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Department for
Constitutional Affairs
Justice, rights and democracy

Resource Accounts for the year ended 31 March 2005

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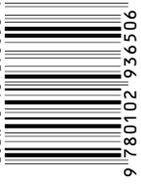
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Department for Constitutional Affairs

Resource Accounts for the year ended 31 March 2005

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Annual Report

The Department for Constitutional Affairs (DCA) is the Government department responsible for upholding justice, rights and democracy. DCA's role is to drive forward the reform and improvement of the legal and justice system in England and Wales. It is responsible for upholding the rule of law and for reforming and safeguarding the constitution so that they serve the public effectively.

Principal Activities

DCA administers the courts and tribunals in England and Wales and the legal aid budget (through sponsorship of the Legal Services Commission).

The core Department consists of a headquarters, two executive agencies and a number of associated offices. While consolidated within the Department's Resource Accounts, the two executive agencies publish separate agency accounts. Decisions relating to the day-to-day running of them remain the responsibility of their individual Chief Executives.

The associated offices are controlled and monitored by the Department. While some report financial performance in separate annual reports, only the Office of the Legal Services Ombudsman and the Office of the Legal Services Complaints Commissioner prepare separate statutory accounts that are audited by the Comptroller and Auditor General.

The administrative functions of the Scotland Office (including the Office of the Advocate General for Scotland) and the Wales Office also fall under the DCA umbrella.

Entities within the accounting boundary of the Department

Core Department

- **Department for Constitutional Affairs Headquarters**
Responsible for supporting Ministers in policy, funding and regulatory functions as well as providing key services to intra-departmental entities.

Executive Agencies:

- **Court Service**
Central to the delivery of justice, it is responsible for the administration of the court system (excluding magistrates' courts) in England and Wales.
- **Public Guardianship Office (PGO)**
Assists in the protection and administration of the financial affairs of individuals with mental incapacity.

Associated Offices:

- Office of the Official Solicitor and Public Trustee
- Office of the Legal Services Ombudsman
- Office of the Legal Services Complaints Commissioner
- Her Majesty's Magistrates' Courts Service Inspectorate
- Law Commission
- Council on Tribunals
- Office of the Judge Advocate General
- Judicial Studies Board
- Commission for Judicial Appointments

Scotland Office

- **Scotland Office**
Promotes the devolution settlement and represents Scottish interests within the UK Government.
- **Offices of the Advocate General for Scotland**
Provides legal services and bridges the gap between Scottish and British legal issues.
- **Executive non-departmental public bodies:**
Boundary Commission for Scotland
This is reviewing the parliamentary constituencies in Scotland.

- **Commission on Boundary Differences and Voting Systems in Scotland**

The Commission's remit is to examine the consequences of having four different systems of voting in Scotland, and different boundaries for Westminster and Scottish Parliament constituencies.

Wales Office

- **Wales Office**

Promotes the devolution settlement and supports the representation of Wales within the UK Government.

Executive non-departmental public bodies outside the accounting boundary

Legal Services Commission

Oversees the administration of legal aid in England and Wales.

Information Commissioner's Office

Reports to Parliament on aspects of data protection and freedom of information.

Both executive non-departmental public bodies fall outside the accounting boundary and prepare separate accounts that are audited by the Comptroller and Auditor General.

Three sister departments – The Northern Ireland Court Service, Land Registry and The National Archives also report to the Secretary of State for Constitutional Affairs. Each of these has a separate Parliamentary Estimate and prepares separate accounts.

Departmental Report

In June 2005, the Department for Constitutional Affairs published a series of three documents that make up the 2004/05 Departmental Report. The first document (Cm 6530) concentrates on the core Department. The other two documents are the Annual Report 2005 of the Scotland Office and Office of the Advocate General for Scotland (Cm 6544) and the Annual Report 2005 of the Wales Office (Cm 6545). These reports, along with the Main Estimates, the Public Expenditure Statistical Analyses 2005-06 and the Supplementary Budgetary Information 2005-06, present the Government's expenditure plans for 2005-08.

Operating and Financial Review

In December 2004 the DCA published its strategy for the next five years (www.dca.gov.uk/dept/strategy/index.htm) based around the top priorities of: reducing crime; speeding up asylum and immigration appeals; protecting the vulnerable; faster and more effective dispute resolution; and renewing the relationship between the public and the state.

In parallel to this, the Spending Review in 2002 set DCA's Public Service Agreement (PSA) for the period 2003-04 to 2005-06. The PSA for this period covers the delivery of justice, civil and administrative law, protecting the vulnerable, modernising the constitution, increasing consumer choice, and working in partnership with the independent judiciary.

There are seven targets that support the PSA. These, and the six objectives, are explored briefly here and in more detail in the 2004-05 Departmental Report (Cm 6530), and in the Autumn Performance Report to be published later this year. The core Department was responsible for approximately £3.5bn of public spending in the financial year. The use of these resources is reported against the objectives in Schedule 5 of these accounts.

The aim of the Scotland Office is to support the Secretary of State for Scotland in promoting the devolution settlement and Scottish interests in Parliament. A brief review of performance is shown by objective in Schedule 5. Further detailed information, in respect of performance against PSA targets is provided in the Scotland Office's Annual Report (Cm 6544). Likewise, the Wales Office's aim is to support the Secretary of State for Wales in promoting Welsh interests and ensuring the smooth implementation of the devolution settlement in Wales. The Wales Office's Annual Report (Cm 6545) details its key achievements and performance by objective. Expenditure by objective is provided in Schedule 5.

The Department as a whole was responsible for approximately £30bn of public spending in the financial year.

Performance highlights of the core Department for 2004-05:

Objective 1: to ensure the effective delivery of justice

DCA works with others across Government and with local partners to reduce crime and anti-social behaviour and empower people to exercise their right and enforce their responsibilities. In particular DCA works to reduce the number of ineffective trials and to guarantee the rights of defendants whilst ensuring that the public are protected and that jurors, victims and witnesses are treated with respect and care.

- Target 1

Narrowing the justice gap

According to Home Office-OCJR provisional figures for December 2004 the number of crimes for which an offender was brought to justice was 1.131m.¹ To support this uplift the Department has increased the level of sitting capacity in the criminal courts. It has also reduced the proportion of trials that failed to proceed on the day of hearing (otherwise known as ineffective trials). This has dropped in the Crown Courts from 24% in March 2003 to 14.4% in March 2005. The magistrates' courts have also seen a fall from 30% to 22.7% over the same period.

- Target 2

Improving public confidence in the criminal justice system

According to the British Crime Survey, at the end of March 2004, 41% of the public believed the criminal justice system was effective in bringing offenders to justice. The latest outturn (year to December 2004) is 43%. This represents a 4% increase from the March 2003 baseline. Over the past year, the Department has contributed to a cross Criminal Justice System programme of work to improve public confidence. For the Department this has included measures to improve the enforcement of fines and improve the experience of victims and witnesses.

¹ Performance data has been adjusted since the Departmental Report 2003-04 (Cm6210) to reflect some minor motoring offences that had been included previously in Criminal Justice System statistics but will not be included in the future.

Objective 2: to ensure a fair and effective system of civil and administrative law

- Target 3

Proportionate dispute resolution

Many people who are apprehensive about using the courts are unaware of the alternative ways of settling disputes. Over the last financial year the Department has developed and undertaken a series of pilot mediation schemes looking at reducing both the adversarial nature of solving disputes and the associated costs. Over the year the number of non-family claims issued in the civil courts has risen to 1.791m, following a 4.6% fall in 2003-04. This increase is due to the large number of claims for recovery of debt and fines issued by major users. These claims are rarely defended, and are even more rarely the subject of court hearings. They are not therefore 'disputes' in the sense envisaged in the wording of the target. The proportion of non-family cases allocated for hearing (once a defence has been filed) that are resolved by a hearing has dropped by over 8% to 40.5%.

- Target 4

Improving the satisfaction of court users

In 2004-05 the Department maintained earlier improvement in three of the four headline areas which court users previously identified as being most unsatisfactory. These were made in the knowledge of court counter staff, knowledge of staff on the telephone and the helpfulness of written communication. Slower progress has been made on improving the public's satisfaction with the speed of complaint resolution. As a result, the Department implemented a range of activities to improve the complaints handling process, such as including actual speed of complaint resolution in senior managers' performance reviews, introducing new standards for customer service staff, and supporting staff and managers involved in resolving complaints through providing new complaints handling guidance and new training events.

- Target 5

Speeding up asylum decisions

64% of applications received in the period April 2003 to March 2004 had a final decision within six months. However, unaudited figures for the period April 2004 to November 2004 show performance at 60%. This is due to the fact that whilst, the number of asylum seekers has reduced, the percentage of those refused asylum has increased. Also, asylum seekers are now less likely to accept the initial Immigration and Nationality Directorate decision, resulting in appeals to both tiers of the Tribunal.

Objective 3: to reduce social exclusion and protect the vulnerable

- Target 6

Improving public access to the justice system

DCA works to improve access to justice especially for the socially excluded and vulnerable so that everyone can protect their rights in law. DCA is increasing the effectiveness of the civil and criminal justice system for domestic violence cases, improving decision-making for people with impaired mental capacity, and ensuring that children's welfare remains paramount. Overall performance against this target is measured by the National Periodic Survey of Legal Need that was conducted in the summer of 2004. This survey found that 29.8 people per 1,000 population received suitable assistance against a target of 34 people per 1,000. The absolute number of people receiving suitable assistance has fallen because the number of problems reported by respondents to the survey has decreased. However, the proportion of people with problems who received suitable assistance has increased significantly.

Objective 4: to modernise the constitution and ensure proper access to information by citizens

DCA seeks to establish mutual trust between the citizen and the state by strengthening the democratic processes and institutions, supporting greater freedom of information and ensuring citizen's own personal information is handled with care. DCA is making it easier to

vote, reforming the office of the Lord Chancellor and creating a new Supreme Court, setting up an independent Judicial Appointments Commission and promoting better understanding of human rights.

Objective 5: to increase consumer choice in legal service by improving information and by promoting competition

DCA promotes better access to the justice system by working towards the creation of a market where everyone can get legal services at an affordable cost. Conditional fee agreements and moves to increase out-of-court settlements and alternative dispute resolution procedures are part of this work. Following an independent review led by Sir David Clementi, DCA published a White Paper *The Future of Legal Services: Putting Consumers First* in October 2005, with legislation to follow. It sets the parameters of the regulatory framework – which will include the roles of a new Legal Services Board, a new Office for Legal Complaints and the professional bodies – and make it possible for legal services to be provided in new ways.

Objective 6: to deliver justice in partnership with the independent judiciary

DCA works to improve the public's confidence in the justice system by working in partnership with magistrates and judges to make sure courts and tribunals are efficient and understand the problems of their communities. DCA works to ensure that the justice system serves everyone irrespective of gender, race, religion, or sexual orientation. The new Judicial Appointments Commission will establish better transparency and accountability in the selection of judges and open up the bench to a wider diversity of candidates.

Value for money

- Target 7

Efficiency

The target is on course to be met by the end of 2005-06. Efficiencies planned for the Spending Review 2002 period will be equivalent to an average of 2% per annum of the total Departmental Expenditure Limit (£3.5bn). In parallel, efficiency and effectiveness gains equivalent to an average of 3% per annum of the Department's spending on the Criminal

Justice System (£1.9bn) will also be realised. Projected Outturn for 2004-05 was £136m and £96m respectively against the Department and the Criminal Justice System targets.

Organising to deliver

DCA has developed a new organisational structure for the centre of the Department to help serve the public more effectively. This reshaping will focus resources and staff in delivery groups rather than at the centre, and will develop an improved strategic capability. The new structure came into effect in early 2005. It makes better use of resources and skills and will help to deliver the five-year strategy. The guiding principles for refocusing the DCA centre are: a small new strategic capability; clearer accountability; policy being developed as part of service delivery; more flexible deployment of resources; improved efficiency; and complementary not competitive roles.

Investment and banking review

The implementation of the investment and banking review continued throughout 2004-05. This brought together specific activities in the Court Funds Office, the Official Solicitor and Public Trustee and the Public Guardianship Office. Significant urgent operational issues were addressed and detailed risk and compliance assessments completed for all Investment and Banking (I&B) processes. As a result, substantial improvements have been made to the operation and service to clients and in the governance reporting to key stakeholders. These improvements will be sustained going forward.

In parallel with this work, a number of policies were developed looking at the future provision of I&B services from the DCA. The general strategic direction has been discussed and broadly endorsed by the Corporate Board and Ministers. Further detailed planning and consultation is underway.

Financial performance

At the start of the year the core Department had secured funding through its Main Estimate of £3.248bn. During the year additional funding of £159m was approved by Parliament through the Supplementary Estimates. Included in this amount were £15m from the Single Asylum Fund, £48m from the Criminal Justice System Reserve and £58m in relation to additional e-delivery settlement from HM Treasury.

Scotland Office and Wales Office secured their initial funding, £20.786bn for the Scotland Office and £9.849bn for the Wales Office, through the Main Estimate. During 2004-05, the Scotland Office requested an additional £603m and the Wales Office requested an additional £384m to cover expected increased funding of the devolved administrations.

The Department's Net Resource Outturn in 2004-05 was £32.300bn, which was within the Estimate limit. The Department also remained within its administration costs limit. HM Treasury's end year flexibility scheme enabled the Department to carry forward its underspend into 2005-06.

Further analysis of resource outturn by function, as reported in Note 9, reveals the impact of overspends in the Court Service and costs from central funds (the cost of repaying privately funded defendants if found not guilty). These overspends were offset by savings across the core Department which were achieved through direct Board action to constrain costs, so the Department kept within its overall available resources. The underspend in relation to the grants payable to the Scottish Consolidated Fund (SCF) and the National Assembly for Wales are ring-fenced for these entities and will either be paid over to them in the subsequent period or forwarded to the Consolidated Fund.

Note 9 also indicates that of the allocation of funding available to the Department, £21.389bn (61%) went to Scottish affairs, £10.233bn (29%) to Welsh interests and £3.407bn (10%) toward funding the interests of the core Department.

Of the core Department's funding, £2.862bn (85%) was spent on the court system and access to justice. This is represented by, £2.150bn (64%) to the Legal Services Commission, £376m (11%) to the Court

Service and £336m (10%) to the magistrates' courts, by way of grants paid to local authorities.

The Department's capital outturn for 2004-05 amounted to £126m, against a budget of £170m. Outturn included £57m for on-balance sheet PFI building projects, £41m for LINK infrastructure assets and £24m for building assets in the course of construction (including £18m for the Manchester Civil Justice Centre). These costs were offset by capital receipts of £18m, largely arising from the sale of Stewart House in central London.

These accounts have been prepared on a going concern basis.

Looking forward

In May 2005, the Department published *Making a Difference: Taking Forward Our Priorities*. This built on the *Manifesto for a New Department* and the *Five Year Strategy*, which together set the direction of travel of a modern public service delivery department.

The Department's priorities can be summarised as:

- JUSTICE: Fighting crime and anti-social behaviour;
- RIGHTS: Supporting the disadvantaged and delivering for the public; and
- DEMOCRACY: Engaging with the citizen.

The Department will continue to support the victims of crime. All courts that serve to bring offenders to justice or lay down sanctions to protect people from intimidation or anti-social behaviour will have secure facilities for victims and witnesses.

As part of our reforms to create a fairer deal for the taxpayer on the use of legal aid, the Department intends to provide legal advice for victims of crime in murder and rape cases. It will give the victim and relatives of such crimes a proper voice in criminal proceedings with a right to representation and advocacy in court.

The Department will take steps to give better support to the 28,000 magistrates. It will increase the diversity of the magistracy and it will set out to divert high volume work away from local magistrates' courts, freeing court capacity to deal with higher impact work.

Respect for the court means enforcing the orders of the court. Initiatives such as the National Enforcement Service will aim to increase compliance and respect. Defendants who fail to turn up to court without good reason should expect to be tried in their absence.

The Department will work with its criminal justice partners to review the way that fraud cases are dealt with, including alternatives to jury trial in lengthy and complex fraud trials.

The Department will improve the practical support given to jurors and work to increase the diversity of the judiciary.

Although the Department is committed to ensuring that people can enforce their rights and access justice it is equally committed to ensuring that people behave responsibly. It will tackle any practices that encourage people to make spurious claims against other people or organisations. It will regulate claims farmers and clamp down on advertising that creates false expectations of successful claims or excessive compensation.

The Department will take forward further reform of the House of Lords.

Elections are critical to a properly functioning democracy. The Department will work with Returning Officers, the Electoral Commission and others to review the conduct of elections. It will also consider how to strengthen democratic engagement.

Events since the end of the financial year

Lord Justice Auld's review of the criminal courts in 2002 paved the way for the Department to create Her Majesty's Courts Service as a new executive agency. The new organisation, comprising over 20,000 staff and working with 30,000 judges and magistrates in over 600 locations, brings together all criminal (both Crown and magistrates'), civil and family courts within England and Wales into a single, unified administration, supporting the work of an independent judiciary. The agency came into operation on 1 April 2005.

In July 2004, the Government published the White Paper *Transforming Public Services: Complaints, Redress and Tribunals* which set out detailed plans for the creation of a single

Tribunals Service agency in DCA, which will provide common administrative support to the largest central government tribunals. The new agency will be launched in April 2006.

Following machinery of government changes announced by the Cabinet Office on 23 May 2005, DCA took on responsibility for policy on coroners, burials and cremation from the Home Office. DCA will also take on responsibility for policy on the conduct of local government elections.

Ministers

The Secretary of State and Lord Chancellor is the Rt Hon Lord Falconer of Thoroton. For the 2004-05 financial year he was supported by three Parliamentary Under Secretaries of State, Baroness Catherine Ashton of Upholland (from 9 September 2004), David Lammy MP, and Christopher Leslie MP. Baroness Ashton succeeded Lord Filkin CBE, who was Parliamentary Under Secretary until 8 September 2004.

Whilst the administrative functions of the Scotland Office and the Wales Office have transferred to the DCA, responsibility for the relationship between Westminster and the devolved administrations in Edinburgh and Cardiff remains with the Secretary of State for Scotland (Rt Hon Alistair Darling MP) and the Secretary of State for Wales (Rt Hon Peter Hain MP) respectively.

The Parliamentary Under Secretary for Scotland, Anne McGuire MP, and the Parliamentary Under Secretary for Wales, Don Touhig MP, are Ministers of the Department, but report to the Secretary of State for Scotland and Wales respectively. The Advocate General for Scotland, Dr Lynda Clark QC, is also a Minister of the Department.

Senior Management

Since the creation of the Department, the Ministers have been supported by a Corporate Board of executive and non-executive Directors, led by the Permanent Secretary.

For 2004-05 the Executive Committee (ExCom) of the Corporate Board consisted of Alex Allan, Permanent Secretary (from 1 August 2004); Ian Magee CB, Chief Executive, Operations and Second Permanent Secretary; Barbara Moorhouse, Director General, Finance (from

7 March 2005); Sir Ron De Witt KB, Chief Executive, Court Service; Clare Dodgson, Chief Executive, Legal Services Commission; John Lyon CB, Director General, Legal and Judicial Services; Lucian Hudson, Director of Communications (from 26 July 2004); and Moira Wallace, Chief Executive of the Office for Criminal Justice Reform (from 9 September 2004).

There were a number of changes to the membership of the Executive Committee during the financial year. Alex Allan succeeded Sir Hayden Phillips, who was Permanent Secretary until 31 July 2004. Simon Ball left the Department on 20 January 2005 and was succeeded, as Director General, Finance, by Barbara Moorhouse. Jonathan Spencer left the Department on 28 February 2005.

The non executive directors were Sir Peter Bonfield, former Chief Executive of British Telecommunications Plc; Trevor Hall, Equality and Diversity Adviser to the Permanent Secretary; Rt Hon Lord Justice Judge, Deputy Chief Justice for England and Wales; and Hon Barbara Thomas, former partner of a large US law firm and Commissioner of the US Securities and Exchange Commission.

The Permanent Secretary is appointed by the Prime Minister for an indefinite period under the terms of the Senior Civil Service contract. The other members of the Corporate Board are appointed by the Permanent Secretary. These appointments are also for an indefinite period, except for Barbara Moorhouse who, like her predecessor Simon Ball, is employed on a fixed term Senior Civil Service contract. The rules of termination for all members of the Corporate Board are set out in Chapter 11 of the Civil Service Management Code.

The Scotland Office and the Wales Office retained their own separate Heads of Department and Accounting Officers during 2004-05. The Head of Department and Accounting Officer for the Scotland Office was David Crawley. His counterpart in the Wales Office was Alison Jackson. Both individuals reported directly to their respective Ministers.

Changes since the end of the financial year

Following the General Election and with effect from 9 May 2005, Lord Falconer of Thoroton was re-appointed as Secretary of State and Lord Chancellor. Harriet Harman QC MP was appointed as Minister of State, Baroness Catherine Ashton of Upholland was re-appointed as Parliamentary Under Secretary and Bridget Prentice MP was appointed as Parliamentary Under Secretary.

At the same time, David Cairns MP was appointed as Parliamentary Under Secretary for Scotland and Nick Ainger Esq MP was appointed as Parliamentary Under Secretary for Wales.

After his re-appointment, Lord Falconer decided to set up and chair a Ministerial Executive Board (MEB). This Board replaces the Executive Committee (ExCom), Ministerial ExCom and the Corporate Board. Membership of the Board will be the Secretary of State and Lord Chancellor; other DCA Ministers; Permanent Secretary; Director General, Legal and Judicial Services; Chief Executive Her Majesty's Courts Service; Director General, Finance; Director General, Strategy; Chief Executive Office for Criminal Justice Reform; Chief Executive Legal Services Commission and Director, Communications. Special Advisers will also attend. Non-executive directors will be invited to attend MEB meetings every two months.

There will also be a Departmental Management Board (DMB), which will report to the MEB. Membership of the DMB will be the senior officials of DCA and the Legal Services Commission, together with the Director of Human Resources, Helen Dudley.

Sir Ron De Witt KB became Chief Executive of Her Majesty's Courts Service when the agency launched on 1 April 2005. Rod Clark was appointed as Director General, Strategy on 3 May 2005. Ian Magee left DCA on 30 September 2005.

David Crawley left the Scotland Office on 11 April 2005. Jim Wildgoose succeeded him as Head of Department and Accounting Officer from 3 May 2005. Alan Cogbill succeeded Alison Jackson as Head of Department and

Accounting Officer for the Wales Office from 12 September 2005.

Remuneration

Ministers' remuneration is set by the Ministerial and Other Salaries Act 1975 and the Ministerial and Other Pensions and Salaries Act 1991.

The Prime Minister, on the recommendation of the Secretaries Remuneration Committee, sets both the Permanent Secretaries' remuneration. The pay of the other members of the Corporate Board is determined by the Permanent Secretary in accordance with the rules set out in Chapter 7.1, Annex A of the Civil Service Management Code.

Salaries for the judiciary are determined by the Lord Chancellor, with the agreement of Her Majesty's Treasury in accordance with the relevant statutory provisions.

Further details on remuneration are set out in Note 2 to these accounts.

Disabled persons

The Department is committed to ensuring that those with disabilities are supported and encouraged to apply for employment and achieve career advancement based on ability, qualification and suitability for the work. It aims to provide access to the full range of recruitment and career opportunities and to establish working conditions that encourage the full participation of people with disabilities. It also seeks to retain existing staff who may become disabled during their employment.

Equal opportunities

The Department is committed to equality of opportunity in employment and advancement. This is on the basis of ability to do the job, irrespective of race, nationality, colour, ethnic or national origins, sex, marital status, disability, sexual orientation, age, gender reassignment, work pattern, or membership/non-membership of a trade union. All staff are entitled to be treated with respect in an environment free from discrimination, harassment, victimisation and bullying.

The Department recognises, respects and values the diversity of the society it serves and aims to serve the interests of people from all sections of society.

Payment to suppliers

The Department is committed to the prompt payment of suppliers. Payments are normally made as specified in the contract. If there is no contractual provision or other understanding, payments are made within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or other similar demand, whichever was the later. The most recent prompt payment survey, for the financial year 2004-05, showed that 89.1% of invoices were paid on time. Interest paid under the Late Payment of Commercial Debts (Interest) Act 1988 was £470.

Audit

These accounts have been audited by the Comptroller and Auditor General. The cost of the audit for 2004-05 is £585,400 (2003-04 £541,500). This includes £210,000 for the Court Service, £97,400 for the Public Guardianship Office, £9,000 for the Office of the Legal Services Ombudsman, £9,000 for the Office of the Legal Services Complaints Commissioner, £46,000 for the Judicial Pension Scheme. The National Audit Office also undertook some non-audit work during the year. No charge was made for this work.

Sections 6 and 7 of the Government Resources and Accounts Act 2000 require the Comptroller and Auditor General to examine certify and report on the accounts before they are laid before Parliament.

Provision of information and consultation with employees

The Department attaches considerable importance to ensuring the fullest involvement of employees in delivering its aims and objectives. It is an 'Investors in People' (IIP) organisation and has fully demonstrated the levels of good practice for improving performance through its staff.

With the appointment of our new Director of Communications, also a member of the Ministerial Executive Board, in July last year we have been able to move forward with the strategic development of DCA communications. We are becoming more proactive and open, working to engage more effectively with our stakeholders, our own staff, the public and the

media in the development and delivery of departmental services.

The Department undertakes an annual employee opinion survey, in which staff are asked for feedback on their thoughts and perceptions about working for the Department.

Directorships and other significant interests

A register is maintained by the Department that includes details of company directorships and other significant interests held by Board members which may conflict with their management responsibilities. This register is available for public inspection upon request.

Alex Allan
Accounting Officer

21 November 2005

Statement of Accounting Officers' Responsibilities

Under the Government Resources and Accounts Act 2000, the Department is required to prepare resource accounts for the year ended 31 March 2005. This conforms to a HM Treasury direction, detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

HM Treasury has appointed the Permanent Head of Department as Accounting Officer of the Department with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

Additional Accounting Officers have been appointed to be accountable for those parts of the accounts relating to the Executive Agencies. The additional Accounting Officers are responsible for the use of resources and associated assets, liabilities and cash flows under their control.

The Heads of the Scotland Office and Wales Office have been appointed by HM Treasury as additional Accounting Officers for Request for Resources 2 and 3 respectively. The Head of the Scotland Office is responsible for paying grants to the Scottish Consolidated Fund to fund the operations of the Scottish Executive and Scottish Parliament. Upon transmission the accountability for the use of these monies passes to the Scottish Parliament. Similarly, the Head of the Wales Office is responsible for the funding of the National Assembly for Wales. Under his terms of appointment the Accounting Officer for the Assembly is accountable for the use, including the regularity and propriety, of the monies received. A Memorandum of Understanding sets out how the Accounting Officer for the Assembly provides assurance to the Head of the Wales Office as to how he has discharged his responsibilities.

These appointments do not detract from the responsibility of the Permanent Head of Department as Accounting Officer for the Department.

In preparing the accounts the Accounting Officer is required to comply with the Resource Accounting Manual prepared by HM Treasury; and in particular to:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis,
- make judgements and estimates on a reasonable basis,
- state whether applicable accounting standards, as set out in the Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts, and
- prepare the accounts on a going concern basis.

The responsibilities of an Accounting Officer are set out in the Accounting Officer's Memorandum, issued by HM Treasury and published in *Government Accounting*. These include responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets.

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the Department for Constitutional Affairs' policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

As Accounting Officer I work with Ministers and senior DCA Management through the Ministerial Executive Board (formerly the Corporate Board), the Departmental Management Board (formerly the Executive Committee) and other meetings and correspondence to implement the Department's plans, allocate resources and delegate financial authority to senior staff. I involve Ministers in the management of risks at a strategic level, considering major factors that could prevent DCA objectives being achieved.

A system of internal control operates in Department headquarters and that includes sponsorship branches that monitor the performance of our Agencies, Non-Departmental Public Bodies (NDPB) and Associated Offices and their compliance with the agreed Framework documents and Financial Memoranda. To the extent that those documents delegate control to the Agency or NDPB, I place reliance upon their Statements on Internal Control, as published in their annual reports and accounts.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Department's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact

should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Department for Constitutional Affairs for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

As Accounting Officer I acknowledge my overall responsibility for the effective management of risk throughout the Department.

The Department's Risk Management Policy and Framework document was approved by the Executive Committee now the Departmental Management Board (DMB) and was published in June 2002. It sets out the Department's attitude to risk in the achievement of its policies and objectives, and provides guidance on the process of identifying, assessing and managing risk. The document is available to all staff on the Department's Intranet.

Registers that identify, assess and set out mitigating actions to significant risks are in place across the Department's headquarters, Agencies, NDPBs and Associated Offices. The management and review of the risks identified are led at Board and Directorate level within each business area.

Significant risks are considered by the Departmental Management Board (DMB) through the Corporate Risk Report covering the entire organisation, and the Monthly Overview and Exception Report to the key programmes and projects for delivering the Department's aims and objectives.

4. The risk and control framework

The key elements of the Department's risk management strategy for identifying, evaluating and controlling risk include a Risk Management Policy and Framework document, which sets out formal processes for identifying, evaluating, managing and reporting risk. Risks that threaten the achievement of the Department's objectives are identified and analysed in terms of impact

and likelihood and are reported regularly in Risk Registers at Board and Group level for each of the Departmental business areas.

Ownership for each risk is assigned to a named individual and risk co-ordinators have been appointed in each of the Department's business areas to manage the ownership process. The Department also undertakes an annual self-certification by Senior Budget Holders, Agency Accounting Officers, NDPBs and Associated Offices on the development and effectiveness of risk management in their business areas.

The DMB reviews a quarterly Overview and Exception Report on performance and risk in the key programmes and projects that deliver the Department's Manifesto. The Department has a centre of excellence for programme and project management in accordance with Office of Government Commerce requirements, incorporating procedures for management of risk. The Department ensures that risk identification, evaluation and management are an integral part of the Department's planning process for its Public Service Agreement (PSA) delivery plans.

The other key elements in the Department's control system are regular management information, comprehensive budgeting systems with an annual budget which is approved at MEB level, regular reviews by the MEB and DMB of periodic and annual financial reports and a system of delegation and accountability. The Department continues to work to embed risk management into key business processes such as business planning, performance and project management and policy making. The system of control is also supported by the Departmental published Fraud Policy and "whistle blowing" policy for confidential reporting of staff concerns.

The Department obtains an annual Statement of Assurance from Liberata UK Ltd to confirm that the accounting services provided by the company have been delivered in compliance with the assurance and control requirements of their contract with the Department.

The Department has undergone a period of significant change from 1 April 2005 with work undertaken to establish two new Agencies, new Associated Offices and other additional responsibilities following the Machinery of

Government changes. I recognise the challenge of re-articulating the Department's governance arrangements and risk management processes to take account of these changes and my senior management and I are working to communicate risk management strategy and embed sound governance arrangements across the reshaped organisation.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of the review by the board and the Audit Committee. A plan to address weaknesses and ensure continuous improvement is in place.

The key elements of the system of internal control are set out in Section 4 above and contribute to my review of the system's effectiveness. The following bodies also inform my review:

- **Ministerial Executive Board and Departmental Management Board** – which meet regularly and consider the significant risks to the Department and the controls in place to monitor them.
- **Corporate Audit Committee** – the Committee provides independent advice on internal control issues and meets a minimum of four times each year. It has a non-executive Chair who reports directly to the MEB and Accounting Officer twice a year. The Committee advises on the Internal Audit work programme and considers key recommendations from Internal Audit Reports and reports made by the National Audit Office.
- **Risk Co-ordinators** – a network of risk co-ordinators has been established within the Department's headquarters, Agencies and NDPBs to co-ordinate the reporting of risk

and control issues to the DMB, MEB and the Audit Committee.

- **Internal Audit** – the Department has an Internal Audit Division that operates to Government Internal Audit Standards. It submits regular reports, including the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's governance, control and risk management arrangements together with recommendations for improvement. Responsibility for DCA central fraud issues was transferred from the former HQ Corporate Governance Team to Internal Audit Division in July 2005. Internal Audit Division maintains a capability to investigate any incidents of fraud. It will also work closely with the Department's headquarters, Agencies and NDPBs to ensure robust systems of prevention, detection, investigation, reporting and recovery are in place. Internal Audit have been consulted on the internal control issues included in the SIC and confirm that from the evidence of their work there are no other key issues to be included.

I outline below the significant internal control issues for the Department:

Magistrates' Courts grants payments system, control environment for fines, fees and confiscation order receipts

2004-05 was the final year of the Magistrates' Courts Grants payments system and reporting in respect of Justices' Chief Executive (JCE) accounts and the Magistrates' Courts Committees with the creation of HMCS from April 2005. A positive report and a high level of assurance were confirmed by Internal Audit in relation to the clean accounts exercise and the new arrangements for risk management, control and governance in the collection of fines and penalties.

For the financial year 2004-05 Magistrates' Courts Committees (MCCs) were provided with a centrally approved list of initiatives, with a formal costed bid required for each initiative to be taken forward. This has allowed comparison of costs between MCCs, with investigation into those that appeared outside of the average levels. Expenditure on these approved initiatives is monitored on a quarterly

basis with allocations adjusted accordingly during the year, and measured against fines income at MCCs.

Internal Audit reviews were undertaken to ensure the reliability of the opening balances in the HMCS balance sheet and the systems for future reporting were supported by clear audit trails. Following the audit, improvements to processes and reporting to support and enhance the overall control environment of "Hard To Trace" fines, and the collection of and accounting for Confiscation orders are being taken forward.

Libra

The Libra Project provides a standardised IT system for the Magistrates' Courts, improving case management and liaison (interfaces) with other agencies within the Criminal Justice System. The Office of Government Commerce (OGC) Gateway Review 3 (Investment Decision) noted the progress made in 2003-04 but highlighted the need for further work on the business case, resolution of staffing problems and the need for revised financial management. The business case has undergone further revision during 2004-05 continuing into 2005-06 to reflect both project delays and any subsequent financial implications. DCA senior management has successfully worked with key suppliers and business partners to resolve problems in addition to both reviewing and amending financial procedures.

Court Funds Office

Following the completion of the Internal Audit Review of Court Funds Office accounting procedures in June 2003, there has been a concerted effort to clear the identified operational and accounting deficiencies and to establish propriety and 'best practice' through a complete review of the structure and working practices. In support of this control, training and guidance was provided to all staff ahead of rollout and complies fully with the quarterly/annual certification process during 2004-05.

Implementation of Oracle 11i finance and accounting system

The upgrade of the existing Oracle finance and accounting system across DCA and HMCS took place on 1 April 2005. Significant problems were experienced immediately after “go live”, due to system problems with the new invoice processing set-up and some technical issues. The operational impact of the implementation difficulties included a significant backlog of unpaid invoices and unavailability of finance information.

The DCA immediately put in place a Recovery Plan (developed jointly between DCA, HMCS and Liberata) and Recovery Programme Board, endorsed by the DMB/MEB, to address and rectify the problems experienced during the implementation. The recovery programme plan includes reviewing and re-implementing the current processes with the business, auditing finance and systems controls, reviewing the Oracle system, as well as recovering the accounts and financial reporting. To enable delivery of the recovery programme and establish and sustain effective services the programme has been reformed with a wider scope to encompass the full range of process, systems, and people/change related activity.

Recommendations as a result of an external review are being implemented. The system problems have now been fixed, and the two critical business issues of delayed supplier invoice payments and magistrates expense claims have been brought under control, through dedicated taskforces between the programme and Liberata.

Alex Allan
Accounting Officer

21 November 2005

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

I certify that I have audited the financial statements on pages 17 to 71 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 26 to 33.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 10, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder, and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the accounts. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 11 to 14 reflects the Department's compliance with HM Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Department for Constitutional Affairs at 31 March 2005 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London SW1W 9SP

24 November 2005

SCHEDULE 1 Summary of Resource Outturn

For the year ended 31 March 2005

	Note	Estimate			2004-05 Outturn			Difference Net Total Outturn compared with Estimate: Savings/ (excess) £000	2003-04 Outturn Net Total £000
		Gross Expenditure £000	A in A £000	Net Total £000	Gross Expenditure £000	A in A £000	Net Total £000		
Request for Resources 1	6 & 9	3,886,158	(479,583)	3,406,575	3,813,221	(464,095)	3,349,126	57,449	3,311,865
Request for Resources 2	6 & 9	21,390,349	(965)	21,389,384	19,074,584	(816)	19,073,768	2,315,616	1
Request for Resources 3	6 & 9	10,233,498	(9)	10,233,489	9,877,365	(1)	9,877,364	356,125	303,134
Total Resources		35,510,005	(480,557)	35,029,448	32,765,170	(464,912)	32,300,258	2,729,190	3,615,000
Non-Operating Cost A in A	6.4	-	-	18,200	-	-	18,200	-	58,374
Net Cash Requirement (Schedule 4)		-	-	34,954,315	-	-	32,134,623	2,819,692	3,561,848

Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	2004-05 Forecast		2004-05 Outturn	
		Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Payable to the Consolidated Fund	5	251,353	<i>244,353</i>	291,049	<i>265,954</i>

Explanation of variation between Estimate and outturn

Explanation of variation between Estimate and outturn (net total resources):

- (i) The Department agreed a resource underspend with HM Treasury in return for additional capital funding to cover the on-balance sheet treatment of a number of PFI deals. The balance of the RfR1 variation arose from the Single Asylum Fund.
- (ii) The variances of £2.316bn on RfR2 and £0.356bn on RfR3 arose because of lower than expected drawdown by the devolved administrations.

Explanation of the variation between Estimate and outturn (net cash requirement):

- (i) The drawdown of funding by the devolved administrations mentioned above is the main reason for the variance on net cash requirement.

Reconciliation of resources to net cash requirement

	Note	2004-05		Outturn compared with Estimate £000
		Estimate	Outturn	
		£000	£000	
Net resource outturn		35,029,448	32,300,258	2,729,190
Capital:				
Purchase of tangible fixed assets	11 & 12	188,231	144,707	43,524
Assets purchased in prior year		–	(1,931)	1,931
Non-operating A in A:				
Proceeds of fixed asset disposals		(18,200)	(18,200)	–
Accruals Adjustments:				
Non-cash items	14.1	(189,572)	(153,277)	(36,295)
Changes in working capital other than cash	15.1	(55,592)	(159,314)	103,722
Use of provisions	19	–	22,380	(22,380)
Net cash requirement		34,954,315	32,134,623	2,819,692

SCHEDULE 2

Operating Cost Statement

For the year ended 31 March 2005

		2004-05		2003-04	
	Note	£000	£000	£000	£000
Administration Costs					
Staff Costs	2.2		339,388		319,187
Other administration costs	3		605,040		460,100
Gross Administration Costs			944,428		779,287
Less: Operating income	6.1		(19,854)		(19,814)
Net Administration Costs			924,574		759,473
Programme Costs					
Request for Resources 1					
Judicial salaries	2.4 & 4	295,486		284,768	
Expenditure	4	2,758,787		2,718,262	
Less: income	6.1	(447,635)		(432,095)	
		2,606,638		2,570,935	
Request for Resources 2					
Expenditure	4	19,068,236		17,058,295	
		19,068,236		17,058,295	
Request for Resources 3					
Expenditure	4	9,873,510		9,606,176	
		9,873,510		9,606,176	
Net Programme Costs			31,548,384		29,235,406
NLF interest payable			182,154		131,955
NLF interest receivable			(182,154)		(131,955)
Net Operating Costs	8 & 9		32,472,958		29,994,879
Net Resource Outturn	8 & 9		32,300,258		3,615,000

All income and expenditure are derived from continuing operations.

Statement of Recognised Gains and Losses

For the year ended 31 March 2005

		2004-05	2003-04
	Note	£000	£000
Net gain on revaluation of tangible fixed assets	21	56,836	143,949
Recognised gains and losses for the financial year		56,836	143,949

SCHEDULE 3 Balance sheet

As at 31 March 2005

	Note	2004-05		2003-04 As restated	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	12	1,839,675		1,732,515	
Investments	13	857,006		967,518	
			2,696,681		2,700,033
Debtors (amounts falling due after more than one year)	16.2		22,922		66,106
Current assets					
Debtors (amounts falling due within one year)	16.1	155,841		160,859	
Cash at bank and in hand	17	57,828		1,556,042	
		213,669		1,716,901	
Current Liabilities					
Creditors (amounts falling due within one year)	18.1	(322,661)		(1,766,391)	
Net current liabilities			(108,992)		(49,490)
Total assets less current liabilities			2,610,611		2,716,649
Creditors (amounts falling due after more than one year)	18.2	(916,445)		(967,945)	
Provisions for liabilities and charges	19	(25,494)		(33,571)	
			(941,939)		(1,001,516)
			1,668,672		1,715,133
Taxpayers' Equity					
General Fund	20		911,181		995,660
Revaluation reserve	21		757,491		719,473
			1,668,672		1,715,133

Alex Allan
Accounting Officer
21 November 2005

SCHEDULE 4

Cash Flow Statement

For the year ended 31 March 2005

		<u>2004-05</u>	<u>2003-04</u>
	Note	£000	£000
Net cash outflow from operating activities	a	(32,093,112)	(29,751,819)
Capital expenditure and financial investment	b	87,123	(16,225)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		259,874	221,207
Receipts due to the other government departments which are outside the scope of the Department's activities		–	133,271
Decrease in third party balances		(424)	(71,280)
Payment of amounts due to the Consolidated Fund		(1,788,983)	(173,877)
Payments to other government departments		(24,081)	(120,334)
Financing	c	<u>32,061,389</u>	<u>31,157,974</u>
(Decrease)/increase in cash	17	<u>(1,498,214)</u>	<u>1,378,917</u>

Notes to the Cash Flow Statement

a) Reconciliation of operating cost to operating cash flows

		<u>2004-05</u>	<u>2003-04</u>
	Note	£000	£000
Net operating cost (Schedule 2)		32,472,958	29,994,879
Adjustment for non-cash transactions	14	(328,554)	(234,251)
(Decrease)/increase in debtors	15	(48,202)	78,292
Less movement in debtors relating to items not passing through the Operating Cost Statement	15	57,385	(66,387)
Decrease/(increase) in creditors	15	1,495,230	(1,368,869)
Less movement in creditors relating to items not passing through the Operating Cost Statement	15	(1,578,085)	1,346,692
Use of provisions	19	<u>22,380</u>	<u>1,463</u>
Net cash outflow from operating activities		<u>32,093,112</u>	<u>29,751,819</u>

b) Analysis of capital expenditure and financial investment

	<u>2004-05</u>	<u>2003-04</u>
	£000	£000
Purchase of tangible fixed assets	75,529	77,074
Proceeds of disposal of fixed assets	(41,862)	(3,262)
Loan repayments from other bodies	<u>(120,790)</u>	<u>(57,587)</u>
Net cash outflow from investing activities	<u>(87,123)</u>	<u>16,225</u>

c) Analysis of financing

	<u>2004-05</u>	<u>2003-04</u>
	£000	£000
Received from the Consolidated Fund (Supply) – current year	32,164,923	3,489,088
Received from the Consolidated Fund (Supply) – prior year	19,022	–
Paid to the Consolidated Fund	–	(5,107)
Advances from the Contingencies Fund	–	126
Repayments to the Contingencies Fund	–	(126)
National Loans Fund – principal repayments received	(120,790)	(57,587)
Machinery of Government changes	–	27,732,183
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(1,766)	(603)
Net financing	<u>32,061,389</u>	<u>31,157,974</u>

d) Reconciliation of financing to the net cash requirement

	<u>2004-05</u>	<u>2003-04</u>
	£000	£000
Net financing	32,061,389	31,157,974
Decrease/(increase) in cash	1,498,214	(1,378,917)
Amounts due to the Consolidated Fund received in year not paid over		
– surplus Appropriation in Aid	3,662	1,465,242
– CFERs	18,387	79,836
Balances due to Other Government Departments received in year not paid over	–	24,081
Amounts due to the Consolidated Fund received in prior year paid over		
– surplus Appropriation in Aid	(1,465,242)	(3,913)
– CFERs	(79,836)	(27,021)
Amounts due to Other Government Departments received in prior year paid over	(24,081)	(11,144)
NLF loans – principal payments received	120,790	57,587
NLF loans – interest received from other bodies	189,461	135,914
NLF loans – interest paid to the NLF	(189,461)	(135,914)
Decrease in third party balances	(424)	(71,280)
Repayment of capital element of finance lease	1,766	603
Machinery of Government changes	–	(27,732,183)
Machinery of Government creditors	–	690
Prior year adjustment	(2)	293
Net cash requirement (Schedule 1)	<u>32,134,623</u>	<u>3,561,848</u>

Amount of grant actually issued to support the net cash requirement = £32,183,944,417.44
 (£32,164,922,703 - current year, £19,021,714.44 - prior year)

SCHEDULE 5

Statement of Resources by Departmental Aim and Objectives

For the year ended 31 March 2005

Request for Resources 1

Aim: The aim of the Core Department is to ensure effective and accessible justice, protect the rights of citizens, and modernise the law and constitution.

	2004-05			2003-04 As restated		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objectives						
1. To ensure the effective delivery of justice.	2,247,651	(64,431)	2,183,220	2,146,044	(62,132)	2,083,912
2. To ensure a fair and effective system of civil and administrative law.	847,080	(305,201)	541,879	808,864	(295,030)	513,834
3. To reduce social exclusion, protect the vulnerable and children, including maintaining contact between children and the non-resident parent after a family breakdown, where appropriate.	756,404	(86,262)	670,142	722,647	(83,388)	639,259
4. To modernise the constitution and ensure proper access to information by citizens.	100,250	(9,661)	90,589	43,802	(9,339)	34,463
5. To increase consumer choice in legal services by improving information and by promoting competition	10,385	(717)	9,668	9,958	(694)	9,264
6. To deliver justice in partnership with the independent judiciary.	26,728	(400)	26,328	25,628	(387)	25,241
Residual Expenditure.	-	-	-	14,590	-	14,590
	<u>3,988,498</u>	<u>(466,672)</u>	<u>3,521,826</u>	<u>3,771,533</u>	<u>(450,970)</u>	<u>3,320,563</u>

Request for Resources 2

Aim: The aim of the Scotland Office is to give the Secretary of State for Scotland the best possible support in promoting the devolution settlement and in representing Scottish interests within the UK Government.

	2004-05			2003-04		
				As restated		
	<u>Gross</u>	<u>Income</u>	<u>Net</u>	<u>Gross</u>	<u>Income</u>	<u>Net</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Objectives						
1. Maintaining the stability of the devolution settlement by improving public understanding and confidence in it and by developing the partnership between the devolved authorities and the United Kingdom Government.	1,018	(1)	1,017	911	-	911
2. Carrying out the statutory responsibilities of the Secretary of State, including paying the grant to the Scottish Consolidated Fund, making any necessary Statutory Instruments under the Scotland Act 1998, carrying through any legislation, relating to the conduct and funding of parliamentary elections in Scotland and considering any reports from the Boundary Commission for Scotland.	19,069,258	-	19,069,258	17,060,706	-	17,060,706
3. Advising UK departments about distinctive Scottish interests in relation to reserved matters and acting as an effective channel of communication for Scottish opinion on such matters.	1,919	(196)	1,723	1,717	(215)	1,502
4. Providing or ensuring the provision of economical and high quality legal services relating to Scots Law to UK Government departments and agencies and giving effective support to the Advocate General for Scotland in her statutory functions as a UK Law Officer.	2,389	(619)	1,770	2,137	(678)	1,459
	<u>19,074,584</u>	<u>(816)</u>	<u>19,073,768</u>	<u>17,065,471</u>	<u>(893)</u>	<u>17,064,578</u>

Request for Resources 3

Aim: The aim of the Wales Office is to support the Secretary of State for Wales in discharging his role of representing Wales in the Government, representing the Government in Wales and ensuring the smooth working of the devolution settlement in Wales.

	2004-05			2003-04 As restated		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
Objectives						
1. Maintain effective working relationships with the Assembly and ensure that the devolution settlement continues to operate in the best interests of Wales, including, where appropriate, exercising the Secretary of State's powers under the Government of Wales Act 1998. Consider with Cabinet colleagues whether changes should be made to the Welsh devolution settlement and implement any that are agreed.	1,350	(1)	1,349	1,263	(16)	1,247
2. Work with other Government Departments and the Assembly to ensure that the interests of Wales are fully taken into account in primary legislation which affects the Assembly's responsibilities.	1,350	-	1,350	1,262	(15)	1,247
3. Work with other Government departments to promote Welsh interests in functions retained by the Government.	385	-	385	361	(5)	356
4. Work with other Government departments and the Assembly to promote effective communication and co-ordination of policy in areas which straddle the boundary between transferred and non-transferred functions.	385	-	385	361	(5)	356
5. Keep under review, with Treasury and the Assembly Government, the operation of the funding policy for the devolved administrations.	385	-	385	361	(5)	356
Grant to the National Assembly for Wales and other programme expenditure.	9,873,510	-	9,873,510	9,606,176	-	9,606,176
	<u>9,877,365</u>	<u>(1)</u>	<u>9,877,364</u>	<u>9,609,784</u>	<u>(46)</u>	<u>9,609,738</u>
Net Operating Costs	<u>32,940,447</u>	<u>(467,489)</u>	<u>32,472,958</u>	<u>30,446,788</u>	<u>(451,909)</u>	<u>29,994,879</u>

Prior year net operating costs have been restated against current year objectives. For analysis of current year net operating costs against prior year objectives see Note 23.

Notes to the accounts

For the year ended 31 March 2005

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2004-05 Resource Accounting Manual (RAM) issued by HM Treasury. The accounting policies contained in the RAM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the RAM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Department, for the purpose of giving a true and fair view, has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

The accounts have been prepared under the historical cost convention and modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

1.2 Basis of consolidation

These accounts represent a consolidation of the Department for Constitutional Affairs and its supply-financed Agencies, the Court Service and the Public Guardianship Office (PGO). Consequent to the Machinery of Government changes announced on June 12 2003 the results of the Scotland Office and the Wales Office are now also consolidated and are no longer reported separately. Both agencies, the Court Service and the PGO, produce their own annual reports and accounts.

The Department is also responsible for the funding and monitoring of the following other offices: the Law Commission, the Office of the Legal Services Ombudsman for England and Wales, the Office of the Legal Services Complaints Commissioner, Her Majesty's Magistrates' Courts Service Inspectorate, Council on Tribunals, Office of the Judge Advocate General, the Official Solicitor and Public Trustee, the Judicial Studies Board and the Commission for Judicial Appointments. These, together with various tribunal and advisory non-departmental public bodies, fall within the departmental accounting boundary and are incorporated into the consolidated resource accounts.

The results of the Legal Services Commission and the Information Commissioner's Office are not included by way of consolidation. These executive non-departmental public bodies fall outside the departmental boundary. Both bodies publish their own audited annual report and accounts.

1.3 Tangible fixed assets

Legal title to freehold land and buildings shown in the accounts is held in the name of the Secretary of State. The Department assumed responsibility for the former Departmental Estate on 1 April 1991 and the former Common User Estate on 1 April 1996. The Department enjoys beneficial ownership of the properties it uses as major occupier, and such properties are therefore capitalised and included in the balance sheet.

All tangible fixed assets are restated to current value each year. Land and buildings are restated to current value using professional valuations in accordance with FRS 15 at least every five years, and in the intervening years using desktop valuation or appropriate indices. In 2000-01 a rolling programme of professional valuations was introduced. The Valuation Office Agency (VOA) carries out the valuations in accordance with the Royal Institute of Chartered Surveyors' (RICS) Appraisal and Valuation Manual. This involves the revaluation of 20% each year, by number, of the property

assets together with the four most highly valued properties. The 20% are drawn from different types of property and geographical areas. In 2004-05 a full valuation of Land and Buildings was carried out.

Specialised properties with no established market, such as purpose-built Crown Courts, are valued on the basis of depreciated replacement cost. The open market value of these properties is significantly lower than that disclosed in the accounts. Other properties are valued on an existing use basis.

Other tangible fixed assets have been stated at their value to the business by reference to indices published by the Office of National Statistics.

Department for Constitutional Affairs' headquarters and Wales Office

The prescribed capitalisation threshold was £1,000 except for the Scotland Office whose capitalisation thresholds are outlined below. In terms of monetary value, the difference in policy is not material in the context of the assets held by the Department as a whole. At 1 April 2005 the capitalisation threshold was raised to £10,000. As a result, the decision was taken to write-off assets, except for furniture, with an original gross value of less than £10,000.

Assets costing in excess of the stated capitalisation levels are treated as capital assets. An item is also treated as a capital asset when it costs less than the prescribed limit but forms an integral part of a package whose total value is greater than the capitalisation level.

The total cost of maintaining a record of relatively low value individual furniture items is considered prohibitive and therefore these items are recorded on a pooled basis. The only exceptions are antiques and high density storage.

Antique furniture that is used in the business is valued individually at open market value. The value of non-operational antiques, such as paintings and other works of art, is not considered material and these items are not capitalised for balance sheet purposes.

Scotland Office

The minimum levels for capitalisation of tangible fixed assets are as follows:

	£
Land and Buildings	10,000
Plant and machinery	5,000
Fixtures and fittings	1,000
Office equipment	5,000
Vehicles	1,000
Equipment	5,000
IT Equipment	1,000

1.4 Depreciation

Freehold land and buildings considered surplus to requirements are not depreciated. Assets in the course of construction are depreciated only when they are ready for use. Depreciation is spread in equal instalments over the estimated useful economic lives of the assets. For leased assets it is spread over the life of the lease.

Lives are normally in the following ranges:

Freehold buildings	Remaining life, or 60 years, whichever is shorter.
Leasehold buildings	Remaining life, remaining lease period or 50 years, whichever is shortest.
Leasehold land	Remaining lease period, except for leases with more than 125 years remaining, which are not depreciated.
Information technology	5 to 10 years
Plant and machinery	3 to 7 years
Furniture and fittings including antiques	5 to 50 years

1.5 Investments

Financial interests in bodies which are outside the departmental boundary are treated as fixed asset investments since they are held for the long term. These comprise:

National Loans Fund (NLF)

Advances from the National Loans Fund are treated as investments and disclosed at historical cost. The balances within these accounts represent loans from the NLF on-lent by the Secretary of State for Scotland to Registers for Scotland and the three Scottish Water Authorities, as well as a loan to the Welsh Development Agency, issued by the Secretary of State for Wales through the National Assembly for Wales. The on-lent amount to Scottish Homes was repaid in full during the financial year.

Interest on, and repayments of, loans made from the National Loans Fund are collected by the sponsor department, i.e. the Scotland Office and the Wales Office, and surrendered to the Fund. Loan balances are treated as a creditor (see Note 18).

Shares in limited companies/special shares

The Secretary of State for Scotland holds the following 'special' or 'golden' shares:

British Energy (GB) Ltd	1 special rights redeemable preference share of £1
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The investment is included at market value if this can be readily ascertained, or is valued on a basis agreed as being appropriate with HM Treasury. The market value of the share capital of the Department cannot be readily ascertained and it has been agreed with HM Treasury that it should be shown at the book value of its net assets.

For further details on shares held, see Note 13.

1.6 Stock

Stocks of stationery and other consumable stores are not considered material and are written off in the Operating Cost Statement as they are purchased.

1.7 Pensions

Most of the Department's staff are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded except in respect of dependants' benefits. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. The Department, its Agencies and other bodies covered by the PCSPS recognise the expected cost of providing pensions on a systematic and rational basis over the period during which they benefit from the employee's service by payment of charges calculated on an accruing basis. Employer contributions to this scheme are charged to the Operating Cost Statement.

The Department has separate schemes for the Law Commissioners and Immigration Adjudicators, which are 'by analogy' or similar to the PCSPS. Provision has been made for the future cost of benefits under these schemes.

The Department also administers the Judicial Pension Scheme which provides for the pensions of judicial office holders of five participating departments across Government. A percentage of the accruing superannuation liability charge paid by these departments is appropriated in aid by the Department to cover the cost of administration. The Judicial Pension Scheme produces its own accounts.

In respect of the defined contribution schemes, the department recognises the contributions payable in the year.

1.8 Early departure costs

The Department is required to pay the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early, unless the retirement is on approved medical grounds. The total cost is provided in full when the early departure programme has been announced and is binding on the Department. The estimated cash flow is discounted using HM Treasury's discount rate of 3.5% in real terms. However, the Scottish Executive provides for the additional costs in respect of the Scotland Office staff. These amounts are not provided for in these accounts.

Prior to 1 April 2000 the Department could, under certain circumstances, settle some or all of its liability in advance. Any remaining prefunding is shown in the Balance Sheet as a prepayment.

1.9 Research and development

Expenditure on research is charged to the Operating Cost Statement as it is incurred. Development expenditure is capitalised if it meets the criteria specified in the Resource Accounting Manual (RAM), which are adapted from SSAP13 to take account of the not-for-profit context. Expenditure which does not meet the criteria for capitalisation is charged to the Operating Cost Statement as it is incurred.

1.10 Operating income

Operating income is income which relates directly to the operating activities of the Department. It predominantly comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work. It also includes other income such as that from investments. It includes both income appropriated in aid of the Estimate and income due to the Consolidated Fund, which in accordance with the RAM, is treated as operating income. Operating income is stated net of VAT.

The Information Commissioner, though not consolidated into the resource accounts, is bound by paragraph 9(1), Schedule 5 of the Data Protection Act 1998. This stipulates that all fees and other sums received by the Commissioner in the exercise of his functions shall be paid to the Secretary of State and Lord Chancellor. However, it has been agreed with the Information Commissioner, with the consent of the Treasury, that the Information Commissioner may retain the data protection fees collected with effect from 1 April 2005 for expenditure on data protection purposes, rather than drawing grant-in-aid for such functions.

The Court Service records each fee in full at the time it is raised. In a number of cases fees taken will relate to work which will not be completed within the accounting period. Deferred income is estimated at period end using a standard time per case workflow model to adjust the total income recorded in the period.

The PGO recognises all material fee types on an accruals basis. A year-end adjustment is made to accrue for fees charged under the Mental Health Act 1983 for each customer account.

The Official Solicitor and Public Trustee (OSPT) earns fees from its estates, litigation and trust activities. In estates, a bill of costs is either raised once a year, in the majority of case types, or on completion of the case, for conveyancing and administration of estates. In litigation, a bill of costs is drawn on completion of the case. For trust activities, administration fees are due on 1 April and are based on the capital value of the case. Other fees charged are recognised when they fall due for payment.

Note 6.1 highlights the income which, under the administration cost control regime, is allowed to be offset against gross administration costs to determine the outturn against the administration cost limit.

An analysis of fees and charges to customers inside and outside the public sector is found in Note 6.2. It shows income, full cost and surplus or deficit as required by HM Treasury's Fees and Charges Guide.

1.11 Administration and programme expenditure

The Operating Cost Statement is analysed between administration and programme costs. Administration expenditure reflects the costs of running the Department while programme costs relate to service delivery activities.

Net administration costs include administrative staff salaries, accommodation charges, depreciation and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control regime, is allowed to be offset against the gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

Programme costs, on the other hand, include grants made to the Legal Services Commission to fund legal aid and grants to the Scottish Consolidated Fund and the National Assembly for Wales.

1.12 Grants payable and paid

The majority of grants paid by the Department are recorded as expenditure in the period in which they are paid. In some instances claims are deemed to be the only appropriate and measurable activity that truly creates an entitlement for the recipient.

The Department recognises grants due to its executive non-departmental public bodies in the period in which they are paid. This is adjusted for the amount of unspent grant held by the recipient at 31 March, over and above the allowable threshold.

From 1 April 2003 responsibility for the funding of legal aid in the higher criminal courts passed to the Legal Services Commission (LSC), an executive non-departmental public body. The function of assessing and paying Crown Court bills, with the exception of cases conducted under individual case contracts, will remain with the Department which will levy a charge for the service on the LSC under a prescribed service level agreement. The resulting increase in the LSC's expenditure will be funded by an increased grant from the Department.

The Department makes other major grants to local authorities in respect of magistrates' courts costs. The Department funds 80% of the estimated costs of the magistrates' courts. It pays out 90% of this estimate during the financial year and withholds 10% until the certification of grant claims by local authority auditors in the following (or later) financial year confirms the entitlement.

From 1 April 2005 following the creation of Her Majesty's Courts Service, the Department will fund the costs associated with running the magistrates' courts directly and these grants to Local Authorities will cease.

The Department also makes a small number of grants to a variety of public sector, private sector and voluntary bodies. These grants are recognised at the point at which an authorised request is

received from the recipient body, in accordance with the relevant financial memoranda, adjusted for the amount unspent at 31 March.

1.13 Operating leases

Rentals under operating leases are charged to the Operating Cost Statement on a straight-line basis over the lease term.

1.14 Finance leases

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the leased assets. The corresponding leasing commitments are shown as obligations to the lessor. Assets held under finance leases are depreciated over the shorter of the lease term and the useful life of equivalent owned assets.

1.15 Private Finance Initiative

The Department has contracts under the Government's Private Finance Initiative (PFI) for the provision of accounting, IT and building services. The accounting treatment of the contracts is in accordance with HM Treasury's guidance as outlined in Technical Note No 1 (revised) issued in July 1999.

Where the PFI operator bears the balance of the risks and rewards of ownership, the PFI payments are recorded as an operating cost.

Where the Department bears the responsibility the asset is recognised on the Balance Sheet, with the liability to pay for it accounted for as a finance lease. Where the Department has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by charge to the Operating Cost Statement. See Notes 12 and 26 for further information.

1.16 Non-cash costs

Capital charge

A charge reflecting the cost of capital utilised by the Department is included in operating costs. The charge is at the Government's standard rate of 3.5% on the average net book value of the asset over the year with the following exceptions:

- for land and buildings, including dwellings, the charge will be calculated using opening balances plus additions at cost, less disposals at their opening balance sheet values, less impairment and depreciation, and
- the charge will be nil for amounts due to or from the Consolidated Fund, liabilities in respect of advances from the Contingencies Fund and cash holdings with the Office of Paymaster General.

Other

Other non-cash costs in the Operating Cost Statement include the external auditors' remuneration, which represents the cost of the audit of the financial statements carried out by the National Audit Office, and judicial salaries met from the Consolidated Fund.

1.17 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS 12, the Department discloses, for parliamentary reporting and accountability purposes, certain contingent liabilities where the likelihood of transfer of economic benefit is remote. These comprise:

- items over £100,000 (or lower where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement,

- all items, whether or not they arise in the normal course of business, over £100,000, or lower, where required by specific statute or where material in the context of the resource accounts, which are required by the Resource Accounting Manual to be noted in the resource accounts.

1.18 Value Added Tax

Irrecoverable VAT is charged to the relevant expenditure category, or if appropriate, capitalised. Income and expenditure are otherwise shown net of VAT.

1.19 Third party assets

The Department and its executive agencies hold, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised on Balance Sheet and are disclosed within Note 31 since neither the Department nor Government has a direct beneficial interest in them. For further details on these assets, see Note 31.

Any third party monies held at the Office of HM Paymaster General at 31 March are recognised as both cash at bank and creditors. See Notes 17 and 18.

1.20 Consolidated Fund Extra Receipts (CFERs)

Consolidated Fund Extra Receipts balances are calculated on an accruals basis, unless stated otherwise.

Magistrates' courts fines and fees

The core Department accepts fines and fees imposed and collected in the magistrates' courts, for onward transmission to the Consolidated Fund. These receipts are deemed to be outside the scope of the Department's activities. The amount of fines and fees collected by the magistrates' courts and not paid over to the Department at 31 March is recognised as both a debtor to the Department and a creditor to the Consolidated Fund.

Scotland Office CFERs

The Department acts as an intermediary for collection of income from the Scottish Consolidated Fund. This represents excess funds collected from the Scottish Executive which, in accordance with the Scotland Act 1998 (Designation of Receipts) Order 2000, are to be surrendered to the Consolidated Fund.

Wales Office CFERs

The Department acts as an intermediary for collection of income from the National Assembly for Wales for onward transmission to the Consolidated Fund. These amounts represent income received by the National Assembly for Wales which, in accordance with the Government for Wales Act 1998, cannot be retained.

National non-domestic rates (NNDR)

The Department collects NNDR from the National Assembly for Wales for surrender to the Consolidated Fund. In accordance with Annex 2 of the RAM, these transactions are outside the scope of resource accounts.

1.21 Inter-departmental schemes

The Department participates in four schemes in conjunction with other Government departments. They are Safety Cameras, Automatic Number Plate Recognition, Warrant Enforcement and Confiscation Orders.

Safety Cameras

Under this scheme, receipts of safety camera fixed penalties from all magistrates' courts are paid to the Department for Transport (DfT) to offset the cost of maintenance. The DfT surrenders amounts over and above maintenance costs to the Consolidated Fund.

Automatic Number Plate Recognition

Receipts from fixed penalty notices issued in respect of the scheme and collected by specific magistrates' courts are paid to the Home Office. They are then used in the identification and recovery of stolen vehicles and, generally, in the reduction of crime.

Warrant Enforcement

The receipts under this scheme go to enforcing the collection of financial penalties, community penalties and maintenance warrants in England and Wales. This was brought about by the high incidence of non-payment of fines and inadequate funding following the transfer of enforcement to magistrates' courts from the police.

From 2003-04 an approved amount of the income is retained by the Department as appropriations in aid and a small proportion paid to the National Assembly for Wales and the Office of the Deputy Prime Minister.

Confiscation Orders

This scheme is underpinned by the Proceeds of Crime Act (2002), the Criminal Justice Act (1988) and the Drug Trafficking Offences Act (1988). As with the other schemes, the receipts come from designated magistrates' courts and are paid over entirely to the Home Office to combat drug related crime.

1.22 Comparatives

Prior year comparatives have been restated to reflect operational changes that took place during the year. These include the recognition of the element of National Loans Fund loan falling due within the following 12 months as a current debtor, rather than an investment, and the separate recognition of debtors falling due within one year and those falling due after one year on the face of the balance sheet (see Schedule 3 and Note 16).

Staff numbers have been restated to allow for direct comparability year on year.

2. Staff and judiciary numbers and related costs

2.1. Average number of persons paid

The average number of full-time equivalent persons employed during the year is shown in the table below. These figures include those working in the Department as well as in agencies and other bodies brought into account from the start of the financial year.

	2004-05					2003-04
	Total	Permanent staff	Others	Ministers	Special Advisors	As restated Number Total
Request for Resources 1						
Objective 1	4,347.62	4,260.47	85.17	1.32	0.66	4,908.73
Objective 2	6,367.32	6,039.12	325.38	1.88	0.94	5,901.78
Objective 3	2,062.34	1,932.60	128.84	0.60	0.30	2,275.60
Objective 4	225.05	192.17	32.76	0.08	0.04	244.88
Objective 5	129.98	97.17	32.75	0.04	0.02	143.31
Objective 6	245.79	218.37	27.30	0.08	0.04	436.46
	<u>13,378.10</u>	<u>12,739.90</u>	<u>632.20</u>	<u>4.00</u>	<u>2.00</u>	<u>13,910.76</u>
Request for Resources 2						
Objective 1	16.40	0.00	15.81	0.40	0.19	20.88
Objective 2	23.20	0.00	22.73	0.20	0.27	29.53
Objective 3	15.40	0.00	14.82	0.40	0.18	19.60
Objective 4	32.00	0.00	30.64	1.00	0.36	40.74
	<u>87.00</u>	<u>0.00</u>	<u>84.00</u>	<u>2.00</u>	<u>1.00</u>	<u>110.75</u>
Request for Resources 3						
Objective 1	20.28	4.18	15.40	0.35	0.35	16.10
Objective 2	20.29	4.19	15.40	0.35	0.35	16.10
Objective 3	5.80	1.20	4.40	0.10	0.10	4.60
Objective 4	5.80	1.20	4.40	0.10	0.10	4.60
Objective 5	5.80	1.20	4.40	0.10	0.10	4.60
	<u>57.97</u>	<u>11.97</u>	<u>44.00</u>	<u>1.00</u>	<u>1.00</u>	<u>46.00</u>
	<u>13,523.07</u>	<u>12,751.87</u>	<u>760.20</u>	<u>7.00</u>	<u>4.00</u>	<u>14,067.51</u>

2.2. Staff costs

The aggregate payroll costs of these persons were as follows:

	Permanent staff	Others	2004-05 Ministers	Special Advisors	Total	2003-04 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	249,450	36,584	282	292	286,608	270,120
Social security costs	19,358	762	27	33	20,180	17,116
Other pension costs	32,642	550	–	42	33,234	32,478
	301,450	37,896	309	367	340,022	319,714
Less: recoveries in respect of outward secondments	(634)	–	–	–	(634)	(527)
	300,816	37,896	309	367	339,388	319,187

Wages and salaries include £22.101m (2003-04 £19.154m) relating to agency staff costs.

2.3. Salary and pension entitlements

The salary, pension entitlements and the value of any taxable benefits in kind of the Ministers and senior managers of the Department were as follows:

	2004-05		2003-04	
	Ministerial Salary received	Benefits in kind (rounded to the nearest £100)	Ministerial Salary received (from 12 June 2003)	Benefits in kind (rounded to the nearest £100)
	£	£	£	£
Lord Falconer of Thoroton Secretary of State and Lord Chancellor	96,960	–	77,299	–
Lord Filkin CBE Parliamentary Under Secretary (to 8 September 2004)	48,116 (109,083 full year equivalent)	–	62,448	–
Baroness Catherine Ashton of Upholland Parliamentary Under Secretary (from 9 September 2004)	55,583 (99,450 full year equivalent)	–	–	–
David Lammy MP Parliamentary Under Secretary	28,688	–	21,727	–
Christopher Leslie MP Parliamentary Under Secretary	28,688	–	18,750	–
Dr Lynda Clark QC MP Advocate General for Scotland	63,486	–	49,997	–

2.3. Salary and pension entitlements *continued*

	2004-05		2003-04	
	Ministerial Salary received	Benefits in kind (rounded to the nearest £100)	Ministerial Salary received (from 12 June 2003)	Benefits on kind rounded to the nearest £100)
	£	£	£	£
Anne McGuire MP Parliamentary Under Secretary For Scotland	28,688	–	22,592	–
Don Touhig Esq MP Parliamentary Under Secretary for Wales	28,688	–	22,592	–

The following Ministers were in post until 11 June 2003 and their respective salaries are shown in brackets, Lord Irvine of Lairg (£31,665), Baroness Scotland Of Asthal QC (£23,194), Rosie Winterton (£7,031) and Yvette Cooper (£9,375).

It was a new requirement for this financial year to provide the salary details as whole numbers and to also provide full year equivalent salary details. Comparative full year equivalent salary details have not been shown as permission was not sought from Ministers to disclose this information.

2004-05 Ministers	Real increase in pension at age 65	Total accrued pension at age 65 at 31 March 2005	CETV at 31 March 2004	CETV at 31 March 2005	Real increase in CETV after adjustment for contributions inflation & changes in market investment factors
	£000	£000	£000	£000	£000
Lord Falconer of Thoroton Secretary of State and Lord Chancellor	-	-	-	-	-
Lord Filkin CBE Parliamentary Under Secretary (to 8 September 2004)	0-2.5	5-10	44	53	4
Baroness Catherine Ashton of Upholland Parliamentary Under Secretary (from 9 September 2004)	0-2.5	5-10	46	57	5
David Lammy MP Parliamentary Under Secretary	0-2.5	0-5	7	12	1
Christopher Leslie MP Parliamentary Under Secretary	0-2.5	0-5	9	13	1
Dr Lynda Clark QC MP Advocate General for Scotland	0-2.5	5-10	79	93	7
Anne McGuire MP Parliamentary Under Secretary For Scotland	0-2.5	0-5	36	45	5
Don Touhig Esq MP Parliamentary Under Secretary for Wales	0-2.5	0-5	31	40	5

As the House of Commons or House of Lords and not the Department meets the Exchequer contribution to the cost of pension provision for all Ministers, the pension details are included in the Resource Account on a 'for information' basis.

Pension benefits for Ministers are provided by the Ministerial Pension Scheme (MPS) which is part of the Parliamentary Contributory Pension Fund (PCPF). The scheme is statutory based (made under Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament are also entitled to an MP's pension under the PCPF. The arrangements for Ministers provide benefits on an 'average salary' basis with either a 1/50th or 1/40th accrual rate, taking account of all service as a Minister. (The accrual rate has been 1/40th since 15 July 2002 but Ministers, in common with all other members of the PCPF, can opt to increase their accrual rate from 5 July 2001, or retain the former 1/50th accrual rate and the lower rate of employee contribution.)

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office on or after age 65. Pensions are increased annually in line with changes in the Retail Prices Index. Members pay contributions of 6% of their ministerial salary if they have opted for the 1/50th accrual rate. Those members who have opted for the 1/40th accrual rate are required to pay an increased contribution.

The rate was increased from 9% to 10% from 1 April 2004. There is also an employer contribution paid by the Exchequer representing the balance of cost. This is currently 24% of the ministerial salary.

No Ministers retired early due to ill health during the year. In the event of retirement because of serious ill health, the MPS pension is brought into payment immediately. On death, pensions are payable to the surviving spouse at a rate of 5/8th of the Minister's pension. On death in service the MPS provides for a lump sum gratuity of three times the ministerial salary. On retirement it is possible to commute part of the pension for a lump sum.

This presentation is based on payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration. The salary cost for their services as MPs and various allowances to which they are entitled was £57,485 (2003-04 £56,358) which was borne centrally. However, the arrangement for Ministers of the House of Lords is different in that they do not receive a salary but rather an additional remuneration which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

The Lord Chancellor in his role as head of the judiciary, under the Ministerial and Other Salaries Act is paid from the Consolidated Fund and not directly by the Department. As a result, his salary is disclosed with payroll costs of the judiciary (Note 2.4) and not with other Ministers in Staff costs (Note 2.2).

The Lord Chancellor has pension and CETV balances but as a holder of one of the 'three great offices of state', it is not required by Cabinet Office regulations to disclose pension information in the Department's Resource Accounts.

Senior Managers	2004-05		2003-04	
	Benefits in kind (rounded to the nearest £100)		Benefits in kind (rounded to the nearest £100)	
	Salary £000	£100	Salary £000	£100
Sir Hayden Phillips Permanent Secretary (to 31 July 2004)	65 – 70	2,700	155-160	10,200
	(170 – 175 full year equivalent)			
Alex Allan Permanent Secretary (from 1 August 2004)	90 – 95	5,800	–	–
	(135 – 140 full year equivalent)			
Ian Magee Chief Executive of Operations	140 – 145	–	135-140	8,600
Jonathan Spencer Director General, Clients and Policy (to 28 February 2005)	105 – 110	–	115-120	–
	(115 – 120 full year equivalent)			
Simon Ball Director General, Finance (to 20 January 2005)	155 – 160	–	180-185	–
	(185 – 190 full year equivalent)			
Barbara Moorhouse Director General, Finance (from 7 March 2005)	10 - 15	–	–	–
	(170 – 175 full year equivalent)			
John Lyon Director General, Legal and Judicial Services	125 – 130	–	120-125	–
Sir Ron De Witt Executive Director	145 - 150		5 – 10 (from 15 March 2004)	6,900
Lucian Hudson Director of Communications (from 26 July 2004)	65 – 70	–	–	–
	(100 – 105 full year equivalent)			
Trevor Hall Non Executive Director Equality & Diversity Director	10 – 15	–	10 – 15	–
Alison Jackson Head of the Wales Office	75 – 80	–	70-75	–
Hon Barbara Thomas Non – executive Director	10 – 15	–	–	–
Sir Peter Bonfield Non – executive Director	10 – 15	–	–	–
David Crawley Head of Scotland Office	140 – 145	–	130 – 135	–

2004-05 Senior Managers	Real increase in pension and related lump sum at age 65	Total accrued pension at age 60 and related lump sum at 31 March 2005	CETV at 31 March 2004	CETV at 31 March 2005	Real increase in CETV after adjustment for contributions inflation & changes in market investment factors
	£000	£000	£000	£000	£000
Sir Hayden Phillips Permanent Secretary (to 31 July 2004)	0 – 2.5 plus 2.5 – 5 lump sum	65 – 70 plus 200 – 205 lump sum	1,186	1,201	28
Alex Allan ² Permanent Secretary (from 1 August 2004)	0 – 2.5 plus 0 – 2.5 lump sum	0 – 5 plus 0 – 5 lump sum	0	22	19
Ian Magee Chief Executive, Operations	0 – 2.5 plus 5 – 7.5 lump sum	60 – 65 plus 180 – 185 lump sum	1,019	1,116	42
Jonathan Spencer Director General, Clients and Policy (to 28 February 2005)	7.5 – 10 plus 12.5 – 15 lump sum	50 – 55 ¹ plus 150 – 155 lump sum	779	934	123
Simon Ball Director General, Finance (to 20 January 2005)	0 – 2.5 plus 0 lump sum	0 – 5 plus 0 lump sum	19	35	13
Barbara Moorhouse Director General, Finance (from 7 March 2005)	0 – 2.5 plus 0 – 2.5 lump sum	0 – 5 plus 0 – 5 lump sum	0	2	2
John Lyon Director General, Legal and Judicial Services	0 – 2.5 plus 5 – 7.5 lump sum	50 – 55 plus 160 – 165 lump sum	874	953	38
Sir Ron De Witt Executive Director	2.5 – 5 plus 0 lump sum	0 – 5 plus 0 lump sum	5	53	33
Lucian Hudson Director of Communications (from 26 July 2004)	0 – 2.5 plus 2.5 – 5 lump sum	5 – 10 plus 15 – 20 lump sum	53	70	14
Trevor Hall Non-executive Director, Equality & Diversity Advisor	0 – 2.5 plus 0 lump sum	0 – 5 plus 0 lump sum	4	7	2
Alison Jackson Head of the Wales Office	0 – 2.5 plus 0 – 2.5 lump sum	25 – 30 plus 85 – 90 lump sum	490	536	12
David Crawley Head of Scotland Office	0 – 2.5 plus 2.5 – 5 lump sum	40 – 45 plus 125 – 130 lump sum	671	728	13
Hon Barbara Thomas Non- executive Director	–	–	–	–	–
Sir Peter Bonfield Non – executive Director	–	–	–	–	–

1 A pension lump sum was paid out in March 2005, and the first monthly payment of the pension was also made in March 2005.

2 The pension figures shown only relate to service with the DCA as information in relation to previous service was not available.

Salary

Salary includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

David Crawley's salary also includes the gross costs of providing accommodation for staff resident in Edinburgh who are required to work during the week in London.

It was a new requirement for this financial year to provide full year equivalent salary details. Comparative full year equivalent salary details have not been shown as permission was not sought from Senior Managers to disclose this information.

The information given above relates to the Ministers and senior managers of the Department. Equivalent information relating to the Department's Supply-financed Agencies is given in their separate accounts.

Where a director has joined or left the Corporate Board during the year, their salary reflects only that which they received whilst a member of the Board. Where they were a member of the Board for only part of the year but have been employed by the Department throughout, their annual salary has been reported on a 'days served' basis as well as the full year equivalent salary. Accrued pension represents the director's total future entitlement to benefits payable from the Civil Service pension schemes based on reckonable service at 31 March. No adjustment has been made for service in other departments or while not a board member.

Simon Ball was employed on a fixed term contract. His contract expired on 20 January 2005.

Barbara Moorhouse is employed on a fixed term contract. Her contract expires on 6 March 2008.

In addition to the salary shown, Jonathan Spencer received a payment in range of £45,000 to £50,000 for four months pay in lieu of notice and for outstanding annual leave.

The Department appointed two additional executive directors, Lucian Hudson and Moira Wallace in July and September respectively. Moira Wallace had no salary, benefits in kind or pension entitlements attributable to the Department. As an employee of the Home Office, her salary and pension entitlements are disclosed in the Home Office's 2004-05 Resource Accounts.

During 2004-05, Clare Dodgson had no salary, benefits in kind or pension entitlements attributable to the Department. As Chief Executive of the Legal Services Commission, her salary and pension entitlements are disclosed in the Legal Services Commission Annual Report.

The Rt. Hon. Lord Justice Judge, Deputy Chief Justice, will receive no additional remuneration for his role on the board.

Trevor Hall, who is a non-executive director, received remuneration of £12,000 (2003-04 £12,000). This includes payment for his role as non-executive director as well as his role as equality and diversity advisor to the Permanent Secretary.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. Sir Hayden Phillips and Alex Allan had the use of a car provided by the Government Car Service.

Pension

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (**classic, premium and classic plus**). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic, premium and classic plus** are increased annually in line with changes in the Retail Price Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (**partnership pension account**).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium and classic plus**. Benefits in **classic** accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). **Classic plus** is essentially a variation of **premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

The **partnership pension account** is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

No employer contributions to **partnership pension account** have been made by the department on behalf of Senior Management.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the civil superannuation request for resources has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional years of pension service in the scheme at their own cost. Transfer Values are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

2.4. Payroll costs of the judiciary

Members of the judiciary are independent of the Department. Their payroll costs are met either from the Consolidated Fund (senior judiciary) or by the Department through Supply. Salary costs met directly from the Consolidated Fund, though not part of the Department’s voted expenditure, are relevant costs for resource accounting purposes. All payroll costs of the judiciary are included in these accounts regardless of who meets them.

	Paid from voted resources	2004-05 Paid from Consolidated fund	Total	2003-04 Total
	£000	£000	£000	£000
Wages and salaries	111,056	108,628	219,684	212,039
Social security costs	12,539	12,619	25,158	24,340
Other pension costs	50,644	–	50,644	48,389
	<u>174,239</u>	<u>121,247</u>	<u>295,486</u>	<u>284,768</u>

2.5. Judicial superannuation scheme

Pension benefits for the judiciary, are provided through the Judicial Pension Scheme. This is an unfunded defined benefit scheme. A full actuarial valuation was carried out at 31 March 2005. The annual pension is calculated at 1/40th of the highest of the last three years pensionable pay multiplied by each year of reckonable service. Pension benefits are payable at age 65 subject to 5 years’ service.

Pension costs of £50.644m (2003-04 £48.389m) are met from voted resources. These are calculated using a superannuation rate of 29.25% (2003-04 29.25%), of which 0.25% is an administrative charge paid to the Department as appropriations in aid.

Contribution rates are supplied by the Government Actuary’s Department.

The Department has separate pension schemes for the Law Commissioners (and the Immigration Adjudicators). The value of the required fund is calculated by the Government Actuary’s Department on the same basis as for the PCSPS and a provision set up to maintain the fund at the required level.

2.6. Retirement due to ill health

During 2004-05 34 (2003-04, as restated, 28) persons retired early on ill health grounds. The total additional accrued pension liabilities in the year amounted to £164,236 (2003-04, as restated, £146,469).

3. Non-staff administration costs

	2004-05		2003-04	
	£000	£000	£000	£000
Rentals under operating leases:				
property rents	53,565		46,756	
hire of plant and machinery	1,135		871	
other operating leases	952		127	
		55,652		47,754
Finance charges on leased assets		34		94
PFI service charges:				
off-balance sheet contracts		49,778		33,278
on-balance sheet contracts		73,121		62,461
Research and development expenditure		1,001		1,029
Staff training and development costs		6,607		5,503
Travel, subsistence and hospitality		7,556		6,453
Accommodation, maintenance and utilities		129,173		114,173
Non-cash costs:				
depreciation and amortisation of fixed assets	59,728		51,613	
downward revaluation of assets below depreciated historic cost	15,469		6,999	
reversal of impairment	(2,166)		–	
fixed asset write – off	5,428		–	
profit on disposal of fixed assets	(5,938)		(23,874)	
PFI contracts deferred benefit	2,264		2,276	
increase in provisions	9,291		1,614	
increase in bad debt provision	149		17	
cost of capital	61,522		54,484	
notional charge for National Assembly for Wales services	–		361	
notional rent	1,962		1,354	
external auditors' remuneration and expenses	585		542	
		148,294		95,386
Other expenditure		133,824		93,969
		<u>605,040</u>		<u>460,100</u>

The cost of capital charge is recognised in full as an administration cost.

4. Net programme costs

	2004-05		2003-04	
	£000	£000	£000	£000
Request for Resources 1				
Staff Costs				
Judicial Salaries		295,486		284,768
Current grants and other current expenditure:				
Grant to Legal Services Commission in respect of CLS and CDS	2,047,637		2,084,190	
Grant to local authorities in respect of magistrates' courts	362,438		339,565	
Grant to Legal Services Commission	98,099		88,601	
Other grants in aid	15,255		13,743	
	<u>2,523,429</u>		<u>2,526,099</u>	
Capital grants:				
Grant to local authorities in respect of magistrates' courts	36,953		27,847	
Grant to Legal Services Commission	4,161		3,216	
	<u>41,114</u>		<u>31,063</u>	
Other disbursements:				
Judicial travel, subsistence and hospitality	6,555		6,560	
Other judicial costs	16,052		14,935	
Juror costs	37,919		39,521	
Court reporting	6,737		7,430	
Costs from central funds	48,695		41,093	
Other expenditure	19,273		26,688	
Non-cash costs:				
Election expenses paid from Consolidated Fund	54,030		-	
Increase in pension provision	228		198	
Increase in other provision	4,784		24,675	
Decrease in provision for bad debts	(29)		-	
	<u>194,244</u>		<u>161,100</u>	
		<u>2,758,787</u>		<u>2,718,262</u>
		3,054,273		3,003,030
Less: programme income		<u>(447,635)</u>		<u>(432,095)</u>
		2,606,638		2,570,935
Request for Resources 2				
Funding to the Scottish Executive	19,067,950		17,058,050	
Other expenditure	286		245	
	<u>19,068,236</u>		<u>17,058,295</u>	
Request for Resources 3				
Funding of the National Assembly for Wales	9,873,481		9,606,147	
Other expenditure	29		29	
	<u>9,873,510</u>		<u>9,606,176</u>	
		<u>31,548,384</u>		<u>29,235,406</u>

5. Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Forecast 2004-05		Outturn 2004-05	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
	£000	£000	£000	£000
Operating income and receipts – excess A in A	–	–	–	–
Operating income and receipts not classified as A in A	–	–	2,577	2,418
Non-operating income and receipts – excess A in A	–	–	3,662	3,662
Other amounts collectable on behalf of the Consolidated Fund	251,353	<i>244,353</i>	284,810	<i>259,874</i>
	<u>251,353</u>	<u><i>244,353</i></u>	<u>291,049</u>	<u><i>265,954</i></u>

6. Income

6.1 Analysis of operating income

	2004-05			2003-04	
	Request for Resource 1	Request for Resources 2	Request for Resources 3	Total	Total
	£000	£000	£000	£000	£000
Court Service	360,754	–	–	360,754	356,424
Public Guardianship Office	15,317	–	–	15,317	12,324
Magistrates Courts	63,429	–	–	63,429	59,588
Office of the Information Commissioner	9,398	–	–	9,398	9,046
Official Solicitors and Public Trustee	4,906	–	–	4,906	4,148
Tribunals	185	–	–	185	352
Other	12,683	816	1	13,500	10,027
	<u>466,672</u>	<u>816</u>	<u>1</u>	<u>467,489</u>	<u>451,909</u>
				<u>2004-05</u>	<u>2003-04</u>
				£000	£000
Administration				19,854	19,814
Programme				<u>447,635</u>	<u>432,095</u>
				<u>467,489</u>	<u>451,909</u>

Programme income includes £436.911m from external customers (2003-04 £420.134m) and £10.724m from other Government departments (2003-04 £11.961m).

Included in administration income is rental income from public agencies totalling £0.308m (2003-04 £0.267m) and rental income from non-government bodies totalling £0.256m (2003-04 £0.341m). Rental income comprises amounts paid by minor occupiers of the Estate. Rental income is generated from property that is either owned by the Department or occupied under an operating lease. None of the leasing agreements with minor occupiers falls into the category of a finance lease.

6.2 Fees and charges

	2004-05			2003-04		
	Income	Full cost	Deficit	Income	Full cost	Deficit
	£000	£000	£000	£000	£000	£000
Court Service						
Civil business	348,298	429,098	(80,800)	344,160	395,393	(51,233)
Court Funds Office	10,495	10,495	–	8,564	8,564	–
Lands Tribunal	204	675	(471)	223	727	(504)
Public Guardianship Office	16,139	19,924	(3,785)	12,302	19,982	(7,680)
Official Solicitor and Public Trustee						
Litigation	632	3,647	(3,015)	560	3,748	(3,188)
Trust and Estates	4,274	6,407	(2,133)	3,597	6,596	(2,999)
	<u>380,042</u>	<u>470,246</u>	<u>(90,204)</u>	<u>369,406</u>	<u>435,010</u>	<u>(65,604)</u>

The Department is working towards the position of full cost recovery.

New Fees Amendment Orders were introduced by the Court Service on 1 April 2003, following nine principles set out in Parliament on 19 November 1998. These principles are: fees should not prevent access to justice; litigants of modest means should be protected; fees should match the costs of the relevant service; the pay-as-you-go system should be extended; issue and enforcement fees should reflect the value of the claim; flat rate fees reflecting the cost of the stage or application should be applied at other charging points; fees should be set on the basis of average, not actual, costs; fees should be paid by the claimant, or by the party making the application; and fees should be paid in advance.

Further information regarding fee targets, rates achieved and subsidies are provided in the relevant body's published reports and accounts.

6.3. Reconciliation of Income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	2004-05	2003-04
	£000	£000
Operating income as per Schedule 2	467,489	451,909
Less: Income authorised to be appropriated-in-aid	<u>464,912</u>	<u>450,337</u>
Operating income payable to the Consolidated Fund (Note 5)	<u>2,577</u>	<u>1,572</u>

6.4. Non-Operating income – Excess Appropriations in Aid

	2004-05	2003-04
	£000	£000
Disposal of fixed assets	21,862	59,878
Less: Within parliamentary account as recorded within the net cash requirement	<u>18,200</u>	<u>58,374</u>
	<u>3,662</u>	<u>1,504</u>

7. Administration Cost Limit

The outturn within the administration costs control regime shown against administration cost limit is as follows:

	2004-05		2003-04	
	Outturn £000	Limits £000	Outturn £000	Limits £000
Request for resources 1 – Core Department	915,186	983,628	749,628	876,424
Request for resources 2 – Scotland Office	5,533	5,924	6,283	6,552
Request for resources 3 – Wales Office	3,855	3,836	3,562	3,331
Total within administration cost control	924,574	993,388	759,473	886,307
Administration income allowable within administration cost limit	19,854		19,814	
Total administration outturn (Note 9)	944,428		779,287	

The single reason for RfR 3 exceeding its administration limit is that unlike RfRs 1 and 2, non-cash costs were attributed to programme in the Parliamentary Estimate and not administration expenditure. This has been rectified for 2005-06.

8. Reconciliation of net operating cost and net resource outturn

	2004-05		2003-04	
	Estimate £000	Outturn £000	Estimate £000	Outturn £000
Net resource outturn	35,029,448	32,300,258	2,729,190	3,615,000
Excess appropriations in aid	–	–	–	(1,463,738)
Non-Supply income (CFERs)	–	(2,577)	2,577	(1,572)
Non-Supply expenditure	142,760	175,277	(32,517)	113,992
Machinery of Government – net transfer of Estimate cover	–	–	–	27,731,197
Net operating cost	35,172,208	32,472,958	2,699,250	29,994,879

9. Analysis of net resource outturn by Estimate subhead and reconciliation to Operating Cost Statement

	2004-05						2003-04		
	Admin	Other	Grants	Gross	A in A	Net Total	Estimate	Outturn compared with Estimate Savings/(excess)	Outturn
	Expenditure	current		Expenditure		Outturn			
	£000	£000	£000	£000	£000	£000	£000	£000	
Request for Resources 1									
Headquarters and Associated Offices	359,505	88,026	2,755	450,286	(15,200)	435,086	540,228	105,142	253,205
Judicial Pensions Administration	400	-	-	400	(400)	-	-	-	-
Court Service	558,787	177,493	-	736,280	(360,559)	375,721	305,556	(70,165)	379,939
Public Guardianship Office	15,531	241	-	15,772	(15,109)	663	301	(362)	7,808
Land Registry Invest to Save	-	-	-	-	-	-	-	-	690
Land Registry Capital Modernisation Fund	-	-	-	-	-	-	-	-	13,900
Magistrates' Courts Grants	-	-	353,595	353,595	(63,429)	290,166	289,933	(233)	272,259
Magistrates' Courts Capital Grants	-	-	36,953	36,953	-	36,953	36,287	(666)	27,847
Magistrates' Courts Grants on Loan Charges	-	-	8,844	8,844	-	8,844	16,500	7,656	7,718
Legal Services Commission:									
- Administration	-	-	102,260	102,260	-	102,260	89,564	(12,696)	91,819
- Criminal Defence Service	-	-	1,190,107	1,190,107	-	1,190,107	1,203,264	13,157	1,179,066
- Community Legal Service	-	-	857,530	857,530	-	857,530	869,942	12,412	905,124
Costs from Central Funds	-	48,694	-	48,694	-	48,694	45,000	(3,694)	65,768
Office of the Information Commissioner	-	-	12,500	12,500	(9,398)	3,102	10,000	6,898	1,794
Payments to DFES in relation to Machinery of Government changes	-	-	-	-	-	-	-	-	103,722
Bulk Pension payments	-	-	-	-	-	-	-	-	1,206
Net Resource Outturn	934,223	314,454	2,564,544	3,813,221	(464,095)	3,349,126	3,406,575	57,449	3,311,865
Request for Resources 2									
Scotland Office	4,245	-	-	4,245	(195)	4,050	4,315	265	6,283
Office of the Advocate General	2,104	-	-	2,104	(621)	1,483	1,609	126	-
Boundary Commission for Scotland	-	177	-	177	-	177	300	123	245
Commission on Boundary Differences & Voting systems in Scotland	-	108	-	108	-	108	160	52	-
Grant payable to the Scottish Consolidated fund	-	-	19,067,950	19,067,950	-	19,067,950	21,383,000	2,315,050	17,058,050
Payment from the Scotland Office for Machinery of Government transfers	-	-	-	-	-	-	-	-	(17,064,577)
Net Resource Outturn	6,349	285	19,067,950	19,074,584	(816)	19,073,768	21,389,384	2,315,616	1
Request for Resources 3									
Office of the Secretary of State for Wales	3,856	28	-	3,884	(1)	3,883	3,929	46	3,591
Grant payable to the National Assembly for Wales	-	-	9,873,481	9,873,481	-	9,873,481	10,229,560	356,079	9,606,147
Payment from the Wales Office for Machinery of Government changes	-	-	-	-	-	-	-	-	(9,306,604)
Net Resource Outturn	3,856	28	9,873,481	9,877,365	(1)	9,877,364	10,233,489	356,125	303,134
Total Net Resource Outturn	944,428	314,767	31,505,975	32,765,170	(464,912)	32,300,258	35,029,448	2,729,190	3,615,000

Reconciliation to Operating Cost Statement

	Gross Expenditure £000	A in A £000	Net Total Outturn £000
Net resource outturn	32,765,170	(464,912)	32,300,258
Non-Supply expenditure	175,277		175,277
Income payable to the Consolidated Fund		(2,577)	(2,577)
Net operating cost	32,940,447	(467,489)	32,472,958

This note analyses the net resource outturn into requests for resources and then into functions. The net resource outturn is the total of expenditure and income to be compared against the Estimate for net total resources in Schedule 1. These functions do not correspond to Departmental objectives which represent a disaggregation of the Department's aims. These give direction to the organisation's activities and are expressed in a way that allows their achievement to be assessed. This analysis is required for control purposes and to obtain parliamentary approval.

10. Analysis of net operating cost by spending body

This analyses funding by the Department to the relevant spending body.

	2004-05		2003-04
	Budget £000	Outturn £000	Outturn £000
Spending body:			
Core Department	639,988	463,180	269,119
Scotland Office	21,389,384	19,073,768	17,064,578
Wales Office	10,233,489	9,877,365	9,609,738
Court Service	393,556	564,197	552,073
Public Guardianship Office	301	5,487	13,385
Non-departmental public bodies	2,172,770	2,152,999	2,178,162
Local Authorities	342,720	335,962	307,824
Net Operating Cost	35,172,208	32,472,958	29,994,879

11. Analysis of capital expenditure, financial investment and associated A in A

	Capital expenditure £000	Loans £000	Non operating A in A £000	Net Total £000
Request for Resources 1	144,437	-	(18,200)	126,237
Request for Resources 2	76	(120,750)	-	(120,674)
Request for Resources 3	194	(40)	-	154
Net movement in debtors/creditors	(69,178)	-	(20,000)	(89,178)
Excess non operating income payable to consolidated fund	-	-	(3,662)	(3,662)
Total 2004-05 - Schedule 4 (part B)	75,529	(120,790)	(41,862)	(87,123)
Total 2003-04	77,074	(57,587)	(3,262)	16,225

12. Tangible fixed assets

	Land & Buildings excluding Dwellings	Dwellings	Information Technology	Plant & Machinery	Furniture & Fittings	Payments on Account & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2004	1,596,909	17,620	101,937	21,131	44,596	20,144	1,802,337
Additions	59,974	-	35,063	967	3,496	45,207	144,707
Disposals	(19,287)	-	(386)	(562)	(128)	-	(20,363)
Write-off	-	-	(3,097)	(4,837)	(2,110)	-	(10,044)
Revaluation	9,427	1,915	(8,496)	100	806	-	3,752
Reclassification	1,878	-	20,670	19	513	(23,080)	-
At 31 March 2005	1,648,901	19,535	145,691	16,818	47,173	42,271	1,920,389
Depreciation							
At 1 April 2004	10,232	37	26,058	15,519	17,976	-	69,822
Charged in year	39,914	256	15,309	1,708	2,541	-	59,728
Revaluations	(38,411)	(293)	(1,319)	23	219	-	(39,781)
Disposals	(3,013)	-	(926)	(393)	(107)	-	(4,439)
Write-off	-	-	(1,337)	(2,470)	(809)	-	(4,616)
Reclassification	(2)	-	-	-	2	-	-
Transfers	-	-	-	-	-	-	-
At 31 March 2005	8,720	-	37,785	14,387	19,822	-	80,714
Net Book Value:							
At 31 March 2005	1,640,181	19,535	107,906	2,431	27,351	42,271	1,839,675
At 31 March 2004	1,586,677	17,583	75,879	5,612	26,620	20,144	1,732,515

In 2004-05 the rolling programme of professional revaluation covered 39% by value of all property assets. A further 57% were re-valued on the basis of a professional desktop valuation based on local geographic knowledge. The remaining property assets are shared ownership sites with the magistrates' courts. These property assets were revalued on the basis of gross internal area. The last professional valuation of all the property assets was carried out by the Valuation Office Agency (VOA) in June 2000, following which the rolling programme of valuations was introduced.

The value of freehold land included in Land and Buildings excluding Dwellings is £308.131m (2003-04 £297.723m).

There is one property, Thameside County Court, vacated and awaiting disposal at 31 March 2005. Such premises are held at open market value and are not depreciated.

Included within the net book value of Information Technology is £0.458m (2003-04 £2.520m) relating to assets leased under finance agreements. Included within the depreciation charge for the year is an amount of £0.784m (2003-04 £0.970m) relating to these leased assets.

Also included in Information Technology are two assets representing the capitalised value of payments made under the County Court Systems (CCS) and Libra PFI contracts, which under FRS 5 are deemed to be assets of the Department. Their net book values are, for CCS, £2.038m (2003-04 £2.642m) and, for Libra, £12.084m (2003-04 £5.093m). Included within the depreciation charge for the year is £0.699m (2003-04 £1.401m) relating to CCS and £5.093m (2003-04 £5.093m)

in respect of Libra. The net book value for Libra is the cost of refreshing the IT technology, within the Libra PFI contract, for a further two years.

The majority of the IT equipment used by the Department is provided by private sector suppliers through contracts under the Private Finance Initiative. Further details on PFI contracts are disclosed in Note 26.

There have been downward revaluations of certain categories of Land and Buildings, Information Technology, Plant and Machinery and Furniture and Fittings to below depreciated historic cost. The diminution in value of £15.450m (2003-04 £6.999m) has been charged to the Operating Cost Statement. There has also been an impairment reversal of £2.166m charged to the Operating Cost Statement.

Following the increase in the capitalisation threshold from £1,000 to £10,000, the decision was taken to write-off assets, except furniture with an original gross value of less than £10,000. This has resulted in an accounting loss of £5.428m

13 Investments

	National Loans Fund £000	Shares in nationalised industries £000	Total £000
Balance at 1 April 2004	967,517	1	967,518
Loan repayments	(100,366)	–	(100,366)
	867,151	1	867,152
Debtors (amounts falling due within one year)			
Transfer to debtors	(10,146)	–	(10,146)
Balance at 31 March 2005	857,005	1	857,006

Shares in nationalised industries include:

Scottish Power plc and Scottish & Southern Energy plc

These shares carry no right to vote at general or separate meetings, but do entitle the holder to attend and speak at such meetings. The shares confer no rights to participate in the capital or profits of the companies, except that in a winding-up the special shareholder will be entitled to repayment in priority to the other shareholders. The written consent of the special shareholder is required in certain matters. These special shares are redeemable, at par, at any time by the special shareholder after consultation with the company.

Scottish Power plc and Scottish & Southern Energy plc, both publish an Annual Report and Annual Accounts, which contain further information on these shareholdings.

The shares in Scottish Power and Scottish and Southern Energy were redeemed on 5 May 2004.

British Energy plc

The Secretary of State for Scotland holds one special right redeemable preference share of £1 in British Energy Generation (UK) Ltd. This share does not carry any rights to vote at general meetings, but entitles the holder to attend and speak at such meetings. It confers no rights to participate in the capital or profits of the company beyond its nominal value. The prior written consent of the special shareholder is required to any proposal to vary specific sections of the company's Articles of Association. This share is designed to ensure the continued existence of Scottish Nuclear with its own Board within British Energy.

The Secretary of State for Scotland, jointly with the Secretary of State for the Department of Trade and Industry, also holds one special right redeemable preference share of £1 in British Energy plc.

The terms of this shareholding are the same as for British Energy (UK) Ltd above. In particular, the joint shareholders must consent to any proposal to change the place of company registration and the location of its headquarters. This share is accounted for by the first named shareholder, the Secretary of State for the Department of Trade and Industry.

Both of these shares are held without limit of time and cannot be redeemed before 30 September 2006. After that time, they may be redeemed, at par, at the option of the Secretary of State for Scotland, after consulting the company.

For further details see Note 1.5.

14. Non cash and notional costs

The analysis of non-cash costs for Schedule 1 excludes those costs that fall directly to the Consolidated Fund.

14.1 Schedule 1

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Notional charge for National Assembly of Wales services	–	361
Depreciation and amortisation of fixed assets	59,728	51,613
Downward revaluation of assets below depreciated historic cost	15,469	6,999
Reversal of impairment	(2,166)	–
Fixed asset write-off	5,428	–
Profit on disposal of fixed assets	(5,938)	(23,874)
Notional rent	1,962	1,354
PFI contracts deferred benefit	2,264	2,276
Increase in provisions (administration)	9,291	1,614
Increase in provisions (programme)	5,012	24,873
Increase in bad debt provision (administration)	149	17
Decrease in bad debt provision (programme)	(29)	–
Cost of capital	61,522	54,484
External auditors' remuneration and expenses	585	542
	<u>153,277</u>	<u>120,259</u>

14.2 Schedule 4

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Schedule 1 (see note 14.1 above)	153,277	120,259
Judicial salaries paid from the Consolidated Fund	121,247	113,992
Election expenses paid from the Consolidated Fund	54,030	–
	<u>328,554</u>	<u>234,251</u>

15. Movements in working capital other than cash

The analysis of working capital for Schedule 1 and Schedule 4 include accruals adjustments related to expenditure and income chargeable to the Department's Estimates.

15.1. Schedule 1

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
(Decrease)/increase in debtors	(23,061)	68,814
(Increase) in creditors	<u>(136,253)</u>	<u>(35,092)</u>
	<u>(159,314)</u>	<u>33,722</u>

15.2 Movement in debtors

	<u>2004-05</u>		<u>2003-04</u>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
(Decrease)/increase in debtors		(48,202)		98,716
Adjusted for:				
amounts due from the Consolidated Fund	19,020		(19,020)	
PFI contracts deferred benefit	2,264		2,276	
non-allowable CFERs receivable	(24,936)		6,372	
amounts due to other government departments	11,248		(3,376)	
amounts due in respect of the National Loans Fund	17,584		(16,465)	
increase in bad debt provision	120		17	
fixed asset debtors	12,085		-	
deferred disposal proceeds – Priory Court	<u>20,000</u>		<u>(56,615)</u>	
		<u>57,385</u>		<u>(86,811)</u>
(Decrease)/increase in debtors for Schedule 4		<u>9,183</u>		<u>11,905</u>
fixed asset debtors		(12,085)		-
deferred disposal proceeds – Priory Court		(20,000)		56,615
allowable CFERs receivable		(159)		-
adjustment in respect of prior year		-		294
(Decrease)/increase in debtors for Schedule 1		<u>(23,061)</u>		<u>68,814</u>

15.3 Movement in creditors

	2004-05		2003-04	
	£000	£000	£000	£000
Decrease/(increase) in creditors		1,495,230		(1,368,869)
Adjusted for:				
Consolidated Fund – amounts due for Supply	30,300		(58,847)	
– amounts due as CFERs	(36,354)		46,736	
– amounts due for excess appropriations in aid	(1,461,580)		1,461,036	
amounts due to other government departments	(35,329)		16,313	
amounts due to the National Loans Fund	(128,096)		(61,546)	
third party balances	(424)		(71,280)	
obligations under finance leases	(232)		675	
PFI Creditor	57,561		–	
fixed asset creditors	(3,931)		12,915	
Machinery of Government creditor	–		690	
		<u>(1,578,085)</u>		<u>1,346,692</u>
(Increase) in creditors for Schedule 4		(82,855)		(22,177)
obligations under finance leases		232		–
PFI Creditor		(57,561)		–
fixed assets creditors		<u>3,931</u>		<u>(12,915)</u>
(Increase) in creditors for Schedule 1		<u>(136,253)</u>		<u>(35,092)</u>

16 Debtors

16.1 Amounts falling due within one year

	2004-05	2003-04
	£000	As restated £000
Trade debtors	5,742	2,827
VAT	12,804	12,133
Deposits and advances	2,132	1,637
Prepayments and accrued income	25,103	19,382
Prepayments – PFI contracts deferred benefit	7,279	9,393
Prefunding of early departure costs	–	159
Amounts due to the Consolidated Fund as CFERs	43,800	18,705
Amounts due from the Consolidated Fund in respect of Supply	–	19,020
Amounts due from magistrates courts for other government departments	–	11,248
Amounts due to the National Loans Fund		
– interest payable	11,058	18,364
– capital	10,146	20,424
Other debtors	<u>37,777</u>	<u>27,567</u>
	<u>155,841</u>	<u>160,859</u>

16.2 Amounts falling due after more than one year

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Deposits and advances	57	136
Prepayments	1,424	2,454
Prepayments – PFI contracts deferred benefit	4,825	26,900
Other debtors	<u>16,616</u>	<u>36,616</u>
	<u>22,922</u>	<u>66,106</u>

Trade debtors are shown net of a provision for doubtful debts of £0.134m (2003-04 £0.665m). Other debtors are shown net of a provision for doubtful debts of £0.134m (2003-04 £0.137m).

The prepayments on the PFI contracts represent either the open market value of assets transferred to the PFI supplier or the amount by which upfront payments exceed the cost of fixed assets purchased. The prepayments will be released evenly over the lives of the contracts and therefore, primarily, fall due after one year.

Amounts due from magistrates' courts for other government departments under the various 'netting off' schemes are no longer disclosed separately per RAM 12.1.12 cii). Instead they are included with Other Debtors. Also included in Other Debtors is £20.000m due within one year and £16.616m due after one year, which relates to the sale of property.

The advances due after one year relate to relocation loans made to staff.

16.3 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balances with other central government bodies	62,721	69,943	–	–
Balances with local authorities	33,229	35,897	–	–
Balances with public corporations and trading funds	77	–	–	–
Balance with bodies external to government	<u>59,814</u>	<u>55,019</u>	<u>22,922</u>	<u>66,106</u>
	<u>155,841</u>	<u>160,859</u>	<u>22,922</u>	<u>66,106</u>

17. Cash at bank and in hand

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 April 2004	1,556,042	177,125
Net change in cash balances	<u>(1,498,214)</u>	<u>1,378,917</u>
Balance at 31 March 2005	<u>57,828</u>	<u>1,556,042</u>

The following balances as at 31 March were held at:

Office of HM Paymaster General	56,273	1,554,967
Commercial banks and cash in hand	<u>1,555</u>	<u>1,075</u>
	<u>57,828</u>	<u>1,556,042</u>

The balance at 31 March comprises:

Third party monies	4,789	5,213
Amounts due to or issued from the Consolidated Fund in respect of Supply	30,300	(19,020)
Excess appropriations in aid	3,662	1,465,242
CFERs received in current year and not yet paid over	18,387	79,836
Amounts due to other government departments	–	24,081
Machinery of Government creditor	<u>690</u>	<u>690</u>
	<u>57,828</u>	<u>1,556,042</u>

The balances of cash at bank and in hand include £4.789m (2003-04 £5.213m) held by the Department and its agencies on behalf of third parties. This amount is also disclosed as a creditor.

18. Creditors

18.1 Amounts falling due within one year

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Taxation and social security	12,881	1,834
Trade and other creditors	82,900	37,173
Accruals and deferred income	101,651	83,313
Control value of PFI Contract	2,224	–
Obligations under finance leases	173	268
Amounts due to the National Loans Fund		
Interest payable	11,058	18,364
Capital	10,146	20,424
Amounts issued from the Consolidated Fund for Supply but not spent	30,300	–
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received	18,387	79,836
receivable	43,800	18,705
Amounts due to the Consolidated Fund for excess appropriation in aid	3,662	1,465,242
Amounts due to other government departments	–	35,329
Machinery of Government changes	690	690
	<u>317,872</u>	<u>1,761,178</u>
Third party monies	<u>4,789</u>	<u>5,213</u>
	<u>322,661</u>	<u>1,766,391</u>

18.2 Amounts falling due after one year

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Accruals and deferred income	3,812	–
Obligations under finance leases	290	427
Control value of PFI Contract	55,337	–
Amounts payable to the National Loans Fund	<u>857,006</u>	<u>967,518</u>
	<u>916,445</u>	<u>967,945</u>

Amounts due to other government departments under the various 'netting off' schemes are no longer separately disclosed per RAM 12.1.12 c ii). Instead they are included in Trade and Other Creditors.

18.3 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balances with other central government bodies	176,265	1,639,734	857,006	967,518
Balances with local authorities	34,239	32,332	–	–
Balances with public corporations and trading funds	–	–	–	–
Balance with bodies external to government	<u>112,157</u>	<u>94,325</u>	<u>59,439</u>	<u>427</u>
	<u>322,661</u>	<u>1,766,391</u>	<u>916,445</u>	<u>967,945</u>

19. Provisions for liabilities and charges

	Early departure provision	Pension provision	Other provisions	Total
	£000	£000	£000	£000
Balance at 1 April 2004	2,518	3,785	27,268	33,571
Provided in the year	9,327	228	8,791	18,346
Provision written back in the year	-	-	(4,060)	(4,060)
Unwinding of discount	17	-	-	17
Utilised in the year	(818)	(267)	(21,295)	(22,380)
Balance at 31 March 2005	11,044	3,746	10,704	25,494

The £14.303m charge to operating costs in the year can be further analysed as follows:

	£000	£000
Administration costs (see Note 3)		
Early departure commitments	9,327	
Unwinding of discount	17	
Other	(53)	9,291
Programme costs (see Note 4)		
By analogy pension commitments	228	
Other	4,784	
		5,012
		14,303

The pension provision relates to the two small pension schemes that the Department operates for the Law Commissioners and the Immigration Adjudicators which are 'by analogy' or similar to the PCSPS.

Other provisions relate primarily to instances where judges may determine that the Department should cover court costs.

20. Reconciliation of net operating cost to changes in general fund

	Note	2004-05		2003-04	
		£000	£000	£000	£000
Net operating cost for the year (Schedule 2)		(32,472,958)		(29,994,879)	
Income not appropriated in aid payable to the Consolidated Fund		<u>(2,577)</u>		<u>(1,572)</u>	
			(32,475,535)		(29,996,451)
Net Parliamentary funding :					
drawn down			32,164,923		3,489,088
deemed Supply			-		53,740
Machinery of Government financing			-		27,731,493
Payable to the Consolidated Fund :					
Consolidated Fund debtor/(creditor) for cash unspent			(30,300)		19,020
excess appropriations-in-aid			(3,662)		(1,465,242)
Transferred to general fund in respect of realised element of revaluation reserve	21		18,818		24,116
Notional costs:					
judicial salaries paid from the Consolidated Fund	2.4	121,247		113,992	
election expenses paid from the Consolidated Fund	4	54,030		-	
cost of capital charge	3	61,522		54,484	
notional charge for National Assembly for Wales services	3	-		361	
external auditors' remuneration and expenses	3	585		542	
notional rent	3	<u>1,962</u>		<u>1,354</u>	
			239,346		170,733
Fixed asset adjustments in respect of prior periods			<u>1,931</u>		<u>4,507</u>
Net (decrease)/increase in general fund			(84,479)		31,004
General fund at 1 April 2004			<u>995,660</u>		<u>964,656</u>
General fund at 31 March 2005 (Schedule 3)			<u>911,181</u>		<u>995,660</u>

21. Revaluation reserve

	2003-04
	£000
Balance at 1 April 2004	719,473
Arising on revaluation during the year	56,836
transferred to general fund in respect of realised element of revaluation reserve	<u>(18,818)</u>
Balance at 31 March 2005	<u>757,491</u>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

22. Resources by Departmental aim and objectives

Apportionment of overheads is by way of staff numbers and space utilised. Allocation by objective takes established management reports, considered management assumptions and then maps these to a full cost model. Smaller cost centres are apportioned through management review and reviews by central Finance Divisions.

The bulk of the Department's net assets are employed by the Court Service in pursuit of objectives one, four and five. The capital charge in respect of these assets has therefore been apportioned across these objectives.

Programme grants and other current expenditure, as reported in Note 4, have been allocated as follows:

	<u>2004-05</u>	<u>2003-04</u>
	<u>£000</u>	<u>£000</u>
Request for Resources 1		
Objective 1	1,816,808	1,768,987
Objective 2	209,584	328,658
Objective 3	502,137	462,579
Objective 4	71,127	(8,367)
Objective 5	(174)	(23)
Objective 6	7,156	4,511
Residual Expenditure	–	14,590
Request for Resources 2		
Objective 1		
Objective 2	19,068,236	17,058,295
Objective 3		
Objective 4		
Request for Resources 3		
Objective 1		
Objective 2		
Objective 3		
Objective 4		
Objective 5		
Grant	<u>9,873,510</u>	<u>9,606,176</u>
Net programme costs	<u>31,548,384</u>	<u>29,235,406</u>

Residual expenditure comprises amounts paid, under Cabinet Office and HM Treasury direction, to fund the Invest to Save and Capital Modernisation Fund programmes for Land Registry. Further details on these programmes are available at: www.hm-treasury.gov.uk.

23 Resources by departmental aim and objectives

Scotland Office revised objectives

The Scotland Office revised its objectives during 2004-05. The table below shows both the current and prior year costs against the former objectives.

Request for Resources 2

Aim: The aim of the Scotland Office is to give the Secretary of State for Scotland the best possible support in promoting the devolution settlement and in representing Scottish interests within the UK Government.

	2004-05			2003-04 As restated		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Objectives						
1. Improving public understanding of and confidence in devolution through preparing Ministerial speeches, articles and correspondence.	1,640	–	1,640	1,467	–	1,467
2. Implementing the devolution settlement, paying grant to the Scottish Consolidated Fund within the limits voted by Parliament, making any necessary Statutory Instruments under the Scotland Act 1998 and considering any report that may be received from the Boundary Commission for Scotland.	19,067,638	–	19,067,638	17,059,267	–	17,059,267
3. Advising UK departments about distinctive Scottish interests in relation to reserved matters.	2,108	(108)	2,000	1,886	(118)	1,768
4. Providing legal advice and services to UK Government departments.	3,020	(708)	2,312	2,702	(776)	1,926
5. Supporting Scottish interests overseas through the establishment of a network of Friends of Scotland.	178	–	178	159	–	159
	<u>19,074,584</u>	<u>(816)</u>	<u>19,073,768</u>	<u>17,065,481</u>	<u>(894)</u>	<u>17,064,587</u>

24. Capital Commitments

Contracted capital commitments at 31 March 2005, for which no provision has been made, amounted to £47.30m (2003-2004 £72.780m).

25. Commitments under leases

25.1 Operating leases

At 31 March 2005 the Department was committed to making payments during the following year in respect of operating leases expiring within the following periods:

	2004-05		2003-04	
	Land and Buildings £000	Other £000	Land and Buildings £000	Other £000
Expiry within one year	5,010	78	2,259	151
Expiry after one year but not more than five years	8,650	269	9,258	243
Expiry thereafter	46,370	42	35,182	36
	60,030	389	46,699	430

25.2 Finance leases

The Department's obligations under finance leases are as follows:

	2004-05 £000	2003-04 £000
Rentals due within one year	207	313
Rentals due after one year but within five years	290	427
	497	740
Less: interest element	34	45
	463	695

26. Commitments under PFI contracts

The minimum commitments payable under non-cancellable PFI contracts during 2004-05, analysed by the period during which the commitment expires, are:

2004-05								
	CCS	ARAMIS	Probate records	LIBRA	Exeter Combined Court	East Anglia Court	Sheffield Family Court	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Within 1 year	7,300	35,900	1,550	27,202	2,410	4,064	912	79,338
2 to 5 years	7,300	29,233	6,700	27,202	9,640	16,585	3,881	100,541
6 to 10 years	-	-	9,505	-	12,050	21,538	5,422	48,515
11 to 15 years	-	-	10,850	-	12,050	22,545	6,135	51,580
16 to 20 years	-	-	12,295	-	12,050	23,685	6,941	54,971
21 to 25 years	-	-	3,370	-	12,050	19,868	6,204	41,492
26 to 30 years	-	-	-	-	9,640	-	-	9,640
	14,600	65,133	44,270	54,404	69,890	108,285	29,495	386,077

	CCS	ARAMIS	Probate records	LIBRA	Exeter Combined Court	East Anglia Court	Sheffield Family Court	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Within 1 year	29,000	29,360	1,500	28,225	800	4,030	890	93,805
2 to 5 years	41,000	61,417	6,500	54,404	9,600	16,500	3,800	193,221
6 to 10 years	-	-	9,300	-	12,100	21,400	5,300	48,100
11 to 15 years	-	-	10,600	-	12,100	22,200	6,000	50,900
16 to 20 years	-	-	12,000	-	12,100	23,500	6,800	54,400
21 to 25 years	-	-	6,000	-	12,100	24,700	7,700	50,500
26 to 30 years	-	-	-	-	12,100	-	-	12,100
	70,000	90,777	45,900	82,629	70,900	112,330	30,490	503,026

These amounts are exclusive of recoverable VAT.

The PFI commitments relate to contracts for the provision of financial and other services. The amounts shown assume payments due in 2004-05 are unchanged in future years. Future annual payments may in fact vary by unknown amounts in accordance with a formula based on operating requirements.

The Department has entered into seven PFI arrangements:

ARAMIS PFI Project with Liberata UK Limited is for the provision of accounting, management information and corporate IT services to the Court Service and Department Headquarters. The nine-year contract was signed in December 1997 and commenced on 6 January 1998. The majority of assets underlying the services provided are deemed to be off-balance sheet under FRS 5. The capital value of the contract is currently estimated to be £39.520m out of a total expected contract value of £217.12m. At the start of the contract certain IT assets owned by the Department transferred to Liberata. This created an initial prepayment of £0.413m, which the Department amortises over the life of the project. The outstanding balance is disclosed in the debtor's note.

Probate Records scheme with Iron Mountain Europe Limited is to provide storage and retrieval services. This contract was signed on 27 July 1999 for a period of 25 years. The assets underlying the services provided are deemed to be off-balance sheet under FRS 5. The capital value of the contract is estimated to be £10.900m out of a total expected contract value of £56.000m. The contract has been operational since January 2002

CCS (formerly LOCCS) PFI Project with Electronic Data Systems Limited (EDS) to supply IT services. The contract was signed on 30 September 1996 and covers the provision of computer systems, software development, support and maintenance for operational systems to the Court Service. The contract has been extended for a further 3 years to run for a total of 10 years. The majority of assets used in the provision of this contract are deemed to be on-balance sheet under FRS5. Some assets have also been provided under finance lease arrangements within the contract. The capital value of the contract is currently estimated to be £20m out of a total contract value of £288m. The costs have increased due to: roll out of the Xhibit system, introduction of e-Diary and roll out of the Possession Claims On Line Service. Disclosures regarding the assets and related liabilities are made in the appropriate notes.

The Libra project with Fujitsu Services is for the provision of IT services to the magistrates' courts. This contract came into effect in December 1998 and was set to run for 12 years. The ongoing service charges, expected to total £275.000m over the 12 years, were to be the responsibility of the Magistrates' Courts Committees. These would be funded by a grant from the Department and were therefore not disclosed as a departmental commitment. A variation to the contract was signed in July 2002. Under this new arrangement, Fujitsu Services will deliver the IT infrastructure and provide support until March 2007 but the Department will meet most of the costs directly. This is a significant reduction in the length of the contract. The figures included above are based on the new contract which has an estimated capital value of £25.467m out of a total contract value of £256.500m.

Exeter - this project provides a new courthouse comprising four criminal courts, one civil court and four District Judges Hearing rooms. Accommodation for the Probate Registry and for the Group Manager is also included. The contract, with Enterprise Civic Buildings Limited, was signed in November 2002 and runs for 30 years from completion of the building. The net present value of the project is £23.2m, while the capital value is £20.1m. The building was operational on 15 November 2004 when the first court session took place. The scheme has been assessed as being on-balance sheet under FRS 5. At the end of the PFI term the building will revert to the Department at no cost.

East Anglia - this project provides new court accommodation in East Anglia. Specifically, the project includes the provision of new Crown Court centres in Ipswich and Cambridge. The new accommodation was required to replace poor existing accommodation. Ipswich Crown Court consists of five criminal courtrooms; Cambridge Crown Court consists of three criminal courtrooms. The contract, with Modern Courts East Anglia Limited, was signed on 31 October 2002 and has a term of 25 years from completion of the buildings. The project has a net present value of £43.3m and a capital value of £34.5m. Both sites became fully operational on 7 June 2004. The scheme has been assessed as on-balance sheet under FRS 5. At the end of the PFI term the buildings in Ipswich and Cambridge will revert to the Department at no cost.

Sheffield - this project provides a new Family Hearing Centre in Sheffield. The new hearing centre was required to enable the court to deal with increasing workload levels and provide more appropriate facilities for family hearings. The new hearing centre consists of two family courtrooms, two hearing rooms and a training room which is capable of being converted into one large, or two small, hearing rooms. The contract, with Palecastle Limited, was signed on 21 November 2002 and has a term of 25 years from completion of the building. The new centre became operational on 15 June 2004 and court sittings commenced on 5 July 2004. The scheme has a net present value of £8.8m and a capital value of £7.7m. The scheme has been assessed as on-balance sheet under FRS 5. At the end of the PFI term the department has the option of acquiring the underlease at the lower of its open market value or £2m.

27. Other financial commitments

Following the variation of the LIBRA contract with Fujitsu Services, the Department entered into two contracts with the Technologies Group Ltd (STL) for the production of the software and with Accenture UK Ltd to act as Systems Integrator.

STL

The contract with STL was let in January 2003 and will run for five years, ending in January 2008. As well as a modernised version of the current software, STL will produce migration software to transfer data to the new system and provide training and support.

A variation to the contract was signed in October 2003. The effect of this variation was to move the development from Microsoft environment using Net, C# and SQL to Java / Oracle and to move from a three phase delivery to six phases. The total contract value is currently £37.2m although discussions about the timing of when the second phase will be delivered may change this value.

Accenture Ltd

Signed in October 2003, the contract with Accenture is primarily for hosting (installing and supporting) the LIBRA case management application software (being developed by STL), hosting the MIS application software (being developed by Accenture) and implementing a means of data exchange with other criminal justice organisations and the banks of the magistrates' courts.

Accenture are also responsible, during the early years of the contract, for migrating magistrates' courts off their old legacy case management systems to LIBRA and training the magistrates' courts staff in the use of these applications.

The contract will run for five years and the Department has the option to extend it by three. The current contract value is £45.7m although discussions about the timing of when the second phase of the Libra Application will be delivered may change this value.

Refresh

LIBRA Strategic Implementation System (LSIS) payments made under the contract with Fujitsu Services are treated as prepayments in so far as they exceed amounts needed to settle outstanding liabilities. A refresh of the technology commenced in 2004-05 and completed in May 2005 at a cost of £12.083m. No extra payments were made by the Department to cover this cost. Instead, an equivalent amount was released from prepayments for capitalisation.

28. Contingent liabilities

Contingent liabilities required to be disclosed under FRS 12

The Department has several small works of art on loan other than from the Government Art Collection.

The Department is involved in a number of cases that have been brought before the European Court of Human Rights. Offers to encourage early settlement have already been made where it was thought sensible to do so by the Department. The final outcome and costs to the Department and the number of these cases cannot be reliably predicted at this time.

The Department is involved in seven cases before the Employment Tribunal. They involve fee paid judicial office holders claiming retrospective pension rights. It is not possible to calculate the potential loss to the Department of a negative judgement, as a precedent would be set for up to 5000 other office holders with potential claims dating back 20 years.

In two separate employment tribunal cases, the Department is being sued in respect of discrimination by judicial post holders. The aim is to settle both cases for a total of no more than £0.250m excluding costs.

The Department has a current obligation in a Trust case that concerns its tax treatment over the past 30 years. HM Revenue and Customs may find that the Department is responsible for 20 years of tax and interest, along with any penalties. This could give an estimated total cost of £0.300m.

The Public Guardianship Office has undertaken a Quality Review project, which may result in the agency incurring financial losses due to historical poor management practices. Where a reliable estimate could be made of the potential loss, a provision has been made. However, although the agency does not anticipate any further losses, the risk remains that further liabilities may be identified before the project is completed.

The Department has a legal obligation under the Administration of Justice Act 1982 to make good any default that the Accountant General or manager of the Common Investment Scheme may be guilty of, with respect to any money, securities and effects for which they are responsible. There is no known liability at present.

The recent sixth edition of Her Majesty's Revenue and Customs' VAT guidance notes for Government Departments has clarified the list of eligible services under the Treasury (Contracting-out) Direction. The Department is currently reviewing its claims against this guidance to ensure that it has correctly claimed refunds of VAT.

Contingent liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability

The Legal Services Commission, sponsored by the Department, is an executive non-departmental public body, responsible for publicly funded legal cases. At any one time there will be several million live cases, and therefore a value for outstanding liabilities is arrived at through an estimation process. The Commission has included a provision in its 2004-05 published Annual Report and accounts amounting to £2.305bn (2003-04 £2.825bn).

The Commission has also reported in its 2004-05 accounts a shortfall in funding of £26.614m (2003-04 £17.976m) in its pension schemes.

29. Losses and special payments

Losses statement

There were 23,575 (2003-04 217,590) cases involving losses totalling £ 7.814m (2003-04 £37.171m).

Special payments

There were 534 (2003-04 1,162) special payments totalling £0. 303m (2003-04 £1.002m).

Fees remitted

There were 35,652 (2003-04 31,200) cases where fees were remitted. The total value was £3.835m (2003-04 £2.408m).

30. Related parties

Associated departments and other central Government bodies

The Department for Constitutional Affairs is the parent of the Court Service and the PGO and sponsor of the Legal Services Commission and the Information Commissioner's Office. The Department is also accountable to Parliament for the operation of the magistrates' courts. All of these bodies are regarded as related parties with which the Department has had various material transactions during the year.

The Scotland Office works closely with the Scottish Executive from which most of the staff are loaned. Advice and assistance were provided by the Executive for some specialised areas where they have greater expertise, such as IT, accommodation and finance. Not all of these services were covered by Service Level Agreements during the year.

The Wales Office funds the National Assembly for Wales. The National Assembly for Wales is thus regarded as a related party with which the Wales Office has had various material transactions during the year.

In addition the Department for Constitutional Affairs has had a small number of transactions with other Government departments and other central Government bodies.

Private companies

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains, on behalf of the Secretary of State and Lord Chancellor, the Register of County Court Judgements. In view of its role and its relationship with the Secretary of State and Lord Chancellor, Registry Trust Limited is regarded as a related party. Income received from Registry Trust Limited in the year to 31 March 2005 amounted to £0.121m (2003-04 £0.123m).

Graduated Fees Scheme

It is the Lord Chancellor's role to authorise the rates of payment under the Graduated Fees Scheme. These rates are implemented by the Legal Services Commission, when calculating remuneration of Family Barristers involved in legally aided proceedings. The Lord Chancellor's spouse, Marianna Hildyard QC, is a Family Barrister in receipt of such payments.

Changes to this scheme during the 2004-05 financial year are outlined in Statutory Instrument 2005 No.184, available at: www.opsi.gov.uk.

Salary paid in respect of Recorder fees

It is also the Lord Chancellor's role to authorise changes to the annual salaries of the Judiciary, including Recorders. The Lord Chancellor's spouse, Marianna Hildyard QC, is a Recorder in receipt of such payments. Fees paid directly to her by the Department in respect of performance of duties amounted to £10,808.50 (2003-04 £13,225.00).

Council for Licensed Conveyancers

The Council for Licensed Conveyancers (CLC) was established by the Administration of Justice Act 1985 ('the Act'). The CLC makes rules under section 38 of the Act with the concurrence of the Lord Chancellor. The Lord Chancellor is responsible for agreeing any changes in the rates of charge imposed by the Council for Licensed Conveyancers and also has to approve any rules changes that have an impact on the Department's work.

31. Third party assets

The Department holds additional third party assets, over and above those monies disclosed in notes 17 and 18 of this account. It holds these through its two agencies, the Court Service and the Public Guardianship office (PGO), and also through an associated office, the Official Solicitor and Public Trustee (OSPT). Its current systems do not support full disclosure of third party assets but the Department is taking the necessary steps to address this.

Court Service

	31 March 2004	Gross inflow	Outflows	31 March 2005
	£000	£000	£000	£000
Third Party Monies	4,271	55,885	(56,312)	3,844

Court Funds Office

The Court Funds Office manages money held in court on behalf of clients who may: be involved in a civil legal action; be patients who, under the Court of Protection, are not able to manage their property and affairs; be children under the age of 18. These are non-departmental assets and are not included in these accounts. The assets held at the balance sheet date to which it was practical to ascribe monetary values comprised cash, securities and unit holdings in the Common Investment Scheme. These items, with values as at 28 February 2005, are listed below:

Cash – held and invested on behalf of the Accountant General of the Supreme Court through the Commissioners for the Reduction of the National Debt - £4,260m (2003-2004 restated £3.960m).

Common Investment Scheme – administered on behalf of the Secretary of State and Lord Chancellor by an appointed Investment Manager. The Accountant General holds unit shares in the Index Tracker Fund on behalf of the beneficiaries. The Index Tracker Fund is a balanced portfolio managed by the Investment Manager in accordance with the investment strategies in force at the time - £36.300m (2003-2004: £30.400m).

Further information is contained in the Funds in Court published White Paper Accounts, which are audited by the Comptroller and Auditor General and laid before Parliament.

Public Guardianship Office (PGO)

The Agency holds as custodian certain assets belonging to third parties. The Chief Executive of the Public Guardianship Office has a duty as Receiver of Last Resort (Receiver) to account for clients' financial position in a manner which ensures accuracy and efficiency and allows for timely recording and reporting. The Chief Executive is therefore responsible for the effective stewardship of clients' assets and monies including the maintenance of proper financial control and accounting systems. The Chief Executive responsibility remains until another Receiver is appointed and assets transferred or in the event of the client's death, the client's nominated Personal Representative accepts transfer of assets to them. Once a new Receiver of Personal Representative has been appointed the Chief Executive has custodial responsibility of assets until the actual transfer has taken place. The assets held have declined significantly during the financial year due to a reduction of the number of last resort cases being administered. This decline will continue as this activity is being progressively migrated to external Receivers.

	31 March 2005	31 March 2004
	£000	£000
Cash and deposits		
Cash Balances at PGO	1,537	2,288
Securities	3,508	12,765

In addition to the above amounts there is also a Cash Balance of £11.747m (2003-04 £24.286m) held at the Court Funds Office which is included in their respective figures above.

Other significant assets held at the balance sheet date to which it was not practical to ascribe monetary values comprised physical assets, being number and asset category as listed below:

	31 March 2005	31 March 2004
	£000	£000
Unlisted financial assets	198	235
Residential property	66	186
Farms and other agricultural holdings	0	7
Other property assets	3	5
Chattels	1,064	1,492

Official Solicitor and Public Trustee

The Official Solicitor (OS) administers estates and trusts as Administrator/Trustee of Last Resort. He might be called upon to manage an estate for someone entitled to a Grant of Administration, but who is incapable of applying because of mental illness. He may also act as the administrator of the estate of a deceased person, to facilitate a claim being brought under the Inheritance Act. The OS might act as Judicial Trustee in disputes involving the trustees and/or beneficiaries about the administration of an estate. The OS also manages a number of trust funds for children.

The Public Trustee (PT) acts as Executor or Trustee where he has been appointed under a will or new settlement. The PT may also be asked to administer the estate of an individual who has died intestate. He may be asked to take over existing trust or settlement, by the existing trustees or by order of court. The PT also administers certain pension, friendly society and other institutional funds.

	31 March 2005	As restated 31 March 2004
	£000	£000
Cash and deposits		
Cash	49,268	40,865
Investments	242,648	239,902
Non Cash Assets	33,709	33,700

32. Financial instruments

FRS 13, Derivatives and Other Financial Instruments: Disclosures, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which Government departments are financed, the Department is not exposed to the degree of financial risk faced by business entities.

Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

As permitted by FRS 13, debtors and creditors that mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

Liquidity risk

The Department's net resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. It is not, therefore, exposed to significant liquidity risks.

Interest rate risk

Most of the Department's cash balances carry nil or fixed rates of interest. It is not, therefore, exposed to significant interest rate risk. Balances with the National Loans Fund attract a variable rate of interest. This interest is paid over directly to the Consolidated Fund.

Foreign currency risk

Foreign currency income and expenditure are negligible.

33. Post Balance Sheet events

The following changes have occurred since the end of the financial year, which are non-adjusting events but which have an impact on future activities.

DCA has taken on responsibility for the Queen Anne's Gate building from the Home Office, with effect from 18 April 2005.

34. Actual outturn – resources and cash

Actual outturn – resources and cash

Request for Resources 1: actual amount net resource outturn £3,349,124,235.50. Actual amount of savings in resource over Estimate £57,450,764.50.

Request for Resources 2: actual amount net resource outturn £19,073,769,297.66. Actual amount of savings in resource over Estimate £2,315,614,702.34.

Request for Resources 3: actual amount net resource outturn £9,877,364,304.55. Actual amount of savings in resource over Estimate £356,124,695.45.

Actual outturn – cash

Net cash requirement: outturn net requirement £32,134,624,424.98 which is £2,819,690,575.02 less than Estimate.

The actual receipts to be surrendered to the Consolidated Fund were £265,955,118.55

