



Ministry  
of Justice

# **Memorandum on Main Estimate 2015-16**





Ministry  
of Justice

## **Memorandum on Main Estimate 2015-16**



## Contents

<b>Introduction</b>	<b>6</b>
Key activities	6
Estimate provision by budgetary limits	6
Variances from previous financial year provision in the published Single Supplementary Estimate 2014-15	7
New areas of income and expenditure	7
<b>Key Points</b>	<b>8</b>
Main priorities and expected outcomes	8
Ambit	16
Changes to Resource DEL since Supplementary Estimate 2014-15	17
Changes to Capital DEL since Main Estimate 2014-15	19
Changes to Resource AME since Main Estimate 2014-15	20
Programme Expenditure	21
<b>Detailed Breakdown</b>	<b>25</b>
Estimate Line Breakdown of Main Estimate 2015-16	25
<b>Additional Information</b>	<b>28</b>
Budgetary Limits	28
Her Majesty's Court and Tribunals Service (HMCTS) Income	30
Private and Public Prisons	31
Contingent Liabilities	34
<b>Accounting Officer Approval</b>	<b>48</b>

---

## Introduction

### Key activities

The Ministry of Justice (MoJ) is responsible for administration of justice in England and Wales (and for a limited number of tribunals in Scotland and Northern Ireland). Specifically the Ministry:

- Administers law in courts and tribunals (including appointing people to legal offices);
- Handles those convicted in criminal courts (including imprisonment, parole and probation and young people);
- Reviews criminal convictions and revise the laws of England and Wales;
- Acts on behalf of people without capacity to act for themselves in legal matters;
- Makes provision for people to act as deputies and attorneys for others;
- Inspects other organisations in the justice system (prisons and probation);
- Addresses complaints and concerns about bodies in the legal system;
- Administers Legal Aid;
- Aims to stop people getting into crime (including amongst young people); and
- Aims to reduce offending and re-offending (including amongst young people).

### Estimate provision by budgetary limits

	£m
Resource Departmental Expenditure Limit (RDEL)	6,870.852
<i>Of which:</i>	
Voted Resource DEL	6,746.453
Non-Voted Resource DEL	124.399
<i>And of which:</i>	
Administration Budget - includes ring-fenced depreciation and other non-cash expenditure £39.566m	555.185
Programme Budget - includes ring-fenced depreciation and other non-cash expenditure £561.000m and non voted programme budget £124.399m	6,315.667
Capital Departmental Expenditure Limit (CDEL)	327.980
Resource Annually Managed Expenditure (RAME)	131.000
Net Cash Requirement (NCR)	6,475.592

## **Variances from previous financial year provision in the published Single Supplementary Estimate 2014-15**

RDEL provision has decreased by £839.481m. 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 for costs of O'Brien in 2014-15;
- £71.000m additional budget reduction announced in the Autumn Statement 2013;
- £114.000m additional budget reduction announced by the Chancellor in June 2015; and
- £(100.000)m Budget Exchange in 2014-15 into 2015-16.

These reductions are in addition to the overall reduction in the Ministry's budget as part of the SR13 settlement.

CDEL provision has increased by £31.652m mainly due to:

- £53.372m increase in the Ministry's capital budget for investment as part of the SR13 settlement;
- £8.280m transfer from HM Revenue and Customs for the Tax Expansion project; and
- £30.000m additional budget reduction announced by the Chancellor in June 2015.

RAME provision has decreased by £50.000m mainly due to:

- Requirement will not be as high due to expected impairment reversals in 2015-16.

## **New areas of income and expenditure**

The Ministry is expecting to receive £40.000m income during 2015-16 in respect of criminal courts charging. More details can be found on page 30.

## Key Points

### Main priorities and expected outcomes

The Ministry of Justice plays an integral part in the administration of justice in England and Wales<sup>1</sup>. The Ministry works closely with the Home Office and the Crown Prosecution Service to ensure an effective running of the criminal justice system.

Departmental budgets exclude planned expenditure for certain items which will only be drawn if needed in year, so totals are subject to change.

The Ministry is broken down into seven Business Groups:

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

The key priorities for each business group are set out below.

#### **Corporate Services Group (CSG)**

**(Budget £429.626m)**

The Corporate Services Group incorporates the MoJ-wide business areas of Estates, HR, Shared Services, Technology and Digital Services. CSG is tasked with supporting the delivery of the department'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.

**Corporate Services Directorate'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.

---

<sup>1</sup> The Ministry is also responsible for a limited number of tribunals in Scotland and Northern Ireland where the related policy has not yet been devolved.



Driving savings and efficiencies from our corporate services through:

- Implementing the review of MoJ HQ services and structures to deliver savings in back office and administrative costs, including through extending our shared service client base across the justice sector;
- Thinking radically about what we do and how we do it, helping deliver key programmes such as Court Reform and rationalising our technology estate and infrastructure; mainly through Future ICT Sourcing Programme (FITS); and
- Closing inefficient, outdated buildings; rationalising our administrative estate and disposing of surplus assets.

Improving the workplace through:

- Promoting smarter working through mobile technology, online functionality, a modern estate and support for flexible working;
- Embedding a culture of continuous improvement; and
- Strengthening our capability through new technology leadership, growing our digital services team and increasing our commercial skills.

CSG is structured around the following five services:

**Shared Services Directorate's** priorities are:

The Shared Service Client and Contract Team (CCT) were established to ensure that MoJ manages and maximises the benefits of the contract with Shared Services Connected Limited (SSCL). This includes:

- Management of and payments to SSCL for transactional and professional services to clients in the Ministry of Justice and its Agencies and Arm's Length Bodies (ALBs), including finance, HR, payroll, procurement and learning;
- Engaging with other SSCL client departments to collaborate on future service improvement and service development programmes;
- Monitoring MoJ client usage and compliance with the contract and take up of new technologies and access channels; and
- Promoting and communicating the services to users across MoJ.

The Shared Services Programme Team manages the implementation of two Programmes, Merge and Evolve:

- The Merge Programme – merging an existing ARAMIS Enterprise Resource Platform (ERP) onto a single existing Phoenix ERP; and
- The Evolve Programme – migrating the merged Phoenix ERP solution to a cross government single operating platform (SOP) managed by SSCL.

**Human Resources Directorate's** priorities are:

- Developing and implementing workforce strategies, to include pay, pensions and reward;
- Client managing Civil Service HR services (resourcing, learning and policy);

- Building and developing organisational and individual capability, capacity and change management, enabling 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 requirements; and
- Providing a professional HR expert casework service to MoJ and government departments across Whitehall.

**Technology Directorate's** priorities are:

- Provision of an end-to-end operation of technology services across MoJ including hosting, networks, end-user devices, corporate office applications and support for legacy applications;
- Management of business demand, architecture and information assurance for delivery of new technology services across HMCTS, NOMS, MoJ HQ and the wider Criminal Justice System;
- Monitoring and reviewing services delivered by outsourced suppliers and assurance of maintenance and improvement activities; and
- Support for the delivery of end-to-end on-line solutions working alongside Digital Services.

**Estates Directorate's** priorities are:

- Management of the MoJ estate, one of the largest across government, comprising around 1,400 properties with an estimated replacement value of around £9.25bn;
- 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 Arm's Length Bodies' estate.

**Digital Directorate's** priorities are:

- Making MoJ a digitally capable organisation;
- Service transformation including wider culture change - acting as a champion for both open policy making and transparency by providing the tools and skills to help MoJ deliver against these strategic priorities;
- Internal consultancy services to the Ministry to assist in user / stakeholder engagement, and service design and development;
- Building or redesigning essential information services for the public and legal professionals;
- Supporting strategic programmes and projects in the development of digital services; and

- Digital Justice – working with Government Digital Services (GDS), other government departments (OGDs) and across MoJ to take the first steps towards a digitally enabled end-to-end justice system.

### ***Criminal Justice Group (CJG)***

***(Budget £347.207m)***

Criminal Justice Group is responsible for delivering criminal justice related policy, criminal justice system change programmes and overall MoJ strategy. The group provides a coherent approach to criminal justice reform from strategy and policy development through to delivery, pursuing a shared set of outcomes across the Criminal Justice System (CJS) to: reduce crime; reduce re-offending; punish offenders; protect the public; provide victims with reparation; increase public confidence, including among victims and witnesses; and to ensure the system is fair and just.

CJG work with and through many partnerships, in particular with those responsible for delivery of the CJS (HMCTS, NOMS, LAA, Policing and the Crown Prosecution Service (CPS)), but also with other key strategic partners such as other government departments (in particular Home Office, Department of Health, Department for Communities & Local Government, and Department for Education), HM Inspectorates, NHS England and the College of Policing. CJG also work with providers and representative groups, and those responsible for local delivery.

Throughout 2015 and 2016, CJG will continue its constructive working relationship with the judiciary; particularly where CJG policy directly affects the operation of the courts or aspects of the administration of justice.

CJG will continue to ensure an end-to-end strategic approach to criminal justice; allowing more joined-up learning and development shared across the system; CJG will also bring leading-edge innovation to policy development, stakeholder interaction and programme management.

### **Sponsored Bodies**

CJG sponsors a number of arm's length bodies amongst which are the:

- Criminal Cases Review Commission (CCRC);
- Youth Justice Board (YJB); and
- Parole Board.

**Finance, Assurance and Commercial Group (FACG)**

**(Budget £186.787m)**

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 of delivery of MoJ's business, particularly change programmes and procurement contracts. This assurance includes financial assurance but also assurance from analysis, audit and procurement experts in challenging and supporting MoJ's business.

The group is structured around eight business areas:

- **Finance** is responsible for articulating a clear financial strategy for the MoJ, setting out long term aspirations and objectives; ensuring departmental resources are utilised effectively; and that MoJ has robust financial stewardship and governance in place giving the Principal Accounting Officer assurances that resources are being managed in line with HMT requirements;
- **Commercial and Contract Management** is centred on delivering expert commercial support and advice to MoJ and its business areas, setting the overarching procurement approach for sourcing and category management; supplier relationship management; and the day-to-day requisition to pay processes. It also has responsibility for the National Distribution Centre at Branston for supplying the prisons;
- **Analytical Services** provide high quality analytical services to other areas of MoJ to enable the development of clear evidence-based policy, and decision-making informed by accurate and business focused advice;
- **Assurance** sets high corporate standards in effective decision-making and monitors progress in the change portfolio as well as challenging business performance on behalf of the Departmental Board - supporting the Board in the governance and leadership of MoJ. It builds 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** provides 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; it also provides support to management to help improve the organisation's governance, risk management and control arrangements;
- **ALB Governance** ensures positive relationships are maintained and strengthened between the department and its ALBs, and that they continue to offer value for money in delivering MoJ's priorities and statutory responsibilities. It also oversees the process to recruit new public appointees for the department and ALBs. On behalf of the Group it provides sponsorship to the following bodies:
  - **Criminal Injuries Compensation Authority (CICA)**

- **Official Solicitor and Public Trustee (OSPT)**

It also provides the sponsorship for the Parole Board and the Youth Justice Board (reporting into Criminal Justice) and the Office of the Public Guardian and the Children and Family Courts Advisory and Support Service (reporting into Law and Access to Justice);

- **The Office of the Accountant General**, through the Court Funds Office Service, supports the Accountant General in the discharge of her statutory responsibilities, provides banking and administration services that administer/protect monies deposited in court, and ensures that any physical effects are securely held; and
- The Group is also responsible for regulating **Claims Management Services** under the provisions of the Compensation Act 2006.

***HM Courts and Tribunals Service (HMCTS)***

***(Budget £943.229m)***

The key priorities for HM Courts and Tribunals Service are:

- To continue to improve the way our 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, to develop the future vision for the Courts and Tribunals Service, setting out how we will meet the current and future needs of our users and deliver an improved service at a lower cost;
- In order to deliver these priorities, support an independent judiciary in the administration of justice and collaborate effectively with other justice organisations and agencies; and
- Work 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.

Further details on the HMCTS Reform programmes are included at pages 21 and 22.

***Law and Access to Justice Group (LA2JG)***

***(Budget £207.107m)***

The key priorities and expected outcomes for the Law and Access to Justice Group are set out below.

**Access to Justice Directorate's** key priority areas of reform are to:

- Maintain and improve the family justice system, including responsibility for the sponsorship of Cafcass;

- Ensure that the civil and administrative courts and tribunals operate effectively in providing access to justice to those who need it;
- Modernise and improve resolution of disputes in the civil, family and administrative justice systems, including support for mediation, out of court settlement and online dispute resolution;
- Maintain and develop a legal aid system that is affordable and effective;
- Set fees levels for those using the courts and tribunals; and
- Develop policy in relation to the Office of the Public Guardian and the Court of Protection (as well as mental capacity issues more generally).

**Communications and Information Division's (CID) priorities are to:**

- Promote and secure understanding and support among the public, media, stakeholders and staff for MoJ's priority programmes and broader Reform Programme;
- Improve standards of information, records and knowledge management; and make information available as appropriate and in accordance with legislation; and
- Support the MoJ change and efficiency agenda by continuing to raise and align the capability of CID, continuing to grow Design102 to deliver value for money design services across Government and to look for opportunities to deliver efficiencies and improve the effectiveness of its services.

**Judicial Policy, Pay and Pensions Directorate's priorities are to:**

- Work 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;
- Work with the judiciary to encourage and support greater diversity;
- Oversee constitutional arrangements in the execution of Lord Chancellor functions, upholding the rule of law and judicial independence;
- Commission new pension and payroll administration for the judiciary;
- Manage and develop litigation strategy in relation to O'Brien and implement efficient delivery of remedy in relation to fee-paid judges'; and
- Implement a new pension scheme for the fee-paid judiciary.

**Law, Rights and International Directorate's priorities are to:**

- Oversee MoJ's legislative programme;
- Advise on reforms to civil and criminal law;
- Achieve the Government's domestic and EU human rights objectives; and deliver our UN human rights obligations;

- Achieve the Government's objectives on data protection and freedom of information;
- Advise on opt-ins to EU justice and home affairs measures (with Home Office);
- Deliver UK interests in other EU negotiations and through EU-funded projects;
- Co-ordinate MoJ's devolution interests; and
- Deliver the Government's responsibilities in relation to the Crown Dependencies.

### **Sponsored Bodies**

LA2JG sponsors a number of arm's length bodies amongst which are the:

- Office of the Information Commissioner (ICO);
- Judicial Appointments Commission (JAC);
- Legal Services Board (LSB);
- The Office for Legal Complaints (OLC); and
- Children and Family Court Advisory and Support Service (Cafcass).

### ***Legal Aid Agency (LAA)***

***(Budget £1,669.831m)***

The Legal Aid Agency (LAA) works in partnership with legal providers and the wider MoJ to deliver legal aid efficiently and effectively as part of the justice system.

Our purpose is underpinned by three strategic objectives linked to our business priorities. These objectives are:

- Strategic Objective 1: Improve casework to reduce cost, enhance control and give better customer service;
- Strategic Objective 2: Improve organisational capability to meet the challenges ahead, including developing and engaging our people; and
- Strategic Objective 3: Build and maintain strong partnerships to secure quality provider delivery and contribute fully to wider justice and Government aims.

Further details on the Legal Aid Agency priority programmes are included at page 23.

### ***National Offender Management Service (NOMS)***

***(Budget £3,387.000m)***

NOMS is an executive agency of the Ministry of Justice (MoJ), responsible on behalf of the Secretary of State for Justice for commissioning and delivering prison and probation services in England and Wales. It is committed to protecting the public and reducing reoffending.

It delivers offender services through:

- Public sector prisons – 105 prisons which provide around 82 percent of prison places;
- Private sector providers – operating 14 prisons under contract and providing other significant services including prisoner escorts and electronic monitoring of offenders;
- The National Probation Service (NPS) - 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;
- 21 Community Rehabilitation Companies (CRCs) – responsible for delivering community requirements for medium and low risk offenders; and
- Partnerships with a range of public and third sector partners, including police, local authorities, health and education providers, and with a wide range of organisations in the voluntary and social enterprise sector.

The agency is also contracted by the Youth Justice Board to provide commissioned beds for young people (under 18) and by the Home Office to provide places at Immigration Removal Centres.

NOMS Headquarters functions provide corporate and operational support services for the Agency and undertake the work required to meet its responsibilities to Parliament.

## **Ambit**

The expenditure and income ambits have been changed to reflect any new functions of the Ministry of Justice.



**Changes to Resource DEL since Supplementary Estimate 2014-15**

	Admin	Programme	Total RDEL	Of Which Fiscal RDEL	Of Which Non Fiscal RDEL
	£m	£m	£m	£m	£m
<b>Spending Review Settlement for 2015-16 Original</b>	<b>518.400</b>	<b>6,316.600</b>	<b>6,835.000</b>	<b>6,235.000</b>	<b>600.000</b>
<b>Budget Exchange</b>					
The Ministry of Justice budget exchanged £100m from 2014-15 into 2015-16	0.000	100.000	100.000	100.000	0.000
<b>Funding from HMT</b>					
Independent Press Recognition Panel	0.000	2.100	2.100	2.100	0.000
<b>Budget Switch</b>					
Transfer of budget from Programme to Admin as agreed with HM Treasury	29.000	(29.000)	0.000	0.000	0.000
<b>Budget Reduction</b>					
Budget reduced as result of change in the VAT treatment of legal bills.	(2.804)	0.000	(2.804)	(2.804)	0.000
<b>Budgetary Cover Transfers</b>					
Transfer from HMRC in relation to the Tax Expansion Project	0.000	14.060	14.060	14.060	0.000
Transfer from Cabinet Office and Home Office in relation to Design 102 Costs	0.382	0.000	0.382	0.382	0.000
Cost for the Ministerial Council on Deaths in Custody	0.000	0.100	0.100	0.100	0.000
Transfer from Department for Education of funds in respect of the National Association of Child Contact Centres (NACCC)	0.131	0.065	0.196	0.196	0.000

	Admin	Programme	Total RDEL	Of Which Fiscal RDEL	Of Which Non Fiscal RDEL
Transfer to Department for Business, Innovation and Skills in relation to prisoner education costs	0.000	(17.658)	(17.658)	(17.658)	0.000
Transfer to Office for National Statistics for Crime Survey	(0.407)	0.000	(0.407)	(0.407)	0.000
Transfer to Cabinet Office re Carlton Gardens	(0.396)	0.000	(0.396)	(0.396)	0.000
Transfer to Welsh Government in relation to AJTC costs	(0.058)	0.000	(0.058)	(0.058)	0.000
Transfer to Scotland Government in relation to AJTC costs	(0.021)	0.000	(0.021)	(0.021)	0.000
<b>Machinery of Government Changes</b>					
Transfer of functions of Cafcass from Department of Education	10.958	107.900	118.858	118.292	0.566
Transfer of functions of Cafcass from Department of Education - Grants to Family Information and Support	0.000	6.500	6.500	6.500	0.000
<b>Treasury Imposed Reductions</b>					
Budget Reduction Autumn Statement 2013	0.000	(71.000)	(71.000)	(71.000)	0.000
Budget Reduction Chancellor's announcement June 2015	0.000	(114.000)	(114.000)	(114.000)	0.000
<b>Total Net Changes</b>	<b>36.785</b>	<b>67.967</b>	<b>104.752</b>	<b>104.186</b>	<b>0.566</b>
<b>Main Estimate 2015-16</b>	<b>555.185</b>	<b>6,315.667</b>	<b>6,870.852</b>	<b>6,270.286</b>	<b>600.566</b>
Of Which					
<b>Voted</b>	<b>555.185</b>	<b>6,191.268</b>	<b>6,746.453</b>	<b>6,145.887</b>	<b>600.566</b>
<b>Non-Voted</b>	<b>0</b>	<b>124.399</b>	<b>124.399</b>	<b>124.399</b>	<b>0</b>

**Changes to Capital DEL since Supplementary Estimate 2014-15**

	<b>Total CDEL</b>
	<b>£m</b>
<b>Spending Review Settlement for 2015-16</b>	<b>349.700</b>
<b>Budgetary Cover Transfers</b>	
Transfer from HMRC for Tax Expansion Project	<b>8.280</b>
<b>Treasury Imposed Reductions</b>	
Budget Reduction Chancellor's announcement June 2015	<b>(30.000)</b>
<b>Net Changes</b>	<b>8.280</b>
<b>Main Estimate 2015-16</b>	<b>327.980</b>

### Changes to Resource AME since Supplementary Estimate 2014-15

	<b>Total RAME</b>
	<b>£m</b>
<b>Spending Review Settlement for 2014-15<sup>2</sup></b>	0
<b>Negotiated Settlement</b>	71.000
Additional amount for Probation Pensions	60.000
<b>Main Estimate 2014-15</b>	<b>131.000</b>

---

<sup>2</sup> No formal delegation was made in the SR10 settlement in relation to RAME. MoJ subsequently negotiated the opening balance as per the Main Estimate 2011-12 and for subsequent years of the Spending Review up to 2015-16

## Programme Expenditure

The Ministry of Justice has provision for net programme expenditure of £6,313.567m.

This includes programmes administered by:

- HM Courts and Tribunals Service of £919.736m;
- NOMS of £3,230.414m;
- Legal Aid Agency of £1,577.000m; and
- Youth Justice Board of £164.975m.

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

### ***HM Courts and Tribunals Service (HMCTS) £919.736m programme resource expenditure***

HMCTS Reform is a priority departmental programme through 2015-16 and beyond:

The HMCTS Reform Programme, enabled by the investment package agreed with HM Treasury in March 2014 which will be made available from 2015-16, presents a once in a lifetime opportunity to reform the administration of justice - to provide not only a better service to all who use it, but also one that costs less to run.

The programme will bring together existing work (including Common Platform and CJS Efficiency Programmes) coupled with other early initiatives in our civil, family tribunals jurisdictions, into a joined up programme that will see the modernisation and improvement of services we provide – and at the same time establishing a firm foundation on which a service for the future will be built.

- **Common Platform:** This will develop an integrated technology platform which supports HMCTS and CPS business plans. This will improve the user experience across the system by providing online access to specific information; additional funding for this project was secured in 2015-16 as part of the SR13 negotiations;
- **Criminal Justice System Efficiency:** The CJS Efficiency Programme will deliver: streamlined digital working enabling an efficient process for the preparation and use of digital files and increased use of video technology routinely across the CJS; additional funding for this project was secured in 2015-16 as part of the SR13 negotiations;
- **HMCTS Compliance and Enforcement Services:** The Compliance and Enforcement Services Project will continue to deliver the Criminal Compliance and Enforcement Blueprint and reform compliance and enforcement activity within HMCTS; and

- **Civil, family and tribunals (CFT) initiatives**, which include projects to enable customers to submit their information digitally (in divorce, money claims, immigration and asylum appeals and social security appeals) and extend some previously established back office and contact functions to deliver a better level of customer support.

Concurrently, the programme will continue to develop the future vision for the Courts and Tribunals Service, setting out how we will meet the current and future needs of our users and deliver an improved service at a lower cost.

***National Offender Management Service (NOMS) £3,230.414m programme resource expenditure and £8.000m capital expenditure***

The main NOMS priority for 2015-16 is to build on the reforms we have introduced and on these reoffending outcomes while maintaining a quality and efficient service for the public. Our focus is on stabilisation and delivering through the new structures and reforms.

2015-16 will be the first full year of operation for the reformed Probation system. Our aim is to ensure that the new arrangements work effectively to achieve benefits for the public through improved management of high risk offenders and a step change mechanism in reoffending.

NOMS will also ensure the provision of safe, secure and decent prisons with a clear focus on rehabilitation.

NOMS undertakes a vital service for the public. We have two clear and unequivocal objectives which are:

- To protect the public; and
- To reduce re-offending.

These aims are reflected in six overarching commissioning intentions which will contribute to the delivery of further efficiencies, while strengthening and integrating offender services across an increasingly diverse range of providers.

For 2015-16 the priority will be to embed, maintain and harmonise delivery. As such NOMS intends that commissioning intentions will remain consistent during this period, with an agreed process for reviewing and monitoring progress:

- Enhance public protection and ensure a safe, decent environment and rehabilitative culture;
- Strengthen integration of service delivery between directly funded, co-commissioned providers and wider partners;
- Deliver an efficient, quality service;
- Ensure delivery is matched to population, purpose and NOMS outcomes;

- Ensure that delivery of services is responsive to individual needs and characteristics to maximise outcomes; and
- Deliver priority national or specialist services.

***Legal Aid Agency (LAA) - Legal Aid Fund £1,577.000m programme resource expenditure and £2.500m capital expenditure***

The LAA is an executive agency of the Ministry of Justice (MoJ), responsible on behalf of the Secretary of State for Justice for providing legal aid services.

The LAA is implementing an ambitious and far reaching portfolio of change programmes that will improve the efficiency and effectiveness of the LAA, so that it can 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 proposals, working in collaboration with the legal profession. During 2014-15, the LAA successfully completed the implementation of Phase 2 of the LAT reforms, which included: reforming family fees in Civil Legal Aid, changes to family Advocacy scheme bundle bolt-on fees and amending the payment structure for Judicial Reviews. In 2015-16 the LAA will implement the final phase of the programme, the main deliverables of which are competitively tendered contracts for criminal own client and duty provider work;
- **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 successfully made available to all live civil providers at the end of September 2014 and will become mandatory on 1 October 2015; and
- **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 Courts and Tribunal Service (HMCTS) to the LAA. Additionally, we are modernising the application process by expanding the use of electronic applications (eForms) so that all providers are able to submit applications online. During 2014-15, the LAA successfully transferred the processing of applications from HMCTS in London, the Midlands, the South East and the South West regions, and plans to have completed the remaining regions (Wales, the North East and the North West) by the end of Q1 2015-16.

***Youth Justice Board (YJB) £164.975m programme resource expenditure***

The Youth Justice Board for England and Wales (YJB) is an Executive Non-Departmental Public Body (NDPB) established in 2000 by the Crime and Disorder Act 1998. The YJB's statutory functions are set out in full in section 41(5) of the 1998 Act. The YJB's main functions are: monitoring the operation of the youth justice system in England and Wales; advising the Secretary of State for Justice on the operation of the youth justice system and the provision of youth justice services, consistent with any relevant national standards, and on how to prevent offending by children and young people; making grants to Youth Offending Teams (YOTs) and other organisations to support development and delivery of good practice; placing young people in custody; and providing secure accommodation for both remanded and sentenced children and young persons.

The youth justice system in England and Wales is made up of a network of organisations that work together to administer justice and support children and young people. This network consists of:

- The YJB;
- 158 Youth Offending Teams, which are local partnerships made up of partners from the police, probation, local authority children's services and health services;
- The police and the Crown Prosecution Service;
- The courts and the judiciary; and
- Secure accommodation providers, including under-18 young offender institutions, secure training centres and secure children's homes.



## Detailed Breakdown

### Estimate Line Breakdown of Main Estimate 2015-16

#### Spending in RDEL – Voted and Non-Voted Expenditure

- Following changes in the Main and Single Supplementary Estimate 2014-15, the Ministry of Justice's allocation for 2015-16 was an overall RDEL budget amount of £6,986.657m which included ring-fenced depreciation of £600.566m; and
- Changes in the Main Estimate 2015-16 have resulted in a decrease in overall RDEL budget of £(115.805)m to £6,870.852m.

The changes are detailed below:

#### Reduction imposed by HM Treasury £(114.000)m

- HM Treasury has reduced the overall resource budget of the MoJ by £(114.000)m as announced by the Chancellor in June 2015.

#### Funding from HM Treasury £2.100m

- HM Treasury has provided the remaining £2.100m RDEL for the Independent Recognition Panel.

#### Budget Cover Transfers £(3.905)m

- An amount of £(17.658)m has been transferred to Department for Business Innovation and Skills in relation to education costs for prisoners;
- An amount of £(0.407)m has been transferred to the Office of National Statistics in relation to the National Crime Survey;
- An amount of £14.060m has been received from HM Revenue and Customs in relation to the Tax Expansion Project; and
- An amount of £0.100m has been transferred from the Department of Health to Ministry of Justice in respect of funding for Deaths in Custody.

#### Spending in CDEL – Voted Expenditure

- Following changes in the Main and Single Supplementary Estimate 2014-15, the Ministry of Justice's allocation for 2015-16 was an overall CDEL budget amount of £349.700m;
- Changes in the Main Estimate 2015-16 have resulted in a decrease in overall CDEL budget of £(21.720)m to £327.980m.

The changes are detailed below:

**Reduction imposed by HM Treasury £(30.000)m**

- HM Treasury has reduced the overall resource budget of the MoJ by £30.000m as announced by the Chancellor in June 2015.

**Budget Cover Transfers £8.280m**

- An amount of £8.280m has been received from HM Revenue and Customs in relation to the Tax Expansion Project.

## Variances to 2014-15 Provisions

							£m
		2015-16 RDEL Plans	2014-15 RDEL Provisions	Variance RDEL	2015-16 CDEL Plans	2014-15 CDEL Provisions	Variance CDEL
A	Policy, Corporate Services and Associated Offices	435.113	1,070.360	(635.247)	309.480	244.526	64.954
B	National Offender Management Service	3,387.000	3,279.842	107.158	8.000	26.000	(18.000)
C	HM Courts and Tribunals Service	801.764	974.502	(172.738)	0.000	0.000	0.000
D	Office of the Public Guardian	0.000	(5.848)	5.848	3.500	3.730	(0.230)
E	Youth Justice Board	173.563	196.067	(22.504)	3.800	4.000	(0.200)
F	Parole Board (net)	14.080	13.570	0.510	0.000	0.000	0.000
G	Criminal Cases Review Commission (net)	5.362	5.247	0.115	0.000	0.132	(0.132)
H	Judicial Appointments Commission (net)	4.550	4.733	(0.183)	0.000	0.520	(0.520)
I	Information Commissioner's Office (net)	3.750	4.645	(0.895)	0.100	0.765	(0.655)
J	Office of Legal Complaints	14.842	14.452	0.390	0.000	1.800	(1.800)
K	Legal Services Board	4.298	4.298	0.000	0.000	0.125	(0.125)
L	Legal Aid Agency - Administration	92.831	99.600	(6.769)	2.500	13.000	(10.500)
M	Legal Aid Agency - Fund: Criminal	898.000	929.000	(31.000)	0.000	0.000	0.000
N	Legal Aid Agency - Fund: Civil	638.000	679.800	(41.800)	0.000	0.000	0.000
O	Legal Aid Agency - Central Funds	41.000	63.700	(22.700)	0.000	0.000	0.000
P	Cafcass	118.800	118.364	0.436	0.000	0.000	0.000
Q	Criminal Injuries Compensation Authority	113.500	134.550	(21.050)	0.600	1.730	(1.130)
R	Higher Judiciary Judicial Salaries	141.465	141.000	(0.465)	0.000	0.000	0.000
S	OLC/LSB CFERS	(17.066)	(17.549)	0.483	0.000	0.000	0.000
	<b>Total</b>	<b>6,870.852</b>	<b>7,710.333</b>	<b>(839.481)</b>	<b>327.980</b>	<b>296.328</b>	<b>31.662</b>

## Additional Information

### Budgetary Limits

The tables below compares current year plans to the outturn for the previous 5 years.

The record outturn is as reported in the Resource accounts for 2014-15, 2013-14, 2012-13, 2011-12 and 2010-11.

Plans for 2015-16 are as reported in the Spending Review 2013 settlement and as modified by the main and supplementary estimate process; adjusted for reductions made in the Autumn Statement 2013 and the additional reductions announced by the Chancellor in June 2015; and accounting for any Machinery of Government Changes.

Departmental budgets for 2015-16 and beyond exclude planned expenditure for certain items which will only be drawn if needed in year, so totals are subject to change.

#### Total Resource DEL (including Depreciation)

Year	Voted	Non-voted	Total Plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2015-16	6,746.453	124.399	6,870.852			
2014-15	7,586.882	123.451	7,710.333	7,597.268	113.065	1.47
2013-14	8,002.092	141.000	8,143.092	7,970.481	172.611	2.12
2012-13	8,491.884	138.200	8,888.248	8,727.970	160.278	1.80
2011-12	8,800.618	138.200	9,068.239	9,031.278	36.961	0.41
2010-11	5,659.191	3,317.099	9,111.180	9,078.136	33.044	0.36

The Total Plans and Outturn numbers for 2010-11 to 2013-14 have been restated for the effects of the Machinery of Government Change in relation to the move of Cafcass from the Department for Education. The Plans data for Cafcass have been taken from the Supplementary Estimate of the Department for Education for the relevant years.

#### Resource AME

Year	Voted	Non-voted	Total Plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2015-16	131.000	-	131.000			
2014-15	181.100	-	181.100	(295.587)	476.687	263.22
2013-14	792.537	-	792.537	111.957	680.580	85.87
2012-13	837.226	-	837.226	(222.521)	1,059.747	126.58
2011-12	3.358	-	3.358	(184,712)	188.070	5600.66
2010-11	560.360	(165.402)	394.958	368.780	26.178	6.63

**Capital DEL**

<b>Year</b>	<b>Voted</b>	<b>Non-voted</b>	<b>Total Plans</b>	<b>Outturn</b>	<b>Variance</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>
2015-16	327.980	-	327.980			
2014-15	296.328	-	296.328	289.793	6.535	2.21
2013-14	276.400	-	276.400	272.861	3.539	1.28
2012-13	290.500	-	290.500	280.899	9.601	3.30
2011-12	378.774	-	378.774	344.095	43.679	11.26
2010-11	550.110	43.017	593.127	539.022	54.105	9.12

## Her Majesty's Court and Tribunals Service (HMCTS) Income

HMCTS income can be split into high level income streams; civil and administrative court fee income, criminal court charge income and other income. The following table provides a breakdown of HMCTS income budget for 2015-16.

<b>Forecast</b>	<b>£m</b>
Civil and Administrative Court Fee income	758.000
Criminal Court Charge income	40.000
Other income	102.000
<b>Total</b>	<b>900.000</b>

### Fee income

Civil and Administrative Court fee income includes fees collected in county courts, family courts, for civil work in magistrates' courts, the High Court, the Court of Appeal and the Court of Protection. Most civil court fees reflect the cost of providing services. The Government also has the power, subject to parliamentary approval, to charge "enhanced fees", which are not limited to the cost of providing services.

Fees are charged in a subset of tribunals administered by HMCTS: Asylum and Immigration, Employment, Lands, Residential Property, Gambling and Gender Recognition. Fees are not set to recover full costs.

### Criminal Court Charge Income

The Criminal Justice and Courts Act 2015 requires courts to order people convicted of an offence to pay a charge in respect of relevant court costs (to recover some of the cost of the criminal courts from offenders to fund courts, making offenders face the cost they impose on the taxpayer in England and Wales). Charges come into effect for offences committed after 13 April 2015.

### 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.

## 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 this out:

### NOMS – Split of Funding between Public and Private Prisons

£m	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Public Prisons	2,029.388	1,912.062	1,790.212	1,657.285	1,579.000	1,552.000
Private Prisons	303.521	323.264	399.389	409.953	433.000	457.000
<b>Total</b>	<b>2,332.909</b>	<b>2,235.326</b>	<b>2,189.601</b>	<b>2,067.238</b>	<b>2,012.000</b>	<b>2,009.000</b>

#### Note on source of figures

- 2010-11 to 2013-14 reflects the full year outturn position;
- 2014-15 figures reflect the forecast outturn position for the year, as at March 2015 (accounting period 12); and
- 2015-16 reflects the opening budgets.

#### Note on comparability of figures

- The above figures have been produced on as comparable basis as possible, so they include all public sector prisons against "Public Prisons" plus area or 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 private to public sector from 1 July 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 young offenders, following a re-role of the prison to Male Category C status in July 2013;
- The position for public prisons from 1 April 2014 is reduced by the transfer of certain ICT budgets (totalling circa £35m), that were transferred to HQ during the year;
- 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 from 2014-15) are included under public prisons and are shown net of UKBA income; and
- The 2015-16 public sector figures exclude certain budgets that will be added during the course of the year (e.g. prison industries, contractors' escorts and learning and skills), totalling around £30m.

**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 as this will depend on the programme of prison benchmarking currently under way.



**Provision for Liabilities and Charges**

SUMMARY	Judicial Service Award	Injury benefit scheme	Early departure costs	Costs from Central Funds	Legal claims	CICA Pre-tariff Scheme	CICA Tariff Scheme	Leasehold dilapidations	LAA outstanding balances on funded cases	Other	Total
	£m										
Balance as at 1 April 2014	157.474	75.817	130.722	24.799	90.049	12.356	261.111	63.137	577.306	151.960	1,544.731
Provided in the year	5.700	31.796	10.883	-	81.065	6.031	169.874	1.590	-	15.762	322.701
Provision not required written back	(0.390)	-	(0.390)	(18.576)	(34.471)	(1.132)	(10.713)	(1.569)	(32.326)	(29.357)	(128.924)
Provision utilised in the year	(13.346)	(4.487)	(14.509)	-	(43.279)	(11.667)	(164.163)	(2.506)	-	(112.008)	(365.965)
Borrowing costs (Unwinding of Discount)	2.300	-	5.095	-	0.067	-	1.827	0.421	-	0.001	9.711
Reclassifications (to)/from assets held for sale	-	-	(0.034)	-	-	-	-	-	-	(0.005)	(0.039)
Reclassifications between provision categories	-	-	0.471	-	-	-	-	-	-	(0.471)	-
Balance as at 31 March 2015	151.738	103.126	132.238	6.223	93.431	5.588	257.936	61.073	544.980	25.882	1,382.215

Please note the table above includes the provision position as at 31 March 2015 as reported in the MoJ 2014-15 Resource Accounts. An updated position will be provided in the Supplementary Estimate.

**Details of the provisions are as follows:**

**Judicial Service Award and Fee Paid Judicial Claims**

The Judicial Service Award (JSA) was created to equalise the tax position of judicial pensions affected by the provisions of the Finance Act 2004. In the case of salaried members of the judiciary, the liability has been estimated by the Government Actuary's Department, taking into account the number of reckonable years served by 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 (discount rates are set out in accounting policy 1.18). The liability is based on an actuarial assessment as at 31 March 2015.

Following a ruling by the UK Supreme Court on 6 February 2013 that a retired fee-paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, a provision has been recognised in the MoJ and Judicial Pension Scheme (JPS) accounts in relation to the claims made against MoJ.

The provisions recognised in the MoJ Accounts have been calculated based on the following assumptions as determined by the latest judgments issued by the appropriate tribunal:

- **Non-legal members:** Certain members of the judiciary (medical and lay members) have been found not to have salaried comparators. As such these have been excluded from the provision calculations;
- **Time limit:** The time limit to submit a claim to the Employment Tribunal is three months from the end of each fee paid appointment. Several members of the judiciary who have retired or had changed their appointment lodged claims outside this time limit. These claims have been excluded from the provision calculations. Judiciary who were still in service when moratoriums were announced have been included;
- **Compensation claims:** Several types of pay-related claims have been made and only certain types of judicial office holders are eligible to make these claims. The provisions have been calculated on the latest judgments available at the date of signing of these Accounts; and
- **Entitlement date:** Current judgments indicate the claimant's service period commences from the date the Part Time Workers Regulations came into force (7 April 2000). This is the date on which the calculation of the provisions has been based.

The judgments on which these assumptions have been based are considered lead cases which bind all related stayed cases. These judgments are subject to appeal and therefore the assumptions on which the provisions have been estimated are subject to a degree of uncertainty. However, these judgments are considered the best information available at the time the Accounts were prepared and application of these judgments results in the best estimate of the expenditure required to settle the obligations.

During 2014-15, MoJ began the process to settle the claims included in these provisions. Given the large number of claims that have been made, it is expected that this settlement process will be completed in summer 2016.

### **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 Treasury rate of 1.3% (2013-14: 1.8%) in real terms.

Included in these costs are those that relate to the Voluntary Early Departure scheme. The terms of the scheme offered were in accordance with the Civil Service Compensation scheme introduced by the government in December 2010.

### **Injury benefits scheme**

NOMS meets the costs of the Civil Service Injuries Benefits Scheme (CSIBS) for payments granted under the scheme after 1 April 1998. CSIBS pays benefits to any individual who suffers an injury which is wholly or partially attributable to the nature of their duty, or who suffers an attack or similar act which is directly attributable to employment within the service. Benefits are paid only in respect of loss of earning capacity and are designed to enhance a beneficiary's income up to a guaranteed minimum figure.

### **Costs from Central Funds**

Following the passing of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012, the Legal Aid Agency (LAA) became an Executive Agency of the MoJ on 1 April 2013 and the Central Funds were subsequently transferred from the core department to LAA to manage and administer with effect from that date.

Under the terms of the Prosecution of Offences Act 1985, acquitted defendants who have applied for legal aid and been found ineligible may, in limited circumstances; obtain an order from the Crown Court to recover their costs out of Central Funds. LAA estimates the value of unbilled costs to arrive at the amount disclosed in the Accounts as a provision. The amount is an estimate of the expenditure required to settle any obligation at the reporting period end date. Individual amounts are also provided for exceptionally high value cases. In estimating the provision, LAA 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.

### **Criminal Injuries Compensation Authority (CICA) - pre-tariff scheme**

The pre-tariff scheme provision reflects CICA's liabilities in respect of all outstanding cases incurred prior to 1996 which remain to be settled in future years. In accordance with 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 grant-in-aid in year of settlement.

The pre-tariff scheme provision has not been discounted. The total provision is composed of a small number of cases which reflect the best estimate, at reporting period end, required to settle these cases.

### **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 on an evaluation of total applications that are currently known (discounted value £224.570m (2013-14: £217.200m)). The additional element relates to those events, occurring on or before reporting period end, that CICA deems probable and, based on historical evidence, provides for an estimation of the future liability (discounted value £33.370m (2013-14: £43.900m)).

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

In line with IAS 37, areas of uncertainty surrounding the tariff scheme provision have been noted. The valuation is based on 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. 79% of all such cases are current year and will be assessed in due course. Recent intake is assumed to follow normal historical trends;
- 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 in accordance with the introduction of the 2012 tariff scheme which will apply to all future emergent cases, regardless of the date the incident occurred.

### **Leasehold dilapidations**

Dilapidation costs are an estimate of the expenditure required to return vacated leased buildings to their original condition as at the date of commencement of the lease. The movement in year is as a result of updated information relating to property vacations, new properties leased during the year and a change in the discount rate applied.

### **LAA outstanding balances on funded cases**

LAA estimates the value of unbilled live cases each year to arrive at the amounts disclosed 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, LAA has adopted prudent measurement techniques based on the latest data available.

Based on average historical case lengths, substantially all of the costs for the amounts outstanding on unbilled cases are expected to be incurred within the next 12 months and accordingly, no discounting has been used.

The LAA uses complex valuation models to estimate the value of unbilled amounts on live cases. These models utilise inputs for historical price, quantity profiles, forecast spend, and underlying business knowledge to estimate work completed but not yet billed at the end of the reporting date.

The civil representation work in progress (WIP) provision is calculated on a case-by-case basis using past patterns of activity, with multiple potential duration and cost outcomes. The calculations are segmented between the different expenditure streams and between different milestones in a case's lifecycle. The model estimates activity to the next financial event in each expenditure stream, reflecting the business realities of billing timing.

The inputs are case data driven, with an overlay of management judgement, for example choosing the number of years historical case data to use in creating historical profiles. It should be noted the inherent sensitivity of the Civil Representation WIP provision is such that relatively small percentage movements in the inputs could lead to the estimate crystallising at a materially different amount. Furthermore, a significant proportion of certificated work does not operate on a fixed fee basis and as such, case costs can be subject to fluctuations. All assumptions are reviewed periodically and amended where sufficient evidence exists that such action is appropriate.

### **Other provisions**

The fee-paid judicial office holder provisions account for £44.100m (2013-14: £138.000m) of the Other Provisions total, (refer to Judicial Service Award and Fee Paid Judicial Claims section above). The remaining balance relates to onerous lease and miscellaneous provisions of the department.

## Contingent Liabilities

There have been the following changes to the list of contingent liabilities; since the 2014-15 Supplementary Estimate Memorandum.

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

Contingent Liability	Reason for Removal
HMCTS property transfer: As a result of the July 2005 High Court challenge HMCTS has not been able to gain control of a number of properties intended to come within the 31 March 2005 Property Transfer Scheme. HMCTS faces a contingent accommodation liability for the properties of which it is yet to gain control. If HMCTS is not able to effect a transfer of ownership and control of these properties, it faces potential accommodation obligations to the parties who ultimately own the property rights and will control the underlying economic benefits. Based on the value of the properties at 31 March 2007, it is estimated that HMCTS could be exposed to additional costs of up to £0.300m per annum with a total maximum contingent liability since 1 April 2005 of £2.9m	No longer necessary
The National Probation Service has reported the Provision of Indemnity to members of the thirty five local area Probation Trusts to maintain the same status of indemnity that was provided by local authorities. The government has agreed that an individual trust member should be indemnified against legal damages and costs arising from advice given, or actions done, honestly and in good faith in the execution of his or her board functions, except where the member has acted recklessly. (Minute of 6 June 2005)	No longer necessary
Mubarek Inquiry Team Indemnity in relation to any legal action against the chairman or members of the independent Inquiry into the death of Zahid Mubarek at the Feltham Young Offenders Institution. (Minute 10 March 2006)	No longer necessary

<p>Payment by Results - Justice Reinvestment: 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.</p>	No longer necessary
<p>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 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 2013 is uncertain.</p>	No longer necessary
<p>Following the outsourcing of Community Payback Services from London Probation Trust (LPT) to a private sector provider in October 2012, NOMS has a contingent liability to fund the first £2.000m of any future pension deficit that may arise.</p>	No longer necessary
<p>London Probation Trust (LPT) considers that it is not liable to pay corporation tax on its activities for 2011-12 or in previous years. This is contrary to HM Revenue and Customs (HMRC) advice and LPT is currently in discussion with HMRC and NOMS. The Trust has therefore included a contingent liability in respect of corporation tax. The value of any liability is still to be determined.</p>	No longer necessary
<p>Devon &amp; Cornwall Probation Trust (DCPT) - The Trust is aware of an Employment Tribunal case being brought by former members of staff. The Trust has taken legal advice as to the likelihood of these actions being successful. The Trust considers that due to the uncertain nature of the timing, outcome and costs involved no provision is to be made in the accounts. The Trust intends to defend these actions and legal advice is that the probability of success is in excess of 60% but, should the Trust be unsuccessful, the costs could be in the region of £70k.</p>	No longer necessary

<p>Northamptonshire Probation Trust - The Trust is a member of the East and West Midlands Probation Training Consortium which ceased in March 2013. NPT represents a 5.37% share of the consortium and total costs and liabilities are not fully quantified at this stage to enable a provision for full winding up costs to be made. However, Northamptonshire PT has included a severance provision for NPT staff affected based on anticipated costs to fall due to the Trust. Northamptonshire PT has received notification of two potential claims, one for which a legal costs provision has been established. The Trust has also been involved in ongoing discussions regarding the second potential case for which further legal costs have been provided. No further provisions have been made as at the time of the accounts as there is not a reliable estimate for these.</p>	No longer necessary
<p>Surrey &amp; Sussex Probation Trust - On 31 March 2001 West Sussex Probation Committee (WSPC) amalgamated with the East Sussex Probation Committee (ESPC) to form Sussex Probation Board (SPB). As a result West Sussex Probation Board employees transferred their pension benefits to the East Sussex County Council (ESCC) Pension Scheme with effect from 31 March 2001. Under the Pension Regulations at the time, liabilities attributable to active and deferred pensioner members remained with the Old Fund in West Sussex County Council (WSPC). Since 2001 Sussex Probation Board has ceased to contribute to the West Sussex Pension Scheme and during 2005 a bulk transfer of assets was made from the West Sussex Scheme to the East Sussex scheme.</p> <p>In 2009 the Government issued a consultation in respect of draft proposals to amend the Local Government (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 to comply with the Fair Deal for Staff Pensions for staff transferring from the Learning and Skills Council to Local Education Authorities on 1 April 2010, and to manage the transfer of assets and liabilities in administering authorities affected by the merger of Probation Boards to Probation Trusts.</p> <p>As a result of the above it is possible that Sussex Probation Board had an obligation arising from the amalgamation of West Sussex Probation Committee and East Sussex Probation Committee to form Sussex Probation Board in relation to the active and deferred pensioner members that remained with the Fund at West Sussex County Council. For this reason SSPT is disclosing this as a contingent liability.</p>	No longer necessary



The following contingent liabilities have been amended since the Supplementary Estimate 2014-15.

Original Entry	Original Amount	Revised Entry	Revised Amount
<p><b>British Airports Authority indemnity:</b></p> <p>An indemnity of up to £50.000m (2013-14: £50.000m), in respect of any one accident, has been given to the British Airports Authority. This is in respect of damage or injury caused to third parties arising out of the negligence of NOMS in their use of vehicles.</p>	£50.000m	<p><b>Heathrow Airport Holdings Limited indemnity:</b></p> <p>An indemnity of up to £50.000m (2013-14: £50.000m), in respect of any one accident, has been given to Heathrow Airports Holdings Limited formerly (British Airports Authority). This is in respect of damage or injury caused to third parties arising out of the negligence of NOMS in their use of vehicles travelling airside for the repatriation of prisoners. The likelihood of a liability arising from these contingencies is considered to be uncertain.</p>	£50.000m

Original Entry	Original Amount	Revised Entry	Revised Amount
<p><b>HMCTS legal claims:</b></p> <p>HMCTS is involved in a number of legal cases dealing with ex-gratia and compensation claims. The estimated cost of settlement for HMCTS is £3.200m.</p>	£3.200m	<p><b>HMCTS legal claims:</b></p> <p>HMCTS is involved in a number of legal cases dealing with ex-gratia, compensation and other claims. The estimated cost of settlement for HMCTS is £21.000m (2013-14: £20.800m).</p>	£21.000m
<p><b>NOMS legal claims:</b></p> <p>Claims for injury to staff, prisoners and the public amounting to £54.500m have been lodged, where the likelihood of a liability arising is possible but not likely.</p>	£54.500m	<p><b>NOMS legal claims:</b></p> <p>Claims for injury to staff, prisoners and the public amounting to £56.300m (£49.200m at 31 March 2014) have been indicated to NOMS, where the likelihood of a liability arising is deemed possible but not likely.</p>	£56.300m
<p><b>Fee paid judicial office holders' claims</b></p> <p>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.</p> <p>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-</p>	Unquantifiable	<p><b>Fee paid judicial office holders' claims</b></p> <p>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.</p> <p>The UK Supreme Court ruling on 6 February 2013 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</p>	Unquantifiable

Original Entry	Original Amount	Revised Entry	Revised Amount
<p>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.</p> <p>During 2013-14 and 2014-15, there were several hearings at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and 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 fee paid judicial office holders' employment terms and conditions.</p> <p>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 the eligible claimants belong has been prepared. The liability has two main elements:</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>		<p>quantum of the liability to the eligible judicial office holders.</p> <p>During 2013-14, there were several hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and 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 fee-paid judicial office holders' employment terms and conditions.</p> <p>There were a number of stayed claims and outstanding appeals lodged which were not heard before the 2014-15 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 even heard will depend on the individual circumstances of the claimant, and given the large number of stayed claims and outstanding appeals, this was impracticable.</p>	

Original Entry	Original Amount	Revised Entry	Revised Amount
<p>paid on retirement; and</p> <ul style="list-style-type: none"> <li>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.</li> </ul> <p>During 2014-15, eligible claimants were invited to submit claims to MoJ in relation to the above rulings. The majority of these claims have now been received and a process is under way to calculate, and subsequently make offers to, those fee-paid judges who have submitted an eligible claim. A portion of the offers made has been accepted and paid out in 2014-15. The liabilities recognised by the Judicial Pension Scheme (JPS) and 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</p>			

Original Entry	Original Amount	Revised Entry	Revised Amount
circumstances of the claimant, and given the large number of stayed claims and outstanding appeals, this was considered impracticable.			
<b>Employment Tribunals:</b> MoJ is currently defending a number of Employment Tribunal claims at various stages.	Unquantifiable	<b>Employment Tribunals:</b> MoJ is currently defending several Employment Tribunal claims at various stages.	Unquantifiable
<b>Headquarters legal claims:</b> There are five outstanding legal claims against MoJ Headquarters, some of which involve possible financial liabilities. These legal claims include a Judicial Review challenging refusal to pay compensation for miscarriages of justice and other current legislation.	Unquantifiable	<b>Headquarters legal claims:</b> There are 18 outstanding legal claims against MoJ Headquarters, some of which involve possible financial liabilities. Cases where it is probable that MoJ will incur future costs have been included within provisions. These legal claims include a Judicial Review challenging refusal to pay compensation for miscarriages of justice and other current legislation.	Unquantifiable
<b>Criminal Injuries Compensation:</b> On occasion compensation cases at appeal stage may go to judicial review and these could potentially have an impact on the CICA's future liabilities. There were 91 active cases as at 31 March 2013.		<b>Criminal Injuries Compensation:</b> On occasion compensation cases at appeal stage, under the jurisdiction of the Tribunals Service - Criminal Injuries Compensation, may go to judicial review. These could have an impact on the CICA's future liabilities. These cases are not included within the provision due to the fact that a possible obligation exists which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CICA.	

The following contingent liabilities have been added since the Supplementary Estimate 2014-15.

Number	Text	Amount
1	<b>Civil Service Injury Benefit Scheme:</b> NOMS meets the costs of the Civil Service Injury Benefits Scheme (CSIBS) for payments granted under the scheme after 1 April 1998. CSIBS pays benefits to any individual who suffers an injury which is wholly or partially attributable to the nature of their duty, or who suffers an attack or similar act which is directly attributable to employment within the service. Benefits are paid only in respect of loss of earning capacity and are designed to enhance a beneficiary's income up to a guaranteed minimum figure. NOMS considers that at 31 March 2015 the potential future liability arising from unsettled cases is not material to these accounts.	Unquantifiable
2	<b>LGPS Pensions Guarantee:</b> The responsibility for funding all future contributions associated with those original employees who are active members of the LGPS and who transferred to Community Rehabilitation Companies (CRCs) on 1 June 2014 rests with the CRCs. MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date employees transferred to the CRCs. The Secretary State for Justice has provided a guarantee to the Greater Manchester Pension Fund (GMPF) in respect of the CRCs' participation in the fund for the pension liabilities that transferred to the CRCs.	Unquantifiable
3	<b>Employment Tribunal Fees:</b> A judicial review is under way regarding employment tribunal fees. The High Court rejected the judicial review, but it is being taken to the Court of Appeal. Given the current position of the case, it is not possible to accurately measure any potential financial liability to HM Courts and Tribunals Service.	Unquantifiable
4	<b>CICA Pre-Tariff Cases:</b> MoJ is currently defending a claim for the use of the Lord Chancellor's discount rate in the future loss calculations for the CICA pre-tariff scheme. The case was judicially reviewed at the Administrative Court and the claim was rejected. The claimant has, however, lodged an application for permission to appeal with the Court of Appeal and the outcome of this is not yet known. The estimated exposure upon any change to the discount rate against the current percentage is dependent on the outcome of a number of cases. It has been estimated to be between £7.000m and £192.000m.	£7.000m to £192.000m
5	<b>CICA Tariff:</b> An appeal by an applicant against the decision of the Upper Tribunal in a tariff case concerning Foetal Alcohol Spectrum Disorder was rejected by Court of Appeal in November 2014. The Applicant's representatives alleged the client was the victim of poisoning (section 23 of the Offences Against the Person Act 1861 (OAPA)). They requested permission to appeal from the Supreme Court relying on the infliction of bodily injury under section 20 OAPA. Permission to appeal was refused on 21 April 2015. The representatives have now selected another test-case to progress the	£26.000m to £43.500m

	<p>section 20 argument before the First- tier Tribunal. This is likely to be heard October/November 2015. There are 87 known cases the minimum exposure is estimated at £26m with a maximum exposure of £43.5m.</p>	
--	---	--

## 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

*so* June 2015



© MoJ copyright 2015  
Produced by the Ministry of Justice

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

Alternative format versions of this report are available on request from [MoJMgmt.Accounts@justice.gsi.gov.uk](mailto:MoJMgmt.Accounts@justice.gsi.gov.uk)

