assessments were undertaken to ensure safety across all of our buildings. More broadly in considering other safety risks we had in place: <ul style="list-style-type: none"> A team of safety and security experts to guide and advise on all aspects of safety and security. Arrangements to mitigate against the risk of fire including a Fire Safety Forum which was established in October 2021; a rolling programme of Crown Premises Fire Services Inspectorate visits; three yearly fire risk assessments and annual reviews and Property Directorate technical expertise. Arrangements with our facilities management supplier to raise the level of compliance with statutory compliance obligations.
<p>People and culture - We do not have the right people in the right place to maintain a positive workplace culture to deliver our objectives</p> 	<ul style="list-style-type: none"> We have a People and Culture Strategy which outlines our people priorities for the next three years. Implementation of three-year plans were finalised in Quarter 4, 2021-22. We have a diversity and inclusion action plan which was agreed by the SMT in Quarter 3 2021-22. The plan will be reviewed annually. We have a support package in place through the Career Transition Service to assist people to manage, as they experience change in the organisation. Our wellbeing priorities and a supporting plan using data and insight from the People Survey, wellbeing surveys and wellbeing listening events to identify actions and interventions were agreed by our SMT and communications published. We have developed a Talent Strategy Framework to include proposals on succession planning and a career pathway within the organisation.
<p>People and pay - The MoJ pay deal is delayed and fails to meet staff expectations</p> 	<ul style="list-style-type: none"> Following implementation of the pay deal in September 2021, this risk was retired.
<p>Communications - We fail to communicate and engage effectively with internal and external stakeholders, whose trust and goodwill, co-operation and collaboration, expertise and professional partnerships we depend upon to effectively deliver courts and tribunals services</p> 	<ul style="list-style-type: none"> We have a professional, operational in-house communications team, with the capacity, knowledge and expertise to advise, plan and deliver effective communications plans and strategies to support the business. Our subject-matter experts and senior leaders effectively manage relationships. We routinely meet and engage with our key stakeholders. We ask our stakeholders for feedback on how we communicate and engage and monitor online sentiment and reputation indicators. We have effective, robust and compliant corporate communications and engagement channels in place to reach our internal and external audiences. The Chief Executive's weekly all staff webinar has continued successfully throughout 2021-22.
<p>Reform implementation - Integration of cross-cutting services and key dependencies on external partners</p> 	<ul style="list-style-type: none"> Following the decision to add the new reform risk below, this risk (Integration of Cross Cutting Services and Key Dependencies on External Partners) was retired in October 2021 from the corporate risk register, to be managed at portfolio level.
<p>Funding - HMCTS is unable to operate within its budgets</p> 	<ul style="list-style-type: none"> We have a process for the setting of budgets, approval of budget holders and maintenance of approvals and a financial control regime. We regularly report expenditure against plans by budget holders. Scrutiny is provided though quarterly performance meetings with budget holders and regular financial reporting to the HMCTS Board. We report benefits achievement through unit costs and benefits reporting. We make better use of the financial risks and opportunities process enabling the business to understand and assess its continued risk appetite.

Risk description	Key controls and activities to manage risks
<p>Legacy IT failure - IT failure as a result of legacy systems</p> 	<ul style="list-style-type: none"> Digital Technology Services (DTS) established its DLRM Programme. The programme includes a project The Vodafone Data Centre Exit and IT Risk Reduction. This project has three aims: <ul style="list-style-type: none"> To mitigate the operational and cyber security risks represented to HMCTS by a legacy IT estate. To either decommission legacy systems with no strategic value or to migrate those with longevity from current legacy hosting arrangements to modern cloud-based hosting arrangements. DLRM is also a key enabler for the realisation of the decommissioning benefits associated with the Reform Programme.
<p>New IT services failure - Scale of change to new services presents a greater risks of IT failure/disruption</p> 	<ul style="list-style-type: none"> DTS developed a target operating model enabling greater ownership and coordination of services in-house, reducing reliance on external providers and improving coordination.

Issues

The following risk materialised as an issue during 2021-22.

Issue description	Key controls and activities to manage risks
<p>Reform implementation – Implementation and change overload</p> 	<ul style="list-style-type: none"> In January 2021 this risk materialised and became an issue to manage. This was driven primarily by the delays to the Common Platform rollout and the reallocation of work from the Antenna Release 2.0. Controls to manage the issue include: <ul style="list-style-type: none"> Establishing model courts and model offices to help test processes, agree 'handoffs', improve productivity and enable benefits realisation. A central implementation function and a people transition function with dedicated Senior Civil Service leads. A Portfolio Implementation Board that has been set up to oversee change load and change resources across the organisation. A Change Load Heat Map tool which has been developed. The heat map shows operational impacts and reflects the change load in regions across time and against the known level of change resource in that particular region, allowing us to plan effectively to mitigate and avoid change overloads, and adjust the level of change resource.

Health and safety

We are committed to protecting the safety and security of all those in our premises. We follow/apply standards, advice and guidance from the Centre for the Protection of National Infrastructure, Health and Safety Executive (HSE), Crown Premises Fire Safety Inspectorate (CPFSI) and public health agencies in all parts of the UK.

We have an embedded integrated security and safety management system, which is bespoke to our particular risk profile and allows efficient, effective and reliable deployment of resources.

Roles and responsibilities for safety and security matters are clearly defined across the operational front line of our organisation, as well as at a corporate and management/ leadership level. Our structures ensure appropriately expert oversight of safety and security standards, as well as effectively monitoring adherence to those standards. Bi-annual reports assuring security and safety risk management are provided for scrutiny to the our Audit and Risk Assurance Committee.

Our continued response to COVID-19

We continued to apply public health guidelines in response to the pandemic. Our transparent safety framework was published online in our Organisational Risk Assessment, which was regularly updated in line with evolving government guidance and public health standards. Our policies and operating procedures were validated from time to time against prevailing advice and guidance. Each court, tribunal and office was required to assess, control and keep under continual review all applicable transmission risks. We monitored and audited adherence to our policies and procedures, as well as engaging closely with the judiciary, trade union colleagues and professional user representatives, to address concerns where they arose.

We received no enforcement notices during 2021-22. We received no Notices of Contravention (formal or informal) from HSE in relation to local, site-specific, COVID-19 safety measures.

Occupational health and safety

Occupational health and safety is central to the delivery of our corporate priorities, and we are focused on meeting our statutory health and safety obligations. Operationally, key duties are discharged by suitably and sufficiently trained personnel who fulfil mandatorily required roles in respective sites, for example, fire incident control officers, fire wardens and first aiders. Each building is overseen by a designated senior person on site, who is responsible for safety and security matters. At a corporate assurance level, our National Committee for Safety and Security, which also includes a focus on fire safety and physical security, meets quarterly. Trade union leads attend in parallel with relevant operational and corporate managers.

We have an established online incident reporting system. It enables incidents to be categorised and serious incidents quickly communicated to our staff for their information, advice and ongoing monitoring. An example of a serious incident was a Coroner's inquest into the death of a defendant in court. The inquest concluded that the cause of death was suicide. Although no failings were found on the part of HMCTS or the Prisoner Escort and Custody Services (PECS), we reviewed with PECS the journey of a bail defendant from when they enter a court building through to receiving a custodial sentence, if applicable. The purpose of the review was to identify security standards that can be strengthened to further reduce the potential risk of self-harm. As a result, we have improved our processes and, while unable to avoid it entirely, further reduced exposure to risk.

We received 31 Notice of Deficiencies (NoD) issued by the CPFSI and action was taken to address the concerns raised. We are also continuing to improve our fire safety management approach, now under a newly established Fire Safety Forum. Set up in September 2021, the Forum will report to the National Committee for Safety and Security, and drive continuous improvement of policies as well as adherence to those policies.

There were 20 RIDDOR¹³ incidents reported during the year, predominately related to slips, trips and falls within the workplace. These incidents were robustly investigated and reported to deal with the immediate and root causes, and lessons learned. When compared to the total number of health and safety incidents in 2021-22, this is a relatively low figure.

Facilities management

Equans (formerly Engie Services Limited) are contracted to provide our facilities management services. This includes planned preventative maintenance, cleaning services and the completion of specialist and statutory inspections. An audit was carried out by the Government Internal Audit Agency in March 2021 on our management of the contract. They reported on the improvement plan developed by Equans and agreed by us, and that monitoring of progress against this plan should allow Equans to demonstrate measurable improvements in performance.

The performance of Equans is monitored closely by our Property Directorate. Our Property Director meets with the Managing Director of Equans at a minimum of once a week to discuss and drive forward progress. As at the end of March 2022, statutory compliance by Equans, as verified by our auditing and monitoring provider, was 80% nationally. Statutory compliance features as a priority item on the Equans performance improvement plan, which has been extended to September 2022.

Significant control challenges

Throughout 2021-22, we had appropriate governance in place to mitigate control challenges and issues.

Our assurance framework

We take a three-lines-of-defence approach to assurance:

- the first line is the front-line business
- the second line is oversight and expert review, separate from the front-line delivery management chain
- the third line is an independent review

Our Audit and Risk Assurance Committee (ARAC) review the comprehensiveness of assurances on governance, risk management, the control environment and the integrity of finance statements. It provides advice and support to the Chief Executive as Accounting Officer and the HMCTS Board in their responsibilities for issues of risk, control and governance.

We continue to develop and improve control checks as we transform our services, with a dedicated team who provide our second line of defence. During the pandemic in 2021, we provided assurance reporting both on our office compliance with health and safety measures, and on our response including a review of local spending and of the home working laptop allocation process. In February 2022 we carried out a second round of visits looking at venue compliance and found a high degree of adherence to our health and safety policies across the organisation. We have continued to provide assurance reports on a quarterly basis to directors and other senior managers to give them insight as to the level of compliance in their respective areas. Quarterly updates are provided to ARAC highlighting any issues from these reports.

¹³ The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. These regulations put duties on employers, the self-employed and people in control of work premises (the Responsible Person) to report certain serious workplace accidents, occupational diseases and specified dangerous occurrences (near misses): www.hse.gov.uk/riddor/

During 2021-22, as well as reviews around compliance with COVID-19 measures, we undertook our regular deep-dive and health check audit visits. This included a major review of the control framework across the CTSCs. We increased the number of thematic reviews from two in 2020-21 to eight during 2021-22, checking a whole process rather than compliance in a venue. These reviews included topics such as payment of agency fees, compliance with our Confidential Address Policy and the use of the Government Procurement Card. For example, the review into our Confidential Address Policy tested improvements we made following a series of data incidents. A series of measures were agreed at serious incident learning review meetings and actions were subsequently implemented. The effectiveness of that implementation was tested and although the policy guidance was effective, there were a number of weaknesses found in the adherence to it. A series of further measures were agreed for implementation and are reported upon to various groups such as the Service Excellence Board, heads of civil, family and tribunal and the Family Court Operations Forum.

Financial assurance

We have financial assurance processes in place as part of our second line of defence for ensuring the adequacy of the financial controls in operation across our organisation. The necessary controls and assurance around finance and banking requirements are monitored through financial key controls checks, highlighting possible control weaknesses and rectifying those where possible. During 2021-22, we secured responsible owners for HMCTS Payment Card industry Data Security Standards. This was a challenge during previous years, and has increased significant assurance over IT infrastructure and payment systems. We are continually updating our finance guidance to keep up with procedural changes and ensuring it is clear and concise. We updated Security of Payment Card Data and more detailed information about providing Barclaycard payment services across HMCTS. The financial assurance process contributes towards the management of contracts by providing job cards and key controls to fit alongside the contract guidance, in the interest of safeguarding public money.

Business continuity

In addition to the internal governance processes, we have a network of business continuity (BC) co-ordinators based regionally by business unit who ensure that every site has an up to date, fit for purpose and tested BC Plan. This is co-ordinated centrally by the national BC team to ensure we can continue to operate where possible when faced with issues. We work closely with the MoJ BC corporate team to assess the impact of National Security Risk Assessments on HMCTS, and continue to build our contingency plans around that work. In June and November 2021, we ran reasonable worst-case scenario exercises, testing reliance against a number of events. We also rolled out a programme of training on our new BC database during November and December 2021.

The new database is web-based and more intuitive to use, providing a standardised approach to business continuity in a more effective and efficient way. It also provides more meaningful management information, allowing more focussed support to be provided where needed.

We have improved our readiness and planning regarding strategic risks with the development of a Desired Readiness Dashboard. We also increased the capacity of the national BC team to improve our resilience to a variety of national level risks, retain an ability to re-constitute a 'surge team' at short notice to deal with incidents, and give better support to regional BC co-ordinators.

Further assurance activity can be seen in the sections on Health and safety, and Our approach to information security in this report.

Functional standards

All government departments and agencies are required to embed certain functional standards¹⁴. These benchmark corporate delivery in certain key thematic areas including project delivery, HR, and finance. The standards provide a basis for assurance, risk management and capability improvement. They also support an improved and consistent way of working across government departments. Each Accounting Officer across government departments and agencies was asked to assure themselves as to the adherence with all relevant functional standards in their organisation by the end of 2021-22.

Of the 13 standards currently in existence, 10 are applicable to us. Each functional lead assessed their own functional area against the applicable standards during the year. Our Finance and Performance Committee (FPC) then validated the results of those assessments, providing assurance to the Chief Executive on our adherence to necessary standards. Going forward, our functional leaders will be expected to report any compliance concerns on at least a quarterly basis, and FPC will review adherence levels now on an annual basis.

Internal audit and annual audit opinion

One of our key sources of independent assurance comes from the activities of the internal audit service provided by the Government Internal Audit Agency. The internal audit programme is closely linked to the key risks for our organisation and arrangements are in place to ensure that our Chief Executive is made aware of any significant issues which indicate that key risks are not being effectively managed.

The Group Head of Internal Audit provided an annual overall opinion of 'moderate', which means some improvements are required to enhance the adequacy and effectiveness of our framework of governance, risk management and control.

¹⁴ assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1022038/05-21_DAO_Letter_-_functional_standards_for_pub_with_amends_LLJ.pdf

National Audit Office (NAO) reports

On 22 October 2021, NAO published a report on reducing the backlog in criminal courts, at www.nao.org.uk/report/reducing-the-backlog-in-criminal-courts/, following analysis of evidence collected between February and September 2021. The NAO reported that the COVID-19 pandemic presented the criminal justice system with an unprecedented challenge and has had an acute impact on criminal courts, which were already strained in the year leading up to the pandemic. It found that HMCTS responded effectively to the crisis as it unfolded and to changing operational requirements, including the suspension of all jury trials, and their resumption when conditions allowed. NAO also commented that if sustainable recovery in criminal courts is to be effective, there needs to be improved leadership of the system, including agreeing clear, shared objectives for recovery and significantly improving the quality of data.

Evidence was given to the Public Accounts Committee (PAC) in December 2021. On 9 March 2022, the PAC published its report on Reducing the backlog in criminal courts¹⁵ and made the following six recommendations: exploring the length of time a case should take to complete in the Crown Court; the plan to assess the impact of its measures to support victims of rape and serious sexual offences; the actions being taken to ramp up judicial recruitment and improve diversity; set out how it is building resilience across the criminal justice system; set out plans to specifically evaluate the experience of victims, witnesses and defendants, particularly those deemed vulnerable and from ethnic minority backgrounds; and set out how the data it has developed and published will lead to improvements in performance and victims' experiences. These recommendations were considered by the MoJ and us, and a response was published on 16 May 2022 at www.gov.uk/government/publications/treasury-minutes-may-2022.

In September 2021 we published a progress update against our stakeholder engagement strategy¹⁶. The update demonstrated how we have implemented recommendations from the PAC on the Transforming courts and tribunals report, and delivered against our commitment to provide regular, high quality engagement activity and have established a pattern of working fit for the future.

Conclusion

I am satisfied that we have effective governance, risk management and assurance arrangements in place as set out in this statement. Arrangements are kept under continuous review to adapt to our changing risk environment.

Nick Goodwin

Chief Executive and Accounting Officer

12 July 2022

¹⁵ committees.parliament.uk/publications/9159/documents/159649/default/

¹⁶ www.gov.uk/government/publications/engaging-with-hmcts-external-stakeholders/engaging-with-our-external-stakeholders-a-progress-update

2.2 Remuneration and staff report

The remuneration and staff report provides information on our people, and sets out our remuneration policy for directors, how that policy has been implemented, and the amounts awarded to directors. It also provides details on remuneration and staff that Parliament and others see as important to accountability.

2.2.1 Remuneration report

The tables in this remuneration report have been subject to audit and are referred to in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

Board members remuneration report

The remuneration report has been prepared in accordance with the requirements of the Government Financial Reporting Manual (FReM) as issued by HMT.

The Prime Minister sets the remuneration policy of senior civil servants following independent advice from the Senior Salaries Review Body. The salaries of HMCTS Board members were set following discussions between the Permanent Secretary of the MoJ and director generals, in accordance with the rules of the Civil Service Management Code.

We do not have a remuneration committee. The key functions of this Committee are dealt with through the MoJ Workforce Committee.

The following sections provide details of the remuneration and pension interests of HMCTS Board members who served during 2021-22.

Table 1 – Remuneration payments to HMCTS Board members during the period 1 April 2021 to 31 March 2022

	2021-22					2020-21				
	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonuses paid	Pension related benefits (to nearest £1000)	Total	Total amount of salary and fees	All taxable benefits (to nearest £100)	Bonuses paid	Pension related benefits (to nearest £1000)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Tim Parker Independent Chair	15-20	Nil	Nil	Nil	15-20	15-20	Nil	Nil	Nil	15-20
Nick Goodwin Chief Executive (from 14 March 2022) ¹	5-10 (120-125 FYE ²)	Nil	Nil	6	10-15	Nil	Nil	Nil	Nil	Nil
Kevin Sadler Acting Chief Executive (until 25 March 2022) ³	120-125 (120-125 FYE ²)	Nil	5-10	35	160-165	120-125	Nil	10-15	108	235-240
Susan Acland-Hood Chief Executive (until 21 August 2020)	Nil	Nil	Nil	Nil	Nil	50-55 (130-135 FYE ¹)	Nil	Nil	24	75-80
Andrew Baigent Chief Financial Officer	125-130	Nil	10-15	24	160-165	125-130	Nil	10-15	62	200-205
Paul Harris Operations Director (from 22 August 2020)	95-100	3.0 ⁴	10-15	19	130-135	60-65 (95-100 FYE ¹)	Nil	0-5	47	110-115
Gemma Hewison Strategy and Change Director ⁵	105-110	2.0 ⁴	20-25 ⁶	42	170-175	105-110	4.1 ²	10-15	42	160-165
Marie-Claire Uhart Strategy and Change Director (until 24 September 2020) ⁵	Nil	Nil	Nil	Nil	Nil	45-50 (100-105 FYE ¹)	Nil	0-5	14	65-70
Lakh Jemmett Non-executive Director	10-15	0.3 ⁴	Nil	Nil	10-15	10-15	Nil	Nil	Nil	10-15
Victoria Cochrane Non-executive Director	10-15	0.1 ⁴	Nil	Nil	10-15	10-15	Nil	Nil	Nil	10-15
Annabel Burns Non-executive Director ⁷	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Nicky Wilden Non-executive Director (from 1 November 2020)	10-15	Nil	Nil	Nil	10-15	0-5 (10-15 FYE ¹)	Nil	Nil	Nil	0-5
Ian Playford Non-executive Director (until 1 August 2020)	Nil	Nil	Nil	Nil	Nil	0-5 (10-15 FYE ¹)	Nil	Nil	Nil	0-5

1 Nick Goodwin joined as Chief Executive on 14 March 2022

2 Full year equivalent

3 Kevin Sadler retired on 25 March 2022

4 Comprises of reimbursements for travel expenses to required business meetings.

5 Gemma Hewison and Marie-Claire Uhart jointly undertook the role of Strategy and Change Director from 22 March 2020 following the departure of Richard Goodman. Marie Claire-Uhart stepped down from this role on 24 September 2020.

6 Gemma Hewison received a Pivotal Role Allowance in 2021-22 for achieving specific milestones in relation to the HMCTS Reform Programme. This was in addition to a bonus based on overall performance.

7 Annabel Burns is the MoJ representative on the HMCTS Board. Annabel is an MoJ employee and receives no remuneration for her role as a Non-executive Director on the HMCTS Board. Her remuneration as an MoJ employee is included in the MoJ annual report and accounts.

The following judicial members of the HMCTS Board are remunerated as judges and received no additional payments as directors.

- Sir Keith Lindblom, Senior President of Tribunals
- Lady Justice Thirlwall, Senior Presiding Judge (*until 30 September 2021*)
- Sir Charles Anthony Haddon-Cave, Senior Presiding Judge (*from 1 October 2021*)
- District Judge Tim Jenkins, judicial representative

Salary

Salary covers both pensionable and non-pensionable amounts and includes but may not necessarily be confined to gross salaries; 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. The figures shown do not include amounts that are a reimbursement of expenses directly incurred in the performance of an individual's duties. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument.

Fair pay disclosure

We are required to disclose the relationship between the remuneration of our highest-paid director and the lower quartile, median and upper quartile remuneration of our workforce.

Table 2 - Percentage change from previous year in total salary and bonuses for the highest-paid director and the staff average.

	2021-22		2020-21	
	Total salary	Bonus Payments	Total salary	Bonus Payments
Staff average	8.6%	-21.0%	0.4%	4.2%
Highest-paid director	-	10.0%	-4.2%	-18.0%

Table 3 - Ratio between the highest-paid directors' total remuneration and the pay and benefits of employees in the lower quartile, median and upper quartile

	Lower quartile	Median	Upper quartile
2021-22	6.8 :1	6.1 :1	5.0 :1
2020-21	7.2 :1	6.5 :1	5.2 :1

Table 4 – Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits.

	Lower quartile		Median		Upper quartile	
	2021 -22	2020 -21	2021 -22	2020 -21	2021 -22	2020 -21
Salary	20,965	18,889	21,488	20,649	25,728	23,929
Total pay and benefits	20,965	19,170	23,360	21,298	28,313	26,411

The banded remuneration of our highest-paid director in the financial year 2021-22 was £142,500 (2020-21: £137,500). This was 6.1 times (2020-21: 6.5) the median remuneration of the workforce, which was £23,360 (2020-21: £21,298).

In 2021-22, 15 (restated 2020-21:7) employees received remuneration in excess of our highest-paid director. There was no increase in the number of permanent staff that received remuneration in excess of the highest-paid director (1 in 2021-22 and 2020-21).

Remuneration ranged from £15,000-£20,000 to £300,000-£305,000 (restated 2020-21: £15,000-£20,000 to £310,000 to £315,000).

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

In 2020-21, following approval from Cabinet Office and HMT, a three-year pay deal was implemented for MoJ including HMCTS employees. The three-year pay deal runs from 1 August 2020 until 31 July 2023: years one and two were implemented in September and October 2021 respectively (and backdated); year three is due to be implemented in August 2022.

The implementation of the pay award in 2021-22 increased average staff remuneration and reduced the ratio between the highest paid directors' remuneration and the staff lower quartile, median and upper quartile.

The banded remuneration of our highest paid director increased due to an increase in bonuses, they did not receive an increase in salary.

Service contracts

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

The officials covered by this report hold appointments which are open-ended, with the exception of non-executive directors who are appointed for a term of three years. 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 civilservicecommission.independent.gov.uk.

Table 5 – HMCTS Board members' contracts¹

Name	Contract start date	Unexpired term	Notice period
Tim Parker	27 April 2018	6 months	1 month
Nick Goodwin	14 March 2022	To retirement	3 months
Kevin Sadler ²	10 September 1984	0 months	3 months
Andrew Baigent	14 August 2017	To retirement	3 months
Paul Harris	22 August 2020	To retirement	3 months
Gemma Hewison	22 March 2020	To retirement	3 months
Lakh Jemmett	27 July 2018 (renewed on 21 June 2021)	2 years 4 months	1 month
Victoria Cochrane	1 November 2014 (renewed on 17 July 2017 and 25 September 2020)	1 year 7 months	1 month
Nicky Wilden	1 November 2020	1 year 7 months	1 month
Annabel Burns	19 August 2019	To retirement	3 months

¹Judicial members do not operate under contracts

²Kevin Sadler retired on 25 March 2022

Pension benefits

Table 6 – HMCTS Board members' pension benefits and the cash equivalent transfer value (CETV) of those benefits during and at the end of the financial year

Name	Accrued pension at pension age as at 31 March 2022 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 March 2022 £'000	CETV at 31 March 2021 £'000	Real increase in CETV £'000
Tim Parker Independent Chair	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹
Nick Goodwin Chief Executive (from 14 March 2022)	30 - 35 plus a lump sum of 55 - 60	0 - 2.5 plus a lump sum of 0 - 2.5	509	504	4
Kevin Sadler Acting Chief Executive (until 25 March 2022)	55 - 60 plus a lump sum of 175 - 180	0 - 2.5 plus a lump sum of 5 - 7.5	1,398	1,311	37
Andrew Baigent Chief Financial Officer	70 - 75	0 - 2.5	1,105	1,041	5
Paul Harris Operations Director	50 - 55 plus a lump sum of 110 - 115	0 - 2.5 plus a lump sum of 0	987	929	5
Gemma Hewison Strategy and Change Director	10 - 15	2.5 - 5	136	109	16
Lakh Jemmett Non-executive Director	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹
Victoria Cochrane Non-executive Director	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹
Nicky Wilden Non-executive Director	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹
Annabel Burns Non-executive Director	Nil ¹	Nil ¹	Nil ¹	Nil ¹	Nil ¹

Notes:

¹ No pension contributions are made on behalf of HMCTS Non-executive Board members.

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, 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 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the CETV shown below in this report). 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 defined contribution (money purchase) pension with an employer contribution (partnership pension account).

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) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% depending on the age of the member. 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. This is in addition to the employer's basic contribution. Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at www.civilservicepensionscheme.org.uk.

Cash equivalent transfer values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Scheme (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

2.2.2 Our people

Our success is highly dependent on the skills and commitment of our people. Our People and Culture Strategy 2021-24 sets out how we want our organisation to look, feel and act from a people point of view as we move to implementation of our Reform Programme. As the reform of our services aims to deliver digital solutions and automation, our strategy recognises our people priorities for the future of HMCTS. Our long-term vision is for a more efficient and agile organisation, building on the changes and modernisations made by the Reform Programme, and learning from our experiences from the pandemic.

A strong and sustained focus on engagement, wellbeing, diversity and inclusion is even more critical now as a result of the pandemic and the implementation phase of reform. How people feel at and about work, strongly influences employee engagement. This includes an individual's workplace commitment, motivation and pride, and ultimately to performance and productivity. As a result, these have been deliberately embedded in all areas of the People and Culture Strategy to make sure they are reflected throughout.

The strategy has the following five strategic outcomes:

Enable an accountable, inclusive, diverse, confident and effective leadership through change

Examples of what we have delivered during 2021-22 include:

- launching our **Leadership and Coaching Academy**, to simplify and centralise the capability offer to help build leadership skills, knowledge and behaviours
- launching our **Unlocking Potential development programme** to nurture and develop talent by supporting colleagues newly promoted to a first-line leadership role, ensuring they have the right skills to confidently lead, manage, engage and inspire our people
- designing and delivering ten virtual **'Focus on'** workshops covering key leadership themes which include attendance management, performance, diversity and inclusion, and coaching
- promoting and supporting a range of **leadership and management apprenticeships** to develop our leaders for the future
- agreeing, launching and promoting our **wellbeing priorities**: leading with humanity, adapting to new ways of working, awareness of the wellbeing offer, and connected relationships

Develop our people, identify, attract, retain, nurture talent and leaders of the future

Examples of what we have delivered during 2021-22 include:

- maintaining, updating and adding to a suite of bespoke **learning material on myLearning** to meet learning needs across the organisation

- facilitating a series of 'Welcome to HMCTS' **corporate induction workshops** for everyone joining HMCTS, to learn more about the history, structure and role of our organisation within the Civil Service and wider society
- refreshing and relaunching our **Personal Impact and Development** scheme to focus on performance, strengths, aspirations, wellbeing, diversity and inclusion, and development needs
- **securing a three-year MoJ pay deal** which was endorsed by the three trade unions, following a widescale communications campaign across our organisation

Enable and support our people to work smarter

Examples of what we have delivered during 2021-22 include:

- agreeing an approach to develop a **data capability learning offer** that will focus on skills for the future which will be implemented in 2022-23
- designing and delivering over 144 new learning products to **support the delivery of the Reform Programme**
- producing accurate, comprehensive and insightful **monthly people data**, to improve decision making, planning and productivity going forward

Support an agile, flexible, responsive and efficient workforce

Examples of what we have delivered during 2021-22 include:

- developing an end-to-end reform **people impact plan** which will support us in mitigating the impact of change on our people
- designing, developing and embedding an approach to **managing and monitoring our workforce**, including permanent civil servants, fixed term contract and agency workers
- delivering and embedding the **lessons learned** from the height of the pandemic across our people services

Provide a high-quality approach to our people services

Examples of what we have delivered during 2021-22 include:

- supporting our people by providing people centred **advice and guidance in response to the pandemic**
- continued with bi-weekly **HR webinars**, introduced at the beginning of the pandemic, that enable us to share information with the organisation, understand and address key issues, and provide opportunities for our people to ask questions
- **managing and enabling productive employee relations** through meaningful, timely and ongoing consultation with the trade unions on our Reform Programme, COVID-19 and business as usual initiative, and dispute resolution

Engaging with our people

Pulse Survey

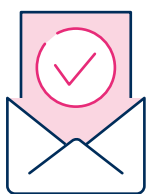
We held a pulse survey in May 2021 as a helpful mid-year 'temperature check' ahead of the annual People Survey in the autumn. In total, 17% of our people completed the survey, providing valuable feedback and insight. The data was analysed, giving us a better understanding of how our people are feeling across different parts of the organisation. It helped us evaluate the initial impact of any actions taken in response to previous survey results, and to further explore certain themes that emerged from them.

Leadership and managing change, with a focus on developing greater understanding and awareness of the people impacts of our Reform Programme, continued as our main priority alongside pay. We also used the pulse survey data about wellbeing and workload pressure to inform our wellbeing priorities.

Some of the actions we took in response to the pulse survey results included holding One Conversation webinars to enable timely communication on the impacts of the Reform Programme. We talked openly about the challenges as well as successes, and provided an opportunity for our people to ask questions about changes to how we will work. We moved away from the annual One Conversations programme to more regular events to be delivered in line with main milestones in our Reform Programme. We continued to focus on wellbeing as a priority. We developed our new wellbeing priorities, adapting the new wellbeing initiatives delivered during the pandemic into long-term and sustainable resources.

Civil Service People Survey

The annual People Survey was held from 28 September to 3 November 2021 and provided an opportunity for our people to have their say on a variety of topics which affect them.

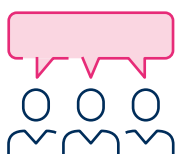


Response rate

53% compared to 55% in 2020

Compared with:

45% in MoJ and 62% across the Civil Service

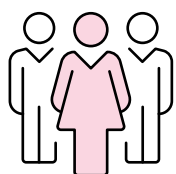


Employee Engagement Index

59% compared to 56% in 2020

Compared with:

60% in MoJ and 66% Civil Service benchmark



Highest score – My team

79% compared to 78% in 2020

Compared with:

77% in MoJ and 84% Civil Service benchmark



Lowest score – Pay and benefits

29% compared to 17% in 2020

Compared with:

28% in MoJ and 39% Civil Service benchmark

Our Employee Engagement Index (EEI) score increased by three percentage points to 59% in 2021. This is our highest EEI score since the creation of HMCTS in 2011 and also the largest increase within MoJ during 2021.

The improvement was reflected throughout the rest of our survey results. Of the nine core themes in the survey, our results improved for eight of them and one stayed the same when compared to 2020. We had the highest scores in our history for five of the core themes: pay and benefits; leadership and managing change; learning and development; and inclusion and fair treatment. Overall this demonstrated a good, improving picture but we recognise there is much more we need to do.

The priority areas we identified over the past few years focused on leadership and managing change, pay and benefits, wellbeing, and learning and development. Our scores in each of these areas increased from 2020. These themes continue to be our priority themes for action in 2022, with leadership and managing change as the primary focus.

Leadership and managing change: we had an increase of two percentage points this year to 47%; an increase of 12 percentage points over the past four years. However, this was also our second-lowest scoring theme and there is still room to continue improving. The pandemic continued to significantly affect how we work and we also expect to see the people impacts of our Reform Programme to increase over the next year. Bringing our people with us on the change journey is more important now than ever, so leadership and managing change remains our top overall priority for 2022.

Pay and benefits: our results increased by 12 percentage points and was our most improved theme for 2021. This improvement is likely due to the agreement of the three-year MoJ pay deal for HMCTS which was a key priority during 2021-22, and more information on this can be found in the Performance analysis section of this report. We want to keep making improvements to how valued our people feel and how this is reflected in their overall benefits package, whilst we continue to work with MoJ to develop a future reward strategy.

Wellbeing: our Proxy Stress and PERMA Index scores which indicate overall wellbeing, both slightly improved to 30% and 72% respectively. However, these scores could be improved further and we know from both comments and anecdotal feedback that wellbeing remains a concern. This will remain a priority area as we continue to develop and implement our action plan underpinning our wellbeing priorities around the themes of leading with humanity, adapting to new ways of working, awareness of the wellbeing offer and connected relationships. We also launched an informal Long-COVID Support Group to ensure colleagues are aware of the various long-COVID support options available in HMCTS and MoJ.

Learning and development: our results rose by four percentage points to 50%. This is a positive improvement, particularly given the impact of the pandemic that saw some learning opportunities paused or moved to online only over the past two years. We worked hard to redevelop learning opportunities and maximise how we use technology. The success of our transition to more virtual learning was reflected in the improved scores. However, this is our third lowest theme overall and remains a priority area for action. Getting the right learning opportunities to the right people at the right time will be essential as the reform of our organisation continues. It is vital that colleagues are given the time to attend learning, which we have seen come under increasing pressure during the pandemic.

In addition to the national areas of focus for 2022, senior leaders engaged with colleagues to discuss and agree local action plans. The data and insight from the People Survey will be used to monitor and measure our progress against the aims of our People and Culture Strategy. The development of implementation plans to deliver the strategic aims of this strategy was a key priority this year and further details are in the Performance analysis section of this report.

Promoting equality, diversity and inclusion

Our results in the 2021 People Survey for the inclusion and fair treatment theme, increased by three percentage points to 76%. Underpinning our People and Culture Strategy are the MoJ values of purpose, openness, humanity and together. Our diversity and inclusion activities are all aligned to one or more of our four diversity and inclusion priorities: inclusive recruitment, diverse talent management, better use of data to inform decision making, and to raise awareness and engagement around diversity and inclusion topics. Action taken around these themes will build on the increased engagement achieved over the last 12 months and focus on activity that will promote long-term change, as well as regular interventions to raise awareness and educate colleagues at all levels. Examples of our activities include:

Launching our **Pride Network** for LGBT+ staff following positive and constructive conversations during LGBT+ listening events. The network, a branch of the MoJ SPIRIT Network, ensures that the voices of our LGBT+ colleagues continue to be heard and plays a key role in positively influencing outcomes for LGBT+ staff across HMCTS and MoJ.

Raising awareness and celebrating the **achievements of our diverse workforce** by marking key events including National Inclusion Week, Black History Month, LGBT+ History Month, and International Day for People with Disabilities. We delivered over 18 awareness sessions with both internal and external speakers, and were accessible across MoJ.

Launching an **anti-bullying, harassment and discrimination campaign** across the organisation. We produced bi-monthly awareness sessions centred around a range of themes and attracted an average of at least 150 attendees per session.

Establishing a **Diversity and Inclusion Board** which provides support to all networks, shares best practice and encourages broader thinking. The forum will also measure the impact of interventions to ensure our priorities remain the right ones.

We are accredited as a Disability Confidence Leader. This demonstrates we are an organisation where staff with a disability or long-term illness have equal opportunity and access to support, including workplace adjustments to ensure they reach their full potential.

Our policies support people with disabilities. Health and safety and risk assessment guidance is in place, under which all employees are required to complete workstation assessments periodically. This ensures they are working in a safe environment and it is reviewed when their personal circumstances change. Support and guidance can be accessed by all employees through the health and wellbeing pages of our intranet. The Civil Service Workplace Adjustment Team provide additional support and advice about disability and how to get help, including workplace passports. Our Personal Impact Development scheme also enables us to put tailored interventions in place so that everyone has an opportunity to discuss their unique development, needs and career aspirations.

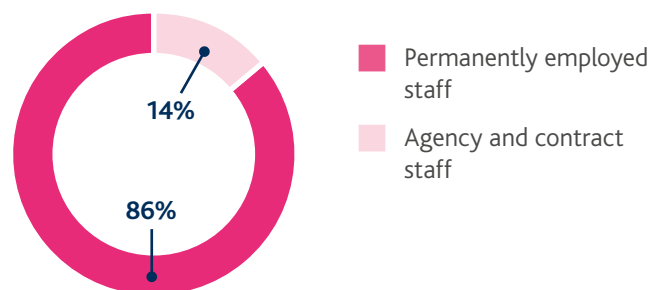
We promote equal opportunities for candidates when applying for jobs. Full information for people covered by the Equality Act can be found at www.hmctsjobs.co.uk/how-to-apply.

Other employee disclosures

The following sections are included to satisfy Parliamentary reporting and accountability requirements and are subject to audit.

Our employees in numbers

The average number of fixed term equivalent (FTE) employees paid during the year was 17,316 compared to 16,713 in 2020-21.



During 2021-22, 91% of our workforce were operational front-line staff and the remaining 9% were HQ based.

	2017-18	2018-19	2019-20	2020-21	2021-22
Permanently employed staff	13,841	14,177	14,041	14,495	14,935
Agency and contract staff	2,034	2,042	2,223	2,218	2,381
Total	15,875	16,219	16,264	16,713	17,316

Our employee costs

	2021-22	2020-21
Wages and salaries	422,171	397,093
Social security costs	40,051	36,079
Employer pension contributions	107,192	100,477
Agency staff costs	88,709	91,010
Voluntary early departures	0	0
	658,123	624,659
Add: inward secondments	502	482
	658,625	625,141
Less: recoveries in respect of outward secondments	(91)	(77)
Total staff costs	658,534	625,064

Employee diversity

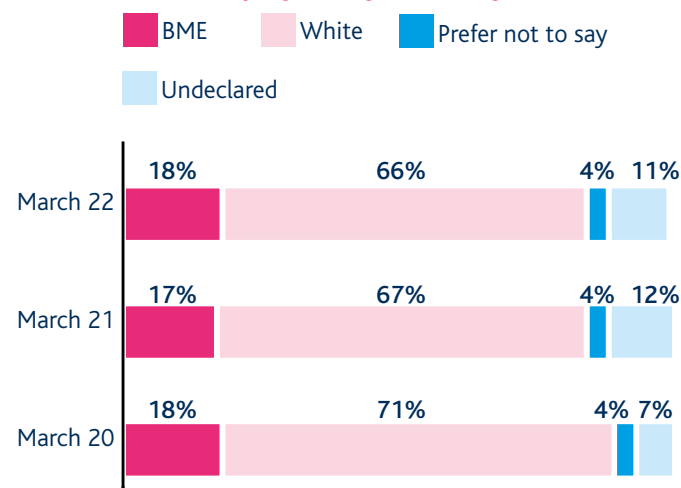
The following statistics provide a snapshot of our workforce. They help us understand how representative we are and where we need to focus our attention, as we continue to work to build a fair and inclusive work environment and a workforce that at every level reflects the diverse communities we serve. MoJ publishes an annual Workforce Monitoring Report on GOV.UK. It includes a breakdown of our staff in post by those protected characteristics for which data is collected and available at a level sufficient to enable statistically reliable reporting. These characteristics include gender, age, ethnicity, disability, religion and sexual orientation.

As at 31 March 2022, the breakdown of employees was as follows:

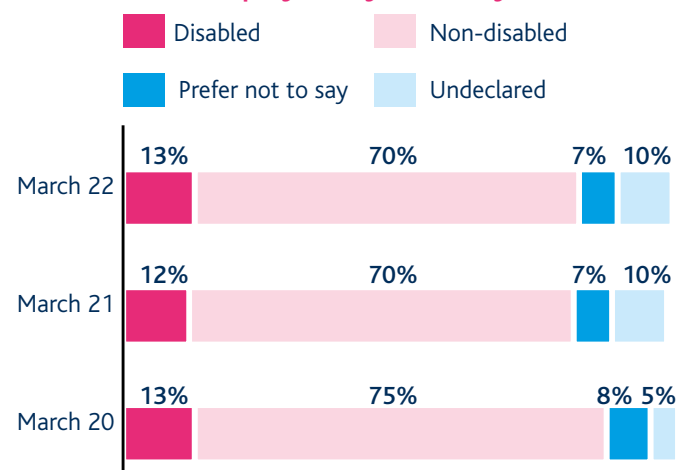
Breakdown of employees by gender

	2019-20		Restated 2020-21		2021-22	
	Male	Female	Male	Female	Male	Female
Executive and non-executive Board members	63%	37%	56%	44%	56%	44%
Senior managers (senior civil servants)	43%	57%	43%	57%	44%	56%
Other employees (non SCS)	29%	71%	29%	71%	29%	71%

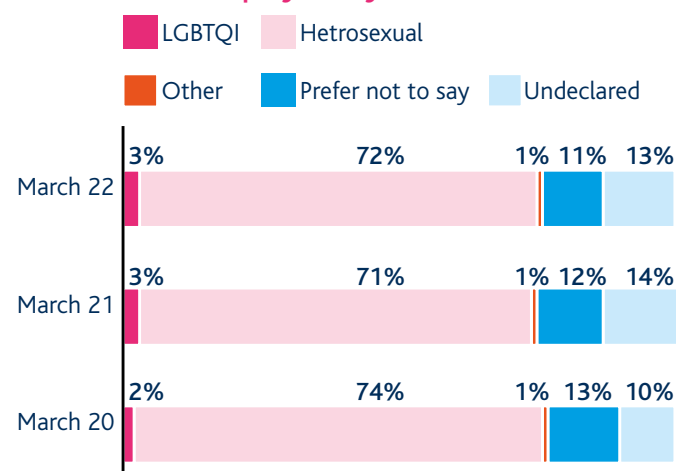
Breakdown of employees by ethnicity



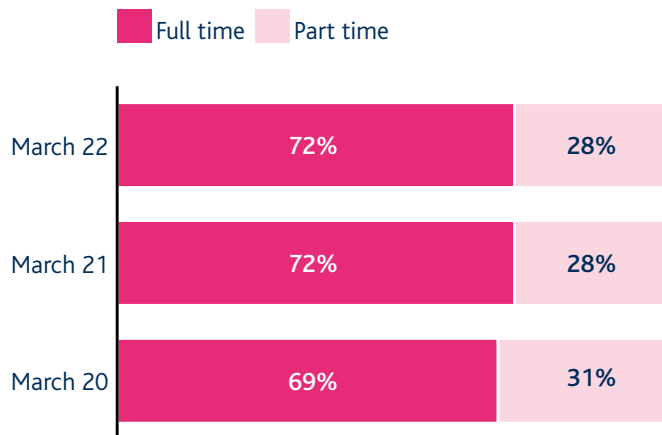
Breakdown of employees by disability



Breakdown of employees by sexual orientation



Breakdown of employees by full-time and part-time



Breakdown of employees by religion

	2019-20	2020-21	2021-22
Buddhist	0%	0%	0%
Christian	41%	39%	38%
Hindu	2%	2%	2%
Jewish	0%	0%	0%
Muslim	4%	4%	5%
Sikh	1%	1%	1%
Other religion or belief	2%	2%	2%
No religion or belief	22%	22%	23%
Prefer not to say	15%	14%	13%
Not known/undeclared	11%	14%	14%

Note: Numbers have been rounded to nearest percentage point

Number of senior Civil Service employees

Our executive directors are all senior civil servants (SCS). As at 31 March 2022, there were 75 SCS in HMCTS (2021: 78).

	2021-22	2020-21
60,000 to 70,000	-	-
70,000 to 80,000	42	43
80,000 to 90,000	10	9
90,000 to 100,000	15	16
100,000 to 110,000	2	3
110,000 to 120,000	2	2
120,000 to 130,000	3	4
130,000 to 140,000	-	-
140,000 to 150,000	1	1
150,000 to 160,000	-	-
160,000 to 170,000	-	-
170,000 to 180,000	-	-
180,000 to 190,000	-	-
Total	75	78

Off-payroll engagements

During the financial year 2021-22, we 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 the source from payments made in respect of the engagement with us. Further details of off-payroll engagements are shown in the off-payroll tables in the MoJ Annual Report and Accounts 2021-22.

Pension scheme

PCSPS and alpha are unfunded multi-employer defined benefit schemes. We are unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservicepensionscheme.org.uk/knowledge-centre/resources/resource-accounts/.

For 2021-22, employer contributions of £107.2 million were payable to PCSPS (2020-21: £100.5 million) at one of the four rates in the range of 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contributions rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

16 persons (2020-21: 22 persons) retired early on ill health grounds. The total additional accrued pension liabilities in the year amounted to £32,000 (2020-21: £57,000).

Consultancy costs

Expenditure on consultancy in 2021-22 was £0.2 million (2020-21: £4.3 million).

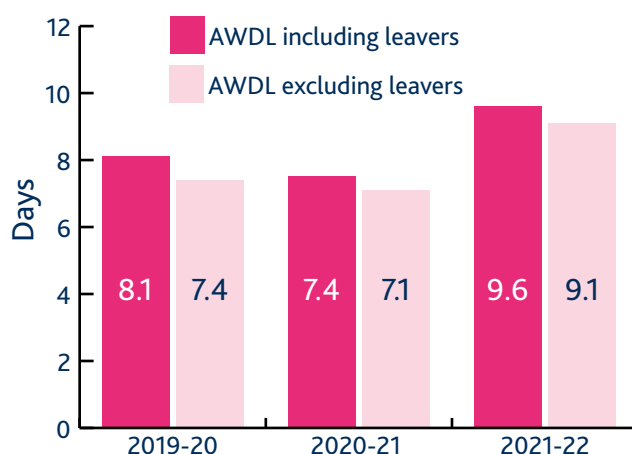
Sick absence

The number of average working days lost (AWDL) due to sickness has increased this year when compared to the previous year. For the rolling 12 months to the end of March 2022, the AWDL (including those that have left HMCTS) was 9.6 days, an increase from 7.5 days at the end of 2020-21. The AWDL per person excluding the leavers at March 2022 was 9.1 days, also an increase from 7.1 days at the end of 2020-21.

We have seen a significant increase in COVID-19 sickness levels since December 2021 due to the Omicron variant, whilst non-COVID-19 sickness levels have also increased as the pandemic restrictions changed during the year. The number of individuals receiving paid special leave due to the pandemic restrictions, which is not captured as sick absence, has contributed to the increase in absence in the organisation.

As at 31 March 2022, only 1.3% of our overall workforce were absent with COVID-19 related sickness compared to 2.98% of staff who were absent with non-COVID-19 sick absence (based on overall headcount figure including all our staff, agency and contractors). In the previous 12 months, 45% of staff had no sick absence. The safety and wellbeing of our people remains a priority area.

Sick absence as a three-year trend



Staff turnover

In 2021-22, staff turnover was 12.7% (2020-21: 8.5%) and department turnover was 15.9% (2020-21: 10.8%). Department turnover includes transfers of staff within the Civil Service. Transfers within the Civil Service are not included in the staff turnover.

The department continues to monitor turnover rates and support initiatives to maintain a healthy level of turnover. The annual Civil Service People Survey, coupled with other research, helps us to understand our people's experience of working in MoJ, and take appropriate action to improve effectiveness, including where turnover becomes problematic.

Reporting of Civil Service and other compensation schemes – exit packages

Subject to audit

Exit package cost	2021-22			2020-21		
	Number of compulsory redundancies	Number of other departures	Total number exit packages	Number of compulsory redundancies	Number of other departures	Total number exit packages
< £10,000	-	5	5	-	12	12
£10,000 - £25,000	-	4	4	-	11	11
£25,001 - £50,000	1	4	5	-	9	9
£50,001 - £100,000	-	2	2	-	2	2
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-
£250,001 - £300,000	-	-	-	-	-	-
Total number of exit packages by type	1	15	16	-	34	34
Total cost of exit packages by type (£000)	35	377	412	-	698	698

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the exit package is confirmed. Where we have agreed early retirements, the additional costs are met by us and not by the PCSPS. Ill health retirement costs are met by the pension scheme and are not included in the table above.

2.3 Parliamentary accountability and audit report

The following sections are included to satisfy Parliamentary reporting and accountability requirements and are subject to audit.

Losses	2021-22		2020-21	
	Number of cases	£000	Number of cases	£000
Cash losses	743	177	433	261
Administrative write-offs	15	6	98	85
Fruitless payments	2	2,600	33	12,716
Constructive losses	1	4,202	1	18,350
Total losses	761	6,985	565	31,412

In 2021-22, there were three losses over £300,000 as follows:

- £2.6 million payable to HM Revenue and Customs (HMRC) in relation to IR35 liabilities arising from incorrect determination of the employment status of workers:
 - A £1.7 million final payment following the completion of the 2020-21 HMRC audit. This payment was disclosed in the MoJ Group accounts in 2020-21.
 - £0.9 million following us identifying a contract that had been incorrectly classed as part of an outsourced arrangement resulting in payment of PAYE and NI liabilities to HMRC.
 - We are developing with CPS a "common platform" as a case management system in the criminal courts for use by both organisations. This is being delivered using an agile methodology, developing and testing functionality incrementally. The original intention was for CPS to decommission their current case management system and move fully to using common platform. However, it was decided by the Crime Programme Board (which includes membership from across the criminal justice system, including HMCTS and CPS) that CPS will retain their case management system and interface into common platform instead, in order to deliver the benefits of the programme and continue to support criminal justice system recovery. This changes the build of the system and as a result any of the build and associated costs incurred to date relating to CPS case management on the Common Platform are no longer useable, leading to a £4.2 million impairment (constructive loss) of common platform assets.

Special payments	2021-22		2020-21	
	Number of cases	£000	Number of cases	£000
Compensation payment	64	679	68	525
Ex gratia	8,385	2,780	2,439	6,424
Extra-contractual payments	347	18	349	7,111
Extra-statutory and extra-regulatory payments	-	-	-	-
Special severance payments	-	-	-	-
Loans	-	-	-	-
Gifts	-	-	-	-
Total special payments	8,796	3,477	2,856	14,060

Charitable donations

We made charitable donations totalling £25,000 in 2021-22 (2020-21: £25,000). These donations were made to organisations to support activities related to our operations.

Fee income

We are required to disclose performance results for the areas of our activities where fees and charges are made. The analysis is not intended to meet the requirements of IFRS 8 Operating Segments which is not applicable to us under the requirements of the Government Financial Reporting Manual.

We cover the following business areas: civil and family courts, tribunal and criminal courts. We collect 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 consent of HMT, 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.

We report on both the civil and tribunal fee-charging business segments. Civil business contains two business streams: family (including probate and court of protection) and civil (including civil business in county courts, higher courts and magistrates' courts). Tribunal business contains two business streams: immigration and asylum, and other fee charging special tribunals (including lands, residential property, gambling and gender recognition). The table below shows the operating expenditure of those jurisdictions which are funded by fee income (after remissions) and the extent to which fee income funds them.

The most current fees orders can be found in Annex A.

On 26 July 2017 the UK Supreme Court handed down a judgment that quashed the Employment Tribunals and the Employment Appeal Tribunal Fees Order 2013/1893. The Lord Chancellor has committed to refunding the fees taken to those who paid them. To date we have refunded a total of £18.6 million in respect of fees and interest. During 2021-22 £90,160 of fees were refunded including interest and accruals.

In November 2017 MoJ undertook a review of other fees for courts and tribunal proceedings charged by us. MoJ identified that in some cases fees have been incorrectly charged, and that some fees had inadvertently been set above cost without the legal authority to do so. In July 2018 a Written Ministerial Statement announced that a refund scheme will be established to reimburse people the amounts they have been over-charged. Our current estimate of the total value of the refunds likely to be claimed is £11 million.

The movements in the provisions and refunds are shown separately in the table below. More details about income, provisions and contingent liabilities can be found in Notes 8, 18.3 and 21 to the accounts.

Fees and charges

	Value of fee charges	Fees remitted	Income collected	Expenditure	Income charge surplus/ (deficit)
	£000	£000	£000	£000	£000
Civil business					
Family	187,111	(18,964)	168,147	(310,594)	(142,447)
Civil	541,881	(61,107)	480,774	(554,762)	(73,988)
Total civil business	728,992	(80,071)	648,921	(865,356)	(216,435)
Tribunal business					
Immigration and asylum	5,780	(895)	4,885	(107,527)	(102,642)
Other tribunals	1,301	(27)	1,274	(18,579)	(17,305)
Total tribunal business	7,081	(922)	6,159	(126,106)	(119,947)
Employment tribunals refunds	-	-	(71)	-	(71)
CTLO ¹⁷ Fee refunds and interest paid	-	-	(31,495)	-	(31,495)
Other fee refunds	-	-	(658)	-	(658)
Movement in fee refunds provision	-	-	46,611	-	46,611
2021-22 total HMCTS business	736,073	(80,993)	669,467	(991,462)	(321,995)
2020-21 total HMCTS business	640,376	(78,193)	563,202	(970,625)	(407,423)

Nick Goodwin

Chief Executive and Accounting Officer

12 July 2022

17 Council Tax Liability Order (CTLO)

Section 3: External scrutiny

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

Opinion on financial statements

I certify that I have audited the financial statements of the HM Courts and Tribunals Service Agency (HMCTS) for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000.

The financial statements comprise: HMCTS's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of HMCTS's affairs as at 31 March 2022 and its 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 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 (UK) (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 HMCTS 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 HMCTS'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 HMCTS'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 HMCTS is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require 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 financial statements nor my auditor's certificate and report. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000:

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- 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 and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of HMCTS 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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by HMCTS 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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 Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and Accounts as a whole is fair, balanced and understandable;
- internal controls as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing HMCTS'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 Chief Executive as Accounting Officer anticipates that the services provided by HMCTS 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations¹, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

¹ Non-compliance is defined as acts of omission or commission intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity. ISA 700 uses the word "irregularities" to describe non-compliance with laws and regulations. We do not use the word irregularities to describe non-compliance within our certificates and reports as it has another meaning in the context of PN10.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of HMCTS's accounting policies.
- Inquiring of management, HMCTS's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to HMCTS'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 HMCTS's controls relating to HMCTS's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, and the relevant pieces of legislation stipulating Court and Tribunal fees;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within HMCTS for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and potential bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of HMCTS's framework of authority as well as other legal and regulatory frameworks in which HMCTS operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of HMCTS. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law, tax legislation and the relevant pieces of legislation stipulating Court and Tribunal fees.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- 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; and
- testing income to confirm appropriate fees have been applied.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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.

Other auditor's responsibilities

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

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.

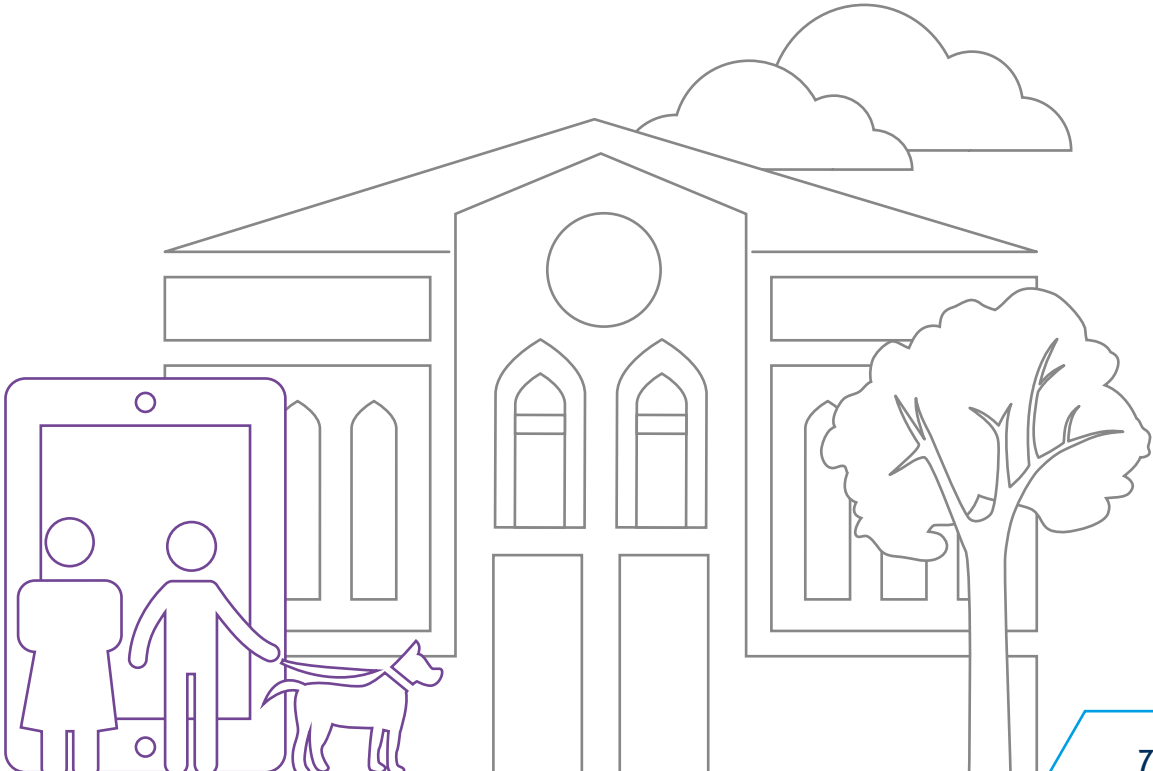
Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

15 July 2022

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



Section 4: Our expenditure

4.1 Accounts

Statement of comprehensive net expenditure for the period ended 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Operating income	8	(723,298)	(625,263)
Total operating income		(723,298)	(625,263)
Staff costs	3	658,534	625,064
Judiciary costs	3.1	603,439	573,685
Purchase of goods and services	4	699,176	691,239
Depreciation and impairment charges	5	329,756	208,579
Other non-cash expenditure	6	136,693	84,601
Total operating expenditure		2,427,598	2,183,168
Net operating expenditure		1,704,300	1,557,905
Finance costs	7	17,025	8,833
Net expenditure for the year		1,721,325	1,566,738

Other comprehensive expenditure

	Notes	2021-22 £000	2020-21 £000
Net costs		1,721,325	1,566,738
Net (gain)/loss on revaluation of property and equipment		(161,399)	66,187
Net (gain) on revaluation of intangible assets		1,276	(1,932)
Actuarial loss on pension scheme liabilities	18.2	47	59
Total comprehensive expenditure		1,561,249	1,631,052

The gains and losses on revaluation of property and equipment arises mainly from valuation activity carried out annually by the Valuation Office Agency across our estate, as well as the application of indices and desktop valuations.

The Notes on pages 75 to 104 form part of these accounts.

Statement of financial position as at 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Non-current assets			
Property and equipment	9	3,796,921	3,510,590
Right of use assets	12	1,128,153	-
Intangible assets	11	515,827	458,632
Trade and other receivables	14	170	2,943
Total non-current assets		5,441,071	3,972,165
Current assets			
Assets held for sale	10	291	606
Trade and other receivables	14	143,663	98,554
Cash and cash equivalents	15	28,474	45,545
Total current assets		172,428	144,705
Total assets		5,613,499	4,116,870
Current liabilities			
Trade and other payables	16	(361,226)	(416,647)
Financial liabilities	16.1	(9,013)	(12,601)
Lease liabilities	12	(81,065)	-
Provisions for liabilities and charges	18	(12,815)	(61,890)
Total current liabilities		(464,119)	(491,138)
Total assets less current liabilities		5,149,380	3,625,732
Non-current liabilities			
Trade and other payables	16	(20,252)	(25,642)
Financial liabilities	16.1	(50,831)	(176,792)
Lease liabilities	12	(1,131,441)	-
Provisions for liabilities and charges	18	(185,459)	(140,966)
Total non-current liabilities		(1,387,983)	(343,400)
Total assets less total liabilities		3,761,397	3,282,332
Taxpayers' equity			
General fund		2,557,212	2,196,678
Revaluation reserve		1,204,185	1,085,654
Total taxpayers' equity		3,761,397	3,282,332

The Notes on pages 75 to 104 form part of these accounts.

Nick Goodwin

Chief Executive and Accounting Officer

12 July 2022

Statement of cash flows for the period ended 31 March 2022

	Notes	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net expenditure for the year		(1,721,325)	(1,566,738)
Adjustments for notional and non-cash costs	17	607,313	447,287
Adjustments for finance costs	7	17,025	8,833
(Increase) in trade and other receivables		(110,161)	(105,466)
Increase/(decrease) in trade and other payables		(104,293)	153,979
Utilisation of provisions		(38,198)	(5,215)
Net cash outflow from operating activities		(1,349,639)	(1,067,320)
Cash flows from investing activities			
Purchases of property and equipment		(1,435,678)	(200,975)
Proceeds from disposal of property and equipment and assets held for sale		3,134	16,741
Purchases of intangible assets		(110,333)	(106,117)
Net cash outflow from investing activities		(1,542,877)	(290,351)
Cash flow from financing activities			
Funding from MoJ		1,689,000	1,402,000
Capital element of Private Finance Initiative (PFI) contracts		(8,926)	(8,925)
Capital element of finance leases			(90)
Movement in lease liabilities		1,212,506	
Repayments of local authority loans		(1,322)	(1,129)
Interest paid	7	(15,813)	(5,875)
Net cash inflow from financing activities		2,875,445	1,385,981
Net increase/(decrease) in cash and cash equivalents in the period	15	(17,071)	28,310
Cash and cash equivalents as at the beginning of the period	15	45,545	17,235
Cash and cash equivalents as of the end of the period	15	28,474	45,545

The Notes on pages 75 to 104 form part of these accounts.

Statement of changes in taxpayers' equity for the period ended 31 March 2022

	Notes	General fund £000	Revaluation reserve £000	Total £000
Restated balance as at 31 March 2020		2,106,397	1,205,014	3,311,411
Funding from MoJ		1,402,000	-	1,402,000
Intercompany settlement with MoJ		(38,367)	-	(38,367)
Net operating expenditure		(1,566,738)	-	(1,566,738)
Notional expenditure:				
Consolidated fund judicial salaries		155,693	-	155,693
External auditors' remuneration	17	310	-	310
Intra-departmental recharges	17	82,337	-	82,337
Revaluation of property and equipment		-	(66,187)	(66,187)
Revaluation of intangible assets		-	1,932	1,932
Reclassification from revaluation reserve		55,105	(55,105)	-
Actuarial loss on pension scheme liabilities		(59)	-	(59)
Other transfers to reserves		-	-	-
Balance as at 31 March 2021		2,196,678	1,085,654	3,282,332
Cumulative catch-up adjustment on adoption of IFRS 16		68,541	-	68,541
Balance as at 1 April 2021		2,265,219	1,085,654	3,350,873
Funding from MoJ		1,689,000	-	1,689,000
Intercompany settlement with MoJ		33,670	-	33,670
Net operating expenditure		(1,721,325)	-	(1,721,325)
Notional expenditure:				
Consolidated fund judicial salaries		155,402	-	155,402
External auditors' remuneration	17	325	-	325
Intra-departmental recharges	17	93,376	-	93,376
Revaluation of property and equipment			161,399	161,399
Revaluation of intangible assets			(1,276)	(1,276)
Reclassification from revaluation reserve		41,592	(41,592)	-
Actuarial loss on pension scheme liabilities		(47)	-	(47)
Other transfers to reserves		-	-	-
Balance as at 31 March 2022		2,557,212	1,204,185	3,761,397

The Notes on pages 75 to 104 form part of these accounts.

4.2 Notes to the accounts for period ended 31 March 2022

1. Statement of accounting policies

These accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2021-22 issued by HMT. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as interpreted for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to our particular circumstances for the purpose of giving a true and fair view has been selected. The particular policies we adopt are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Basis of preparation

Our accounts have been prepared under the historical cost convention modified to account for the revaluation of property and equipment and intangible assets and certain financial assets and liabilities.

The preparation of the accounts in conformity with IFRS requires the use of certain critical accounting estimates (see Note 1.19). It also requires management to exercise its judgement in the process of applying the accounting policies.

1.2 Changes in accounting policy and disclosures

a) Changes in accounting policies and new and amended standards adopted

IFRS 16 Leases is due for adoption across government bodies reporting under the FReM from 1 April 2022, however HMT has permitted HMCTS to early adopt the standard from 1 April 2021, in these accounts. IFRS 16 introduces a single lease accounting model that requires a lessee to recognise assets and liabilities for all leases, with some exemptions below. This replaces the previous standard, IAS 17 Leases. Further details are disclosed at Notes 1.11 and 12.

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2021 and not early adopted.

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, we are reviewing contracts which meet the definition of insurance contracts.

We do not consider that any other new, or revised standard, or interpretation will have a material impact.

1.3 Operating income

Our model of income recognition aligns our revenue recognition policy to IFRS 15, which requires that, when applying income recognition policies, legislation and regulations which enable an entity to receive cash or another financial asset from another entity should be assessed for performance obligations, to match revenue to the performance obligation.

The majority of fees paid to us are for an application to commence the administration of a process or, to a lesser extent a court process, or for a particular stage of the administration of the court process. The payment of a fee does not convey the right to a decision, or a particular outcome 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 hold performance obligations to individuals or organisations in relation to 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 legislation against which we assess our performance obligations. This legislation 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 us in respect of the individual fees charged. This does not place a performance obligation on the judiciary.

Therefore, the income policy we adopt recognises that in the administration of the courts system, the Agency, whose role is to support the judiciary in their administration of justice, bears a responsibility to applicants to ensure their application is progressed upon receipt of the correct fee. In recognition of this obligation, we defer most of our revenue until the issue of an application is completed, or any other obligations are completed that are required as part of the Statutory Instrument.

Civil fees (see page 64) make up most 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.

These performance obligations are set out in the Statutory Instruments as described in Annex A.

1.4 HMCTS Trust Statement

We, as an Executive Agency of the MoJ responsible for collecting fines and financial penalties imposed by the criminal justice system, prepare a separate Trust Statement that should be read in conjunction with the HMCTS Annual Report and Accounts.

The Trust Statement accounts for fines and penalties imposed by the criminal justice system as revenue ultimately payable to the Consolidated Fund, on a gross basis. It also accounts for the cash and balances payable to the Consolidated Fund and third parties in relation to the collection of the fines and penalties amounts.

1.5 Notional expenditure

Notional expenditure is credited directly to the General Fund and comprises the following:

- a) Salaries and social security costs of senior judges funded from the Consolidated Fund
- b) NAO's remuneration for the audits of our accounts and Trust Statement
- c) Our usage of corporate services provided by MoJ

1.6 Operating segments

Operating segments are analysed in accordance with IFRS 8 'Operating Segments' along with the lines of information presented to the chief operating decision maker who for the purpose of these accounts is determined to be the Board.

1.7 Property and equipment

Initial recognition and capitalisation threshold

Items of property and equipment, including subsequent expenditure on existing assets, are initially recognised at cost when it is probable that future economic benefits or service potential associated with the asset will flow to us and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the SoCNE during the financial year in which they are incurred.

The capitalisation threshold for individual assets is £10,000.

Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset. The capitalisation threshold for grouped assets is £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.

Where capital budgets are held centrally by MoJ as the parent department, expenditure is first capitalised in the MoJ accounts and transferred to us when the associated project is complete.

Subsequent valuation method

Subsequent to initial recognition, land and buildings (including dwellings) are recorded at fair value, as interpreted by the FReM, based on 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. Different indices are applied, depending on the assets, to reflect current value.

For buildings the index applied is the Building Cost Information Service Construction data tender price index that reflects price changes in the construction sector and is a good indicator of price pressure in building contracts in the UK.

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

Criminal courts are mostly classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued on depreciated replacement cost (DRC) to a modern equivalent basis in accordance with the FReM and RICS guidelines, considering functional obsolescence of the property and other assumptions.

Non-specialised properties are valued based on existing use or market value where there is an open market valuation for such properties.

Leasehold improvements are recognised at fair value using the building cost information service tender price index compiled by RICS.

Assets which were most recently held for their service potential but are surplus are valued at current value in existing use where there are restrictions which would prevent access to the market at the reporting date. If we can access the market, then the surplus asset is valued at fair value in accordance with IFRS 13.

In determining whether an asset which is not in use is surplus, we have assessed 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 surplus and the current value in existing is maintained. Otherwise, the asset is assessed as being surplus and valued in accordance with IFRS 13.

Fair value hierarchy and inputs

The valuation technique applied to all the 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 expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to the SoCNE to the extent of the previous amount expensed, and any excess is credited to the revaluation reserve.

When an asset's carrying value decreases as a result of a permanent diminution in the value of the asset due to a clear consumption of economic benefit or service potential. The decrease is charged directly to operating expenditure in the SoCNE, with any remaining revaluation reserves balance released to the General Fund.

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

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

Depreciation

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

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

Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Leasehold land	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 7 years
Equipment	Shorter of remaining lease period or 3 to 5 years
Furniture and fittings	Shorter of remaining lease period or 10 to 20 years

Assets under construction

Assets under construction (AUC) are valued at historical cost within property 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.

Disposals

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are recognised within operating expenditure in the SoCNE.

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

1.8 Intangible assets

Intangible assets are recognised in accordance with IAS 38 'Intangible Assets' as adapted by the FReM.

Development costs are recognised as intangible assets when they meet the criteria specified in the FReM. Other expenditures that do not meet these criteria are 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 10 years.

HMCTS utilise an Agile development approach for capitalisation of assets developed by the Reform Programme. For each component, amortisation will begin when the component is brought into its intended use (e.g. when the minimum viable product is launched nationally). However, if a component is entirely dependent on the completion of other elements of functionality, amortisation shall begin when both that component and the other functions upon which it is dependent are ready for their intended use.

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

With effect from 1 April 2020, there was a reduction in the capitalisation threshold for Intangible assets (including software projects) from £1 million to £250,000 (including irrecoverable VAT).

Where capital budgets are held centrally by MoJ as the parent department, expenditure is first capitalised in the MoJ accounts and transferred to us when the associated project is complete.

Subsequent to initial recognition, intangible assets are measured at fair value. As no active market exists for our intangible assets, fair value is assessed as replacement cost less any accumulated amortisation and impairment losses (i.e. depreciated replacement cost).

Intangible assets in service are re-measured at the end of each reporting period using the producer price index issued by the Office for National Statistics (ONS).

1.9 Impairment

Impairments are recognised in accordance with IAS 36 'Impairment of Assets' as adapted by the FReM.

An impairment reflects a diminution in the value of an asset as a result of a clear consumption of economic benefits or service potential. At each reporting date, we assess all assets for indications of impairment. If any such indication exists, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. Where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use' (defined under 'Valuation Method'). Any impairment loss is charged directly to operating expenditure in the SoCNE. If the asset has previously been revalued, any balance in the revaluation reserve (up to the level of the impairment loss) is transferred to the General Fund.

At each reporting date we review impairment losses recognised in previous years. Any reversal of an impairment loss is then recognised in the SoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised, with any remaining amount recognised in the revaluation reserve.

1.10 Assets held for sale

Non-current assets are classified as assets held for sale in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' as interpreted by the FReM.

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 SoCNE. Assets classified as held for sale are not depreciated.

1.11 Leases

Government bodies typically lease properties used for administrative purposes for reasons of efficiency and flexibility. HMCTS also benefits from the lease of land under leases with peppercorn consideration, which could not have been obtained through outright purchase. For other types of asset, HMCTS determines whether to lease or purchase based on value for money considerations, such as whether the underlying asset is required for its entire life or for a more limited period.

IFRS 16 Leases is due for adoption across government bodies reporting under the FReM from 1 April 2022, however HMT have permitted HMCTS to early adopt the standard from 1 April 2021, in these accounts. IFRS 16 this introduces a single lease accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions listed below).

Scope and exclusions – HMCTS as lessee

In accordance with IFRS 16 Leases, contracts, or parts of contracts, that convey the right to control the use of an asset for a period of time are accounted for as leases.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, incorporating both the right to obtain substantially all the economic benefits from the asset and to direct its use. If so, the relevant part of the contract is treated as a lease.

As adapted by the FReM, IFRS 16 has been applied to leases with nil or nominal (that is, significantly below market value) consideration and arrangements for accommodation between government departments.

When making the above assessments, HMCTS excludes two types of leases. Firstly, those relating to low value items, which it considers as those where the underlying asset would have a cost of less than £10,000 when new, provided those items are not highly dependent on or integrated with other items. Secondly, contracts whose term (comprising the non-cancellable period together with any extension options HMCTS is reasonably certain to exercise and any termination options HMCTS is reasonably certain not to exercise) is less than twelve months.

Initial recognition – HMCTS as lessee

At the commencement of a lease (or on the date of transition to IFRS 16, if later), HMCTS recognises a right-of-use asset and a lease liability.

The lease liability is 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, HMCTS' incremental rate of borrowing. This rate is advised annually by HMT (0.91% for leases recognised in 2021, 0.95% for those in 2022). Where the lease includes extension or termination options, the lease payments will be for the non-cancellable period together with any extension options HMCTS is reasonably certain to exercise and any termination options HMCTS is reasonably certain not to exercise.

In the event that a lease contract has expired, but HMCTS remains in occupation pending negotiations for a renewed term, the lease term has been measured as the estimated time until the new contract will be agreed.

The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due in line with IFRIC 21 Levies.

The right-of-use asset is 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. However, 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).

Enhancements to leased assets such as alterations to a leased building are not classified within right-of-use assets but remain classified as property, plant and equipment in accordance with the FReM.

Subsequent measurement – HMCTS as lessee

After initial recognition, the right-of-use asset will be measured using the fair value model. HMCTS considers that the cost model (measurement by reference to the lease liability) is a reasonable proxy for fair value, in the case of non-property leases, and for property leases of less than five years or with regular rent reviews. For other leases, the asset will be carried at a revalued amount.

The value of the asset will be adjusted for subsequent depreciation and impairment, and for reassessments and modifications of the lease liability as described below. Where the amount of a reduction to the asset exceeds the carrying value of the asset, the excess amount is recognised in expenditure.

The lease liability will be adjusted for the accrual of interest, repayments, reassessments and modifications. Reassessments are reappraisals of the probability of the options given by the existing lease contract, for example where we no longer expect to exercise an option; modifications are changes to the lease contract. Reassessments and modifications are accounted for by discounting the revised cash flows: using a revised discount rate where HMCTS becomes or ceases to be reasonably certain to exercise or not exercise an extension or termination option, or the lease is modified to amend the non-cancellable period, change the term of the

lease, change the consideration or the scope; or at the existing discount rate where there is a movement in an index or rate that will alter the cash flows, or the amount payable under a residual value guarantee changes.

Expenditure for each financial year includes interest on the lease liability and a straight-line depreciation charge on the right-of-use asset over the life of the lease, together with any impairment of the right-of-use asset and any change in variable lease payments, that was not included in the measurement of the lease payments during the period in which the triggering event occurred. Rental payments in respect of leases of low value items, or with a term under twelve months, are also expensed.

Finance and operating leases – HMCTS as lessor

Where HMCTS acts as a lessor, the arrangement will be assessed to determine whether it constitutes a finance lease, this being where the risks and rewards incidental to ownership of an underlying asset are substantially transferred to the lessee. For these leases, the asset is derecognised, and a receivable is recognised, with accrued interest being treated as income over its life. All other leases are treated as operating leases and rental income is recognised on a straight-line basis.

Transitional arrangements

We have applied a number of options and practical expedients on initial adoption of IFRS 16, these principally being mandated by the FReM.

- IFRS 16 has been adopted retrospectively using the 'cumulative catch-up' approach, without restatement of comparative balances. Consequently, the financial statements for 2020-21 have been prepared in accordance with the previous standard, IAS 17 Leases.
- There has been no reassessment of existing contracts that HMCTS had previously assessed as containing or not containing a lease. However, new contracts will be classified according to the criteria given in IFRS 16.
- For leases previously treated as operating leases, the right-of-use assets have been measured at the present value of the remaining lease payments, adjusted for any prepayment or accrual balances in respect of the lease payments. HMCTS has used hindsight in determining the remaining term of leases and no adjustment has been made for leases whose term ends within twelve months of the date of first adoption.
- For leases previously recognised as finance leases, the carrying amount of the lease liability and the right-of-use asset as at the date of first adoption are the respective carrying amounts of the lease liability and leased asset as determined immediately before that date, in accordance with IAS 17.
- Where HMCTS subleases a right-of-use asset, the classification of the sublease as a finance or operating lease has been reassessed. Where an arrangement previously treated as an operating lease is found to be a finance lease, it has been treated as a new lease, commencing on the date of first adoption.

In addition, HMCTS has adopted the following practical expedient:

- For leases that were previously onerous and provided for, HMCTS has adjusted the right-of-use asset by the amount of that provision. Leased assets that are deemed surplus continue to be treated as such, with no right-of-use asset recognised.

Estimates and judgements

Where a lease is embedded in a contract for services, the amount to be recognised as the right-of-use asset and lease liability should be the stand-alone price of the lease component only. Where this is not readily observable, a determination will be made by reference for other observable data, such as the fair value of similar assets or price of contracts for similar non-lease components.

As discussed above, HMCTS has determined the lease term by assessing the level of certainty as to whether termination or extension options will be exercised. In making these judgements, reliance has been placed on the professional judgement of estates staff, supported by information on corporate asset management plans, other business strategies, investment already made in the underlying asset, ongoing business needs and market conditions.

HMCTS has determined that the cost model is a reasonable proxy for fair value in most cases, because the rents payable are aligned to open market rates. In the case of longer leases where there are not regular rent reviews, there is a greater chance of divergence between cost and fair value, hence a professional revaluation is appropriate.

HMCTS leases various non-property assets such as vehicles and IT equipment. It has determined that, at the present time, all non-property leases which are not individually low value, are immaterial. Consequently, no non-property leases have been recognised in these accounts.

1.12 Service concession arrangements

Service concession arrangements (SCAs), including Private Finance Initiatives (PFI) arrangements, are arrangements whereby private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. We define 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.

We recognise 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 SoFP with a corresponding liability for future payments under the agreement.

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

1.13 Third party assets

We hold a number of different cash balances on behalf of third parties. These are not recognised in the SoFP in line with FReM requirements and a disclosure of these balances is made in Note 23 to the accounts.

These balances do not include amounts held following the collection of fines and penalties on behalf of other bodies; these amounts are reported in a Trust Statement (see Note 1.4).

1.14 Value added tax (VAT)

Most of our activities 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 capital purchase cost of property and equipment and intangibles. Where output tax is charged or input tax is recoverable the amounts are stated net of VAT.

1.15 Provisions and contingent liabilities

Provisions are recognised in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'.

Provisions represent liabilities of uncertain timing or amount and are recognised when: we have:

- we have a present legal or constructive obligation as a result of past events
- it is probable that an outflow of resources will be required to settle the obligation
- the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Where the effect is material, the estimated cash flows are discounted. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is disclosed when the likelihood of an outflow of resources is less than probable, but more than remote. Where the time value of money is material, contingent liabilities required to be disclosed under IAS 37 are stated at discounted amounts.

1.16 General fund

Funding received from MoJ is credited to the General Fund within the statement of changes in taxpayers' equity (SoCTE) upon receipt of the funds.

1.17 Employee benefits

Short term benefits such as salaries and wages or post-employment benefits resulting from employment and long-term benefits such as long service awards, including termination benefits (for example early departure costs) and pension benefits are recognised at the cost of providing the benefit in the period in which it is earned by the employee, rather than when it is paid or becomes payable.

IAS 19 ('Employee Benefits') requires us to recognise the expected cost of the annual leave entitlement of its employees that is accrued at the end of each financial year.

1.18 Pensions

Most past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. We recognise the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, we recognise the contributions payable for the year.

Members of the judiciary are covered by the Judicial Pension Scheme (JPS). Further details of this scheme can be found in Note 3.

1.19 Critical accounting estimates and judgements

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

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.

Recognition and impairment of Intangible assets

Intangible assets include internally generated software and software licences. Internally generated software is initially recognised as assets under construction in the financial statements based on the cost (for example capitalised staff and consultancy costs) of creating that software, which could be a bespoke IT system or a modified existing system. When the system becomes available for use the asset is transferred to Intangible IT and an impairment review is carried out. Subsequently, these assets are revalued using indices as an estimate of the current value of these assets and amortised over the useful life of the asset as estimated by the asset owners.

Provisions

Provisions by their very nature are estimates of a probable liability that exists, where estimates are used judgements and judgements are made when calculating these liabilities.

The Early Departures provision is the most significant balance within HMCTS provisions and provides for the costs of unfunded early retirement benefits of certain magistrates' court staff (Crombie compensation) and for unfunded early retirement costs of our staff in the PCSPS. In calculating this provision assumptions are made around life expectancy, the percentage of contingent benefits that are payable to spouses on death, and the discount rate and interest rate that are used in the calculation.

Other HMCTS provisions also use estimates or assumptions in their calculation, for example, the use of the HMT discount rate when calculating the onerous lease liability.

Valuation of property and equipment

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

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. Most operational buildings are specialised and are therefore valued at 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. The split of property value on 31 March 2022 by valuation basis is detailed in Note 9. 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.

Deferred fee income

Civil, family and hearing fees are received in advance and are deferred until the performance obligation is met to recognise the income. The year-end deferred income balance is calculated using performance data from the HMCTS Performance database. In order to calculate the deferred fee income, assumptions have been made around the average length of time that it takes to issue cases and orders. For example, in private and public law it takes on average 20 working days to issue a case.

2. Statement of operating costs by operating segments

For financial reporting purposes, the segmental reporting format is determined by the way in which the chief operating decision maker monitors the operating results of segments for the purpose of making decisions and allocating resources. The reporting format for 2021-22 includes the following reportable operating segments:

- Business as usual
- Change and reform

The operating segment's net expenditure for the year is measured on the same basis as the corresponding amounts reported in the financial statements.

Change and Reform expenditure relates to our Courts and Tribunals Reform Programme.

2.1 Segment results

A description of the services from which the reportable segments derive income is provided in Note 8. There were no inter-segment transactions in the year (2020-21: nil).

The following table presents the net expenditure for the year by reportable operating Segments for the period ended 31 March 2022:

	2021-22			2020-21		
	Business as usual £000	Change and reform £000	Total £000	Business as usual £000	Change and reform £000	Total £000
Operating income	(723,162)	(136)	(723,298)	(625,183)	(80)	(625,263)
Total operating income	(723,162)	(136)	(723,298)	(625,183)	(80)	(625,263)
Staff costs	623,272	35,262	658,534	587,377	37,687	625,064
Judiciary costs	603,439	-	603,439	573,648	37	573,685
Purchase of goods and services	692,190	6,986	699,176	682,142	9,097	691,239
Depreciation and impairment charges	329,756	-	329,756	208,579	-	208,579
Other non-cash expenditure	136,735	(42)	136,693	91,372	(6,771)	84,601
Total operating expenditure	2,385,392	42,206	2,427,598	2,143,118	40,050	2,183,168
Net operating expenditure	1,662,230	42,070	1,704,300	1,517,935	39,970	1,557,905
Finance costs	17,025	-	17,025	8,833	-	8,833
Net expenditure for the year	1,679,255	42,070	1,721,325	1,526,768	39,970	1,566,738

3. Staff and judiciary costs and numbers

Staff costs comprise:

	2021-22	2020-21
	£000	£000
Wages and salaries	422,171	397,093
Social security costs	40,051	36,079
Employer's pension contributions	107,192	100,477
Agency staff costs	88,709	91,010
Voluntary early departures	-	-
	658,123	624,659
Add: inward secondments	502	482
	658,625	625,141
Less: recoveries in respect of outward secondments	(91)	(77)
Total staff costs	658,534	625,064

Further information on staff costs and numbers can be found in the "our people" section of the annual report on pages 56 to 61.

3.1 Judiciary costs and numbers

Members of the judiciary are independent of HMCTS. Their payroll costs are met either from the Consolidated Fund in the case of senior judiciary, or directly by us for other judiciary. All costs are included within our accounts to ensure that the full cost of operations is disclosed. Senior judges also receive long service payments under an agreement with the MoJ. There is a provision for these payments within the MoJ accounts.

	2021-22				2020-21			
	Senior judiciary £000	Other judiciary £000	Fee paid £000	Total £000	Senior judiciary £000	Other judiciary £000	Fee paid £000	Total £000
Wages and salaries	137,958	111,651	132,915	382,524	139,228	114,081	107,460	360,769
Social security costs	18,528	14,825	13,798	47,151	18,565	14,737	10,771	44,073
Employer's pensions contribution	68,704	56,403	48,657	173,764	69,386	56,383	43,074	168,843
Total payroll costs of the judiciary	225,190	182,879	195,370	603,439	227,179	185,201	161,305	573,685

3.2 Average number of judiciary

The amounts above include salary costs for an average 918 members (2020-21: 921 members) senior judiciary, 928 (2020-21: 925) judicial officers ("Other Judiciary") and fees for 1,113 full-time equivalent fee paid judiciary (2020-21: 941). The salary costs of the senior judiciary were met from the Consolidated Fund (see Note 17).

Judicial Pension Scheme (JPS)

The JPS is an unfunded multi-employer defined benefit scheme which prepares its own Accounts, but for which we are unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource Accounts of the Judicial Pension Scheme at www.gov.uk/official-documents.

Under statute, certain judicial office holders' basic pension benefits (but not the annual pension increase) can only be paid out of the Consolidated Fund. For all other JPS members, the pension benefits are paid from JPS Estimates voted by Parliament. Employer pension contributions to the JPS for all JPS members have been made at a rate of 51.35%. The amount of these contributions is included in the table in Note 3.1 shown above.

The benefits payable are governed by the provisions of either the Judicial Pensions Act 1981 for those judicial office holders appointed before 31 March 1995, or the Judicial Pensions and Retirement Act 1993 for those newly appointed or appointed to a different judicial office on or after that date. In addition, the Judicial Pension Scheme Regulations 2015 introduced the career average scheme for new appointees after 1 April 2015 and the Fee-paid Judicial Pension Scheme Regulations 2017 provided pension benefits for fee-paid judiciary from 1 April 2017.

Although the JPS is a defined benefit scheme, in accordance with FReM 6.2, we account for the scheme as a defined contribution scheme and recognise employer contributions payable as an expense in the year they are incurred.

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

A UK Supreme Court hearing on 6 February 2013 ruled that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder. This lead case set the precedent for other stayed cases. Consistent with the accounting for salaried judicial office holders, and in accordance with FReM 6.2, we account for employer contributions payable to the JPS for eligible fee paid judicial office holders as they are incurred but do not recognise a liability in respect of back payments or the pension liability arising pursuant to the claim. Accordingly, provision for the fee paid pension entitlement is recognised in the JPS Accounts.

Provisions have been recognised in the MoJ accounts for both the liability to fee paid judicial office holders in respect of the Judicial Service Award, and the separate element of the pension liability relating to fee paid judges, as neither of these is a liability covered by the JPS and its governing Acts.

4. Purchase of goods and services

	2021-22	Reclassified 2020-21
	£000	£000
Lease / other service concession charges:		
Rentals under operating leases	22,034	88,083
PFI service charges	32,807	30,133
Other service concession charges	-	(104)
Accommodation, maintenance and utilities	324,081	307,806
IT Services	189,623	156,042
Juror costs	29,024	12,900
Communications, office supplies and services	32,795	33,633
Contracted service costs	38,826	33,455
Consultancy costs	151	478
Non-pay staff costs	8,736	9,155
Non-pay judicial costs	5,972	3,657
Magistrates' costs	5,957	3,585
Bank charges	3,592	3,216
Other costs	5,553	9,175
Other grants	25	25
Total purchase of goods and services	699,176	691,239

In 2021-22 costs have been recategorized within the purchase of goods and services. The 2020-21 figures have been restated to reflect the updated categories. There has been no impact on the total costs for 2020-21.

5. Depreciation and impairment charges

	2021-22	2020-21
	£000	£000
Depreciation of property and equipment	136,145	134,242
Depreciation of right of use assets	79,029	-
Amortisation of intangible assets	47,654	35,193
Impairment of property and equipment	-	25,173
Impairment (reversal) of property and equipment	62,745	(5,361)
Impairment of intangible assets	3,889	18,349
Impairment of assets held for sale	(94)	303
Impairment (reversal) of capital receivable	-	-
Increase in receivables impairment	388	680
Total depreciation and impairment charges	329,756	208,579

6. Other non-cash expenditure

	2021-22	2020-21
	£000	£000
Intra-departmental recharges	93,376	82,337
Increase in provisions	43,029	5,533
Straight-lining of operating lease payments	-	2,776
Net (gain) on disposal of non-current assets	(37)	(6,355)
External auditors' remuneration	325	310
Total other non-cash expenditure	136,693	84,601

Intra-departmental recharge

The intra-departmental recharge represents the costs of services shared with MoJ including human resources, legal and judicial services, finance and administration.

External auditors' remuneration

The costs of the audit performed by the NAO on behalf of the Comptroller and Auditor General are recognised as a non-cash charge. During the year we did not purchase any non-audit services. The cost comprises £215,000 (2020-21: £200,000) for the audit of the HMCTS Annual Report and Accounts and £110,000 (2020-21: £110,000) for the audit of the HMCTS Trust Statement.

7. Finance costs

	2021-22	2020-21
	£000	£000
Finance charge on pension transfer deficit payable	151	565
Interest on by-analogy pension scheme liability	18	27
Unwinding of discount on provisions	1,043	2,366
Interest on lease liabilities	10,628	-
Total non-cash finance costs	11,840	2,958
Local authority loan interest	756	938
Finance charges on PFI and leased assets	4,429	4,937
Total cash finance costs	5,185	5,875
Total finance costs	17,025	8,833

8. Operating income

	2021-22	2020-21
	£000	£000
Gross fee income	655,080	562,183
Movement provisions for fee refund schemes	46,611	1,423
Refunds and interest paid under refund schemes	(32,224)	(404)
Total fee income	669,467	563,202
Recoveries from other government bodies	51,505	59,068
Miscellaneous income	2,326	2,993
Total operating income	723,298	625,263

Information on fee income can be found in the Parliamentary accountability report on page 64.

8.1 Fee refund schemes

The £46.6 million movement in fee refund scheme provisions consists of:

- £31.4 million utilisation of the Council Tax Liability Order provisions,
- £0.7 million utilisation of the personal injury claims (Dibbert)
- £14.5 million reversals of personal injury claims (Dibbert) and other (COP, Insolvency, RCJ and other fees) fee refunds provision.

£32.2 million refunds are in relation to Council Tax Liability Order fees and personal injury claims fees (Dibbert) shown above as utilisation of provisions, the balance being refunds of Employment Tribunal fees.

Please see Notes 18.3 and 21 for further details about the provisions and contingent liabilities for fee refund schemes.

8.2 Operating income payables and receivables

	Income £000	Receivables £000	Contract assets £000	Deferred income £000
DWP	706	-	-	-
HMRC	38,582	844	-	-

We receive funding from DWP and HMRC in respect of the operations of the First Tier Tribunal (Social Security and Child Support). In 2021-22 we received a budget transfer of £23.5 million (via expenditure) from DWP (20-21: £23.5 million).

8.3 Consolidated Fund income

Total income does not include amounts collected by us where HMCTS was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund can be found in the HMCTS Trust Statement published separately from these financial statements.

9. Property and equipment

	Land excluding dwellings	Buildings excluding dwellings	Dwellings	Information technology	Equipment	Furniture, fixtures and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2021	625,087	2,644,903	17,724	79,786	59,374	15,150	194,232	3,636,256
Adoption of IRFS 16 - reclassification	(1,200)	(43,788)	(987)	-	-	-	-	(45,975)
Restated balance at 1 April 2021	623,887	2,601,115	16,737	79,786	59,374	15,150	194,232	3,590,281
Additions	56,160	50,442	-	16,189	6,022	(3)	157,035	285,845
Disposals	(1,236)	(1,072)	-	-	(736)	-	-	(3,044)
Scrap PE	-	-	-	-	(192)	(2)	21	(173)
Impairment	-	-	-	-	-	-	-	-
Revaluation	31,474	30,292	611	(1,543)	7,674	1,098	-	69,606
Reclassification	(147)	116,279	524	28,465	4,158	-	(149,718)	(439)
Transfers from MoJ	-	-	-	-	-	-	-	-
At 31 March 2022	710,138	2,797,056	17,872	122,897	76,300	16,243	201,570	3,942,076
Depreciation								
At 1 April 2021	-	(2)	1	(58,844)	(53,482)	(13,339)	-	(125,666)
Charged in year	(583)	(121,427)	(309)	(10,713)	(2,810)	(303)	-	(136,145)
Disposals	-	-	-	-	610	-	-	610
Scrap PE	-	-	-	-	192	2	-	194
Impairment	-	-	-	-	-	-	-	-
Revaluations	583	121,419	309	915	(6,344)	(1,030)	-	115,852
Reclassification	-	-	-	-	-	-	-	-
Transfers from MoJ	-	-	-	-	-	-	-	-
At 31 March 2022	-	(10)	1	(68,642)	(61,834)	(14,670)	-	(145,155)
Carrying amount at 31 March 2022	710,138	2,797,046	17,873	54,255	14,466	1,573	201,570	3,796,921
Carrying amount at 31 March 2021	625,087	2,644,901	17,725	20,942	5,892	1,811	194,232	3,510,590
Asset financing								
Owned	689,080	2,586,170	17,873	54,255	14,466	1,57	201,570	3,564,987
On-balance sheet PFI contracts	21,058	210,876	-	-	-	-	-	231,934
Carrying amount at 31 March 2022	710,138	2,797,046	17,873	54,255	14,466	1,573	201,570	3,796,921

9 Property and equipment (continued)

	Land excluding dwellings £000	Buildings excluding dwellings £000	Dwellings £000	Information technology £000	Equipment £000	Furniture, fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation								
At 1 April 2020	618,572	2,776,169	17,371	72,553	64,673	15,166	103,977	3,668,481
Additions	4,392	19,639	-	150	690	(55)	165,173	189,989
Disposals	-	-	-	-	(1,183)	-	-	(1,183)
Scrap PE	-	-	-	2	(876)	(1)	(948)	(1,823)
Impairment	(1,512)	(23,661)	-	-	-	-	-	(25,173)
Revaluation	5,524	(191,004)	353	2,426	(4,416)	40	-	(187,077)
Reclassification	(1,889)	63,760	-	4,655	486	-	(73,970)	(6,958)
Transfers from Moj	-	-	-	-	-	-	-	0
At 31 March 2021	625,087	2,644,903	17,724	79,786	59,374	15,150	194,232	3,636,256
Depreciation								
At 1 April 2020	-	1	-	(50,318)	(56,336)	(12,828)	-	(119,481)
Charged in year	(592)	(123,186)	(310)	(6,737)	(2,942)	(475)	-	(134,242)
Disposals	-	-	-	-	982	-	-	982
Scrap PE	-	-	-	-	824	-	-	824
Impairment	-	-	-	-	-	-	-	-
Revaluations	592	123,183	311	(1,789)	3,990	(36)	-	126,251
Reclassification	-	-	-	-	-	-	-	-
Transfers from Moj	-	-	-	-	-	-	-	-
At 31 March 2021	-	(2)	1	(58,844)	(53,482)	(13,339)	-	(125,666)
Carrying amount at 31 March 2021	625,087	2,644,901	17,725	20,942	5,892	1,811	194,232	3,510,590
Carrying amount at 31 March 2020	618,572	2,776,170	17,371	22,235	8,337	2,338	103,977	3,549,000
Asset financing								
Owned	547,201	2,123,959	13,370	20,942	5,892	1,811	194,232	2,907,407
Finance leased	57,550	315,386	4,355	-	-	-	-	377,291
On-balance sheet PFI contracts	20,336	205,556	-	-	-	-	-	225,892
Carrying amount at 31 March 2021	625,087	2,644,901	17,725	20,942	5,892	1,811	194,232	3,510,590

Land excluding dwellings and buildings excluding dwellings includes surplus assets with a net book value of £7 million (2020-21: £7.4 million)

Following the adoption of IFRS 16 with effect from 1 April 2021, as explained in Note 12, assets previously classified as property, plant and equipment held under finance leases have been re-classified as right-of-use assets and are disclosed under Note 12. The impact on property, plant and equipment opening balances is £45.9 million reduction as shown above.

Per Note 1.19 the split of property value at 31 March 2022, by valuation basis is demonstrated in the below table.

HMCTS property values at 31 March 2022	£000's
Property values at depreciated replacement cost	2,737,521
Property values at existing use value	619,336
Total	3,356,857

The above does not include leasehold improvements as these are not professionally valued by the VoA (£109 million). Also reported here are land assets associated with buildings that are not ready for use (Royalty House £3.1 million, Carbon House £5.7 million, Newgate £50.4 million). The building elements are reported within AUC, these assets will not be valued until ready to be made live

10. Assets held for sale

	Notes	2021-22	2020-21
		£000	£000
As at 1 April 2021		606	7,346
Assets reclassified to held for sale from Property and equipment	9	300	2,413
Decrease in fair value of assets held for sale	5	94	(303)
Disposals		(709)	(8,850)
As at 31 March 2022		291	606

As part of an ongoing court rationalisation review, we have committed to a plan to sell a number of surplus properties (land and buildings) that were previously used to provide court services. An active programme to locate buyers and complete the sale of each property has begun and estate agents are actively marketing the properties. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification to assets held for sale within the SoFP.

A net profit on disposal of assets held for sale of £37,000 (2020-21: £6.4 million) is included within the overall net gain on disposal of property and equipment within other non-cash expenditure which is disclosed in Note 6.

11. Intangible assets

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2021	335,249	8,321	330,712	674,282
Additions	5,001	5,894	99,438	110,333
Disposals	-	-	-	-
Scrap IA	-	-	25	25
Impairment	-	-	(3,889)	(3,889)
Revaluation	(3,722)	(190)	-	(3,912)
Reclassifications	291,028	(96)	(291,276)	(344)
Transfers from the MoJ	-	-	-	-
At 31 March 2022	627,556	13,929	135,010	776,495
Amortisation				
At 1 April 2021	(208,990)	(6,660)	-	(215,650)
Charged in year	(45,507)	(2,147)	-	(47,654)
Disposals	-	-	-	-
Revaluation	2,518	118	-	2,636
Reclassification	-	-	-	-
Transfers from the MoJ	-	-	-	-
At 31 March 2022	(251,979)	(8,689)	-	(260,668)
Carrying amount at 31 March 2022	375,577	5,240	135,010	515,827
Carrying amount at 31 March 2021	126,259	1,661	330,712	458,632

All intangible assets are owned by us. The largest 5 assets under construction added in year are Core Case Data (£15.5 million), Common Platform Crown Court Resulting (£12.2 million), Video Hearings service (£9.9 million), Reference Data (£4.9 million), Common Platform Archive Data (£3.8 million).

	Information technology £000	Software licences £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2020	219,616	8,044	345,063	572,723
Additions	-	-	106,117	106,117
Disposals	-	-	-	-
Scrap IA	-	-	(145)	(145)
Impairment	-	-	(18,349)	(18,349)
Revaluation	7,781	253	-	8,034
Reclassifications	107,852	24	(103,331)	4,545
Transfers from the MoJ	-	-	1,357	1,357
At 31 March 2021	335,249	8,321	330,712	674,282
Amortisation				
At 1 April 2020	(169,514)	(4,841)	-	(174,355)
Charged in year	(33,576)	(1,617)	-	(35,193)
Disposals	-	-	-	-
Revaluation	(5,900)	(202)	-	(6,102)
Reclassification	-	-	-	-
Transfers from the MoJ	-	-	-	-
At 31 March 2021	(208,990)	(6,660)	-	(215,650)
Carrying amount at 31 March 2021	126,259	1,661	330,712	458,632
Carrying amount at 31 March 2020	50,102	3,203	345,063	398,368

12. Leases

As explained in Note 1.11, we have adopted IFRS 16 'Leases' from 1 April 2021. As permitted by the FReM, we have implemented it using the cumulative catch-up method, without restatement of prior year figures. The majority of leases, treated as operating leases until 31 March 2021 have now been recognised on-balance sheet as right-of-use assets and lease liabilities. As a result, we have recognised an additional £1,199.8 million of right-of-use assets and £1,215.5 million of lease liabilities.

Our lease contracts comprise of leases of land and buildings. The most significant leases are the Rolls Building (ROU asset value £259 million) and Manchester Civil Justice Centre ((ROU asset value £205.5 million) as at 31 March 2022.

Right of use lease assets

	Land and Buildings £000	Other £000	Total £000
Cost or valuation			
At 1 April 2021	1,199,803	-	1,199,803
Additions	93,700	-	93,700
Derecognition	-	-	-
Remeasurement	-	-	-
Revaluations	(86,459)	-	(86,459)
Impairment	-	-	-
Reclassifications	483	-	483
At 31 March 2022	1,207,527	-	1,207,527
Depreciation			
At 1 April 2021	-	-	-
Charged in year	(79,029)	-	(79,029)
Recognition	-	-	-
Derecognition	-	-	-
Revaluation	(345)	-	(345)
Reclassification	-	-	-
At 31 March 2022	(79,374)	-	(79,374)
Carrying amount at 31 March 2022	1,128,153	-	1,128,153
Carrying amount at 1 April 2021	1,199,803	-	1,199,803

Right of use (RoU) lease assets comprise:

	£000
Assets valued at net present value of future lease payments	1,021,009
Assets valued at depreciated replacement cost (DRC)	85,032
Assets valued at existing use value (EUV)	22,112
Total	1,128,153

The RoU assets valued at DRC or EUV relate primarily to peppercorn leases. Where lease rentals reflect market rates, these are valued using the cost methodology.

Lease liabilities

A maturity analysis of contractual undiscounted cash flows relating to lease liabilities is presented below. The cash flows and balances are presented net of irrecoverable VAT.

Amounts falling due

Not later than one year	92,135
Later than one year and not later than five years	303,705
Later than five years	925,432
Less interest element	(108,766)
Balance as at 31 March 2022	1,212,506

	2021-22
	£000
Current	81,065
Non-current	1,131,441
Total lease liabilities	1,212,506

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2021-22
	£000
Depreciation	79,029
Interest expense	10,628
Low value and short term leases	5,300
Irrecoverable VAT on right of use leases	13,535
Income from sub-leasing right of use assets	-
Expense relating to variable lease payments	-
Total	108,492

Amounts recognised in the Statement of Cash Flows

	2021-22
	£000
Interest expense	10,628
Repayments of principal on leases	76,066
Total	86,694

Reconciliation from the IAS 17 operating lease commitment on 31 March 2021 to the IFRS 16 opening lease liability on 1st April 2021

This table reconciles the amounts of HMCTS's operating lease commitments as at 31 March 2021, to the lease liabilities as at 1 April 2021 immediately following adoption of IFRS 16. The operating lease commitments figure has been restated for arrangements not previously identified as leases. Thereafter, the material reconciling items are an adjustment for the impact of discounting and for the adjustment of irrecoverable VAT reported within IAS 17.

Opening lease liabilities are higher than right of use assets because there are additional adjustments for items such as peppercorn leases, previously recorded in Property, plant and equipment.

	£000
Operating leases disclosed at 31 March 2021	1,266,833
Adjustments from IAS 17 to IFRS 16	
Finance lease liabilities as at 31 March 2021	8,776
Existing leases not recognised under IAS 17 (eg MOTO)	52,887
Impact of discounting	(107,613)
Adjust for straight-lining and stepped increases	185,823
Assessments of lease extension periods	7,134
Short term lease commitments	(17,344)
Adjustment for irrecoverable VAT reported within IAS 17	(207,787)
Opening lease liability under IFRS 16	1,188,709
Straight-lining adjustment	(111,848)
Rent prepayments on transition	17,203
Finance leases (Note 9)	73,535
Finance leases (difference between liability and asset balance)	32,204
Opening asset balance under IFRS 16	1,199,803

13. 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 we are funded via the MoJ, we are not exposed to the degrees of financial risk or market risk facing a business entity. Financial instruments also play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 primarily applies. We have no powers to borrow or invest surplus funds. Our financial assets and liabilities arise from day-to-day operational activities and are not held to hedge risks arising from these activities. We enter into lease contracts based on value for money and affordability grounds and as such there is minimal risk of being unable to meet our lease payment obligations in the future. We are therefore not exposed to significant liquidity, interest rate or foreign currency risk.

Credit risks arise from our financial assets, which comprise cash and cash equivalents, trade and other receivables and other financial assets. Our exposure to credit risk arises from potential default of a counterparty on their contractual obligations resulting in financial loss to us.

Credit risk associated with our receivables is minimal as most debtor balances are with other government related bodies. Credit risk in relation to receivables is also monitored by management regularly by reviewing the ageing of receivables. The maximum loss HMCTS is exposed to is the carrying value of its financial assets within the SoFP.

Fair values

The fair values of our financial assets and liabilities as at 31 March 2022 and 31 March 2021 approximate their book values.

14. Trade and other receivables

Amounts falling due within one year

	2021-22	2020-21
	£000	£000
Trade receivables	29,019	15,322
Other receivables:		
VAT recoverable	17,910	15,174
Intra-departmental receivables	77,068	24,957
Prepayments and accrued income	17,583	35,551
Other receivables	2,083	7,550
Total amounts falling due within one year	143,663	98,554

Amounts falling due after more than one year

	2021-22	2020-21
	£000	£000
Other receivables	170	2,943
Prepayments	-	-
Total amounts falling due after more than one year	170	2,943

15. Cash and cash equivalents

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

	2021-22	2020-21
	£000	£000
As of the beginning of the period	45,545	17,235
Net increase/(decrease) in cash balances	(17,071)	28,310
As at the end of the period	28,474	45,545

The following balances as at 31 March held at:

Government Banking Service	28,411	45,481
Cash in hand	61	61
Imprests	2	3
Total cash and cash equivalents	28,474	45,545

16. Trade and other payables

Amounts falling due within one year

	2021-22	2020-21
	£000	£000
Taxation and social security	19,048	17,534
Trade payables	26,286	24,563
Other payables	27,125	25,805
Intra-departmental payables	96,916	81,886
Accruals and deferred income	157,351	229,066
Deferred fee income	30,281	26,012
Cash balances payable to other government departments	-	-
Current part of payable for pension transfer deficit	4,219	11,781
Total amounts falling due within one year	361,226	416,647

Amounts falling due after more than one year

	2021-22	2020-21
	£000	£000
Local Authority loan balances	20,252	21,574
Payable for pension transfer deficit	-	4,068
Total amounts falling due after more than one year	20,252	25,642

16.1 Financial liabilities

Amounts falling due within one year

	2021-22	2020-21
	£000	£000
Lease incentive payable	87	1,613
Straight lining payable	-	1,925
Current part of finance leases	-	137
Imputed finance lease element of on balance sheet PFI contracts	8,926	8,926
Total amounts falling due within one year	9,013	12,601

Amounts falling due after more than one year

	2021-22	2020-21
	£000	£000
Lease incentive payable	-	13,346
Straight lining payable	-	95,050
Finance leases	-	8,639
Imputed finance lease element of on balance sheet PFI contracts	50,831	59,757
Total amounts falling due after more than one year	50,831	176,792

Following the adoption of IFRS 16 with effect from 1 April 2021, finance leases are recognised on-balance sheet as right-of-use assets and lease liabilities as shown in Notes 12 and 17.

17. Notes to the statement of cash flows

Summary of notional and non-cash costs are as follows

	2021-22	2020-21
	£000	£000
Notional costs		
Consolidated Fund judicial salaries - wages and salaries	136,776	136,937
Consolidated Fund judicial salaries - social security costs	18,528	18,565
External auditor's remuneration	325	310
Departmental recharge	93,376	82,337
Total notional costs	249,005	238,149
Non-cash costs		
(Profit) on disposal of property and equipment	(37)	(6,355)
Reduction in fair value of property and equipment	62,745	(5,361)
Impairment of property and equipment	-	25,173
Impairment of intangible assets	3,889	18,349
Reduction in fair value of Assets Held for Sale	(94)	303
Straight-lining of operating lease payments	-	2,776
Movement in provisions	28,589	4,138
Movement in receivables impairment	388	680
Depreciation	215,174	134,242
Amortisation	47,654	35,193
Total non-cash costs	358,308	209,138
Total notional and non-cash costs	607,313	447,287

17.1 Reconciliation of property and equipment

	2021-22	2020-21
	£000	£000
Additions		
Property and equipment	1,460,815	189,989
Plus:		
Movement in capital accrual	(25,137)	10,986
Total purchases per statement of cash flows	1,435,678	200,975

17.2 Reconciliation of liabilities arising from financing activities 2021-22

		Opening balance	First adoption of IFRS 16	Cash flows	Closing balance
	Notes	2021-22	2021-22	2021-22	2021-22
		£000	£000	£000	£000
Repayments of local authority loans	16	21,574		(1,322)	20,252
Lease liabilities	12	8,776	1,279,796	(76,066)	1,212,506
PFI liabilities	16.1	68,683		(8,926)	59,757
Total amounts falling due		99,033	1,279,796	(86,314)	1,292,515

18. Provision for liabilities and charges

	Early departure costs	By-analogy pension scheme	Dilapidations	Other provisions	Fee refunds	2021-22 Total	2020-21 Total
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	87,703	1,487	23,282	32,779	57,605	202,856	201,481
Provided in the year	4	-	7,591	49,096	77	56,768	10,281
Provisions not required written back	(4,134)	-	(4,577)	(1,032)	(14,517)	(24,260)	(6,143)
Provisions utilised in the year	(5,059)	(161)	(85)	(722)	(32,171)	(38,198)	(5,215)
Unwinding of discount	1,043	65	-	-	-	1,108	2,452
Balance at 31 March 2022	79,557	1,391	26,211	80,121	10,994	198,274	202,856
Analysis of expected timings of discounted flows							
Not later than one year	4,064	69	618	1,177	6,887	12,815	61,890
Later than one year but not later than five years	15,708	269	7,929	4,528	4,107	32,541	30,932
Later than five years	59,785	1,053	17,664	74,416	-	152,918	110,034
Balance at 31 March 2022	79,557	1,391	26,211	80,121	10,994	198,274	202,856

18.1 Provision for early departure costs

Provision has been made for the costs of unfunded early retirement benefits of certain magistrates' court staff. The provision represents the present value of the costs of the benefit payable to staff on Crombie and Local Government early retirement terms.

Also included in early departure costs is a provision for unfunded early retirement costs of our staff in the PCSPS.

An interest rate, set by HMT, of 2.90% (2020-21: 2.22%) has been used to assess the interest costs of the scheme liability and future estimated payments have been discounted at a rate of -1.30% (2020-21: -0.95%).

The provision was valued by the Government Actuary's Department (GAD) as at 31st March 2021.

The provision for early departure costs recorded above is separate to the voluntary early departure scheme costs recorded in Note 3.

18.2 By-analogy pension scheme

The by-analogy pension scheme provision relates to three pension schemes for the Criminal Injuries Compensation (CIC) Tribunal, the Immigration and Asylum Chamber (IAC) and the Residential Property Tribunal (RPT). These schemes have one member, nine members and 12 members respectively.

The schemes' liabilities were valued by GAD as at 31 March 2022 and the associated interest and current service costs have been charged to the SoCNE.

The schemes are referred to as 'by-analogy pension schemes' as they are similar to the PCSPS. However, they are funded by provisions from the department's vote and pension payments are administered by the department and made via the payroll system.

The aggregate actuarial loss on the scheme liabilities in 2021-22 was £47,000 (2020-21 was an actuarial loss of £59,000).

18.3 Fee refunds

Throughout the year we have developed and processed fee refunds for the following fees, the accounting for these fees is detailed in the table below.

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 £18.6 million including interest. We are not able to reliably estimate the probability that the remaining fees will be claimed and refunded, we have not created a provision but 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 – CTLOs), 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 MoJ in January 2020.

The CTLO liability remained in the 2020-21 accounts as a provision due to uncertainty of timing to discharge the liability to each recipient. In 2021-22 we refunded £31 million and recognised an accrual of £0.5 million.

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 refund provisions for Personal injury and other claims (COP, Insolvency, RCJ and other fees) at 31 March 2022 were estimated at £5.3 million, and HMCTS continues to accept the liability for all claims until the end of the qualifying period. The value of the provision has been reduced in order to reflect the expected utilisation of the provision. The balance of the liability is shown as a contingent liability as there is significant uncertainty that we would refund this amount.

The above are included in the accounts as follows:

Refund scheme	2021-22 Provision £000	2021-22 Contingent Liability £000	Total estimate of refund included in the 2021-22 accounts
			£000
Employment Tribunal	-	13,883	13,883
The Court of Protection, Civil Proceedings and Magistrates Courts Fees Order 2018:			
CTLOs	5,741	-	5,741
Other (COP, Insolvency, RCJ and other fees)	-	9,296	9,296
Personal injury claims (Dibbert)	5,252	10,460	15,712
Total	10,993	33,639	44,632

18.4 Other provisions

The 'other' category contains provisions totalling £6.4 million for claims against us, and a provision for an onerous lease of undeveloped land of £73.7 million. The increase of £49 million relates to a change in the discount rate used to calculate the onerous lease provision.

18.5 Dilapidations

Dilapidation costs are an estimate of the expenditure required to return vacated leased buildings to their original condition as at the date of commencement of the lease. The movement in year is as a result of updated information relating to property vacations, new properties leased during the year, and changes in the cost per square metre of the properties leased due to the general market conditions' impact on prices.

19. Capital commitments

Capital commitments at the end of the year not otherwise included in these accounts:

	2021-22 £000	2020-21 £000
Property developments	83,138	79,975
Intangible assets	17,091	30,194
Total capital commitments	100,229	110,169

20. Private Finance Initiative (PFI)

We entered into eight PFI service concession arrangements. A summary of each PFI contract is set out below:

Project name	Contract start date	Duration (years)	On/off Statement of Financial Position	Initial capital value (£m)	Description
Exeter	November 2002	30	On	20.1	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 us at no cost.
East Anglia	October 2002	25	On	34.5	Provision of Crown Court centres in Ipswich and Cambridge. Ipswich consists of five criminal courtrooms; Cambridge consists of three criminal courtrooms. At the end of the contract term the buildings in Ipswich and Cambridge will revert to us at no cost.
Sheffield	November 2002	25	On	7.7	Provision of a Family Hearing Centre in Sheffield. At the end of the contract term we have the option of acquiring the under lease at the lower of its open market value or £2.0 million.
Derbyshire Magistrates' Courts	August 2001	27	On	29.5	Provision of serviced accommodation for magistrates' courts at New Mills, Chesterfield and Derby. The contract term can be extended (subject to agreement of mutually acceptable terms) by up to five years. At the end of the contract term the buildings shall revert to us at no cost.
Hereford and Worcester Magistrates' Courts	March 2000	25	On	30.6	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 us at no cost.
Manchester Magistrates' Court	March 2001	25	On	32.9	Provision of serviced accommodation at Manchester Magistrates Court at Spinningfields in Manchester. The contract term can be extended by mutual agreement by up to ten years. At the end of the contract term the building shall revert to us at no cost.
Humberside Magistrates' Court	March 2000	25	On	21.6	Provision of serviced magistrates' courthouses in Hull, Beverley and Bridlington. On expiry, we have the option of taking the assets back for a nominal amount of £3.0 million.
Avon and Somerset Magistrates' Court	August 2004	27	On	46.6	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 us at no cost.

20.1 On balance sheet contracts

Details of the imputed finance lease charges are given in the table below for each of the following periods:

	2021-22	2020-21
	£000	£000
Rentals due not later than one year	12,221	12,757
Rentals due later than one year and not later than five years	37,558	43,214
Rentals due later than five years	25,160	31,725
Minimum future lease payments	74,939	87,696
Future interest expense	(15,182)	(19,013)
Present value of minimum lease payments	59,757	68,683

Details of the minimum service charge element are given in the table below for each of the following periods:

	2021-22	2020-21
	£000	£000
Service charge due within one year	32,786	30,133
Service charge due later than one year and not later than five years	106,114	111,932
Service charge due later than five years	69,590	81,062
Total	208,490	223,127

20.2 Charge to the statement of comprehensive net expenditure

The total amount charged in the SoCNE in respect of the service element of PFI contracts and other service concession arrangements recognised on the SoFP was £32.8 million (2020-21: £30.0 million).

21. Contingent liabilities

Judicial claims

Following a legal challenge, the MoJ has conceded that the current policies for sitting in retirement (where a judge may retire and draw a pension from their salaried office, and then sit in a fee-paid office), do not apply equally to fee-paid judges. We intend to consult on changes to rectify this. In the interim, there is potential for affected judges to bring compensation claims in respect of this and in the longer term for pension benefits to become payable earlier, increasing the actuarial value of the pension liability. This effect cannot currently be estimated and, should there be a change to the pattern of retirement, will be reflected in the ongoing regular valuations process.

There are also a number of other legal claims in relation to discrimination between fee-paid and salaried judges, which may give rise to further pension claims. At present we are unable to provide a reliable estimate of the potential liability until the appeals process has been completed.

Fee refunds

Our current estimate of the total value of the refunds likely to be due is £44.6 million, of which £11 million has been provided for, the balance of £33.6 million is held as a contingent liability. Note 18.3 provides an analysis of both the provisions and contingent liability by refund scheme.

Other contingent liabilities

We are involved in several legal cases dealing with ex gratia, compensation and other claims. The estimated cost of settlement for us is £1.4 million (2020-21: £0.9 million).

A review of contracted-out service contracts was carried out in the current financial year and a small number of these were identified as including elements of resource. Contracted out service arrangements operating with resource elements may lead to a liability for employment taxes and VAT where this has been recovered in error. HMCTS is carrying out a review to determine any impact.

22. Related party transactions

We are an Executive Agency of the MoJ, which is regarded as a related party. During the year, we had had material transactions with the MoJ and other entities for which the MoJ is regarded as the parent entity. We also had material transactions with a number of other government departments and central government bodies. In accordance with the requirements of the FReM these transactions have not been reported.

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 (2020-21 £0.6 million) with a total debtor balance due to us as at 31 March 2022 of £0.0 million (2020-21: £0.0 million).

On 30 September 2021 Andrew Baigent stepped down as a director for Integrated Debt Services Limited (trading as Indesser), which had been 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. As at the 30 September 2021 we had paid £72,005 to Indesser in 2021-22, with a total payables balance of £13,205.

Andrew had represented the Government as a non-executive director on the board of Indesser since 16 July 2018.

We use Indesser to provide information and analysis to assist with the recovery of debt. We paid £173,843 in total to Indesser for goods and services during 2021-22, with a total payable balance of £14,793 (all amounts shown include VAT).

No Board Members or related parties have undertaken any material transactions with us during 2021-22 and 2020-21.

We also have a number of arrangements with the MoJ and its departmental bodies which are classified as intra-departmental recharges. These payments are for the use of assets and other services and are expensed in the SoCNE each year as they are incurred. It is impractical to separate the payments reliably between those relating to assets and those relating to other services. These arrangements contain no defined end date. The payments also include payments for non-lease elements in the arrangements.

23. Third party balances

We hold 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 2022 these amounted to £57.5 million (2020-21: £75 million) and have not been recognised in the accounts in accordance with FReM requirements.

24. Events after the reporting period

In accordance with the requirements of IAS 10 'Events After the Reporting Period', post statement of financial position events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

There have been no adjustments made to the accounts.

Annex A – Fees and charges legislation

The most current fees orders are listed below and can also be viewed at www.legislation.gov.uk.

- The Civil Proceedings Fees Order 2008 (S.I. 2008/1053) Relevant amendments are S.I. 2014/874, 2014/1834, 2015/576, 2016/402, 2016/434, 2016/807, 2016/1191, 2017/702, 2018/812, 2019/1063, 2020/720, 2021/462, 2021/588 2021/985 and 2022/540
- The Family Proceedings Fees Order 2008 (S.I. 2008/1054) Relevant amendments are S.I. 2011/1045, 2014/877, 2015/576, 2015/687, 2015/1419, 2016/402, 2019/1063, 2021/985, 2020/720, 2022/54 and 2022/540
- The Magistrates' Courts Fees Order 2008 (S.I. 2008/1052) Relevant amendments are S.I. 2010/731, 2014/875, 2016/807, 2018/812, 2019/1063, 2020/720 and 2021/985
- The Court of Protection Fees Order 2007 (S.I. 2007/1745) Amended by S.I. 2009/513, 2018/812, 2019/1063 and 2021/985
- The Gender Recognition (Application Fees) Order 2006 (S.I. 2006/758). Amended by S.I. 2021/462
- The Non-Contentious Probate Fees Order 2004 (S.I. 2004/3120) Amended by Schedule 11(1) paragraph 1(2) of the Constitutional Reform Act 2005 and S.I. 2007/2174, 2011/588, 2014/876, 2019/1063 ,2020/720 and 2021/1451
- The Upper Tribunal (Immigration and Asylum Chamber) (Judicial Review) (England and Wales) Fees Order 2011 (S.I. 2011/2344) Relevant amendments are S.I. 2013/2069, 2016/402 and 2016/807
- The Upper Tribunal (Lands Chamber) Fees Order 2009 (S.I. 2009/1114) Relevant amendments are S.I. 2010/2601, 2013/1199 and 2016/434
- The First-tier Tribunal (Gambling) Fees Order 2010 (S.I. 2010/42) Amended by S.I. 2010/633
- The First-tier Tribunal (Property Chamber) Fees Order 2013 (S.I. 2013/1179) Amended by S.I. 2016/807

In addition, the remissions schedule to each of the above fees orders (but not the fees order below) was substituted by The Courts and Tribunals Fee Remissions Order 2013 (S.I. 2013/2302), subsequently amended by S.I. 2014/590, 2016/211, 2017/422 and 2021/985.

- The First-tier Tribunal (Immigration and Asylum Chamber) Fees Order 2011 (S.I. 2011/2841). Relevant amendments are S.I. 2013/534, 2016/928, 2016/1149, 2017/515 and 2018/330. The remissions schedule applicable for in-country applications was inserted by S.I. 2020/314 and subsequently amended by 2021/985.

Annex B – Our Greening Government Commitments

Scope, exclusions and limitations

Due to the availability of data, the tables below showcase our performance for the period January 2021 to December 2021 against a 2017-18 baseline (unless otherwise stated). We do not report utility data on shared occupations, including Nightingale courts, due to data limitations. This is consistent with wider government practice and our previous reporting. We do not consider that the exclusion of these areas has a material impact on sustainability reporting.

Our data is gathered and validated by a third party (Rio ESG Limited) employed to manage our Greening Government Commitment (GGC) data returns. Further checks are undertaken by the British Research Establishment on behalf of the Department for Environment, Food and Rural Affairs (Defra). This report is prepared in accordance with guidelines laid down in the HMT Sustainability Reporting Guidance 2021-22.

Mitigating climate change: working towards Net Zero by 2050 2021-25 GGCs

Greenhouse gases and financial costs

Greenhouse gas (GHG) emissions from buildings and travel		2017-18 baseline	2018-19	2019-20	2020-21	Jan-Dec 2021
Non-financial indicators (tonnes CO₂e)	Total Gross Scope 1 (Direct) GHG emissions	29,485	29,676	27,732	29,048	30,704
	Total Gross Scope 2 (Energy indirect) emissions	38,894	30,697	27,182	21,932	16,752
	Total Gross Scope 3 (Official business travel) emissions	18,920	15,530	14,355	11,045	11,380
	Total emissions	87,299	75,903	69,269	62,025	58,836
Non-financial indicators (kWh)	Electricity	110,632,173	108,446,570	106,346,135	94,076,727	76,476,057
	Electricity: renewable	N/A	N/A	N/A	N/A	230,290
	Gas	151,297,505	153,904,248	143,420,580	157,464,078	167,361,340
	Other energy sources	0	0	0	0	0
	Total energy consumption	261,929,678	262,350,818	249,766,715	251,540,805	243,837,397
Financial indicators (£m)	Expenditure on energy	24.1	23.4	22.9	23.0	24.9
	Expenditure on official business travel	4.0	4.8	4.6	0.2	0.5
	Total expenditure on energy and business travel	28.1	28.2	27.5	23.2	25.4

Notes:

MoJ manages the ownership, hiring or leasing of car fleets across the department, including HMCTS

The renewable energy figure reported is our known renewable energy generation from roof-mounted solar electric panels at 14 sites; we have roof-mounted solar panels installed on 51 buildings, a programme of smart meter installation has initiated this year to be able to record all renewable energy generated by our solar assets, where viable; this will be included in future reporting

Any anomalies or incorrect estimates are adjusted after financial year-end and will be reflected in the MoJ annual accounts

Reducing our water use

Water consumption and financial costs

	Water	2017-18 baseline	2018-19	2019-20	2020-21	Jan-Dec 2021
Non-financial indicators	Total water consumption (m ³ 000)	483,076	486,376	475,525	453,501	694,558
Financial indicators	Total water supply costs (£m)	2.8	2.6	2.4	2.8	0.9

Note: From mid-year 2021, our GGC reporting provider has sourced water consumption data from utility bills instead of facilities management providers, to ensure all consumption data is included for all sites consistently; the increase in consumption 2021 reflects actual meter reads and estimated consumption data for the our estate. Any anomalies or incorrect estimates are adjusted after financial year-end and will be reflected in the MoJ annual accounts.

We have increased our reported water consumption by 43% compared with the 2017-18 baseline. Our data indicates a significant increase in consumption in the last year, this is in part due to a high volume of estimated (not actual) consumption data. To address the limitations in our data, we invested this year in smart technology. This will enable us to improve the accuracy of our consumption data as well as track and monitor water consumption remotely on a half hourly basis to respond to water leaks or unusual water consumption quickly. We delivered phase one of our automated meter read installation programme across England and Wales and expect phase two of our programme to complete next year. Additionally, we introduced a regime of additional water-flushing, to control legionella risks, as part of our safe-working practices at the start of the pandemic; this regime has remained in place throughout 2021 which will have increased our water consumption. Our water-flushing regime is due to be reviewed next year in line with current English, Welsh and Scottish Government guidance, COVID-19 guidance, and current health and safety standards.

Minimising waste and promoting resource efficiency

Waste production

Waste	2017-18 baseline	2018-19	2019-20	2020-21	Jan-Dec 2021	
Non-financial indicators (tonnes)	Landfill	1,134	508	477	132	80
	Recycled/reused	14,235	6,383	5,417	3,868	2,230
	Composted/food waste from 2022	-	-	-	-	11
	Incinerated with energy from waste	1,740	2,702	2,774	826	1,017
	Incinerated without energy recovery	-	-	-	-	1
	Total waste	17,109	9,593	8,668	4,826	3,339
Financial indicators	Total disposal cost (£m)	3.0	3.1	2.8	0.7	0.9

Notes:

Composted/food waste is a new reporting requirement from 2021-22

Data for 'Incinerated with energy from waste' is newly captured from 2021-22

ICT waste will be recorded and reported on from 2022-23 onwards

We have reduced our overall waste by 80% compared with the 2017-18 baseline and sent 2% of waste to landfill. We are working closely with our facilities management provider, Equans, to implement a waste minimisation plan in 2022-23, to continually reduce our waste to landfill and reuse or recycle as much as possible.

Consumer single use plastics

As part of MoJ, we are committed to reducing and removing single-use plastic which are avoidable and/or which have viable and sustainable market alternatives. The MoJ single use plastics policy is published at www.gov.uk/government/publications/ministry-of-justice-single-use-plastics-policy.

Paper use

We have reduced overall procurement of paper by 48% compared with the 2017-18 baseline. Our adoption of online services, remote hearings and paperless systems as a result of our Reform Programme, is enabling us to reduce our use of paper across HMCTS. In parallel, we have launched a recycled paper initiative aimed at replacing our use of virgin paper with 100% recycled paper in all areas. The proportion of recycled paper procured was 9.5% during 2021-22.

Nature recovery and biodiversity action planning

Alongside our MoJ colleagues, we are committed to actively increasing biodiversity across our estate, required by the GGC commitments, and summarised in the MoJ Nature Recovery plan. Snaresbrook Crown Court is adjacent to a Site of Special Scientific Interest. We are working in partnership with our facilities management provider and MoJ Ecology team to develop and deliver a bespoke ecology plan to guide the management of our grounds to ensure the site is kept in favourable condition. During 2021-22, we planted 50 native British trees at this court to develop the age and variety of trees at the site and invited staff to be part of the event to encourage participation in nature volunteering.

Procuring sustainable products and services

We adhere to MoJ's Sustainable Procurement Policy to ensure the incorporation of sustainability into all procurement activities as part of our goal to achieve long-term value for money. MoJ contracts require that suppliers meet the Government Buying Standards. MoJ Commercial and Contract Management Directorate review sustainability performance indicators in all contracts and the pipeline of upcoming tenders.

Adapting to climate change

We are an active member of the MoJ Climate Resilience and Adaptation Group. This group is responsible for steering work to assess climate risks and establish a Climate Change Adaptation Action Plan. A review of climate change risks and mitigations initiated during 2021-22 is due to conclude next financial year; the outcome of this work will inform our estate strategy, property investment, property maintenance and business continuity activity.

Rural proofing

We are committed to providing the best possible service to rural users. We follow Defra guidance and conduct rural proofing tests where appropriate. There has been an increase in access to justice by users through remote hearings during the pandemic which has benefited some of those in rural areas to avoid the need to travel to court. The transformation of our services being delivered by the Reform Programme will enable easier access through digital services which will be beneficial in particular for our users who live in rural areas.

Sustainable construction

We adhere to MoJ's Building Research Establishment Environmental Assessment Method (BREEAM) policy and applicable major refurbishments and new builds are assessed to a standard of 'very good' for refurbishments and 'excellent' for new builds. We proactively review applicability of BREEAM for all our major refurbishment projects. We had no projects completed during 2021-22 that fell in scope for BREEAM assessment.

Reducing environmental impacts from ICT and digital

We are committed to reducing the environmental impact from our ICT and digital services, and adhering to the Greening Government ICT and digital services strategy, published at www.gov.uk/government/publications/greening-government-ict-and-digital-services-strategy-2020-2025/greening-government-ict-and-digital-services-strategy-2020-2025.

One of the Digital and Technology Services strategies includes a specific objective to increase sustainable practices; this approach includes the use of cloud datacentres, enabling us to reduce carbon emissions by removing inefficient, energy-draining hardware from our IT estate.

Annex C – Glossary and notes

Further information on terms, concepts and definitions published in the HMCTS annual report and accounts.

Civil justice and tribunals: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/564054/statement-of-administrative-sources.pdf

Family: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694798/family-court-stats-guide.pdf

Criminal court: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1047826/A_Guide_to_Criminal_Court_Statistics.pdf

Published management information: www.gov.uk/government/organisations/hm-courts-and-tribunals-service/about/statistics

Glossary of terms

ARAC	Audit and Risk Assurance Committee	ICO	Information Commissioner's Office
BEIS	Department for Business, Energy and Industrial Strategy	MoJ	Ministry of Justice
CETV	Cash equivalent transfer values	NAO	National Audit Office
COVID-19	Coronavirus 2019	OPTIC	Opinions, Praise, Treatment, Incidents and Complaints
CTSCs	Courts and Tribunals Service Centres	PHSO	Parliamentary and Health Service Ombudsman
DLRM	Decommissioning and Legacy Risk Mitigation (Programme)	SCS	Senior civil servants
DPO	Data Protection Officer	SMT	senior management team
DTS	Digital and Technology Services	SoCNE	Statement of comprehensive net expenditure
FReM	HM Treasury financial reporting manual	SoFP	Statement of financial position
GGC	Greening Government Commitments	SSCS	Social Security and Child Support (Tribunal)
HMCTS	Her Majesty's Courts and Tribunals Service	UKHSA	UK Health Security Agency
HMT	Her Majesty's Treasury	VHS	Video Hearings service
HSE	Health and Safety Executive		



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Produced July 2022

E02769036

978-1-5286-3577-6