



Ministry
of Justice

Memorandum on Supplementary Estimate 2015–16



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Introduction

This Supplementary Estimate Memorandum is submitted by the Ministry of Justice's Accounting Officer to the Justice Select Committee as an overview and analysis of the provision sought, together with a description of changes since the Main Estimate published in July 2015. It also sets out the main activities and priorities of the Ministry and a description of the key programmes under way to deliver these priorities.

Key activities

The Ministry of Justice (MoJ) is responsible for administration of justice in the United Kingdom, predominantly in England and Wales, and specifically to:

- Administer law in courts and tribunals;
- Handle those convicted in criminal courts (including imprisonment, parole and probation and young people);
- Review criminal convictions and revise the laws of England and Wales;
- Act on behalf of people without capacity to act for themselves in legal matters;
- Make provision for people to act as deputies and attorneys for others;
- Inspect other organisations in the justice system;
- Address complaints and concerns about bodies in the legal system;
- Administer Legal Aid; and,
- Protect the public and reduce reoffending (including young people).

Supplementary Estimate provision by budgetary limits

The table below sets out the MoJ Budgetary Limits as included in the Supplementary Estimate.

	£m
Resource Departmental Expenditure Limit (RDEL)	7,297.985
<i>Of which:</i>	
Voted Resource DEL	7,156.520
Non-Voted Resource DEL	141.465
<i>And of which:</i>	
Administration Budget – includes ring-fenced depreciation £39.566m	575.925
Programme Budget – includes ring-fenced depreciation £561.000m and non-voted £141.465m	6,722.060
Capital Departmental Expenditure Limit (CDEL)	278.963
Resource Annually Managed Expenditure Limit (RAME)	751.010
Net Cash Requirement (NCR)	7,119.852

Changes since the 2015–16 Main Estimate

The Ministry of Justice's RDEL provision has increased by £427.133m since the Main Estimate. This is mainly due to:

- £400.000m reserve claim in relation to modernisation funding, the O'Brien judgment and associated litigation, and to meet other overall pressures;
- £45.000m switch from capital to resource, as agreed with HM Treasury, to support the ministry in meeting RDEL pressures;
- £(13.668)m reduction for net budget transfers to other government departments; and
- £(4.199)m reduction for two Machinery of Government changes.

The Ministry of Justice's CDEL provision has decreased by £49.017m mainly due to:

- £(45.000)m reduction from a switch from capital to resource, as agreed with HM Treasury;
- £(3.167)m reduction for net budget transfers to other government departments; and
- £(0.850)m reduction for Machinery of Government changes.

AME expenditure is, by nature, volatile and the outcome is often dependent on external factors. The Ministry of Justice's RAME provision has increased by £620m mainly due to:

- £330.000m additional funding for the impairment of the court and prison estate as a result of the HMCTS reform and prison reform programmes, including the closure of HMP Holloway;
- £290.000m additional funding to manage potential uncertainty in relation to other provisions across the Ministry of Justice, including for CICA, LAA, O'Brien litigation consequences and dilapidations provision in HMCTS.

The changes above alongside a working capital adjustment increases the net cash requirement by £644m to £7.120m. The Supply and Appropriation Bill 2015/16 is expected to gain Royal Assent in March 2016, therefore the Ministry of Justice has sought a repayable cash advance from the contingency fund to give us access to some of the cash in February.

Our settlement for 2015–16 was agreed in mid-2013, based on reasonable assumptions at the time, and before further reductions were made at the 2013 Autumn Statement and 2015 Summer Budget. Given the fact that the settlement represented a real terms cut of 10% on the 2014–15 baseline, the 2015–16 financial position has been under significant pressure. Although action has been taken throughout the year to reduce costs and live within the original settlement, we have now agreed a £400m reserve claim with HM Treasury to support our aim of living within the Parliamentary control totals.

A significant proportion of the Ministry's costs is driven by demand, particularly in prisons and courts, and the flow through to legal aid. There has been an increase in demand since the Ministry agreed its SR13 settlement, driven largely by increases in the detection and prosecution of serious offences, particularly sexual offences and violence, including domestic violence. Prosecutions for sexual offences, which are in general more complex, have a lower guilty plea rate and tend to take longer – with significant financial impacts on the prison population, Crown Court sitting days, and the legal aid fund. The level of income the department has received from court fees has also been lower than assumed at our SR13 settlement, largely because the number of higher value case types, such as specified and unspecified money claim cases, has been lower than originally anticipated.

Throughout 2015–16 internal action has been taken to reduce costs including reprioritisation of spend and the introduction of enhanced spending controls. The gap was, however, large and we have therefore agreed a reserve claim of £400m with HM Treasury and a switch of £45m from CDEL into RDEL to enable us to live within the 2015–16 Parliamentary control totals.

Key Points

Main priorities and expected outcomes

In November 2015, the Permanent Secretary confirmed changes to the Ministry's leadership structure to enable the Ministry to deliver the Secretary of State's priority reforms, for which the Ministry received significant investment at Spending Review 2015. These changes will also support our work to reduce the cost of the Ministry and improve and modernise our capability. The structural changes will be included in the 2016–17 Main Estimate and the associated memorandum will be structured accordingly. However given the 2015–16 Estimate is based around the departmental structure as at the start of the financial year, the remainder of this document is in line with the existing Estimates structure.

At the time budget allocations were set, the Ministry was organised into seven business groups:

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

The key priorities for each business group were set out in the Main Estimate Memorandum. Key changes since the Main Estimate are set out below.

Corporate Services Group

(Budget RDEL – £664.696m of which £544.381m relates to programme expenditure)

Change in budget since Main Estimate £235.070m

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

- £216.191m allocated to CSG as part of allocating out the reserve claim to meet known pressures; and
- The remainder relating to internal budget transfers to and from other parts of MoJ.

Corporate Services Group includes the MoJ-wide business areas of Estates, HR, Shared Services, Technology and Digital Services. The group supports the delivery of the department's front line services through integrated and effective corporate services, driving further efficiencies from MoJ's back office as well as making improvements to the workplace.

The main programme expenditure within CSG relates to Estates and IT infrastructure costs. These include the MoJ Future IT Sourcing programme (FITS) which is restructuring ICT services and transition planning for new service contracts which will introduce a

flexible charging model to cater for increases and decreases in levels of demand for services.

Criminal Justice Group

(Budget RDEL – £331.780m of which £295.668m relates to programme expenditure)

Reduction in budget since Main Estimate of £15.427m

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

- Reduction in overall Youth Justice Budget £(12.000)m, following the Summer Budget;
- Reduction in miscarriage of justices budget £(2.000)m;
- Transfer in from Department for Education for special educational needs £0.500m
- Transfer to NOMS in relation to junior attendance centres £(2.468)m
- Increase in receipts relating to victim surcharge £2.385m
- Transfer to Department for Work and Pensions in relation to youth engagement funds £(1.040)m; and
- Reduction in Youth Justice Board depreciation budget £(0.800)m.

The Criminal Justice Group works to deliver 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.

Sponsored Bodies

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

- HM Inspectorates of Prison and Probation;
- Youth Justice Board (YJB);
- Parole Board; and
- Criminal Cases Review Commission (CCRC).

Finance, Assurance and Commercial Group (including centrally managed fine income)

(Budget RDEL £(68.906)m of which £(279.900)m relates to fine income and £157.174m relates to programme spend)

Change in budget since Main Estimate £34.643m

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

- Additional funding of £34.000m allocated to FACG as part of allocating out the reserve claim to meet known centrally held pressures.

The Finance, Assurance and Commercial Group brings 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 of contracts. This includes

financial governance and assurance, but also assurance from analysis, audit and procurement experts in challenging and supporting MoJ's business.

The Director General, FACG, is also the Accountant General for the Senior Courts in England and Wales and is supported by a small team in the Office of the Accountant General.

Income

The Group, rather than HMCTS, is also responsible for fines income to ensure the impartiality of the judiciary when considering whether to impose fines on offenders. Between April and September 2015, a total of £177.4m was collected against financial impositions (fines, compensation, victim surcharge, prosecution costs and criminal courts charge) – £31.2m (21%) higher than the same period last year.

A programme to improve fines impositions recoveries through 'in house' transformation of compliance and enforcement services is at the early stages of a high level business case design. This succeeds the previous Compliance and Enforcement Services Project (CESP).

Sponsored Bodies

FAC sponsors a number of arm's length bodies, among which are the:

- Criminal Injuries Compensation Authority (CICA), an Executive Agency; and
- Official Solicitor and Public Trustee.

Law and Access to Justice Group

(Budget RDEL – £198.110m of which £135.760m relates to programme spend)

Reduction in budget since Main Estimate of £6.897m

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

- Transfer of the Information Commissioner's Office and associated policy units to the Department for Cultural, Media and Sport and Cabinet Office £(3.765)m;
- Increase in income from the Office of the Public Guardian £(4.000)m;
- Reduction in funding for Cafcass £(2.000)m;
- Additional funding for O'Brien liabilities £15.000m;
- Reduction in overall funding for LA2J group £10.000m; and
- Transfer of Claims Management Regulation Unit income from FACG £(2.074)m.

LAJG is responsible for the policy on legal aid, civil and family justice, judicial policy, and the communication and information services for the whole department. The group also includes the Office of the Public Guardian, an Executive Agency of the Ministry of Justice, which supports the Public Guardian in the registration of Enduring Powers of Attorney and Lasting Powers of Attorney, as well as the supervision of deputies appointed by the Court of Protection.

Sponsored Bodies

LAJG sponsors a number of arm's length bodies, among which are the:

- Law Commission;
- Judicial Office (JO);
- Judicial Appointments Commission (JAC);
- Legal Services Board (LSB);
- Office for Legal Complaints (OLC); and
- Children and Family Court Advisory and Support Service (Cafcass).

Machinery of Government Changes

There have been two Machinery of Government changes affecting the responsibilities of LAJG since the Main Estimate:

- Parliamentary responsibility for data protection policy (including sponsorship of the Information Commissioner's Office) and sponsorship of The National Archives was transferred from the Ministry of Justice to the Department of Culture, Media and Sport on 17 September 2015; and
- Policy responsibility for the Freedom of Information (FOI) Act was transferred to the Cabinet Office on 17 July; at the same time the independent Commission on FOI was established. Both steps were announced in a Written Ministerial Statement by the Minister for the Cabinet Office, Matthew Hancock, on the same day.

HM Courts and Tribunals Service

(Budget RDEL – £987.809m of which £964.316m relates to programme spend)

Changes in budget since Main Estimate £44.580m

The RDEL budget stated above is net of income. The changes to the budget of HM Courts and Tribunal Service since the Main Estimate are mainly attributable to the following:

- Additional funding of £69.400m allocated as part of allocating out the reserve claim, largely to cover expected income shortfall and provide funding for its courts and tribunals reform programme;
- Transfer of ICT costs to Corporate Services Group £(18.691)m; and
- Net transfers out to other government departments £(6.121)m.

HM Courts and Tribunal Service (HMCTS) is responsible for running an efficient and effective courts and tribunals system, which enables the rule of law to be upheld, and provides access to justice for all. It provides the supporting administration for a fair, efficient and accessible courts and tribunal systems, and supports the independent judiciary in the administration of justice.

As announced at the 2015 Spending Review, more than £700 million will be invested in the courts and tribunals system to create a swifter, more proportionate justice system. This investment will generate savings of approximately £200 million a year from 2019–20.

The HMCTS Reform programme will deliver an operating model and service that meets the needs of, and is responsive to, HMCTS's range of users from individual citizens, small

domestic businesses to global conglomerates, encouraging growth in the UK economy. This will deliver better outcomes, for significantly lower cost and a sustainable operating model for the delivery of services in the modern age.

In addition to the HMCTS Reform programme HMCTS is committed to delivering a range of projects and programmes, including the Criminal Justice System Common Platform Programme, Criminal Justice System Efficiencies Programme, the Tax Expansion project and the HMCTS Universal Credit Project. These programmes and projects form part of the overall transformation of HMCTS and aim to deliver significant benefits to meet MoJ's Spending Review 2015 settlement.

Legal Aid Agency

(Budget RDEL – £1,648.168m of which £1,549.500m relates to programme spend)

Change in budget since Main Estimate £(21.663)m

The main changes to the budget of the Legal Aid Agency (LAA) since the Main Estimate are attributable to the following:

- A reduction in funding of £(45.500)m for Civil Legal Aid, reflecting expectations following the impact of the Legal Aid, Sentencing and Punishment of Offenders Act 2013 where the scope of legal aid for civil representation and legal help was reduced (as civil cases can take several years to reach conclusion the impact of Legal Aid Reform will not reach steady state until 2018–19);
- An increase in funding of £11.900m for Criminal Legal Aid;
- An increase in funding of £6.100m for Central Funds;
- Additional funding from MoJ of £1.337m for Administration;
- Modernisation Funding £2.500m; and
- Additional funding of £2.000m for depreciation.

The LAA is responsible for the commissioning and administration of Legal Aid in England and Wales. It provides legal aid, advice and information in England and Wales through the Legal Aid Fund (which covers Criminal and Civil Legal Aid). The LAA's organisational purpose is to deliver legal aid efficiently and effectively as part of the justice system, and it works in partnership with legal providers and the wider MoJ.

The LAA is implementing an ambitious portfolio of change programmes that will improve efficiency and effectiveness. The change portfolio comprises three main programmes:

- **Legal Aid Transformation:** The LAA is working in collaboration with the legal profession to increase public confidence in legal aid and reduce the bill to taxpayers for funding the legal aid system;
- **Integrated Delivery:** This programme is responsible for developing and rolling out the Client and Cost Management System which will enable providers to submit civil legal aid applications online and the LAA to grant legal aid applications, pay bills and recover debt electronically for civil certificated work. The system was successfully rolled out to all civil providers at the end of September 2014 and will be made mandatory to use in 2016; and
- **Crime Change Programme:** The LAA is well on the way to completing this programme to process all criminal legal aid applications and bills in a paperless and

electronic way. It has successfully transferred and centralised the processing of 500,000 criminal legal aid applications annually from Her Majesty's Court and Tribunal Service (HMCTS). In tandem, it has rolled out a digital tool across England and Wales that allows applications to be submitted to the LAA online. Voluntary take up by providers has been strong and the LAA now receives 89% of all applications online. It has also invested and improved the IT systems used by its caseworkers and developed electronic links to share data between the LAA and other departments in the justice family.

National Offender Management Service

(Budget RDEL – £3,509.362m of which £3,352.776m relates to programme spend)

Change in budget since Main Estimate £122.362m

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

- Additional Funding £117.000m allocated as part of allocating out the reserve claim;
- Net transfers in from the Department for Business, Innovation and Skills in relation to education review, prison capacity changes and funding for the offender learning and skills service (OLASS) £3.854m;
- Transfer from MoJ Technology Directorate £3.976m; and
- Transfer to Youth Justice Board in relation to junior attendance centres £(2.468)m.

NOMS has two main objectives – to protect the public and to reduce re-offending. It ensures the provision of safe, secure and decent prisons with a clear focus on rehabilitation, and that the reformed probation system works effectively to achieve benefits for the public through improved management of high risk offenders and a step change mechanism in reoffending.

Programme spend in NOMS will allow the agency to deliver offender services through:

- **The National Probation Service:** Responsible in the community for carrying out risk assessments of all offenders and for the direct management of those offenders who pose the highest risk of serious harm to the public and who have committed the most serious offences;
- **Public sector prisons:** Responsible for 104 prisons which provide around 82% of prison places;
- **21 Community Rehabilitation Companies:** Responsible for delivering community requirements for medium and low risk offenders;
- **Private sector providers:** Operating 14 prisons under contract and providing other significant services, including prisoner escorts and electronic monitoring of offenders; and
- **Partnerships:** Across a range of public and social sector partners, including police, local authorities, health and education providers, and with a wide range of organisations in the voluntary and social enterprise sector.

NOMS is also contracted by the Youth Justice Board to provide 1,004 commissioned beds for young people (under 18) and by the Home Office to provide more than 1,560 places at four Immigration Removal Centres (IRCs).

Ambit

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

Detailed breakdown – Changes to Resource DEL since Main Estimate 2015–16

	Admin	Programme	Total RDEL	Of which fiscal RDEL	Of which non fiscal RDEL
	£m	£m	£m	£m	£m
Main Estimate 2015–16	555.185	6,315.667	6,870.852	6,270.286	600.566
Reserve claims	25.000	375.000	400.000	400.000	0.000
Funding for additional demand and income pressures	25.000	234.000	259.000	259.000	0.000
Modernisation funding	0.000	126.000	126.000	126.000	0.000
O'Brien litigation-related funding	0.000	15.000	15.000	15.000	0.000
Machinery of Government changes	(4.199)	0.000	(4.199)	(4.199)	0.000
Transfer of the Information Commissioner's Office to Department for Culture, Media and Sport (DCMS).	(2.900)	0.000	(2.900)	(2.900)	0.000
Transfer of policy units associated with the Information Commissioner's Office to DCMS	(0.821)	0.000	(0.821)	(0.821)	0.000
Transfer of policy units associated with the Information Commissioner's Office to Cabinet Office	(0.478)	0.000	(0.478)	(0.478)	0.000
Budgetary cover transfers	(0.061)	(13.607)	(13.668)	(13.668)	0.000
BIS – Education Review	0.000	4.600	4.600	4.600	0.000
DWP – Direct lodgement payments	0.000	2.263	2.263	2.263	0.000
DfE – Special Education Needs funding	0.000	0.500	0.500	0.500	0.000
BIS – Offender Learning & Skills Service (OLASS) funds	0.000	0.140	0.140	0.140	0.000
DH – Nicotine Inhaling Products and Smoking in Vehicles Regulations	0.000	0.020	0.020	0.020	0.000
BIS – Evaluation of the Review into Offender Learning	0.000	(0.109)	(0.109)	(0.109)	0.000
BIS – Prison capacity charges	0.000	(0.777)	(0.777)	(0.777)	0.000
DWP – Youth Engagement Funds	0.000	(1.040)	(1.040)	(1.040)	0.000
Cabinet Office – Verify Project	0.000	(1.800)	(1.800)	(1.800)	0.000

	Admin	Programme	Total RDEL	Of which fiscal RDEL	Of which non fiscal RDEL
	£m	£m	£m	£m	£m
HMRC – Tax Expansion Project	0.000	(8.404)	(8.404)	(8.404)	0.000
DCLG – Troubled Families	0.000	(9.000)	(9.000)	(9.000)	0.000
HMT – cash charges	(0.049)	0.000	(0.049)	(0.049)	0.000
Scotland Office – audit fees	(0.012)	0.000	(0.012)	(0.012)	0.000
Budget classification change	0.000	45.000	45.000	45.000	0.000
Switch from Capital DEL to Resource	0.000	45.000	45.000	45.000	0.000
Total net changes	20.740	406.393	427.133	427.133	0.000
Supplementary Estimate 2015–16	575.925	6,722.060	7,297.985	6,697.419	600.566
Of which					
Voted	575.925	6,596.781	7,172.706	6,572.140	600.566
Non-Voted	0.000	125.279	125.279	125.279	0.000

Detailed breakdown – changes to Capital DEL since Main Estimate 2015–16

	Total CDEL
	£m
Main Estimate 2015–16	327.980
Budget classification change	
Switch from Capital DEL to Resource DEL	(45.000)
Machinery of Government changes	(0.850)
Transfer of Information Commissioner's Office to the Department for Culture, Media and Sport	(0.850)
Budget cover transfers	(3.167)
Transfer to HM Revenue and Customs for Tax Expansion Project	(3.167)
Supplementary Estimate 2015–16	278.963

Detailed breakdown – changes to Resource AME since Main Estimate 2015–16

	Total RAME
	£m
Main Estimate 2015–16	131.000
Reserve claims	620.000
Impairment costs for prison and court estate as a result of the prison/court reform programmes	330.000
To meet pressures and manage uncertainty across other provisions (CICA, LAA, O Brien)	290.000
Machinery of Government changes	0.010
Transfer of Information Commissioner's Office to the Department for Culture, Media and Sport	0.010
Supplementary Estimate 2015–16	751.010

Variances to 2014–15 Outturn as per Resource Accounts **£m**

	2015–16 RDEL Plans	2014–15 RDEL Outturn	Variance RDEL	2015–16 CDEL Plans	2014–15 CDEL Outturn	Variance CDEL	
A	Policy, Corporate Services and Associated Offices	755.786	905.470	(149.684)	233.692	242.428	(8.736)
B	National Offender Management Service	3,509.362	3,345.479	163.883	14.500	24.497	(9.997)
C	HM Courts and Tribunals Service	846.344	944.099	(97.755)	16.800	0.000	16.800
D	Office of the Public Guardian	(15.908)	(14.821)	(1.087)	4.654	4.298	0.356
E	Youth Justice Board	163.268	191.467	(28.199)	0.850	2.250	(1.400)
F	Parole Board (net)	14.060	12.961	1.099	0.020	0.086	(0.066)
G	Criminal Cases Review Commission (net)	5.255	5.504	(0.249)	0.047	0.084	(0.037)
H	Judicial Appointments Commission (net)	4.525	4.032	0.493	0.000	0.553	(0.553)
I	Office for Legal Complaints	11.888	13.657	(1.769)	0.000	1.406	(1.406)
J	Legal Services Board	4.298	3.921	0.377	0.000	0.112	(0.112)
K	Legal Aid Agency – Administration	98.668	99.306	(0.638)	7.800	11.806	(4.006)
L	Legal Aid Agency – Fund: Criminal	909.900	888.754	21.146	0.000	0.000	0.000
M	Legal Aid Agency –Fund: Civil	592.500	684.984	(92.484)	0.000	0.000	0.000
N	Legal Aid Agency – Central Funds	47.100	62.814	(15.714)	0.000	0.000	0.000
O	Cafcass	116.800	119.418	(2.618)	0.000	0.000	0.000
P	Criminal Injuries Compensation Authority Agency	108.500	194.650	(86.150)	0.600	1.457	(0.857)
Q	Higher Judiciary Judicial Salaries	141.465	148.256	(6.791)	0.000	0.000	0.000
R	Office for Legal Complaints and Legal Service Board CFERs	(16.186)	(16.398)	0.212	0.000	0.000	0.000
	Total¹	7,297.985	7,593.553	295.568	278.963	288.977	(10.014)

¹ This table does not include the ICO as this was transferred by MoG to DCMS.

Additional Information

Budgetary Limits

The tables below compare current year plans to the plans and outturn for the previous three years. They do not include future years as this is the final year of SR13 and we are currently taking forward the internal SR15 allocations process. The tables include:

- Outturn as reported in the Resource Accounts for 2014–15, 2013–14, 2012–13 and 2011–12;
- Plans for 2011–12 as reported in the Supplementary Estimate 2011–12;
- Plans for 2012–13 as reported in the Supplementary Estimate 2012–13;
- Plans for 2013–14 as reported in the Supplementary Estimate 2013–14;
- Plans for 2014–15 as reported in the Supplementary Estimate 2014–15; and
- Plans for 2015–16 as reported in this Supplementary Estimate 2015–16.

Total Resource DEL (including Depreciation)

Year	Voted	Non-voted	Total plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2015–16	7,172.706	125.279	7,297.895			
2014–15	7,586.882	123.451	7,710.333	7,597.268	113.065	1.47
2013–14 (a)	8,002.092	141.000	8,143.092	7,972.007	171.085	2.10
2012–13	8,491.884	138.200	8,630.084	8,593.317	36.767	0.43
2011–12	8,800.618	138.200	8,938.818	8,894.981	43.837	0.49

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

Resource AME

Year	Voted	Non-voted	Total plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2015–16	751.010		751.010			
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

Capital DEL

Year	Voted	Non-voted	Total plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2015–16	278.963		278.963			
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	3.31
2011–12	378.774	-	378.774	344.095	43.679	11.26

Machinery of Government transfers

There was a Machinery of Government Transfer on 17 September 2015 from the Ministry of Justice to the Department for Culture Media and Sport (DCMS) in relation to the Information Commissioner's Office and associated sponsorship and policy units.

There was a Machinery of Government Transfer on 17 July 2015 from the Ministry of Justice to the Cabinet Office in relation to the Freedom of Information Commission and associated sponsorship and policy units.

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 and has previously expressed interest in this information.

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

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	1,912	1,790	1,657	1,579	1,601
Private prisons	304	323	399	410	433	444
Total	2,333	2,235	2,189	2,067	2,012	2,045

Note on source of figures

- 2010–11 to 2014–15 reflects the full year outturn position (as per NOMS' management accounts; and
- 2015–16 reflects the forecast outturn position for the year, as at November 2015 (Management Accounting period 08).

Note on comparability of figures

- The above figures include all public sector prisons within NOMS Public Sector Prisons Directorate and NOMS in Wales 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 the private to public sector from 1 July 2013 and HMP Northumberland from public to private sector from 1 December 2013.
- The increase in private prison expenditure from 2012–13 also reflects the cessation of income from the Youth Justice Board at Ashfield in respect of its young offenders. The prison reopened as a 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) to HQ, over the period 2014–15 to 2015–16.
- Income received from the Youth Justice Board in respect of expenditure by young offender institutes accommodating 15 to 17 year old young offenders has been included, so these budgets in both public and private sector prisons are shown net of income.

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

Provision for Liabilities and Charges

The table below shows forecast movements in provisions and therefore shows the estimated position as at 31 March 2016. This will be updated as part of the preparation of MoJ's Resource Accounts for 2015–16 and an updated position will be provided in the Main Estimate.

SUMMARY											£m
	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
Balance as at 1 April 2015	151.738	103.126	132.238	6.223	93.431	5.588	257.936	61.073	544.980	25.882	1,382.215
Provided in the year	6.900	0.000	22.100	0.622	6.415	0.000	163.059	0.350	34.593	0.525	234.564
Provision not required written back	0.000	0.000	(0.524)	0.000	(0.722)	0.000	0.000	(0.295)	0.000	0.000	(1.541)
Provision utilised in the year	(10.749)	0.000	(8.060)	0.000	(0.891)	0.000	(122.909)	(0.460)	0.000	(0.691)	(143.760)
Borrowing costs (unwinding of discount)	1.400	0.000	3.822	0.000	0.000	0.000	0.000	0.000	0.000	0.000	5.222
Reclassifications (to)/from assets held for sale	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reclassifications between provision categories	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Balance as at 31 March 2016	149.289	103.126	149.576	6.845	98.233	5.588	298.086	60.668	579.573	25.716	1,476.700

Details of the provisions

Fee-paid judicial office holder claims

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

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.

During 2014–15, there were several hearings at the Employment Tribunal and Employment Appeal Tribunal. These hearings also addressed claims for non-pension entitlements relating to fee-paid judicial office holders' employment terms and conditions.

Several stayed claims and outstanding appeals lodged were not heard before the end of the reporting period or 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; given the large number of stayed claims and outstanding appeals, this was impracticable.

Judicial Long Service Award

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

Early departure costs

MoJ meets the additional costs of benefits beyond normal Principal Civil Service Pension Scheme (PCSPS) benefits for employees who retire early. This involves paying amounts determined by the pension administrator annually to PCSPS over the period between early departure and normal retirement date. MoJ provides for this in full when the early retirement programme becomes binding on MoJ by establishing a provision for the estimated payments discounted at the HM Treasury rate of 3.6% (2014–15: 3.55%) in real terms. Early departures approved in 2015–16 are based on formal valuations from the pension administrator.

The provision also includes the costs of providing for unfunded early retirement benefits of certain magistrates' courts staff.

Costs from Central Funds

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

Legal claims

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

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

CICA pre-tariff scheme

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

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

CICA tariff scheme

The tariff scheme provision, reflecting CICA's liabilities under the 1996, 2001, 2008 and 2012 schemes, is made up of two components. Primarily, CICA recognises liabilities that are based on an evaluation of total applications that are currently known (discounted value). The additional element relates to those events, occurring on or before the reporting period end, that CICA deems probable and, based on historical evidence, provides for an estimation of the future liability.

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

Leasehold property dilapidations

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

Legal Aid Agency (LAA) outstanding balances on funded cases

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

Other provisions

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

- MoJ has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. Where the effect is material, the estimated cash flows are discounted. The increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

Contingent Liabilities

The follow contingent liabilities have been removed since the Main Estimate 2015–16

Contingent Liability	Reason for removal
Employment Tribunals: MoJ is currently defending several Employment Tribunal claims at various stages.	No longer required
Other European Court of Human Rights claims: MoJ is currently engaged in twelve other cases at the European Court of Human Rights, some of which may involve possible financial liability and other which are unquantifiable. These cases represent several topics including claims for breach of article 6 of the European Convention on Human Rights.	No longer required

The following contingent liabilities have been amended since the Main Estimate 2015–16.

Original entry	Original amount £'000	Revised entry	Revised amount £'000
<p>NOMS legal claims: Claims for injury to staff, prisoners and the public amounting to £56.3m have been indicated to NOMS, where the likelihood of a liability arising is deemed possible but not likely.</p>	56,300	<p>NOMS legal claims: Claims for injury to staff, prisoners and the public amounting to £61.2m have been indicated to NOMS, where the likelihood of a liability arising is deemed possible but not likely.</p>	61,200
<p>CICA pre-tariff cases: MoJ is currently defending a claim for the use of the Lord Chancellor's discount rate in the future loss calculation 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 to the Court of Appeal and the outcome of this is not yet known. The estimated exposure on 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 £7m and £192m.</p>	7,000 to 192,000	<p>CICA pre-tariff cases: A decision which was judicially reviewed at the Administrative Court challenged the use of the Lord Chancellor's discount rate in future loss calculations. The judicial review was heard on 27 March 2015 and was rejected. The Administrative Court refused permission to appeal to the Court of Appeal on 29 April 2015. The claimant then lodged an application for permission to appeal with the Court of Appeal on 18 May 2015. This resulted in a further refusal but the applicant has lodged another appeal for a permission hearing to be heard in May 2016. Exposure is dependent on any change to discount rate, currently 2.5%.</p>	7,000 to 184,000

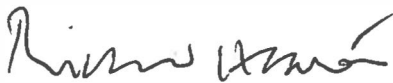
Original entry	Original amount £'000	Revised entry	Revised amount £'000
<p>Fee-paid judicial office holders' claims: The UK Supreme Court ruling on 6 February 2013 set the precedent for other stayed cases, which in addition to pension entitlements, extended to non-pension entitlements relating to fee-paid judicial office holders' employment terms and conditions. The case was remitted to the Employment Tribunal to determine the 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 several 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>	Unquantifiable	<p>Fee-paid judicial office holders' claims: 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.</p> <p>During 2014–15, there were several hearings at the Employment Tribunal and Employment Appeal Tribunal. These hearings also addressed claims for non-pension entitlements relating to fee-paid judicial office holders' employment terms and conditions.</p> <p>Several stayed claims and outstanding appeals lodged were not heard before the end of the reporting period or 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; given the large number of stayed claims and outstanding appeals, this was impracticable.</p>	Unquantifiable

There are no new contingent liabilities to be added since the Main Estimate 2015–16.

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

9 February 2016



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