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1. Executive summary

Introduction
The purpose of this memorandum is to provide an overview and analysis of the resource, capital and cash sought in the 2017-18 Supplementary Estimate and to set out changes from the 2017-18 Main Estimate.

This memorandum has been prepared with reference to guidance in the Estimates Manual provided by HM Treasury. The information in the memorandum has been approved by Richard Heaton, Accounting Officer and Permanent Secretary, Ministry of Justice.

Key activities supported by provision in the Supplementary Estimate
The key activities supported by provision in this Estimate, broken down by budgetary limits, are explained below:

- The Resource DEL (Departmental Expenditure Limit) budget includes the Administration budget for running core Ministry of Justice functions, including its agencies and executive arm’s length bodies and the Programme budget for spend on areas including courts, prisons, probation and legal aid. Included within Resource DEL are ring-fenced amounts relating to the court and prison reform programmes;
- The largest element of the Capital DEL budget relates to amounts for court and prison reform programmes; and
- The Resource AME (Annually Managed Expenditure) budget is all classified as Programme and includes movements on provisions and potential impairments of Ministry assets.

New areas of spend and variances to the Main Estimate
There have been four new areas requiring funding that have arisen since the Main Estimate for 2017-18. These are detailed below:

- Increased funding of £250m to reflect a shortfall in income due to delays in implementing legislative changes to reform probate fees;
- Increased funding of £77m to reflect changed assumptions between our Spending Review and the re-scope court reform programme. This funding was pre-agreed in the Autumn Statement 2016;
- Increased funding of £16m to cover the liabilities emerging from the over-recovery of fees from Supervision and Power of Attorney applications at the Office of the Public Guardian (OPG). The Ministry is liable to repay the over-recovered amounts via a refund scheme; and
- Increased funding of £4m Resource DEL and £10m Capital DEL by HM Treasury to reflect a number of exogenous risks that the Ministry is managing as it approached year-end.

Further information on these and other changes is set out below and a detailed explanation, broken down by Programme and Estimate Sub-head, is at Annex A.
Summary of the main spending control figures contained in the Supplementary Estimate

<table>
<thead>
<tr>
<th>Spending control categories</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Departmental Expenditure Limit (RDEL)</td>
<td>7,752.543</td>
</tr>
<tr>
<td><strong>Of which:</strong></td>
<td></td>
</tr>
<tr>
<td>Voted RDEL</td>
<td>7,629.193</td>
</tr>
<tr>
<td>Non-Voted RDEL</td>
<td>123.350</td>
</tr>
<tr>
<td><strong>And of which:</strong></td>
<td></td>
</tr>
<tr>
<td>Administration Budget - includes ring-fenced depreciation and other non-cash expenditure of £40m</td>
<td>490.932</td>
</tr>
<tr>
<td>Programme Budget - includes ring-fenced depreciation and other non-cash expenditure £589.200m and non-voted programme budget £139m</td>
<td>7,261.611</td>
</tr>
<tr>
<td>Capital Departmental Expenditure Limit (CDEL)</td>
<td>424.867</td>
</tr>
<tr>
<td>Resource Annually Managed Expenditure (RAME)</td>
<td>482.000</td>
</tr>
<tr>
<td>Net Cash Requirement (NCR)</td>
<td>7,870.191</td>
</tr>
</tbody>
</table>

Significant changes in provision compared with the Main Estimate 2017-18

(i) Resource DEL

<table>
<thead>
<tr>
<th></th>
<th>2017-18 Supplementary Estimate £m</th>
<th>Movement</th>
<th>2017-18 Main Estimate £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource DEL</td>
<td>7,752.543</td>
<td>579.078</td>
<td>7,173.465</td>
</tr>
<tr>
<td><strong>Of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>490.932</td>
<td>(64,456)</td>
<td>555.388</td>
</tr>
</tbody>
</table>

The Resource DEL budget has increased by £579.078m (8.07%) since the Main Estimate 2017-18. A detailed explanation, broken down by Programme and Estimate Sub-head, is at Annex A. Within this the Administration budget has decreased by £64.456m (11.6%) and the Programme budget has increased by £643.534m (9.7%).

The £643.534m increase to the Programme budget results from the following changes:

- £250.000m funding from HM Treasury to fund a shortfall in probate income;
- £235.000 of budget vire from Capital DEL to Resource DEL;
- £77.000m funding to reflect changed assumptions between our Spending Review and the most recent court reform programme business case. This funding was pre-agreed in the Autumn Statement 2016;
- £65.125m Switch from Admin to Programme budget;
- £16.000m funding in relation to OPG Fees refunds;
- £4.000m funding in relation to mitigating emerging risks in the ministry.
- £(4.355)m reduction in funding due to a transfer to HMRC in relation to the Tax Expansion Project;
- £(1.045)m reduction in funding due to a transfer to the Welsh Government in relation to on-going running costs of HMP Berwyn; and
• £1.809m net increase in funding due to various transfers from other government departments including: funding of the Cyber Security Programme, costs associated with implementation of various parts of the Housing Act, assistance in the aftermath of Hurricane Ima in the British Virgin Islands and transfer of staff to our facilities management function from the Home Office as part of the Shared Services Estates cluster.

The £(64.456)m decrease to the Administration budget results from the following changes:

• £(65.125)m switch from Admin to Programme Budget following a fundamental principles-based review of expenditure classified as Administration;
• £1.000m for the costs of the Target Operating Model Team;
• £(0.317)m net decrease in funding due to various transfers to and from other government departments including: The Crime Survey in England and Wales; finance charges; facility management team; and Crown Office succession planning; and
• £0.014m Machinery of Government change to Ministry of Housing, Communities and Local Government (MHCLG) in relation to commonhold law.

(ii) Capital DEL

<table>
<thead>
<tr>
<th></th>
<th>2017-18 Supplementary Estimate £m</th>
<th>Movement</th>
<th>2017-18 Main Estimate £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital DEL</td>
<td>424.867</td>
<td>(317.283)</td>
<td>742.150</td>
</tr>
</tbody>
</table>

The Capital DEL budget has decreased by £317.283m (42.75%) since the Main Estimate. A detailed explanation, broken down by Programme and Estimate Sub-head, is given in Annex A. The decrease is primarily due to:

• £235.000 switch from Capital DEL to Resource DEL to redirect capital underspends to resource pressures;
• £103.000m surrendered through the Budget Exchange process to be made available in future years;
• £10.000m Capital Budget from HM Treasury to mitigate emerging risks within the ministry; and
• £10.717m Capital Budget in relation to courts buildings transferred to Ministry of Housing Communities and Local Government (Home and Communities Agency) to provide social housing.

(iii) Resource AME

<table>
<thead>
<tr>
<th></th>
<th>2017-18 Supplementary Estimate £m</th>
<th>Movement</th>
<th>2017-18 Main Estimate £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource AME</td>
<td>482.000</td>
<td>0</td>
<td>482.000</td>
</tr>
</tbody>
</table>

There has been no increase in the Resource AME budget since the Main Estimate.

(iv) Net Cash Requirement

<table>
<thead>
<tr>
<th></th>
<th>2017-18 Supplementary Estimate £m</th>
<th>Movement</th>
<th>2017-18 Main Estimate £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Requirement</td>
<td>7,870.191</td>
<td>520.733</td>
<td>7,349.458</td>
</tr>
</tbody>
</table>
The Net Cash Requirement (NCR) has increased by £520.733m (7.09%) since the Main Estimate. The increase derives from the changes described above, coupled with a request for additional working capital of £255m from HM Treasury to reflect accruals at the end of financial year 2016-17 for creditors.

**Explanation of changes in provision compared with the Supplementary Estimate**

Detailed explanations for significant variances between the Main Estimate 2017-18 and the Supplementary Estimate 2017-18 are shown in the table in Annex A.

**Year on year comparison of major controls**

The table below shows the outturn for 2015-16 to 2016-17 and plans for 2017-18 (Main Estimate) and 2017-18 (this Supplementary Estimate). Details of 2015-16 to 2016-17 outturn compared to the plans for those years are also shown in Annex B.

<table>
<thead>
<tr>
<th>Main control area</th>
<th>Main Estimate</th>
<th>Supplementary Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outturn (£m)</td>
<td>Plans £m</td>
</tr>
<tr>
<td>2015-16</td>
<td>2016-17</td>
<td>2017-18</td>
</tr>
<tr>
<td>Resource DEL</td>
<td>7,348.109</td>
<td>7,405.931</td>
</tr>
<tr>
<td>Administration</td>
<td>570.558</td>
<td>510.131</td>
</tr>
<tr>
<td>Programme</td>
<td>6,777.551</td>
<td>6,895.800</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>266.007</td>
<td>417.200</td>
</tr>
<tr>
<td>Resource AME</td>
<td>258.037</td>
<td>259.352</td>
</tr>
</tbody>
</table>

**Notes**

- Figures for outturn and plans set out above have been restated to reflect any Machinery of Government changes which occurred in previous years and prior period adjustments to comply with HM Treasury guidance.
- Administration budgets reflect the profile of the Department’s SR13 and SR15 settlements updated for Supplementary Estimate changes.
- The reduction of capital expenditure between the Main Estimate and the Supplementary Estimate reflects an agreed transfer with HM Treasury to switch Capital Expenditure to Resource Expenditure and re-profiling of capital spend into future years.
- Resource AME balances vary greatly over the years due to the volatility of provisions recorded as AME. A debit (a positive in the table above) is recorded as provisions are created, and a credit (a negative) recorded when a provision is utilised. The ministry’s AME expenditure largely relates to movements in provisions and impairments on ministry assets which can be triggered if announcements are made which affect future usage of the asset.

There is an increase of £347m between the 2017-18 Resource DEL Supplementary Estimate request and the 2016-17 outturn. The main reasons for this movement are increased staffing costs reflecting prison officer recruitment, increased Legal Aid costs driven by demand, increased provision for depreciation costs and increased expenditure across change programmes. There is no significant change in Capital DEL expenditure over the same period and the increase in Resource AME is due to anticipated asset impairments on Departmental properties and an expected increase in pension liabilities and provisions at the end of the year.
Changes to the Ambit

The Ambit has been updated to account for effects of Machinery of Government changes and to include payments made to Gov Facility Services Ltd.

Machinery of Government changes

The following Machinery of Government changes occurred during 2017-18:

- Responsibility for commonhold law transferred from the Ministry of Justice to the Ministry of Housing, Communities and Local Government (MHCLG) on 20 July 2017. The effect of this was to transfer £14,000 to MHCLG for 2017-18 to 2019-20 inclusively; and
- Responsibility for policy on protected persons transferred from the Ministry of Justice to the Home Office on 20 July 2017. There are no financial implications relating to this change.

Functional Leadership

The Ministry moved to a system of Functional Leadership in early 2017-18. Eight functions that previously sat within each business group across MoJ HQ, Her Majesty’s Prison and Probation Service, the Office of the Public Guardian, the Criminal Injuries Compensation Authority and the Legal Aid Agency were brought together under one functional lead for each function. The eight functions are analytical services, commercial, communications, digital & technology, estates, finance, human resources and project delivery. The functional lead will set the strategic direction for that area of work and work with MoJ’s Executive Committee to allocate resources to priorities. This has driven a movement of funding and resources out of the agencies and into the areas where the functions sit.

Her Majesty’s Courts and Tribunal Service is only partially in scope for the financial leadership model. Functional leads continue, however, to work closely with HMCTS to improve working practices and collaboration.

The changes are intended to help us to become more efficient, to achieve economies of scale and to deliver the savings committed to in last year’s Spending Review – protecting resources that can be dedicated to frontline delivery.

Administration budget

During the course of the year the Ministry carried out a fundamental, principles-based review of its Administration expenditure and agreed with HM Treasury to reclassify activities costing £65.125m (net) out of Administration and into Programme. Examples of these activities include case management activity within the Legal Aid Agency and the Criminal Injuries Compensation Authority, prison officer recruitment costs and costs falling to the Judicial Office. The ministry is continuing to discuss with HM Treasury other areas of activity where reclassification may be appropriate before any further switches can be agreed in relation to future years.

Provisions and contingent liabilities

The main provisions are included in the table at Annex C.

The Supplementary Estimate also includes details of all the contingent liabilities included in the Department’s 2017-18 Main Estimate and 2016-17 Financial Accounts and takes account of any changes indicated by the Ministry’s internal Quarter 2 financial accounts.
2. Key activities

The strategic objectives of the Ministry of Justice

The Ministry of Justice has four strategic objectives as follows:

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

To support delivery of these objectives the Ministry of Justice is organised into six main business groups:

- Her Majesty’s Prison and Probation Service (HMPPS);
- Her Majesty’s Courts and Tribunals Service (HMCTS);
- The Chief Financial Officer’s Group (previously referred to as Finance, Analysis and Commercial Group);
- Offender Reform and Commissioning Group (previously referred to as Prison Offender and Youth Justice Policy Group);
- Justice and Courts Policy Group; and
- Operations Group, including Corporate Services, Legal Aid Agency (LAA), Criminal Injuries Compensation Authority (CICA), Office of the Public Guardian (OPG) and Official Solicitor and Public Trustee (OSPT).

Delivery against the main activities and priorities of these groups is set out below.

Her Majesty’s Prison and Probation Service (HMPPS)

(Supplementary Estimate provision of £3,765.391m, including depreciation)

Main activities

HMPPS is responsible for delivery of prison and probation services in England and Wales and protecting the public and reducing re-offending by delivering the punishment and orders of the courts and supporting rehabilitation by helping offenders to reform their lives. It is also responsible for designing, delivering and embedding the new HMPPS agency to ensure better outcomes for offenders and to implement MoJ and ministerial priorities for prisons and probation.

Progress against priorities since the Main Estimate 2017-18

The priorities for HMPPS and key progress against them are summarised below.

Provide a safe, decent environment and rehabilitative culture

- To keep offenders safe and secure, HMPPS planned to recruit an additional 2,500 prison officers and is half way to achieving this goal. The Offender Management in Custody model has also been developed with an emphasis on the key worker role to directly improve decency and a rehabilitative culture. Safety is HMPPS’s predominant priority and a Safety Board chaired by the Director of Prisons has oversight of the implementation of a range of initiatives designed to improve safety, including investment in regional safer custody teams. Taken together these actions will improve the supervision of offenders and support them to lead law-abiding lives.
**Implementation of MoJ Prison Reform at an operational level**

Activities carried out so far, this year include:

- Launch of a programme of operational safety audits to support governors in identifying the key drivers of violence in their prisons and roll-out of improved violence and self-harm training to all staff to ensure that they have the right understanding and skills to address these issues in prisons;
- Creation of a dedicated unit for extremist offenders at HMP Frankland, allowing greater separation and specialised management of the highest risk individuals;
- Freedom for governors to make changes to the way their prisons are run to better meet the needs of their prisoners. HMPPS has also empowered governors to choose to use up to 10% of their education budget to meet gaps in training needs in their establishments and launched the roll-out of co-commissioning for prison healthcare to allow governors an increased input into what healthcare services are delivered in their prisons;
- Launch of a pilot of the Prisoner Apprenticeship pathway to help prepare prisoners for employment post-release;
- Beginning work to simplify the existing prison estate into three functions – reception prisons; training prisons; and resettlement prisons – including completing reconfiguration of HMP Durham and HMP Holme House.

**Delivery of the E3 programme in the National Probation Service (NPS)**

- The NPS has now delivered the E3 Programme. Implementation of Phase 1 of the NPS Operating Model, which defines a consistent approach to the delivery of probation services, completed in April 2017. Phase 2, consisting of six work packages (admin and management, job role harmonisation, divisional corporate support, sex offenders, MAPPA and Visor) completed in December 2017.

**Electronic Monitoring (EM)**

- EM is a key tool for offender managers and supports wider work to reduce re-offending and protect the public. During 2017/18 we have been working with a range of stakeholders to explore how new applications of electronic monitoring technologies can help and support wider proposals for reform, including courts, prisons, and sentencing.
- As the new service is procured, developed and mobilised we will continue to deliver the existing electronic monitoring service. Development of a new national service will however allow us to monitor offenders more effectively, introduce location monitoring at scale and provide a flexible and scalable platform to support justice system reform. Our procurement process for proven ‘off-the-shelf’ tags has completed and we anticipate being able to recommence contracts with all four suppliers in early 2018 and commence service delivery during 2019.

**Progress on change programmes**

**North Wales Prison (HMP Berwyn) – Ramp up of new prison to full operational capacity**

- HMP Berwyn in North Wales opened in February 2017. At the end of March 2018, HMP Berwyn is currently forecasting to have 1,026 spaces occupied and the population ramp up will continue throughout 2018-19. The building programme that will enable the Industries and Vocational Training Workshop contracts to commence in 2018 also continues to progress.
Prison Estate Transformation Programme (PETP)

Activities carried out this year include:

- Obtaining outline planning permission for three sites, closing HMP Glen Parva in preparation for redevelopment as a new build prison, marketing HMP Holloway site for sale and continuing construction on the new Stocken houseblock, scheduled to open at the end of 2018;
- Developing rehabilitative and standardised physical design for the new men’s prisons and a detailed construction strategy; and
- Continuing phase 1 of the prison reconfiguration programme, creating additional video facilities which avoid the need for prisoners to travel to court.

HM Treasury approved the programme’s Refreshed Outline Business Case in December 2017 which included permission to undertake some work in advance of the Full Business Case planned for summer 2018. This includes demolition of the existing buildings at Glen Parva and Wellingborough and developing designs and reaching Agreed Maximum Price for prisons at Glen Parva and Wellingborough.

Her Majesty’s Courts and Tribunals Service (HMCTS)

(Supplementary Estimate provision of £1,694.377m (including depreciation), plus £139.000m for Higher Judiciary Judicial Salaries paid from the Consolidated Fund)

Main activities

HMCTS is responsible for continuing to improve the way the courts and tribunals are run, providing an efficient and effective courts and tribunals system and access to justice for all. Through the HMCTS Reform Programme it is also developing the future vision for the Courts and Tribunals Service, setting out how it will meet the current and future needs of its users and deliver an improved service at a lower cost.

To deliver these priorities it supports an independent judiciary in the administration of justice and collaborates with other justice organisations and agencies. It works 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.

Progress against priorities since the Main Estimate 2017-18

The 2017-18 priorities focus on citizen-driven modern technology, citizen driven modern settings; and citizen driven modern capabilities. Progress against each of these is summarised below.

Citizen-driven modern technology

- In the last year, HMCTS launched intuitive digital services across all jurisdictions, including in Civil Money Claims, Divorce, Probate and Social Security and Child Support. These have resulted in time savings for individuals and businesses and reduced rejection rates. For example, the time to complete the online Divorce application is on average 30 minutes quicker than the paper form and the online rejection rate is 10% compared to 40% on the paper system. The first online Probate grant was issued in six days (rather than the more usual 20). 86% of users have said they are satisfied or very satisfied with the online system.
- HMCTS also rolled-out the Single Justice Service’s ‘Make a Plea Online’ service, which is now operational in all 44 traffic courts nationally and work continues on the creation of a prototype for use in Virtual Hearings, following the development of a ‘proof of concept’ in October 2017.
Citizen-driven modern settings

- Wi-Fi has been installed in all Combined Courts and in 25% of Civil and Family courts.
- HMCTS has created five ‘model’ victims and witness rooms which will set the standard for future transformations and concluded its ‘Court of The Future’ pilots, which will help make court buildings easier to navigate for the people using them, and more efficient to run.
- Planning is under way for the first two ‘Courts and Tribunals Service Centres’ (in Birmingham and Stoke), which are expected to open in January 2019. These will deliver high standard, consistent customer support using telephone, web chat and email.

Citizen-driven modern capabilities

- A plan to build capability has been agreed, including the introduction of Reform Learning and Support Officers, a role which will help design, develop and deliver relevant training to staff.
- Progress has been made in implementing a new complaints and feedback system for people who use our courts and tribunals.

Progress on change programmes

- The HMCTS Reform Programme has begun its next phase, ‘Interim State 2’. We expect the programme to complete, as planned, in 2022-23. In addition to the progress described above:
  - We have developed an integrated crime plan and secured cross-Criminal Justice System commitment to reform for the first time e.g. from the Police and Crown Prosecution Service;
  - We have exited more than 100 buildings, sold 47, and generated £65m in proceeds;
  - We have increased collaboration through the establishment of a strong alliance with the Judiciary, and extended engagement with people who use our services e.g. victims and witnesses and legal professionals; and
  - Through the Transforming, Compliance and Enforcement Programme (TCEP), we have recovered £13.5m of historic debt.

- The Criminal Justice System Common Platform Programme (CJSCP) has reprioritised its scope to improve deliverability and align it with the wider Crime Service. Delivery is expected to be completed in 2020-21. Key progress includes:
  - National roll-out of Digital Mark Up, a resulting tool that allows Legal Advisers and Court Associates in Magistrates’ Courts to digitally record the outcome of a case, is 68% complete;
  - Automated Track Case Management (ATCM) went live in April 2017. Developed as a pilot to deal with fare evasion in conjunction with Transport for London, it provides an end to end digital service that removes low level regulatory offences from the courtroom (around 850,000 cases a year). The digital product used for ATCM will also be extended to TV Licensing, Driver and Vehicle Licensing Agency, and the Police;
  - National roll-out of the Magistrates’ Rota is complete, allowing magistrates to access and manage sittings online;
  - The ‘Charge to Initial Details of the Prosecution Case’ (C2I) pilot went live in September 2017. C2I provides the digital process for the initial charging decision and
digitally creates the initial details of the prosecution case. It will also enable
defendants’ legal teams to access and download material directly; and
- ‘Crown Court End to End’ is currently being piloted, enabling cases to be handled
digitally from charge through to resulting.

Chief Financial Officer Group (CFOG)

(Supplementary Estimate provision of £(883.391)m, of which £97.398m relates to core
Finance Group, with the remainder relating to fee and fine income and other centrally held items)

Main activities

The CFO Group brings together the HQ functions focused on providing the department with the
necessary assurances of delivery of MoJ’s business, particularly change programmes and
procurement and management of contracts. This includes financial governance and assurance as
well as assurance from analysis, risk, change professionals and procurement experts in challenging
and supporting MoJ’s business. It also provides sponsorship of Internal Audit (provided by the
Government Internal Audit Agency) and Legal (provided by Government Legal Department).

The Chief Financial Officer is the Accountant General for the Senior Courts in England and Wales
and is supported in the discharge of his statutory responsibilities by a small team in the Office of the
Accountant General.

Sponsored bodies

Sponsorship of the Official Solicitor and Public Trustee transferred to Operations Group during early
2017-18.

Progress against priorities since the Main Estimate 2017-18

- An updated financial control framework has been launched, which has created more robust
  controls and more incentives to better use resources. Budget holders also receive ‘licence to
  operate’ training on their role and responsibilities. We continue to improve financial
  information throughout the department, to drive improvements in financial management,
  and to build a more cost-conscious culture in the department.

- Six data visualisation tools have been launched successfully that provide better, more
  intuitive access to performance data for MoJ staff and the public. We continue to develop a
  single, user-centric analytic platform to ensure that core datasets and tools are accessible
  and can be used to unlock insight from the data we hold; as well as educate, inspire and
  empower MoJ staff to apply data science to realise the potential of our data.

- Linked to the Government-wide set of commercial standards, improvements have been
  made to the quality of commercial management and we continue to make further
  improvements. We remain focused on implementing a new compliance framework for
  existing contracts, supported by a new improved management information reporting tool,
  which will help to bring more active management to our contracts pipeline and ensure there
  is early review of existing contracts to maximise the opportunities for improved value for
  money.

- The ministry moved to a system of functional leadership in 2017-18 with four of the eight
  functions sitting in CFO Group – finance, commercial, analytical services and project
delivery. Project delivery is a new function for the ministry that enables us to improve our
project management capability and ensure we have the right resources in the right place to
delivery our highest priority projects.
Offender Reform and Commissioning Group (ORCG)

(Supplementary Estimate provision of £200.384m, including funding for sponsored arm's length bodies)

Main activities

The Offender Reform and Commissioning Group is responsible for delivering the Prison Safety and Reform Programme, for delivering the Government's commitments in response to the Charlie Taylor Review of Youth Justice in England and Wales, for supporting the Prison and Courts Bill and for commissioning prison and probation services. It provides policy advice to the Secretary of State and the wider ministerial team on prisons, sentencing, offender and youth justice issues, and publishes strategies setting out our position on improvements to the criminal justice system.

Progress against priorities and change programmes since the Main Estimate 2017-18

- **Prison Reform** – A year on from the publication of the Prison Safety and Reform White Paper, progress has been made across a number of key areas. We have:
  - Passed the halfway milestone for the recruitment of 2,500 additional prison officers;
  - Launched a direct entry scheme to bring 75 external experienced leaders into HMPPS over the next three years;
  - Recruited the first cohort of candidates into the Unlocked graduate scheme; and
  - Invested £3m per year to enhance our intelligence capability, allowing us to better gather, interrogate and use intelligence to disrupt criminal activity.

- **Youth Justice Reform** – The ministry achieved approval in July 2017 to deliver changes to the existing custodial estate, including preparations for recruiting over 100 youth justice officers, changes to the Educational Core Day and some improvements to the estate.

- **Probation** - We conducted an internal review of probation services that resulted in making changes to the CRC (Community Rehabilitation Company) contracts in July, the details of which were sent out in a Written Ministerial Statement to Parliament. MoJ, the Department of Health and Social Care, NHS England and Public Health England have also been working to develop a protocol for community sentence treatment requirements. This sets out what action is required by Health and Justice staff to ensure pathways into timely and appropriate treatment are in place, and that greater use is made of treatment requirements as part of community sentences, reducing the number of vulnerable people in prison.

- **Sentencing** – In October 2017, we published a response to the consultation on driving offences and penalties and made a commitment to legislate when parliamentary time allows.

- **Women and vulnerable groups** – The Government published its response to the final Lammy Review in December 2017 and has established a governance structure to oversee implementation across the system. Work is ongoing to deliver the commitment in the 2016 Prison Reform White Paper to publish a female offender strategy. MoJ has already provided grant funding to a number of local areas to develop a ‘whole system approach’ to address the needs of female offenders and tackle the underlying causes of their offending behaviour. The female offenders team is currently reviewing what has been delivered to date for the funding provided.

Changes to priorities

- **Prison Safety and Reform Portfolio** – The Youth Justice Reform Programme and the retender of the Prisoner Escort and Custodial Services (PECS) contracts have been brought
under the governance of the Prison Safety and Reform Portfolio. This is to facilitate joined up oversight and management of risks, benefits, finance and plans at portfolio level.

- **Sentencing** – The ministry is implementing changes that will improve the administration of the home detention curfew. We continue to work in partnership with HMPPS and the Parole Board to reduce the backlog of offenders serving a sentence of imprisonment for public protection (IPP) awaiting a parole hearing.

- **Probation** – The ministry continues to focus on improving the delivery of probation services. As part of our work to improve and strengthen standards and accountability we are supporting HMI Probation in implementing a new inspection framework from April 2018.

- **Commissioning** – The ministry is developing a commissioning strategy to inform future investment decisions, including the development of a marketing and competition strategy and managing the re-competition of the PECS contract.

**Sponsored bodies**

Offender Reform and Commissioning Group sponsors the following arm’s length bodies which offer an independent insight into custody and offender management:

- The Youth Justice Board (YJB);
- HM Inspectorate of Prisons;
- HM Inspectorate of Probation;
- The Prisons and Probation Ombudsman (PPO);
- Independent Monitoring Boards (IMB); and
- The Parole Board.

**Justice and Courts Policy Group (JCPG)**

*(Supplementary Estimate provision of £233.550m, including funding for sponsored arm’s length bodies)*

**Main activities**

The Justice and Courts Policy Group is responsible for policy on criminal and family justice, legal aid and judicial policy, including supporting the Lord Chancellor in fulfilling his constitutional responsibilities. It regulates claims management services, manages the UK’s constitutional relationship with the Crown Dependencies and works with the devolved administrations on justice issues. It is also responsible for the Global Britain agenda, working to put legal services at the heart of the Government’s plans for enhancing the UK’s competitive position, seizing opportunities to grow the UK’s legal services sector in Europe and globally, and securing the best outcome for the UK in leaving the EU with regard to civil, criminal and family law and human rights. On behalf of the ministry it is responsible for driving the department’s strategic and operational relationship with its 27 Arm’s Length Bodies.

**Progress against, and changes to, priorities since Main Estimate 2017-18**

- **Civil** – The ministry has undertaken pre-legislative scrutiny of measures to reform the personal injury discount rate which is used to calculate damages for future loss.

- **Legal Aid** – In October, the ministry published the post legislative memorandum to the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO), and announced commencement of the post implementation review. Since April 2017, several statutory instruments have also been laid, including reforming the fee scheme for solicitors.
representing defendants in the Crown Court and amendments to legal aid eligibility evidence requirements for domestic violence cases. In September, the ministry published a consultation response delivering a new price tendering model for the Housing Possession Court Duty Scheme in advance of the wider civil legal aid contract tender.

- **Court Fees** – The ministry launched the full refund scheme for Employment Tribunal fees following the Supreme Court’s judgment in *Unison* in November 2017 and a significant number of refunds have already been processed.

- **Tribunals** – The ministry has driven forward a programme of reform to immigration appeals, including publishing the Government response to a consultation on proposals to create a new fast track process to speed up appeals from detained immigration appellants.

- **Victims** – The ministry continues to develop a strategy that builds on victims’ rights and entitlements and supports vulnerable victims and witnesses through the criminal justice process. This includes a specific programme of work with the Home Office to address the particular needs of domestic abuse victims and more broadly to ensure the Government is taking effective steps to tackle domestic abuse.

- **Family justice** - Working with the judiciary, new family court rules were introduced in November to improve in court protection (such as screens or video link) for vulnerable persons in family proceedings.

- **Global Britain** - A paper setting out our vision for the future of Civil Judicial Co-Operation between the UK and the EU was published in August.

- **Judicial policy** – We have taken forward work to establish the major review of judicial pay by the Senior Salaries Review Body, which will report later in 2018.

**Sponsored bodies**

JCPG sponsors the following arm’s length bodies:

- The Children and Family Court Advisory and Support Service (Cafcass);
- The Civil Justice Council;
- The Civil Procedure Rules;
- The Criminal Cases Review Commission;
- The Family Justice Council;
- The Family Procedure Rule Committee;
- The Judicial Appointments and Conduct Ombudsman t;
- The Judicial Appointments Commission;
- The Judicial Office;
- The Law Commission;
- The Legal Services Board;
- The Sentencing Council for England and Wales;
- The Tribunal Procedure Committee; and
- The Victims’ Commissioner.
Operations Group, including LAA, CICA, OPG and OSPT

(Supplementary Estimate provision of £2,692.636m, including depreciation, of which Corporate Services HQ £893.239m, LAA £1,666.788m, CICA £138.628m and OPG £(11.691)m).

Main activities

Operations Group brings together headquarters directorates which carry out essential corporate functions, including shared services, communications and information, HR, digital and technology services and estates. The group also includes three executive agencies. The section which follows describes the main activities and priorities of the corporate functions.

Progress against priorities and change programmes since the Main Estimate 2017-18

The Group's priorities and key progress against them are summarised below.

To create a smarter, simpler smaller headquarters through the MoJ Transformation Programme

- Progress continues to be made across the transformational activity and driving forward a smarter, simpler and more unified department. Specific progress includes:
  - Supporting frontline delivery through digitising our services;
  - Supporting the workforce with a smaller more efficient estate, including rolling out a 6:10 desk ratio across the HQ estate;
  - Closing inefficient, outdated buildings and disposing of surplus assets;
  - Improving the provision of services through engagement with customers;
  - Promoting smarter working through mobile technology, online functionality, and support for flexible working;
  - Embedding a culture of continuous improvement, including a focus on improving correspondence processes; and
  - Strengthening capability through new technology leadership, growing the digital services team and increasing commercial skills, including rolling out new IT and ways of working.

Legal Aid Agency (LAA)

Main activities

The LAA works in partnership with legal providers and the wider MoJ to deliver legal aid efficiently and effectively as part of the justice system. Its purpose is underpinned by three strategic objectives linked to its business priorities to improve casework to reduce cost, enhance control and give better customer service, to improve organisational capability and to build and maintain strong partnerships to secure quality provision and contribute fully to wider justice and Government aims.

Progress against priorities since the Main Estimate 2017-18

- The LAA continues to increase its digital offering to staff and users. In September, it launched a new faster, more secure and more user-friendly LAA Portal, the access point for all LAA systems, to 50,000 external users and over 1,000 internal users. It also made improvements to internal systems to improve the efficiency of internal processes and reduce the time taken to process some categories of applications.
The 2017 Crime Contract was successfully implemented on 1 April following a procurement process which resulted in 1,299 organisations contracted to deliver Criminal Legal Aid services under the new contract.

Tenders are now live to renew civil contracts to secure the provision of civil legal aid services (telephone and face to face) for the next five years. The tenders were due to open April, but due to delays caused by the General Election opened in late September. The new contracts will begin on 1 September 2018.

The ministry is considering responses to the consultation ‘Legal Aid Financial Eligibility and Universal Credit’ published in March which proposed limiting passporting through the legal aid means tests to Universal Credit recipients with zero income from employment, while continuing to passport recipients of legacy benefits and State Pension Guarantee Credit, which is not being replaced by Universal Credit.

As a result of a Court of Appeal Judgment, following judicial review proceedings brought against Rights of Woman, the Government undertook a review of the domestic violence evidence requirements during the summer of 2016. Following the review, the Ministry of Justice has developed proposals to make it easier for domestic violence victims to access legal aid for family disputes. Ministers are currently considering these proposals. Interim Regulations are currently in place to expand the time limit for certain domestic violence evidence requirements from 2 years (24 months) to 5 years (60 months) as well as the inclusion of evidence of financial abuse. These have been in place since April 2016.

Progress on change programmes

- LAA launched the Agency Transformation Programme (ATP) to support the longer-term focus of further simplifying and automating our services. We launched a Discovery Phase in June 2017 to identify the changes we need to make to achieve our vision of the LAA by 2020.

Criminal Injuries Compensation Authority (CICA)

Main activities

CICA assesses compensation claims from people who have been physically or mentally injured because they were the blameless victim of a violent crime in England, Scotland or Wales.

Progress against priorities since the Main Estimate 2017-18

CICA’s priorities and key progress against them are summarised below.

- Continue to streamline processes and develop its digital strategy to provide improved service, including introduction of a proof of concept pilot which will allow a new application option for victims of sexual assault or period of sexual abuse, enabling claims to be processed more quickly, and introduction of an upgrade to the current validation service to provide greater assurance about the identity of the award payee;

- Develop an extended on-line service informed by extensive user research, enabling CICA to assess and pay the right level of compensation quickly and efficiently;

- Maintain integrity and security of all CICA digital services and mitigate vulnerability to cyber threats; and

- Maintain workforce capacity and build operational delivery skills at all levels:
The Office of the Public Guardian (OPG)

Main activities and priorities

The Office of the Public Guardian (OPG) supports the Public Guardian in carrying out the legal functions of the Mental Capacity Act 2005.

Progress against priorities since the Main Estimate 2017-18

- OPG have managed a 22-25% increase in Lasting Power of Attorney (LPA) registrations in 2017-18, 7-10% above projections, whilst achieving all operational targets, keeping within budget, and meeting its requirement to increase staffing by no more than 50% of our increased workload. OPG also continues to improve customer satisfaction and improve the accessibility of services, through promotion of the digital LPA application service, and around one quarter of all LPAs are now completed online.

- Delivered the move from a legacy to OPG’s new case management system for LPAs, and the move to digital submission of over 25% of deputy reports. This includes introducing a new ‘DigiDeps’ service, enabling those appointed by the Court of Protection to act as deputies for people who do not have mental capacity (“P”), to submit the annual reports of how they have managed P’s affairs online.

- Developed a safeguarding service, including producing a draft Safeguarding strategy to be launched in 2018/19, and improving our profile with senior external safeguarding stakeholders.

- Supported the MoJ project to repay historic fees over-charging, enabling this to be delivered digitally and in the most efficient manner possible.

Sponsored bodies

Operations Group sponsors the Official Solicitor and Public Trustee.
3. 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.

Richard Heaton
Accounting Officer
Permanent Secretary
Ministry of Justice

February 2018
Annex A: Analysis of movements in resource spend by Supplementary Estimate sub-head and programme

<table>
<thead>
<tr>
<th>Description</th>
<th>2017-18 as per Supplementary Estimate (SE) £m</th>
<th>2017-18 as per Main Estimate (ME) £m</th>
<th>Variation 2017-18 SE to 2017-18 ME £m</th>
<th>%</th>
<th>Explanation of Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending in Resource DEL (voted)</td>
<td>7,629.193</td>
<td>7,046.249</td>
<td></td>
<td></td>
<td>Under Functional Leadership a number of back office functions have transferred to MoJ HQ from HMPPS, LAA and OPG. c£235m. We have requested additional funding from HMT to cover shortfall in Probation Fees £250m, OPG Fees £16m and emerging risks within the department. We have also converted £235m from Capital to Resource which has mainly been assigned to MOJ HQ.</td>
</tr>
<tr>
<td>A – Policy, Corporate Services and Associated Offices (MoJ HQ)</td>
<td>84.493</td>
<td>(683.225)</td>
<td>767.718</td>
<td>112.37</td>
<td>The variance is small and immaterial.</td>
</tr>
<tr>
<td>B – Her Majesty’s Courts and Tribunals Service</td>
<td>1,694.377</td>
<td>1,692.641</td>
<td>1.736</td>
<td>0.10</td>
<td>The variance is small and immaterial.</td>
</tr>
<tr>
<td>C – Office of the Public Guardian</td>
<td>(11.691)</td>
<td>(3.430)</td>
<td>(8.261)</td>
<td>240.85</td>
<td>Under Functional Leadership a number of back office functions (Mainly IT) c£8m have transferred to MoJ HQ.</td>
</tr>
<tr>
<td>D – Youth Justice Board (net)</td>
<td>128.821</td>
<td>223.197</td>
<td>(94.376)</td>
<td>42.28</td>
<td>Youth Custodial services c£89m have transferred to HMPPS.</td>
</tr>
<tr>
<td>E – Parole Board (net)</td>
<td>18.125</td>
<td>18.125</td>
<td>0.00</td>
<td>0.00</td>
<td>No change.</td>
</tr>
<tr>
<td>F – Criminal Cases Review Commission (net)</td>
<td>5.393</td>
<td>5.394</td>
<td>(0.001)</td>
<td>0.02</td>
<td>The variance is small and immaterial.</td>
</tr>
<tr>
<td>G – Judicial Appointments Commission (net)</td>
<td>5.082</td>
<td>4.581</td>
<td>0.501</td>
<td>10.94</td>
<td>Additional funding was provided for a recruitment drive for the appointment of new judges.</td>
</tr>
<tr>
<td>Description</td>
<td>2017-18 as per Supplementary Estimate (SE)</td>
<td>2017-18 as per Main Estimate (ME)</td>
<td>Variation 2017-18 SE to 2017-18 ME</td>
<td>Explanation of Variance</td>
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<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>H – Office for Legal Complaints</td>
<td>11.802</td>
<td>11.802</td>
<td>0.000</td>
<td>0.00</td>
<td>No change.</td>
</tr>
<tr>
<td>I – Legal Services Board</td>
<td>3.848</td>
<td>3.904</td>
<td>(0.056)</td>
<td>1.43</td>
<td>The variance is small and immaterial.</td>
</tr>
<tr>
<td>J – Legal Aid Agency</td>
<td>1,666.788</td>
<td>1,624.330</td>
<td>42.458</td>
<td>2.61</td>
<td>Under Functional Leadership a number of back office functions have transferred to MoJ HQ c£19m. £60m additional funding given to alleviate increases in demand on Legal Aid system.</td>
</tr>
<tr>
<td>K – Criminal Injuries Compensation Authority</td>
<td>138.628</td>
<td>140.980</td>
<td>2.352</td>
<td>1.67</td>
<td>Under Functional Leadership a number of back office functions have transferred to MoJ HQ c£2m</td>
</tr>
<tr>
<td>L – Children and Family Court Advisory and Support Service</td>
<td>118.136</td>
<td>116.974</td>
<td>1.162</td>
<td>0.99</td>
<td>There has been a small increase in funding given to Cafcass during the year to alleviate increases in demand on its services</td>
</tr>
<tr>
<td>M – Her Majesty’s Prison and Probation Service</td>
<td>3,765.391</td>
<td>3,890.976</td>
<td>(125.585)</td>
<td>3.23</td>
<td>Under Functional Leadership a number of back office functions c£205m have transferred to MoJ HQ. Commissioning has also transferred to Offender Reform and Commissioning Group c£12m. Youth Custodial services c£89m have transferred from Youth Justice Board. £9m additional funding for electronic monitoring pilot.</td>
</tr>
<tr>
<td>Spending in Resource DEL (non-voted)</td>
<td>123.350</td>
<td>127.216</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>2017-18 as per Supplementary Estimate (SE)</td>
<td>2017-18 as per Main Estimate (ME)</td>
<td>Variation 2017-18 SE to 2017-18 ME</td>
<td>Explanation of Variance</td>
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<tr>
<td>N – Higher judiciary judicial salaries</td>
<td>139.000</td>
<td>142.923</td>
<td>(3.923)</td>
<td>2.74 HMCST has reassessed the likely requirement for Higher Judiciary Salaries for the year as a component of the overall Judicial Paybill and consequently this has been reduced, while payments to Lower Judiciary (Included in Line B above) have shown a small increase.</td>
<td></td>
</tr>
<tr>
<td>O - OLC/LSB CFERS</td>
<td>(15.650)</td>
<td>(15.707)</td>
<td>0.057</td>
<td>0.36 Mainly relates to a small reduction in the anticipated income revenue in LSB.</td>
<td></td>
</tr>
<tr>
<td>Total spending in Resource DEL</td>
<td>7,752.543</td>
<td>7,173.465</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spending in Resource AME</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P – Her Majesty’s Prison and Probation Service</td>
<td>130.000</td>
<td>130.000</td>
<td>0.00</td>
<td>0.00 No change.</td>
<td></td>
</tr>
<tr>
<td>Q – Policy, Corporate Services and Associated Offices (MoJ HQ)</td>
<td>158.307</td>
<td>143.376</td>
<td>14.931</td>
<td>10.41 Slight increase in overall contingency.</td>
<td></td>
</tr>
<tr>
<td>R – Her Majesty’s Courts and Tribunals Service</td>
<td>124.545</td>
<td>198.366</td>
<td>(73.821)</td>
<td>37.21 Reduction in the anticipated Impairment charge on Buildings.</td>
<td></td>
</tr>
<tr>
<td>S – Criminal Cases Review Commission</td>
<td>0.258</td>
<td>0.258</td>
<td>0.00</td>
<td>0.00 No change.</td>
<td></td>
</tr>
<tr>
<td>T – CICA Agency</td>
<td>10.000</td>
<td>10.000</td>
<td>0.00</td>
<td>0.00 No change.</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>2017-18 as per Supplementary Estimate (SE)</td>
<td>2017-18 as per Main Estimate (ME)</td>
<td>Variation 2017-18 SE to 2017-18 ME</td>
<td>Explanation of Variance</td>
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<td>-------------------------------------------------------------</td>
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</tr>
<tr>
<td>U - Legal Aid Agency</td>
<td>50.000</td>
<td>0</td>
<td>50.000</td>
<td>n/a Increase in Work in Progress (WIP) Provision in LAA fund as a result of increased demand on the system.</td>
<td></td>
</tr>
<tr>
<td>V - Children and Family Court Advisory and Support Service</td>
<td>8.890</td>
<td>0</td>
<td>8.890</td>
<td>n/a Increase in Provision for Pensions</td>
<td></td>
</tr>
<tr>
<td>Total spending in Resource AME</td>
<td>482.000</td>
<td>482.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource Total</td>
<td>8,234.543</td>
<td>7,655.465</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Spending in Capital DEL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A - Policy, Corporate Services and Associated Offices (MoJ HQ)</td>
<td>187.370</td>
<td>359.640</td>
<td>172.270</td>
<td>47.90 Under Functional Leadership a number of back office Capital project functions have transferred to MoJ HQ. £20m Capital projects transferred from HMCTS to MOJHQ. £235m was transferred from Capital to Resource. £103m Capital was budget exchanged into future years. £131m surrendered by HMPPS as no longer required.</td>
<td></td>
</tr>
<tr>
<td>B - Her Majesty's Courts and Tribunals Service</td>
<td>163.451</td>
<td>161.717</td>
<td>1.734</td>
<td>1.49 Increase due to Funds received from MHCLG for the sale of Buildings for affordable housing £11m. Reduction of £8m due to Capital no longer required or transferred to MoJ HQ Digital.</td>
<td></td>
</tr>
<tr>
<td>C - Office of the Public Guardian</td>
<td>3.600</td>
<td>3.920</td>
<td>(0.320)</td>
<td>8.16 Reduction in required Capital.</td>
<td></td>
</tr>
<tr>
<td>D - Youth Justice Board (net)</td>
<td>1.600</td>
<td>2.600</td>
<td>(1.000)</td>
<td>38.46 Capital budget for Youth Custodial Services transferred to HMPPS.</td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>2017-18 as per Supplementary Estimate (SE)</td>
<td>2017-18 as per Main Estimate (ME)</td>
<td>Variation 2017-18 SE to 2017-18 ME</td>
<td>Explanation of Variance</td>
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<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>percentage</td>
<td></td>
</tr>
<tr>
<td>E – Parole Board (net)</td>
<td>0.785</td>
<td>1.133</td>
<td>(0.348)</td>
<td>30.71 Capital funding for Prisoner and Probation User Database system transferred to HMPPS.</td>
<td></td>
</tr>
<tr>
<td>F – Criminal Cases Review Commission (net)</td>
<td>0.205</td>
<td>0.205</td>
<td>0.000</td>
<td>0.00 No change.</td>
<td></td>
</tr>
<tr>
<td>G – Judicial Appointments Commission (net)</td>
<td>0.070</td>
<td>0.000</td>
<td>0.000</td>
<td>0.00 No change.</td>
<td></td>
</tr>
<tr>
<td>H – Office for Legal Complaints</td>
<td>0.489</td>
<td>0.489</td>
<td>0.000</td>
<td>0.00 No change.</td>
<td></td>
</tr>
<tr>
<td>I – Legal Services Board</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.00 No change.</td>
<td></td>
</tr>
<tr>
<td>J – Legal Aid Agency</td>
<td>0.000</td>
<td>12.000</td>
<td>(12.000)</td>
<td>100.00 Under Functional Leadership Capital project functions have transferred to MoJ HQ. £12m.</td>
<td></td>
</tr>
<tr>
<td>K – Criminal Injuries Compensation Authority</td>
<td>0.888</td>
<td>0.888</td>
<td>0.000</td>
<td>0.000 No change.</td>
<td></td>
</tr>
<tr>
<td>L – Children and Family Court Advisory and Support Service</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000 No change.</td>
<td></td>
</tr>
<tr>
<td>M – Her Majesty’s Prison and Probation Service</td>
<td>66.409</td>
<td>199.558</td>
<td>133.149</td>
<td>66.722 Under Functional Leadership a number of back office Capital project functions have transferred to MoJ HQ. £131m Capital no longer required in-year was surrendered to MOJ HQ.</td>
<td></td>
</tr>
<tr>
<td>Spending in Capital DEL</td>
<td>424.867</td>
<td>742.150</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex B: Comparison of outturn to plans for the last three years for key control totals

**Resource DEL**

<table>
<thead>
<tr>
<th>Year</th>
<th>Voted</th>
<th>Non-voted</th>
<th>Total plans</th>
<th>Outturn</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>2017-18</td>
<td>7,629.193</td>
<td>123.350</td>
<td>7,752.543</td>
<td>7,405.931(^1)</td>
<td>64.542</td>
<td>0.864</td>
</tr>
<tr>
<td>2016-17</td>
<td>7,325.104</td>
<td>145.369</td>
<td>7,470.473</td>
<td>7,348.109(^1)</td>
<td>91.980</td>
<td>1.236</td>
</tr>
<tr>
<td>2015-16</td>
<td>7,298.610</td>
<td>141.465</td>
<td>7,440.075</td>
<td>7,728.023(^1)</td>
<td>116.984</td>
<td>1.491</td>
</tr>
<tr>
<td>2014-15</td>
<td>7,703.993</td>
<td>141.000</td>
<td>7,844.993</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Capital DEL**

<table>
<thead>
<tr>
<th>Year</th>
<th>Voted</th>
<th>Non-voted</th>
<th>Total plans</th>
<th>Outturn</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>2017-18</td>
<td>424.867</td>
<td></td>
<td>424.867</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-16</td>
<td>278.963</td>
<td></td>
<td>278.963</td>
<td>266.007</td>
<td>12.956</td>
<td>4.64</td>
</tr>
<tr>
<td>2014-15</td>
<td>296.328</td>
<td></td>
<td>296.328</td>
<td>295.377</td>
<td>0.951</td>
<td>0.32</td>
</tr>
</tbody>
</table>

The total plans and outturn numbers for 2014-15 to 2016-17 for resource have been restated for the effects of the Machinery of Government transfer of The Offender and Learning Skills Service from the Department for Business, Energy and Industrial Strategy.

The total plans and outturn numbers for 2014-15 for both resource and capital have been restated for the effects of the Machinery of Government change in relation to the transfer of the Information Commissioner's Office to the Department for Culture, Media and Sport.

The total plans and outturn numbers for 2014-15 to 2016-17 for both resource and capital have been restated for the effects of the Machinery of Government change in relation to the transfer of commonhold law to the Ministry of Housing, Communities and Local Government.

**Resource AME**

<table>
<thead>
<tr>
<th>Year</th>
<th>Voted</th>
<th>Non-voted</th>
<th>Total Plans</th>
<th>Outturn</th>
<th>Variance</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>2017-18</td>
<td>482.000</td>
<td></td>
<td>482.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016-17</td>
<td>652.941</td>
<td></td>
<td>652.941</td>
<td>259.354</td>
<td>393.587</td>
<td>60.28</td>
</tr>
<tr>
<td>2015-16</td>
<td>751.010</td>
<td></td>
<td>751.010</td>
<td>258.037</td>
<td>492.973</td>
<td>65.64</td>
</tr>
<tr>
<td>2014-15</td>
<td>181.100</td>
<td></td>
<td>181.100</td>
<td>(295.587)</td>
<td>476.687</td>
<td>263.22</td>
</tr>
</tbody>
</table>

\(^1\) The Outturn for 2014-15 to 2015-16 has been updated to account for the revised treatment of Research and Development Expenditure under ESA10
# Annex C: Provision for liabilities and charges

These figures are based on forecast estimates for the year ended 31 March 2018

<table>
<thead>
<tr>
<th></th>
<th>Judicial Service Award</th>
<th>Injury benefit scheme</th>
<th>Early departure costs</th>
<th>Costs from Central Funds</th>
<th>Legal claims</th>
<th>CICA Pre-tariff Scheme</th>
<th>CICA Tariff Scheme</th>
<th>Leasehold dilapidations</th>
<th>LAA outstanding balances on funded cases</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as at 31 March 2017</strong></td>
<td><strong>155.084</strong></td>
<td><strong>128.242</strong></td>
<td><strong>110.776</strong></td>
<td><strong>5.195</strong></td>
<td><strong>88.090</strong></td>
<td><strong>4.591</strong></td>
<td><strong>290.124</strong></td>
<td><strong>92.418</strong></td>
<td><strong>660.661</strong></td>
<td><strong>27.322</strong></td>
<td><strong>1,562.503</strong></td>
</tr>
<tr>
<td><strong>Movements in 2016-17 as per 2016-17 Financial Accounts</strong></td>
<td><strong>(6.771)</strong></td>
<td><strong>2.249</strong></td>
<td><strong>(5.022)</strong></td>
<td><strong>2.860</strong></td>
<td><strong>(8.876)</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(13.286)</strong></td>
<td><strong>(43.448)</strong></td>
<td><strong>100.698</strong></td>
<td><strong>28.404</strong></td>
</tr>
<tr>
<td><strong>Final Opening Balance per 2016-17 Financial Accounts</strong></td>
<td><strong>148.313</strong></td>
<td><strong>130.491</strong></td>
<td><strong>105.754</strong></td>
<td><strong>8.055</strong></td>
<td><strong>79.214</strong></td>
<td><strong>4.591</strong></td>
<td><strong>290.124</strong></td>
<td><strong>79.132</strong></td>
<td><strong>617.213</strong></td>
<td><strong>128.020</strong></td>
<td><strong>1,590.907</strong></td>
</tr>
<tr>
<td><strong>Provided in the year</strong></td>
<td><strong>0.000</strong></td>
<td><strong>7.980</strong></td>
<td><strong>0.002</strong></td>
<td><strong>0.000</strong></td>
<td><strong>47.100</strong></td>
<td><strong>0.000</strong></td>
<td><strong>78.023</strong></td>
<td><strong>2.311</strong></td>
<td><strong>50.000</strong></td>
<td><strong>42.680</strong></td>
<td><strong>228.096</strong></td>
</tr>
<tr>
<td><strong>Provision not required written back</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(2.300)</strong></td>
<td><strong>(6.513)</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(19.100)</strong></td>
<td><strong>(0.030)</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(27.943)</strong></td>
</tr>
<tr>
<td><strong>Provision utilised in the year</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(5.200)</strong></td>
<td><strong>(7.191)</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(19.000)</strong></td>
<td><strong>(0.066)</strong></td>
<td><strong>(107.058)</strong></td>
<td><strong>(1.405)</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(15.514)</strong></td>
<td><strong>(155.434)</strong></td>
</tr>
<tr>
<td><strong>Borrowing costs (unwinding of discount)</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.000</strong></td>
<td><strong>2.018</strong></td>
<td><strong>0.000</strong></td>
<td><strong>2.200</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(4.758)</strong></td>
<td><strong>0.000</strong></td>
<td><strong>0.000</strong></td>
<td><strong>(0.540)</strong></td>
</tr>
<tr>
<td><strong>Forecast Balance as at 31 March 2018</strong></td>
<td><strong>148.313</strong></td>
<td><strong>130.971</strong></td>
<td><strong>94.070</strong></td>
<td><strong>8.055</strong></td>
<td><strong>90.414</strong></td>
<td><strong>4.495</strong></td>
<td><strong>261.089</strong></td>
<td><strong>75.280</strong></td>
<td><strong>667.213</strong></td>
<td><strong>155.186</strong></td>
<td><strong>1,635.086</strong></td>
</tr>
</tbody>
</table>
Annex D: Additional information

1. Private and public prisons

The Justice Select Committee has previously requested a breakdown of the funding attributable to public and private prisons within the National Offender Management Service (NOMS), now Her Majesty’s Prison and Probation Service.

The following table sets this out:

**HMPPS – Split of funding between public and private prisons**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public prisons</td>
<td>1,790</td>
<td>1,657</td>
<td>1,579</td>
<td>1,594</td>
<td>1,556</td>
<td>1,673</td>
</tr>
<tr>
<td>Private prisons</td>
<td>399</td>
<td>410</td>
<td>433</td>
<td>441</td>
<td>454</td>
<td>468</td>
</tr>
<tr>
<td>Total</td>
<td>2,189</td>
<td>2,067</td>
<td>2,012</td>
<td>2,035</td>
<td>2,010</td>
<td>2,141</td>
</tr>
</tbody>
</table>

**Notes on the source of figures:**
- 2012-13 to 2016-17 reflect the full year outturn position.
- 2017-18 figures reflect forecast at P07 (as per HMPPS’ management accounts).

**Note on comparability of figures**
- The above figures include all public-sector prisons against Public Sector Prisons Directorate and HMPPS in Wales plus area or regional-based services and Public-Sector Prisons HQ.
- The figures for 2013-14 reflect the transfer of HMP Wolds from private to public sector from 1 July 2013 and HMP Northumberland from public to private from 1 December 2013.
- HMP Ashfield (a private prison) reopened as Male Category C status in July 2013.
- The position for public prisons from 1 April 2013 is reduced by the transfer of certain ICT budgets (totalling cumulatively circa £53m), that were transferred to NOMS HQ, over the period 2013-14 to 2015-16.
- Income received from the Youth Justice Board in respect of expenditure by Young Offender Institutions 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 from 2014-15)) are included under public prisons and shown as net of UKBA income.
- The net reduction in 2016-17 against Public Sector Prisons includes the exclusion of costs related to a new facilities management contract which is now held separately.
- The increase in public prisons in 2017-18 includes HMP Berwyn which opened in February 2017 and the investment in front line staffing to reduce violence and create a safer environment. Some additional costs are presented in Public Prisons for 2017-18 following some organisational changes.

**Note on future years’ data**
- It is not possible to provide a split of Public and Private Prison spend for future years as this will depend on any changes to prisons’ capacity and configuration.
2. Legal Aid

In previous estimates and estimate memoranda, Legal Aid spend has been shown as split between civil legal aid, criminal legal aid and administration costs (the costs of running the Agency). Expenditure from Central Funds (see definition below) has also been shown separately.

The requirement to provide this breakdown related to the status of the Legal Services Commission (the predecessor body of the Legal Aid Agency) as an executive non-departmental body. The Legal Aid Agency, set up in April 2013, is an executive agency and there is no equivalent requirement. For continuity, we have however agreed to provide a breakdown by category as shown in the table below.

<table>
<thead>
<tr>
<th>Legal Aid expenditure</th>
<th>2015-16 Outturn</th>
<th>2016-17 Outturn</th>
<th>2017-18 Supplementary Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil</td>
<td>600.428</td>
<td>646.000</td>
<td>662.000</td>
</tr>
<tr>
<td>Criminal</td>
<td>861.131</td>
<td>863.000</td>
<td>883.000</td>
</tr>
<tr>
<td>Central Funds</td>
<td>49.088</td>
<td>45.000</td>
<td>49.000</td>
</tr>
<tr>
<td>Administration</td>
<td>100.495</td>
<td>85.385</td>
<td>72.788</td>
</tr>
<tr>
<td>Total</td>
<td>1,611.142</td>
<td>1,639.385</td>
<td>1,666.788</td>
</tr>
</tbody>
</table>

**Description of categories**

- **Civil legal aid** is made up of:
  - Civil Representation - primarily payments for public family law, including care proceedings, private family law, and non-family. This is the high value, low volume area of civil legal aid; and
  - Legal Help - covers both advice and assistance, and controlled legal representation at tribunals. It is primarily payments related to ‘face-to-face’ work in Immigration and Asylum, Mental Health, and family. There is also an element of telephone based assistance. This is the low value, high volume area of civil legal aid.

- **Criminal legal aid** is made up of:
  - Crime Higher - predominately legal aid work in the Crown Court, though there is also a smaller amount of work in the Court of Appeal and Supreme Court. The payment schemes for Crown Court work are the Litigator Graduated Fee Scheme, the Advocates’ Graduated Fee Scheme, and the Criminal Very High Cost Cases Scheme. This is the high value, low volume area of criminal legal aid; and
  - Crime Lower - mainly legal aid work in magistrates’ courts and police stations, and a smaller amount in prisons. This is the low value, high volume area of criminal legal aid.

- **Central Funds** - individuals who are found not guilty (or acquitted) in criminal cases and who have paid privately for their defence may have their expenses reimbursed, including legal costs, from central funds.
Annex E - Explanation of key terms used in the Memorandum

**Administration budget**

An HM Treasury control on the resources consumed directly by Departments and Agencies/ALBs that forms part of the Departmental Expenditure Limit (DEL – see below). Includes, for example, staff costs, resource expenditure on accommodation, utilities and services etc. where they are not directly associated with front line service delivery.

**Annually Managed Expenditure (AME)**

This is spending that is generally less predictable and controllable than expenditure in DEL. It is an HM Treasury budgetary control that is reviewed twice a year with Departments. MoJ’s AME budget relates mainly to adjustments to provisions and impairment of buildings and capital expenditure.

**Ambit**

The Ambit describes the activities for which provision sought in the Estimate will be used. Separate Ambits are required for both expenditure and income in each budgetary category included in the Estimate (DEL, AME).

**Budget Exchange**

A mechanism which allows departments to surrender an underspend in advance of the end of the financial year in return for a corresponding increase in the following year, subject to a prudent limit.

**Departmental Expenditure Limit (DEL)**

This is spending that is within the Department’s control and can therefore be planned over an extended period. It is an HM Treasury budgetary control that is set for a three or four-year period. Examples include administration costs, payments for goods and services, offender learning provision, and non-cash costs such as depreciation.

**Estimate**

A statement of how much money the Government needs in the coming financial year, and for what purpose(s), by which parliamentary authority is sought for the planned level of expenditure by a Government Department.

**Main Estimate**

The means through which Departments seek Parliamentary approval for amendments to spending plans for the year ahead. Normally presented to Parliament within five weeks of the Budget Statement.

**Net Cash Requirement (NCR)**

The limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a Department in support of expenditure in its Estimate. In the case of a negative NCR, the Department must generate a surplus of at least that amount.

**Online System for Central Accounting and Reporting (OSCAR) Database**

The HM Treasury database holding public expenditure data (plans and outturn) for a number of years.
Reserve
A small DEL Reserve from which the Treasury may support unavoidable costs that cannot be absorbed within the existing limit.

Spending Review (SR)

Supplementary Estimate
The means by which Departments seek to amend Parliamentary authority provided through Main Estimates by altering the limits on resource, capital and/or cash or varying the way in which provision is allocated. Normally presented in February each year.
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