

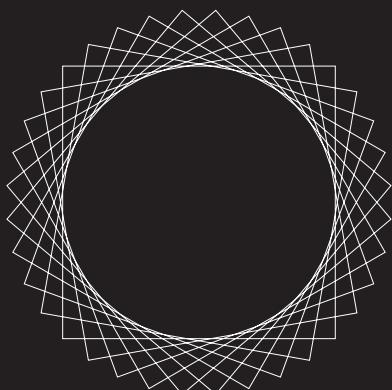
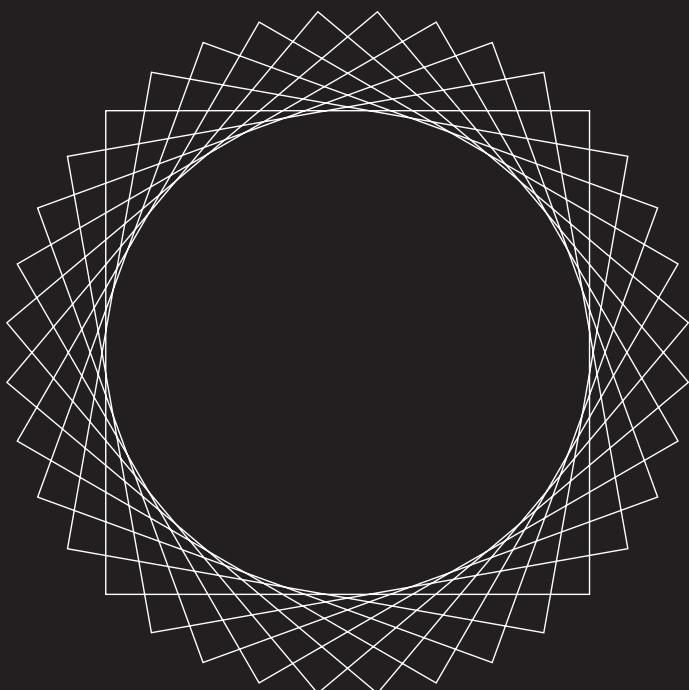
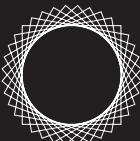


Ministry
of Justice

Ministry of Justice

Annual Report and Accounts

2014–15



Ministry of Justice

Annual Report and Accounts 2014-15

(For the year ended 31 March 2015)

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty

Annual Report and Accounts presented to the House of Lords by Command of Her Majesty

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Forewords

By the Lord Chancellor and Secretary of State for Justice

The last year has seen the delivery of significant reforms, including the Transforming Rehabilitation Programme, whilst delivering value for money and driving out unnecessary spend. Reducing reoffending, protecting the public and improving support for victims, have been a central focus of attention and much progress has been made.

The market for offender management has been opened up to the public and private sector to provide the best service for offenders and as a result, from 1 June 2014 the responsibility for providing probation services has now transferred to 21 Community Rehabilitation Companies (CRCs) and the new National Probation Service (NPS).

Under new legislation in the Offender Rehabilitation Act 2014, 45,000 offenders on short sentences, with the highest offending rates, will have access to 12 months rehabilitation on release for the first time. A nationwide network of resettlement prisons is being created to see offenders managed by the same provider from custody into the community, ensuring a proper through-the-gate approach to rehabilitation. This will be supported by probation staff working with the offender to set up a rehabilitation plan within the first few days of an offender entering prison so progress can be monitored and the individual adequately supported throughout their time in prison, up until their release into the community.

Work to transform and modernise the prison system continues, including a £157 million contract that has been signed for the construction of a new prison in Wales. A commitment to construct four new house blocks at established prisons in order to provide modern accommodation at a lower cost to the taxpayer has also been met. The house blocks are in the process of being made operational and 1,250 new places will be available for use by July 2015.

In order to reduce the reoffending rate for young offenders, youth custody is being transformed to create a more cost-effective system where young people are appropriately punished, while at the same time receiving the support and education required to turn away from a life of crime. We have awarded new education contracts in Young Offender Institutions which will more than double the number of hours of education young people receive.

We have invested further to put victims at the heart of the Criminal Justice System. It is important that criminals, not taxpayers, are contributing more to services that support victims and we have extended and increased the Victims' Surcharge to reflect that. Thirteen new rape support centres have been delivered and two further centres have been commissioned with partial funding from the Victims Surcharge. Grants continue to be awarded to eighty-four Rape Support Centres. This funding will help make sure women, girls (and men, for the first time via the Male Rape Support Fund) have crucial access to counselling, advice, peer support and drop-in groups.

We have also digitised services in order to create a more effective and efficient justice system. 'Our Commitment to Victims' sets out how we would support victims in their journey through the CJS and we are making progress in delivering those reforms; a new online Victims Information Service has been launched to better provide victims with access to information in one place including links to support services in their local area, should they need it.

The first ever Global Law Summit was hosted in February this year to showcase the UK as a world leader in legal services and business, and promote the Rule of Law on the 800th anniversary of the sealing of Magna Carta. Our legal system is one of the UK's greatest exports and the summit provided an opportunity for legal experts from around the world to share ideas and knowledge and help develop their legal systems.

The Criminal Justice and Courts Act 2015 was introduced to bring forward a series of tougher sentencing measures, new criminal offences, and a more balanced judicial review system, all of which came into force on 13 April this year. The Act also reduces the burden of the cost of courts on taxpayers by introducing the Criminal Courts Charge so offenders pay towards the cost of their court cases. It brings in further reforms that balance the judicial review system so justice is done while ensuring costly applications no longer impede progress.

The opening of East London Family Court in November 2014 completed the establishment of three family court centres in London, in line with the principles of the new single Family Court in England and Wales. The East London Family Court is specially designed and equipped to support video-link hearings in four of the courts for the benefit of vulnerable witnesses.

It has been a busy and challenging year in transforming and modernising our services. We have achieved a great deal in making substantial reforms to the Criminal Justice System including opening up probation services to competition. Looking forward, we will be seeking to ensure that human rights are enhanced and preserved, making sure that prisons are a place of rehabilitation and not just incarceration, that the court system runs as effectively and efficiently as possible, and that access to justice is fair.

A handwritten signature in black ink, appearing to read "Michael Gove".

**The Rt Hon Michael Gove MP
Lord Chancellor and Secretary of State for Justice**

By the Permanent Secretary

It is my pleasure to introduce the Ministry of Justice Annual Report and Accounts 2014-15.

A year ago we published our plan to improve the way the Department works. Since then, we've focused on developing staff skills in key areas and on improving the ways we innovate, work together, and manage change. We've also worked to communicate our purpose really clearly to colleagues across the Department, ensuring that we're all pulling in the same direction and we have made substantial steps internally to set a clear strategic direction and maximise our capability and efficiency.

Several groups within the Ministry of Justice (MoJ or the Department) Headquarters and some of our Executive Agencies have already adopted new facilities and ways of working to better reflect the greater agility of our staff and meet the civil service reform challenge. It has enabled us to work seamlessly across locations by introducing better technology and modern workspaces which will continue to be implemented across MoJ.

We are the first Government Department to deliver four digital exemplar projects under the Government Digital Transformation Programme. The Office of the Public Guardian Lasting Power of Attorney was the latest digital service provided to the public online and is the first exemplar service to pass the Digital by Default service standard. It joins the prison visit booking system, online employment tribunal claims, and accelerated possession applications.

In a challenging financial environment it continues to be a priority to focus on the importance of efficiency and value for money in all that we do. We have strengthened our systems to provide clear personal accountability and active management of risks and contracts by creating the Commercial & Contract Governance Committee who oversee commercial and contract management and maintain the appropriate level of oversight from our senior leaders.

Our achievements and progress this past year place us in good stead to continue to pursue the agenda set out in our Departmental Improvement plan and to align our activities to the priorities of our new Secretary of State for Justice and Ministerial team.



Ursula Brennan
Permanent Secretary

By the Lead Non-Executive Board Member

The MoJ performed well overall in 2014-15. The Department has continued to progress and deliver a number of major change programmes which reflect the priorities of the Secretary of State for Justice. Most notably the Transforming Rehabilitation Programme, including the creation of the National Probation Service and Community Rehabilitation Companies, was successfully completed in June 2014, and attention has now turned to effective implementation of the new arrangements. In addition, the Department has undertaken work to respond to pressures in the prison population and the criminal justice system in general, implemented a suite of reforms to Legal Aid, and initiated reforms to Her Majesty's Courts & Tribunals Service (HM Courts & Tribunals Service).

These initiatives have all been taken forward in the context of substantial budget constraints. The Spending Review 2010 (SR10) period, of which 2014-15 was the final year, saw a circa 27% real terms decrease in the Department's budget. Living within the Department's settlement has been achieved through two main elements; operational and back office efficiencies, which accounted for circa 60% of savings, and policy reforms. Some of these efficiencies were identified by disciplined benchmarking of costs and performance; for example by taking this approach, progress was made with respect to areas previously regarded as less strong, such as public sector prisons which will deliver annual savings of £300m by 2015-16.

The MoJ Departmental Board (the Board) met on eleven occasions from 1 April 2014 to 31 March 2015. The Board regularly discussed:

- The Department's 'in-year' financial position;
- Financial projections for the forthcoming years;
- The Department's portfolio of major projects and programmes;
- The operational performance of the MoJ overall and its Executive Agencies;
- Current issues and risks; and
- Business case approvals.

In 2013, at the request of the Secretary of State for Justice, I led an independent review of contract management within the Department. The review identified long-standing and significant weaknesses in contract management and recommended improvement actions to be implemented without delay. The Board has been kept informed of progress of the programme of work to address the recommendations of my review, aimed at raising standards of performance in this area. As a result of action by the Department and Executive Agencies there is now strengthened commercial and contract management capability and new governance arrangements in place.

The Board has seen some changes in membership over the last year across Ministers and Executives. In September we welcomed Andrew Selous and Mike Penning to the Ministerial team, and in January 2015 we welcomed Natalie Ceeney as Chief Executive of HM Courts & Tribunals Service following the retirement of Peter Handcock. At the end of February Antonia Romeo left the Department as Director General for Criminal Justice, with her replacement, Indra Morris joining us in April 2015.

Further changes to the Ministers and Executives have recently been announced since the general election.

I have recently completed the fourth Board Effectiveness Evaluation which has shown a positive and improving picture with respect to the operation of the Board, with Board members confirming it is working well. The evaluation shows some improvement in the Board's understanding of the key risks and performance of Arms Length Bodies (ALBs), but that there remains some more work to do in this area.

The Board is supported by two Committees; the Audit and Risk Committee and the Nominations Committee, both of which have met five times.

The Department has taken forward a significant programme of work to embed the recommendations from the 2013-14 Departmental Improvement Plan, focussing on seven areas and supported by a narrative and programme of engagement which has been taken up by the majority of staff within the Department. Through the Nominations Committee, the Non-Executives have been informed of progress against the plan and provided active support to the Department in the approach it takes to delivery, development and direction.



Tim Breedon
Lead Non-Executive Board Member

Addendum

Tim Breedon stood down as Lead Non-Executive on 1 June 2015. A process for appointing a new Lead Non-Executive Board Member is underway.

Strategic report

Our vision and strategy

MoJ delivers some of the most fundamental services any state owes its citizens. Our work transforms lives, raises aspirations, and helps people and businesses to resolve disputes quickly. We are committed to making sure that offenders are properly punished, to prioritise needs of victims, and to support those who need our help. Our vision is to deliver an efficient, fair and effective justice system, improving the services and outcomes we deliver for the public, and at the same time reducing the cost to the taxpayer. We are also committed to ensuring a legal and rights framework that is clear and proportionate and upholds the rule of law, and to secure the United Kingdom's interests in these areas on the European and wider international stage.

Further details can be found in the Departmental Improvement Plan at:
www.gov.uk/government/publications/ministry-of-justice-improvement-plan-april-2014.

Our work

MoJ has responsibility for a number of different parts of the justice system - the courts, tribunals, prisons, legal services, youth justice, probation services, and attendance centres. Our work spans criminal, civil, family, and administrative justice and we are also responsible for making new laws and safeguarding human rights. We work in partnership with other government departments and agencies to serve the public, improve the CJS, and support victims of crime.

We have five Executive Agencies which were responsible for the delivery of the majority of our services to the public: HM Courts & Tribunals Service, National Offender Management Service (NOMS), the Legal Aid Agency (LAA), OPG and, the Criminal Injuries Compensation Authority (CICA) supported by a smaller corporate centre. We provide services across England and Wales, and in the case of HM Courts & Tribunals Service, non-devolved tribunals in Scotland and Northern Ireland.

Our courts and tribunals service covers criminal, civil and family justice, which ensure that offenders are punished, disagreements between individuals and those between family members can be resolved. Our offender management services work to ensure that the public is protected and reoffending reduced by delivering the punishment and orders of the courts, and also to support rehabilitation by helping offenders change their lives. We are responsible for the provision of legal aid in England and Wales through the LAA. On 1 April 2014, a number of changes were made as the Children and Family Court Advisory and Support Service (Cafcass) transferred from the Department for Education to MoJ and, following the triennial review, CICA made the transition to Executive Agency status.

Our structure

MoJ is one of the largest government departments. Each year millions of people use our services across the UK - including at around 500 courts and tribunals, and 119 prisons in England and Wales (14 operated by the private sector under contract), four NOMS operated immigration removal centres for Home Office Immigration Enforcement, as well as 16 legal aid offices (excluding Public Defender Service offices).

The MoJ Core Department, often referred to as 'MoJ Headquarters' (MoJ HQ), is responsible for supporting the Secretary of State for Justice and his ministerial team in policy, funding and regulatory functions, as well as providing key services to other bodies within the Department.

Much of the delivery of MoJ services is provided by five delivery arms, all of which are Executive Agencies of MoJ. The table below shows the MoJ structure on the date of publication:

Executive Agencies	Responsibility
HM Courts & Tribunals Service	Responsible for the administration of the courts and tribunals system, including the High Court, Crown Court, Magistrates' Courts and County Courts, in England and Wales and common administrative support to the main central government tribunals including non devolved tribunals in Scotland and Northern Ireland.
Legal Aid Agency (LAA)	Oversees the provision of legal aid in England and Wales.
National Offender Management Service (NOMS)	To commission and provide offender management services in the community and in custody whilst ensuring best value for money from public resources. NOMS works to protect the public and reduce reoffending by delivering the punishment and orders of the courts and supporting rehabilitation by helping offenders to reform their lives.
Office of the Public Guardian (OPG)	Supports and promotes decision making for those who lack capacity or would like to plan for their future, within the framework of the Mental Capacity Act 2005.
Criminal Injuries Compensation Authority (CICA)	Administers the Criminal Injuries Compensation Schemes throughout England, Scotland and Wales, paying compensation to eligible applicants who have been the victim of a violent crime. CICA made the transition to Executive Agency on 1 April 2014.

In addition to the five Executive Agencies, there are a further eight Executive Non-Departmental Public Bodies (NDPBs) which form part of the Department and one Statutory Office. On 1 June 2014, 35 Probation Trusts - which were Executive NDPBs – were replaced by the NPS and 21 CRCs.

The Office for Legal Complaints (OLC) despite being a Statutory Office, is captured within the MoJ Departmental Group and therefore consolidated within these Accounts. As such, references to NDPBs throughout this Annual Report and Accounts include OLC information.

MoJ HQ and its Executive Agencies are also supported in delivering services by a number of advisory NDPBs and other offices such as the Victims' Commissioner and a list of these is provided in Note 23 to the Accounts.

Other entities including NDPBs	Responsibility
Children and Family Court Advisory and Support Service (Cafcass)	Helps 145,000 vulnerable children and young people each year who are going through the family justice system. Cafcass transferred from the Department for Education to MoJ on 1 April 2014.
Criminal Cases Review Commission (CCRC)	Investigates possible miscarriages of justice in England, Wales and Northern Ireland.
Information Commissioner's Office (ICO)	Reports to Parliament on aspects of data protection and freedom of information.

Other entities including NDPBs	Responsibility
Judicial Appointments Commission (JAC)	Selects judicial office holders on merit and independently of government through fair and open competition.
Legal Services Board (LSB)	Oversees approved regulators and licensing authorities in the legal sector such as the Solicitors' Regulatory Authority and the Bar Standards Board.
Office for Legal Complaints (OLC)	Oversees the work of the Legal Ombudsman which provides a free complaints resolution service to members of the public, very small businesses, charities and trusts.
The Parole Board for England and Wales	Works with criminal justice partners to protect the public by risk assessing prisoners to decide whether they can be safely released into the community.
Youth Justice Board (YJB)	Administers the youth justice system in England and Wales.

The National Archives is a non-ministerial government department and an Executive Agency of MoJ but is not consolidated within the MoJ Departmental Accounts. The National Archives produce a separate Annual Report and Accounts which can be found at: www.nationalarchives.gov.uk/about/our-performance.htm.

Our priorities

The MoJ Business Plan 2012-2015 outlines our seven structural reform priorities. These are set by the Secretary of State for Justice and his ministerial team, in discussion with the Prime Minister and the Cabinet. Our objectives are to:

- Promote UK growth;
- Continue work to transform rehabilitation services;
- Protect the public and punish offenders as part of a more effective and cost efficient custodial system;
- Transform youth custody;
- Transform our courts and tribunals and the criminal justice system;
- Transform legal aid; and
- Advance civil liberties and reform the law.

Transparency

Transparency is an integral part of the government's vision for how public services should be delivered. By making public services more transparent the government is aiming to: improve engagement with public services, including choice; drive improved service delivery including efficiency; promote social and economic growth; and increase the accountability of public services.

Key actions contributing to the transparency agenda that have been carried out in 2014-15 are as follows:

- The Justice Data Lab was launched as a pilot from April 2013, with the aim of providing easier access to aggregate re-offending data for organisations that provide services to offenders. Monthly statistics generated from the pilot were published for the first time in October 2013, and have continued to build a library of evidence on the effectiveness of rehabilitation approaches for offenders. During 2014-15, the Justice Data Lab won: the Royal Statistical Society Award

for Excellence in Official Statistics; the Government Finance Insight Award; and was short listed for the Civil Service Analysis and Use of Evidence Award. The Justice Data Lab pilot is now a permanent service offered by MoJ.

- We completed legal implementation of the remainder of the 20 year rule by applying it to records of local interest transferring to places of deposit, with a 10 year transition. This includes records of the lower courts, NHS Trusts and some environmental bodies and will improve the accountability of those outposts of government to their local communities as well as be of use in historical research. The changes build on those from 2012-13 to some Freedom of Information Act 2000 exemptions and the timing of transfers to The National Archives.
- The Freedom of Information Act 2000 was extended to Network Rail in 2015, and the Association of Chief Police Officers, the Universities and Colleges Admissions Service and the Financial Ombudsman Service in relation to their public functions in 2011. In addition, Academies were brought under the Act in 2010, and section 6 to the Act was amended in 2013 to bring in publicly owned companies that are wholly owned by any public authorities.

Our performance

The Department uses a range of indicators and other key data to measure performance, which are published at: www.gov.uk. Our input and impact indicators are designed to help the public to judge whether our policies and reforms are having the effect they want and whether they are cost effective. While the input indicators measure the resources that are put into the justice system, impact indicators provide a measure of the effectiveness of policies and reforms.

Rehabilitation Revolution	Type of data	Current period	Previous period
Adult proven re-offending (% , Current period: year to Jun 2013, Previous period: year to Jun 2012)	Impact indicator	25.1	25.1
Juvenile proven re-offending (% , Current period : year to Jun 2013, Previous period : year to Jun 2012)	Impact indicator	36.6	35.3
Adult proven prison re-offending (% , Current period: year to Jun 2013, Previous period : year to Jun 2012)	Impact indicator	45.2	45.5

Reduce the cost of adult custody while protecting the public and punishing offenders	Type of data	Current period	Previous period
Cost per prison place (Direct Resource) (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	26,744	27,675
Cost per prisoner (Direct Resource) (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	24,935	26,139

Transform Youth Custody	Type of data	Current period	Previous period
Average cost per place in the Secure Children's homes (£, Current period: 2014-15, Previous period: 2013-14)	Input indicator	202,000	209,000
Average cost per place in the Under -18 Young offender Institutions (£, Current period: 2014-15, Previous period: 2013-14)	Input indicator	56,000	60,000
Average cost per place in the Secure Training Centres (£, Current period: 2014-15, Previous period: 2013-14)	Input indicator	177,000	187,000
Average number of young people (under 18) on secure remand (Current period: 2013-14, Previous period: 2012-13)	Impact indicator	260	338

Cost of delivering an effective Courts and Tribunals system	Type of data	Current period	Previous period***
Staff and Judicial cost per sitting day in the Crown Court (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	Staff 541	Staff 540
Staff and Judicial cost per sitting day in the Magistrates' Court (£, Current period: 2013-14, Previous period: 2012-13)		Judicial 981	Judicial 988
Staff and Judicial cost per sitting day in the County Courts (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	Staff 981	Staff 1,005
Staff and Judicial cost per sitting day in Tribunals* (£, Current period: 2013-14, Previous period: 2012-13)		Judicial 130	Judicial 119
Total Tribunal Costs** (£, Current period: 2013-14, Previous period: 2012-13)	Input indicator	397,245,091	377,348,197

Court and Tribunal timeliness in hearing cases and related processes	Type of data	Current period	Previous period
Criminal Court (days, Current period: Oct-Dec 2014, Previous period: Oct-Dec 2013)	Impact indicator	161	154
Civil Proceedings (small claims hearings) (weeks, Current period: Oct-Dec 2014, Previous period: Oct-Dec 2013)	Impact indicator	31.7	30.8
Civil Proceedings (fast/multi track trials) (weeks, Current period: Oct-Dec 2014, Previous period: Oct-Dec 2013)	Impact indicator	59.3	60.2
Care Proceedings (weeks, Current period: Oct-Dec 2014, Previous period: Oct-Dec 2013)	Impact indicator	28.7	33.6
Social Security and Child Support Tribunals (weeks, Current period: Oct-Dec 2014, Previous period: Oct-Dec 2013)	Impact indicator	23	21

Transform Legal Aid	Type of data	Current period	Previous period
Average cost per Civil Legal Aid Case (£, Current period: 2013-14, Previous period: 2012-2013)	Input indicator	1,612.0	1,017.7
Average cost per Criminal Legal Aid Case (£, Current period: 2013-14, Previous period: 2012-2013)	Input indicator	686	718.2

Advance Civil Liberties and Reform the Law	Type of data	Current period	Previous period
Number of new criminal offences (Current period: 12 months to May 2014, Previous period: 12 months to May 2013)	Impact indicator	280	327

Notes to tables

* Staff and Judicial cost per sitting day in Tribunals differ to those previously published due to updated information

** Total Tribunal Costs differ to those previously published due to updated information

*** Previous period differ to those previously published due to updated information

Contextual information on results figures

A list of input and impact indicators and other key data are available at: www.gov.uk. Structural Reform Plan figures are based on the MoJ Business Plan 2012-2015.

The Department's environmental performance is set out in the Sustainability Report on page 26.

Principal risks and uncertainties

The Executive Committee of the Board identifies the top strategic risks facing MoJ and ensures that named individuals are responsible for monitoring the risks. Risks are recorded on a risk register and the register is reviewed regularly to ensure that all risks are monitored and appropriate mitigation strategies are implemented. Further details on strategic risks can be found in the Annual governance statement on page 41.

Other MoJ boards and committees manage those risks that fall within their specific areas of responsibility and, as appropriate, will escalate risks for inclusion in the strategic risk register.

Structural Reform Plan actions

Between 1 April 2014 and 31 March 2015 we completed 38 of 86 actions from our Structural Reform Plan. Of these, 34 were completed on schedule and five were completed after the target month. At the end of this period, nine actions that were due to have been commenced or completed remained outstanding.

Below is a summary of key actions completed by the Department from our Structural Reform Plan in 2014-15. The full breakdown of individual actions, as well as our progress against each, can be found at: <http://transparency.number10.gov.uk>.

Key Structural Reform Plan actions completed in 2014-15

Promoting UK Growth				
1	2	iv	Introduce reforms to the judicial review process so that minor procedural claims are dealt with proportionately and allow appeals to 'leapfrog' directly to the Supreme Court in a wider range of circumstances	
1	3	i	Deliver surplus land with the potential to create 1,944 housing units	Mar-15

Rehabilitation Revolution				
2	1	iii	Design the structure of the new public sector probation service to be as efficient as possible. Commission contracts for the competed services over geographical areas which align as far as possible with other criminal justice services	Feb-15
2	1	iv	Organise public sector probation services in the way which will best enable it to deliver its core functions	Jun-14
2	1	v	Compete services delivered under the majority of our current spend in the community, with contracted providers responsible for rehabilitating the majority of offenders and delivering community order and licence requirements for them	Feb-15
2	2	ii	Support the Department of Health on the social care legislation to create a statutory responsibility to ensure that adult prisoners receive the same level of social care as people would receive in the community	Apr-15
2	2	iii	Work with the Department of Health to explore alternative forms of treatment-based accommodation for mentally ill and substance misusing offenders	Nov-14
2	2	iv	Develop and roll out youth and adult liaison and diversion services	Mar-15
2	2	v	Support selected pilot sites to implement a local payment by results scheme for drug and alcohol recovery, capture best practice and share learning	Apr-14
2	2	vi	Publish the drug and alcohol recovery pilots' payment by results information, subject to commercial confidentiality and guidance from the UK Statistics Authority	Apr-14

Protect the public and punish offenders as part of a more effective and cost efficient custodial system

3	1	iii	Compete the works and facilities management services in public sector prisons	Nov-14
3	1	iv	Build four new house blocks at Her Majesty's Prisons (HMP) Parc in South Wales, Peterborough in Cambridgeshire, The Mount in Hertfordshire and Tameside in London	Apr-15

Implement reforms to the sentencing framework in England and Wales, to ensure that the courts have the right options at their disposal when dealing with offenders

3	2	ii	Introduce legislation to underpin and support the Transforming Rehabilitation Reforms	Mar-14
3	3	ii	Increase removal of foreign nationals from prisons through holding foreign national prisoners in specific establishments which facilitate Home Office enforcement activity; and through use of the Early Removal Scheme and Tariff Expired Removal Scheme	Dec-14
3	3	iii	Work with the Home Office to ensure foreign nationals are identified at the earliest opportunity in the criminal justice process; assess the timeliness of referrals from NOMS; and strengthen processes so that all FNOs are referred to the Home Office when sentenced to custody	Dec-14
3	3	v	Work with other Member States to ensure that procedures under the EU Framework Decision work smoothly from the date of implementation	Mar-14
3	4	i	Implement reforms to improve medical examinations, evidence and reporting for Whiplash Claims	Mar-15

Transform Youth Custody

4	2	i	Implement secondary legislation and separately monitor arrangements to assess their impact, including on reducing the level of secure custodial remands	Mar-14
4	2	ii	Announce funding models for future years	Apr-14

Transform HM Courts & Tribunals Service and Criminal Justice System

5	1	i	Introduce proposals to reform HM Courts and Tribunal Service to ensure that courts and tribunals across the country operate as efficiently and effectively as possible	Dec-14
5	1	iv	Integrate in the region of 24 new appeal rights into the tribunal chambers structure	Mar-14
5	1	vi	Create Single Family and Single County courts to enable greater effectiveness and efficiency	Apr-14
5	2	v	Increase the number of cases which the police can prosecute by legislating for a value threshold below which shoplifting cases cannot be sent to the Crown Court	Jun-14
5	2	vi	Legislate to allow the majority of high-volume, low-level, "regulatory" cases to be dealt with away from traditional Magistrates Courts	Feb-15

Transform HM Courts & Tribunals Service and Criminal Justice System

5	2	ix	Publish the joint Government and Police response to the consultation on the use of out-of-court disposals	Nov-14
5	3	iv	Establish and maintain funding arrangements for 13 new rape support centres	Sep-14
5	3	v	Move to a mixed model of local and national commissioning of support services for victims, with Police and Crime Commissioners commissioning the majority of services at the local level	Dec-14
5	4	i	Scope new tribunal funding/fee models, building information on the full cost of appeals and claims – from initial decision to the end of the tribunal process	Mar-14
5	4	ii	Strengthen protection from rogue bailiffs while making sure that debts can be collected fairly	Apr-14
5	4	iii	Develop and implement a fees strategy to achieve full cost recovery in the civil and family courts	Apr-14
5	4	iv	Reform Family Law to reduce delay in care proceedings and encourage greater use of family mediation as an alternative to court in private disputes between family members, working with Department for Education	Nov-14
5	5	i	Review interim findings of the evaluation of pre-recorded cross-examination of vulnerable witnesses to inform a decision on national roll-out	Mar-15

Transform Legal Aid

6	1	iv	Launch the tendering process for the competition of criminal legal aid, subject to consultation outcome	Apr-14
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Advance civil liberties and reform the law

7	1	i	Extend the Freedom of Information Act to further organisations	Mar-15
7	1	iii	Commence phase II of the change to a “20 year rule” for the release of public records	Jan-15
7	3	iii	Introduce further legislative and non-legislative measures to enhance the position of volunteers and those who act heroically, in the fourth session	Feb-15
7	4	i	Implement changes in the Crime and Courts Bill to reform judicial appointments and increase diversity	Apr-14
7	5	i	Deliver the Government approach to the exercise of the Lisbon Treaty “opt-out” decision, working with the Home Office and other Departments	May-14

Our finances

The Department has faced a challenging reduction in funding since 2010. The Spending Review 2010 (SR10) period, of which 2014-15 is the final year, saw a circa 27% real terms decrease in the Department's budget - requiring delivery of around £2.7bn of annual savings. The Spending Round 2013 (SR13) settlement for 2015-16 requires a further 10% real terms cut on 2014-15 baseline costs.

Review of Outturn against Estimate for 2014-15

In 2014-15, MoJ spent £7,591.5m - £7,459.6m voted and £131.9m non-voted - within Parliamentary Supply Estimates (Spring Supplementary Estimate). The use of these resources is reported in the Statement of Parliamentary Supply on page 56.

Movements in Estimate provision during 2014-15

At the start of the year MoJ was voted £7,376m in Resource Departmental Expenditure Limits (RDEL), £301m in Capital Departmental Expenditure Limits (CDEL) and £121m Resource Annually Managed Expenditure Limits (RAME) in its Main Estimate. By the final Spring Supplementary Estimate:

RDEL had increased to £7,710m due to the following main reasons:

- RDEL – Drawdown from HM Treasury of £218m to fund additional cost pressures within MoJ (NOMS prison costs);
- RDEL – Drawdown from HM Treasury of £120m to fund Voluntary Early Departure and Modernisation Schemes;
- RDEL – Drawdown from HM Treasury of £110m to fund payments in connection with fee paid judicial office holders' claims;
- RDEL – Transfer from Department of Work and Pensions of £4m in relation to additional costs incurred in the Social Security and Child Support Tribunal;
- RDEL – Transfer from HM Revenue and Customs of £3m in relation to the Tax Expansion Project;
- RDEL – Transfer from Home Office of £2m in relation to Immigration Act 2014 implementation costs;
- RDEL – Budget Exchange from 2014-15 to 2015-16 of £(100)m;
- RDEL – Transfer to Department of Health of £(18)m in relation to Health Costs of Prisoners;
- RDEL – Transfer to Home Office of £(5)m in relation to the Victims Fund; and
- RDEL – Reduction in Budget of £1m due to the revised Value Added Tax treatment of legal bills.

CDEL had decreased to £296m due to the following reason:

- CDEL – Transfer to Cabinet office of £(5)m in relation to the Identity Assurance Framework.

RAME had increased to £181m due to the following reasons:

- RAME – Increased provision of £35m in relation to the effects of International Accounting Standard 19 ‘Employee Benefits’ on probation pensions;
- RAME – Increased provision of £15m in relation to Judicial Long Service Award in connection with fee paid judicial office holders’ claims; and
- RAME – Impairments of £10m in relation to the YJB estate.

Explanation for variances between Estimate, Net Resource and Capital Outturn

Overall there was an underspend of 7% (£604.7m) on the voted MoJ Departmental Estimate of £8,064.3m. This was driven by RAME underspends primarily due to higher than expected impairment reversals in the value of the estates as a result of favourable market movements, the provision requirements being less onerous than predicted for LAA and fee paid judicial office holder entitlements, and the negative RAME impact for the utilisation of the latter provision being higher than anticipated.

The voted RDEL underspend of 2% (£121.5m) is predominantly due to lower than expected depreciation caused by reductions in the MoJ asset base.

Statement of Parliamentary Supply Note 2 to the Accounts provides a breakdown of this position for each subhead in the Estimate. The reasons for major variances in excess of both £10m and 5% are set out in the following tables.

Spending in Resource Departmental Expenditure Limits (RDEL)	Outturn £000	Estimate £000	(Overspend)/ Underspend £000	Percentage of Estimate %
Voted Expenditure				
A Policy, Corporate Services and Associated Offices	905,470	1,070,360	164,890	15.4
D Office of the Public Guardian	(14,821)	(5,848)	8,973	153.4
P Criminal Injuries Compensation Authority (net)	194,650	134,550	(60,100)	44.7
Non-Voted Expenditure				
R Higher Judiciary Judicial Salaries	148,256	141,000	(7,256)	5.1

Policy, Corporate Services and Associated Offices (Subhead A): The underspend of £164.9m against the Estimate was primarily due to lower than expected depreciation, resulting in an underspend of £131.3m. The depreciation calculated in SR10 forms the basis of the 2014-15 depreciation Estimate. Since SR10 there have been reductions in the MoJ asset base as a result of economic conditions and asset sales in accordance with the Department's strategic approach to estate rationalisation. The remaining underspend includes reduction in costs of £22.9m due to deferral of maintenance work and profit arising from the disposal of prison and probation estate, an underspend of £11.1m in MoJ from profits arising from the sale of Ashley House, deferral of ‘The Way We Work’ project and other Information, Communication and Technology spend.

Office of the Public Guardian (Subhead D): The underspend of £9.0m against the Estimate reflects a higher than budgeted Lasting Powers of Attorney fee income, and underspends across other areas such as staff costs due to extended delays in recruiting for vacant positions.

Criminal Injuries Compensation Authority (Subhead P): The overspend of £60.1m against the Estimate is the result of payments against the tariff provision being increased to reduce the outstanding liability, and Scottish Government co-funding being treated as a reduction in RDEL instead of Grant in Aid in this Estimate row.

Higher Judiciary Judicial Salaries (Subhead R): The overspend of £7.3m against the Estimate relates to the utilisation of the Judicial Service Award provision funded from the Consolidated Fund that had not been included in the non-voted Estimate.

Spending in Resource Annually Managed Expenditure (RAME)		Outturn £000	Estimate £000	(Overspend)/ Underspend £000	Percentage of Estimate %
T	Policy, Corporate Services and Associated Offices	(296,893)	(38,180)	258,713	677.6
U	National Offender Management HQ	140,115	178,500	38,385	21.5
W	HM Courts & Tribunals Service	(89,709)	36,300	126,009	347.1
	Legal Aid Agency – Criminal, Civil and Central Funds	(50,901)	-	50,901	n/a*

*No percentage as no original estimate

Policy, Corporate Services and Associated Offices (Subhead T): The underspend of £258.7m against the Estimate is mainly due to budget transfers from NOMS to MoJ Core of £140.8m, which includes significant impairment reversals on estates, consistent with the explanation for Subhead W. The provision requirements were also less onerous than predicted for fee paid judicial office holder entitlements, and the negative RAME impact for the utilisation of this provision was higher than anticipated for the current year.

National Offender Management HQ (Subhead U): The underspend of £38.4m against the estimate is due to the year end actuarial valuation of the Probation pension scheme producing lower than anticipated AME movements.

HM Courts & Tribunals Service (Subhead W): The underspend of £126.0m against the Estimate was due to a net reversal of impairments in the value of the estate of £91.5m compared to an estimated impairment charge of £30.0m which didn't eventuate. At the time of preparing the Estimate there was a lack of optimism within the building industry. However, at year end, favourable market movements, a higher than forecast Building Cost Information Service index, and higher location and beacon factors led to an overall increase in the value of the estate, which is predominantly valued based on the costs of replacing existing assets. Remaining underspend was due to provision movements been less than anticipated.

Legal Aid Agency - Criminal, Civil and Central Funds: This variance is an accounting provision and did not result in lower cash payments to legal providers in the current year. The variance of £50.9m against the Estimate is the result of non-cash movements in the LAA Work in Progress provision which is an estimate of cases that have commenced but have not yet been billed. The net decrease represents lower Civil (£62.6m) and Central Funds (£18.6m) Work in Progress provisions, due to lower volumes following changes in scope, offset by an increased Criminal Work in Progress provision £30.2m, due to an increase in Crown Court Sitting days and higher average costs following the ruling on Pages of Prosecution Evidence.

Reconciliation of resource expenditure between Estimate, Accounts and Budgets

	Estimate £'000	Actual £'000
Gross Administration costs	609,822	586,934
Less:		
Administration DEL Income	(21,687)	(42,342)
Net Administration costs (Accounts)	588,135	544,592
Gross Programme costs	8,828,621	8,022,492
Less:		
Programme DEL Income	(1,525,323)	(1,574,189)
Net Programme costs (Accounts)	7,303,298	6,448,303
Results of discontinued operations	-	263,228
Total Net Operating Costs (Accounts)	7,891,433	7,256,123
Adjustments to include:		
Capital Grant	-	(615)
Non-Budget Consolidated Fund Extra Receipts (CFER) in the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE)	-	5,775
Other adjustments *	-	40,398
Total Resource Budget	7,891,433	7,301,681
<i>Of which:</i>		
Resource DEL	7,710,333	7,597,268
Resource AME	181,100	(295,587)
Total Resource Budget	7,891,433	7,301,681

* Other adjustments includes Private Finance Initiative (PFI) adjustments of £40.7m offset by other capital expenditure adjustments of £0.3m.

The budgetary information shown in Annex A: Public Expenditure Core Financial Tables provides more detailed information on the budget outturn.

Quarterly Data Summary

Under the Quarterly Data Summary framework, departments' spending data is published every quarter to show the taxpayer how the government is spending their money. The Quarterly Data Summary breaks down the total spend of the Department in three ways: by budget, by internal operation, and by transaction.

2014-15 spending per Quarterly Data Summary

	£'000
Total Spend	£'000
A - Spend by budget type *	
A1 DEL, sub-total	7,450,165
A2 AME, sub-total	(295,587)
A1+A2 Total Spend per Quarterly Data Summary	7,154,578
B - Spend by type of internal operation *	
B1 Cost of running the estate, sub-total	88,944
B2 Cost of running IT, sub-total	493,721
B3 Cost of corporate services, sub-total	221,911
B4 Policy and policy implementation, sub-total	480,316
B5 Other costs	7,196,526
B1-5 Total Spend per Quarterly Data Summary	8,481,418
C - Spend by type of transaction *	
C1 Procurement costs, sub-total	5,185,725
C2 People costs, sub-total	2,486,883
C3 Grants, sub-total	203,561
C4 Other costs	605,249
C1-4 Total Spend per Quarterly Data Summary	8,481,418

Notes to the table

- * Figures in Section A include all entities within the Departmental Boundary and as agreed with Cabinet Office are net of income. Section A1 is total DEL, which is made up of Capital DEL and Resource DEL excluding depreciation and other non-cash items. In accordance with the Quarterly Data Summary scope set by the Cabinet Office figures in Sections B and C only include expenditure for MoJ HQ, NOMS Core, HM Courts and Tribunals Service, LAA, YJB, Cafcass & CICA. The breakdown of spend is in accordance with the Quarterly Data Summary definitions which vary to the definitions used for financial accounts purposes and therefore are not readily reconcilable to the numbers in the Accounts. These definitions have resulted in the majority of spend in Section B being classified as B5 Other Costs.

Contextual information on spending figures

In January 2013 the Cabinet Office published standard data definitions for common areas of spend. The definitions for the spending figures can be found at: www.cabinetoffice.gov.uk/resource-library/common-areas-spend-data-definitions.

Ursula Brennan
Accounting Officer

8 June 2015

Accounting Officer's report

Departmental Board

The Departmental Board forms the collective strategic and operational leadership of the Department. Further details of the Departmental Board's remit and members is contained within the Annual governance statement on page 41.

Further details of any related party transactions undertaken by key management can be found in Note 21.

Our staff

Recruitment

MoJ's recruitment processes are based on the principle of selection on merit through fair and open competition, as described in the Civil Service Commission Recruitment Principles.

Strict controls on all external recruitment came into effect on 24 May 2010 across the Department (in line with wider government controls) and remain in place. These controls apply to all external recruitment of permanent, fixed term contract and agency staff. The only exceptions to these controls are for some frontline and business critical roles.

The Secretary of State for Justice has agreed delegations to HM Courts & Tribunals Service, NOMS, HM Inspectorate of Prisons, HM Inspectorate of Probation, and the Prisons and Probation Ombudsman to recruit externally where it is necessary to maintain frontline delivery.

Any external recruitment for business critical roles during 2014-15 had to be authorised, on a case-by-case basis, by the Director General for the Finance, Assurance and Commercial Group on behalf of the Secretary of State for Justice.

The Department remains committed to managing restructuring without recourse to compulsory redundancies wherever possible. Therefore, across MoJ, there are controls in place to ensure that employees who are surplus as a result of restructuring are offered opportunities for redeployment into permanent posts as a priority and provided with comprehensive career transition support.

Employment and employee involvement

The Department continues to attach considerable importance to ensuring the fullest involvement of employees in delivering its aims and objectives. Staff involvement is actively encouraged as part of the day-to-day process of line management and we regularly engage with our constituent Trade Unions at all levels of the organisation. A variety of media is used to keep staff up-to-date with the challenges that the Department faces, the Board's vision for transforming and modernising our services, and the progress we are making.

The Department participated in the Civil Service People Survey in October 2014. Our overall Engagement Index, a measure that reflects the extent to which employees contribute through their effort and enthusiasm to the success and performance of their organisation, remains unchanged from its 2013 level. The 2014 Index was 52. This is seven points below the Civil Service benchmark of 59, and placed MoJ fourth out of the five largest departments. A closer examination of the organisations that make up MoJ showed changes in their Index which reflected where they are on their transformation journeys and where staff are on the change curve in their feelings about those journeys, with improvements in all organisations except for Her Majesty's Prison Service.

Employment of disabled persons

The Department is committed to ensuring equality of opportunity for all disabled staff, as set out in our Disability policy. We promote a culture that enables disabled staff to participate fully in working life and guidance on supporting disabled staff is provided through the Departmental Ability Manual. In practical support of this, the Reasonable Adjustment Support Service acts as a central point of contact for enquiries relating to reasonable adjustments for disabled staff. This provides guidance and advice to staff and managers to support the ability of disabled staff to operate most effectively in the workplace. Information on reasonable adjustments is included in Performance Management guidance for staff. The Department is an authorised user of the Two Ticks Scheme and participates in the Guaranteed Interview Scheme for candidates with a disability. Disabled staff have access to targeted career development support and advice including the Coaching Squared programme and the Civil Service Learning 'Positive Action Pathway'. All staff have access to Disability Awareness and Unconscious Bias training.

The Department continues to promote positive attitudes towards disability through a number of initiatives including: supporting the 'Time to Change' campaign to promote awareness and eliminate discrimination and stigma around mental ill health; running regular Dementia Friends sessions for staff to increase understanding of dementia; raising awareness of disability issues through events and communications across the Department throughout the year, such as a 'Positive Images of Disability' communications campaign; and introducing three Senior Civil Service Disability Champions to support the Department's progress on disability equality and staff understanding of disability.

Equality and diversity

The Department values the diversity of its workforce and promotes a culture where all staff are treated with fairness and respect. We are working to improve the diversity of staff representation at all levels in MoJ for women, Black, Asian and Minority Ethnic and disabled staff in the Senior Civil Service, and by addressing the disproportionate representation of Black, Asian and Minority Ethnic, and disabled staff in lower grades. We are working to identify and address blockages and barriers to progression across minority groups including through positive action training such as the Positive Action Pathway and Coaching Squared programmes. We are taking action to improve the quality of declared workforce diversity data to ensure we have the best information possible on the diversity profile of our staff and can be confident that this is strong and robust data for ensuring that our policies and processes are applied fairly. We publish this diversity information annually in our MoJ Diversity Data Report at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/378112/moj-diversity-data-report-2013-14_.pdf

Workforce composition

The number of staff split between male and female as at 31 March 2015.

	Male	Female
Board Members *	3	4
Senior Civil Service	115	78
MoJ employees (excluding Senior Civil Service)	33,271	36,569

* MoJ Departmental Board

Includes: MoJ HQ and Executive Agencies

	Male	Female
SCS Payband 1	83	68
SCS Payband 2	32	10
SCS Payband 3	3	3
SCS Permanent Secretary	-	1
Sub Total	118	82

Includes: MoJ HQ and Executive Agencies

Sickness absence data

The Average number of Working Days Lost due to sickness for staff across the whole of MoJ in the year to March 2015 was 10.2. The comparable rolling 12 month average figure for the year to 31 March 2014 was 9.8.

Promoting wellbeing and reducing sickness absence aligns with our Smarter Government commitments and remains a priority within the Department. There is a comprehensive Action Plan in place across the Department to reduce sickness absence and improving attendance management is a priority for all senior leaders. Progress against plans is monitored regularly by MoJ Executive Committee of the Board and through other senior boards.

Our effort towards regulatory issues

Reporting on better regulation

MoJ supports the better regulation agenda and the Government's objective to reduce regulatory burdens on business. In delivering the Department's important reform agenda, we follow the Government's Principles of Regulation, set out in the Better Regulation Framework Manual, to judge how and when to use regulation.

One-in, Two-out (OITO)

The Government's bi-annual Statement of New Regulation (SNR) provides an overview of regulations intended to be implemented by government departments and reports on the application of the OITO rule to new domestic regulation.

MoJ's opening OITO balance at the start of the Seventh Statement of New Regulation (SNR7) covering the period January to June 2014 and published in December 2013, was zero¹. A total of four regulatory in measures were introduced over the SNR8² and SNR9³ periods; (July to December 2014 and January to June 2015). At the publication of SNR9 in December 2014, MoJ's OITO balance for the end of this Parliament and aggregate overview (covering SNR1 to SNR9, 2010-2015) was a deficit of £13.7m⁴.

In delivering better regulation, we have sought to balance the regulatory impacts on current incumbent businesses against the importance of protecting consumers, promoting competition and enhancing growth. In many cases this is reflected in the Impact Assessment with the wider, indirect benefits to business outweighing the direct, regulatory costs to business.

Red tape challenge

The Red Tape Challenge is a cross-departmental initiative aimed at removing excessive regulation, particularly where this places disproportionate burdens on business.

The Department has reviewed 189 statutory instruments and in January 2014 the Secretary of State for Justice announced proposals to scrap or improve 69 of these.

¹ <https://www.gov.uk/government/publications/ministry-of-justice-seventh-statement-of-new-regulation-snr7>

² <https://www.gov.uk/government/publications/ministry-of-justice-eighth-statement-of-new-regulation-snr8>

³ <https://www.gov.uk/government/publications/ministry-of-justice-ninth-statement-of-new-regulation-snr9>

⁴ <https://www.gov.uk/government/publications/one-in-two-out-ninth-statement-of-new-regulations>

Of these measures, 53 have already been implemented and the remaining measures are being progressed towards implementation at a future date.

Regulatory Policy Committee

The Regulatory Policy Committee is an independent body appointed by the government to perform the role of external scrutiny of all Impact Assessments for new regulatory proposals. Departments must secure a 'fit for purpose' opinion rating from the Regulatory Policy Committee for their IAs before they can submit policy proposals to the Reducing Regulation sub-Committee for clearance.

The Regulatory Policy Committee also confirms the suitability of measures with gross annual costs of under £1m for the low costs fast track/deregulatory route.

As part of their role supporting the government's better regulation agenda, the Regulatory Policy Committee publish regular reports. Their report entitled 'Securing the evidence base for regulation - Regulatory Policy Committee scrutiny during the 2010 to 2015 parliament' was published in March 2015, which can be found at:

<https://www.gov.uk/government/publications/securing-the-evidence-base-for-regulation-rpc-scrutiny-in-the-2010-to-2015-parliament>.

Seven Impact Assessments were submitted by MoJ for full scrutiny by the Regulatory Policy Committee in 2014 and 43% were confirmed as fit for purpose. Nine Triage assessments were also submitted for low costs measures and received a 78% approval rating for all initial submissions and final validations.

All subsequently resubmitted Impact Assessments and Regulatory Triage Assessments have received a fit for purpose rating from the Regulatory Policy Committee.

Small and micro business assessment

Regulatory reforms need to be accompanied by Impact Assessments which are approved by the Regulatory Policy Committee and have to include a Small and Micro Business Assessment where applicable. This assesses the impact on small and micro businesses and considers which of a range of mitigating actions have been considered and, where relevant, applied. Formal Regulatory Policy Committee sign off for Impact Assessments explicitly includes sign off for the Small and Micro Business Assessment.

Alternatives to regulation

Many of MoJ's reforms that benefit business were delivered without involving regulatory measures, such as opening up rehabilitation services to the innovation of the private and voluntary sector, and making courts and tribunals more flexible and efficient. MoJ considered alternatives to deliver wider benefits to business and the economy while keeping the regulatory costs to business as small as practical.

Where reforms do need to be delivered through regulation, we have worked closely and openly with the Better Regulation Executive and the Regulatory Policy Committee to challenge direct costs to business that has arisen.

Focus on enforcement

MoJ has actively contributed to the 2014 Regulator Data Collection Project and continues to be involved in the suite of regulator facing initiatives being taken forward by the Better Regulation Executive at the Department for Business Innovation & Skills.

European Union regulations

MoJ has responsibility for the negotiation and implementation of a number of EU measures in the areas of civil, family and criminal law, data protection and human rights. While the majority create little or no regulatory burden, MoJ ensures that the UK's negotiating position is always alive to possible regulatory burdens and, where they exist, we try to remove or reduce them.

The proposal for an EU General Data Protection Regulation covers data processed by businesses, the public sector and non-profit organisations. The Government continues to have concerns about the possible burdens which the Regulation might impose and continues to take a robust line during negotiations. In particular, the Government has argued for the removal of mandatory obligations on businesses to employ data protection officers and to conduct data protection impacts assessments. The Government also continues to push for a risk-based approach. There has been significant progress during the last year in moving away from some of the more burdensome proposals in the original European Commission text. However, as the European Council looks to agree a text for negotiation with the European Parliament during 2015, it will be important for the UK to continue to work with businesses and like-minded Member States to ensure that the burden on business is kept as low as possible whilst providing appropriate levels of protection for individuals' personal data.

The recast of the Brussels I Regulation adopted in 2012 came into force on 10 January 2015. The Regulation provides a revised system of rules that ensure court decisions from one Member State can easily be recognised and enforced in another Member State with the minimum obstacles placed in the way of business. The recast is a successful outcome for the UK, particularly as it abolishes the need for the special procedure known as *exequatur*, by which foreign judgements are converted into domestic ones for enforcement. This will result in reducing the time, complexity and costs imposed on businesses involved in these cross border actions.

A technical amendment to the Brussels I Regulation, proposed and negotiated in the last half of 2013, will give users clarity on the rules of jurisdiction governing the new Unified Patent Court, also due to enter into force in 2015. The creation of the Unified European Patent, capable of being recognised in all participating EU Member States (26 out of 28), will mean a less complicated and costly regime for businesses involved in intellectual property development.

2015 will also see the approval by the EU of the Hague Convention on Choice of Court Agreements, so it will come into force in all Member States except Denmark. This Convention is designed to give more certainty to the terms of international civil and commercial law contracts, where a particular country's courts are specified as the forum for the resolution of disputes. This is particularly welcome as far as the UK is concerned, given the pre-eminence of London as a centre of international dispute resolution. The certainty created by the Convention will benefit the UK legal economy and impose no extra burdens on UK business; in fact, we expect the application of the new Convention to have a positive effect on UK business, preventing costly and delaying satellite legal actions.

Our accounts

Departmental Accounting Boundary

The bodies included within the Departmental Boundary are outlined in Note 23 to the Accounts.

Financial position and resources

The Statement of Parliamentary Supply compares MoJ's Estimates and Outturn for RDEL, CDEL, RAME and CAME. Any significant variation between the Estimates and Outturn is explained in Our Finances on pages 9 to 13.

Cost allocation and charging requirements

MoJ has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Spend on consultancy and temporary staff

	2014-15				2013-14			
	Core Department	Agencies	NDPBs	Total	Core Department	Agencies	NDPBs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Consultancy	27,708	6,485	170	34,363	22,638	4,157	210	27,005
Temporary staff	56,190	89,554	20,219	165,963	37,911	75,235	21,564	134,710
Total	83,898	96,039	20,389	200,326	60,549	79,392	21,774	161,715

The increase in consultancy and temporary staff costs is a result of increased activity in the Department's Transforming Justice programmes in 2014-15.

Department spending

	2014-15	2013-14
Publicity and advertising	£1,703,763	£1,583,822
Sponsorship spend over £5,000	nil	nil
Political donations and expenditure	nil	nil
Research and development charged to CSoCNE	£2,147,726	£1,947,115

Financial instruments - Risk management

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk as outlined in Note 18 to the Accounts. The Department has not engaged in any hedging.

Pension liabilities

As detailed in Note 3.1 to the Accounts, the majority of staff are members of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme which prepares its own accounts but where individual employers are unable to identify their share of the underlying assets and liabilities of the scheme.

As detailed in Note 3.2 to the Accounts, members of the judiciary belong to the Judicial Pension Scheme (JPS), an unfunded multi-employer defined benefit scheme that produces its own accounts.

As directed by HM Treasury, and since these schemes prepare standalone accounts, MoJ does not recognise its share of the assets or liabilities related to these schemes in the Statement of Financial Position. Employer contributions are treated as operating costs as they arise.

MoJ also administers several defined benefit pension schemes whose net asset/liability position is recognised in full on the Statement of Financial Position under IAS 19 'Employee Benefits'. These are outlined in Note 24 to the Accounts and comprise of the Cafcass pension scheme, Legal

Services Commission pension scheme, the Probation pension schemes and the by-analogy pension schemes held by Criminal Cases Review Commission, and HM Courts & Tribunals Service.

Contingent assets and liabilities

Contingent assets and liabilities required to be disclosed under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and additional liabilities included for Parliamentary Reporting and Accountability purposes, are disclosed in Note 19 to the Accounts.

Audit

These Accounts, as defined in the Certificate of the Comptroller and Auditor General to the House of Commons, have been audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. The notional cost of the audit for the Core Department in 2014-15 was £557,000 (2013-14: £554,000) which also includes the audit of the Consolidated Accounts, Official Solicitor and Public Trustee, Office of the Accountant General and the Judicial Pension Scheme.

The total cost of audits across the Departmental Group was £2,888,750, of which £1,349,750 was cash and £1,539,000 notional cost (2013-14: £2,964,500 comprising £1,419,500 cash and £1,545,000 notional cost). This includes the cost of the HM Courts & Tribunals Service Trust Statement audit which is not consolidated as part of these Accounts.

To the best of the Accounting Officer's and MoJ's knowledge, there is no relevant audit information of which MoJ's auditors are unaware. The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that MoJ's auditors are aware of that information.

Events after the reporting period

In accordance with IAS 10 'Events After the Reporting Period', accounting adjustments and disclosures are considered up to the point that the Accounts are authorised for issue. The Accounts were authorised for issue on the same date the Comptroller and Auditor General certified the Accounts. Further details are provided in Note 26 to the Accounts.

Review of Tax Arrangements of Public Sector Appointees

As part of the 'Review of Tax Arrangements of Public Sector Appointees' published by the Chief Secretary to the Treasury on 23 May 2012, departments and their ALBs published information in relation to the number of off-payroll engagements. As at 31 March 2015 the Department has produced three tables providing data on off-payroll engagements covering both the Core Department, Executive Agencies and its NDPBs.

All off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months

	Core Department	Agencies	NDPBs
Number of existing engagements as of 31 March 2015	265	108	20
<i>Of which:</i>			
Number that have existed for less than one year at time of reporting	172	84	16
Number that have existed for between one and two years at time of reporting	63	17	3
Number that have existed for between two and three years at time of reporting	19	5	-
Number that have existed for between three and four years at time of reporting	11	2	1
Number that have existed for four or more years at time of reporting	-	-	-

All new off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months

	Core Department	Agencies	NDPBs
Number of new engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015	172	80	15
Number of the above which include contractual clauses giving the Department the right to request assurance in relation to income tax and National Insurance obligations	172	80	15
Number for whom assurance has been requested	172	80	15
<i>Of which:</i>			
Number for whom assurance has been received	163	77	15
Number for whom assurance has not been received*	7	2	-
Number that have been terminated as a result of assurance not being received	2	1	-

* The nine contractors disclosed above as not having provided assurance have subsequently left MoJ. As no assurance was provided, MoJ has referred these individuals to HMRC.

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2014 and 31 March 2015

	Core Department	Agencies	NDPBs
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	-	1*	-
Number of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements	14	37	385

* The highest paid director is the NOMS Interim Director of Information and Communication Technology (ICT) and Change. NOMS is undergoing significant organisational change at the present time and the NOMS board deemed that the post of Director of ICT and Change was occupied whilst a formal competition for the post was undertaken.

Other areas of Departmental work

Health & Safety

MoJ, its Executive Agencies, and NDPBs through their respective Accounting Officers, are committed to ensuring the health, safety and wellbeing of staff and all others who could be affected by its undertakings.

We recognise that effective management of occupational health and safety makes a significant contribution to our overall business performance and strategic aims. Our corporate policy for health and safety provides an overarching framework which allows us to manage risks sensibly and proportionately. It sets out the governance structure aligned to our operating model, allowing in-year performance reporting to be centrally tracked against recognised management standards. This secures annual cross-cutting assurance reporting within the business groups that make up the Department through our established committee structures.

Ministerial correspondence

Correspondence from Members of Parliament and Members of the House of Lords is given a high priority by MoJ staff and Ministers.

MoJ aims to respond to 90% of correspondence from Parliamentarians within 15 working days of it being received. The target is 20 days in the case of NOMS when the Chief Executive is replying on behalf of Ministers and 10 days for OPG when the Chief Executive replies on behalf of Ministers.

During 2014 Ministers and Chief Executives on their behalf, replied to 6,167 items of correspondence (compared to 7,714 in 2013). To improve performance, MoJ is trialling new processes; continues to learn from good practice in other departments; and ensures that all areas of the business learn from the approach taken by its own highest performing teams.

Ministerial correspondence from Members of Parliament and peers

1 January 2014 to 31 December 2014⁵

Department / Agency	Number of letters received	% of replies (where reply required) within targets
Ministry of Justice Headquarters *	3,419	64%
HM Courts & Tribunals Service (where CEO replied)	323	94%
HM Courts & Tribunals Service (where Ministers replied)	785	58%
National Archives (where CEO replied)	10	100%
National Archives (where Ministers replied)	18	76%
Official Solicitor & Public Trustee	16	56%
OPG (where CEO replied)	72	97%
OPG (where Ministers replied)	58	83%
NOMS (where CEO replied)	318	97%
NOMS (where Ministers replied)	1,148	72%

* Includes LAA correspondence.

⁵ Figures are given for the calendar year rather than financial year, to be consistent with previous Annual Reports and the method in which this data is presented to Parliament.

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman addresses complaints made by members of the public, brought to her attention by Members of Parliament, where there has been alleged maladministration by government departments and other bodies within their jurisdiction.

Complaints provide an opportunity for the Department not only to put right any mistakes we might have made, but also to improve the overall standard of the service we provide. They are therefore treated very seriously.

In the Parliamentary and Health Service Ombudsman's most recent report on complaint handling by government in 2013 the MoJ performance for the year ended December 2013 was as follows:

Enquiries received *	Complaints assessed	Complaints resolved through intervention	Complaints accepted for investigation	Investigations upheld or partly upheld	Investigations not upheld
1,116	359	15	150	41	35

* Includes inquiries about organisations that are accountable to the Department.

The Parliamentary and Health Service Ombudsman provides each government department with an annual analysis of the complaints it has received. The report also provides further details on investigations, compliance and recommendations. Further information can be found at: www.ombudsman.org.uk/improving-public-service/annual-government-performance-information.

Management of records

MoJ complies with the Lord Chancellor's Code of Practice on the management of records, issued under section 46 of the Freedom of Information Act 2000. The Department continued to make very good progress in 2014-15 on the transition from the 30-to-20 year rule.

The National Archives conducted an Information Management Assessment of the Department: report dated June 2011, with a follow up in 2012. MoJ has been acting on the recommendations since then and continued to do so in 2014-15 and most recently has acted on the recommendations from the Records Review by Sir Alex Allan, in 2014. The Department expects to undergo a reassessment by The National Archives in the coming year.

In 2014-15, the Department commenced a project to replace its electronic document and record management system. Preparatory work has been completed and the new system is expected to be in place during 2015-16.

Personal data related incidents

The following gives a summary report of significant personal data related incidents in 2014-15 categorised according to Cabinet Office requirements. Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with exemptions contained in the Freedom of Information Act 2000 or may be subject to limitations of other UK information legislation.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
June 2014	Disclosure of information including extracts from witness statements to a third party in error.	Personal information relating to witnesses	Five people were affected	Reported to the ICO in June 2014. They have completed their investigation and confirmed no further action would be taken noting MoJ had adequate policies, procedures and training, that this was an isolated incident and that MoJ and the police put safeguards in place to protect those involved
July 2014	Loss of OPG case documents during a contractor visit to an Attorney.	Case information including some sensitive personal data	One individual was affected	The OPG issued a formal request for return of any documents in the Attorney's possession. To date, the documents have not been recovered. The ICO confirmed no enforcement action would be taken.
December 2014	Loss of computer discs sent by post.	Personal and other information relating to two high profile judge-led inquiries and a high profile judge-led inquest.	MoJ investigation is continuing and the number of people potentially affected is yet to be confirmed.	MoJ learnt about the incident in January and then notified the ICO. MoJ investigation is continuing and will be followed by a lessons learned review.
Further action on information risk	The Department will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvements of its systems.			

Incidents deemed by the Data Controller to not fall within the criteria for reporting to the ICO but recorded centrally within the MoJ are set out in the table below:

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	263
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	476
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	12
IV	Unauthorised disclosure	2,021
V	Other	26
Total		2,798

The Department manages millions of records of personal data and takes all incidents of personal data loss very seriously and requires staff to capture small, localised incidents, which comprise most of the figures cited above. All staff are required to undertake compulsory information assurance training upon joining the Department and yearly thereafter.

Effective implementation of security is monitored at a local level by a network of trained security and information assurance practitioners. MoJ is applying the 'Government's Security Policy Framework' to control risks across the organisation. This comprises of the requirement to identify and manage threats to the security (confidentiality, integrity and availability) of its information assets and control these by applying proportionate measures.

Engagement and consultation

The Department continues to focus on communications as a key priority and aims to be proactive and open, working to engage more effectively with stakeholders, staff, the public and the media in the development and delivery of its services.

The Department has extended the means with which it engages a wide range of external stakeholders to inform its policy development. A range of methods are used including formal stakeholder meetings; online consultations; electronic discussion groups; web-chats; social media tools; and consultation papers.

Social and community responsibility

We are committed to making the Department truly representative of the communities it serves. The Department supports staff members who volunteer for community and public duties, such as being magistrates or school governors, and actively encourages members of the public to contribute to the delivery of public services by providing paid time off work to undertake duties such as volunteering in courts and prisons.

Ursula Brennan
Accounting Officer

8 June 2015

Sustainability report

Introduction

This is the fourth Sustainability Report for MoJ prepared in accordance with 2014-15 guidelines laid down by HM Treasury in 'Public Sector Annual Reports: Sustainability Reporting' published at: <http://www.gov.uk/government/publications/government-financial-reporting-manual/>.

This report matches the scope and details laid out in the Greening Government Commitments which forms the primary sustainable development driver across government and carries a series of improvement targets against areas such as carbon from energy, waste, water and biodiversity. Further details on Greening Government Commitments can be found at: <https://www.gov.uk/government/policies/making-sustainable-development-a-part-of-all-government-policy-and-operations>.

Scope

The bodies included within the scope of this report are: MoJ HQ buildings, NOMS, HM Courts & Tribunals Service, LAA, OPG, and CICA (which became an agency of MoJ on 1 April 2014), 35 Probation Trusts up until they ceased operation, and 21 CRCs (including two months of private CRC ownership for comparability and transparency purposes).

Scope exclusions and estimations

Cafcass transferred to the MoJ group in 2014-15 from the Department for Education. In this transitional period the sustainability metrics for Cafcass is excluded from this report and instead is included in the Department for Education Annual Report.

A number of building level exclusions have been made due to reporting limitations associated with extrapolating reliable data and costs from service charges supplied by landlords. As a result a minority of occupations in the Probation estate and OPG are excluded. HM Courts & Tribunals Service part occupations are estimated based on data taken from the purchase ledger and the HM Courts & Tribunals Service utility monitoring system.

This report covers 105 public sector prisons; NOMS shared service and administration buildings and sites; and four privately operated prisons. The National Archives produces an independent Sustainability Report and is not included here. Utilities consumed in prison industries are removed from consumption reporting to provide greater operational consistency between prisons. Three months of results are estimated based on previous performance, as actual performance data is unavailable at the reporting date. MoJ does not consider that the use of estimations and the exclusion of certain part occupations have a material impact on the sustainability reporting data for the Department as a whole.

Business Plan commitments, and overall Sustainable Development Strategy

MoJ Business Plan 2012-15 sustainability commitments as set out in the Business Plan annex are:

- i) Assess and manage environmental, social and economic impacts and opportunities in its policy development and decision making. MoJ has a commitment to embedding sustainable development principles into day to day working practices across all reporting bodies.
- ii) Implement the Department's plan to deliver on the Greening Government Commitments, supplying quarterly information and contributing to the Annual report on progress. Greening Government Commitments was launched on 1 February 2011 and requires government

departments to take action to significantly reduce environmental impact by 2014-15 (compared to a 2009-10 baseline). Greening Government Commitments objectives are a key priority of the MoJ Estates Directorate which are managed, reviewed and monitored by the MoJ Sustainability Development Team.

- ii) Sustainable procurement: The MoJ is one of the top performing departments in government in respect of expenditure with Small and medium sized enterprises. In 2013-14, £1.7bn (37.2%) of MoJ spend went to Small and medium sized enterprises, exceeding the government's aspiration of 25%, and is on track to meet an aspiration set by the Cabinet Office of 38% spend with Small and medium sized enterprises by the end of 2015. MoJ is also mandated to comply with Department for Environment, Food & Rural Affairs Government Buying Standards, in its tendering activity, with 100% compliance reported against most of the standards.

The full MoJ Small and medium sized enterprises Action Plan including desired outcomes, success factors, contracting opportunities and case studies/success stories of the MoJ's embedding of sustainable procurement, and ongoing relationship with Small and medium sized enterprises is available at: www.gov.uk/government/organisations/ministry-of-justice/about/procurement.

Climate change adaptation

The MoJ Sustainability Development Team continues to work closely with all of its Executive Agency estates, especially those that have large, diverse and rural estates such as NOMS and HM Courts & Tribunals Service. The MoJ Sustainability Development Team has a close working relationship with Department for Environment, Food & Rural Affairs, and the Environment Agency particularly on areas which involve; flooding, drought, temperature change and other adverse climatic conditions. This enables the MoJ to evaluate risks for programme delivery on vulnerable flood plains, prioritise its management of high risk sites, and establish a strategic process by which MoJ can put in place measures, and establish contingency plans necessary to adapt to future climate change.

Social and environmental awareness

The MoJ Sustainability Development Team has been delivering through its statement for social and community partnership, which also encourages external partnerships to promote learning and skills training in all sustainability development work streams. The MoJ Sustainability Development Team has also implemented initiatives for its lead and central partners to enter into a Memorandum of Understanding, which promotes restorative justice, reduces reoffending and supports further progress towards the government's sustainability development strategy.

Sustainable construction

All major refurbishments and new builds are required to be Building Research Establishment Environmental Assessment Method assessed to a standard of 'very good' for refurbishments and 'excellent' for new builds. The Department is committed to reducing construction waste to landfill and ensures that all major refurbishment and new build projects have clauses requiring details on waste streams. During 2014-15 three new builds were registered or completed. All achieved the required Building Research Establishment Environmental Assessment Method status. In addition to above the MoJ BIM Library draws on designs and standards which represent the best practice in sustainable construction.

Biodiversity action planning

The MoJ continues to drive forward its progressive Strategy for Biodiversity in line with the UK's Biodiversity Strategy, supporting both the Biodiversity 2020 outcomes⁶; and the statutory obligations to its designated sites, which include National Nature Reserves, Sites of Special Scientific Interest and European designated sites⁷.

Performance

Greenhouse gas (GHG) emissions		2014-15	2013-14	2012-13	2011-12	2010-11
Non-financial indicators (tCO₂e)	Scope 1 (Direct) Site based emissions & owned transport.	206,741	213,623	246,388	209,070	240,590
	Scope 2 (Indirect) Supplied energy (Electricity and heat)	238,359	219,724	227,133	221,873	234,624
	Scope 3 (Other indirect) Business travel & transmission losses from supplied energy, Of Which:	32,455	31,067	31,762	23,863	23,803
	Total gross GHG emissions	477,554	464,414	505,284	454,806	499,017
	Electricity: green/renewable	59,172	54,477	56,341	55,239	57,932
	Total net GHG emissions	418,382	409,937	448,943	399,567	441,086
Non-financial indicators (MWh)	Electricity: grid, CHP & non-renewable	361,257	369,469	381,481	373,938	394,382
	Electricity: renewable	119,719	122,289	126,473	124,016	130,061
	Gas	950,914	987,515	1,101,078	960,011	1,094,575
	Other energy sources	88,608	84,320	105,167	104,898	136,267
	Total energy	1,520,498	1,563,593	1,714,198	1,562,863	1,755,285
Financial indicators	Expenditure on energy (including CRC) (£m)	102.91	110.02	109.08	107.12	84.38
	Expenditure on official business travel (including GCOF) (£m)	26.89	34.31	35.65	34.35	26.79

The MoJ target is to reduce Greenhouse gas emissions by 25% between 2009-10 and 2014-15. Climatic conditions during 2014-15 are very similar to those experienced in 2013-14, however the above figure demonstrates that gross Greenhouse gas emissions have increased slightly by 3% but experienced a 2% reduction against our 2009-10 baseline of 469,395 tonnes CO₂e. Electricity consumption (excluding renewable) has decreased by 2% and has fallen by 13% against our 2009-10 baseline of 415,339 Megawatt-hours (MWh). Gas usage has decreased by 4% and has fallen by 13% against a 2009-10 baseline of 1,095,036 MWh. Overall, energy expenditure has decreased by 6% compared to 2013-14. The normalised performance by full time equivalent in 2014-15 is 7.39 tCO₂e, and 6.03 tCO₂e in 2013-14. The MoJ is very diverse, with a unique estate function, and subsequently normalised full time equivalent figures do not accurately reflect sustainability performance within the MoJ.

Paper

Paper	2014-15	2013-14	2012-13	2011-12	2010-11
Cost excluding VAT (£m)	2.2	3.0	4.6	3.3	n/a

MoJ commenced the use of mandatory pan Government Office Supplies contract in 2011. Information on paper is obtained from MoJ procurement and the above figure showing a reduction in paper costs of 27% on 2013-14.

⁶ Further details on Biodiversity 2020 are available at <https://www.gov.uk>

⁷ Further details are available on European designated sites – <http://jncc.defra.gov.uk/page-1527>

Waste

All disposed waste by type (tonnes)		2014-15	2013-14	2012-13	2011-12	2010-11
Non-financial indicators	Non-Hazardous Waste (tonnes)	Landfill waste	14,613	17,167	23,527	43,195
		To recovery	1,343	3,306	3,629	-
		To incineration	167	121	60	-
		Reused/recycled waste	27,032	28,762	34,370	31,997
		Energy from waste	8,466	7,802	2,792	472
		Total waste arising	51,621	57,158	64,378	75,664
Financial indicators	All types	Total costs (£m)	8.4	7.0	6.2	5.6

The Greening Government Commitments target for waste management is to achieve a 25% reduction in the amount of waste generated in comparison to a 2009-10 baseline. Across the MoJ estate, waste management performance is driven toward meeting this target with initiatives, such as the installation of recycling stations throughout HM Courts & Tribunals Service at all sites including the introduction of food and waste recycling stations in the South East, South West and London regions. Prison staff are encouraged to minimise waste through publications such as 'Sustainability Matters' and campaigns such as Climate Week. Across the HQ estate, waste initiatives, including the provision of recycling stations and specific containers for food waste, ensure that as much as the unavoidable waste produced is directed to reuse, recycling and value recovery operations such as composting and bio gas production. The MoJ estate as a whole has achieved a reduction of 15% of waste to landfill and a reduction of 10% in total waste arising compared to 2013-14. We also diverted 70% of our waste away from landfill while this was only 31% in 2009-10. The normalised waste is 0.75 tonnes per full time equivalent in 2014-15, which is a slight increase from 0.74 tonnes per full time equivalent in 2013-14.

Detailed waste management data is sourced directly from the Facility Management contractors. Gaps are accounted through the uplifting of material tonnages and costs, which are uplifted where gaps exist. The MoJ Commercial & Contract Management Team works closely with the Sustainability Team to ensure procurement solutions are as sustainable as possible.

Water

Water		2014-15	2013-14	2012-13	2011-12	2010-11
Non-financial indicators	Total water consumption (m ³ '000)	8,781	8,963	9,026	8,890	9,049
Financial indicators	Total water supply costs (£m)	24.24	24.51	24.46	21.83	21.12

Greening Government Commitments targets the reduction in water consumed between 2009-10 baseline and 2014-15. Water performance during 2014-15 shows a 2% decrease in water usage when compared to the previous year, and a 6% decrease on our baseline of 9,293m³ in 2009-10. Normalised MoJ office water consumption is 7m³ per full time equivalent, which is an improvement on 8m³ per full time equivalent in 2013-14. There is an effective water strategy across the MoJ estate which focuses on awareness campaigns, installation of controllable devices, rainwater harvesting, borehole extraction and aerated shower heads. There are limitations to the quality of the water data within the HM Courts & Tribunals Service estate and MoJ continues to engage with water companies with a view to enhancing the quality of data received.

Remuneration report

Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975 (as amended).

In reaching its recommendations, the Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- The funds available to departments as set out in the government's departmental expenditure limits; and
- The government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at: www.gov.uk/government/organisations/review-body-on-senior-salaries.

Board members and senior civil servants remuneration

The salaries of MoJ Departmental Board members (excluding the non-executive board members) are determined in line with the Cabinet Office SCS Reward policy. Performance based non-consolidated performance-related payments for senior civil servants are determined by the Nominations Committee, details of the Nominations Committee are provided in the Annual governance statement on page 41.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended and to which a notice period of three months would usually apply. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk.

Remuneration (including salary) and pension entitlements

(This section has been subject to audit)

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the Department.

Remuneration (salary and payments in kind)

Remuneration	2014-15				2013-14			
	Total amount of salary and fees	All taxable benefits (nearest £100)	Pension related benefits (nearest £1,000) [^]	Total (nearest £1,000)	Total amount of salary and fees	All taxable benefits (nearest £100)	Pension related benefits (nearest £1,000) [^]	Total (nearest £1,000)
	£	£	£	£	£	£	£	£
The Rt Hon Chris Grayling MP, Lord Chancellor and Secretary of State for Justice	67,505	-	22,000	90,000	68,169	-	25,000	93,000
The Rt Hon Simon Hughes MP, Minister of State for Justice and Civil Liberties	31,680	-	8,000	40,000	9,303 (32,344 FYE)	-	3,000	12,000
Lord Faulks QC [#] , Minister of State for Civil Justice (from 20 January 2014)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jeremy Wright MP, Parliamentary Under Secretary of State (until 15 July 2014)	7,458 (22,375 FYE)	-	3,000	10,000	23,039	-	8,000	32,000
Shailesh Vara MP, Parliamentary Under Secretary of State for Courts and Legal Aid	22,375	-	8,000	30,000	11,148 (23,039 FYE)	-	4,000	15,000

Notes to the table:

[^] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

[#] Lord Faulks receives no remuneration for his role as Minister of State for Civil Justice.

Information disclosed above relates to the period in which the individuals were in post as Ministers.

The Minister of State for Policing, Crime, Criminal Justice and Victims is responsible for criminal justice strategy, reporting on this jointly to the Secretary of State for Justice and the Secretary of State for Home Department. This position is held by the Rt Hon Mike Penning (from 16 July 2014) and previously by Rt Hon Damian Green (from 1 April 2014 to 16 July 2014). Their emoluments are borne by the Home Office and are disclosed in the Home Office Accounts.

The Parliamentary Under Secretary of State, for Prisons, Probation and Rehabilitation, reports jointly to the Secretary of State for Justice and the Secretary of State for HM Treasury as Assistant Whip. This position is held by Andrew Selous MP from 16 July 2014. His emoluments are borne by HM Treasury and are disclosed in the HM Treasury Accounts.

Remuneration	2014-15					2013-14				
	Total amount of salary and fees	All taxable benefits (nearest £100)	Bonuses paid	Pension related benefits (nearest £1,000)	Total	Total amount of salary and fees	All taxable benefits (nearest £100)	Bonuses paid	Pension related benefits (nearest £1,000)	Total
Senior Managers	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Dame Ursula Brennan DCB, Permanent Secretary	180-185	-	-	n/a*	180-185	180-185	-	-	n/a*	180-185
Ann Beasley CBE, Director General, Finance, Assurance and Commercial	140-145	-	-	19	160-165	140-145	-	-	-	140-145
Antonia Romeo, Director General, Criminal Justice (to 1 March 2015)	120-125 (135-140 FYE)	-	10-15	38	175-180	130-135	-	10-15	31	175-180
Darren Tierney, Acting Director General, Criminal Justice (from 2 March 2015 to 30 March 2015)	5-10 (100-105 FYE)	-	-	3	10-15	n/a	n/a	n/a	n/a	n/a
Indra Morris, Director General, Criminal Justice (from 30 March 2015)	0-5 (125-130 FYE)	-	-	-	0-5	n/a	n/a	n/a	n/a	n/a
Catherine Lee CBE, Director General, Law and Access to Justice Group	100-105	-	-	82	185-190	95-100 (100-105 FYE)	-	-	28	120-125
Michael Spurr CB, Chief Executive, NOMS	145-150	-	-	22	165-170	145-150	-	-	2	145-150
Matthew Coats Chief Executive, LAA and Director General Corporate Services	140-145	0.1	10-15	65	220-225	140-145	-	10-15	41^	195-200
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service (to 31 December 2014)	115-120 (145-150 FYE)	1.2	-	n/a*	115-120	145-150	1.7	-	n/a	145-150
Natalie Ceeney CBE, Chief Executive, HM Courts & Tribunals Service (from 5 January 2015)	40-45 (175-180 FYE)	-	-	8	50-55	n/a	n/a	n/a	n/a	n/a

Notes to the table:

* Dame Ursula Brennan DCB and Peter Handcock CBE chose not to be covered by the Civil Service pension arrangements during the reporting year and prior year.

[^] Amounts have been restated as revised information has been received during the year from our pension provider.

Remuneration		2014-15			2013-14		
Non-Executive Directors	Fees (excluding performance related remuneration)	All taxable benefits nearest £100)	Bonuses paid	Fees (excluding performance related remuneration)	All taxable benefits nearest £100)	Bonuses paid	
	£000	£000	£000	£000	£000	£000	
Tim Breedon CBE*, Lead Non-Executive Director	-	-	-	-	-	-	
Dame Sue Street DCB, Non-Executive Director	10-15	-	-	10-15	-	-	
Bill Griffiths#, Audit and Risk Committee Chair and Non-Executive Director	15-20	9.1	-	15-20	12.2	-	
Fields Wicker-Miurin OBE, Non-Executive Director	10-15	-	-	5-10 (10-15 FYE)	-	-	

Notes to the table:

* Tim Breedon CBE waived his fee for 2014-15 and 2013-14.

For Bill Griffiths, the 2014-15 and 2013-14 benefits in kind figure had 60% of the total cost relate to train travel and 40% relate to tax incurred on the train travel.

Information disclosed above relates to the period in which the individuals were in post as senior managers or non-executive directors.

Since 20 April 2011 all appointed non-executive directors were entitled to an annual honorarium of £15k. Bill Griffiths was entitled to an additional £5k for his duties as Chair of the Audit Committee and Tim Breedon was entitled to an additional £5k for his duties as Lead Non-Executive Director. None of the non-executive directors have pension entitlements with MoJ.

Salary

'Salary' includes: gross salary; 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. This report is based on accrued 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 for their services as an MP (£66,396 from 1 April 2013, £67,060 from 1 April 2014) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in 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.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue & Customs as a taxable emolument. Benefits in kind balances recognised relate to travel and subsistence. Benefits in kind are an estimate, as the final value is to be agreed between the Secretary of State for Justice and HM Revenue & Customs.

Bonuses

Permanent Secretary bonuses are determined by the Permanent Secretary Remuneration Committee (within Cabinet Office).

Bonuses for SCS Payband 3 are determined as part of the Payband 3 Performance and Pay Committee which is chaired by Ursula Brennan and includes a Non-Executive Director and the Group Human Resources (HR) Director. Bonuses are subject to in year performance which is measured and captured using Cabinet Office HR Practitioners Guidance. The policy for Non-consolidated Performance Related Pay remains that such payments should be restricted to the top 25% of performers.

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2014-15 relate to performance in 2013-14 and the comparative bonuses reported for 2013-14 relate to the performance in 2012-13.

Pay multiples (as at 31 March 2015)

	2014-15	2013-14
Band of highest paid director's total remuneration (£000)	180-185	180-185
Median total remuneration (£)	26,029	24,896
Ratio	7:1	7.3:1

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in MoJ in the financial year 2014-15 was £180-185k (2013-14: £180-185k). This was seven times (2013-14: 7.3) the median remuneration of the workforce, which was £26,029 (2013-14: £24,896).

In 2014-15, eight (2013-14: six) members of the workforce received remuneration in excess of the highest-paid director. Remuneration ranged from £191k-214k (2013-14: £191k-244k). These figures exclude any severance pay in respect of compulsory redundancies and voluntary early departures disclosed at Note 3.5.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the Cash Equivalent Transfer Value (CETV) of pensions. Benefits in kind have been excluded as the final value is to be agreed between the Secretary of State for Justice and HM Revenue & Customs. The omission of benefits in kind is not considered material.

Compensation for loss of office

No senior managers received compensatory payments in 2014-15 (2013-14: nil).

Pension entitlements

Ministerial pensions

Pension Benefits		Accrued pension at age 65 as at 31 March 2015 £000	Real increase in pension at age 65 £000	CETV at 31 March 2015 £000	CETV at 31 March 2014 £000	Real increase/(decrease) in CETV £000
Ministers						
The Rt Hon Chris Grayling MP ^a , Lord Chancellor and Secretary of State for Justice		5-10	0-2.5	91	65	11
The Rt Hon Simon Hughes MP, Minister of State for Justice and Civil Liberties		0-5	0-2.5	13	3	7
Lord Faulks QC, Minister of State for Civil Justice (from 20 January 2014)*		n/a	n/a	n/a	n/a	n/a
Jeremy Wright MP, Parliamentary Under Secretary of State (to 15 July 2014)		0-5	0-2.5	25	23	1
Shailesh Vara MP, Parliamentary Under Secretary of State for Courts and Legal Aid		0-5	0-2.5	32	23	5

Notes to the table:

Information disclosed above relates to the full year, whereas dates included above relate to the period in which the individuals were in post as Ministers.

- ▲ The Lord Chancellor is no longer eligible to contribute or build up benefits within the Parliamentary Contributory Pension Fund (PCPF) and no longer holds an entitlement to any benefits within the PCPF. For 2014-15 and 2013-14 the Rt Hon Chris Grayling MP waived his rights to receive the Lord Chancellor's pension, and chose to instead receive benefits commensurate with what they would have received had they been permitted to remain a member of the PCPF. These benefits were paid from the Consolidated Fund.

* Lord Faulks receives no remuneration for his role as Minister of State for Civil Justice.

Ministerial pension benefits

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue a Members of Parliament pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as Members of Parliament benefits become payable under the PCPF or, for those who are not Members of Parliament, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2014 members pay contributions between 8.4% and 17.9% depending on their level of seniority and chosen accrual rate.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015. The new scheme will be a Career Average pension scheme, have an accrual rate of 1.775%, revaluation based on the change in prices, a Normal Pension age equal to State Pension age and a member contribution rate of 11.1%.

Cash Equivalent Transfer Value of ministerial pensions

This 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 pension benefits they have accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in Cash Equivalent Transfer Value on ministerial pensions

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Civil Service pensions

Pension Benefits						
Senior Managers	Accrued pension and related lump sum at pension age as at 31 March 2015	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase/ (decrease) in CETV	
	£000	£000	£000	£000	£000	£000
Dame Ursula Brennan DCB*, Permanent Secretary	n/a	n/a [#]	n/a	n/a		n/a
Ann Beasley CBE, Director General, Finance Assurance and Commercial	60-65 plus lump sum of 185-190	0-2.5 plus lump sum of 2.5-5	1,260	1,184		16

Pension Benefits					
Senior Managers	Accrued pension and related lump sum at pension age as at 31 March 2015	Real increase in pension and related lump sum at pension age	CETV at 31 March 2015	CETV at 31 March 2014	Real increase/(decrease) in CETV
	£000	£000	£000	£000	£000
Antonia Romeo, Director General, Criminal Justice (to 1 March 2015)	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 5-7.5	283	247	18
Darren Tierney, Acting Director General, Criminal Justice (from 2 March 2015 to 30 March 2015)	15-20 plus lump sum of 0	0-2.5 plus lump sum of 0	184	182	2
Indra Morris Director General, Criminal Justice (from 30 March 2015)	25-30 plus lump sum of 0	0-2.5 plus lump sum of 0	272	272	-
Catherine Lee CBE, Director General, Law and Access to Justice Group	35-40 plus lump sum of 105-110	2.5-5 plus lump sum of 12.5-15	772	649 [^]	74
Michael Spurr CB, Chief Executive, NOMS	60-65 plus lump sum of 180-185	0-2.5 plus lump sum of 2.5-5	1,129	1,056	15
Matthew Coats, Chief Executive, LAA and Director General Corporate Services	55-60 plus lump sum of 0	2.5-5 plus lump sum of 0	797	711 [^]	43
Peter Handcock CBE*, Chief Executive, HM Courts & Tribunals Service (to 31 December 2014)	n/a	n/a	n/a	n/a	n/a
Natalie Ceeney Chief Executive, HM Courts & Tribunals Service (from 5 January 2015)	0-5 plus lump sum of 0	0-2.5 plus lump sum of 0	7	-	3

Notes to the table:

Information disclosed above relates to the full year, whereas dates included above relate to the period in which the individuals were in post as senior managers.

Changes in CETV are due to uprating and discounting factors and as such there are no real increases in CETV, pension and related lump sum values.

* Dame Ursula Brennan DCB and Peter Handcock CBE chose not to be covered by the Civil Service pension arrangements during the reporting year and prior year.

[^] Amounts have been restated as revised information has been received during the year from our pension provider.

Civil Service pension benefits

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole of career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for classic and 3.5% and 8.85% for premium, classic plus and nuvos. Increases to employee contributions applied from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial 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, classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. 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 from a panel of three providers. 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at:
www.civilservicepensionscheme.org.uk.

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of classic, premium, classic plus and nuvos members will join the new scheme. Further details of this new scheme are available at:
www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/.

Cash Equivalent Transfer Value (CETV) of Civil Service pensions

This 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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in Cash Equivalent Transfer Value on Civil Service pensions

This reflects the increase in CETV that is funded by the employer. It does not include 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.

Ursula Brennan
Accounting Officer

8 June 2015

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed MoJ to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department (inclusive of its Executive Agencies) and its sponsored Non-Departmental and other Arms Length Bodies (ALBs) designated by order made under the GRAA by Statutory Instrument 2013 No 3187 (together known as the 'Departmental Group', consisting of the Department and sponsored bodies listed at Note 23 to the Accounts). The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and the Departmental Group and of the net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer of the Department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- Make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by Non-Departmental and other ALBs;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Accounts; and
- Prepare the Accounts on a going concern basis.

HM Treasury has appointed the Permanent Secretary of the Department as the Accounting Officer of MoJ.

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored Non-Departmental and other ALBs as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource Accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Department or Non-Departmental and other ALBs for which the Accounting Officer is responsible, are set out in 'Managing Public Money' published by HM Treasury.

Annual governance statement

1. Introduction

- 1.1 As Accounting Officer, I am responsible for putting in place effective governance arrangements so that the right decisions are made at the right time, at the right level, and by the right people. I am satisfied that I have the necessary systems and processes in place which enable me to maintain an effective system of internal control throughout the Department that supports the achievement of policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally accountable.
- 1.2 The Department has continued to lead and deliver a number of major change programmes to deliver the priorities of the previous Government. The scale and the pace of these reforms have continued to combine to be the most significant challenge facing the Department. The National Probation Service (NPS) and Community Rehabilitation Companies (CRC), developed through the Transforming Rehabilitation programme, have been established during the last year. Other significant changes have been planned to deliver a more effective Criminal Justice System (CJS) including continuing work to rationalise the payment of legal aid, reducing the costs of the prison estate, reforming youth custody and modernising the courts and tribunals service.
- 1.3 This statement sets out in more detail how we have continued to develop our governance frameworks following a review of quality assurance and governance; and a review of the effectiveness of the Board, its supporting committees, and our risk assessment processes. The aim of these reviews has been to ensure that we maintain our focus on the areas that are most likely to prevent us from achieving our objectives.

2. Governance Framework

- 2.1 The Departmental Board has overall responsibility for advising and challenging on performance and delivery, including setting the Department's strategic direction, overseeing delivery of the MoJ Business Plan and the progress of programmes within the MoJ portfolio. The Board was supported by the Audit and Risk Committee and Nominations Committee:
 - Audit and Risk Committee - provides advice and assurance on risk, control and governance issues and on the internal and external audit work programmes.
 - Nominations Committee - provides assurance on processes to develop and manage current and future capability, the application of Civil Service SCS pay strategies within the Department, and the processes for appointments to positions on the Board.
- 2.2 I oversee the Department's top level executive management structures, which consists of the Executive Committee, the Finance Management Committee and the Commercial and Contract Governance Committee. Each of these are described below:
 - Executive Committee (ExCo) - is the senior Committee which has overall management responsibility for the Department and meets on a weekly basis.
 - ExCo Workforce Committee - a monthly meeting of ExCo and the HR Director to manage workforce and capability issues.
 - Financial Management Committee - provides advice to the Executive Committee on budget allocation and monitors the in-year financial performance of the Department and the Department's ability to meet its multi-year financial settlements.

- Commercial and Contract Governance Committee (CCGC) – provides advice to the Executive Committee on commercial capability, management of contracts, supplier relationships and relevant procurement, contract and category strategies.
- 2.3 The ExCo has played an important role in the scrutiny and approval of financial decisions for major projects and programmes. New financial approval thresholds for projects and programmes have strengthened accountability for all significant investments, including procurements. A number of approvals have gone through this process over the course of 2014-15, amounting to a sum of £14.4bn.
- 2.4 In July 2014, a new CCGC was established as a sub-committee of ExCo to improve the Department's process for procuring new contracts, and to review arrangements for the management of existing contracts. The Committee, chaired by the Director General; Finance, Assurance and Commercial, has met nine times to consider the Department's commercial capability, management of contracts, supplier relationships and relevant procurement.
- 2.5 The Board continues to operate in compliance with the code of corporate governance. Notably the Lead Non-Executive Board member recently completed the fourth formal review of the overall effectiveness of the Board. This showed a positive and improving picture with respect to the operation of the Board, with Board members confirming it is working well, that the information it receives is acceptable to the Board and that effective governance is in place. Following actions taken in light of the previous year's review, the evaluation shows some improvement in the Board's understanding of the key risks and performance of Arms-Length Bodies (ALBs), but that there remains some more work to do in this area.
- 2.6 Following the election, the Lead Non-Executive Member stood down with effect from 1 June 2015 and the remaining Non-Executive members of the Board will depart by the end of June. Sir Theodore Agnew has been appointed as a Non-Executive Member of the Board on the recommendation of the Secretary of State for Justice. He will chair the Audit and Risk Committee pending the appointment of a new Non-Executive Chair. The existing independent member of the Audit and Risk Committee will provide continuity of oversight for this Committee and its work. Sir Theodore's appointment will provide the necessary scrutiny of the Department, in line with the Board's operating framework, while the Department completes the process of appointing new non executive members, including a Lead Non-Executive Board Member.

3. Key risks and issues facing the Department

- 3.1 Both ExCo and the Departmental Board devote a significant proportion of time to the management of risk and to monitoring performance and delivery of day to day business and the change portfolio. I highlight here the four areas which received most attention during this period:
- The Department faces a challenging funding position which is managed by ExCo, supported by the Financial Management Committee, using a variety of reporting tools to track expenditure and identify pressures, both on business as usual and the change portfolio.
 - Over the year the Department has developed enhanced monitoring tools to track pressures on people capacity and capability. This has enabled ExCo to identify and take action on emerging gaps in resourcing or skills in key programmes; this has been extended to track pressures in corporate functions and business as usual. ExCo Workforce monitors wider people capability issues, including employee engagement.

- To manage the large volume of change underway in MoJ the Department continued to improve the reporting and assurance regimes for its portfolio of change programme. These changes have been designed to give a clearer focus to the previous Secretary of State for Justice's five priorities and to tighten the scrutiny and approval regime for all major projects and programmes.
 - During the year we have experienced an increased level of demand within the Justice System. To help understand the drivers of this demand and inform our strategies for managing any pressures we have received monthly reporting on performance covering all aspects of the Department's activities. These reports have also been enhanced throughout the year and now provide additional analysis of data trends within the criminal, family and civil justice systems.
- 3.2 A number of the most significant issues faced by the Department during this period warrant further disclosure. These are described below and include updates on issues that were disclosed last year.

Safety and Security within Prisons

- 3.3 Safety and security issues within prisons continue to receive close attention from the National Offender Management Service (NOMS), an Executive Agency of the Department, and have been raised during the year in reports issued by HM Chief Inspector of Prisons (HMCIP). The historically low escape rate has been maintained and whilst the number of reported incidents in prisons has increased, serious disorder remains rare. There has been an increase in the numbers of serious assaults and self inflicted deaths, which is a concern. Specific actions have been taken to address these risks, including the setting up a Violence Reduction Project to gain a better understanding of the causes of the levels of violence in prisons and to ensure strengthened handling of it, in terms of both prevention and response. The Agency also put in place additional resources in high risk prisons and staff at regional level to support safer custody work in establishments.

Prison Population (update from 2013-14)

- 3.4 During the first half of the year we managed risks around the prison population being above the published projections. This created operational pressure in the system and financial pressures for NOMS who implemented a range of measures to maintain sufficient capacity. These included changing the role of two prisons to maximise use of available places, re-opening previously closed wings at two prisons, purchasing additional places in private prisons and extending the use of crowding in public prisons. In addition, new houseblocks at four prisons provided an additional 1,200 places in the first quarter of 2015.

Transforming Rehabilitation (update from 2013-14)

- 3.5 The Transforming Rehabilitation Programme has overseen radical change of probation delivery in England and Wales through the creation of a NPS and 21CRCs. On the 1st February 2015 at the point of service transfer to the new CRC providers, the system was working broadly satisfactorily but with the need for some further refinement in continuing transition to steady state. The Efficiency Effectiveness and Excellence (E3) Programme has been established within NOMS to take forward business process improvements and refinement within the NPS. The individual CRC Providers each have their own programmes of transformation which were set out in their bids.
- 3.6 Further work is being undertaken to ensure that the ICT interfaces with the providers can work effectively and there are ongoing operational and financial risks around volumes of cases allocated to providers, quality and levels of service delivery and payments. These risks will be closely monitored and managed through a structured consistent approach to

contract management put in place by NOMS. A contract assurance process will cover contract performance, contract management and commercial issues and system interfaces.

Office for Legal Complaints – Financial Governance

- 3.7 A number of allegations came to light as a result of anonymous correspondence that was received by the Office for Legal Complaints (OLC), Legal Services Board (LSB), MoJ and the National Audit Office (NAO). In order to properly investigate the issues relating to financial management, the Department, in co-operation with the OLC Chairman and Non-Executive Directors, undertook a detailed review of all the Chief Executive's expense claims processed, and credit card expenditure incurred, since the inception of the OLC. This review identified a number of specific issues, as well as a general lack of appropriate oversight, approval and control of expenses incurred by the Chief Executive during this period. The review also identified further problems with the two staff benefit schemes.
- 3.8 In my statement for the OLC's 2013-14 Accounts I reported, in my role as the Accounting Officer for the OLC, on the following:
- A number of specific issues both within the expense claims and credit card expenditure (of the OLC's Chief Executive and Accounting Officer), principally relating to travel between home (in London) and work (in Birmingham);
 - A general lack of appropriate oversight, approval and control of expenses of the Chief Executive;
 - Some issues identified with the OLC's Total Remuneration Supplement scheme (a salary enhancement scheme put in place within the OLC for the Chief Executive and other senior employees), relating to the lack of appropriate approval of such expenditure; and
 - Some more general issues identified with the OLC's Flexible Benefits Scheme, again relating to the lack of appropriate approval for enhancements made to all employees' salaries.
- 3.9 Consequently, I have considered that a number of payments included within the OLC's 2013-14 accounts to be novel and contentious and I have not retrospectively approved these payments. Due to the issues that were identified, the 2013-14 accounts were qualified by the Comptroller and Auditor General (C&AG).
- 3.10 The OLC is in the process of reviewing its financial controls and governance systems following the qualification of its 2013-14 Accounts, with appropriate oversight from the Department as its sponsor. The Chief Executive ceased to hold office on 17 May 2015 in consequence of his own resignation and his dismissal (with notice) by the OLC.
- 3.11 As described below in paragraph 4.29, I have further strengthened oversight over ALBs. I have also sought and obtained assurances from a wide-ranging internal audit review covering all ALBs. The review included an assessment of current internal protocols and policies, authorisation and oversight arrangements for remuneration and expenses of senior management in line with good practice and applicable guidance. Whilst the review identified the need for some improvements it provided assurance that there was no evidence of similar issues identified within the OLC existing within other ALBs.

Data Loss

- 3.12 A significant data loss occurred in mid December 2014. The loss was of two computer discs, created at the request of a member of staff and sent in error through the general post, contrary to Departmental guidance. The discs contained information relating to three

high profile investigations: the Robert Hamill Inquiry, the Azelle Rodney Inquiry and the Mark Duggan Inquest. Swift action was taken to assess the extent of the loss and also to assess, and deal with, any potential risk to individuals, working closely with the police, Cabinet Office and other government departments.

- 3.13 Further investigations continue in relation to both the conduct of individuals and the organisational safeguards against information security breaches of this kind. A member of staff has been suspended to facilitate the investigation. The ICO are content with the way the matter has been handled and work with them continues. When ongoing investigatory work is complete there will be an independent review to identify lessons to be learnt.
- 3.14 I have described the Department's governance and control processes in relation to information assurance in paragraphs 4.8 to 4.12. This incident demonstrates that the controls are not fully effective and the lessons learnt review will be used to identify any improvements that may be necessary.

Contract Management (update from 2013-14)

- 3.15 In last year's Governance Statement I referred to the actions being taken by the Department to improve contract management following problems with electronic monitoring contracts and the consequent review which identified areas of good practice but also significant and long-standing weaknesses. In the paragraphs immediately below I set out the progress the Department has made with improving contract management. With respect to electronic monitoring, adequate controls are in place over payments now being made under the current contract. There is however some significant delay in the Programme to enable the transition to the new contract.
- 3.16 In 2013-14 we established a programme, which has continued to run throughout 2014-15 to take the identified improvements forward and to implement the review's recommendations in full. A summary of progress to date is set out below.
 - **Governance** - as described earlier in my Governance Statement the Commercial and Contract Governance Committee (CCGC) was established in June 2014. The CCGC has scheduled a review of all major contracts on a rolling basis.
 - **Roles and Responsibilities** - the Commercial and Contract Management Directorate (CCMD) replaced the Procurement Directorate in July 2014. The Directorate has been reorganised to provide for a more senior grade mix operating from fewer locations in order to improve professional oversight and management. Recruitment for additional senior staff is underway, with a number of new staff having already joined and commercial capability across the Department has been increased. A common operating model for contract management has been implemented across the Department, clarifying responsibilities and setting out requirements for all of the Department's largest contracts. Internal Audit has developed and implemented an enhanced assurance approach and is undertaking a rolling programme of audits of contract management, including deep dives, drawing on external expertise.
 - **Resource, Capability and Capacity** - we have worked with the International Association for Contract and Commercial Management to develop a programme covering the full range of contract management skills, with over a hundred staff having commenced the training.
- 3.17 The NAO and subsequently, the Public Accounts Committee (PAC) has, reviewed contract management in the Department in a comparative study with the Home Office during this year. It was acknowledged in these reviews that the Department responded promptly to address contract management issues and that the improvement plan that has the potential to be transformative, whilst pointing out that we still have more to do.

- 3.18 The contract management improvement programme is not yet complete and changes that the Department is introducing have not been universally and fully implemented as identified through the work of the CCGC and internal audit and recognised by the NAO and PAC, but I am satisfied that good progress is being made.
- 3.19 PAC requested that the Department report back to Parliament on progress with our contract management improvement plan at the end of 2015 and noted that Parliament will be particularly interested in arrangements for running the new 'Transforming Rehabilitation' contracts (for outsourcing probation services).

Shared Services (update from 2013-14)

- 3.20 As anticipated and reported in last year's Governance Statement during 2014-15 the MoJ in-house Shared Services was outsourced, following the closure of the internal Shared Services programme and as a response to the Government's Next Generation Shared Services strategy. A decision was taken at the MoJ Departmental Board on 16 June 2014 to enter negotiations with Shared Services Connected Limited (SSCL), the Cabinet Office/Steria joint venture, with a view to outsourcing MoJ Shared Services in the autumn of 2014.
- 3.21 The outsourcing of Shared Services took place on 31 October 2014. Over 1,000 staff transferred from MoJ to SSCL. SSCL are now responsible for delivering shared services to the Department. The service transferred with an agreed period of stability where SSCL were required to keep the service running as the in-house provision had provided. An internal team has been created to act as an Intelligent Client across the Department, ensuring the integrity of performance and the contract. To support this, new arrangements have been put in place to govern service delivery and manage supplier performance. These will need to be tested to ensure they are robust. The outsourcing will realise savings to the Department of approximately £92m over a 7 year contract.
- 3.22 Throughout 2014-2016 a programme will be undertaken to transform the Shared Services in line with the Next Generation Shared Service strategy. This will include MoJ moving to a common Oracle platform in 2016.

Processing motor convictions (update from 2013-14)

- 3.23 This issue relates to irregularities with recording and communicating decisions for motoring offences in Magistrates' Courts, after a member of staff was found guilty of bribery and misconduct in a public office. The Police are continuing to investigate the issue of processing of motoring convictions in a number of our Magistrates' Courts and charges have been brought against staff and members of the public. Controls within HM Courts & Tribunals Service have been improved, management teams in the affected courts have been strengthened and additional support provided to give assurance of compliance with mandatory controls. Separately, work has been commissioned to change the legal process for making statutory declarations, to reduce the risk of abuse.

PentiP Enforcement System (update from 2013-14)

- 3.24 Previous issues following the implementation of the PentiP fixed penalty system by the Home Office have been fully addressed. Technical issues affecting system reliability have been resolved and some functional changes have been made. As a result the system is fully operational and delivering planned benefits.
- 3.25 The backlogs in financial reconciliations have been cleared. These backlogs arose because of the system issues and which impacted the C&AG's opinion on the HM Courts & Tribunals Service Trust Statement for 2012-13. Consequently, the C&AG was able to provide an unqualified audit opinion on the HM Courts & Tribunals Service Trust Statement for 2013-14, which was laid in Parliament in December 2014.

Review of long term leasing contracts (update from 2013-14)

- 3.26 HM Courts & Tribunals Service commissioned Internal Audit to investigate the circumstances of a number of historic property transactions by its predecessor organisation, which appeared to represent poor value for money. The review was conducted with external support.
- 3.27 HM Courts & Tribunals Service Audit and Risk Assurance Committee and HM Courts & Tribunals Service Board have considered the findings, which do not warrant further investigation of the specific transactions and indicate that controls now operating in HM Courts & Tribunals Service should prevent a recurrence. The appropriate accounting adjustments have been made in HM Courts & Tribunals Service's Annual Report and Accounts. Some additional work is under way to give additional assurance to the HM Courts & Tribunals Service Board that current governance is sufficient to support best decisions on all future estates transactions.

Contract for interpreter services (update from 2013-14)

- 3.28 Concerns had previously been raised regarding the underperformance of interpreter services provided through a contract with Capita ALS. The Chief Executive of HM Courts & Tribunals Service and the Department's Director General; Finance, Assurance and Commercial, appeared before the PAC on 27 January 2014 to give further evidence following a report from the NAO on the progress made since the previous year's report.
- 3.29 Since the implementation of a revised contract package, performance has improved continuously and significantly. Spend on interpreters outside of the contract has also continued to fall substantially.

4. Assurance Arrangements**Risk Management**

- 4.1 Senior managers consider operational risks to delivery in each business area through a comprehensive framework of risk registers covering Business Groups, Executive Agencies, ALBs, HQ directorates, programmes and projects, health and safety, business continuity and information assurance, with a route to escalate significant risks to ExCo.
- 4.2 The Department Strategic Risk Register draws on and is underpinned by the operational risk registers and provides a high level overview of the risk profile of the Department. The Register is updated monthly by ExCo members, with a more extensive quarterly revision for the Board. ExCo identifies any action that is necessary and appropriate to manage and mitigate the strategic risks and considers any risks escalated from other registers.
- 4.3 The Department uses other mechanisms and approaches for managing risk that work alongside and in conjunction with the formal risk registers. These include the performance scorecards, performance dashboards and the Transforming Justice Portfolio Status Report that ExCo, the Board and Executive Agency Boards review on a regular basis. Much of ExCo's agenda is devoted to managing the key risk areas of resources, people, contracts and change programmes.
- 4.4 The Departmental Audit and Risk Committee, in undertaking a review of the department's control environment in 2013-14, identified a number of concerns with respect to risk management. This issue was also recognised in the Board Effectiveness Review, which recommended that further work be undertaken with respect to risk. This has been taken forward through two parallel activities; the mapping of all of the various assurance points throughout the Department and its Executive Agencies, and a review of risk management practice. ExCo has subsequently discussed and agreed to strengthen the Department's approach to risk management and ensure greater consistency in the application of the risk

management policy. We will be further considering the total assurance framework for the Department to ensure that there are appropriate and effective controls around key operational processes.

Business Continuity Planning

- 4.5 All MoJ business areas (HQ, Executive Agencies and ALBs) have a trained and dedicated business continuity practitioner and each unit has a resilience plan in place designed to provide an effective response to disruptive events and a structured return to business as normal. In the case of a serious event cutting across business areas recovery planning can be managed centrally by the Corporate Business Continuity Team and, in the event of a major crisis, in coordination with the Criminal Justice Strategic Command.
- 4.6 The effectiveness of our business continuity and disaster recovery planning has been tested recently following the underground cable fire in Kingsway, Central London, which led to power cuts in the area, loss of IT and telephony and IT network disruption over a wider part of the MoJ estate. Buildings including the Royal Courts of Justice and Victory House had to be evacuated and highly sensitive material moved quickly to other secure locations.
- 4.7 Corporate Business Continuity Team, working collaboratively with counterparts in Estates and Technology organized the relocation of key staff and equipment from several business areas to support the recovery of mission critical activities. Daily conference calls with contractors, utility providers and the emergency services facilitated regular disaster recovery updates to be provided to senior management until return to business as usual.

Information Assurance

- 4.8 The MoJ Senior Information Risk Owner (SIRO), HQ business group and executive agency SIROs met quarterly as a SIRO Board. This enabled active senior monitoring of the Department's key and cross-cutting information risks. To support the SIRO Board, a committee comprising Information Assurance (IA) leads from HQ business groups and agencies, as well as representatives from Corporate Security and ICT IA Teams also met quarterly. This group monitors information risks closely and makes recommendations to SIROs on key areas of information security policy. Furthermore, ALB SIROs met regularly to discuss their information risks. Staff are required to complete information risk awareness training annually and high levels of completion were reported.
- 4.9 The loss of discs noted at 3.12 above is evidence that not all information assurance controls are fully effective. The ongoing investigations will help the Department understand the weaknesses exposed and how best to remedy them.
- 4.10 To raise Board-level awareness of cyber security risk, The National Archives (TNA) facilitated a briefing to the MoJ Departmental Board in November 2014. Subsequent to the briefing a non-executive director Cyber Champion has been appointed. In conjunction with TNA a series of workshops have been delivered for information asset owners and staff who support them.
- 4.11 NOMS is working with the newly established NPS to fully embed their information risk management policies and with the CRCs to put in place measures to mitigate risks to the Agency arising from co-location and shared access to national IT systems.
- 4.12 A summary of incidents involving personal data and data losses is included in the Annual Report.

Counter Fraud Activity

- 4.13 The Departmental Anti-Fraud and Corruption Policy was updated in November 2014 and is available on the Department's intranet.

- 4.14 The Department's Counter Fraud Error and Debt Champion leads on measures within the Department, its Executive Agencies, and other public bodies to tackle fraud. The MoJ Counter Fraud Error and Debt Champion is part of a network, based in all major government departments and feeds into the work of the Government's Counter Fraud Error and Debt Taskforce.
- 4.15 The Counter Fraud Development and Monitoring Group brings together fraud subject matter experts and fraud investigators from across the Department. The group co-ordinates the Departmental response to fraud and actively promote fraud awareness. Members of the Group work closely with the police, other government departments and partner organisations.
- 4.16 The Department reports regularly to the Cabinet Office on progress to deliver commitments contained in the Departmental Fraud and Error Action Plan which will enhance our ability to detect, measure, prosecute and prevent fraud. In addition, in response to two HM Treasury mandates, the Department developed Fraud Metrics for 2014-15 and completed random sampling exercises in high risk payment systems.
- 4.17 The Department also participated in the National Fraud Initiative 2014, an exercise facilitated by the Audit Commission, which matches electronic data within public and private sector bodies to prevent and detect fraud.
- 4.18 The Whistle Blowing and Raising a Concern Policy was updated and relaunched in February 2015 and is also available to staff on the Department's intranet. The Department has three Nominated Officers, one of whom is a Non-Executive Board Member. Nominated Officers perform a key role in advising employees who have concerns and helping them to get their concerns considered.

Quality Assurance of Analysis (Modelling)

- 4.19 A Modelling Governance Board has been established in response to recommendations made in the Griffiths Review of 2013. The Board has the remit to:
 - Ensure the right modelling is being done;
 - Provide confidence that appropriate and proportionate quality assurance activities have been completed;
 - Establish and share knowledge and common modelling assumptions across the analytical community;
 - Clarify accountability, especially on cross-cutting modelling; and
 - Pursue Macpherson review recommendations, and feed into the annual progress update.
- 4.20 The Department's dedicated analytical quality assurance team within the Analytical Services Directorate has continued to provide guidance, challenge and scrutiny of modelling and analysis and, supported by a network of analytical quality assurance champions across the analytical community, has improved the quality of the analysis behind business cases.
- 4.21 The Department has taken a leading role on the cross-Government quality assurance working group to deliver the recommendations of the Macpherson review of quality assurance of business critical models. In particular, the Department has led on the development of the Analytical Quality Assurance (AQA) book.

4.22 A review of our business critical models and the completion of the Macpherson recommendation assessment established that as a department we are performing well in ensuring sufficient AQA has been carried out on inputs, methodology and outputs and appropriately specialist staff are developing, quality assuring and using our business critical models, each of which have a 'model' senior responsible officer (SRO). Going forward, we need to ensure we communicate the AQA carried out and the uncertainty related to analysis in submissions to Ministers and ensure AQA best practice is shared with ALBs.

Oversight of Assurance Arrangements

4.23 The Board exercised oversight of the performance of the Department using a new, more comprehensive performance dashboard, with separate reports each month on our major change programmes and on business as usual. Additionally, the Board considers information from a range of external sources including:

- NAO reports (including Value for Money) and the audit report for the Annual Report and Accounts;
- HM Chief Inspector of Prisons publications and (Annual) report;
- HM Chief Inspector of Probation publications and (Annual) report; and
- Feedback from the Major Projects Review Group.

4.24 One of the key sources of independent assurance within the Department comes from the activities of its Internal Audit and Assurance Division. The internal audit programme is closely linked to the key risks of the Department, its Executive Agencies and ALBs. Arrangements are in place to ensure that I am made aware of any significant issues which indicate that key risks are not being effectively managed. The internal audit service complies with the Public Sector Internal Audit Standards.

4.25 The Head of Internal Audit's overall opinion for 2014-15 is 'moderate assurance' on the adequacy and effectiveness of the system of governance, risk management and internal control. 'Moderate' is defined as 'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control', and is the second highest opinion rating available to the Head of Internal Audit. The results from the internal audit work are, in general, positive, with the very significant majority of reports being rated as 'substantial' or 'moderate'. In 2014-15 internal audit has focussed more resources to review the systems and payments made by the Department to third parties through its contracts.

4.26 Other sources of internal assurance from which the Board also draws include:

- Head of Security's Annual Security Report;
- Security Policy Framework & Information Risk: Annual Report to the Cabinet Office;
- Head of MoJ Corporate Health and Safety Annual Report; and
- Reports from the Chairs of Nominations and Audit and Risk Committee following each of the respective sub-committee meetings.

4.27 Assurance about the extent to which our Executive Agencies, NDPBs and Associated Offices comply with their respective Framework Document and Financial Memoranda is provided by sponsorship units, which are also responsible for monitoring their performance. The following annual cycle exists for exercising control over ALBs:

- January - March: Annual impact assessments undertaken by the sponsor with ALBs which are moderated by the ALB Governance Division (ALBGD) and the results are reported to ExCo;
 - On-going sponsorship relationship: Regular on-going contact, as required, and proportionate, informed by impact assessment;
 - Quarterly: Holding to account meetings between sponsors and ALBs on basis of impact assessment, with relevant risks escalated as appropriate to Business Group risk register or Department;
 - Monthly: Performance update to ExCo on all high impact ALBs and others by exception; and
 - Year end: Governance Statements are completed by Director Generals and Directors provide assurance on the sponsorship they provide to ALBs.
- 4.28 A recent audit (December 2014) undertaken by Internal Audit and Assurance identified weaknesses and inconsistency in the sponsorship provided outside of the ALBGD. As a result of this, work is underway to increase awareness of sponsorship activity and its importance. This includes publication of a 'Sponsorship Operating Model' and focussed MoJ Peer networks to share best practice.
- 4.29 The importance of effective oversight has been re-enforced by the significant issues relating to the OLC identified in the year, as described above in paragraphs 3.7 to 3.11 I have further strengthened the oversight of ALBs and I am satisfied that the Department has adequate mechanisms in place.

Spending by Grant Recipients

- 4.30 As Accounting Officer, I need to be assured that resources made available to locally governed organisations are used for the purpose intended, and that the expenditure represents value for money.
- 4.31 The Youth Justice Board for England and Wales (YJB) is one of the Department's largest ALBs and received £252 million from MoJ in 2014-15. Of this, £92.2 million was allocated by the YJB to Youth Offending Teams (YOTs). The YJB has the power to make grants to local authorities or other bodies to develop good practice and commission research in relation to youth justice with approval from the Secretary of State.
- 4.32 HM Inspectorate of Probation undertakes risk-based inspections of YOTs "with poor performance and low capability and capacity to improve themselves." In addition, the YJB undertakes additional monitoring of YOTs. The last YJB Internal Audit of the adequacy, effectiveness and reliability of controls operating over the use of the YOT grant returned a 'Moderate' rating. In 2013-14, YOTs provided additional documentation to show how they intend to comply with the purpose of the grant i.e. 'to develop good practice and/or research into good practice'. This has now been revised to cover 'the purposes of the operation of the youth justice system and the provision of youth justice services'. YOTs will be required to demonstrate they have used the monies appropriately.
- 4.33 Consistent with the Department's commitment to support victims of crime, £35.71 million of the £83.41 million awarded by the Core Department in grants during 2014-15 went to Victim Support (VS), specifically to fund the National Homicide Service, Court Based Victim Service and the Core Victim Service. The Grant Agreement between the Department and VS contains funding commitments based on rigorous assessments of the assumptions underpinning VS's business plan and costings. The Agreement also contains requirements for VS to change its operational procedures to target resources more efficiently and

improve its prioritisation of assistance to victims. VS has provided the Department with management information in support of its use of the grant in-year. The VS Chief Operating Officer provided the Department with a letter of assurance for the financial year ending 31 March 2015 which confirmed that VS have complied with the terms and conditions of the Grant in Aid Agreement and that MoJ funding was used only for the purposes specified in the Agreement.

- 4.34 There are a number of other smaller grants administered by the Department and assurance mechanisms are in place for these.
- 4.35 The Department is working with the Cabinet Office on the development of its Grants Efficiency Programme. This will improve the efficiency of the whole grant making process and reduce the opportunity for fraud.

5. Overall Conclusions

The Department has continued to manage and deliver a significant change programme and has responded to the need to improve its contract and commercial capability. While I am satisfied with the work we have undertaken to improve governance, risk management and assurance, and how we have responded to the issues, as described in this statement, I expect to continue to focus on these issues during the coming year. I will continue to take action to ensure that these arrangements remain fit for purpose in supporting a Department with a major change agenda.

Departmental Board, Audit and Risk Committee and Nominations Committee Member Attendance 1 April 2014 to 31 March 2015			
	Meetings attended per member out of those eligible to attend		
Members	Departmental Board	Audit & Risk Committee ⁸	Nominations Committee
Ministers			
The Rt Hon Chris Grayling MP, Lord Chancellor and Secretary of State for Justice	10 of 11	-	-
The Rt Hon Simon Hughes MP, Minister of State for Justice and Civil Liberties	10 of 11	-	-
Lord Faulks QC, Minister of State for Civil Justice	5 of 11	-	-
The Rt Hon Damian Green MP, Minister of State for Policing, Crime and Criminal Justice and Victims (to July 2014)	3 of 3	-	-
Shailesh Vara MP, Parliamentary Under Secretary of State, Minister for the Courts and Legal Aid	9 of 11	-	-
Jeremy Wright MP, Parliamentary Under Secretary of State (to July 2014)	3 of 3	-	-
Rt Hon Mike Penning MP, Minister of State for Policing, Crime, Criminal Justice and Victims (from July 2014)	1 of 8	-	-
Andrew Selous MP, Parliamentary Under Secretary of State, Minister for Prisons and Rehabilitation (from July 2014)	8 of 8		
Executive Management			
Dame Ursula Brennan DCB, Permanent Secretary	11 of 11	3 of 5	5 of 5
Catherine Lee CBE, Director General, Law & Access to Justice	9 of 11	-	-

⁸ Permanent Secretary and DG Finance and Corporate Services Group attend the Departmental Audit and Risk Committee meetings in the capacity of additional attendees.

Departmental Board, Audit and Risk Committee and Nominations Committee Member Attendance 1 April 2014 to 31 March 2015			
	Meetings attended per member out of those eligible to attend		
Members	Departmental Board	Audit & Risk Committee⁸	Nominations Committee
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service (to December 2014)	5 of 8	-	-
Ann Beasley CBE, Director General, Finance, Assurance and Commercial	10 of 11	4 of 5	-
Antonia Romeo, Director General, Criminal Justice (to 1 st March 2015)	10 of 10	-	-
Matthew Coats, Chief Executive, LAA and Director General, Corporate Services	11 of 11	-	-
Michael Spurr CB, Chief Executive, NOMS	9 of 11	-	-
Natalie Ceeney CBE, Chief Executive, HM Courts & Tribunals Service (from 5 January 2015)	3 of 3	-	-
Non-Executive or Independent Member			
Tim Breedon CBE, Lead Non-Executive Director	11 of 11	-	5 of 5
Fields Wicker-Miurin OBE, Non-Executive Director	7 of 11	-	5 of 5
Dame Sue Street DCB, Non-Executive Director	9 of 11	-	3 of 5
Bill Griffiths, Departmental Audit & Risk Committee Chair and Non-Executive Director	10 of 11	5 of 5	3 of 5
Peter Conway, Independent member of Audit & Risk Committee	-	5 of 5	-
David Clarke, Independent member of Audit & Risk Committee (to December 2014)	-	4 of 4	-
Michael Hawker, Ex-officio member of Audit & Risk Committee	-	5 of 5	-
John Grosvenor, Ex-officio member of Audit & Risk Committee	-	3 of 5	-
Francis Dobbyn, Ex-officio member of Audit & Risk Committee (to 1 st January 2015)	-	3 of 4	-
Victoria Cochrane, Ex-officio member of Audit & Risk Committee (from 1 st January 2015)	-	1 of 1	-

¹ Permanent Secretary and DG Finance, Assurance and Commercial Group and DG Corporate Services Group attend the Departmental Audit and Risk Committee meetings in the capacity of additional attendees

Ursula Brennan
Accounting Officer

8 June 2015

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

I certify that I have audited the financial statements of the Ministry of Justice and of its Departmental Group for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The Department consists of the Core Department and its Agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2014. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's and the Departmental Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and the Departmental Group's affairs as at 31 March 2015 and of the Department's net operating cost and Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Strategic Report, Accounting Officer's Report and Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse
Comptroller and Auditor General**

Date 9 June 2015

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Accounts

Statement of Parliamentary Supply

Summary of Resource and Capital Outturn 2014-15

Note		Estimate			Outturn			Voted Outturn compared with Estimate: saving/ (excess)	Restated 2013-14 Outturn		
		Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000				
Departmental Expenditure Limit											
- Resource	SoPS 2.1	7,586,882	123,451	7,710,333	7,465,410	131,858	7,597,268	121,472	7,970,481		
- Capital	SoPS 2.2	296,328	-	296,328	289,793	-	289,793	6,535	274,724		
Annually Managed Expenditure											
- Resource	SoPS 2.1	181,100	-	181,100	(295,587)	-	(295,587)	476,687	120,160		
- Capital	SoPS 2.2	-	-	-	-	-	-	-	-		
Total Budget		8,064,310	123,451	8,187,761	7,459,616	131,858	7,591,474	604,694	8,365,365		
Total Resource		7,767,982	123,451	7,891,433	7,169,823	131,858	7,301,681	598,159	8,090,641		
Total Capital		296,328	-	296,328	289,793	-	289,793	6,535	274,724		
Total		8,064,310	123,451	8,187,761	7,459,616	131,858	7,591,474	604,694	8,365,365		

Net Cash Requirement 2014-15

Note		Estimate			Outturn			Outturn compared with Estimate: saving/ (excess)	Restated 2013-14 Outturn		
					£000	£000	£000				
Net cash requirement	SoPS 4		7,292,488			7,186,710	105,778	7,564,592			

Administration Costs 2014-15

Note		Estimate			Outturn			Outturn compared with Estimate: saving/ (excess)	Restated 2013-14 Outturn		
					£000	£000	£000				
Administration costs	SoPS 3.2		588,135			556,120	534,978				

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will also result in an excess vote. Explanations of variances between Estimate and outturn are given in the Our Finances section of the Strategic Report on pages 9 to 13.

The Notes on pages 57 to 63 and 71 to 125 form part of these Accounts.

Notes to the Statement of Parliamentary Supply

SoPS 1 Statement of accounting policies

The Statement of Parliamentary Supply (SoPS) and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by Her Majesty's (HM) Treasury. The SoPS accounting policies contained in the FReM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SoPS 1.1 Accounting convention

The SoPS and related notes are presented consistently with HM Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework European System of Accounts (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the SoPS and related notes, have different objectives to International Financial Reporting Standards (IFRS) based accounts. The system supports the achievement of macroeconomic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- Ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- Support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SoPS 1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below. A reconciliation of the Department's outturn as recorded in the SoPS compared to the IFRS-based Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) is provided in SoPS 3.1.

SoPS 1.2.1 Private Finance Initiatives (PFI) and other service concession arrangements

The National Accounts basis for recognising service concession arrangements is broadly similar to UK Generally Accepted Accounting Practice, applying a risk-based test to determine the financial reporting. IFRS-based recognition of service concession arrangements (IFRIC 12) is determined using control tests, which can result in a different 'on/off balance sheet' treatment.

SoPS 1.2.2 Capital grants

Grant expenditure used for capital purposes are treated as Capital Departmental Expenditure Limits (CDEL) items in the SoPS. Under IFRS, as applied by the FReM, there is no distinction between capital grants and other grants, and they score as an item of expenditure in the CSoCNE.

SoPS 1.2.3 Receipts in excess of HM Treasury agreement

This applies where HM Treasury has agreed a limit to income retainable by the Department, with any excess income scoring outside of budgets, and consequently outside of the SoPS. IFRS-based accounts will record all of the income, regardless of the budgetary limit. This situation may arise in the following areas: income generation outside of Department's ambit; and income received above netting-off agreements.

SoPS 1.2.4 Provisions

Provisions recognised in IFRS-based accounts are not recognised as expenditure for National Accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and National Accounts, additional data entries are made in the SoPS across Annually Managed Expenditure (AME) and Departmental Expenditure Limit (DEL) control totals, which do not affect the CSoCNE. On recognition, release or revaluation, provisions score in AME; when payments are made against them or they crystallise as payables (utilisation) these score to DEL, with an opposite negative entry made in AME.

SoPS 1.2.5 Administration and Programme expenditure

In addition to reporting total net outturn for the year, the SoPS includes the Administration control total which reports the amount spent on back office functions. Administration control total is a sub-category of DEL. The balance of outturn is referred to as Programme expenditure. Administration and Programme expenditure reported in the SoPS differ from that reported in IFRS-based accounts. A reconciliation between the SoPS and IFRS-based Administration totals is provided in SoPS 3.2.

SoPS 2. Net outturn

SoPS 2.1 Analysis of net resource outturn by section

	2014-15										Restated 2013-14	
	Outturn					2014-15					Estimate	Outturn
	Administration			Programme		Net Total compared to Estimate			Net Total compared to Estimate adjusted for virements			Net Total
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000	Net Total £000	Net Total £000	Net Total £000	Net Total £000	Net Total £000	Net Total £000
Spending in Departmental Expenditure Limits (DEL)												
Voted expenditure												
A Policy, Corporate Services and Associated Offices	289,306	(19,189)	270,117	999,264	(363,911)	635,353	905,470	1,070,360	164,890	16,700	766,505	
B National Offender Management Service	127,675	(4,280)	123,395	3,510,906	(288,822)	3,222,084	3,345,479	3,279,842	(65,637)	15,719	3,436,304	
C HM Courts & Tribunals Service	25,479	(500)	24,979	1,615,898	(696,778)	919,120	944,099	974,502	30,403	30,403	1,027,975	
D Office of the Public Guardian	-	-	-	36,590	(51,411)	(14,821)	(14,821)	(5,848)	8,973	8,973	(14,481)	
E Youth Justice Board (net)	6,810	-	6,810	184,657	-	184,657	191,467	196,067	4,600	4,600	224,345	
F Parole Board (net)	1,021	-	1,021	11,940	-	11,940	12,961	13,570	609	609	11,479	
G Criminal Cases Review Commission (net)	1,111	-	1,111	4,393	-	4,393	5,504	5,247	(257)	-	5,173	
H Judicial Appointments Commission (net)	444	-	444	3,588	-	3,588	4,032	4,733	701	701	4,202	
I Information Commissioner's Office (net)	3,715	-	3,715	-	-	-	3,715	4,645	930	930	5,079	
J Office for Legal Complaints (net)	-	-	-	13,657	-	13,657	13,657	14,452	795	795	15,028	
K Legal Services Board (net)	-	-	-	3,921	-	3,921	3,921	4,298	377	377	4,266	
L Legal Aid Agency - Administration	100,093	(787)	99,306	-	-	-	99,306	99,600	294	294	97,377	
M Legal Aid Agency - Fund: Criminal	-	-	-	915,072	(26,318)	888,754	888,754	929,000	40,246	40,246	966,504	
N Legal Aid Agency - Fund: Civil	-	-	-	856,813	(171,829)	684,984	684,984	679,800	(5,184)	-	824,791	
O Legal Aid Agency - Central Funds	-	-	-	62,814	-	62,814	62,814	63,700	886	886	81,371	
P Criminal Injuries Compensation Authority	16,090	-	16,090	178,560	-	178,560	194,650	134,550	(60,100)	-	262,109	
Q Children and Family Court Advisory and Support Service (net)	9,132	-	9,132	110,286	-	110,286	119,418	118,364	(1,054)	239	123,531	
Total Voted expenditure in DEL	580,876	(24,756)	556,120	8,508,359	(1,599,069)	6,909,290	7,465,410	7,586,882	121,472	121,472	7,841,558	
Non-Voted expenditure												
R Higher Judiciary Judicial Salaries	265	-	265	147,991	-	147,991	148,256	141,000	(7,256)	(7,256)	148,610	
S Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	(16,398)	(16,398)	(16,398)	(17,549)	(1,151)	(1,151)	(19,687)	
Total Non-voted expenditure in DEL	265	-	265	147,991	(16,398)	131,593	131,858	123,451	(8,407)	(8,407)	128,923	
Total Resource DEL Spending	581,141	(24,756)	556,385	8,656,350	(1,615,467)	7,040,883	7,597,268	7,710,333	113,065	113,065	7,970,481	

	2014-15										Restated 2013-14	
	Outturn					Estimate					Outturn	
	Administration			Programme						Net Total compared to Estimate adjusted for virements	Net Total £000	
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000	Net Total £000	Net Total £000	Estimate £000	Net Total £000	Net Total £000	
Spending in Annually Managed Expenditure Limits (AME)												
Voted expenditure												
T Policy, Corporate Services and Associated Offices	-	-	-	(296,893)	-	(296,893)	(296,893)	(38,180)	258,713	228,138	135,959	
U National Offender Management Headquarters (HQ)	-	-	-	140,115	-	140,115	140,115	178,500	38,385	38,385	135,896	
V Youth Justice Board (net)	-	-	-	8,467	-	8,467	8,467	10,000	1,533	1,533	-	
W HM Courts & Tribunals Service	-	-	-	(89,709)	-	(89,709)	(89,709)	36,300	126,009	126,009	(16,508)	
X Criminal Cases Review Commission (net)	-	-	-	261	-	261	261	330	69	69	438	
Y Judicial Appointments Commission (net)	-	-	-	(6)	-	(6)	(6)	(10)	(4)	-	(29)	
Z Information Commissioner's Office (net)	-	-	-	-	-	-	-	(8)	(8)	-	502	
AA Legal Aid Agency - Administration	-	-	-	4	-	4	4	(100)	(104)	-	(698)	
AB Criminal Injuries Compensation Authority	-	-	-	(10,541)	-	(10,541)	(10,541)	(10,703)	(162)	-	(103,392)	
AC Children and Family Court Advisory and Support Service (net)	-	-	-	4,020	-	4,020	4,020	4,971	951	951	7,071	
Office of the Public Guardian	-	-	-	15	-	15	15	-	(15)	-	(187)	
Office for Legal Complaints (net)	-	-	-	(367)	-	(367)	(367)	-	367	367	393	
Parole Board (net)	-	-	-	(52)	-	(52)	(52)	-	52	52	27	
Legal Services Board (net)	-	-	-	-	-	-	-	-	-	-	-	
Legal Aid Agency - Fund: Criminal	-	-	-	30,282	-	30,282	30,282	-	(30,282)	-	(45,523)	
Legal Aid Agency - Fund: Civil	-	-	-	(62,607)	-	(62,607)	(62,607)	-	62,607	62,607	(1,488)	
Legal Aid Agency - Central Funds	-	-	-	(18,576)	-	(18,576)	(18,576)	-	18,576	18,576	7,699	
Total Resource AME Spending	-	-	-	(295,587)	-	(295,587)	(295,587)	181,100	476,687	476,687	120,160	

SoPS 2.2 Analysis of net capital outturn by section

	2014-15		2014-15		Restated 2013-14		
	Outturn		Estimate		Net Total compared to	Outturn	
	Gross £000	Income £000	Net Total £000	Net Total £000	Estimate £000	Estimate adjusted for variations £000	Net Total £000
Spending in Departmental Expenditure Limits (DEL)							
Voted expenditure							
A Policy, Corporate Services and Associated Offices	295,052	(52,624)	242,428	244,526	2,098	1,360	228,964
B National Offender Management Service	26,572	(2,075)	24,497	26,000	1,503	1,503	26,816
C HM Courts & Tribunals Service	-	-	-	-	-	-	-
D Office of the Public Guardian	4,361	(63)	4,298	3,730	(568)	-	4,288
E Youth Justice Board (net)	2,250	-	2,250	4,000	1,750	1,750	924
F Parole Board (net)	86	-	86	-	(86)	-	53
G Criminal Cases Review Commission (net)	84	-	84	132	48	48	182
H Judicial Appointments Commission (net)	553	-	553	520	(33)	-	134
I Information Commissioner's Office (net)	816	-	816	765	(51)	-	564
J Office for Legal Complaints (net)	1,406	-	1,406	1,800	394	394	258
K Legal Services Board (net)	112	-	112	125	13	13	80
L Legal Aid Agency - Administration	11,806	-	11,806	13,000	1,194	1,194	9,745
M Legal Aid Agency - Fund: Criminal	-	-	-	-	-	-	-
N Legal Aid Agency - Fund: Civil	-	-	-	-	-	-	-
O Legal Aid Agency - Central Funds	-	-	-	-	-	-	-
P Criminal Injuries Compensation Authority	1,719	(262)	1,457	1,730	273	273	853
Q Children and Family Court Advisory and Support Service (net)	-	-	-	-	-	-	1,863
Total Voted expenditure in DEL	344,817	(55,024)	289,793	296,328	6,535	6,535	274,724
Non-voted expenditure							
R Higher Judiciary Judicial Salaries	-	-	-	-	-	-	-
S Levy Income - Legal Services Board and Office for Legal Complaints (CFER)	-	-	-	-	-	-	-
Total Non-voted expenditure in DEL	-	-	-	-	-	-	-
Total Capital DEL Spending	344,817	(55,024)	289,793	296,328	6,535	6,535	274,724
Spending in Annually Managed Expenditure Limits (AME)							
Voted expenditure							
T Policy, Corporate Services and Associated Offices	-	-	-	-	-	-	-
U National Offender Management HQ	-	-	-	-	-	-	-
V Youth Justice Board (net)	-	-	-	-	-	-	-
W HM Courts & Tribunals Service	-	-	-	-	-	-	-
X Criminal Cases Review Commission (net)	-	-	-	-	-	-	-
Y Judicial Appointments Commission (net)	-	-	-	-	-	-	-
Z Information Commissioner's Office (net)	-	-	-	-	-	-	-
AA Legal Aid Agency - Administration	-	-	-	-	-	-	-
AB Criminal Injuries Compensation Authority	-	-	-	-	-	-	-
AC Children and Family Court Advisory and Support Service (net)	-	-	-	-	-	-	-
Office of the Public Guardian	-	-	-	-	-	-	-
Office for Legal Complaints (net)	-	-	-	-	-	-	-
Parole Board (net)	-	-	-	-	-	-	-
Legal Services Board (net)	-	-	-	-	-	-	-
Legal Aid Agency - Fund: Criminal	-	-	-	-	-	-	-
Legal Aid Agency - Fund: Civil	-	-	-	-	-	-	-
Legal Aid Agency - Central Funds	-	-	-	-	-	-	-
Total Capital AME Spending	-	-	-	-	-	-	-

Significant variances between Estimate and Outturn are explained in the Our Finances section on pages 9 to 13.

SoPS 3. Reconciliation of outturn to net operating cost and against Administration Budget

SoPS 3.1 Reconciliation of net resource outturn to net operating cost

	Note	2014-15	Restated 2013-14
		Outturn	Outturn
		£000	£000
Total resource outturn in SoPS			
Voted DEL	SoPS 2.1	7,465,410	7,841,558
Non-voted DEL	SoPS 2.1	131,858	128,923
Total DEL		7,597,268	7,970,481
Total AME	SoPS 2.1	(295,587)	120,160
		7,301,681	8,090,641
Add:			
Capital grants (net of European Union contributions)		615	(504)
Other			
Funding from other Central Government Department		-	2,400
Adjustment for other capital expenditure in CSoCNE		319	51
		934	1,947
Less:			
Income payable to the Consolidated Fund (excluding non-voted levy income)		(5,775)	(171,412)
Other			
Private Finance Initiatives adjustments		(40,717)	(13,129)
Creation of provision not through CSoCNE		-	(7,078)
		(46,492)	(191,619)
Net Operating Costs in CSoCNE		7,256,123	7,900,969

SoPS 2 provides a breakdown of the underspend against Supply Estimate by subhead. Explanations for significant variances are given in the Our Finances section on pages 9 to 13.

SoPS 3.2 Outturn against final Administration Budget and Administration net operating cost

	Note	2014-15	Restated 2013-14
		£000	£000
		588,135	606,932
Estimate - Administration costs limit			
Outturn - Gross Administration costs		598,524	572,845
Outturn - Gross Income relating to Administration costs		(42,404)	(37,867)
Outturn - Net Administration costs	SoPS 2.1	556,120	534,978
Reconciliation to operating costs:			
Less: Provisions utilised (transfer from Programme)		(2,018)	(656)
Add: Non-voted expenditure funded from Consolidated Fund		265	265
Less: CFER income		(5,775)	(7,681)
Less: Intra-departmental eliminations not accounted for in resource outturn		(4,000)	(5,322)
Administration net operating costs		544,592	521,584

SoPS 4. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	2014-15		
		Net total outturn compared with Estimate: saving/(excess)		
		Estimate £000	Outturn £000	£000
Resource Outturn	SoPS 2.1	7,891,433	7,301,681	589,752
Capital Outturn	SoPS 2.2	296,328	289,793	6,535
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
Depreciation		(637,965)	(360,199)	(277,766)
New provisions and adjustments to previous provisions		(2,061,914)	(192,924)	(1,868,990)
Other non-cash items		-	33,028	(33,028)
<i>Adjustments for Non-Departmental Public Bodies (NDPBs):</i>				
Remove voted resource and capital		(384,001)	(372,495)	(11,506)
Add cash Grant in Aid		363,814	349,682	14,132
Add other grant from sponsor department		-	1,579	(1,579)
<i>Adjustments to reflect movements in working balances:</i>				
Increase / (decrease) in inventories		-	(950)	950
Increase / (decrease) in trade and other receivables		-	105,184	(105,184)
(Increase) / decrease in trade and other payables		-	(93,914)	93,914
Use of provisions		1,948,244	364,380	1,583,864
		7,415,939	7,424,845	(8,906)
Removal of non-voted budget items:				
Consolidated Fund Standing Services		(141,000)	(148,066)	7,066
OLC and LSB non-voted levy income		17,549	16,398	1,151
Other adjustments to outturn:				
Capital proceeds adjustment on capital outturn		-	(12,225)	12,225
PFI and other adjustments not included in CSoCNE		-	(94,242)	94,242
Net cash requirement		7,292,488	7,186,710	105,778

Net cash requirement calculation only applies to Core Department and Executive Agencies.

SoPS 5. Income payable to the Consolidated Fund

SoPS 5.1 Analysis of income payable to the Consolidated Fund

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

	Outturn 2014-15		Restated Outturn 2013-14	
	Income £000	Receipts £000	Income £000	Receipts £000
Operating income outside the ambit of the Estimate *	5,775	6,820	171,412	170,639
Levy income of OLC and LSB within the ambit of the Estimate	16,398	16,398	19,687	19,687
Total income payable to the Consolidated Fund	22,173	23,218	191,099	190,326

* In 2013-14 the Income outside the ambit of the Estimate primarily related to billing refunds from Serco of £62.5m, and from G4S of £101.2m for the electronic monitoring service and prison escort and custody services.

The Department also collects fines and penalties imposed by the judiciary and police; however, these are excluded from the income reported here and are reported separately in the HM Courts & Tribunals Service Trust Statement.

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

Note	2014-15			Restated 2013-14		
	Core Department £000		Department & Agencies £000	Departmental Group £000	Core Department £000	
Administration costs						
Staff costs	3.1	163,246	331,689	354,672	155,360	295,032
Judicial costs	3.2	75	75	75	1,569	1,569
Other administration costs	4	34,771	205,116	232,187	21,446	196,867
Operating income	6.1	(24,056)	(26,668)	(42,342)	(23,854)	(29,773)
Programme costs						
Staff costs	3.1	74,954	2,233,113	2,466,587	71,189	2,055,075
Judicial costs	3.2	5,106	454,364	454,364	5,113	477,471
Other programme costs	5	269,348	5,268,785	5,101,541	338,362	5,813,350
Operating income	6.1	(352,550)	(1,581,429)	(1,574,189)	(195,291)	(1,536,998)
Grant in Aid to NDPBs		349,683	349,683	-	655,324	655,324
Discontinued operations						
Results of discontinued operations	25	-	-	263,228	-	-
Movement in net assets of discontinued operations	25	-	365	-	-	-
Net Operating Costs for the year ended 31 March 2015		520,577	7,235,093	7,256,123	1,029,218	7,927,917
Total expenditure		897,183	8,843,190	8,872,654	1,248,363	9,494,688
Total income		(376,606)	(1,608,097)	(1,616,531)	(219,145)	(1,566,771)
Net Operating Costs for the year ended 31 March 2015		520,577	7,235,093	7,256,123	1,029,218	7,927,917
Non-operating activities						
Net (gain)/loss on transfers by absorption *		-	1,515,047	-	-	760,102
Net Expenditure for the year ended 31 March 2015		520,577	8,750,140	7,256,123	1,029,218	8,688,019
Other Comprehensive Net Expenditure						
<i>Items that will not be reclassified to operating costs:</i>						
Net (gain)/loss on revaluation of:						
Property, plant and equipment		(1,372)	(546,989)	(550,178)	(9,002)	(300,312)
Intangible assets		(364)	(1,428)	(1,428)	875	2,277
Assets held for sale		-	1,847	1,847	-	-
Remeasurement of pension schemes:						
Cafcass pension scheme		-	-	32,748	-	(41,559)
LSC pension scheme		(7,924)	(7,924)	(7,924)	(42,608)	(42,608)
By-analogy pension schemes		-	221	676	-	504
Probation pension schemes		-	143,296	104,689	-	(173,213)
Net (gain)/loss on recognition of investment **		-	(505)	-	-	-
Total Comprehensive Net Expenditure for the year ended 31 March 2015		510,917	8,338,658	6,836,553	978,483	8,347,880
						7,335,807

* The net loss on transfers by absorption represents the proportionate transfer of the net liabilities from the Probation Trusts to the newly formed National Probation Service in NOMS and the net liabilities of CICA, formally a NDPB of MoJ.

** The net gain on recognition of investments represents the gain on the investment in the net assets of the Community Rehabilitation Companies (CRCs). This investment is eliminated on consolidation and does not affect the Departmental Group position.

The Notes on pages 71 to 125 form part of these Accounts.

Consolidated Statement of Financial Position

as at 31 March 2015

Note	31 March 2015				Restated 31 March 2014		Restated 1 April 2013
	Core Department & Agencies		Departmental Group	Core Department & Agencies	Departmental Group	Departmental Group	
	£000	£000	£000	£000	£000	£000	£000
Non-current assets							
Property, plant and equipment	7	185,637	9,855,155	9,923,911	163,578	9,198,062	9,282,137
Intangible assets	8	97,241	319,964	328,373	96,694	287,196	297,913
Investments		-	367	367	-	367	367
LSC pension asset	24	45,022	45,022	45,022	35,569	35,569	35,569
Trade and other receivables	10	571	2,602	2,602	878	3,037	3,280
Total non-current assets		328,471	10,223,110	10,300,275	296,719	9,524,231	9,619,266
							9,446,309
Current assets							
Assets held for sale	9	-	22,010	22,010	23,750	59,673	59,673
Inventories		-	37,731	37,731	-	38,681	38,681
Trade and other receivables	10	258,334	427,225	425,045	196,871	413,943	427,932
Cash and cash equivalents	11	53,940	144,467	196,199	122,162	158,146	306,826
Total current assets		312,274	631,433	680,985	342,783	670,443	833,112
							780,773
Total assets		640,745	10,854,543	10,981,260	639,502	10,194,674	10,452,378
							10,227,082
Current liabilities							
Trade and other payables	12	(552,129)	(1,426,714)	(1,444,880)	(485,985)	(1,302,045)	(1,406,771)
Bank overdraft	11	-	(19,090)	(19,090)	-	(19,264)	(19,498)
Provisions	13	(40,265)	(774,816)	(777,167)	(159,560)	(809,769)	(937,170)
Total current liabilities		(592,394)	(2,220,620)	(2,241,137)	(645,545)	(2,131,078)	(2,363,439)
							(2,268,859)
Non-current assets plus/less net current assets/liabilities		48,351	8,633,923	8,740,123	(6,043)	8,063,596	8,088,939
							7,958,223
Non-current liabilities							
Trade and other payables	12	(182,239)	(916,087)	(929,260)	(188,267)	(921,666)	(987,890)
Provisions	13	(149,228)	(604,026)	(605,048)	(177,981)	(453,875)	(607,561)
Cafcass pension liability	24	-	-	(174,827)	-	-	(136,981)
By-analogy pension liabilities	24	-	(4,908)	(11,524)	-	(4,493)	(10,558)
Probation pension liability	24	-	(1,441,995)	(1,441,995)	-	-	(1,247,156)
Total non-current liabilities		(331,467)	(2,967,016)	(3,162,654)	(366,248)	(1,380,034)	(2,990,146)
							(3,187,800)
Assets less liabilities		(283,116)	5,666,907	5,577,469	(372,291)	6,683,562	5,098,793
							4,770,423
Taxpayers' equity							
General fund		(289,781)	3,536,947	3,426,260	(397,726)	5,013,287	3,408,058
Revaluation reserve		6,665	2,129,960	2,151,209	25,435	1,670,275	1,690,735
Total taxpayers' equity		(283,116)	5,666,907	5,577,469	(372,291)	6,683,562	5,098,793
							4,770,423

Ursula Brennan
Accounting Officer

8 June 2015

The Notes on pages 71 to 125 form part of these Accounts.

Consolidated Statement of Cash Flows

for the year ended 31 March 2015

Note	2014-15		Restated 2013-14	
	Core Department & Agencies	Departmental Group	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000
Cash flows from operating activities				
Net operating cost	CSoCNE	(7,235,093)	(7,256,123)	(7,927,917)
Adjustments for non-cash transactions		491,639	573,653	700,949
Finance (income)/costs		21,051	21,290	46,438
Movements in pensions		7,319	9,108	(215)
Interest received		-	1	-
Interest paid		-	(1)	(1)
(Increase)/decrease in trade and other receivables	10	(12,847)	3,565	(103,333)
<i>Less: Movements in receivables not passing through the CSoCNE and receivable impairments</i>		(18,815)	(34,607)	46,118
(Increase)/decrease in inventories		950	950	2,208
Increase/(decrease) in trade and other payables	12	119,090	(20,521)	411,404
<i>Less: Movements in payables relating to items not passing through the CSoCNE</i>		(55,605)	77,020	(403,907)
Utilisation of provisions	13	(363,688)	(365,965)	(93,535)
Net cash outflow from operating activities		(7,045,999)	(6,991,630)	(7,321,790)
				(7,263,675)
Cash flows from investing activities				
Purchase of property, plant and equipment		(239,175)	(240,254)	(237,423)
Purchase of intangible assets		(105,319)	(108,826)	(87,762)
Proceeds on disposal of property, plant and equipment		253	260	166
Proceeds on disposal of intangible assets		-	-	1
Proceeds on disposal of assets held for sale		70,705	71,210	51,836
Proceeds on disposal of investments		505	-	51,901
Net cash outflow from investing activities		(273,031)	(277,610)	(273,183)
				(284,722)
Cash flows from financing activities				
From the Consolidated Fund (Supply)		7,173,500	7,173,500	7,644,500
From the Consolidated Fund (Non-Supply)		148,066	148,256	148,420
Advances from the Contingencies Fund		900	900	93,000
Repayments to the Contingencies Fund		(900)	(900)	(93,000)
Machinery of Government transfers		-	-	137,214
Capital element of finance leases and on-balance sheet Private Finance Initiative (PFI) contracts		(42,204)	(85,899)	(45,356)
Repayment of Met Police and local authority loans		(2,717)	(2,717)	(3,191)
Movement in third party balances		9	9	(225)
Interest paid		(21,051)	(21,290)	(46,438)
Net cash inflow from financing activities		7,255,603	7,211,859	7,834,924
				7,777,927
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund				
Receipts due to the Consolidated Fund outside the scope of the Department's activities		(63,427)	(57,381)	239,951
Payments of amounts due to the Consolidated Fund		16,398	-	19,687
		(52,838)	(52,838)	(141,660)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(99,867)	(110,219)	117,978
				87,870
Cash and cash equivalents at the beginning of the period				
Transfers within group	11	138,882	287,328	(2,754)
		86,362	-	199,458
Cash and cash equivalents at the end of the period		125,377	177,109	138,882
				287,328

The Notes on pages 71 to 125 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2015

Note	Core Department			Core Department & Agencies			Departmental Group			
	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 31 March 2014	(397,726)	25,435	(372,291)	5,013,287	1,670,275	6,683,562	3,408,058	1,690,735	5,098,793	
Net Parliamentary Funding - drawn down	7,173,500	-	7,173,500	7,173,500	-	7,173,500	7,173,500	-	7,173,500	
Net Parliamentary Funding - deemed	117,852	-	117,852	117,852	-	117,852	117,852	-	117,852	
Agency funding from MoJ Core Department	(6,051,229)	-	(6,051,229)	-	-	-	-	-	-	
Unspent Supply drawn down repayable to the Consolidated Fund	(104,642)	-	(104,642)	(104,642)	-	(104,642)	(104,642)	-	(104,642)	
Consolidated Fund Standing Services										
- Judicial salaries	-	-	-	140,520	-	140,520	140,520	-	140,520	
- Lord Chancellor's salary	75	-	75	75	-	75	75	-	75	
- Utilisation of Judicial Service Award										
- Information Commissioner's salary	7,471	-	7,471	7,471	-	7,471	7,471	-	7,471	
-	-	-	-	-	-	-	190	-	190	
CFERs payable to the Consolidated Fund	(5,775)	-	(5,775)	(5,775)	-	(5,775)	(22,173)	-	(22,173)	
Net expenditure for the year	CSoCNE	(520,577)	-	(520,577)	(8,750,140)	-	(8,750,140)	(7,256,123)	-	(7,256,123)
Net gain/(loss) on revaluation of										
- Property, plant and equipment	-	1,372	1,372	-	546,989	546,989	-	550,178	550,178	
- Intangible assets	-	364	364	-	1,428	1,428	-	1,428	1,428	
- Assets held for sale	-	-	-	-	(1,847)	(1,847)	-	(1,847)	(1,847)	
Remeasurement of pension schemes										
- Cafcass pension scheme	24	-	-	-	-	-	(32,748)	-	(32,748)	
- LSC pension scheme	24	7,924	-	7,924	7,924	-	7,924	7,924	-	7,924
- By-analogy pension schemes	-	-	-	(221)	-	(221)	(676)	-	(676)	
- Probation pension schemes	24	-	-	(143,296)	-	(143,296)	(104,689)	-	(104,689)	
Net gain/(loss) on recognition of investment	-	-	-	505	-	505	-	-	-	

Note	Core Department			Core Department & Agencies			Departmental Group			
	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Non-cash adjustment										
- Auditors' remuneration	4, 5	557	-	557	1,469	-	1,469	1,469	-	1,469
- Corporate overhead charges	4, 5	(243,572)	-	(243,572)	(9,599)	-	(9,599)	-	-	-
Movements in reserves										
- Transfers from revaluation reserve		20,506	(20,506)	-	86,885	(86,885)	-	87,884	(87,884)	-
- Absorption accounting transfers between reserves		-	-	-	-	-	-	1,401	(1,401)	-
Intra-departmental adjustment		(294,145)	-	(294,145)	1,150	-	1,150	-	-	-
Other		-	-	-	(18)	-	(18)	967	-	967
Balance at 31 March 2015		(289,781)	6,665	(283,116)	3,536,947	2,129,960	5,666,907	3,426,260	2,151,209	5,577,469

Consolidated Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2014 (Restated)

Note	Core Department			Core Department & Agencies			Departmental Group			
	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at 31 March 2013	(255,762)	22,394	(233,368)	5,892,033	1,461,844	7,353,877	3,295,535	1,474,888	4,770,423	
Net Parliamentary Funding - drawn down	7,644,500	-	7,644,500	7,644,500	-	7,644,500	7,644,500	-	7,644,500	
Net Parliamentary Funding - deemed	37,944	-	37,944	37,944	-	37,944	37,944	-	37,944	
Agency funding from MoJ Core Department	(6,446,158)	-	(6,446,158)	-	-	-	-	-	-	
Other - Machinery of Government Transfer	137,214	-	137,214	137,214	-	137,214	137,214	-	137,214	
Unspent Supply drawn down repayable to the Consolidated Fund	(117,852)	-	(117,852)	(117,852)	-	(117,852)	(117,852)	-	(117,852)	
Consolidated Fund Standing Services										
- Judicial salaries	-	-	-	140,846	-	140,846	140,846	-	140,846	
- Lord Chancellor's salary	75	-	75	75	-	75	75	-	75	
- Utilisation of Judicial Service Award	7,499	-	7,499	7,499	-	7,499	7,499	-	7,499	
- Information Commissioner's salary	-	-	-	-	-	-	190	-	190	
CFERs payable to the Consolidated Fund	(7,681)	-	(7,681)	(171,412)	-	(171,412)	(191,099)	-	(191,099)	
Net expenditure for the year	CSoCNE	(1,029,218)	-	(1,029,218)	(8,688,019)	-	(8,688,019)	(7,900,969)	-	(7,900,969)
Net gain/(loss) on revaluation of										
- Property, plant and equipment	-	9,002	9,002	-	300,312	300,312	-	310,980	310,980	
- Intangible assets	-	(875)	(875)	-	(2,277)	(2,277)	-	(2,272)	(2,272)	
Remeasurement of pension schemes										
- Cafcass pension scheme	24	-	-	-	-	-	41,559	-	41,559	
- LSC pension scheme	24	42,608	-	42,608	42,608	-	42,608	-	42,608	
- By-analogy pension schemes	-	-	-	(504)	-	(504)	(926)	-	(926)	
- Probation pension schemes	24	-	-	-	-	-	173,213	-	173,213	

Note	Core Department			Core Department & Agencies			Departmental Group			
	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	General fund	Revaluation reserve	Total reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Non-cash adjustment										
- Auditors' remuneration	4, 5	554	-	554	1,546	-	1,546	1,546	-	1,546
- Corporate overhead charges	4, 5	(204,498)	-	(204,498)	(6,424)	-	(6,424)	-	-	-
Movements in reserves										
- Transfers from revaluation reserve		5,086	(5,086)	-	92,095	(92,095)	-	92,861	(92,861)	-
- Absorption accounting transfers between reserves		-	-	-	(2,491)	2,491	-	-	-	-
Intra-departmental adjustment		(212,037)	-	(212,037)	-	-	-	-	-	-
Other		-	-	-	3,629	-	3,629	3,314	-	3,314
Balance at 31 March 2014		(397,726)	25,435	(372,291)	5,013,287	1,670,275	6,683,562	3,408,058	1,690,735	5,098,793

The Notes on pages 71 to 125 form part of these Accounts.

Notes to the Accounts for the year ended 31 March 2015

1a) Statement of accounting policies

1.1 Basis of preparation

These Accounts have been prepared in accordance with the FReM 2014-15 issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context.

In addition to the primary statements prepared under IFRS, the FReM also requires MoJ to prepare the SoPS, and supporting notes, reporting outturn against Estimate in terms of the net resource requirement and the net cash requirement.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of MoJ for the purpose of giving a true and fair view has been selected. The particular policies adopted by MoJ are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

The functional and presentational currency of MoJ is the British pound sterling (£).

1.2 Accounting convention

These Accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of non-current assets, inventories and assets held for sale, where material.

1.3 Basis of consolidation

These Accounts consolidate the Core Department, Executive Agencies and NDPBs which fall within the Departmental Boundary as defined in the FReM and make up the Departmental Group. A list of entities included within the Departmental Boundary is given at Note 23.

All significant intra-departmental balances and transactions between entities within the Departmental Boundary are eliminated.

All consolidated entities have accounting reference dates that align with the Core Department.

1.4 Changes in accounting policy and disclosures

a) Changes in accounting policies

There have been no changes in accounting policies for the period ended 31 March 2015.

b) New and amended standards adopted

IFRS 10 'Consolidated Financial Statements' was issued jointly with IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', and amendments to IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. The new group accounting standards introduce a single concept of control to clarify the basis for producing consolidated accounts and develop disclosure requirements, to allow better user understanding of the nature, extent and financial effects of the reporting entity's relationship with other entities and joint arrangements, including off balance sheet vehicles.

The FReM's adaptation of these standards for public sector application is effective from 1 April 2014 and has been applied to the Departmental Group in accounting for the Community Rehabilitation Companies, while in public sector ownership.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2014 and not early adopted

New standards which are not yet effective are not expected to have a material impact on the Departmental Group's future accounts.

1.5 Machinery of Government changes and restatement of comparatives

Machinery of Government changes, which involve the transfer of functions or responsibilities between two or more parts of the public sector/government departments, are required to be accounted for using merger accounting principles where there is a transfer of function between departmental groups within central government in accordance with the FReM. Where material the prior year comparatives are restated as appropriate, so that it appears that the entity has always existed in its present form.

Transfer of Children and Family Court Advisory and Support Service

Children and Family Court Advisory and Support Services (Cafcass) is the largest employer of social workers in England. As of 1 April 2014, the sponsorship of Cafcass was transferred to MoJ from Department for Education as a result of a Machinery of Government change. Cafcass continued its regular operation as a NDPB of MoJ.

1.6 Property, plant and equipment

Initial recognition and capitalisation threshold

Property, plant and equipment, including subsequent expenditure on existing assets, are initially recognised at cost. The Core Department's capitalisation threshold for individual assets is £10,000. The thresholds across the Departmental Group range from £500 to £10,000.

Where significant purchases of individual assets which are separately beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset. The Core Department's capitalisation threshold for grouped assets is £1m. The thresholds across the Departmental Group range from £500 to £1m. Where an item costs less than the prescribed limit, but forms an integral part of a package whose total value is greater than the capitalisation level, then the item is capitalised. All thresholds include irrecoverable Value Added Tax (VAT).

Subsequent valuation method

Subsequent to initial recognition, land and buildings (including dwellings) are recorded at fair value, as interpreted by the FReM, on the basis of professional valuations, which are conducted for each property at least once every five years. In between professional valuations, carrying values are adjusted by the application of indices or through desktop valuations.

Criminal courts, prisons and some parts of the probation estate are mostly classified as specialised buildings which cannot be sold on the open market. Specialised properties are valued at Depreciated Replacement Cost (DRC) to a modern equivalent basis in accordance with the 'Red Book', taking into account the functional obsolescence of the property. Leasehold improvements are fair valued using the Building Cost Information Service Tender Price Index, compiled by Royal Institute of Chartered Surveyors (RICS).

For other property assets in continuing use, fair value is interpreted as market value or value in use. In the 'Red Book', this is defined as 'market value on the assumption that property is sold as part of the continuing enterprise in occupation'. The 'value in use' of a non-cash-generating asset

is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential.

Depreciated historical cost is used as a proxy for fair value for those assets with short useful lives or low values, as allowed by the FReM.

Revaluation

Gains arising on revaluation are credited to the revaluation reserve and shown in Other Comprehensive Net Expenditure, unless they reverse a revaluation decrease on the same asset. Reversals are credited to the CSoCNE to the extent of the previous amount expensed, and any excess is credited to the revaluation reserve.

When an asset's carrying value decreases as a result of a permanent diminution in the value of the asset due to a clear consumption of economic benefit or service potential, the decrease is charged directly to net operating costs in the CSoCNE, with any remaining revaluation reserves balance released to the general fund.

A revaluation decrease (other than as a result of a permanent diminution) is reversed against any existing amount held in the revaluation reserve in respect of that same asset, with any residual decrease taken to net operating costs in the CSoCNE.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the CSoCNE and depreciation based on the asset's original cost is transferred from the revaluation reserve to the general fund.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to write-off the value of assets less estimated residual value evenly over their estimated useful lives. The useful lives of buildings are reviewed annually. Where a change in asset life is determined, the asset is depreciated on a straight-line basis over its remaining assessed life. Depreciation commences in the month following the acquisition of a non-current asset for buildings and dwellings and in-month for all other non-current assets.

If an item of property, plant and equipment comprises two or more significant components, with substantially different useful lives, then each component is treated separately for depreciation purposes and depreciated over its individual useful life.

Estimated useful asset lives are within the following ranges:

Freehold land	Not depreciated
Leasehold land	Shorter of remaining life or remaining lease period
Freehold buildings (including dwellings)	Shorter of remaining life or 60 years
Leasehold buildings (including dwellings)	Shortest of remaining life, remaining lease period or 60 years
Grouped assets	Various depending on individual asset types
Information technology	Shorter of remaining lease period or 3 to 15 years
Furniture, fixtures and fittings	Shorter of remaining lease period or 3 to 20 years

Assets under construction

Assets under construction are valued at historical cost within property, plant and equipment and intangible assets, and are not depreciated or amortised until completed. On completion, the asset's carrying value is transferred to the respective asset category.

Expenditure is capitalised where it is directly attributable to bringing an asset into working condition, such as external consultant costs, relevant employee costs and an appropriate portion of relevant overheads.

Disposal of non-current assets

Gains and losses on disposal of non-current assets are determined by comparing the proceeds with the carrying amount and are recognised within Administration or Programme expenditure, as appropriate, in the CSoCNE.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to the general fund.

1.7 Intangible assets

Intangible assets comprise of internally developed software for internal use (including such assets under construction), software developed by third parties, and purchased software licences.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by MoJ are capitalised when they meet the criteria specified in the FReM, which has been adapted from IAS 38 'Intangible Assets'.

Other expenditures that do not meet these criteria are recognised as an expense as incurred. Costs previously recognised as an expense are not recognised as an asset in a subsequent period. The useful lives of internally developed software range from 3 to 10 years.

Purchased software licences are recognised when it is probable that future service potential will flow to MoJ and the cost of the licence can be measured reliably. Such licences are initially measured at cost. Purchased software licences are amortised over the licence period.

The Core Department's capitalisation threshold for software projects is £1m (including irrecoverable VAT). The thresholds across the Departmental Group range from £500 to £1m (including irrecoverable VAT).

Subsequent to initial recognition, intangible assets are recognised at fair value. As no active market exists for MoJ's intangible assets, fair value is assessed as replacement cost less any accumulated amortisation and impairment losses. Intangible assets are revalued at each reporting date using the Producer Price Index (PPI) produced by the Office for National Statistics.

1.8 Impairment

An impairment reflects a diminution in value of an asset as a result of a clear consumption of economic benefits or service potential. At 31 March each year, MoJ assesses all assets for indications of impairment. If any such indication exists, the assets in question are tested for impairment by comparing the carrying value of those assets with their recoverable amounts. Where the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its 'fair value less costs to sell' and 'value in use' (defined under 'Valuation Method'). Any impairment loss is recognised in the CSoCNE. If the impaired asset had previously been revalued, any balance in the revaluation reserve (up to the level of the impairment loss) is transferred to the general fund.

Each year, MoJ also reviews impairment losses recognised in previous periods. Any reversal of an impairment loss is then recognised in the CSoCNE to the extent that the original charge, adjusted for subsequent depreciation, was previously recognised, with any remaining amount recognised in the revaluation reserve.

1.9 Leases

Finance leases

Leases of assets where MoJ retains substantially all the risks and rewards of ownership are classified as finance leases. At the commencement of the lease term, finance lease assets and liabilities are capitalised at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in either short term or long-term payables, depending on the dates MoJ is contractually obliged to make rental payments. The interest element of the finance cost is charged to the CSoCNE over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the CSoCNE on a straight-line basis over the period of the lease. Any upfront payments not yet released to the CSoCNE are recognised as a lease prepayment in the Consolidated Statement of Financial Position (CSoFP).

1.10 Service Concession Arrangements

Service Concession Arrangements (SCAs), including Private Finance Initiatives (PFI) arrangements, are where private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. MoJ defines such arrangements as SCAs if they meet the conditions set out in the FReM and IFRIC 12 'Service Concession Arrangements'.

The future payment streams of SCAs are assessed to separately identify the infrastructure interest and service components.

MoJ recognises the infrastructure asset at fair value (or the present value of the future minimum infrastructure payments, if lower) as a non-current asset in the CSoFP with a corresponding liability for future payments under the agreement.

The interest element is charged to the CSoCNE over the contract period to produce a constant periodic rate of interest on the remaining balance of the liability. The service element is charged to the CSoCNE in the period in which the services are rendered by the operator.

For budgeting purposes, SCAs are evaluated according to the balance of risks and reward of ownership as defined by the European System of Accounts 10. This means that some SCAs recognised in the Accounts are treated differently for budgetary purposes against HM Treasury budgeting controls.

1.11 Non-current assets held for sale

Non-current assets are classified as 'held for sale' when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Assets held for sale are stated at the lower of their carrying amount immediately prior to classification as 'held for sale' or their fair value less the costs of selling the asset. Any subsequent impairment or reversal of impairment is recognised in the CSoCNE. Assets classified as held for sale are not depreciated.

1.12 Employee benefits

Employee leave accrual

An accrual is made for untaken employee annual leave and flexi-leave. Performance bonuses are not accrued as the annual appraisal process which determines performance pay is not finalised at the time these Accounts are prepared and are not expected to have a material impact.

Defined benefit pension schemes

Principal Civil Service Pension Scheme and Judicial Pension Scheme

The provisions of the Principal Civil Service Pension Scheme (PCSPS) cover most past and present employees, and salaried judicial office holders are covered by the Judicial Pension Scheme (JPS). Both the PCSPS and the JPS are unfunded defined benefit schemes although, in accordance with FReM section 9, MoJ accounts for these as defined contribution schemes. MoJ recognises contributions payable to defined contribution schemes as an expense in the year in which it is incurred, and the legal or constructive obligation is limited to the amount that it agrees to contribute to the fund.

MoJ is responsible for the administration of the JPS that provides for the pension entitlements of salaried judicial office holders of five participating departments across government. The JPS is not consolidated within these Accounts.

A UK Supreme Court hearing on 6 February 2013 ruled that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder. This lead case set the precedent for other stayed cases.

Consistent with the accounting for salaried judicial office holders, and in accordance with FReM, MoJ accounts for employer contributions payable to the JPS for eligible fee paid judicial office holders as they are incurred, but does not recognise a liability in respect of back payments or the pension liability arising pursuant to the claim. Accordingly, provision for the fee paid judicial pension entitlement is recognised in the JPS Accounts.

However, provisions have been recognised in these Accounts for both the liability to fee paid judicial office holders in respect of the Judicial Service Award, and a separate element of the pension liability relating to retired fee paid judges, as neither of these is a liability covered by the JPS and its governing Acts. Additionally, further claims that relate to fee paid judicial office holders' employment terms and conditions that historically have not matched salaried comparators have also been provided. Further information about these provisions is set out in Note 1(b) and Note 13.

Funded pension schemes

Unlike the schemes described above, funded pension schemes are accounted for through MoJ's CSoFP, applying IAS 19 'Employee Benefits' in full. These Accounts contain the Local Government Pension Scheme (LGPS) for past and present employees of the NPS and CRCs (previously The Probation Trusts), Cafcass and the Legal Services Commission Pension Scheme (LSCPS). The cost of providing benefits is determined using the projected unit credit method, with formal actuarial valuations being carried out at the end of every third reporting period (the most recent valuations being 31 March 2013).

The liability or asset recognised in the CSoFP is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan (the 'asset ceiling').

The present values of the schemes are calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling (including irrecoverable surplus adjustments), and the return on plan assets (excluding interest) are recognised within Other Comprehensive Expenditure in full in the period in which they arise. Service costs are recognised immediately in the CSoCNE in the period in which they are incurred. Past service cost, and gains and losses on curtailments and settlements are recognised in the CSoCNE in the period of plan amendment. The net interest charge to the CSoCNE is calculated by applying the discount rate to the net defined benefit liability or asset.

In accordance with IAS 19, the Scheme Managers/trustees are required to undertake a sensitivity analysis for each significant actuarial assumption as at the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date.

Other defined benefit pension schemes

MoJ has separate schemes that are 'by-analogy' or similar to the PCSPS, as set out in Note 24. Provision has been made for the future cost of benefits under these schemes.

Early departure and injury benefit costs

MoJ is required to pay the additional cost of benefits beyond the normal PCSPS and LGPS benefits in respect of employees who retire early. The total cost is provided in full when the early departure programme has been announced and is binding on MoJ.

The Civil Service Injury Benefits Scheme (CSIBS) requires MoJ to pay benefits to any individual who is injured in connection with their employment. Benefits are paid only in respect of loss of earning capacity, and a provision is made for expected future costs.

The early departure and injury benefit provisions are discounted in accordance with Note 1.18.

1.13 Operating income

Operating income is generated directly from the operating activities of the Departmental Group and includes both budgetary and non-budgetary income. Non-budgetary income is outside the ambit of the Departmental Group and is surrenderable to the Consolidated Fund as CFERs, refer to SoPS 5.1.

Operating income is stated net of VAT and comprises mainly fees and charges for services which are set on a full cost recovery basis, refer to Note 6.

Details regarding the treatment of operating income by individual bodies within the Departmental Group can be found in the accounts of each consolidated body.

In accounting for levy income of the Office of Legal Complaints (OLC) and Legal Services Board (LSB), the Legal Services Act 2007 requires all levy income collected by OLC and LSB to be surrendered to the Consolidated Fund. In return, OLC and LSB receive Grant in Aid (GiA) funding from the MoJ Core Department (MoJ Core) equal to the income surrendered.

1.14 Administration and Programme expenditure

The CSoCNE is analysed between Administration and Programme income and expenditure. The classification of expenditure and income as Administration or Programme follows the definition set out in HM Treasury's Consolidated Budgeting Guidance.

1.15 Grants payable and paid

Financing to MoJ's NDPBs through GiA payments is reported on a cash basis in the period in which payments are made. Co-funding grants from other government departments are paid to NDPBs via MoJ Core, and are included as part of the GiA funding for the year. All GiA and Supply funding made by MoJ Core to its Agencies and NDPBs are fully eliminated within the Departmental Group.

MoJ also makes a small number of grants to a variety of public sector, private sector and voluntary bodies including £92.2m in 2014-15 (2013-14: £91.7m) to Youth Offending Team partnerships. These grants are recognised at the point at which an authorised request is received from the recipient body, in accordance with the terms of the relevant financial memoranda.

1.16 Costs borne by the Consolidated Fund

The salary and social security costs of senior judges are included in these Accounts as a cost and are funded from the Consolidated Fund. Senior judges also receive service award payments under an agreement with MoJ which are paid from the Consolidated Fund. Other costs funded from the Consolidated Fund include salary and pension entitlements of the Information Commissioner.

1.17 Notional costs

Notional costs comprise external auditors' remuneration, which represents the National Audit Office's (NAO's) cost for the audit of; MoJ consolidated Accounts, Official Solicitor and Public Trustee, Office of the Accountant General, Judicial Pension Scheme and Executive Agencies' Accounts; and notional costs for corporate overheads which are recharged to business areas. Such notional costs are credited directly to the general fund.

1.18 Provisions

Provisions are recognised when MoJ has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation.

Where the effect of discounting is material, provisions are measured at their present value using the below current discount rates set by HM Treasury based on the underlying cash flows. Where future cash flows related to the obligation are forecast in monetary amounts, rather than on the basis of current cost, these discount rates are adjusted upwards based on HM Treasury's forecasts for inflation in the relevant time period. Early departure and injury benefit provisions are discounted using the HM Treasury post-employment benefits real discount rate of 1.30%.

	Real rate	Nominal rate
Short-Term (due within 5 years)	-1.50%	0.70%
Medium-Term (due between 6-10 years)	-1.05%	2.35%
Long-Term (due after 10 years)	2.20%	5.95%

1.19 Contingent liabilities

A contingent liability is disclosed when the likelihood of a payment is less than probable, but more than remote. In addition to contingent liabilities disclosed in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', MoJ discloses, for Parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities, where the likelihood of transfer of economic benefit is remote, as required by 'Managing Public Money'.

Where the time value of money is material, contingent liabilities required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be reported under IAS 37 are stated at the amounts reported to Parliament.

1.20 Value Added Tax

Most of the activities of MoJ are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.21 Third party assets

MoJ holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised in the CSoFP and are disclosed within Note 22 since neither MoJ nor the government has a direct beneficial interest in them.

Other third party monies held at the Government Banking Service (GBS) or Office of HM Paymaster General at 31 March are recognised as both Cash and cash equivalents (refer to Note 11) and Trade and other payables (refer to Note 12), and therefore have no net impact on the CSoFP.

1.22 Financial instruments

Recognition

Financial assets and financial liabilities which arise from contracts for the purchase and sale of non-financial items (such as goods or services), which are entered into in accordance with MoJ's normal purchase, sale or usage requirement, are recognised when, and to the extent to which, performance occurs. All other financial assets and liabilities are recognised when MoJ becomes party to the contractual provisions to receive or make cash payments.

De-recognition

Financial assets are derecognised when the contractual rights to receive future cash flows have expired or are transferred and MoJ has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Classification and measurement - financial assets

In addition to cash and cash equivalents, MoJ has two categories of financial assets:

Loans and receivables

Loans and receivables comprise trade receivables, other receivables and accrued income that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method net of any impairment, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Financial Assets at fair value through profit and loss (FVPL)

Fair value is equal to the market value at the reporting date, and the movement in the value of the assets is recognised immediately in the CSoCNE, as income or as an expense.

MoJ, through NOMS, holds a number of investments (comprising shares in limited companies and special shares) as a result of its farming activities. MoJ has designated its quoted and unquoted investments as fair value through profit and loss. The fair values of quoted investments are based

on bid prices in an active market at the reporting date. The fair value of unlisted securities is established using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and earnings multiples.

Impairment of financial assets

At the end of each reporting period, MoJ assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on such an asset has been incurred, MoJ recognises this in the CSoCNE as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Classification and measurement - financial liabilities

MoJ has financial liabilities, comprising finance lease liabilities, trade payables, other payables and accruals. All financial liabilities are recognised initially at fair value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method. Where the effect is material, the estimated cash flows of financial liabilities are discounted.

1.23 Cash and cash equivalents

Cash and cash equivalents recorded in the CSoFP and Consolidated Statement of Cash Flows include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less at inception and bank overdrafts.

1.24 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee. The segmental analysis at Note 2 presents the financial information based on the structure reported to Executive Committee of the Board.

1.25 Transfers under absorption accounting

Transition of the Criminal Injuries Compensation Authority

As of 1 April 2014 CICA became an Executive Agency of MoJ, previously operating as a NDPB of the Department. The assets and liabilities were transferred to the MoJ, in accordance with the FReM and has been accounted for as a transfer using absorption accounting.

Transition of the Probation Trusts to Community Rehabilitation Companies

The Probation Trusts, formerly NDPBs of NOMS, ceased operations on 31 May 2014 and were dissolved on 31 October 2014. Their assets and liabilities were transferred to NOMS Core Agency and 21 wholly-owned CRCs, which were within NOMS Agency boundary. In accordance with the FReM, this has been accounted for as a transfer using absorption accounting. The impact is a transfer of net assets/liabilities from the Probation Trusts to NOMS and CRCs, at their carrying value, reflected as a non-operating gain/loss in the Core Department and Agency SoCNE that is eliminated on consolidation and does not affect the Departmental Group position. This transfer has no budgetary impact.

1.26 Discontinued operations

Discontinued operations are accounted for in accordance with the FReM adaptation of IFRS 5 'Non-current assets Held for Sale'. The subsequent sale of the CRCs has been treated as a discontinued operation and the results of the CRCs while in public sector ownership, after eliminating funding and other transactions with NOMS, are reflected in a single line in the CSoCNE.

There are no comparative figures for prior year as the CRCs did not become active until 1 June 2014, and the services delivered by the CRCs were not previously operated as a separate line of business by the Probation Trusts.

1.27 Prior period adjustment

There were no prior period adjustments (PPAs) in 2014-15. PPAs in component accounts were not material to the Group, so have been treated as current year adjustments.

Comparative figures within some notes have been reclassified between sub-headings and disclosure notes restated to ensure consistency with current year reporting.

1b) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Departmental Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Valuation of non-current assets

Land and buildings (including dwellings) comprise mainly prisons and court facilities that are shown at fair value, based on professional valuations. The value of land and buildings fluctuates with changes in construction costs and the current market conditions.

Net pension assets and liabilities

The present value of the net pension assets and liabilities detailed in Note 24 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors and mortality rates. The estimated net liability or asset is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events.

Provisions for liabilities and charges

Provisions rely on the application of professional judgment, historical experience, and other factors expected to influence future events. Where the likelihood of a liability crystallising is deemed probable and can be measured with reasonable certainty, a provision is recognised. Provision balances which contain regular, homogeneous transactions are often derived from complex financial models. Estimates and assumptions applied in these models are continually evaluated and reviewed. Further information is set out in Note 13.

Critical judgements in applying MoJ's accounting policies

Lease accounting

Judgement is required on initial classification of leases as either operating leases or finance leases. Where a lease is taken out for land and buildings combined, both the building and land elements may be capitalised as separate finance leases if they meet the criteria for a finance lease. If the contracted lease payments are not split between land and buildings in the lease contract, the split is made based on the market values of the land and buildings at the inception of the lease.

Service Concession Arrangements

The Departmental Group is party to a number of SCAs, including PFI. The classification of such arrangements as SCAs requires MoJ to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure. Where the Departmental Group is judged to control or regulate the infrastructure, the contract assets are reflected in the CSoFP.

Accounting for receivables impairment

Legal Aid Agency (LAA) provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt. Consideration is given to macroeconomic factors such as the downturn in the economy, and inherent risks, such as potential changes to recoveries arising from revisions to legal aid schemes, in assessing the levels of impairment. For further detail regarding LAA impairment refer to Note 18.

Valuation of court buildings earmarked for closure

As part of an ongoing estate rationalisation review, Ministers have earmarked a number of under-utilised court buildings for closure over the next few years. These courts will no longer form part of the operational estate in the future, therefore their valuation method has been altered from depreciated replacement cost to fair value less cost to sell. As this change in valuation method indicates a permanent diminution in value, any impairment has been taken directly to the CSoCNE, with the balance of any revaluation reserve taken to the general fund.

2. Statement of Operating Costs by Operating Segment

The following segmental analysis shows the information based on the structure reported to Executive Committee of the Board.

For reporting and operational management the Department is split into seven segments. The Core Department is split into four business groups plus the Department's three largest Executive Agencies. These segments are: Finance, Assurance and Commercial Group (FACG), Criminal Justice Group (CJG), Law & Access to Justice Group (LAJG), Corporate Services, HM Courts & Tribunals Service, NOMS, and LAA.

FACG focuses on the key role of finance, analysis and assurance in challenging and supporting MoJ's business. It also leads on all commercial activities that support the Department and incorporates Criminal Injuries Compensation Authority (CICA).

CJG brings together the three criminal justice priority programmes of Transforming Rehabilitation and includes Parole Board, Youth Justice Board (YJB) and Criminal Cases Review Commission.

LAJG leads on all other justice issues (including civil and family justice and legal aid), and on law, rights and international policy. LAJG incorporates Office of the Public Guardian (OPG), LSB, OLC, Information Commissioner's Office (ICO) and Judicial Appointments Commission (JAC). As of 1 April 2014 Cafcass became a NDPB of MoJ and has been included within LAJG on a machinery of government change basis.

Corporate Services brings together, into a single group, the key cross-cutting corporate functions which provide the support to help MoJ deliver its objectives.

Executive Committee of the Board does not receive a CSoFP analysed by operating segment and therefore such an analysis is not presented here. Instead, they receive a summary CSoFP that excludes the NDPBs and Probation. This analysis equates to the amounts shown in the Core Department & Agencies column in the CSoFP reported on page 65.

With the exception of discontinued operations, there are no reconciling items between individual operating segments' net expenditure and their share of the Departmental Group's net expenditure as reported in the CSoCNE.

	2014-15												
	FACG		CJG		LAJG		Corporate Services		HM Courts & Tribunals Service		Gross Total	Elimination	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	281,051	510,677	283,113	115,997	1,794,764	3,803,819	1,894,425	8,683,846	(74,420)	8,609,426			
Income	(289,636)	(82,441)	(93,861)	(23,430)	(697,278)	(305,371)	(198,934)	(1,690,951)	74,420	(1,616,531)			
Net expenditure	(8,585)	428,236	189,252	92,567	1,097,486	3,498,448	1,695,491	6,992,895	-	6,992,895			

	Restated 2013-14												
	FACG		CJG		LAJG		Corporate Services		HM Courts & Tribunals Service		Gross Total	Elimination	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	260,434	476,587	359,573	136,152	1,867,100	4,333,503	2,150,735	9,584,084	(88,010)	9,496,074			
Income	(154,844)	(71,147)	(88,309)	(11,135)	(638,145)	(508,317)	(211,218)	(1,683,115)	88,010	(1,595,105)			
Net expenditure	105,590	405,440	271,264	125,017	1,228,955	3,825,186	1,939,517	7,900,969	-	7,900,969			

	2014-15							
	FACG £000	CJG £000	LAJG £000	Corporate Services £000	HM Courts & Tribunals Service £000	NOMS £000	LAA £000	Gross Total (pre- eliminations) £000
Income								
Revenues from external customers	(289,636)	(82,441)	(77,432)	(23,430)	(113,605)	(214,113)	(198,934)	(999,591)
Revenues from transactions with other operating segments of MoJ	-	-	-	-	-	(64,491)	-	(64,491)
Interest revenue	-	-	(31)	-	-	-	-	(31)
Material items of income								
EU Grant	-	-	-	-	-	(26,767)	-	(26,767)
CFERs	-	-	(16,398)	-	-	-	-	(16,398)
Fee income	-	-	-	-	(583,673)	-	-	(583,673)
Total income	(289,636)	(82,441)	(93,861)	(23,430)	(697,278)	(305,371)	(198,934)	(1,690,951)
Individual items of income and expenditure								
Depreciation	607	2,648	2,002	28,151	111,304	216,473	2,982	364,167
Amortisation	631	372	1,991	11,557	17,168	26,588	11,326	69,633
Material items of expenditure								
Accommodation, maintenance and utilities	1,508	380	10,112	20,701	247,186	306,806	3,478	590,171
Offender related costs	-	-	-	-	-	516,671	-	516,671
Service concession charges	2,916	4,998	109	107,965	37,838	552,360	-	706,186
IT services and telecommunications (non-SCAs)	3,410	11,086	9,819	1,243	106,842	61,160	13,955	207,515
Payments of GiA to NDPBs which eliminate with receipts of GiA by NDPBs	-	209,104	140,579	-	-	-	-	349,683
Cost of legal services and disbursements (crime)	-	-	-	-	-	-	901,822	901,822
Cost of legal services and disbursements (civil)	-	-	-	-	-	-	834,692	834,692
Provisions provided for in year	169,311	(40,222)	29,045	(116)	394	75,482	(50,610)	183,284
Corporation tax	-	-	8	-	-	(424)	-	(416)
Rentals under operating leases	1,765	180	2,021	23,860	81,794	2,058	2,825	114,503
Finance charges on leases and SCAs	-	241	-	11,338	8,249	22,496	-	42,324
Current Grants	5,914	199,598	3,675	-	15	-	-	209,202

	Restated 2013-14							
	FACG £000	CJG £000	LAJG £000	Corporate Services £000	HM Courts & Tribunals Service £000	NOMS £000	LAA £000	Gross Total (pre- eliminations) £000
Income								
Revenues from external customers	(147,163)	(99,120)	(68,596)	(11,135)	(123,979)	(70,295)	(211,218)	(731,506)
Revenues from transactions with other operating segments of MoJ	-	-	-	-	(7,500)	(80,510)	-	(88,010)
Interest revenue	-	27,973	(26)	-	-	(163,731)	-	(135,784)
Material items of income								
EU Grant	-	-	-	-	-	(30,050)	-	(30,050)
CFERs	(7,681)	-	(19,687)	-	-	(163,731)	-	(191,099)
Fee income	-	-	-	-	(506,666)	-	-	(506,666)
Total income	(154,844)	(71,147)	(88,309)	(11,135)	(638,145)	(508,317)	(211,218)	(1,683,115)
Individual items of income and expenditure								
Depreciation	852	2,657	1,969	27,468	105,009	233,910	2,621	374,486
Amortisation	713	362	2,055	14,599	17,068	24,603	6,329	65,729
Material items of expenditure								
Accommodation, maintenance and utilities	2,757	71	10,936	27,044	251,405	327,964	3,725	623,902
Offender related costs	-	-	-	-	-	313,248	-	313,248
Service concession charges	82	18,223	735	87,743	34,619	576,583	-	717,985
IT services and telecommunications (non-SCAs)	3,479	6,090	8,436	(12,182)	96,470	135,086	-	237,379
Payments of GiA to NDPBs which eliminate with receipts of GiA by NDPBs	247,091	245,232	165,401	-	-	-	-	657,724
Cost of legal services and disbursements (crime)	-	-	-	-	-	-	977,026	977,026
Cost of legal services and disbursements (civil)	-	-	-	-	-	-	980,910	980,910
Provisions provided for in year	175,138	2,161	68,456	11,393	20,622	90,373	23,264	391,407
Corporation tax	-	-	5	-	-	893	149	1,047
Rentals under operating leases	1,520	132	1,840	22,643	84,848	2,769	3,235	116,987
Finance charges on leases and SCAs	-	1,004	-	11,657	9,080	24,026	-	45,767
Current Grants	5,725	157,974	1,121	-	15	-	-	164,835

3. Staff and judiciary numbers and related costs

3.1 Staff costs

Departmental Group

	2014-15		2013-14		
	Permanently employed staff £'000	Other £'000	Ministers £'000	Special advisors £'000	Total £'000
					Total £'000
Wages and salaries	2,062,804	163,843	129	133	2,226,909
Social security costs	152,019	1,239	12	14	153,284
Other pension costs	397,307	601	22	29	397,959
Sub Total	2,612,130	165,683	163	176	2,778,152
Early departure costs	40,195	-	-	-	40,195
Early departure provisions	10,493	-	-	-	10,493
Add inward secondments	111	9,266	-	-	9,377
Less recoveries in respect of outward secondments	(16,938)	(20)	-	-	(16,958)
Total Net Costs	2,645,991	174,929	163	176	2,821,259
<i>Of which:</i>					
Core Department	181,671	56,190	163	176	238,200
Agencies	2,231,187	95,415	-	-	2,326,602
NDPBs	233,133	23,324	-	-	256,457
Core Department	2,645,991	174,929	163	176	2,821,259
Charged to Administration costs	140,724	22,183	163	176	163,246
Charged to Programme costs	40,947	34,007	-	-	74,954
	181,671	56,190	163	176	238,200
Core Department & Agencies					
Charged to Administration costs	294,153	37,197	163	176	331,689
Charged to Programme costs	2,118,705	114,408	-	-	2,233,113
	2,412,858	151,605	163	176	2,564,802
Departmental Group					
Charged to Administration costs	316,025	38,308	163	176	354,672
Charged to Programme costs	2,329,966	136,621	-	-	2,466,587
	2,645,991	174,929	163	176	2,821,259

During the year £14.8m of staff costs (2013-14: £9.6m) have been capitalised.

Under the Ministerial and Other Salaries Act 1975, the salary and social security costs of the Lord Chancellor, included under Ministers above, are paid from the Consolidated Fund. In 2014-15 the Lord Chancellor's salary was £67,505 (2013-14: £68,169) and the associated social security costs were £7,053 (2013-14: £7,177). Other staff costs paid directly from the Consolidated Fund include salary and pension entitlements of the Information Commissioner of £190,000 (2013-14: £190,507).

The PCSPS is an unfunded multi-employer defined benefit scheme but MoJ is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2012. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation at: www.civilservice.gov.uk/pensions.

For 2014-15, employers' contributions of £298,553k were payable to the PCSPS (2013-14: £313,273k) at one of four rates which ranged from 16.7% to 24.3% (2013-14: 16.7% to 24.3%) of pensionable pay, based on salary bands (25.8% for prison officer grades with reserved rights). The Scheme Actuary reviews employer contributions approximately every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

In addition, employer pension contributions equivalent to 0.8% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of employees in the PCSPS.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions to partnership pension accounts were £686k (2013-14: £437k) and were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related which ranged from 3% to 12.5% (2013-14: 3.0% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

For 2014-15 employers' pension contributions and contribution rates for the LSC pension scheme and Probation pension schemes, refer to Note 24.

264 persons (2013-14: 208 persons) retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £406k (2013-14: £352k).

Staff costs from discontinued operations in the CRCs totalled £228,212k for the period of operation in public sector ownership, from 1 June 2014 to 31 January 2015.

3.2 Judicial costs

Departmental Group

	Senior judicial salaries £000	Other judicial salaries £000	Fee paid judiciary £000	2014-15 Total £000	2013-14 Total £000
Wages and salaries	125,272	105,458	111,681	342,411	364,561
Social security costs	15,456	12,112	11,311	38,879	41,711
Other pension costs	40,143	33,006	-	73,149	72,768
Total Net Costs	180,871	150,576	122,992	454,439	479,040
<i>Of which:</i>					
Core Department Agencies NDPBs					
	-	67	5,114	5,181	6,682
	180,871	150,509	117,878	449,258	472,358
	-	-	-	-	-
	180,871	150,576	122,992	454,439	479,040
Core Department					
Charged to Administration costs	-	20	55	75	1,569
Charged to Programme costs	-	47	5,059	5,106	5,113
	-	67	5,114	5,181	6,682
Core Department & Agencies					
Charged to Administration costs	-	20	55	75	1,569
Charged to Programme costs	180,871	150,556	122,937	454,364	477,471
	180,871	150,576	122,992	454,439	479,040
Departmental Group					
Charged to Administration costs	-	20	55	75	1,569
Charged to Programme costs	180,871	150,556	122,937	454,364	477,471
	180,871	150,576	122,992	454,439	479,040

The Judicial Pension Scheme (JPS) is an unfunded multi-employer defined benefit scheme which prepares its own accounts, but for which MoJ (through HM Courts & Tribunals Service) is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as of 31 March 2012. Details can be found in the JPS Accounts at: www.gov.uk.

Judicial pensions are paid out of the Consolidated Fund where the judicial office holder's salary was paid from that fund, or the JPS where the salary has been paid from the Department's supply estimate. Contributions to the JPS have been made at a rate of 32.15% (2013-14: 32.15%).

The benefits payable are governed by the provisions of either the Judicial Pensions Act 1981 for those judicial office holders appointed before 31 March 1995, or the Judicial Pensions and Retirement Act 1993 for those newly appointed or appointed to a different judicial office on or after that date.

3.3 Average number of staff employed

Departmental Group

					2014-15	Restated 2013-14
	Permanently employed staff	Other	Ministers	Special advisors	Total	Total
MoJ Headquarters and Associated Offices						
Corporate Services	1,379.6	352.9	0.2	0.3	1,733.0	2,062.1
Law and Access to Justice	672.3	2.0	1.6	0.3	676.2	756.7
Criminal Justice	492.0	13.1	0.9	0.2	506.2	384.5
Finance, Assurance & Commercial	890.8	63.7	0.6	0.3	955.4	938.2
Agencies						
HM Courts & Tribunals Service	16,162.0	871.0	0.6	0.3	17,033.9	17,830.0
Office of the Public Guardian	707.0	158.0	-	-	865.0	682.0
National Offender Management Service	42,166.0	1,743.0	0.9	0.3	43,910.2	39,296.2
Legal Aid Agency	1,279.0	208.0	0.7	0.3	1,488.0	1,489.0
Criminal Injuries Compensation Authority	300.0	1.0	-	-	301.0	-
Non-Departmental Public Bodies						
Non-Departmental Public Bodies	5,327.9	420.9	-	-	5,748.8	20,621.8
Capital Projects						
Staff engaged on capital projects	52.0	211.0	-	-	263.0	140.0
Total	69,428.6	4,044.6	5.5	2.0	73,480.7	84,200.5
<i>Of which:</i>						
Core Department	3,450.7	438.7	5.5	2.0	3,896.9	4,209.7
Agencies	60,650.0	3,185.0	-	-	63,835.0	59,369.0
NDPBs	5,327.9	420.9	-	-	5,748.8	20,621.8
	69,428.6	4,044.6	5.5	2.0	73,480.7	84,200.5

Ministers and special advisors are employed and paid by MoJ Headquarters. However, the Full Time Equivalent analysis for Ministers and special advisors reflects the proportion of time spent across the different functions within the Departmental Group.

Average Full Time Equivalent staff numbers in the CRCs were 9,288 for the period of operation in public sector ownership, from 1 June 2014 to 31 January 2015.

3.4 Average number of judiciary in post

Departmental Group

					2014-15	2013-14
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary		Total	Total
Agencies						
HM Courts & Tribunals Service	910.0	950.0	952.0		2,812.0	3,337.0
Total	910.0	950.0	952.0		2,812.0	3,337.0
<i>Of which:</i>						
Core Department	-	-	-		-	-
Agencies	910.0	950.0	952.0		2,812.0	3,337.0
NDPBs	-	-	-		-	-
	910.0	950.0	952.0		2,812.0	3,337.0

Members of the judiciary are independent of MoJ. Their payroll costs are met either from the Consolidated Fund, in the case of senior judiciary, or by MoJ for other judiciary. All costs are included within these Accounts to ensure that the full cost of operations is disclosed.

3.5 Reporting of Civil Service and other compensation schemes - exit packages

Departmental Group

Exit package cost band	2014-15			Restated 2013-14		
	Compulsory redundancies	Other departures	Total exit packages	Compulsory redundancies	Other departures	Total exit packages
	Number	Number	Total number	Number	Number	Total number
< £10,000	7	66	73	10	176	186
£10,000 - £25,000	1	250	251	6	1,189	1,195
£25,001 - £50,000	-	343	343	2	873	875
£50,001 - £100,000	-	149	149	1	720	721
£100,001 - £150,000	-	34	34	-	72	72
£150,001 - £200,000	-	6	6	-	13	13
£200,001 - £250,000	-	1	1	-	5	5
£250,001 - £300,000	-	1	1	-	3	3
> £300,000	-	-	-	-	-	-
Total number of exit packages by type	8	850	858	19	3,051	3,070
Total cost of exit packages by type (£000)	39	31,156	31,195	302	107,720	108,022
Number of exit packages						
<i>Of which:</i>						
Core Department	-	115	115	1	75	76
Agencies	-	713	713	-	2,788	2,788
NDPBs	8	22	30	18	188	206
	8	850	858	19	3,051	3,070
Cost of exit packages (£000)						
<i>Of which:</i>						
Core Department	-	8,120	8,120	83	4,640	4,723
Agencies	-	22,412	22,412	-	97,847	97,847
NDPBs	39	624	663	219	5,233	5,452
	39	31,156	31,195	302	107,720	108,022

Excluding Probation, redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the exit package is confirmed. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Principal Civil Service Pension Scheme.

For Probation, redundancy and other departure costs have been paid in accordance with the Probation Trust's redundancy policies which pay the statutory minimum redundancy allocation based on age and length of service as set out in the Employment Rights Act 1996 and, where applicable, subject to the Pension Plan and Redundancy rules, meet the additional costs of early retirement.

The total number of exit packages, paid in accordance with CRCs' redundancy policies, were 352 at a cost of £16,412k.

Other departure exit costs include 410 medical inefficiency dismissal exit packages at a value of £11,382k (2013-14 restated 232 at £6,308k) within payment bands not exceeding £100k.

Ill health retirement costs are met by the pension scheme and are not included in the table above.

Other departure exit costs in the prior year have also been restated by £5,001k to include revised information from MyCSP.

4. Other Administration costs

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
<i>Lease/service concession charges</i>						
PFI service charges	7,381	7,381	7,381	5,976	5,976	6,677
Finance charges on leases and Service Concession Arrangements	11,340	11,340	11,340	11,660	11,660	11,660
Rentals under operating leases	23,817	28,337	29,213	22,972	26,323	28,362
<i>Other administration costs</i>						
Judicial and Juror costs	229	244	244	110	1,487	1,487
Accommodation, maintenance and utilities	20,655	28,131	28,320	25,943	33,660	35,353
Communications, office supplies and services	4,472	5,316	6,612	2,240	17,647	19,253
IT services and telecommunications (non-Service Concession Arrangements)	3,628	25,890	29,911	6,769	18,094	22,864
Travel, subsistence and hospitality	3,920	11,248	12,388	3,530	8,393	9,766
Training and other staff related costs	5,135	19,519	20,281	3,597	11,577	12,204
Professional services	25,599	30,052	31,095	20,183	25,247	26,123
Other contracted out services	5,791	6,626	10,976	2,813	4,931	10,758
Auditors' remuneration and expenses*	-	89	1,475	-	2,599	4,968
Other administration expenditure	5,457	16,164	16,648	6,189	14,073	14,606
<i>Non-cash items</i>						
(Increase)/decrease in the valuation of Property, plant and equipment	-	-	-	(4,718)	(4,718)	(4,718)
<i>Net (profit)/loss on disposal of</i>						
Property, plant and equipment	-	240	245	1,949	1,950	1,951
Intangible assets	-	18	51	-	-	-
Assets held for sale	(5,889)	(5,889)	(5,889)	-	-	-
<i>Other non-cash</i>						
Depreciation	10,748	14,662	15,705	11,377	15,086	16,857
Amortisation	-	12,855	13,701	3	7,157	8,602
Auditors' remuneration and expenses	475	1,335	1,335	430	1,020	1,020
Notional corporate overhead charges	(88,584)	(9,599)	-	(100,623)	(6,424)	-
Increase/(decrease) in receivables impairment	-	660	660	-	266	287
Other non-cash	597	497	495	1,046	863	863
Total other Administration costs	34,771	205,116	232,187	21,446	196,867	228,943

* Auditors' remuneration and expenses includes internal and external audit fees. Refer to page 20 for a breakdown of external audit fees.

The following bodies have not been allocated an Administration budget as their full spend is deemed to be Programme expenditure: OPG, OLC and LSB.

5. Other Programme costs

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Grants						
Current Capital	118,667	118,682	209,202	75,558	75,573	164,835
Lease/service concession charges						
PFI and other Service Concession Arrangements	147,122	737,320	698,805	137,362	748,564	711,308
Finance charges on leases and Service Concession Arrangements	-	30,744	30,984	-	33,104	34,107
Rentals under operating leases	1,342	84,914	85,290	32	86,728	88,625
Criminal Justice costs						
Offender related costs	-	888,513	516,671	-	1,091,711	313,248
Young Offender costs	23,656	23,656	54,559	19,606	19,606	60,032
Judicial and Juror costs	13,063	89,329	89,329	15,043	91,786	91,786
Compensation payments	-	774	774	-	-	1,244
Cost of legal services and disbursements (civil)	-	834,692	834,692	-	980,910	980,910
Cost of legal services and disbursements (crime)	-	901,822	901,822	-	977,026	977,026
Other Programme costs						
Accommodation, maintenance and utilities	1,378	553,007	561,851	2,849	511,350	588,549
Auditors' remuneration and expenses	-	-	127	-	-	113
Taxation	-	-	(416)	-	149	1,047
Communications, office supplies and services	854	40,939	45,181	488	45,652	63,434
IT services and telecommunications (non-Service Concession Arrangements)	10,860	174,141	177,604	(10,160)	179,243	214,515
Other contracted out services	39,109	92,285	100,386	19,467	57,433	65,256
Cost from Central Funds	-	62,814	62,814	-	65,575	65,575
Professional services	35,370	59,231	63,317	25,401	47,835	61,029
Travel and subsistence	2,416	28,835	35,435	3,127	21,276	38,867
Training and other staff related costs	902	31,302	33,958	1,113	29,166	42,728
Other programme costs	10,061	48,817	61,684	23,973	66,174	87,984
Non-cash items						
<i>(Increase)/decrease in the valuation of</i>						
Property, plant and equipment	(7,089)	(240,492)	(240,492)	123	124	124
Intangible assets	(64)	(169)	(169)	160	159	159
Assets held for sale	-	(3,919)	(3,919)	-	(1)	(1)
Investments	-	-	-	-	35	35
Impairment						
Property, plant and equipment	-	-	8,567	-	28,608	28,613
Intangible assets	2,168	3,345	4,157	-	1,840	1,840
Assets held for sale	-	4,275	4,275	-	6,533	6,533
Net (profit)/loss on disposal of						
Property, plant and equipment	523	3,429	3,476	1,410	3,729	3,780
Intangible assets	59	126	126	34	394	394
Assets held for sale	-	(8,159)	(8,159)	-	(3,713)	(3,713)
Provisions						
Provisions provided for in year net of releases	(6,363)	183,327	183,284	87,106	173,750	344,250
Borrowing costs of provisions - discount unwinding	2,346	9,710	9,711	1,684	9,881	(20,422)
Other non-cash						
Depreciation	17,827	345,351	348,462	16,091	352,372	357,629
Amortisation	11,557	55,100	55,932	14,599	55,790	57,127
Notional charges	-	-	42,475	-	-	53,879
Auditors' remuneration and expenses	82	134	134	124	526	526
Notional corporate overhead charges	(154,988)	-	-	(103,875)	-	-
Increase/(decrease) in receivables impairment	19	25,061	25,061	8	35,223	35,223
Net interest on pension schemes	(1,529)	39,103	53,828	(2,865)	(2,707)	62,417
Other pension costs	-	42,743	42,743	9,904	15,782	15,782
Other non-cash	-	7,388	7,365	-	6,164	6,165
Total other Programme costs	269,348	5,268,785	5,101,541	338,362	5,813,350	5,602,558

6. Income

6.1 Operating income

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Income within the Department's ambits						
Office of the Accountant General	4,603	4,603	4,603	8,851	8,851	8,851
Official Solicitor and Public Trustee	2,293	2,293	2,293	2,029	2,029	2,029
Other Core Department income *	363,935	360,072	360,072	200,584	200,584	200,584
HM Courts & Tribunals Service	-	691,285	691,285	-	630,645	630,645
Office of the Public Guardian	-	51,411	51,411	-	42,626	42,626
National Offender Management Service	-	267,988	214,040	-	275,322	234,026
EU Income	-	25,736	26,767	-	24,084	30,050
Information Commissioner's Office	-	-	17,648	-	-	15,775
Legal Aid Agency	-	198,934	198,934	-	211,218	211,218
Youth Justice Board	-	-	27,166	-	-	27,973
Other income	-	-	139	-	-	229
Total Income within the Department's ambits	370,831	1,602,322	1,594,358	211,464	1,395,359	1,404,006
Payable to Consolidated Fund						
Consolidated Fund Extra Receipts **	5,775	5,775	22,173	7,681	171,412	191,099
Total payable to Consolidated Fund	5,775	5,775	22,173	7,681	171,412	191,099
Total operating income	376,606	1,608,097	1,616,531	219,145	1,566,771	1,595,105
<i>Of which:</i>						
Administration income	24,056	26,668	42,342	23,854	29,773	43,370
Programme income	352,550	1,581,429	1,574,189	195,291	1,536,998	1,551,735
Total operating income	376,606	1,608,097	1,616,531	219,145	1,566,771	1,595,105

* Other Core Department income includes fines income of £251.0m (2013-14: £104.4m), recoveries from other government departments (including co-funding of NDPBs) of £37.8m (2013-14: £43.4m), victims surcharge income of £52.9m (2013-14: £39.3m) and £22.2m (2013-14: £13.5m) of miscellaneous income.

** Analysis of income payable to the Consolidated Fund is shown at SoPS 5.1.

6.2 Fees and charges

MoJ is required, in accordance with HM Treasury's 'Managing Public Money', to disclose results for the areas of its activities where fees and charges are levied. The analysis provided below is for fees and charges purposes and is not intended to meet the requirements of IFRS 8 'Operating Segments'.

	Gross income £000	Full cost £000	Surplus/ (deficit) £000	2014-15	2013-14	
				Fee recovery actual %	Fee recovery target %	Fee recovery actual %
Office of the Accountant General	4,603	4,603	-	100%	100%	100%
Official Solicitor and Public Trustee						
Litigation	1,675	6,669	(4,994)	25%	11%	23%
Trust and Estates	618	825	(207)	75%	39%	42%
HM Courts & Tribunals Service						
Family	151,775	173,834	(22,059)	87%	100%	79%
Civil	426,817	454,248	(27,431)	94%	100%	84%
Asylum & Immigration	11,223	102,826	(91,603)	11%	-	11%
Employment Tribunals	12,377	71,428	(59,051)	17%	-	7%
Other Tribunals	1,344	15,591	(14,247)	9%	-	9%
Office of the Public Guardian	57,545	40,295	17,250	143%	100%	153%
Information Commissioner's Office	17,519	17,519	-	100%	100%	100%
Legal Services Board	3,921	3,921	-	100%	100%	100%
Office for Legal Complaints	12,592	12,592	-	100%	100%	100%
	702,009	904,351	(202,342)			

Office of the Accountant General

The Office of the Accountant General (OAG) invests money on behalf of its clients in the Court Funds Investment Account (CFIA) which pays interest or in the Equity Index Tracker Fund for long term investments. Clients do not pay fees for investment services but the operational costs of OAG are paid out of the surplus interest earned on their funds. OAG therefore runs at nil net cost to the MoJ Vote and in terms of the principles of cost recovery is 100% self-funding. If the surplus interest earned on the CFIA is not sufficient to cover OAG's costs then it has a legal entitlement to call on the Consolidated Fund through its parent department MoJ.

Official Solicitor and Public Trustee

The Official Solicitor's litigation services continue to be largely publicly funded due to the nature of the cases dealt with. However, where appropriate to do so, the Official Solicitor charges clients at full cost for services provided.

The Official Solicitor and the Public Trustee (OSPT) charge for their work in administering their Trusts and Deputy Services (TDS) cases. The TDS caseload continues to diminish as cases are only now accepted on the basis of 'last resort'. As at 31 March 2015 the caseload was 240 (2013-14: 251). The fee income associated with Public Trustee cases is capped by a Fees Order and there are some cases for which the OSPT is not empowered to charge fees.

HM Courts & Tribunals Service

HM Courts & Tribunals Service covers the following business areas: civil and family courts, tribunal, criminal courts and other. Only the civil and tribunal businesses have a system of charging fees. The policy and financial objective for civil business is to recover the full costs of the processes involved less the cost of funding fee remissions. Separate cost recovery targets have been agreed for the tribunal business. The system of fee remissions exists to ensure that individuals are not denied access to the courts if they genuinely cannot afford the fee.

HM Courts & Tribunals Service reports on both the civil and tribunal business segments. Civil business contains two business streams: family (including non-contentious probate and court of protection) and civil (including civil business in county courts, higher courts and magistrates' courts); whilst tribunal business contains three business streams: asylum and immigration, employment and other fee charging tribunals (including lands, residential property, gambling and gender recognition).

Further detail regarding current fees orders can be found within the HM Courts & Tribunals Service Accounts.

Office of the Public Guardian

Ministers and HM Treasury agreed a financial objective for OPG of 100% cost recovery, excluding fee exemptions and remissions. A subsidy is provided as planned to ensure clients are not denied access to services through inability to pay the requisite fees by way of fee exemptions and remissions.

Information Commissioner's Office

Expenditure on data protection activities is financed through collection of an annual notification fee from data controllers under the Data Protection Act 1998.

Legal Services Board and Office for Legal Complaints

LSB and OLC income relates to levies received from approved regulators. This income is surrendered to the Consolidated Fund in line with the Legal Services Act 2007. In return, LSB and OLC receive Grant in Aid (GiA) funding from the MoJ Core Department equal to the income surrendered.

7. Property, plant and equipment

Departmental Group 2014-15

	Land £000	Buildings £000	Dwellings £000	Information technology £000	Plant and equipment £000	Furniture, fixtures and fittings £000	Payments on account and assets under construction £000	Total £000
Cost or valuation								
At 1 April 2014	1,194,547	7,770,059	64,274	386,592	327,978	68,881	203,856	10,016,187
Additions	-	13,839	4	19,947	12,317	323	196,627	243,057
Disposals	(70)	(4,499)	(12)	(34,756)	(10,701)	(9,140)	(223)	(59,401)
Reclassifications	(9,344)	220,158	(7,203)	2,829	(6,508)	(21)	(224,810)	(24,899)
Revaluations	96,146	520,631	4,544	3,292	2,473	4	(1,573)	625,517
Transfers	-	973	-	1,792	-	-	(1,760)	1,005
Impairments	-	(17,392)	-	(3)	(115)	18	-	(17,492)
At 31 March 2015	1,281,279	8,503,769	61,607	379,693	325,444	60,065	172,117	10,783,974
Depreciation								
At 1 April 2014	-	(226,958)	(2,273)	(266,624)	(188,635)	(49,560)	-	(734,050)
Charged in year	(564)	(288,602)	(1,646)	(37,998)	(29,060)	(6,297)	-	(364,167)
Disposals	-	4,419	-	33,116	10,063	7,822	-	55,420
Reclassifications	-	54	504	500	7,598	-	-	8,656
Revaluations	564	166,976	773	(2,026)	(1,134)	-	-	165,153
Impairments	-	8,925	-	-	-	-	-	8,925
At 31 March 2015	-	(335,186)	(2,642)	(273,032)	(201,168)	(48,035)	-	(860,063)
Carrying amount at 31 March 2015	1,281,279	8,168,583	58,965	106,661	124,276	12,030	172,117	9,923,911
Carrying amount at 1 April 2014	1,194,547	7,543,101	62,001	119,968	139,343	19,321	203,856	9,282,137
Asset financing								
Owned	1,206,958	6,920,186	53,262	75,177	100,045	12,030	172,117	8,539,775
Finance leased	52,925	410,760	5,703	5,109	24,231	-	-	498,728
On-balance sheet PFI and other Service Concession Arrangements	21,396	837,637	-	26,375	-	-	-	885,408
Carrying amount at 31 March 2015	1,281,279	8,168,583	58,965	106,661	124,276	12,030	172,117	9,923,911
Of the total								
Core Department	1,150	104,984	-	51,574	4	3,675	24,250	185,637
Agencies	1,268,674	8,008,430	58,965	53,455	124,219	7,929	147,846	9,669,518
NDPBs	11,455	55,169	-	1,632	53	426	21	68,756
Carrying amount at 31 March 2015	1,281,279	8,168,583	58,965	106,661	124,276	12,030	172,117	9,923,911

Departmental Group 2013-14 (Restated)

	Land £000	Buildings £000	Dwellings £000	Information technology £000	Plant and equipment £000	Furniture, fixtures and fittings £000	Payments on account and assets under construction £000	Total £000
Cost or valuation								
At 1 April 2013	1,145,836	7,761,860	63,186	430,556	373,689	104,092	194,193	10,073,412
Additions	69	15,604	501	9,334	16,295	346	232,395	274,544
Disposals	-	(589)	-	(72,792)	(74,254)	(32,811)	(425)	(180,871)
Reclassifications	(42,372)	153,999	(2,835)	13,848	7,362	(2,475)	(204,016)	(76,489)
Revaluations	83,213	(88,571)	4,529	(5,327)	5,067	592	-	(497)
Transfers	2,994	632	-	11,557	476	(19)	(12,015)	3,625
Impairments	4,807	(72,876)	(1,107)	(584)	(657)	(844)	(6,276)	(77,537)
At 31 March 2014	1,194,547	7,770,059	64,274	386,592	327,978	68,881	203,856	10,016,187
Depreciation								
At 1 April 2013	-	(305,060)	(1,713)	(291,806)	(228,167)	(74,151)	-	(900,897)
Charged in year	(451)	(285,218)	(1,613)	(49,412)	(30,224)	(7,568)	-	(374,486)
Disposals	-	98	-	71,532	71,999	31,233	-	174,862
Reclassifications	-	288	128	(10)	2	1,066	-	1,474
Revaluations	384	315,257	581	2,989	(2,717)	(421)	-	316,073
Impairments	67	47,677	344	83	472	281	-	48,924
At 31 March 2014	-	(226,958)	(2,273)	(266,624)	(188,635)	(49,560)	-	(734,050)
Carrying amount at 31 March 2014	1,194,547	7,543,101	62,001	119,968	139,343	19,321	203,856	9,282,137
Carrying amount at 1 April 2013	1,145,836	7,456,800	61,473	138,750	145,522	29,941	194,193	9,172,515
Asset financing								
Owned	1,127,898	6,313,592	56,606	81,970	111,889	19,321	203,856	7,915,132
Finance leased	44,989	388,228	5,395	6,594	27,454	-	-	472,660
On balance sheet PFI and other Service Concession Arrangements	21,660	841,281	-	31,404	-	-	-	894,345
Carrying amount at 31 March 2014	1,194,547	7,543,101	62,001	119,968	139,343	19,321	203,856	9,282,137
Of the total								
Core Department	-	102,142	-	53,091	1,170	4,927	2,248	163,578
Agencies	1,182,682	7,377,098	62,001	63,791	133,959	13,345	201,608	9,034,484
NDPBs	11,865	63,861	-	3,086	4,214	1,049	-	84,075
Carrying amount at 31 March 2014	1,194,547	7,543,101	62,001	119,968	139,343	19,321	203,856	9,282,137

Land, buildings and dwellings are shown at fair value based on professional valuations performed at 31 March each year by the Valuation Office Agency, who are independent of MoJ, in accordance with RICS Appraisal and Valuation Manual. Each year 20% of the land, buildings and dwellings are physically visited and valued. The remaining 80% are valued on a desktop basis. The majority of operational buildings are valued at Depreciated Replacement Cost to a modern equivalent basis. All other buildings are measured at fair value determined from market-based evidence.

All assets other than land and buildings and assets under construction are revalued at each reporting date using the Producer Price Index prepared by the Office for National Statistics.

Included in the carrying values above are eight non-operational sites with a combined value of £19.5m (2013-14: 14 with a combined value of £26.3m). These sites are now vacant, but do not yet meet the criteria for classification as assets held for sale.

8. Intangible assets

Departmental Group 2014-15

	Software licences £000	Information technology £000	Internally generated software £000	Payments on account and assets under construction £000	Total £000
Cost or valuation					
At 1 April 2014	54,753	235,209	194,720	110,251	594,933
Additions	14,210	422	-	94,289	108,921
Disposals	(7,266)	(2,277)	(314)	(51)	(9,908)
Reclassifications	(131)	38,562	11,743	(57,515)	(7,341)
Revaluations	243	785	2,054	-	3,082
Transfers	14	57,160	4,855	(63,034)	(1,005)
Impairments	3	(2,423)	-	(2,981)	(5,401)
At 31 March 2015	61,826	327,438	213,058	80,959	683,281
Amortisation					
At 1 April 2014	(34,144)	(131,627)	(131,249)	-	(297,020)
Charged in year	(6,322)	(38,324)	(24,987)	-	(69,633)
Disposals	7,181	2,252	298	-	9,731
Reclassifications	519	1,723	13	-	2,255
Revaluations	-	(248)	(1,237)	-	(1,485)
Impairments	-	1,244	-	-	1,244
At 31 March 2015	(32,766)	(164,980)	(157,162)	-	(354,908)
Carrying amount at 31 March 2015	29,060	162,458	55,896	80,959	328,373
Carrying amount at 1 April 2014	20,609	103,582	63,471	110,251	297,913
Asset financing					
Owned	28,583	162,412	55,896	80,959	327,850
Finance leased	-	-	-	-	-
Contracts	477	46	-	-	523
Carrying amount at 31 March 2015	29,060	162,458	55,896	80,959	328,373
Of the total					
Core Department	25,227	-	10,252	61,762	97,241
Agencies	1,329	160,781	44,533	16,080	222,723
NDPBs	2,504	1,677	1,111	3,117	8,409
Carrying amount at 31 March 2015	29,060	162,458	55,896	80,959	328,373

Departmental Group 2013-14 (Restated)

	Software licences £000	Information technology £000	Internally generated software £000	Payments on account and assets under construction £000	Payments on account and assets under construction £000	Total £000
Cost or valuation						
At 1 April 2013	54,859	184,636	183,981	86,179	509,655	
Additions	189	283	271	91,429	92,172	
Disposals	(2,184)	(2,789)	(9)	(393)	(5,375)	
Reclassifications	2,669	1,033	11,768	(10,294)	5,176	
Revaluations	(673)	(4)	(4,156)	-	(4,833)	
Transfers	(106)	52,096	3,136	(55,144)	(18)	
Impairments	(1)	(46)	(271)	(1,526)	(1,844)	
At 31 March 2014	54,753	235,209	194,720	110,251	594,933	
Amortisation						
At 1 April 2013	(30,646)	(103,315)	(104,724)	-	(238,685)	
Charged in year	(5,576)	(31,450)	(28,703)	-	(65,729)	
Disposals	2,184	2,787	9	-	4,980	
Reclassifications	(300)	309	-	-	9	
Revaluations	193	39	2,169	-	2,401	
Impairments	1	3	-	-	4	
At 31 March 2014	(34,144)	(131,627)	(131,249)	-	(297,020)	
Carrying amount at 31 March 2014	20,609	103,582	63,471	110,251	297,913	
Carrying amount at 1 April 2013	24,213	81,321	79,257	86,179	270,970	
Asset financing						
Owned	20,604	103,526	63,471	110,251	297,852	
Finance leased	-	-	-	-	-	
Contracts	5	56	-	-	61	
Carrying amount at 31 March 2014	20,609	103,582	63,471	110,251	297,913	
Of the total						
Core Department	16,551	-	11,983	68,160	96,694	
Agencies	1,660	101,133	50,726	36,983	190,502	
NDPBs	2,398	2,449	762	5,108	10,717	
Carrying amount at 31 March 2014	20,609	103,582	63,471	110,251	297,913	

9. Assets held for sale

	2014-15			Restated 2013-14		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000			
				Core Department £000	Department & Agencies £000	Departmental Group £000
Balance at 1 April	23,750	59,673	59,673	-	51,498	51,554
Reclassifications	-	17,197	17,702	23,750	69,830	69,830
Disposals	(23,750)	(52,657)	(53,162)	-	(55,122)	(55,178)
Revaluations	-	2,072	2,072	-	-	-
Impairments	-	(4,275)	(4,275)	-	(6,533)	(6,533)
Balance at 31 March	-	22,010	22,010	23,750	59,673	59,673

The Department has committed to a plan to sell surplus properties. An active programme to locate buyers and complete the sale of each property has commenced and estate agents are actively marketing the properties. The properties are available for sale in their present condition and the sales are highly probable to occur within one year from the date of classification to assets held for sale.

10. Trade and other receivables

10.1 Analysis by type

	31 March 2015			Restated 31 March 2014		
	Core Department	Department & Agencies	Departmental Group	Core Department	Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Amounts falling due within one year						
Trade receivables	2,328	42,411	42,508	1,560	22,079	24,188
Other receivables	204	21,422	26,083	182	20,658	29,279
Capital receivables	-	3,000	3,000	-	7,000	7,000
Contributions due from funded clients	-	6,296	6,296	-	4,271	4,271
Statutory charge	-	61,922	61,922	-	67,978	67,978
Amounts due from service providers	-	25,865	25,865	-	24,769	24,769
VAT receivables	25,403	97,401	97,401	17,941	103,953	104,795
Deposits and advances	837	837	886	926	926	983
Government receivables	28,620	54,828	54,885	19,935	52,200	57,503
Prepayments and accrued income	40,236	102,361	106,016	54,438	99,440	105,938
Intra-departmental receivables	160,523	10,699	-	100,661	9,441	-
Receivables related to CFERs	183	183	183	1,228	1,228	1,228
	258,334	427,225	425,045	196,871	413,943	427,932
Amounts falling due after more than one year						
Other receivables	-	2,013	2,013	-	2,024	2,261
Prepayments and accrued income	571	589	589	878	1,013	1,019
	571	2,602	2,602	878	3,037	3,280

The above includes a receivables impairment provision of £223.3m (2013-14: £207.4m) for LAA. For further detail regarding the LAA impairment provision refer to Note 18.

10.2 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000	£000	£000	£000
Balances with other central government bodies	162,697	173,285	-	-
Balances with local authorities	10,139	29,525	-	135
Balances with NHS bodies	14,875	12,883	-	-
Balances with public corporations and trading funds	757	1,001	-	-
Subtotal: intra-government balances	188,468	216,694	-	135
Balances with bodies external to government	236,577	211,238	2,602	3,145
Total receivables	425,045	427,932	2,602	3,280

11. Cash and cash equivalents

	31 March 2015			Restated 31 March 2014		
	Core Department £000	Department & Agencies £000	Departmental Group £000	Core Department £000	Department & Agencies £000	Departmental Group £000
Balance at 1 April	122,162	138,882	287,328	73,118	(2,754)	199,458
Transfers within group	-	86,362	-	-	23,658	-
Net change in cash and cash equivalents	(68,222)	(99,867)	(110,219)	49,044	117,978	87,870
Balance at 31 March	53,940	125,377	177,109	122,162	138,882	287,328
<i>Of which:</i>						
Government Banking Service (GBS)	53,927	88,707	137,743	122,146	153,366	224,760
Commercial banks and cash in hand	13	55,760	58,456	16	4,780	82,066
	53,940	144,467	196,199	122,162	158,146	306,826
Overdraft (GBS)	-	(19,090)	(19,090)	-	(19,264)	(19,264)
Overdraft (Commercial)	-	-	-	-	-	(234)
	53,940	125,377	177,109	122,162	138,882	287,328

12. Trade and other payables

12.1 Analysis by type

	31 March 2015			Restated 31 March 2014		
	Core Department £000	Department & Agencies £000	Departmental Group £000	Core Department £000	Department & Agencies £000	Departmental Group £000
Amounts falling due within one year						
Trade payables	671	38,048	42,894	6,735	58,471	53,462
Taxation and social security	59,710	87,848	90,620	54,353	72,198	105,458
Capital payables	25,963	68,683	68,683	20,364	65,791	65,785
Other payables	53,602	104,046	105,255	45,857	90,844	97,080
Accruals and deferred income*	201,145	785,989	797,988	109,384	587,209	712,503
Amounts due to solicitors, counsel and advice agencies	-	129,982	129,982	-	148,330	148,330
Contribution refunds to funded clients	-	1,769	1,769	-	1,951	1,951
Creditor for pension transfer deficit: amounts payable to LGPS	-	27,977	27,977	-	-	-
Finance lease creditors	5,031	7,184	7,184	4,261	5,802	5,877
Imputed finance lease element of on-balance sheet PFI contracts	9,588	46,303	46,968	10,685	45,597	46,898
Amounts issued from the Consolidated Fund for supply but not spent at year end	104,642	104,642	104,642	117,852	117,852	117,852
CFERs due to be paid to the Consolidated Fund:						
- received	20,720	20,720	20,720	50,341	50,341	50,341
- receivable	183	183	183	1,228	1,228	1,228
Intra-departmental payables	70,859	3,325	-	64,919	56,425	-
Third party monies	15	15	15	6	6	6
	552,129	1,426,714	1,444,880	485,985	1,302,045	1,406,771
Amounts falling due after more than one year						
Local Authority loan balances	-	30,168	30,168	-	32,885	32,885
Lease incentive creditors	-	16,951	16,951	-	15,949	15,949
Straight lining creditors	39,151	111,768	111,768	38,553	105,050	105,050
Accruals and deferred income	-	650	650	-	742	742
Creditor for pension transfer deficit: amounts payable to LGPS	-	156,654	156,654	-	173,970	173,970
Finance lease creditors	127,684	140,992	140,992	132,715	147,067	147,067
Imputed finance lease element of on-balance sheet PFI contracts	14,300	406,589	419,762	15,802	444,806	461,548
Other payables	1,104	52,315	52,315	1,197	1,197	50,679
	182,239	916,087	929,260	188,267	921,666	987,890

* Accruals and deferred income includes £72.4m of payments to fee paid judicial office holders which were disclosed as other provisions in 2013-14.

12.2 Intra-government balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000	£000	£000	£000
Balances with other central government bodies	343,387	373,241	552	604
Balances with local authorities	46,193	60,078	186,822	206,855
Balances with NHS bodies	4,914	2,064	-	-
Balances with public corporations and trading funds	62	545	-	-
Subtotal: intra-government balances	394,556	435,928	187,374	207,459
Balances with bodies external to government	1,050,324	970,843	741,886	780,431
Total payables	1,444,880	1,406,771	929,260	987,890

13. Provisions for liabilities and charges

	2014-15			Restated 2013-14		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	337,541	1,263,644	1,544,731	284,336	537,490	1,551,010
Transfers within group	-	275,342	-	-	627,881	-
Provided in the year	26,784	321,697	322,701	174,601	329,957	517,032
Provisions not required written back	(32,568)	(127,863)	(128,924)	(87,276)	(155,108)	(170,848)
Provisions utilised in the year	(144,610)	(363,688)	(365,965)	(18,704)	(93,535)	(339,119)
Borrowing costs (unwinding of discount)	2,346	9,710	9,711	1,684	9,881	(20,422)
Reclassifications (to)/from trade and other payables	-	-	(39)	-	7,078	7,078
Transfer of Central Funds from MoJ Core to LAA	-	-	-	(17,100)	-	-
Balance at 31 March	189,493	1,378,842	1,382,215	337,541	1,263,644	1,544,731
Analysis of expected timing of discounted flows						
Not later than one year	40,265	774,816	777,167	159,560	809,769	937,170
Later than one year but not later than five years	75,681	332,249	333,153	117,207	225,962	374,179
Later than five years	73,547	271,777	271,895	60,774	227,913	233,382
Balance at 31 March	189,493	1,378,842	1,382,215	337,541	1,263,644	1,544,731

Provisions by type

2014-15

	Judicial Service Award £000	Injury benefit scheme £000	Early departure costs £000	Costs from Central Funds £000	Legal claims £000	CICA Pre-tariff Scheme £000	CICA Tariff Scheme £000	Leasehold dilapidations £000	LAA outstanding balances on funded cases £000	Other £000	Total £000
Balance at 1 April 2014	157,474	75,817	130,722	24,799	90,049	12,356	261,111	63,137	577,306	151,960	1,544,731
Provided in the year	5,700	31,796	10,883	-	81,065	6,031	169,874	1,590	-	15,762	322,701
Provisions not required written back	(390)	-	(390)	(18,576)	(34,471)	(1,132)	(10,713)	(1,569)	(32,326)	(29,357)	(128,924)
Provisions utilised in the year	(13,346)	(4,487)	(14,509)	-	(43,279)	(11,667)	(164,163)	(2,506)	-	(112,008)	(365,965)
Borrowing costs (unwinding of discount)	2,300	-	5,095	-	67	-	1,827	421	-	1	9,711
Reclassifications (to)/from trade and other payables	-	-	(34)	-	-	-	-	-	-	(5)	(39)
Reclassifications between provision categories	-	-	471	-	-	-	-	-	-	(471)	-
Balance at 31 March 2015	151,738	103,126	132,238	6,223	93,431	5,588	257,936	61,073	544,980	25,882	1,382,215
Analysis of expected timing of discounted flows											
Not later than one year	18,201	4,287	17,391	6,223	36,573	5,588	115,036	13,898	544,980	14,990	777,167
Later than one year but not later than five years	73,215	16,172	35,780	-	50,159	-	138,504	17,725	-	1,598	333,153
Later than five years	60,322	82,667	79,067	-	6,699	-	4,396	29,450	-	9,294	271,895
Balance at 31 March 2015	151,738	103,126	132,238	6,223	93,431	5,588	257,936	61,073	544,980	25,882	1,382,215

Judicial Service Award and Fee Paid Judicial Claims

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

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

Because of the nature of the various claims made, the claims have been separately classified and recognised in the annual accounts of the entity that is responsible for satisfying the liability. The following table summarises the liabilities arising from the fee paid judicial office holders' claims recognised in the MoJ Accounts:

	2014-15 £000	2013-14 £000
Provision recognised - MoJ		
Judicial Service Award	35,300	35,689
Separate pension liability element for retired fee paid judges (see <i>Other provisions</i>)	10,893	5,229
Employment Pay Related Claims (see <i>Other provisions</i>)	2,500	132,764
Total provisions recognised in relation to Fee Paid Judicial Office Holder litigation	48,693	173,682

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

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

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

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

Early departure costs

MoJ meets the additional costs of benefits beyond normal PCSPS benefits for employees who retire early. This involves paying amounts determined by the pension administrator annually to PCSPS over the period between early departure and normal retirement date. MoJ provides for this in full when the early retirement programme becomes binding on MoJ by establishing a provision for the estimated payments discounted at the Treasury rate of 1.3% (2013-14: 1.8%) in real terms.

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

Injury benefits scheme

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

Costs from Central Funds

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

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

Legal claims

Provision has been made for all known claims where legal advice indicates that it is more likely than not that the claim will be successful and the amount of the claim can be reliably estimated. The figures represent the best estimate of the amount payable. Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 19.

CICA Pre-tariff scheme

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

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

CICA Tariff scheme

The tariff scheme provision, reflecting CICA's liabilities under the 1996, 2001, 2008 and 2012 Schemes, is made up of two components. Primarily, CICA recognises liabilities that are based upon an evaluation of total applications that are currently known (discounted value £224.6m (2013-14: £217.2m)). The additional element relates to those events, occurring on or before reporting period end, that CICA deems probable and, based upon historical evidence, provides for an estimation of the future liability (discounted value £33.4m (2013-14: £43.9m)).

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

In line with IAS 37, areas of uncertainty surrounding the tariff scheme provision have been noted. The valuation is based upon a financial analysis of the historical settlement averages and the assessed tariff banding attributed to cases in progress.

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

- The apportionment of cases received, but as yet unallocated to tariff bands. Of these 79% of all such cases are current year and will be assessed in due course. Recent intake is assumed to follow normal historical trends.
- The likelihood of known cases received in the current year that will resolve at £nil value based on historical averages. This estimation is only carried out for the lower tariff bands, as this is where £nil value cases are likely to be expected.
- For those cases that are not yet reported the value and timing of applications likely to be received is based on previous historical trends. This has been reduced from prior year estimates in accordance with the introduction of the 2012 tariff scheme which will apply to all future emergent cases, regardless of the date the incident occurred.

Leasehold dilapidations

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

LAA outstanding balances on funded cases

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

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

LAA uses complex valuation models to estimate the value of unbilled amounts on live cases. These models utilise inputs for historical price, quantity profiles, forecast spend, and underlying business knowledge, to estimate work completed but not yet billed at the end of the reporting date. The reasonable alternative assumptions below have been arrived at by observing the maximum historical high and low points within the actual source data of the respective models. The impact of reasonable alternatives to these inputs has been quantified below.

Assumptions tested:

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Price profiles	+9%	6.3	-6%	(4.4)
Quantity profiles	+7%	4.6	-7%	(4.6)
Forecast spend	+5%	17.4	-6%	(20.9)

Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2015 could be higher by up to £28.3m (2013-14: £30.9m) or lower by up to £29.9m (2013-14: £29.5m).

The assumptions exclude the model variables used in the calculation of the civil representation work in progress (WIP) provision of £262.4m (2013-14: £328.7m).

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

The reasonable alternative assumptions below have been arrived at by observing the maximum historical high and low points within the actual source data of the respective models, adjusted for projected future trends. The impact of reasonable alternatives to these inputs has been quantified below.

Civil representation assumptions tested:

	Increase in provision		(Decrease) in provision	
	Assumption	£m	Assumption	£m
Transition cost and duration profile	4%	19.3	-4%	(19.3)
Billing duration	21%	5.4	-9%	(2.4)
Dormancy cut off	25%	22.2	n/a	n/a

The inputs are case data driven, with an overlay of management judgement, for example choosing the number of years historical case data to use in creating historical profiles. It should be noted the inherent sensitivity of the Civil Representation WIP provision is such that relatively small percentage movements in the inputs could lead to the estimate crystallising at a materially different amount. Furthermore a significant proportion of certificated work does not operate on a fixed fee basis and as such, case costs can be subject to fluctuations. All assumptions are reviewed periodically and amended where sufficient evidence exists that such action is appropriate. Using these reasonable alternative assumptions, the fair value of the financial liabilities at 31 March 2015 could be higher by up to £46.9m (2013-14: £48.4m) or lower by up to £21.7m (2013-14: £36.8m).

Other provisions

The fee paid judicial office holder provisions account for £13.4m (2013-14: £138.0m) of the Other Provisions total (refer to JSA and Fee Paid Judicial Claims section above). The remaining balance relates to onerous lease and miscellaneous provisions of the Department.

14. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not included in these financial statements is as follows:

	31 March 2015			31 March 2014		
	Core	Department &	Departmental	Core	Department &	Departmental
	Department	Agencies	Group	Department	Agencies	Group
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	5,493	231,757	231,757	4,681	127,124	127,254
Intangible assets	20,735	31,072	31,072	33,602	33,602	33,796
Total capital commitments	26,228	262,829	262,829	38,283	160,726	161,050

Capital commitments include capital expenditure associated with a new prison in North Wales and software projects.

15. Commitments under leases

15.1 Operating leases

MoJ leases various land and buildings, primarily comprised of court facilities, under non-cancellable operating lease agreements. The lease terms are between 2 and 79 years. MoJ do not have purchase options and no contingent rents are payable on operating leases; however some leases have escalation clauses and terms of renewal. Renewals are negotiated with the lessor in accordance with the provisions of the individual lease agreements.

MoJ also leases various equipment and cars under non-cancellable operating lease agreements. The lease terms are between 1 and 6 years.

Total future minimum leases payments under operating leases are given in the table below for each of the following periods:

	31 March 2015			Restated 31 March 2014		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Land and buildings						
Not later than one year	20,356	115,675	204,464	21,787	117,912	232,859
Later than one year but not later than five years	83,590	397,685	408,416	81,777	402,043	441,796
Later than five years	202,935	1,151,674	1,153,049	224,232	1,219,279	1,225,438
Total land and buildings	306,881	1,665,034	1,765,929	327,796	1,739,234	1,900,093
Other						
Not later than one year	90	823	939	69	1,571	2,063
Later than one year but not later than five years	171	985	1,100	105	1,505	1,967
Later than five years	-	-	-	-	-	-
Total other	261	1,808	2,039	174	3,076	4,030
Total obligations under operating leases	307,142	1,666,842	1,767,968	327,970	1,742,310	1,904,123

The minimum lease payments are determined from the relevant lease agreements and do not reflect possible increases as a result of market based reviews.

The lease expenditure charged to the CSOCNE during the year is disclosed in Notes 4 and 5.

15.2 Finance leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods:

	31 March 2015			31 March 2014		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Land and buildings						
Not later than one year	15,990	16,932	16,932	15,600	16,528	16,528
Later than one year but not later than five years	68,058	71,412	71,412	66,398	69,880	69,880
Later than five years	130,498	153,878	153,878	148,147	172,340	172,340
214,546	242,222	242,222	230,145	258,748	258,748	258,748
Less: interest element	(81,831)	(98,706)	(98,706)	(93,169)	(110,772)	(110,772)
Present value of obligations	132,715	143,516	143,516	136,976	147,976	147,976
Other						
Not later than one year	-	2,511	2,511	-	2,000	2,075
Later than one year but not later than five years	-	3,068	3,068	-	4,207	4,207
Later than five years	-	-	-	-	-	-
	5,579	5,579	5,579	6,207	6,282	6,282
Less: interest element	-	(919)	(919)	-	(1,314)	(1,314)
Present value of obligations	-	4,660	4,660	-	4,893	4,968
Total present value of obligations	132,715	148,176	148,176	136,976	152,869	152,944

The present value of obligations under finance leases for the following periods comprise:

	31 March 2015			31 March 2014		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Land and buildings						
Not later than one year	5,031	5,264	5,264	4,261	4,462	4,462
Later than one year but not later than five years	29,454	30,113	30,113	25,541	26,273	26,273
Later than five years	98,230	108,139	108,139	107,174	117,241	117,241
Present value of obligations	132,715	143,516	143,516	136,976	147,976	147,976
Other						
Not later than one year	-	1,920	1,920	-	1,340	1,415
Later than one year but not later than five years	-	2,740	2,740	-	3,553	3,553
Later than five years	-	-	-	-	-	-
Present value of obligations	-	4,660	4,660	-	4,893	4,968
Total present value of obligations	132,715	148,176	148,176	136,976	152,869	152,944

The finance lease liability primarily relates to the refurbishment of MoJ Headquarter offices at 102 Petty France, London. The liability does not contain contingent rent.

16. Commitments under PFI and Service Concession Arrangements

16.1 Arrangements not recognised on the Consolidated Statement of Financial Position

Project name	Entity	Contract start date	Duration (years)	Estimated capital value (£m)	Description
ARAMIS	Core Department	January 1998	17	39.5	The ARAMIS agreement with Liberata provides Finance and Payroll services to HM Courts & Tribunals Service, Wales Office, LAA and some of MoJ's NDPBs. The contract will cease during the 2015-16 financial year.

Total future minimum payments under off-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods.

	31 March 2015			31 March 2014		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year						
Later than one year but not later than five years	802	802	802	2,863	2,863	2,863
Later than five years	-	-	-	-	-	-
Total	802	802	802	2,863	2,863	2,863

16.2 Arrangements recognised on the Consolidated Statement of Financial Position

Project name	Entity	Contract start date	Duration (years)	Description
Development, Innovation and Support Contracts (DISC)	Core Department	October 2006	10	Provision of infrastructure and application services to MoJ HQ and Executive Agencies other than NOMS. The DISC contract has been extended by three years to October 2016.
Network Optimisation Programme	Core Department	April 2012	5	Provision of infrastructure and application services to MoJ HQ and Executive Agencies other than NOMS and runs in parallel to DISC but has its own payment schedule and timeframe.
Services Integration and Management	Core Department	September 2013	5	Provision for ICT infrastructure and associated services to MoJ Headquarters and Executive Agencies.
Protective Monitoring	Core Department	November 2013	5	Provision of protective monitoring, cyber security detection and prevention, service to MoJ HQ and executive agencies.
Networks (Voice, Video and Integration)	Core Department	January 2014	5	Contract to deliver a range of network services including fully managed Voice, Video and Network Integration Services to MoJ HQ and Executive Agencies.
Hosting services contract	Core Department	May 2014	3	Provision of hosting service to MoJ HQ and Executive Agencies.
Print services contract	Core Department	May 2014	5	Provision of managed print service and bulk print service to MoJ HQ and Executive Agencies.
End User Computing Service	Core Department	October 2014	5	Provision of an end user computing service to MoJ HQ and Executive Agencies.
Application Management	Core Department	December 2014	5	Provision of an applications and device management service to MoJ HQ and HM Courts and Tribunals Service.
Hereford & Worcester Magistrates' Courts	HM Courts & Tribunals Service	March 2000	25	Provision of serviced accommodation for magistrates' courts at Bromsgrove, Kidderminster, Worcester and Redditch. The contract term can be extended for another 10 years.
Humberside Magistrates' Courts	HM Courts & Tribunals Service	March 2000	25	Provision of serviced magistrates' courthouses in Hull, Beverley and Bridlington. On expiry, HM Courts & Tribunals Service has the option of taking the assets back for a nominal amount of £3m.
Manchester Magistrates Court	HM Courts & Tribunals Service	March 2001	25	Provision of an 18-courtroom courthouse.
Derbyshire Magistrates' Courts	HM Courts & Tribunals Service	August 2001	27	Provision of serviced accommodation for Magistrates' Courts at New Mills, Chesterfield and Derby. The contract term can be extended (subject to agreement of mutually acceptable terms) by up to five years.
East Anglia	HM Courts & Tribunals Service	October 2002	25	Provision of Crown Court centres in Ipswich (five criminal courtrooms) and Cambridge (three criminal courtrooms). At the end of the contract term the buildings in Ipswich and Cambridge will revert to HM Courts & Tribunals Service at no cost.
Exeter	HM Courts & Tribunals Service	November 2002	30	Provision of a courthouse comprising four Criminal Courts, one Civil Court and four District Judge hearing rooms. At the end of the contract term the building will revert to HM Courts & Tribunals Service at no cost.
Sheffield	HM Courts & Tribunals Service	November 2002	25	Provision of a Family Hearing Centre in Sheffield. At the end of the contract term HM Courts & Tribunals Service has the option of acquiring the under lease at the lower of its open market value or £2m.
Avon & Somerset Magistrates' Courts	HM Courts & Tribunals Service	August 2004	27	Provision of serviced accommodation for Magistrates' Courts and offices in Bristol, Weston-Super-Mare and Flax Bourton.
HM Prisons (HMP) Altcourse	NOMS	December 1995	25	Design, build, finance and operate a category B prison at HMP Altcourse, Liverpool.
HMP Parc	NOMS	January 1996	25	Design, build, finance and operate a category B prison near Bridgend, South Wales.
HMP Lowdham Grange	NOMS	November 1996	25	Design, build, finance and operate a category B prison at HMP Lowdham Grange, Nottingham.
HMP Ashfield	NOMS	July 1998	25	Design, build, finance and operate a young offenders and juveniles category B prison at Pucklechurch, near Bristol; converted in 2013 to hold adult offenders.

Project name	Entity	Contract start date	Duration (years)	Description
HMP Forest Bank	NOMS	July 1998	25	Design, build, finance and operate a category B prison HMP Forest Bank, on site of former Agecroft power station.
HMP Rye Hill	NOMS	July 1999	25	Design, build, finance and operate a category B prison HMP Rye Hill at Onley, near Rugby.
HMP Dovegate	NOMS	September 1999	25	Design, build, finance and operate a category B prison and therapeutic community facility at HMP Dovegate, Marchington.
HMP Bronzefield	NOMS	December 2002	25	Design, build, finance and operate a category B prison at Ashford in Middlesex.
HMP Peterborough	NOMS	February 2003	25	Design, build, finance and operate a category B prison at Peterborough in Cambridgeshire.
HMP Thameside	NOMS	June 2010	25	Design, build, finance and operate a category B prison at Woolwich in London.
Prison Escort and Custody Service	NOMS	August 2011	7	Supply and running of the prison vans and escorts.
IT and Telephony System	NOMS	January 2013	3	Supply and support IT and telephony systems.
Electronic Monitoring System	NOMS	July 2014	7	The supply and operation of electronic tagging and monitoring systems. A bridge contract is in place until service delivery begins under the new contracts in 2016.
Oakhill Secure Training Centre	YJB	May 2004	25	An 80 place capacity secure training centre, located in Milton Keynes, Oakhill.

Details of the imputed finance lease charges under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

	31 March 2015			31 March 2014		
	Core Department	Department & Agencies	Departmental Group	Core Department	Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Rentals due not later than one year	10,708	74,262	75,689	12,426	76,515	78,822
Rentals due later than one year but not later than five years	15,039	225,282	230,985	17,774	247,731	254,577
Rentals due later than five years	229	377,347	390,533	199	421,156	438,984
	25,976	676,891	697,207	30,399	745,402	772,383
Less: interest element	(2,088)	(223,999)	(230,477)	(3,912)	(254,999)	(263,937)
Present value of obligations	23,888	452,892	466,730	26,487	490,403	508,446

The present value of liabilities under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

	31 March 2015			31 March 2014		
	Core Department	Department & Agencies	Departmental Group	Core Department	Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Rentals due not later than one year	9,588	46,303	46,968	10,685	45,597	46,898
Rentals due later than one year but not later than five years	14,077	139,597	142,642	15,526	152,203	155,637
Rentals due later than five years	223	266,992	277,120	276	292,603	305,911
Present value of obligations	23,888	452,892	466,730	26,487	490,403	508,446

Details of the minimum service charge under service concession arrangements recognised on the CSoFP are given in the table below for each of the following periods.

	31 March 2015			Restated 31 March 2014		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Service charge due within one year	129,582	727,392	744,571	48,687	627,273	653,873
Service charge due later than one year but not later than five years	227,919	1,985,181	2,053,709	73,031	1,958,908	2,040,743
Service charge due later than five years	-	2,310,854	2,469,325	-	2,448,617	2,656,616
Total	357,501	5,023,427	5,267,605	121,718	5,034,798	5,351,232

16.3 Charge to the Consolidated Statement of Comprehensive Net Expenditure

The total amount charged to the CSOCNE in respect of PFI or Service Concession Arrangements not recognised on the CSoFP and the service element of PFI or Service Concession Arrangements which are recognised on the CSoFP was £706m (2013-14: £718m).

17. Other financial commitments

MoJ has entered into non-cancellable contracts (which are not leases or PFI contracts), for the provision of services including the management of prisons and other contracted out services. The payments to which MoJ is committed are as follows:

	31 March 2015			Restated 31 March 2014		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Not later than one year	18,203	717,712	764,213	10,509	172,667	181,522
Later than one year but not later than five years	50,585	2,280,728	2,311,411	24,280	379,829	395,234
Later than five years	5,449	1,197,254	1,197,254	10,890	740,471	740,471
Total other financial commitments	74,237	4,195,694	4,272,878	45,679	1,292,967	1,317,227

18. Financial instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to minimal market, liquidity or interest rate risk. The Department's exposure to financial risk is mainly in respect of credit risk for LAA's activities.

The LAA's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks. Systems have been established to review and reflect changes in the legal aid market and the LAA's activities.

Credit risk

Credit risk is the risk that counterparties to financial instruments will cause a financial loss to MoJ by failing to discharge their objectives.

Legal Aid Agency receivables

LAA's immediate credit exposure is primarily in funded legal aid receivables and the maximum exposure for this category is the carrying value of outstanding trade and other receivable balances as at year end. LAA uses market knowledge and changes in credit ratings to identify significant changes to the financial profile of its counterparties.

LAA has an inherent risk within trade receivables and other current assets, as LAA is not predisposed to straightforward cash collections. LAA recognises this risk and mitigates it in the case of statutory charge debts, where repayment of the debt may be deferred, by securing land charges and using active credit management policies to recover unsecured debts. In some cases the debt collection activities are outsourced to commercial debt collectors. The size of the risk is reflected in the receivables impairment provision which totals £223.3m (2013-14: £207.4m).

The majority of LAA's trade and other receivables are the result of a statutory charge, £62.3m (2013-14: £68.0m) out of LAA's total receivables balance after impairment of £106.6m (2013-14: £105.5m). A high proportion of these are secured on property and settlement is deferred until the property is sold. These, along with other receivables, carry an impairment provision based on expected settlement receipts.

LAA provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of debt. Consideration is given to macroeconomic factors, such as the downturn in the economy, and inherent risks, such as potential changes to recoveries arising from revisions to legal aid schemes, in assessing the levels of impairment provision. LAA's impairment model uses historical recovery profiles by debt category to estimate the provision required against debt balances. For further details refer to the LAA Accounts.

Other credit risks

Credit risk related to fines and penalties collection activities is explained in the HM Courts & Tribunals Service Trust Statement.

MoJ is exposed to minimal credit risk in respect of other financial assets. The maximum exposure to credit risk is equal to the carrying amount of outstanding receivable balances. MoJ manages its credit risk by undertaking background and credit checks prior to establishing a debtor relationship.

19. Contingent assets and liabilities

19.1 Contingent assets

MoJ has no contingent assets as defined within IAS 37 at 31 March 2015.

19.2 Contingent liabilities disclosed under IAS 37

MoJ has contingent liabilities as defined within IAS 37. Unless otherwise stated, the amount of each contingent liability cannot be determined with sufficient reliability or to quantify it would jeopardise the outcome of the legal case.

Fee paid judicial office holders' claims: The UK Supreme Court ruling on 6 February 2013 set the precedent for other stayed cases, which in addition to pension entitlements, extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions. The case was remitted to the Employment Tribunal to determine the quantum of the liability to the eligible judicial office holders.

During 2013-14, there were several hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and which judicial office holders were eligible to make claims. In addition to pension entitlements, these hearings also addressed claims for non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions.

There were a number of stayed claims and outstanding appeals lodged which were not heard before the end of the reporting period or before these Accounts were finalised. These claims remain as contingent liabilities. No estimate has been made in relation to the stayed cases as whether a stayed case is even heard will depend on the individual circumstances of the claimant, and given the large number of stayed claims and outstanding appeals, this was impracticable.

Employment Tribunals: MoJ is currently defending several Employment Tribunal claims at various stages.

Other European Court of Human Rights claims: MoJ is currently engaged in 12 other cases at the European Court of Human Rights, some of which may involve possible financial liability and others which are unquantifiable. These cases represent several topics including claims for breach of article 6 of the European Convention on Human Rights.

Headquarters legal claims: There are 18 outstanding legal claims against MoJ Headquarters, some of which involve possible financial liabilities. Cases where it is probable that MoJ will incur future costs have been included within provisions. These legal claims include a Judicial Review challenging refusal to pay compensation for miscarriages of justice and other current legislation.

Data Protection Act: There are two claims against MoJ for alleged failure to comply with the Data Protection Act. These cases are ongoing.

Civil Service Injury Benefit Scheme (CSIBS): NOMS meets the costs of the CSIBS for payments granted under the scheme after 1 April 1998. CSIBS pays benefits to any individual who suffers an injury which is wholly or partially attributable to the nature of their duty, or who suffers an attack or similar act which is directly attributable to employment within the service. Benefits are paid only in respect of loss of earning capacity and are designed to enhance a beneficiary's income up to a guaranteed minimum figure. NOMS considers that at 31 March 2015 the potential future liability arising from unsettled cases is not material to these accounts.

Criminal Injuries Compensation: On occasion compensation cases at appeal stage, under the jurisdiction of the Tribunals Service - Criminal Injuries Compensation, may go to judicial review. These could have an impact on the CICA's future liabilities. These cases are not included within the provision due to the fact that a possible obligation exists which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of CICA.

HM Courts & Tribunals Service: is involved in a number of legal cases dealing with ex gratia, compensation and other claims. The estimated cost of settlement for HM Courts & Tribunals Service is £21.0m (2013-14: £20.8m).

HM Courts & Tribunals Service has one contingent liability which is presently unquantifiable. A judicial review is underway regarding employment tribunal fees. The High Court rejected the judicial review, but it is being taken to the Court of Appeal. Given the current position of the case, it is not possible to accurately measure any potential financial liability to HM Courts & Tribunals Service.

CICA pre tariff: The MoJ is currently defending a claim for the use of the discount rate set by the Lord Chancellor in the future loss calculations for the CICA pre tariff scheme. The case was judicially reviewed at the Administrative court and the claim was rejected. However the claimant has lodged an application for permission to appeal with the Court of Appeal and the outcome of this is not yet known. The estimated exposure upon any change to the discount rate against the

current percentage is dependent on the outcome of a number of cases but has been estimated to be between £7m and £192m.

CICA tariff: An appeal by an applicant against the decision of the Upper Tribunal in a tariff case concerning Foetal Alcohol Spectrum Disorder was rejected by Court of Appeal in November 2014. The Applicant's representatives alleged the client was the victim of poisoning (section 23 of the Offences Against the Person Act 1861(OAPA)). They requested permission to appeal from the Supreme Court relying on the infliction of bodily injury under section 20 OAPA. Permission to appeal was refused on 21 April 2015. The representatives have now selected another test-case to progress the section 20 argument before the First-tier Tribunal. This is likely to be heard October / November 2015. There are 87 known cases the minimum exposure is estimated at £26m with a maximum exposure of £43.5m.

Other claims: Claims for injury to staff, prisoners and the public amounting to £56.3m (2013-14: £49.2m) have been indicated to NOMS, where the likelihood of a liability arising is deemed possible but not likely.

19.3 Contingent liabilities not required to be disclosed under IAS 37 but included for Parliamentary reporting and accountability purposes

Heathrow Airport Holdings Limited indemnity: An indemnity of up to £50m (2013-14: £50m), in respect of any one accident, has been given to Heathrow Airport Holdings Limited (previously British Airports Authority). This is in respect of damage or injury caused to third parties arising out of the negligence of NOMS in their use of vehicles travelling airside for the repatriation of prisoners. The likelihood of a liability arising from these contingencies is considered to be uncertain.

Privately managed prisons: NOMS would be liable as underwriter or last resort to meet losses incurred by the privately managed prisons.

Local Government Pension Scheme (LGPS) Guarantee: The responsibility for funding all future contributions associated with those original employees who are active members of the LGPS and who transferred to the CRCs on 1 June 2014 rests with the CRCs. The MoJ ensures that the past service liabilities are 100% funded on an ongoing basis from the date employees transferred to the CRCs.

The Secretary State for Justice has provided a guarantee to the Greater Manchester Pension Fund (GMPF) in respect of the CRCs' participation in the fund for the pension liabilities that transferred to the CRCs.

20. Losses and special payments

20.1 Losses statement

Values	31 March 2015			Restated 31 March 2014		
	Core Department	Core & Agencies	Departmental Group	Core Department	Core & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Cash losses	29	2,045	2,067	73	844	846
Claims abandoned	-	53	113	-	291	296
Administrative write-offs	9	6,416	6,497	378	15,455	15,503
Fruitless payments	1,035	1,180	1,212	7	11	78
Store losses	-	1,134	1,134	-	1,397	1,397
Constructive losses	2,362	2,362	3,175	56,334	103,856	103,856
Total value of losses	3,435	13,190	14,198	56,792	121,854	121,976

Numbers	31 March 2015			Restated 31 March 2014		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Cash losses	89	2,951	2,992	51	3,238	3,260
Claims abandoned	-	3	7	-	12	44
Administrative write-offs	24	2,538	2,601	225	5,884	5,986
Fruitless payments	3	20	64	20	36	85
Store losses	-	7,041	7,041	-	6,832	6,832
Constructive losses	1	1	2	1	12	12
Total number of losses	117	12,554	12,707	297	16,014	16,219

In 2014-15 there were three losses (2013-14: 17) over £300k, as follows:

A constructive loss of £2.36m was recognised in respect of the Network Information Security Enhancements (NISE) programme asset under construction which was abandoned in the course of construction following a review of its economic benefits. The NISE intangible asset under construction of £2.16m has been fully impaired. The remainder of £0.2m represents the related resource expenditure.

A constructive loss of £0.8m has been recognised in respect of the Youth to Adult software development project. This is due to supplier Foreign and Commonwealth Office Services being unable to fulfil the contract requirements.

A fruitless payment of £0.5m was recognised in respect of additional costs arising on an ICT sub programme.

20.2 Special payments

Values	31 March 2015			Restated 31 March 2014		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Compensation payments	110,156	138,995	139,148	4,778	25,212	25,566
Ex gratia	394	1,741	1,741	203	1,214	1,219
Extra-contractual payments	-	1,043	1,043	-	163	163
Extra-statutory and extra-regulatory payments	16,800	16,800	16,800	-	-	-
Special severance payments	34	411	411	-	909	909
Total value of special payments	127,384	158,990	159,143	4,981	27,498	27,857

Numbers	31 March 2015			Restated 31 March 2014		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Compensation payments	4,195	18,308	18,350	108	7,685	7,757
Ex gratia	25	1,685	1,685	15	1,384	1,388
Extra-contractual payments	-	395	395	-	442	442
Extra-statutory and extra-regulatory payments	1	1	1	-	-	-
Special severance payments	1	25	25	-	70	70
Total number of special payments	4,222	20,414	20,456	123	9,581	9,657

In 2014-15 there were eight (2013-14: three) special payments over £300k in respect of: six compensation payments to members of NOMS staff, of £326,000, £342,843, £345,547, £641,214, £650,620 and £785,328; one compensation payment of £869,352 to a third party, due to a contractual dispute; and one extra statutory and extra-regulatory payment of £16,800k in respect of

the MoJ's accrued share of the liability to local authorities under the new burden arrangement legislation in relation to land search fees.

In 2014-15 there were 24 (2013-14: 70) special severance payments relating to NOMS. The total value of these payments was £377,332 (2013-14: £908,954). The maximum, minimum and median values for 2014-15 were £55,000, £2,000 and £10,000 respectively (2013-14: £69,000, £250 and £9,750 respectively). Prior year numbers relating to special severance payments were previously included within compensation payments and have been reclassified within the table above.

Compensation payments include 4,180 cases totalling £109.9m relating to claims either paid or accrued in respect of the Fee Paid Judicial litigation claims as noted in Note 13. A calculation error in the compensation payments made to Fee Paid Judicial members led to a cohort of settlements being paid in excess of entitlement. These amounts are not individually material, however are estimated to be approximately £2m in total. We will be seeking to recover these overpayments during 2015-16.

21. Related party transactions

Associated departments and other central government bodies

MoJ is the parent of the HM Courts & Tribunals Service, LAA, NOMS, CICA and OPG agencies and the sponsor of NDPBs as listed in Note 23. All of these bodies are regarded as related parties with which MoJ has had various material transactions during the year.

In addition, MoJ has had a number of transactions with other government departments and central government bodies. The most significant of these transactions have been with the: Department for Communities and Local Government; Department for Education; HM Revenue & Customs; Home Office; Principal Civil Service Pension Scheme (PCSPS); Department of Health; The Insolvency Service and Government Legal Department.

Key management personnel

The son of Ann Beasley, Director General, Finance, Assurance and Commercial has been employed by PwC since September 2013. PwC are providers of professional services to MoJ.

The mother of Matthew Coats, Chief Executive, LAA and Director General Corporate Services, is a member of the Quality and Standards Committee of the Skills for Justice Enterprises Ltd. Justice Enterprises Ltd is a non-government organisation who bids for EU Funding for projects and delivers them for the Department.

Other

Other interests and related parties of Ministers which do not concern MoJ are disclosed at: www.gov.uk/government/collections/ministerial-conduct-and-guidance.

22. Third party assets

MoJ holds, as custodian or trustee, certain assets belonging to third parties. These assets are not recognised in the CSOP and neither MoJ nor the government has a direct beneficial interest in them. Third party assets over and above those monies disclosed in Notes 11 and 12 are disclosed below. Due to differing accounting year ends for these monies, they are presented in two sections.

Funds in Court (as at 28 February 2015)

The OAG, previously the Courts Funds Office, manages money held in court on behalf of clients who may be involved in a civil legal action, patients who are under the Court of Protection because they are not able to manage their property and affairs, and children under the age of 18. Client assets held at year-end comprised cash, an Equity Index Tracker Fund and securities.

These monies are invested at bank, on deposit through the Commissioners for the Reduction of National Debt's Court Funds Investment Account, or in securities. Market values are as follows:

	28 Feb 2015 £000	28 Feb 2014 £000
Cash at bank and on deposit	2,792,000	2,868,000
Securities	139,000	147,000
Total	2,931,000	3,015,000

Further details can be found in Funds in Court in England and Wales Annual Report and Accounts.

Other third party assets (as at 31 March 2015)

	Official Solicitor and Public Trustee £000s	Criminal Injuries Awards (CICA) £000s	Pending legal aid amounts (LAA) £000s	Bail monies (HM Courts & Tribunals Service) £000s	Prisoner monies (NOMS) £000s	Other £000s	Total £000s
Cash Investments	6,481	69,549	21,096	17,942	11,969	-	127,037
Non-cash assets	51,539	-	-	-	-	-	51,539
	8,448	-	-	-	-	-	8,448
At 31 March 2015	66,468	69,549	21,096	17,942	11,969	-	187,024
At 31 March 2014	76,327	64,573	18,832	17,360	11,149	241	188,482

The rationale for each principal holding of third party assets is as follows:

- The Official Solicitor administers estates and trusts as Administrator/Trustee of Last Resort. The Public Trustee acts as Executor or Trustee where they have been appointed under a will or a new settlement. The figures above represent the most up to date information available about assets managed by the OSPT on behalf of clients. The Accounts for 2014-15 have not yet been presented for audit;
- CICA holds third party compensation awards to minors. The purpose of this action is to ensure that the victim will be the sole beneficiary of the award (including accrued interest) when they reach their maturity (18 years of age). Where appropriate, interim payments are made on an 'as needs' basis against an agreed framework;
- LAA also receives awarded damages awaiting the final settlement of a case and contribution monies from clients towards legal costs, including contributions towards costs awaiting the final judgement and calculation of the total costs of a case. The outcome of the case will determine whether the contribution monies from clients transfers to LAA or is returned to the third party;
- HM Courts & Tribunals Service holds bail monies which are received and held while a criminal case progresses; and
- NOMS holds monies on behalf of prisoners.

23. The Departmental Boundary

Entities within the Departmental Boundary

Entities within the Departmental Boundary are set out within the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013, known as the Designation Order, and set out below.

The Core Department

- Advisory Committees on Justices of the Peace in England and Wales;
- Advisory Council on National Records and Archives;
- Advisory Panel on Public Sector Information;
- Assessor of Compensation for Miscarriages of Justice;

- Chief Coroner's Office;
- Civil Justice Council;
- Civil Procedure Rule Committee;
- Criminal Procedure Rule Committee;
- Family Justice Council;
- Family Procedure Rules Committee;
- Independent Advisory Panel on Deaths in Custody;
- Independent Monitoring Boards of Prisons, Immigration Removal Centres and Immigration Holding Facilities;
- Independent Restraint Advisory Panel (successor of the Restraint Advisory Board);
- Judicial Appointments and Conduct Ombudsman;
- Judicial College;
- Judicial Communications Office;
- Judicial Office;
- Law Commission;
- Office of the Accountant General (formerly Court Funds Office);
- Judicial Conduct and Investigations Office (formerly Office for Judicial Complaints);
- Office of HM Inspectorate of Prisons;
- Office of HM Inspectorate of Probation;
- Office of the Judge Advocate General;
- Official Solicitor and Public Trustee;
- Prison Service Pay Review Body;
- Prisons and Probation Ombudsman;
- Sentencing Council for England and Wales;
- Tribunal Procedure Committee; and
- Victims' Commissioner.

Supply financed Agencies

- Criminal Injuries Compensation Authority (Executive Agency effective 1 April 2014);
- HM Courts & Tribunals Service;
- Legal Aid Agency;
- National Offender Management Service; and
- Office of the Public Guardian.

Other entities captured in the Departmental Group including Executive NDPBs

- Children and Family Court Advisory and Support Service;
- Criminal Cases Review Commission;
- Judicial Appointments Commission;
- Legal Services Board;
- 35 Probation Trusts (dissolved on 31 October 2014);
- 21 Communities Rehabilitation Companies (created 31 May 2014 until 31 January 2015);
- Office for Legal Complaints;
- Office of the Information Commissioner;
- Parole Board for England and Wales; and
- Youth Justice Board for England and Wales.

Copies of Annual Report and Accounts for the individual entities can be found at: www.gov.uk.

24. Pension costs

Reconciliation of net pension (liability)/asset 2014-15:

	Cafcass Pension			LSC Pension			Probation Pension		
	Present value of obligation £000	Fair value of plan assets £000	Net (liability)/asset £000	Present value of obligation £000	Fair value of plan assets £000	Net (liability)/asset £000	Present value of obligation £000	Fair value of plan assets £000	Net (liability)/asset £000
Balance before irrecoverable surplus	(495,345)	358,364	(136,981)	(267,155)	302,724	35,569	(4,006,768)	2,759,612	(1,247,156)
Irrecoverable surplus carried forward	-	-	-	-	-	-	-	-	-
Balance at 1 April 2014	(495,345)	358,364	(136,981)	(267,155)	302,724	35,569	(4,006,768)	2,759,612	(1,247,156)
<i>Service costs</i>									
Current service cost	(12,433)	-	(12,433)	-	-	-	(109,644)	-	(109,644)
Past service cost	(36)	-	(36)	-	-	-	(3,500)	-	(3,500)
Effect of settlements (Bulk transfer to the PCSPS)	-	-	-	-	-	-	-	-	-
Net interest	(21,075)	15,461	(5,614)	(11,320)	12,849	1,529	(165,674)	116,387	(49,287)
Gain/(loss) on recognition of orphan assets/liabilities held by ceding Funds	-	-	-	-	-	-	(57,248)	25,166	(32,082)
Total recognised in the CSoCNE	(33,544)	15,461	(18,083)	(11,320)	12,849	1,529	(336,066)	141,553	(194,513)
Scheme participant's contributions	(4,252)	4,252	-	-	-	-	(31,027)	31,027	-
Employer contributions	-	12,985	12,985	-	-	-	-	104,363	104,363
Benefits paid after net transfers	15,007	(15,007)	-	7,815	(7,815)	-	131,863	(131,863)	-
Total cash flows	10,755	2,230	12,985	7,815	(7,815)	-	100,836	3,527	104,363
<i>Actuarial gains/(losses)</i>									
Changes in demographic assumptions	-	-	-	-	-	-	-	-	-
Changes in financial assumptions	-	-	-	(38,628)	-	(38,628)	(310,327)	8,274	(302,053)
Experience gains/(losses)	(57,248)	-	(57,248)	6,186	-	6,186	(27,589)	-	(27,589)
Return on assets excluding amounts included in net interest	-	24,500	24,500	-	40,366	40,366	-	224,953	224,953
Changes in asset ceiling	-	-	-	-	-	-	-	-	-
Remeasurements through Other Comprehensive Net Expenditure	(57,248)	24,500	(32,748)	(32,442)	40,366	7,924	(337,916)	233,227	(104,689)
Balance at 31 March 2015	(575,382)	400,555	(174,827)	(303,102)	348,124	45,022	(4,579,914)	3,137,919	(1,441,995)
<i>Of which</i>									
Core Department	-	-	-	(303,102)	348,124	45,022	-	-	-
Agencies	-	-	-	-	-	-	(4,579,914)	3,137,919	(1,441,995)
NDPBs	(575,382)	400,555	(174,827)	-	-	-	-	-	-
	(575,382)	400,555	(174,827)	(303,102)	348,124	45,022	(4,579,914)	3,137,919	(1,441,995)

Reconciliation of net pension (liability)/asset 2013-14:

	Cafcass Pension			LSC Pension			Probation Pension		
	Present value of obligation	Fair value of plan assets	Net (liability)/asset	Present value of obligation	Fair value of plan assets	Net (liability)/asset	Present value of obligation	Fair value of plan assets	Net (liability)/asset
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance before irrecoverable surplus	(505,406)	334,638	(170,768)	(278,095)	346,510	68,415	(3,973,087)	2,635,202	(1,337,885)
Irrecoverable surplus carried forward	-	-	-	-	-	(68,415)	-	-	-
Balance at 1 April 2013	(505,406)	334,638	(170,768)	(278,095)	346,510	-	(3,973,087)	2,635,202	(1,337,885)
<i>Service costs</i>									
Current service cost	(13,229)	-	(13,229)	-	-	-	(108,235)	(1,080)	(109,315)
Past service cost	(245)	-	(245)	-	-	-	(3,059)	-	(3,059)
Effect of settlements (Bulk transfer to the PCSPS)	-	-	-	25,678	(35,582)	(9,904)	-	-	-
Net interest	(21,625)	14,554	(7,071)	(11,677)	14,542	2,865	(174,067)	116,238	(57,829)
Gain/(loss) on recognition of orphan assets/liabilities held by ceding Funds	-	-	-	-	-	-	-	-	-
Total recognised in the CSoCNE	(35,099)	14,554	(20,545)	14,001	(21,040)	(7,039)	(285,361)	115,158	(170,203)
Scheme participant's contributions	(3,882)	3,882	-	-	-	-	(29,637)	30,688	1,051
Employer contributions	-	12,773	12,773	-	-	-	-	86,668	86,668
Benefits paid after net transfers	9,110	(9,110)	-	8,304	(8,304)	-	124,417	(124,417)	-
Total cash flows	5,228	7,545	12,773	8,304	(8,304)	-	94,780	(7,061)	87,719
<i>Actuarial gains/(losses)</i>									
Changes in demographic assumptions	-	-	-	1,009	-	1,009	(4,444)	-	(4,444)
Changes in financial assumptions	-	-	-	(14,907)	-	(14,907)	66,450	166	66,616
Experience gains/(losses)	39,932	-	39,932	2,533	-	2,533	94,894	(2,471)	92,423
Return on assets excluding amounts included in net interest	-	1,627	1,627	-	(14,442)	(14,442)	-	18,618	18,618
Changes in asset ceiling	-	-	-	-	-	-	-	-	-
Remeasurements through Other Comprehensive Net Expenditure	39,932	1,627	41,559	(11,365)	(14,442)	42,608	156,900	16,313	173,213
Balance at 31 March 2014	(495,345)	358,364	(136,981)	(267,155)	302,724	35,569	(4,006,768)	2,759,612	(1,247,156)
<i>Of which</i>									
Core Department	-	-	-	(267,155)	302,724	35,569	-	-	-
Agencies	-	-	-	-	-	-	-	-	-
NDPBs	(495,345)	358,364	(136,981)	-	-	-	(4,006,768)	2,759,612	(1,247,156)
	(495,345)	358,364	(136,981)	(267,155)	302,724	35,569	(4,006,768)	2,759,612	(1,247,156)

The key assumptions used by the actuaries were:

	Cafcass Pension 2014-15 %	LSC Pension 2014-15 %	Probation Pension 2014-15 %	Cafcass Pension 2013-14 %	LSC Pension 2013-14 %	Probation Pension 2013-14 %
Inflation assumption	n/a	2.3	2.0 to 2.4	2.3 to 3.3	2.7	2.4 to 2.9
Rate of increase in salaries	2.90	-	3.5 to 4.0	3.3	-	3.6 to 4.7
Pension increase rate	1.80	2.3	1.8 to 2.1	2.3	2.7	2.3 to 2.9
Discount rate	3.20	3.2	2.8 to 3.2	4.3	4.3	4.2 to 4.5
Pension accounts	1.80	-	1.8 to 2.0	n/a	n/a	n/a

The major categories of scheme assets for 2014-15 were:

	Cafcass Pension		LSC Pension		Probation Pension	
	Value as a percentage of total scheme assets		Value as a percentage of total scheme assets		Value as a percentage of total scheme assets	
	Value at 2014-15	2014-15 %	Value at 2014-15	2014-15 %	Value at 2014-15	2014-15 %
	£000	%	£000	%	£000	%
Equities	306,024	76.4	59,347	17.0	2,281,837	72.7
Gilts	42,058	10.5	223,885	64.3	2,707	0.1
Corporate bonds	18,426	4.6	-	-	622,676	19.8
Property	16,823	4.2	-	-	1,414	0.1
Cash and cash equivalents	8,412	2.1	794	0.3	2,003	0.1
Other	8,812	2.2	64,098	18.4	227,282	7.2
Total plan assets	400,555	100	348,124	100	3,137,919	100

The major categories of scheme assets for 2013-14 were:

	Cafcass Pension		LSC Pension		Probation Pension	
	Value as a percentage of total scheme assets		Value as a percentage of total scheme assets		Value as a percentage of total scheme assets	
	Value at 2013-14	2013-14 %	Value at 2013-14	2013-14 %	Value at 2013-14	2013-14 %
	£000	%	£000	%	£000	%
Equities	270,923	75.6	65,663	21.7	1,517,401	55.0
Gilts	36,553	10.2	175,922	58.1	139,093	5.0
Corporate bonds	19,710	5.5	-	-	190,300	6.9
Property	10,751	3.0	-	-	184,345	6.7
Cash and cash equivalents	9,676	2.7	562	0.2	81,891	3.0
Other	10,751	3.0	60,577	20.0	646,582	23.4
Total plan assets	358,364	100	302,724	100	2,759,612	100

LSC Sensitivity analysis - change in assumptions relative to 31 March 2015 actuarial assumptions:

The sensitivity analysis is intended to provide an indication of the impact on the value of the Scheme's liabilities from the risks highlighted above.

	Actuarial value of liabilities on 31 March 2015	Actuarial value of annuities on 31 March 2015
	£000	£000
0.25% increase in discount rate	288,307	9,794
1 year increase in life expectancy	312,195	10,295
0.25% p.a. increase to pension increases and deferred pension increases	318,070	9,995

Sensitivity analysis for Cafcass and Probation Pension (NOMS) can be found in their respective accounts.

24.1 Cafcass pension scheme

Employees of Cafcass are members of the Local Government Pension Scheme (LGPS) through the West Yorkshire Pension Fund. The scheme provides funded defined benefits based on final pensionable salary. The assets of the scheme are held separately from those of Cafcass and are invested in managed funds. Employer contribution rates are determined by a qualified actuary and on the basis of triennial valuations.

The scheme assets are measured at realisable value. Scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The LGPS provides benefits on a 'final salary' basis, up to 31 March 2014, at a normal retirement age of 65. Benefits accrued at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service.

With effect from 1 April 2014, the scheme provides benefits on a career average revalued earnings basis. Benefits accrue at the rate of 1/49th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full on the face of the Statement of Financial Position. The movement in the scheme surplus/deficit is split between operating charges (within staff costs) and reserves in the case of actuarial gains and losses.

24.2 LSC pension scheme (LSCPS) - closed

In prior periods the LSC operated two pension schemes - Scheme No. 4 and Scheme No. 3. On 1 April 2013 Scheme No. 3 was merged into Scheme No. 4 and active members of the LSCPS were given the option to transfer their accrued pension entitlement to the PCSPS or to retain their past pension service in the LSCPS.

A full actuarial valuation of Scheme No. 4 and Scheme No. 3 was carried out at 31 March 2013 by qualified independent actuaries Hymans Robertson LLP.

Nature of benefits, regulatory framework, and other entity's responsibilities for governance of the LSCPS

The LSCPS is a registered defined benefit final salary scheme. It has a Crown Guarantee, with MoJ as the sponsoring employer, but in effect retains most of the UK regulatory framework for pensions including Scheme Specific Funding. The LSCPS is operated under trust and as such, the trustees of the Scheme are responsible for operating the Scheme and they have a statutory responsibility to act in accordance with the Scheme's Trust Deed and Rules, in the interests of the beneficiaries of the LSCPS, and UK legislation (including Trust Law). Any contributions that are paid to the LSCPS are defined by a funding arrangement between the trustees and MoJ.

Risks to which the LSCPS exposes MoJ

The nature of the LSCPS exposes MoJ to the risk of paying unanticipated contributions to the Scheme in times of adverse experience. The most financially significant risks are likely to be:

- Members living for longer than expected;
- Higher than expected actual inflation;
- Lower than expected investment returns; and

- The risk that movements in the value of the Scheme's liabilities are not met by corresponding movements in the value of the Scheme's assets.

Expected contributions over the next accounting period and future funding arrangements

The MoJ does not expect to contribute to the LSCPS for the year to 31 March 2016. The Schedule of Contributions dated 16 January 2014 sets out the current contributions payable by MoJ to the Scheme. At present the only contributions are to meet Scheme expenses. Future contributions depend on the Scheme's funding position at each formal valuation and are set out in the Scheme's funding framework.

24.3 Probation pension schemes

As part of the terms and conditions of employment of its officers and other employees, NOMS offers retirement benefits within the LGPS to probation staff working within the NPS, with effect from 1 June 2014.

Past employees of the Probation Trusts are also covered by the provisions of the LGPS. Between 1 April and 31 May 2014, this was via locally administered pension funds. On 1 June 2014 past employees of the Probation Trusts, and probation staff who transferred to CRCs and NOMS NPS are covered by the provisions of LGPS via one pension fund, administered by Greater Manchester Pension Fund (GMPF). A liability arises as employees earn their future entitlement to payments when they retire. The pension fund is subject to an independent triennial actuarial valuation every three years to determine each employer's contribution rate. The last formal actuarial valuation was at 31 March 2013. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect the past experience of the schemes.

The LGPS provides benefits on a 'final salary' basis, up to 31 March 2014, at a normal retirement age of 65. Benefits accrued at the rate of 1/60th of pensionable salary for service from 1 April 2008 with no automatic lump sum. For pensionable service up to 31 March 2008, benefits accrued at the rate of 1/80th of pensionable salary for each year of service.

With effect from 1 April 2014, the scheme provides benefits on a career average revalued earnings basis. Benefits accrue at the rate of 1/49th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3/80ths of final pay of every year of total membership is payable on retirement.

The scheme permits employees to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. Members pay contributions of between 5.5% and 12.5% of pensionable earnings. Member contributions changed from 1 April 2014 and any benefits accrued from this date are based on a career average revalue salary, with various protections in place for those members in the scheme before the changes took effect.

The pension liability from the Probation Trusts transferred to NOMS on 1 June 2014, under absorption accounting, following a desk-based valuation by Probation Trusts. The pension position as at 31 March 2015 was based on the actuary report from Hymans Robertson LLP, the independent actuary for GMPF, following the transfer of assets and liabilities from Probation Trust's own pension funds to GMPF on 1 June 2014.

A number of orphan pension liabilities for deferred and pensioner members of former Probation Committees have also been identified and accepted as the responsibility of NOMS and are being transferred to GMPF with effect from 1 June 2015. Additional actuary reports have been obtained from the ceding Pension Funds as at 31 March 2015 and have been included within the current pension position.

24.4 By-analogy pension schemes

'By-analogy pension schemes' are similar to the PCSPS. However, these schemes are funded by provisions from the Department's Vote and pension payments are administered by the Department and made via the payroll system.

The value of scheme liabilities recorded within the CSoFP are as follows:

	<u>31 March 2015</u> £000	<u>31 March 2014</u> £000
HM Courts & Tribunals Service	4,908	4,493
CCRC	6,616	6,065
Total present value of scheme liabilities	11,524	10,558

Further information on the pension schemes of HM Courts & Tribunals Service and CCRC are included within their respective Accounts.

25. Discontinued operations

The 21 CRCs were operational under public sector ownership from 1 June 2014 to 31 January 2015, when they were sold. Under HM Treasury direction, the CRCs were consolidated while in public sector ownership. The Secretary of State for Justice holds one special share in each of the 21 CRCs.

Net assets of £505k were transferred from the Probation Trusts to the CRCs at 31 May 2014, with an equivalent investment by NOMS in each CRC on 1 June 2014. The CRCs were sold on 31 January 2015 for £365k, set at the value of net assets in each of the CRCs as at that date. The difference between the carrying amount of the disposal and sale price reflects the movement in CRCs' net assets arising from eight months of operations while under public sector ownership. NOMS made no gain or loss from the sale.

On consolidation, the CRCs are treated as discontinued operations under IFRS 5. Their results to 31 January 2015 are shown accordingly as a single line on the CSoCNE and the financial asset in each CRC replaced by an asset held for sale. Further details of the results of discontinued operations are set out below.

CRCs discontinued operations

	<u>1 June 2014 – 31 March 2015</u> £000
Administration costs	
Staff costs	-
Other administration costs	666
Operating income	-
Programme costs	
Staff costs	228,212
Other administration costs	50,173
Operating income	(278,686)
Results of discontinued operations	365
Elimination of intra-group transactions	262,863
Results of discontinued operations after intra-group operations	263,228

A list of CRCs and further information regarding the discontinued operations can be found within the NOMS Accounts.

The results by CRC from 1 June 2014 to 31 January 2015 were:

	Income £000	Staff costs £000	Other Expenditure £000	Results of discontinued operations £000
Bedfordshire, Cambridgeshire, Hertfordshire and Northamptonshire	(13,500)	11,694	1,833	27
Bristol, Gloucestershire, Somerset and Wiltshire	(12,639)	9,959	2,580	(100)
Cheshire and Greater Manchester	(19,861)	17,339	2,989	467
Cumbria and Lancashire	(11,564)	10,191	1,347	(26)
Derbyshire, Leicestershire, Nottinghamshire and Rutland	(20,008)	17,244	2,663	(101)
Dorset, Devon and Cornwall	(8,868)	7,173	1,748	53
Durham Tees Valley	(6,906)	5,149	1,729	(28)
Essex	(7,045)	5,789	1,262	6
Hampshire and Isle of Wight	(7,819)	6,423	1,319	(77)
Humberside, Lincolnshire and North Yorkshire	(10,662)	9,222	1,439	(1)
West Yorkshire	(13,417)	10,269	3,134	(14)
Kent, Surrey and Sussex	(14,136)	11,168	3,169	201
London	(43,583)	35,446	8,103	(34)
Merseyside	(10,112)	7,932	2,196	16
Norfolk and Suffolk	(6,231)	4,952	1,533	254
Northumbria	(9,370)	7,621	1,755	6
South Yorkshire	(7,617)	5,954	1,654	(9)
Staffordshire and West Midlands	(21,775)	18,422	3,252	(101)
Thames Valley	(8,952)	6,764	2,088	(100)
Wales	(17,222)	14,366	2,881	25
Warwickshire and West Mercia	(7,399)	5,135	2,165	(99)
Results of discontinued operations	(278,686)	228,212	50,839	365
Elimination of intra-group transactions				262,863
Results of discontinued operations after intra-group operations				263,228

26. Events after the reporting period

In accordance with the requirements of IAS 10 'Events After the Reporting Period', post CSoFP events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date the Accounts are certified by the Comptroller and Auditor General.

27. Machinery of Government changes

Transfer of Children and Family Court Advisory and Support Service

Cafcass is the largest employer of social workers in England. As of 1 April 2014, the sponsorship of Cafcass was transferred to MoJ from Department for Education as a result of a Machinery of Government change. Cafcass continued its regular operation as a NDPB of MoJ.

Restated Core Department

The effect on the Core Department Statement of Comprehensive Net Expenditure is to increase Other programme costs by £2,400k and Grant in Aid to NDPB by £134,814k. There is a nil impact on the Statement of Financial Position.

Restated Departmental Group Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	2013-14		
	Published Departmental Group	MoG changes £000	Restated Departmental Group £000
Administration costs			
Staff costs	330,884	3,558	334,442
Judicial costs	1,569	-	1,569
Other administration costs	221,907	7,036	228,943
Operating income	(43,370)	-	(43,370)

	Published Departmental Group	MoG changes	Restated Departmental Group
Programme costs			
Staff costs	2,759,237	91,854	2,851,091
Judicial costs	477,471	-	477,471
Other programme costs	5,571,930	30,628	5,602,558
Operating income	(1,551,661)	(74)	(1,551,735)
Net Expenditure for the year ended 31 March 2014	7,767,967	133,002	7,900,969
Other Comprehensive Net Expenditure			
Net (gain)/loss on revaluation of:			
Property, plant and equipment	(310,970)	(10)	(310,980)
Intangible assets	2,272	-	2,272
Recognised actuarial (gain)/loss on:			
Cafcass pension scheme	-	(41,559)	(41,559)
LSC pension scheme	(42,608)	-	(42,608)
By-analogy pension schemes	926	-	926
NOMS Probation pension schemes	(173,213)	-	(173,213)
Total Comprehensive Expenditure for the year ended 31 March 2014	7,244,374	91,433	7,335,807

Restated Departmental Group Statement of Financial Position for the year ended 31 March 2014

	2013-14		
	Published Departmental Group £000	MoG changes £000	Restated Departmental Group £000
Non-current assets			
Property, plant and equipment	9,281,343	794	9,282,137
Intangible assets	296,005	1,908	297,913
Investments	367	-	367
LSC pension asset	35,569	-	35,569
Trade and other receivables	3,268	12	3,280
Total non-current assets	9,616,552	2,714	9,619,266
Current assets			
Assets held for sale	59,673	-	59,673
Inventories	38,681	-	38,681
Trade and other receivables	425,990	1,942	427,932
Cash and cash equivalents	301,429	5,397	306,826
Total current assets	825,773	7,339	833,112
Total assets	10,442,325	10,053	10,452,378
Current liabilities			
Trade and other payables	(1,396,994)	(9,777)	(1,406,771)
Bank overdraft	(19,498)	-	(19,498)
Provisions	(934,880)	(2,290)	(937,170)
Total current liabilities	(2,351,372)	(12,067)	(2,363,439)
Non-current assets plus/less net current assets/liabilities	8,090,953	(2,014)	8,088,939
Non-current liabilities			
Trade and other payables	(987,890)	-	(987,890)
Provisions	(606,452)	(1,109)	(607,561)
Cafcass pension liability	-	(136,981)	(136,981)
By-analogy pension liabilities	(10,558)	-	(10,558)
Probation pension liability	(1,247,156)	-	(1,247,156)
Total non-current liabilities	(2,852,056)	(138,090)	(2,990,146)
Assets less liabilities	5,238,897	(140,104)	5,098,793
Taxpayers' equity			
General fund	3,549,292	(141,234)	3,408,058
Revaluation reserve	1,689,605	1,130	1,690,735
Total taxpayers' equity	5,238,897	(140,104)	5,098,793

Annex A: Public expenditure core financial tables

Table 1 Total Departmental Spending (£000)

Section headings are based on 2014-15 Supplementary Estimate headings.

	2009-10 Restated Outturn ¹	2010-11 Restated Outturn ¹	2011-12 Restated Outturn ¹	2012-13 Restated Outturn ¹	2013-14 Restated Outturn ¹	2014-15 Outturn	2015-16 Plans
Resource DEL							
Policy, Corporate Services and Associated Offices	528,466	489,809	1,036,558	880,333	766,505	905,470	547,013
National Offender Management Service	4,173,617	4,056,421	3,493,446	3,533,100	3,436,304	3,345,479	3,387,000
HM Courts and Tribunals Service	1,071,599	1,092,170	1,091,883	1,203,496	1,027,975	944,099	801,764
Office of The Public Guardian	3,579	1,079	(5,737)	(12,830)	(14,481)	(14,821)	-
Youth Justice Board (net)	471,009	454,457	377,819	326,766	224,345	191,467	173,563
Parole Board (net)	8,882	14,178	10,388	10,766	11,479	12,961	14,080
Criminal Cases Review Commission (net)	6,973	6,185	5,283	4,876	5,173	5,504	5,362
Judicial Appointments Commission (net)	7,534	6,201	5,013	4,921	4,202	4,032	4,550
Information Commissioners Office (net)	5,509	4,765	4,037	4,682	5,079	3,715	3,750
Office of Legal Complaints (OLC) (net)	(37)	(80)	(117)	(5)	15,028	13,657	14,842
Legal Services Board (LSB) (net)	(785)	-	-	-	4,266	3,921	4,298
Legal Aid Agency - Administration	119,485	119,471	103,032	100,596	97,377	99,306	92,831
Legal Aid Agency - Fund : Criminal	1,100,785	1,175,637	1,115,359	995,394	966,504	888,754	898,000
Legal Aid Agency - Fund : Civil	960,548	1,025,389	965,594	945,547	824,791	684,984	638,000
Legal Aid Agency - Central Funds	88,439	78,026	100,598	97,765	81,371	62,814	41,000
Criminal Injuries Compensation Authority Agency	272,234	301,576	450,036	345,651	262,109	194,650	113,500
Children and Family Court Advisory and Support Service (net)	135,428	109,817	136,297	134,653	123,531	119,418	118,800
Higher Judiciary Judicial Salaries	144,255	143,281	142,039	152,513	148,610	148,256	141,465
OLC/LSB Levy CFER	-	-	-	-	(19,687)	(16,398)	(17,066)
Total Resource DEL	9,097,520	9,078,382	9,031,528	8,728,224	7,970,481	7,597,268	6,982,752
<i>Of which:</i>							
Staff costs	4,142,119	4,029,302	3,826,653	3,646,153	3,478,999	3,147,063	3,000,976
Purchase of goods and services	5,753,789	5,720,379	6,038,648	5,874,299	5,389,175	4,836,894	5,020,297
Income from sales of goods and services	(1,281,254)	(1,158,638)	(1,481,423)	(1,506,803)	(1,491,512)	(1,599,719)	(1,807,377)
Current grants to persons and non-profit bodies (net)	32,455	95,598	68,205	176,911	164,835	212,221	185,356
Net public service pensions ²	6,517	-	-	-	-	-	-
Rentals	52	51	5,195	5,187	-	658,051	-
Depreciation ³	433,911	355,347	442,870	527,079	451,049	436,896	600,566
Take up of provisions	11	-	-	-	-	-	-
Change in pension scheme liabilities	2,530	-	-	-	-	-	-
Unwinding of the discount rate on pension scheme liabilities	353	-	-	-	-	-	-
Other resource	7,037	36,343	131,380	5,398	(22,065)	(94,138)	(17,066)
Resource AME							
Policy, Corporate Services and Associated Offices	74,964	56,916	18,730	96,179	135,959	(296,893)	(27,481)
National Offender Management Headquarters (HQ)	547,465	120,108	26,559	58,780	135,896	140,115	139,347
Office of the Public Guardian	2,111	-	(3,968)	156	(187)	15	-
Youth Justice Board (net)	-	-	39	22	-	8,467	-
HM Courts and Tribunals Service	27,735	190,089	22	(202,256)	(16,508)	(89,709)	2,000
Parole Board (net)	-	(21)	36	(107)	27	(52)	-
Criminal Cases Review Commission (net)	(140)	(16)	271	568	438	261	509
Judicial Appointments Commission (net)	115	(27)	(24)	(29)	(29)	(6)	-
Information Commissioners Office (net)	-	93	(9)	(6)	502	-	(10)
Office of Legal Complaints (OLC) (net)	-	80	117	5	393	(367)	-
Legal Aid Agency - Administration	(3,551)	(21,548)	(22,080)	3,721	(698)	4	(105)
Legal Aid Agency - Fund : Criminal	-	(45,836)	(14,294)	(20,368)	(45,523)	30,282	-
Legal Aid Agency - Fund : Civil	-	(40,019)	58,329	(3,856)	(1,488)	(62,607)	-
Legal Aid Agency - Central Funds	-	-	-	-	7,699	(18,576)	-
Criminal Injuries Compensation Authority Agency	(173,664)	60,558	(248,440)	(154,326)	(103,392)	(10,541)	11,963
Children and Family Court Advisory and Support Service (net)	-	(30,758)	(11,915)	(1,004)	7,071	4,020	4,777
Total Resource AME	475,035	289,619	(196,627)	(222,521)	120,160	(295,587)	131,000

	2009-10 Restated Outturn ¹	2010-11 Restated Outturn ¹	2011-12 Restated Outturn ¹	2012-13 Restated Outturn ¹	2013-14 Restated Outturn ¹	2014-15 Outturn	2015-16 Plans
<i>Of which:</i>							
Staff costs	-	(34,272)	-	10,905	-	-	-
Net public service pensions ²	78	92	-	-	-	-	-
Depreciation ³	751,750	46,570	61,207	(27,580)	26,141	13,903	-
Take up of provisions	2,179,677	2,861,980	2,579,593	2,692,437	433,138	56,475	131,000
Release of provision	(2,457,333)	(2,584,659)	(2,837,427)	(2,898,283)	(339,119)	(365,965)	-
Change in pension scheme liabilities	7,416	-	-	-	-	-	-
Release of provisions covering payments of pension benefits	(6,595)	(92)	-	-	-	-	-
Other resource	42	-	-	-	-	-	-
Total Resource Budget	9,572,555	9,368,001	8,834,901	8,505,703	8,090,641	7,301,681	7,113,752
<i>Of which:</i>							
Depreciation ³	1,185,661	401,917	504,077	499,499	477,190	450,799	600,566
Capital DEL⁴							
Policy, Corporate Services and Associated Offices ⁴	25,658	300,893	248,513	184,028	228,964	242,428	339,480
National Offender Management Service	615,519	55,249	49,573	26,836	26,816	24,497	8,000
HM Courts and Tribunals Service	176,629	146,134	26,865	50,087	-	-	-
Office of The Public Guardian	809	411	861	1,067	4,288	4,298	3,500
Youth Justice Board (net)	12,825	748	4	1,654	924	2,250	3,800
Parole Board (net)	117	1,140	197	406	53	86	-
Criminal Cases Review Commission (net)	241	205	91	44	182	84	-
Judicial Appointments Commission (net)	-	-	-	-	134	553	-
Information Commissioners Office (net)	1,208	2,982	1,428	971	564	816	100
Office of Legal Complaints (OLC) (net)	389	5,190	294	203	258	1,406	-
Legal Services Board (LSB) (net)	-	51	-	-	80	112	-
Legal Aid Agency - Administration	12,915	15,706	15,636	16,180	9,745	11,806	2,500
Legal Aid Agency - Fund : Criminal	-	(62)	-	-	-	-	-
Legal Aid Agency - Fund : Civil	-	(2)	-	-	-	-	-
Criminal Injuries Compensation Authority Agency	1,713	1,642	633	608	853	1,457	600
Children and Family Court Advisory and Support Service (net)	74	-	44	(1,185)	1,863	-	-
Total Capital DEL	848,097	530,287	344,139	280,899	274,724	289,793	357,980
<i>Of which:</i>							
Capital support for local government (net)	-	1,388	281	192	-	-	-
Capital grants to persons & non-profit bodies (net)	-	-	-	6,794	-	-	-
Purchase of assets	874,748	591,460	419,703	327,053	363,683	359,503	387,980
Income from sales of assets	(36,211)	(62,561)	(75,845)	(53,140)	(88,959)	(70,028)	(30,000)
Other capital	9,560	-	-	-	-	318	-
Total Capital Budget	848,097	530,287	344,139	280,899	274,724	289,793	357,980
Total Departmental Spending⁵	9,234,991	9,496,371	8,674,963	8,287,103	7,888,175	7,140,675	6,871,166
<i>Of which:</i>							
Total DEL ⁵	9,511,706	9,253,322	8,932,797	8,482,044	7,794,156	7,450,165	6,740,166
Total AME ⁵	(276,715)	243,049	(257,834)	(194,941)	94,019	(309,490)	131,000

¹ Prior years have been restated to include Cafcass which was transferred to MoJ on 1 April 2014 from Department for Education as a result of a Machinery of Government change.

² Pension schemes report under International Accounting Standard 19 "Employee Benefits" accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

³ Includes amortisation and impairments.

⁴ In 2015-16 the Capital DEL budget for the Department has only been allocated to Agencies and NDPBs based on contractually committed expenditure at the time of the Main Estimate. As further contractually committed expenditure is incurred during the course of 2015-16 it will be allocated to the relevant Agency or NPB. The allocation of plan numbers presented in the table above is therefore likely to change. All other Capital DEL is held within the MoJ central capital budget on the Policy, Corporate Services and Associated Offices line.

⁵ Total Departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Notes to table

The numbers in the table above reflect the most recent MoJ settlement that has been agreed with HM Treasury. The numbers do not reflect the Chancellor's announcement on 4 June 2015 that there will be an in-year reduction to MoJ budgets of £249m.

Policy, Corporate Services and Associated Offices resource DEL outturn increased from 2011-12 due to the centralisation of functions across MoJ. This increase was offset by decreases in other areas of MoJ, primarily in NOMS. The increase in outturn compared to 2013-14 reflected the spend of funding granted at the Supplementary Estimate for payments in connection with fee paid judicial office holders' claims, increased prison costs and Voluntary Early Departure and Modernisation Schemes. These additional items are not expected to reoccur in 2015-16.

Steady reductions in Youth Justice Board expenditure are due to a number of external contracts being transferred to the Core Department. For 2014-15, fewer young people in custody resulted in lower expenditure for secure accommodation. Savings were realised following the closure of Ashfield Young Offender Institution in 2013-14, and the reduced demand for places has led to further closures in 2014-15, including the Hassockfield Secure Training Centre, Hindley Young Offender Institute and the Redbank Secure Children's Home.

As a result of the Legal Aid Sentencing and Punishment of Offenders Bill, the Legal Services Commission ceased to exist from 1 April 2013 and became the Legal Aid Agency (LAA), an Executive Agency of MoJ. This is presented as a continuing entity in the table, with the pre 1 April 2013 Legal Services Commission outturns being reflected on the LAA rows.

Following passage of Legal Aid reforms in the Legal Aid Sentencing and Punishment of Offenders Bill, MoJ recognised reductions in Central Funds and Civil expenditure. The 2014-15 reduction in LAA Criminal DEL expenditure is offset by an increase in AME. Both need to be combined when looking at the total resource incurred for the financial year.

Historical outturn for the Criminal Injuries Compensation Authority (CICA) includes payments from the existing tariff scheme as well as the scheme's historic (pre-tariff scheme) liabilities from when awards were open-ended. The outturn figure in 2011-12 and 2012-13 includes funding from the reserve to discharge pre-tariff liabilities in year.

The reduction in CICA spend from 2011-12 reflects a steady decline in the remaining tariff and pre-tariff liabilities. The 2015-16 plan reflects that no additional budget has been allocated for the discharge of the remaining liabilities. Any payments will be drawn down from the reserve when liabilities crystallise. Expenditure is also reducing as a result of the revised scheme - The Criminal Injuries Compensation Scheme 2012 - which came into force for new applications lodged on or after 27 November 2012. As well as reducing the DEL spend, the decrease in the provision utilisation also reduces the negative AME outturn.

The OLC and LSB had a change in treatment of levy income from 2013-14, which was previously being offset against voted DEL expenditure. From 2013-14 the levy income has been presented in the table separately, and is treated as non-voted income surrendered to the Consolidated Fund.

In 2014-15 Private Finance Initiative service charges have been reflected as Rental expenditure (previously in Purchase of goods and services) to add granularity to the system data and to align with HM Treasury guidance.

The negative AME outturn for Policy, Corporate Services and Associated Offices and the HM Courts & Tribunals Service is primarily due to impairment reversals in the value of the estate. Favourable market movements, a higher than expected Building Cost Information Service index, and higher location and beacon factors led to an overall increase in the value of the estate.

Policy, Corporate Services and Associated Offices also had a significant negative AME impact for the utilisation of provision for fee paid judicial office holders' pay claims.

Table 2 Provisional Outturn v Opening and Final Budget (£000)

Section headings are based on 2014-15 Supplementary Estimate headings.

	2014-15		2014-15		2014-15	
	Original Plans	Capital	Final Plans	Capital	Outturn	Capital
Spending in Departmental Expenditure Limits (DEL)						
Voted expenditure	7,252,861	301,100	7,586,882	296,328	7,465,410	289,793
Of which:						
Policy, Corporate Services and Associated Offices	746,737	241,908	1,070,360	244,526	905,470	242,428
National Offender Management Service (NOMS)	3,306,227	31,000	3,279,842	26,000	3,345,479	24,497
HM Courts and Tribunals Service	865,000	-	974,502	-	944,099	-
Office of The Public Guardian	(6,400)	3,430	(5,848)	3,730	(14,821)	4,298
Youth Justice Board (net)	261,000	4,000	196,067	4,000	191,467	2,250
Parole Board (net)	14,210	-	13,570	-	12,961	86
Criminal Cases Review Commission (net)	5,302	132	5,247	132	5,504	84
Judicial Appointments Commission (net)	4,900	200	4,733	520	4,032	553
Information Commissioners Office (net)	3,963	850	4,645	765	3,715	816
Office of Legal Complaints (OLC) (net)	13,866	1,800	14,452	1,800	13,657	1,406
Legal Services Board (LSB) (net)	4,298	50	4,298	125	3,921	112
Legal Aid Agency - Administration	94,200	16,000	99,600	13,000	99,306	11,806
Legal Aid Agency - Fund : Criminal	889,000	-	929,000	-	888,754	-
Legal Aid Agency - Fund : Civil	741,000	-	679,800	-	684,984	-
Legal Aid Agency - Central Funds	55,700	-	63,700	-	62,814	-
Criminal Injuries Compensation Authority Agency	129,000	1,730	134,550	1,730	194,650	1,457
Children and Family Court Advisory and Support Service (net)	124,858	-	118,364	-	119,418	-
Non-voted expenditure	122,836	-	123,451	-	131,858	-
Of which:						
Higher Judiciary Judicial Salaries	141,000	-	141,000	-	148,256	-
OLC/LSB CFER	(18,164)	-	(17,549)	-	(16,398)	-
Total Spending in DEL	7,375,697	301,100	7,710,333	296,328	7,597,268	289,793
Spending in Annually Managed Expenditure (AME)						
Voted expenditure	121,100	-	181,100	-	(295,587)	-
Of which:						
Policy, Corporate Services and Associated Offices	4,894	-	(38,180)	-	(296,893)	-
National Offender Management Headquarters (HQ)	110,500	-	178,500	-	140,115	-
Youth Justice Board (net)	-	-	10,000	-	8,467	-
HM Courts and Tribunals Service	6,300	-	36,300	-	(89,709)	-
Criminal Cases Review Commission (net)	(79)	-	330	-	261	-
Judicial Appointments Commission (net)	(7)	-	(10)	-	(6)	-
Information Commissioners Office (net)	(8)	-	(8)	-	-	-
Legal Aid Agency - Administration	(500)	-	(100)	-	4	-
Criminal Injuries Compensation Authority Agency	-	-	(10,703)	-	(10,541)	-
Children and Family Court Advisory and Support Service (net)	-	-	4,971	-	4,020	-
Office of the Public Guardian	-	-	-	-	15	-
Office for Legal Complaints (net)	-	-	-	-	(367)	-
Parole Board (net)	-	-	-	-	(52)	-
Legal Services Board (net)	-	-	-	-	-	-
Legal Aid Agency - Fund: Criminal	-	-	-	-	30,282	-
Legal Aid Agency - Fund: Civil	-	-	-	-	(62,607)	-
Legal Aid Agency - Central Funds	-	-	-	-	(18,576)	-
Total Spending in AME	121,100	-	181,100	-	(295,587)	-
Total	7,496,797	301,100	7,891,433	296,328	7,301,681	289,793
Of which:						
Voted expenditure	7,373,961	301,100	7,767,982	296,328	7,169,823	289,793
Non-voted expenditure	122,836	-	123,451	-	131,858	-

¹ Prior years have been restated to include Cafcass which was transferred to MoJ on 1 April 2014 from Department for Education as a result of a Machinery of Government change.

Notes to table

Movements between the original and final Estimates are explained in the Our Finances section on pages 9-13.

Table 3 Capital Employed (£000)

Assets and liabilities on the Consolidated Statement of Financial Position at end of year:	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	Outturn	Outturn	Outturn	Restated Outturn ¹	Restated Outturn ¹	Outturn	Plans ²
Assets							
Fixed assets							
Intangible	278,064	274,956	264,283	270,970	297,913	328,373	331,657
Tangible	8,892,917	9,092,391	9,136,929	9,172,515	9,282,137	9,923,911	9,995,073
Of which:							
Land and buildings	7,980,605	8,186,886	8,559,804	8,664,109	8,799,649	9,508,827	9,632,039
Plant and machinery	124,590	114,179	139,529	145,522	139,343	124,276	108,815
Information technology	141,107	146,725	126,631	138,750	119,968	106,661	75,615
Other tangible fixed assets	646,615	644,601	310,965	224,134	223,177	184,147	178,604
Investments	2,013	1,404	1,292	402	367	367	367
Other non-current assets	43,409	43,986	8,757	2,422	38,849	47,624	47,624
Current assets	836,145	827,767	894,200	780,773	833,112	680,985	668,727
Liabilities							
Payables (<1 year)	(1,608,957)	(1,452,829)	(1,509,756)	(1,203,754)	(1,406,771)	(1,444,880)	(1,408,758)
Payables (>1 year)	(824,081)	(907,902)	(1,006,710)	(1,104,904)	(987,890)	(929,260)	(966,430)
Other	(1,438,056)	(806,214)	(1,205,710)	(1,596,991)	(1,414,193)	(1,647,436)	(1,604,603)
Provisions	(2,057,111)	(2,037,514)	(1,789,840)	(1,551,010)	(1,544,731)	(1,382,215)	(1,300,664)
Capital employed within Departmental Group	4,124,343	5,036,045	4,793,445	4,770,423	5,098,793	5,577,469	5,762,993

¹ 2012-13 and 2013-14 have been restated to include Cafcass which was transferred to MoJ on 1 April 2014 from Department for Education as a result of a Machinery of Government change.

² The figures for 2015-16 are projected plans based on the Department's latest CSR13 settlement. Values for the year headed 'Plans' are provisional and subject to revision.

Table 4 Administration costs (£000)

Section headings are based on 2014-15 Supplementary Estimate headings.

	2009-10 Restated Outturn ¹	2010-11 Restated Outturn ¹	2011-12 Restated Outturn ¹	2012-13 Restated Outturn ¹	2013-14 Restated Outturn ¹	2014-15 Outturn	2015-16 Plans
Policy, Corporate Services and Associated Offices							
National Offender Management Service	238,308	242,885	413,420	301,047	266,086	270,117	244,337
HM Courts and Tribunals Service	132,508	132,327	65,152	107,758	97,232	123,395	156,586
Youth Justice Board (net)	47,820	44,833	26,293	31,823	26,932	24,979	23,493
Parole Board (net)	-	-	17,537	16,855	13,532	6,810	8,588
Criminal Cases Review Commission (net)	-	-	1,072	1,076	862	1,021	1,250
Judicial Appointments Commission (net)	-	-	903	1,071	990	1,111	1,077
Information Commissioners Office (net)	-	-	801	743	570	444	378
Legal Aid Agency - Administration	-	-	4,037	4,682	5,079	3,715	3,750
Criminal Injuries Compensation Authority Agency	-	-	95,296	99,892	97,230	99,306	92,831
Children and Family Court Advisory and Support Service (net)	22,229	12,618	14,507	12,708	10,594	9,132	10,900
Higher Judiciary Judicial Salaries	-	-	-	267	265	265	-
Total Administration Budget	440,865	432,663	656,467	594,568	535,243	556,385	555,185
<i>Of which:</i>							
Staff costs	252,189	249,097	403,133	342,889	336,011	354,747	342,631
Purchase of goods and services	190,546	178,252	244,101	267,985	211,640	211,513	217,124
Income from sales of goods and services	(19,655)	(14,510)	(33,256)	(40,952)	(37,867)	(24,756)	(44,136)
Rentals	52	51	214	(353)	-	7,381	-
Depreciation	16,508	17,523	23,854	24,999	25,459	29,406	39,566
Change in pension scheme liabilities	120	-	-	-	-	-	-
Unwinding of the discount rate on pension scheme liabilities	111	-	-	-	-	-	-
Other resource	994	2,250	18,421	-	-	(21,906)	-

¹ Prior years have been restated to include Cafcass which was transferred to MoJ on 1 April 2014 from Department for Education as a result of a Machinery of Government change.

Notes to table

As part of the Spending Review, HM Treasury redefined the definition of Administration expenditure; the effect of this has been to significantly increase the Administration expenditure for

each business area and increase the overall baseline of the Department from c£433m in 2010-11 to c£656m in 2011-12. This was offset by a reduction in Programme expenditure.

This is equivalent to a real reduction of 33% over the four years to MoJ's 2010-11 baseline, which reflects the agreement between HM Treasury and MoJ on the reclassification as part of extending Administration budgets to Arm's Length Bodies which were previously not included.

Previous years 2009-10 and 2010-11 have not been restated to reflect this change.

In 2014-15 Private Finance Initiative service charges have been reflected as Rental expenditure (previously in Purchase of goods and services) to add granularity to the system data and to align with HM Treasury guidance.

Table 5 Ministry of Justice: Staff numbers Full-time equivalents - FTEs

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Actual
Permanent	89,935	84,275	78,988	74,861
Consultants	17	12	19	-
Contingent labour	2,108	2,634	3,188	4,495
Total	92,060	86,921	82,195	79,356

The figures relate to average Full-time equivalents (FTEs) for the year ended 31 March.

Contingent labour represents workers used to cover business-as-usual or service delivery activities within an organisation, also often referred to as Temporary or Agency Staff.

Consultants relates to the provision to Management of objective advice relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions.

Table 6 Ministry of Justice: Total spending by country and region (£m)

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn
North East	473	452	464	441	406
North West	1,403	1,389	1,317	1,305	1,200
Yorkshire and The Humber	962	925	877	851	788
East Midlands	652	620	603	581	523
West Midlands	938	888	880	883	794
Eastern	655	657	633	562	548
London	2,135	2,049	1,917	1,821	1,633
South East	1,087	1,082	980	951	909
South West	628	626	632	613	561
Total England	8,934	8,688	8,301	8,007	7,363
Scotland	65	32	46	39	57
Wales	489	475	472	463	423
Northern Ireland	-	-	-	-	-
Total UK identifiable expenditure	9,488	9,195	8,819	8,509	7,844
Outside UK	3	3	2	2	3
Total identifiable expenditure	9,491	9,198	8,822	8,512	7,847
Non-identifiable expenditure	-	-	-	-	-
Total expenditure on services	9,491	9,198	8,822	8,512	7,847

Table 7 Ministry of Justice: Total spending per head by country and region (£s per head)

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn
North East	184	175	179	169	155
North West	201	198	187	184	169
Yorkshire and The Humber	184	176	166	160	148
East Midlands	146	138	133	127	114
West Midlands	170	160	157	156	140
Eastern	114	113	108	95	92
London	269	254	234	219	194
South East	128	126	113	109	103
South West	120	119	119	115	104
England	171	165	156	150	137
Scotland	12	6	9	7	11
Wales	161	156	154	151	137
Northern Ireland	-	-	-	-	-
UK identifiable expenditure	152	147	139	134	122

Table 8 Total identifiable expenditure on services by function, country and region, for 2013-14 (£m)

	General public services		Public order and safety			Social protection			Total Ministry of Justice
	Executive and legislative organs, financial and fiscal affairs, external affairs	Total general public services	Law courts	Prisons	Total public order and safety	Old age of which pensions	Old age of personal social services	Total social protection	
North East	0.1	0.1	213.8	190.7	404.5	1.3	-	1.3	405.8
North West	0.2	0.2	608.9	588.3	1,197.2	2.5	-	2.5	1,199.9
Yorkshire and The Humber	0.2	0.2	372.5	413.8	786.2	1.8	-	1.8	788.2
East Midlands	0.2	0.2	262.8	259.0	521.8	1.5	-	1.5	523.5
West Midlands	0.2	0.2	414.0	378.3	792.3	1.7	-	1.7	794.2
East	0.2	0.2	288.6	256.2	544.8	2.6	-	2.6	547.6
London	0.3	0.3	952.6	677.0	1,629.6	3.6	-	3.6	1,633.4
South East	0.3	0.3	506.4	396.1	902.5	6.2	-	6.2	909.0
South West	0.2	0.2	315.9	241.2	557.0	4.3	-	4.3	561.5
England	1.7	1.7	3,935.6	3,400.4	7,336.0	25.4	-	25.4	7,363.1
Scotland	0.1	0.1	54.5	-	54.5	2.7	-	2.7	57.4
Wales	0.1	0.1	206.6	214.9	421.5	1.7	-	1.7	423.3
Northern Ireland	0.1	0.1	-	-	-	0.3	-	0.3	0.3
UK Identifiable expenditure	2.0	2.0	4,196.7	3,615.3	7,812.0	30.2	-	30.2	7,844.2
Outside UK	2.0	2.0	-	-	-	0.7	-	0.7	2.7
Total	4.0	4.0	4,196.7	3,615.3	7,812.0	30.9	-	30.9	7,846.9

Notes to tables

Tables 6, 7 and 8 show analyses of the Department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analyses published by HM Treasury in the November 2014 release. The figures were largely taken from the Online System for Central Accounting and Reporting (OSCAR) during the summer of 2014 and the regional distributions were completed by the following autumn (taking on board any revisions to departmental totals). Please note that totals may not sum due to rounding.

The analyses are set within the overall framework of Total Expenditure on Services. Total Expenditure Services broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of Total Expenditure Services. They include current and capital spending by the Department and its NDPBs, and public corporations'

capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities own expenditure.

Total Expenditure Services is a cash equivalent measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on Total Expenditure Services can be found in Appendix E of Public Expenditure Statistical Analysis 2014.

The data feature both identifiable and non-identifiable spending:

- Identifiable expenditure on services - which is capable of being analysed as being for the benefit of individual countries and regions
- Expenditure that is incurred for the benefit of the UK as a whole and cannot be disseminated by individual country or region is considered to be non-identifiable.

Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the Department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.

The functional analyses of spending in Table 8 are based on the United Nations Classification of the Functions of Government, the international standard. The presentations of spending by function are consistent with those used in Chapter A of the Country and Regional Analysis November 2014 release. These are not the same as the strategic priorities shown elsewhere in the report.

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