Memorandum on Supplementary Estimate 2014-15
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Introduction

Key activities

The Ministry of Justice (MoJ) is responsible for administration of justice in the United Kingdom. Specifically to:

- Administer law in courts and tribunals (including appointing people to legal offices);
- Handle those convicted in criminal courts (including imprisonment, parole and probation and young people);
- Reviewing criminal convictions and revising the laws of England and Wales;
- Act on behalf of people without capacity to act for themselves in legal matters;
- Make provision for people to act as deputies and attorneys for others;
- Inspect other organisations in the justice system;
- Address complaints and concerns about bodies in the legal system;
- Administer Legal Aid; and
- Concern themselves with stopping people getting into crime (including young people).

Supplementary Estimate provision by budgetary limits

<table>
<thead>
<tr>
<th>Description</th>
<th>£m</th>
</tr>
</thead>
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<tr>
<td>Resource Departmental Expenditure Limit (RDEL)</td>
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<td>Of which:</td>
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<td>Non-Voted Resource DEL</td>
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<td>And of which:</td>
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<td>Administration Budget - includes ring-fenced depreciation £38.840m</td>
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<td>Net Cash Requirement (NCR)</td>
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Variance from previous Financial Year provision in the published Main Estimate 2014-15

**RDEL** provision has increased by £334.636m, this is mainly due to:
- £120.000m reserve claim in 2014-15 in relation to Modernisation and Voluntary Early Departure Scheme (VEDS) funding;
- £218.000m reserve claim in 2014-15 in relation to other pressures;
- £110.000m reserve claim in 2014-15 in relation to the O’Brien Judgment;
- £0.900m reserve claim for the Independent Recognition Panel;
- £(100.000)m reduction for Budget Exchange from 2014-15 into 2015-16;
- £(14.264)m reduction for net budget transfers to other government Departments.

**CDEL** provision has decreased by £(4.772)m mainly due to:
- £(4.772)m reduction for net budget transfers to other government Departments.

**RAME** provision has increased by £60.000m mainly due to:
- £35.000m additional funding for the accounting treatment of legacy probation pension schemes;
- £15.000m additional funding for the O’Brien Judgment; and
- £10.000m additional funding for the impairment of Hassockfield Secure Training Centre and new areas of income and expenditure.

**Independent Recognition Panel**

The Independent Recognition Panel, created by the Royal Charter on self-regulation of the press, was established on 3 November 2014. The advance will be repaid when funds become available from the Supplementary Estimate. A Written Ministerial Statement in relation to the advance from the contingency fund was laid in the house on 6 November 2014.

The Ministry of Justice requested an advance of £900,000 from the Contingencies Fund in 2014-15 to meet the requirement for a temporary Exchequer grant in accordance with Article 11 of the Royal Charter.

The Ministry of Justice ambit has been amended in this Supplementary Estimate to seek provision for the Independent Recognition Panel.
Key Points

Main priorities and expected outcomes

The Ministry of Justice plays an integral part in the administration of justice in the United Kingdom. The Ministry works closely with the Home Office and the Crown Prosecution Service to ensure effective running of the criminal justice system.

The Ministry is organised across seven Business Groups:

- Corporate Services Group (CSG);
- Criminal Justice Group (CJG);
- Finance, Assurance and Commercial Group (FACG);
- Law and Access to Justice Group (LA2JG);
- HM Courts and Tribunals Service (HMCTS);
- Legal Aid Agency (LAA).

National Offender Management Service (NOMS); and

The key priorities for each business group are:

Corporate Services Group

(Budget RDEL - £677.545m).

Change in budget since Main Estimate £21.079m

The changes to the budget of Corporate Services Group (CSG) since the Main Estimate are mainly attributable to the following:

- Additional funding for the Future IT Sourcing (FITS) and Shared Services Programme £60.800m;
- Transfer of Contract Escort payment to NOMS (£10.000m);
- Transfer of ICT costs from HMCTS £85.900m; and
- Transfer of Probation Estates Budget £56.000m.

The Group incorporates the MoJ-wide business areas of Estates, HR, Shared Services, ICT and Digital Services. CSG is tasked with supporting the delivery of the Ministry’s front line services through integrated and effective corporate services, driving further efficiencies from our back office as well as making improvements to the workplace. The CSG is structured around the following five services and the key priorities are:


Shared Services:

This service delivery area was transferred to an outsourced provider, SSCL from October 2014. The Department will procure the following services from SSCL;

- Transactional and some professional services to clients in the justice sector so that MoJ can focus on delivering the operational business;
- Finance, HR, Payroll, Procurement and Learning services; and
- Transactional back office and more recently HR Professional Services to the Home Office and its 30,000 staff on a separate platform.

Human Resources:

- Developing and implementing Workforce strategies, to include pay, pensions and reward;
- Client managing Civil Service HR services (resourcing, learning and policy) and transactional HR services delivered by the MoJ’s Shared Services function;
- Building and developing organisational and individual capability, capacity and change management, to enable a high performance culture including high-performing Senior Civil Service leaders;
- Supporting positive Employee Relations and effective employee engagement;

Leading on equality and diversity issues, including the implementation of statutory requirement; and

Delivering HR complex caseworker services to clients across government as well as the Ministry of Justice.

MoJ Technology, (formerly ICT):

- Accountable for the end to end operation and development of Information Communications Technology services across MoJ;
- Managing business demand for ICT services and projects across HMCTS, NOMS, MoJ HQ and the wider Criminal Justice System;
- Managing architecture, technology and information assurance; and

Monitoring and reviewing services delivered by outsourced suppliers and assurance of maintenance and improvement activities.

Estates:

- Responsible for managing the MoJ estate, one of the largest across government comprising around 1,500 properties with an estimated replacement value of around £8.5bn;
- Management activities include Strategy and Programme Development, Programme and Project Management, Asset Management, Facilities Management, Security Safety and Business Continuity; and Sustainability; and
The MoJ Estate includes courts, tribunals, probation properties, prisons and Young Offender Institutions (YOIs), administrative properties, judges' lodgings, prison officers' quarters and the MoJ’s Arms Length Bodies’ estate.

Digital:

- Delivering the digital by default agenda in the justice arena, one of the key tenets of the Civil Service Reform Plan (CSRP);
- Transforming services including wider culture change - acting as a champion for both open policy making and transparency by providing the tools and skills to help the Department deliver against these strategic priorities;
- Internal consultancy services to the Department to assist in user / stakeholder engagement, and service design and development;
- Delivering the existing exemplar programme (digitally redesigning four high volume transactional services);
- Building or redesigning essential information services for the public and legal professionals; and

Supporting strategic programmes and projects in the development of digital services.

Corporate Services Group’s priorities are:

Supporting MoJ frontline delivery through:

- Digitising our services, providing better business applications and an improved IT infrastructure;
- Supporting the workforce with a smaller, more efficient estate; and

Improving the provision of our services through engagement with our customers.

Improving the workplace through:

- Promoting smarter working through mobile technology, online functionality, a modern estate and support for flexible working through The Way We Work (TW3) Programme;
- Embedding a culture of continuous improvement; and

Strengthening our capability through new technology leadership, growing our digital services team and increasing our commercial skills.
Criminal Justice Group  
(Budget RDEL - £452.400m).

Change in budget since Main Estimate £35.885m.

The changes to the budget of Criminal Justice Group since the Main Estimate are mainly attributable to the following:

Modernisation Funding for the Transforming Rehabilitation programme £40.000m;

Additional funding from NOMS for Community Payback £1.300m; and

Transfer of funding to Home Office in respect of the Victim’s Fund £(4.850)m.

The key priorities and expected outcomes for the Criminal Justice Group are:

Transforming Rehabilitation:

Driving down re-offending rates and improving value for the tax payer by opening up rehabilitation services for offenders to a more diverse market of providers;

Extending our rehabilitative approach to offenders sentenced to 12 months;

Creating a new National Probation Service (NPS) that will be responsible for protecting the public from the most dangerous offenders and 21 Community Rehabilitation Companies (CRCs) that will focus on low and medium risk offenders. The NPS has now been created and the CRCs are up and running; and

Contributing to the passage of the enabling legislation (Offender Rehabilitation Bill) and Royal Assent.

Reforming the criminal justice system (CJS):

Delivering a modern public service that provides a swift, determined response to crime; treats victims and witnesses with care and consideration; and provides much better value for money to the taxpayer. The Justice Reform Directorate will be specifically responsible for delivering 33 actions contained within the CJS Strategy and Action Plan (STrAP) by the end of this Financial Year. The strategy seeks:

A CJS which is faster and right first time by ensuring the police and CPS do more to identify and prepare appropriately, cases where there is an anticipated guilty plea by establishing single traffic courts in each police area, and by identifying, reforming, and then monitoring compliance with the Criminal Procedure Rules and Practice Directions;

A transparent and responsive CJS by publishing case timeliness data on the police.uk website\(^1\) and publishing local police performance and expenditure data;

\(^1\) Police.uk
The right response to crime by improving the consistency and take-up of special measures for vulnerable and intimidated witnesses, piloting Section 28 of the Youth Justice and Criminal Evidence Act 1999; and

A CJS working in partnership by communicating the Criminal Justice Board’s priorities to local partnerships and setting out a more consistent approach to business strategy across the CJS.

Providing a high quality strategy resource for the Department, delivering focused, targeted projects to inform, appraise and support key decision-making. Current projects the team is delivering include a futures analysis of the Criminal Justice System; and an initial scoping piece on the market for using MoJ data; and

Driving forward Civil Service Reform across the Department, working with colleagues to build upon the innovative work already underway on open policy making, new delivery models and digital working, and placing MoJ at the forefront of CSR implementation.

**Transforming Youth Justice:**

Improving the education and re-offending outcomes achieved by the youth custodial estate, while also reducing both the overall and unit costs of youth custody. Directorate objectives include:

Launching a competition for the construction of a pathfinder Secure College for young people, the contract is due to be in place by the end of February 2015;

Announcing and delivering plans to Transform Youth Custody, including through new approaches to education within the remaining youth estate and better promotion of resettlement; and

Coordinating the policy and operational actions aimed at increasing the number of Foreign National Offenders removed from the country, aiding their rehabilitation in their home country and enabling prison and probation resources to focus on UK nationals.

**Reforming sentencing:**

Protecting the public and appropriately punishing and rehabilitating offenders. The aim of sentencing is to ensure that adequate penalties are available for criminal offences, ensuring public protection and rehabilitation of offenders. This includes the overall sentencing framework – spanning life sentences, community sentences, fines, and policy on out of court disposals. Following sentence, improving rehabilitation by developing policy that allows frontline staff to use the most effective techniques, practices and collaborative ways of working to ensure that offenders have a better chance of not re-offending and as a consequence creating fewer future victims. Directorate objectives include:

Commencing sentencing provisions in the Crime and Courts Act 2013, including the mandatory punitive element of the community order; and placing restorative justice on a statutory footing for the first time;
Overseeing the passage of the Offender Rehabilitation Bill through the House of Commons;

Including provisions in the Criminal Justice and Courts Bill to provide tougher sentences for knife crime including providing a new power to remove from the UK recalled foreign national prisoners, and ending automatic release for child sex offenders and terrorists; and

Taking forward the outcomes of the Cautions Review, Sobriety Pilots in London, Electronic Tracking Pilots, Build Restorative Justice provision, Rehabilitation of Offenders Act (ROA) Implementation and further reform, and the introduction of Sentencing Guidelines such as those on fraud.
Finance, Assurance and Commercial Group
(Budget RDEL - £(47.435)m).

Change in budget since Main Estimate £(125.499)m.

The changes to the budget of Finance, Assurance and Commercial Group (FACG) since the Main Estimate are mainly attributable to the following:

Retention of additional Fine Income £(137.000)m;

Additional funding for Criminal Injuries Compensation Authority £5.5m; and

Transfer of funding from Other Business Groups £8.000m.

The Group was formed in June 2013 with the aim of bringing together the HQ business areas focused on providing the Department with the necessary assurances towards delivery of MoJ’s business, particularly change programmes and procurement contracts. This includes financial assurance and also assurance from analysis, audit and procurement experts in challenging and supporting MoJ’s business.

FACG will continue to keep the administrative processes under review to ensure that they continue to meet the needs of the Department, and are as user-friendly as possible to the change and business community. The Group will also look at ways to deliver in a more joined-up and streamlined fashion, listening to its customers, so that prompt improvements are made.

The FACG is responsible for regulating claims management services under the provisions of the Compensation Act 2006 and is structured around the following six business areas:

Finance;

- Articulating a clear financial strategy for the MoJ, setting out the long term aspirations and objectives;

- Ensuring Departmental resources are utilised effectively; and

- Ensuring that MoJ has a robust financial governance framework in place giving the Principal Accounting Officer assurances that resources are being managed in line with HMT requirements.

Procurement:

- Delivering expert commercial support and advice to the MoJ and its business areas;

- Setting the overarching procurement approach for sourcing and category management;

- Supplier relationship management; and

- Day-to-day requisition to pay processes. Managing the National Distribution Centre at Branston providing supplies to prisons.
Analytical Services:

- Providing high quality analytical services to other areas of the MoJ to enable the development of clear evidence-based policy decision-making informed by accurate and business focused advice.

Assurance and Governance:

- Setting high corporate standards in effective decision-making and monitoring progress in the change portfolio;
- Challenging business performance on behalf of the Departmental Board;
- Supporting the Board in the governance and leadership of MoJ; and
- Building the governance, culture and systems within MoJ for reporting effective and efficient management information so that it is robust and available to the right people at the right time to support decision-making.

Internal Audit:

- Providing MoJ’s Principal Accounting Officer and other Accounting Officers with an independent and objective evaluation of the effectiveness of their governance, risk management and control arrangements through conducting an annual audit programme; and
- Providing support to management to help improve MoJ’s governance, risk management and control arrangements.

ALB Governance:

- Ensuring positive relationships are maintained and strengthened between the Department, its agencies and its ALBs;
- That they continue to offer value for money in delivering MoJ’s priorities and statutory responsibilities;
- Recruiting new public appointees for the Department and ALBs; and
- Providing high quality sponsorship to the following bodies: Criminal Injuries Compensation Authority (CICA); Official Solicitor and Public Trustee (OSPT); Office of the Accountant General (OAG); Parole Board; and the Office of the Public Guardian.
Law and Access to Justice Group
(Budget RDEL - £317.849m)

Changes in budget since Main Estimate £112.642m.

The changes to the budget of Law and Access to Justice Group (LA2J) since the Main Estimate are mainly attributable to the following:

- Drawdown from the reserve in relation to funding for the O'Brien Judgment
  £110.000m.

LAJG has a varied, cross-cutting portfolio, covering a wide range of the MoJ’s key policy issues as well as the communication and information services for the whole Department, and responsibility for and sponsorship of a number of agencies and Arm’s Length Bodies delivering important services to the public.

LAJG’s purpose, key priorities and expected outcomes, across Directorates, in 2014-15 are as follows:

Purpose:

- A justice system that is accessible, affordable and fair; a diverse judiciary that can carry out its role independently and effectively; and a legal and rights framework that is clear and proportionate and upholds the rule of law, and the securing of the UK’s interests in these areas on the European and wider international stage.

Access to Justice Directorate (A2J):

- Implementing changes to fees in the civil and family courts, and tribunals; Working with the Legal Aid Agency (LAA) to deliver reform of criminal and civil legal aid; Implementing changes to the legal services regulatory framework and preparing for the Global Law Summit 2015; Implementing the Family Justice Review and overseeing the working of the Family Justice system, including taking on the sponsorship of CAFCASS from April 2014; Delivering and implementing legislation to reform judicial review; Overseeing the working of the civil and administrative courts and tribunals to enable swifter, more proportionate and less costly resolution of cases; and Supporting the implementation of mental capacity legislation and the work of the Office of the Public Guardian.

Communication and Information Directorate (CID):

- Promoting and securing understanding and support among the public, media, stakeholders and staff for MoJ’s five priority programmes and broader Transforming Justice Reform Programme; Improving standards of information, records and knowledge management; and making information available as appropriate and in accordance with legislation; and Supporting the MoJ change and efficiency agenda by improving staff engagement within the Directorate, by continuing to raise and align the capability of CID and looking for opportunities to deliver efficiencies and improve the effectiveness of our services.
Judicial Policy, Pay and Pensions Directorate (JPPP):

- Working with the judiciary to encourage and support greater diversity; Working with the judiciary and HMCTS to ensure the effective provision of judges based on a mature and modern relationship between the Department and the judiciary; Consulting on and delivering reforms to the judicial pension scheme, to be in place by April 2015; Developing a new model for pension and payroll administration for all judicial and legacy Legal Services Commission (LSC) pension schemes; and Managing and developing a litigation strategy and the preparation for remedy in relation to fee-paid judges' pay, pensions and terms and conditions of service.

Law, Rights and International Directorate (LRI):

- Achieving Royal Assent for the Criminal Justice and Courts Bill, which will reform judicial review and sentencing, ensuring that criminals contribute towards the cost of their cases and better protect against extreme pornographic images; Agreeing opt-ins to key EU justice and home affairs measures on acceptable terms (with the Home Office) and then continuing to advise on which new EU justice and home affairs proposals the UK should opt-in; Delivering UK interests in other EU negotiations, including a new data protection framework, and through EU-funded projects that support the Government's strategic international policy; Achieving the Government's domestic and EU human rights objectives including reforming the European Court of Human Rights, and delivering our UN human rights obligations; and Delivering the commitments set out in the Government's response to the Joint Select Committee report on the Crown Dependencies.

The Office of the Public Guardian (OPG):

- The OPG continues its ambitious transformation programme and will deliver a number of key products that will contribute to its ambition to become a 'digital by default' agency. This will maximise the support and protection the OPG offers people who lack mental capacity and those who care for them. During 2014-15, replacement of existing back office systems means that OPG will move to new digital ways of working, bringing greater efficiencies across the business and an enhanced customer experience. During the course of 2014 the OPG has deployed a new back office operational system for online registering of Lasting Powers of Attorney, with additional functionality being added during 2014-15. During the second half of 2014-15 this will be extended to Deputies and Court of Protection visitors.
HM Courts and Tribunals Service
(Budget RDEL - £1,115.502m).
Changes in budget since Main Estimate £109.502m

The changes to the budget of HM Courts and Tribunal Service since the Main Estimate are mainly attributable to the following:

- Tax Expansion Project from HM Revenue and Customs £3.000m;
- Immigration Act Implementation Project from the Home Office £2.170m;
- Direct Lodgement Transfer from the Department for Work and Pensions £3.672m;
- Modernisation Funding £16.800m; and
- ICT costs £85.900m.

The key priorities, aims, objectives and expected outcomes for HM Courts and Tribunal Service (HMCTS) are:

Aim:
- Running an efficient and effective courts and tribunals system, which enables the rule of law to be upheld, and provides access to justice for all.

Objectives:
- Providing the supporting administration for a fair, efficient and accessible courts and tribunal systems; Supporting an independent judiciary in the administration of justice; Driving continuous improvement of performance and efficiency across all aspects of the administration of the courts and tribunals; Collaborating effectively with other justice organisations and agencies, including the legal professions, to improve access to justice; and Working with Government Departments and agencies, as appropriate, to improve the quality and timeliness of their decision-making in order to reduce the number of cases coming before courts and tribunals.

Reform:
- In March 2014, HM Treasury agreed new investment in the courts and tribunals system averaging up to £75 million each year over five years from 2015-16. This will enable HMCTS to undertake a reform programme which will deliver a more effective, efficient and high performing courts and tribunals administration through the use of modern technology, an improved estate, and modernisation of current working practices. The objectives of the HMCTS Reform Programme are:

  Moving HMCTS toward a more financially self sustainable state;

  Improving the ability of HMCTS to increase revenue to cover its running costs, including through new income streams;
Establishing the infrastructure to deliver operating efficiencies across all areas of HMCTS business; and

Maintaining the constitutional position of the courts and tribunals and the independence of the judiciary.

- To achieve these objectives, the Programme will modernise the ICT systems which support the administration of justice; provide more online and digital services for court users; modernise the court estate to improve facilities for users and enable court buildings to be used more flexibly and holistically; and review and reform working processes and procedures.

- In addition to the delivering reform programme objectives HMCTS is deliver other business critical projects (that fall within the Change portfolio) including significant and high profile change exercises such as: The Compliance & Enforcement Services Project; The Immigration Act Implementation Project; The Tax Expansion Project; and The HMCTS Universal Credit Project. These projects are on track to be completed by the end of 2015 and will deliver a range of benefits as well as enabling the implementation of other government Department legislation.
Legal Aid Agency

(Budget RDEL - £1,772.100m).

Change in budget since Main Estimate £(7.800)m.

The main changes to the budget of the Legal Aid Agency (LAA) since the Main Estimate are attributable to the following (the internal transfers align the LAA budgets to the latest forecasts in line with financial management principles):

Transfer from HMCTS for National Taxing Team of £0.400m;

Additional funding of £8.000m for Central Funds;

A reduction in funding of £(21.200)m for Civil Legal Aid;

Additional funding of £4.000m for depreciation; and

Modernisation Funding £1.000m.

LAA works in partnership with legal providers and the wider MoJ to deliver legal aid efficiently and effectively as part of the justice system. LAA’s purpose is underpinned by three strategic objectives linked to business priorities. The objectives, priority programmes, key priorities and expected outcomes are:

Objectives:

- Improving casework to reduce cost, enhance control and give better customer service; Improving organisational capability to meet the challenges ahead, including developing and engaging our people; and Building and maintaining strong partnerships to secure quality provision and contribute fully to wider justice and Government aims.

Priority programmes:

- Further details on the Legal Aid Agency priority programmes are included at pages 25-26.

Key priorities and expected outcomes:

- The Legal Aid Agency (LAA), which replaced the Legal Services Commission as part of the changes within the Legal Aid, Sentencing and Punishment of Offenders Act 2012, is responsible for the commissioning and administration of Legal Aid in England and Wales. The LAA provides legal aid, advice and information in England and Wales through the Legal Aid Fund (which covers Criminal and Civil Legal Aid). The LAA’s organisational purpose is to deliver legal aid efficiently and effectively as part of the justice system.
National Offender Management Service
(Budget RDEL - £3,279,842m).

Change in budget since Main Estimate £(26.385)m

The changes to the budget of The National Offender Management Service (NOMS) since the Main Estimate are mainly attributable to the following:

Transfer to Department of Health for Offender Health costs £(17.900)m

Probation Estates Costs £(56.0)m;

Modernisation Funding £17.9m;

Contractors Escort Costs £10m; and

NICTS Contract £20.4m.

During 2014/15 the priority for NOMS will be delivering core operational services in the community and in custody while delivering the most wide-ranging reform programme in the Agency’s history while:

- Maintaining probation, and delivering safe, secure and decent prisons within the agreed specifications;

Delivering far-reaching reforms right across the business – in the community, in custody and in HQ;

Completing the Spending Review 2010 (SR10) savings programme, delivering a 24 percent reduction in agency costs across the period – nearly £900m. For 2014/15 the agency has a resource saving target of £149m; and

Maintaining business priorities for 2014/15 of delivering core probation, prison and corporate services; Implementing the Transforming Rehabilitation Reforms; and Delivering the prison unit cost programme.

Ambit

The expenditure and income ambits have been changed to reflect any new functions of the Ministry of Justice.
## Changes to Resource DEL since Main Estimate 2014-15

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<td>Design 102 Costs from Cabinet Office</td>
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<td>Of Which Non Fiscal RDEL</td>
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<td>Transfer to Department of Health for Offender Health Costs</td>
<td>0.000</td>
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Changes to Capital DEL since Main Estimate 2014-15

<table>
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<th>Total CDEL £m</th>
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<tr>
<td>Main Estimate 2014-15</td>
<td>301.100</td>
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| Changes in Supplementary Estimate 2014-15
| Budget Cover Transfers   | (4.772)       |
| Transfer to Cabinet Office for the Identity Awareness Frameworks | (5.000)       |
| Transfer from HM Revenue and Customs for Tax Expansion Project | 0.228         |
| Single Supplementary Estimate 2014-15 | 296.328      |

Changes to Resource AME since Main Estimate 2014-15

<table>
<thead>
<tr>
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<th>Total RAME £m</th>
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<td>Total AME Changes in Single Supplementary Estimate</td>
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<td>Funding for Legacy Probation Pensions</td>
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<td>Funding for provisions as a result of the O'Brien Judgment</td>
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<tr>
<td>Funding for the impairment of Hassockfield Secure Training Centre</td>
<td>10.000</td>
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<tr>
<td>Single Supplementary Estimate 2014-15</td>
<td>181.100</td>
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</table>
Programme Expenditure

The Ministry of Justice has provision following adjustments in this Supplementary Estimate for net programme expenditure of £7,122.198m.

This includes programmes administered by:

HM Courts and Tribunals Service of £1,089.046m;

NOMS of £3,140.772m;

Legal Aid Agency of £1,672.500m; and

MoJ Corporate Headquarters (included associated Arm’s Length Bodies) of £1,219.924m.

Details of the priority programmes and what they are designed to achieve are set out below.

**HM Courts and Tribunals Service £1,089.046m programme resource expenditure.**

Through the HMCTS Reform Programme, including the Common Platform and CJS Efficiency programmes, the Department will provide a fully transformed service that will meet the needs of our broad range of users.

We will design and implement modern and integrated technology to introduce greater digital working, speed up processes, and by updating our technology, will provide users with choice on how they access our services by offering online and telephone options so that users will only need to go physically to a court or tribunal building when it is absolutely necessary.

Through investment in the estate, we will make better use of our buildings while reducing the cost of maintenance. We will improve the utilisation of our hearing rooms to reduce waiting times and provide modern, accessible and fit for purpose facilities for all who access our services.

The Reform Programme will be in initiation phase until April 2015. This phase involves refreshing the Outline Business Case (OBC), identification of early savings initiatives and finalisation of delivery and resourcing plans to implement programme activities across Crime; Civil, Family and Tribunals and HMCTS estates Sub-Programme’s from the 2014-2015 Financial Year onwards.

Delivery of all non-reform projects, within the Change Portfolio, are due to be completed and closed by the end of 2015. HMCTS will remain agile, responsive and committed to any emerging cross government and departmental initiatives and will work with other government Departments, ministers, public bodies and committees to ensure that legislative, policy and procedural rule changes are met.
National Offender Management Service - £3,140,728m programme resource expenditure and £26,000m capital expenditure

Following implementation of the new probation structures during 2014 NOMS will deliver offender services through:

The National Probation Service: Responsible in the community for carrying out risk assessments of all offenders and for the direct management of those offenders who pose the highest risk of serious harm to the public and who have committed the most serious offences;

Public sector prisons: Responsible for 105 prisons which provide around 82 per cent of prison places;

21 Community Rehabilitation Companies: Responsible for delivering community requirements for medium and low risk offenders;

- Private sector providers: Operating 14 prisons under contract and providing other significant services including prisoner escorts and electronic monitoring of offenders; and

- Partnerships: Across a range of public and social sector partners, including police, local authorities, health and education providers, and with a wide range of organisations in the voluntary and social enterprise sector.

During 2014/15 NOMS is also contracted by the Youth Justice Board to provide 1,120 commissioned beds for young people (under 18) and by the Home Office to provide more than 1,430 places at four Immigration Removal Centres (IRCs).

Following a fundamental reorganisation in 2010-11 and the implementation of the new probation arrangements NOMS’ structure provides clarity and accountability for the different functions of the Agency:

NOMS is building on the work it has completed in 2013-14 to meet Ministerial objectives and the Government’s reform agenda. As the largest Agency of the Ministry of Justice the scale of NOMS’ contribution towards meeting the reform agenda is significant.

Legal Aid Agency - Legal Aid Fund £1,672,500m programme resource expenditure and £13,000m capital expenditure

The LAA is implementing an ambitious and far reaching portfolio of change programmes that will improve efficiency and effectiveness in order to deliver more for less. The Change Portfolio comprises three main programmes:

Legal Aid Transformation:

- In April 2013 the Secretary of State for Justice launched the Transforming Legal Aid consultation on further legal aid reform designed to increase public confidence in legal aid and reduce the bill to taxpayers for funding the legal aid system. The LAA is charged with implementing the Legal Aid Transformation (LAT) proposals, working in collaboration with the legal profession. During 2014/15, the LAA has successfully completed the implementation of Phase 2 of
the LAT reforms, which include: reforming family fees in Civil Legal Aid, changes to the family advocacy scheme bundle bolt-on fees and amending the payment structure for Judicial Reviews.

Integrated Delivery:

- The programme is responsible for developing and rolling out the Client and Cost Management System (CCMS) which provides a new general ledger, debt recovery system, case management system and an internet based digital interface for online applications and billing for civil certificated legal aid. The system was made available to all live Civil Providers at the end of September 2014.

Crime Change Programme:

The programme’s objective is to process all criminal legal aid applications and bills in a paperless and electronic way. As part of the programme we are transferring and centralising the existing criminal legal aid application processing from Her Majesty’s Court and Tribunal Service (HMCTS) to the LAA. Additionally, we are modernising the application process by expanding the use of electronic applications (e-forms) so that all providers are able to submit applications online. During 2014, the LAA successfully transferred the processing from the HMCTS London and Midlands regions, and plans to transfer work in the South East and South West regions by the end of the 2014-15 Financial Year. The transfer will be completed in the remaining regions by the end of the first quarter of 2015/16.

MOJ HQ - £1,219.924m programme resource expenditure and £257.328m capital expenditure.

Criminal Justice Group - Transforming Rehabilitation:

The Transforming Rehabilitation Programme will transform the way offenders are managed in the community to achieve a reduction in the rate of re-offending whilst continuing to protect the public. The programme will:

Open up the market to a diverse range of new rehabilitation providers while introducing a new payment mechanism to focus them relentlessly on driving down reoffending rates;

Extend statutory rehabilitation to those offenders who serve short sentences, and who currently receive no statutory support despite having the highest reoffending rates;

Reorganise the prison estate to put in place an unprecedented nationwide through the prison gate resettlement service meaning that for the first time most offenders will be given continuous support from custody into the community; and

Create a new National Probation Service that will be responsible for protecting the public from the most dangerous offenders, and 21 Community Rehabilitation Companies that will focus on low and medium risk offenders.
Objectives over the course of the programme are to:

Contribute to the passage of the enabling legislation (Offender Rehabilitation Bill) and Royal Assent;

Finalise the rehabilitation programme’s blueprint and implementation plan;

Implement a pension’s solution;

Launch a competition for the provision of lead and second tier providers (OJEU notice and Pre Qualification Questionnaire);

Stage 1 of the invitation to Tender Notice issued; and

Ensure that new National Probation Service leaders take up post.

**Corporate Services - Future IT Sourcing Programme (FITS):**

Through the Future IT Sourcing programme (FITS), MoJ ICT will deliver more standardised desktop and infrastructure and change the way it purchases IT and manages services. This will reduce annual running costs by over £100m a year within four years. It will also result in an 80% reduction in technology refresh capital expenditure and improved system availability. FITS will enable unification of networks across the Department and provide staff with modern, flexible IT supporting our drive to rationalise our estate and promote new ways of working.
Detailed Breakdown

Estimate Line Breakdown of Supplementary Estimate 2014-15

Spending in Resource DEL (RDEL): Voted and Non voted Expenditure

At the Main Estimate 2014-15, The Ministry of Justice was allocated an overall budget RDEL amount of £7,395.697m which included ring-fenced depreciation of £592.740m.

Changes in this Single Supplementary Estimate result in an increase in overall RDEL budget of £334.636m details of which are set out below.

Reserve Claims – Total £448.900m

£218.000m in relation to funding pressures within the Ministry of Justice (Section A);

£120.000m in relation to MoJ Modernisation Funding (Section A);

£110.000m in relation to funding for the O'Brien Judgment (Section A); and

£0.900m in relation to funding for the Independent Recognition Panel (Section A).

Machinery of Government Changes – Total £0.261m

£0.261m Transfer of the National Association of Child Contact Centres from the Department for Education (Section A).

Budget Cover Transfers - Total £(13.518)m

£3.672m in relation to Direct Lodgements from Department for Work and Pensions (Section C);

£3.026m in relation to Tax expansion project from HM Revenue and Customs (Section C);

£2.170m in relation to Immigration Act Implementation Project from Home Office (Section C);

£0.320m in relation to Design 102 Costs from Home Office (Section A);

£0.061m in relation to Design 102 Costs from Cabinet Office (Section A);

£0.020m in relation to funding for the Social Housing Fraud Act from Department for Communities and Local Government (Section C);

£(17.900)m transfer to Department of Health for offender health costs (Section B);

£(4.850)m transfer to Home Office for the victims fund;
£(0.022)m transfer to Department for Business, Innovation and Skills (Section B) for offender learning costs; and

£(0.015)m transfer to Scotland Office for audit fees.

Treasury Changes - Total £(1.007)m

£0.984m reduction due to change in VAT rules on Legal costs;

£0.023m cash charges imposed by HM Treasury.

Spending in Capital DEL (CDEL): Voted and Non-voted Expenditure

At the Main Estimate 2014-15, The Ministry of Justice was allocated an overall CDEL budget of £301.100m.

Changes in this Single Supplementary Estimate result in decrease in overall RDEL budget of £4.772m, details of which are set out below.

Budget Cover Transfers – Total £(4.772)m

£0.228m in relation to Tax Expansion Project from HM Revenue and Customs; and

£(5.000)m transfer to Cabinet Office in relation to the Identity Assurance Frameworks.

Spending in Resource AME (RAME): Voted and Non-voted Expenditure

At the Main Estimate 2014-15, The Ministry of Justice was allocated an overall RAME budget of £121.100m.

Changes in this Single Supplementary Estimate result in an increase in overall RAME budget of £60.000m as set out below.

Drawdown from HMT in relation to the following items:

£35m in relation to Legacy Probation Pension Schemes;

£15m in relation to the O'Brien Judgment; and

£10m in relation to impairment of Hassockfield Secure Training Centre.
### Variances to 2013-14 Provisions

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<td>5.051</td>
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<td>S</td>
<td>Office of Legal Complaints and Legal Service Board CFERS</td>
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<td>(17.549)</td>
<td>0.000</td>
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<td><strong>Total</strong></td>
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<td>(433.759)</td>
<td>296.328</td>
<td>276.400</td>
<td>19.928</td>
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Additional Information

Budgetary Limits
The tables below compare current year plans to the plans and outturn for the previous 3 years and all future year plans within the spending review period. They record outturn is as reported in the Resource accounts for 2013-14, 2012-13 and 2011-12;

Plans for 2011-12 are as reported in the Supplementary Estimate 2011-12;

Plans for 2012-13 are as reported in the Supplementary Estimate 2012-13;

Plans for 2013-14 are as reported in the Supplementary Estimate 2013-14;

Plans for 2014-15 are as reported in this Supplementary Estimate 2014-15; and

Plans for 2015-16 are as reported in the Spending Review 2010 and Spending Round 2013 settlement adjusted for reductions announced in the Autumn Statement 2013 (the reduction in 2015-16 is £71.000m).

<table>
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<tr>
<th>Year</th>
<th>Voted</th>
<th>Non-voted</th>
<th>Total Plans</th>
<th>Outturn</th>
<th>Variance</th>
<th>Variance</th>
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<tr>
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<td>123.451</td>
<td>7,710.333</td>
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<td>8,894.981</td>
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</table>

a) The budget and outturn numbers in 2013-14 have been restated to account for transfer by Machinery of Government of CAFCASS on 1 April 2014. It is not possible to restate previous years as the Budget figures are not available.
Memorandum on Supplementary Estimate 2014-15

Resource AME

<table>
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<tr>
<th>Year</th>
<th>Voted</th>
<th>Non-voted</th>
<th>Total Plans</th>
<th>Outturn</th>
<th>Variance</th>
<th>Variance</th>
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<tr>
<td></td>
<td>£m</td>
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<td>£m</td>
<td>£m</td>
<td>%</td>
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<tr>
<td>2015-16</td>
<td>71.000</td>
<td>-</td>
<td>71.000</td>
<td></td>
<td></td>
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<tr>
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<td>181.100</td>
<td>-</td>
<td>181.100</td>
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<td></td>
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<td>-</td>
<td>793.400</td>
<td>113.089</td>
<td>680.311</td>
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<tr>
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Capital DEL

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<th>Outturn</th>
<th>Variance</th>
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<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
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<td>-</td>
<td>349.700</td>
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<tr>
<td>2014-15</td>
<td>296.328</td>
<td>-</td>
<td>296.328</td>
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<tr>
<td>2013-14</td>
<td>276.400</td>
<td>-</td>
<td>276.400</td>
<td>272.861</td>
<td>3.539</td>
<td>1.28</td>
</tr>
<tr>
<td>2012-13</td>
<td>290.500</td>
<td>-</td>
<td>290.500</td>
<td>282.084</td>
<td>8.416</td>
<td>2.90</td>
</tr>
<tr>
<td>2011-12</td>
<td>378.774</td>
<td>-</td>
<td>378.774</td>
<td>344.095</td>
<td>43.679</td>
<td>11.26</td>
</tr>
</tbody>
</table>

Budget Exchange

The Ministry of Justice has made a Budget Exchange of £100m in 2014-15 into 2015-16.

Machinery of Government Transfers

There was a machinery of Government Transfer in 2014-15 from the Department for Education in relation to the transfer of National Association of Children Contact Centres (NACCC) of £0.261m.
Her Majesty’s Court & Tribunals Service (HMCTS) Income

HMCTS income can be split into high-level income streams; fee income and other income. The following table provides a breakdown of HMCTS forecast income for 2014-15 (as at 31 March 2014).

<table>
<thead>
<tr>
<th>Forecast</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee income</td>
<td>608.657</td>
</tr>
<tr>
<td>Other income</td>
<td>107.034</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>715.691</strong></td>
</tr>
</tbody>
</table>

Fee income

HMCTS fee income relates to non-criminal business only. Fee income is driven by the number of cases brought before the courts or to tribunal, and average fee values per case. Average fee values per case have been lower than expected. This is because the number of higher value case types such as unspecified money claim cases have been lower than expected, and some fee rises expected at the start of the year have either not taken place, or are no longer expected to take place this financial year.

HMCTS civil court fee income includes fees collected in County Courts, Family Courts, Magistrates’ Courts, the High Court, the Court of Appeal, the Court of Protection, and probate fees. In 2014-15 the Government’s aim is for revenue from court fees to meet the costs of providing the civil courts system, excluding the cost of the remissions system, which provides a full or partial fee waiver for those unable to afford fees.

Fees are charged in a subset of tribunals administered by HMCTS: Asylum and Immigration, Lands, Residential Property, Gambling and Gender Recognition. Employment Tribunal fees were introduced during 2014-15. Fees are not set to recover full cost.

Other Income

Other income includes recoveries from Other Government Departments, such as HM Revenue and Customs payments from the National Insurance Fund and income from the Department of Work and Pensions, both in relation to Social Security and Child Support Tribunals. Other income also includes bailiff fees covering the costs of debt collection enforcement, and service charges to the Legal Aid Agency as reimbursement for administrative work performing means testing of Legal Aid applicants.
Private and Public Prisons

The Justice Select Committee has previously requested a breakdown of the funding attributable to both Public and Private Prisons within NOMS.

The following table sets out the current up to date information.

NOMS – Split of Funding between Public and Private Prisons

<table>
<thead>
<tr>
<th></th>
<th>£m 2009-10</th>
<th>£m 2010-11</th>
<th>£m 2011-12</th>
<th>£m 2012-13</th>
<th>£m 2013-14</th>
<th>£m 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Prisons</td>
<td>2,046.275</td>
<td>2,029.388</td>
<td>1,912.062</td>
<td>1,790.212</td>
<td>1,657.319</td>
<td>1,573.875</td>
</tr>
<tr>
<td>Private Prisons</td>
<td>288.541</td>
<td>303.521</td>
<td>323.264</td>
<td>399.389</td>
<td>409.953</td>
<td>445.645</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,334.816</strong></td>
<td><strong>2,332.909</strong></td>
<td><strong>2,235.326</strong></td>
<td><strong>2,189.601</strong></td>
<td><strong>2,067.272</strong></td>
<td><strong>2,019.520</strong></td>
</tr>
</tbody>
</table>

Note on source of figures

- 2009-10 to 2013-14 reflects the Full Year outturn position (as per NOMS’ management accounts; and
- 2014-15 reflects the forecast outturn position for the year, as at November 2014 (Management Accounting period 08).

Note on comparability of figures

- The above figures include all public sector prisons against “Public Prisons” plus regional-based services and Public Sector Prisons’ HQ.
- The figures for private prisons from 2012-13 onwards include Oakwood, Thameside and the Full Year effect of Birmingham, which transferred to private sector management in the second half of 2011-12.
- The figures for 2013-14 reflect the transfer of HMP Wolds from the private to public sector from 1July 2013 and HMP Northumberland from public to private from 1 December 2013.
- The increase in private prison expenditure from 2012-13 also reflects the cessation of income from the Youth Justice Board at Ashfield in respect of its young offenders, following a re-roll of the prison to Male Category C status in July 2013.
- Income received from the Youth Justice Board in respect of expenditure by Young Offender Institutes accommodating 15-17 year old young offenders has been included, so these budgets in both public and private sector prisons are shown net of income.

The Immigration Removal Centres (Dover, Haslar and Morton Hall (plus the Verne in 2014-15)) are included under public prisons and are shown net of UKBA income.

Note on future years data

It is not possible at this stage to provide a split of Public and Private Prison spend for future years over the Spending Review period as this is dependent on the programme of prison benchmarking currently underway.
### Provision for Liabilities and Charges

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1st April 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previously declared</td>
<td>310,600</td>
<td>423,000</td>
<td>126,980</td>
<td>0.897</td>
<td>35,076</td>
<td>4,514</td>
<td>0.050</td>
<td>60,591</td>
<td>27,817</td>
<td>334,593</td>
<td>682,568</td>
<td>7,251</td>
<td>37,378</td>
</tr>
<tr>
<td>Adjustments to opening balance</td>
<td>(153,126)</td>
<td>(290,236)</td>
<td>6,063</td>
<td>(0.897)</td>
<td>0</td>
<td>0</td>
<td>19,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.707</td>
<td>16,286</td>
</tr>
<tr>
<td>following audit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised Balance as at 1st April</td>
<td>132,764</td>
<td>157,474</td>
<td>132,953</td>
<td>0</td>
<td>35,076</td>
<td>4,514</td>
<td>19,050</td>
<td>60,591</td>
<td>27,817</td>
<td>334,593</td>
<td>682,568</td>
<td>7,978</td>
<td>21,092</td>
</tr>
<tr>
<td>2013</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra Provision during year</td>
<td>0</td>
<td>10,600</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.545</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.033</td>
<td>0.031</td>
<td>0</td>
</tr>
<tr>
<td>Unwinding of Discount</td>
<td>0</td>
<td>1.700</td>
<td>3.448</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Interest on pension transfer</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>deficit</td>
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</tr>
<tr>
<td>Provision not required written</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>back</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilisation</td>
<td>0</td>
<td>(11,600)</td>
<td>(5,823)</td>
<td>0</td>
<td>0</td>
<td>(1.982)</td>
<td>(0.002)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.181</td>
<td>(0.199)</td>
</tr>
<tr>
<td>Forecast Balance as at 31st</td>
<td>132,764</td>
<td>158,174</td>
<td>130,578</td>
<td>0</td>
<td>35,076</td>
<td>2,003</td>
<td>19,000</td>
<td>60,591</td>
<td>27,817</td>
<td>334,593</td>
<td>682,568</td>
<td>7,830</td>
<td>20,925</td>
</tr>
<tr>
<td>March 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please note the table above (Provisions for Liabilities and Charges) shows the estimated position as at 31 March 2014. This will be updated as part of the preparation of the MoJ's Resource Accounts for 2014-15 and an updated position will be provided in the Supplementary Estimate.

Details of the provisions are as follows:

Fee paid judicial office holder claims

In September 2005, a retired fee paid recorder brought a claim in the Employment Tribunal seeking retrospective parity of treatment with salaried judges by claiming pension entitlements under the Part Time Workers Regulations. Subsequent claims lodged have extended to non-pension entitlements such as holiday and sick pay, payments in respect of training and writing up fees, increases in daily fees and cancellation fees where bookings are not honoured.

On 6 February 2013 the UK Supreme Court ruled that a retired fee paid recorder is entitled to a pension on terms equivalent to those of a salaried circuit judge. The UK Supreme Court remitted the case to the Employment Tribunal to determine the quantum of the entitlement. The Employment Tribunal issued a judgment in August 2013. An appeal has been lodged in relation to particular findings in the judgment and therefore there is a degree of uncertainty surrounding the quantum of the pension to which eligible judges are entitled. A judgment was also issued regarding the non-pension entitlements in January 2014, aspects of which have also been appealed.

An estimate of the pension and non-pension liability for fee paid judges has been prepared based on the UK Supreme Court ruling, the Employment Tribunal Judgment and associated appeal and current legal opinion.

Pension entitlements are provided to salaried judges under the Judicial Pension Scheme (JPS). The JPS is a defined benefit scheme and MoJ accounts for this scheme as a defined contribution scheme in accordance with FReM 12.2.5. The effect of this adaptation is that, although MoJ must account only for employer contributions payable to the JPS going forward, no contractual or other obligations arise for MoJ in respect of back payments or the pension liability arising pursuant to the claim. Accordingly, the provision liability for the fee paid pension entitlement is recognised in the JPS accounts.

Non-pension entitlements are paid to salaried judiciary by the MoJ. Accordingly only the provision for fee paid non-pension entitlements has been recognised in the MoJ accounts.

Judicial Long Service Award

The Judicial Service Award was created to equalise the tax position of judicial pensions affected by the provisions of the Finance Act 2004. The liability has been estimated by the Government's Actuary's Department (GAD), taking into account the number of reckonable years served of the existing judiciary and an estimate of the projected final salaries of existing members. The result was discounted to present value using the rate set by HM Treasury of 2.2% (2013-14: 2.2%). The opening liability is based on an actuarial assessment as at 31 March 2014.
Early departure costs

MoJ meets the additional costs of benefits beyond normal Principal Civil Service Pension Scheme (PCSPS) benefits for employees who retire early. This involves paying amounts determined by the pension administrator annually to PCSPS over the period between early departure and normal retirement date. MoJ provides for this in full when the early retirement programme becomes binding on MoJ by establishing a provision for the estimated payments discounted at the HM Treasury rate of 4.35% (2013-14: 4.35%) in real terms. Early departures approved in 2014-15 are based on formal valuations from the pension administrator.

The provision also includes the costs of providing for unfunded early retirement benefits of certain Magistrates’ Court staff.

Costs from Central Funds

Under the terms of the Prosecution of Offences Act 1985, acquitted defendants who have privately funded their legal representation, and private prosecutors, may obtain from the Crown Court an order to obtain their costs out of Central Funds. MoJ estimates the value of unbilled costs to arrive at the amount disclosed in the Financial Accounts as a provision. The amount is an estimate of the expenditure required to settle any obligation at the reporting period end date. Individual amounts are also provided for exceptionally high value cases. In estimating the provision, MoJ has adopted prudent measurement techniques based on the latest data available.

Legal Claims

Provision has been made for all known claims where legal advice indicates that it is more likely than not that the claim will be successful and the amount of the claim can be reliably estimated. The figures represent the best estimate of the amount payable. Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities.

Provision has been made for outstanding compensation claims in relation to miscarriages of justice. The amount provided for is an estimate of compensation due for all eligible cases that are due to be assessed by the Independent Assessor.

CICA Pre-tariff Scheme

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

The pre-tariff Scheme provision has not been discounted. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these cases. Due to uncertainties surrounding both the final liability and settlement date it is not deemed appropriate to discount the provision or provide an analysis with regard to timing of cash flows.
CICA Tariff scheme

The tariff Scheme provision, reflecting CICA’s liabilities under the 1996, 2001, 2008 and 2012 Schemes, is made up of two components. Primarily, CICA recognises liabilities that are based upon an evaluation of total applications that are currently known (discounted value (2013-14: £217.3m)). The additional element relates to those events, occurring on or before the reporting period end, that CICA deems probable and, based upon historical evidence, provides for an estimation of the future liability (discounted value (2013–14: £43.9m)).

Due to the fixed (injury-banded) nature of the tariff Scheme the liability has been discounted at a nominal HM Treasury rate (which excludes any effects of inflation) of 0.7% for cash-flows due within 5 years, 2.4% for cash-flows due between 5 and 10 years and 6.0% for cash-flows due after 10 years, in order to recognise the time value of money. This discount will be unwound over the remaining life of the provision.

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

In accordance with IAS 37 the following areas of uncertainty are noted in relation to the Tariff provision: The valuation is based upon a financial analysis of the historical settlement averages and the assessed tariff banding attributed to cases in-progress;

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

The apportionment of cases received, but as yet unallocated to Tariff bands. 66% of all such cases as at 31/03/2014 related to cases received during 01/04/2013 and 31/03/2014 and will be assessed in due course. Recent intake is assumed to follow normal historical trends relating to 2012 tariff Scheme;

The likelihood of known cases received in the current year that will resolve at £nil value based on historical averages. This estimation is only carried out for the lower tariff bands, as this is where £nil value cases are likely to be expected; and

For those cases that are not yet reported the value and timing of applications likely to be received is based on previous historical trends. This has been reduced from prior year estimates as the impact of lower demand following the introduction of the 2012 Tariff Scheme filters through to late reported cases.

Leasehold Property Dilapidations

Dilapidation costs are an estimate of the expenditure required to return vacated leased buildings to their original condition. The movement in year is as a result of updated information relating to property vacations.

NOMS is currently in negotiation with the landlord of HMP Lancaster Castle regarding its closure. Until the prison is formally delisted as a prison NOMS will be liable to continue to pay £240k per annum in rent. A dilapidation charge is possible, but as this site has multiple tenants the outcome of these negotiations cannot be assessed with certainty.
Legal Aid Agency (LAA) outstanding balances on funded cases

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

Other Provisions

Other provisions represents those that are not captured in the previous categories where it is recognised when MoJ has:

- 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; and
- 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. Provisions are not recognised for future operating losses.

Contingent Liabilities

The follow contingent liabilities have been removed since the Main Estimate 2014-15

<table>
<thead>
<tr>
<th>Contingent Liability</th>
<th>Reason for Removal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overseas voting rights</strong>: There is a 15 year time limit within which British citizens resident overseas may register to vote in parliamentary elections. A case currently before the European Court of Human Rights (ECHR) is seeking a declaration that the 15 year rule breaches Article 3 of Protocol 1 to the European Convention on Human Rights (ECHR) (amongst other articles).</td>
<td>No longer required.</td>
</tr>
<tr>
<td><strong>Public Participation Directive</strong> - European Commission has referred the UK to the European Court of Justice (ECJ) for non-compliance in transposing the Public Participation Directive correctly into domestic legislation.</td>
<td>No longer required.</td>
</tr>
<tr>
<td><strong>Payment by Results - Justice Reinvestment</strong>: The Justice Reinvestment Memoranda of Understanding runs for two reward years. The first reward year ran from 1 July 2011 to 30 June 2012 and the second from 1 July 2012 to 30 June 2013. The incentive payments are due no later than 30 November after the completion of a reward year. The potential reward due for the reward year 1 July 2012 to 30 June 2013 is at present uncertain as the reward year has not yet finished, and the present rate of reoffending is not necessarily indicative of the final position.</td>
<td>Scheme concluded no longer a contingent liability</td>
</tr>
</tbody>
</table>
The following contingent liability has been amended since the Main Estimate 2014-15.

<table>
<thead>
<tr>
<th>Original Entry</th>
<th>Original Amount</th>
<th>Revised Entry</th>
<th>Revised Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fee Paid Judicial Office Holders’ Pension rights:</strong></td>
<td>Unquantifiable</td>
<td><strong>Fee Paid Judicial Office Holders’ Claims:</strong> Fee paid judicial office holders’ claims: Pension entitlements are provided to salaried judges under the Judicial Pension Scheme (JPS). In September 2005, a retired fee paid judicial office holder brought a claim in the Employment Tribunal seeking retrospective parity of treatment with salaried judicial office holders by claiming pension entitlements under the Part Time Workers Regulations. The UK Supreme Court ruled on 6 February 2013 that the retired fee paid judicial office holder was entitled to a pension on terms equivalent to those applicable to a salaried judicial office holder. This lead case set the precedent for other stayed cases, which in addition to pension entitlements, extended to non-pension entitlements relating to fee paid judicial office holders’ employment terms and conditions. The case was remitted to the Employment Tribunal to determine the quantum of the liability to the eligible judicial office holders. During 2013-14 and 2014-15, there were several hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and determine which judicial office holders were eligible to make claims. In addition to pension entitlements, these hearings also addressed claims for non-pension entitlements relating to</td>
<td>Unquantifiable</td>
</tr>
<tr>
<td>Original Entry</td>
<td>Original Amount</td>
<td>Revised Entry</td>
<td>Revised Amount</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td>--------------</td>
<td>----------------</td>
</tr>
<tr>
<td>fee paid judicial office holders’ employment terms and conditions. Based on the UK Supreme Court ruling and the latest judgments from the Employment Tribunal and Employment Appeal Tribunal, an estimate of the liability to the group of fee paid judges to which eligible claimants belong has been prepared. The liability has two main elements: the pension entitlement, with a separate element of the pension liability relating to retired fee paid judges, and a Judicial Service Award which compensates retirees for the tax paid on pension lump sums paid on retirement; and the non-pension entitlement, relating to fee paid judicial office holders’ employment terms and conditions, such as holiday and sick pay, payments in respect of training and writing up fees, increases in daily fees and cancellation fees where bookings are not honoured. During 2014-15, eligible claimants were invited to submit claims to the MoJ in relation to the above rulings. The majority of these claims have now been received and a process is underway to calculate, and subsequently make offers to, those fee paid judges who have submitted an eligible claim. A portion of the offers made have been accepted and paid out in 2014-15.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Entry</td>
<td>Original Amount</td>
<td>Revised Entry</td>
<td>Revised Amount</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td>---------------</td>
<td>----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The liabilities recognised by the JPS and the MoJ reflect the best estimate of the expenditure required to settle the remaining claims at the end of the reporting period. There were a large number of stayed claims and outstanding appeals lodged which were not heard before the end of the reporting period or before these accounts were finalised. These claims remain as contingent liabilities. No estimate has been made in relation to the stayed cases as whether a stayed case is heard will depend on the individual circumstances of the claimant, and given the large number of stayed claims and outstanding appeals, this was considered impracticable.</td>
<td></td>
</tr>
<tr>
<td>Other European Court of Human Rights claims: MoJ is currently engaged in eleven other cases at the European Court of Human Rights (ECHR), some of which may involve possible financial liability and others which are unquantifiable. These cases represent several topics including: Claims for breach of Article 6 of European Convention on Human Rights (ECHR).</td>
<td>Unquantifiable</td>
<td>Other European Court of Human Rights claims: MoJ is currently engaged in twelve other cases at the European Court of Human Rights (ECHR), some of which may involve possible financial liability and others which are unquantifiable. These cases represent several topics including: Claims for breach of Article 6 of European Convention on Human Rights (ECHR).</td>
<td>Unquantifiable</td>
</tr>
<tr>
<td>Headquarters legal claims: There are around 7 outstanding legal claims against MoJ, some of which involve possible financial liabilities. These legal claims include a Judicial Review challenging: Refusal to pay compensation for miscarriages of justice.</td>
<td>Unquantifiable</td>
<td>Headquarters legal claims: There are around five outstanding legal claims against MoJ, some of which involve possible financial liabilities. These legal claims include a Judicial Review challenging: Refusal to pay compensation for miscarriages of justice.</td>
<td>Unquantifiable</td>
</tr>
<tr>
<td>Original Entry</td>
<td>Original Amount</td>
<td>Revised Entry</td>
<td>Revised Amount</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Employment and Reoffending Pilot Scheme: The Employment and Reoffending pilot scheme runs for 4 cohort periods, the first of which is 7 months from 1 September 2011 to 31 March 2012, and the remainder Full Years from 1 April to 31 March up to 2015. After the cohorts have been formed, there is a lag of 21 months before the levels of payment are known. This comprises 12 months follow up, 6 months waiting period for offences to proceed through the courts and a 3 month period to for data collection and analysis. As the level of reoffending for any of the cohorts will not be known until the end of the 21 month period, the liability as at 31 December 2015 is uncertain.</td>
<td>Unquantifiable</td>
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<td>Unquantifiable</td>
</tr>
</tbody>
</table>

There are no new contingent liabilities to be added since the Main Estimate 2014-15.
Accounting Officer Approval

The Ministry of Justice Estimates Memorandum has been prepared according to the requirements set out in the guidance manual on supply estimates provided by HM Treasury which reflects the views of the House of Commons Scrutiny Unit.

The information in this Estimates memorandum has been approved by myself as Departmental Accounting Officer.

Dame Ursula Brennan
Accounting Officer
Permanent Secretary
Ministry of Justice

February 2015
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