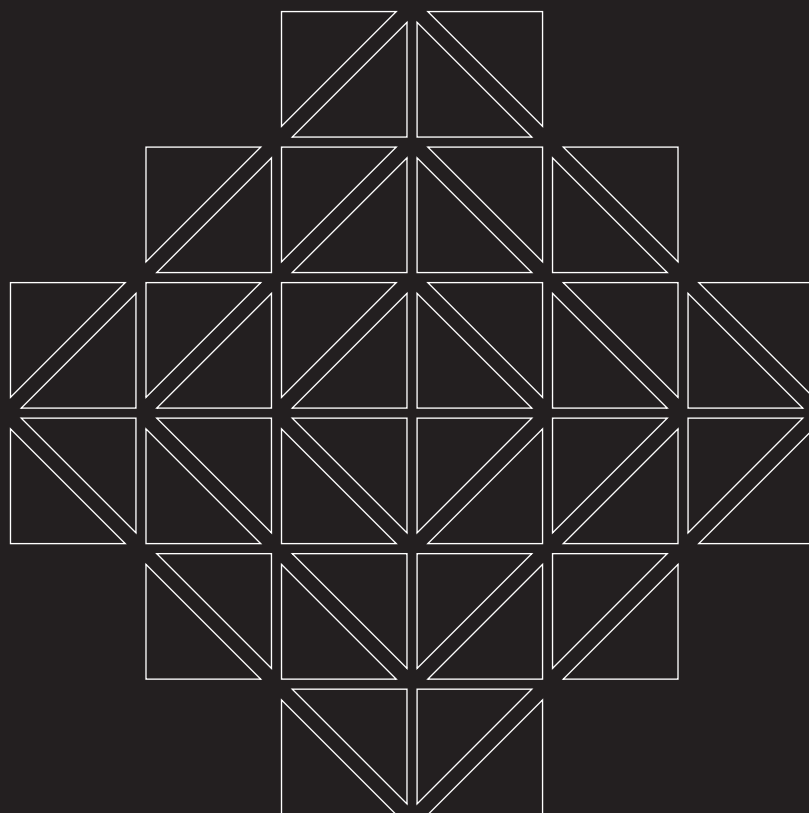




Ministry of
JUSTICE

Ministry of Justice
Annual Report and Accounts
2011–12



Ministry of Justice Annual Report and Accounts 2011–12

(For the year ended 31 March 2012)

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

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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

A well run justice system has clear aims: sound and fair decision-making, delivered in a timely manner, at a cost that is proportionate. Yet we still have some distance to travel if the justice system in England and Wales is to arrive at this ideal. Despite many strengths, our criminal justice system is too often burdened with procedure and bureaucracy, shifting the focus away from the people it is supposed to protect. Equally, the civil justice system is troubled by unnecessary delay and expense, with cases too often brought to court that could sometimes be resolved earlier in more effective, less costly ways.

Since the coalition government took office in May 2010 we have embarked upon a far reaching programme to transform the justice system. The Department (Ministry of Justice or MoJ) has made good progress during what continues to be a demanding period. The public disturbances in August 2011 were a genuine test for the system and staff rose to the challenge superbly, keeping courts open during the night to deal with the increased number of cases and pulling out all the stops to ensure that those responsible for acts of violence were dealt with appropriately and swiftly.

The legislative highlight of the year has been the passing through Parliament of the Legal Aid, Sentencing and Punishment of Offenders Act, which became law in May 2012. This legislation overhauls our bloated system of legal aid, and reforms our sentencing framework to ensure it provides both effective punishment and rehabilitation for those who commit crime. It is an important milestone in putting the justice system on a more sensible footing.

For too long the tax payer has paid over the odds to sustain a system of legal aid which is among the most expensive in the world. Our reforms seek to deliver a scheme that is both affordable and effective, targeting resources to support those who need it most. Under our plans, which come into effect in April 2013, legal aid will continue to be routinely available in cases where people's life or liberty is at stake, where they are at risk of serious physical harm, or immediate loss of their home, or where their children may be taken into care. As a result of this legislation, it will no longer routinely be available for private family law, employment, welfare benefits or immigration cases. People will instead use alternative, less adversarial means of resolving their problems such as mediation, or arbitration.

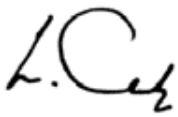
We must punish those who commit crimes but breaking the cycle of re-offending also requires their effective reform. So we are reforming prisons in order to ensure that they are places of productive work, not idleness. And we are working closely with other government departments to help tackle some of the underlying factors associated with crime. This year saw the introduction of the first wave of drug recovery wings, designed in conjunction with the Department of Health to help ensure that prisons are a place where people get off drugs, not where they develop a worsening habit. We are also supporting the Department for Work and Pensions' Work Programme which will help offenders leaving jail find work, something absolutely crucial if our efforts to get offenders to go straight are to succeed. Finally, we are piloting a programme of Payment by Results that will unlock the innovation and skills of the voluntary and independent sectors in helping to reduce reoffending whilst delivering better value for the taxpayer.

We have already achieved a great deal, but there is still much to do. The coming year will see new legislation to modernise our courts and tribunals and to improve judicial diversity. We are introducing a Criminal Justice White Paper which will set out measures to improve the efficiency and effectiveness of the justice system. We will also be responding to our consultation on community sentences and the probation review. Our Structural Reform Plan describes in more detail what we will be undertaking in the next few years.

I believe we are in a strong position to deliver on our commitments.

The new Departmental Board is working well and has provided a useful opportunity for my Ministerial team, Non-Executives and lead officials to discuss the key issues facing the Department and to make sure we are on track to deliver our Business Plan goals – in this I am particularly grateful to the non-executive board members for their contribution including their invaluable willingness to challenge and refine our approach on any given matter.

More broadly, I have been greatly impressed by the commitment of staff in the Department to delivering this programme, and the effort and skill that people across the justice system bring to bear each day is our greatest strength as we face the challenges ahead. I remain confident that, working together, we can deliver a genuinely transformed justice system – one that is more effective, less costly, and more responsive to the needs of the public.

A handwritten signature in black ink, appearing to read 'K. Clarke'.

The Rt Hon Kenneth Clarke MP QC
Lord Chancellor and Secretary of State for Justice

By the Permanent Secretary

I take office as Permanent Secretary at the Ministry of Justice at an exciting time. The past year has seen the Department make significant steps to reform the way we deliver our services. From the introduction of new legislation to reform sentencing and the system of legal aid, to a streamlining of our own structures and processes, we are continuing to make great strides to deliver on the Department's and Ministers' vision of a transformed justice system and a transformed Department.

I pay tribute to Suma Chakrabarti, my predecessor as Permanent Secretary, who has set the Department on this course. But it is only because of the dedication and professionalism of staff from across the Department that this change is being realised, and I know that we have good reason to be proud of the work that we have delivered this year. At a time when we are facing continued financial pressure across the public sector, it is important that we seek ways to improve the way we deliver our service while continually striving to provide greater value for money. We have a good story to tell in this area and we will continue to build on this over the coming year to work towards our goal of a justice system that is more effective, less costly, and more responsive to the public.



Ursula Brennan
Permanent Secretary

By the Lead Non-Executive Board Member

The Ministry of Justice has made solid progress over the past year in delivery of its key priorities for reform and significant cost reductions whilst continuing to provide a quality service to the public. These priorities form part of an ambitious and far reaching programme and the task for the coming year will be to build on the start we have made, driving forward this agenda whilst meeting the challenge and pressure of accelerating the rate of cost savings.

In this the first full year of its operation, the enhanced MoJ Departmental Board met eight times, including for an away day held in Nottingham with visits to MoJ sites. The Board has begun to settle in well with very good attendance at all its meetings. Whilst there is progress still to be made, it has already started to have an impact on how the Department goes about its work. For example, in our two discussions on the competition strategy we were able to support the Department in ensuring the strategy was both sufficiently ambitious and covered as wide a range of activities as possible. Similarly, the Board's close attention on the late production of the 2010–11 accounts has resulted in the Department developing more robust plans for delivery of the 2011–12 accounts pre-press.

In addition to looking at key areas of the Department's business, we have also focused on improving the quality of management information that comes to the Board. I have personally been involved in the transition to a system of integrated Board reporting. This brings together performance and finance data alongside the key risks, so that the Board can consider these issues in the round. This new form of reporting and presentation helped us identify that a combined approach across business groups was needed with our information technology. As a result, the Board was able to focus on this issue and drive a notable improvement in performance. The creation of these new reports is an iterative process and they will be further refined, for example, to include more data from the Department's internal Management Information programme as and when it becomes available. However I believe that the complexity of current financial reporting employed across all government departments does not lead to wider understanding outside the finance functions and as a result effective oversight suffers. A central initiative to review and change how financial reporting is conducted would, I believe, address these concerns, sharpen performance and aid in the delivery of the significant cost reductions required across government at large.

During the year, we also conducted a review of the Board's effectiveness. Overall, it was agreed that a promising start had been made and that the Board was developing unity of purpose and an effective, collegiate style whilst creating a challenging environment. As a result of the review findings, we agreed to increase the number of meetings each year from four to six and that two of these meetings would focus on strategy and the annual financial and performance budget. We agreed that, as the Board continues to develop, thought could be given as to how Board communications could help strengthen leadership and engagement across the Department. I was particularly pleased to see that the review found that the involvement of the non-executives in key issues outside Board meetings was helping the Department tap into their expertise and encouraging more effective discussion.

The Board is supported by a range of committees covering the day-to-day management of the Department as well as change, audit, financial management and people strategy. Towards the end of the year, the Board also reviewed its governance structure. As a result, non-executives will now sit on all of these committees and I am confident that these revisions will ensure that issues are escalated to the Board when appropriate.

In the year ahead, the Board will focus on the development of the Department's longer-term strategy, Transforming Justice. It is essential that we examine how we can fundamentally reform both the Department and the way in which it delivers its services to the public within an efficient and effective justice system. Continuous improvement must continue to be embedded in the way we work if we are to meet these challenges and the tests of the next and subsequent spending reviews. In addition we should also review what we do as it may be necessary to stop doing some

things if we are to deliver the real saving required of us. Another part of the strategy will cover how the Department can contribute to broader key government initiatives, such as growth and transparency. All in all this adds up to a demanding agenda but one which I believe the Board and Department is increasingly ready to meet provided that we maintain continuity within the management team as we move into our next critical phase.

Finally let me review some changes to the non-executive membership of the Board. There are four non-executive members, and in April 2011, David MacLeod was reappointed as a non-executive board member for a period of three years and in November; Bill Griffiths joined the Board replacing Anne Bulford as a non-executive board member and Chairman of the Audit Committee. Bill is currently chairman of the Forensic Science Service and is an experienced finance director with an international finance and general management background, chiefly with Unilever and ICI. He also has had previous non-executive experience with Department for Environment, Food and Rural Affairs (Defra), Her Majesty's Revenue and Customs (HMRC), Department for International Development (DFID) and Department for Work and Pensions (DWP). I'd like to thank Anne for her valuable contribution to the Board over the almost four years she was a member and for her work as Chair of the Audit Committee.

A handwritten signature in black ink, consisting of a large initial 'J' followed by a series of loops and a long horizontal stroke extending to the right.

Jim Leng
Lead Non-Executive Board Member

About us

Our vision

Our Transforming Justice vision is to deliver reformed services and a changed Department that is more effective, less costly and more responsive. We have a bold agenda for reform. We will provide a justice system that will punish the guilty, protect our liberties and the independence of the judiciary, and introduce a revolution in the rehabilitation of offenders.

We will provide a clear sentencing framework, which will punish those who break the law, and help reduce re-offending. We will help offenders get off drugs, move into work, and manage mental illness. We will see fewer of them slipping back into lives of crime. Prisons will be places where meaningful work and opportunities to reform are the expectation, not a matter of choice.

We will provide a legal aid system that supports those who need it most. We will encourage more people to settle disputes without resorting to the courts. There will be better law; we will create a new relationship between the citizen and state that protects those fundamental values and liberties that underpin our society.

To do this we need to work differently. Our aim will be to ensure that justice services are provided by whoever can most effectively and efficiently meet public demand. These ambitions will support the delivery of more effective and efficient services which are more responsive to public need.

Our work

The Ministry of Justice (MoJ or the Department) 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 criminal justice system and support victims of crime.

We have four main delivery arms: National Offender Management Service (NOMS), Her Majesty's (HM) Courts & Tribunals Service, the Legal Services Commission (LSC) and the Office of the Public Guardian (OPG) 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 can be determined, and family disputes can be resolved. We are responsible for the provision of Legal Aid through the LSC which will be transformed following the passing of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2012.

We are undertaking a major exercise to transform the justice system to make sure that it is more effective, less costly and more responsive to the public, as set out in more detail in our Structural Reform Plan and our Corporate Vision. At a time when tight financial settlements are being made across the public sector, we need to make the right choices about how we will deliver better services, with less money. We are introducing measures that will help cut re-offending by implementing more effective sentencing policies and programmes that include Payment by Results (PbR) and greater involvement with the private and voluntary sectors. We are developing a legal aid system that supports those who need help most and for those cases that require it. We are reforming and modernising the courts as well as the civil and family justice systems to maximise efficiency and deliver improved services.

Our structure

MoJ is one of the largest government departments. Each year millions of people use our services across the UK – including at more than 600 courts and tribunals, and 133 prisons in England and Wales as well as 13 legal aid offices.

The MoJ Core Department, often referred to as ‘Ministry of Justice Headquarters’ (MoJ HQ) is responsible for supporting the Secretary of State 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 four delivery arms, all of which are Executive Agencies of the MoJ with the exception of the LSC which is a Non-Departmental Public Body (NDPB).

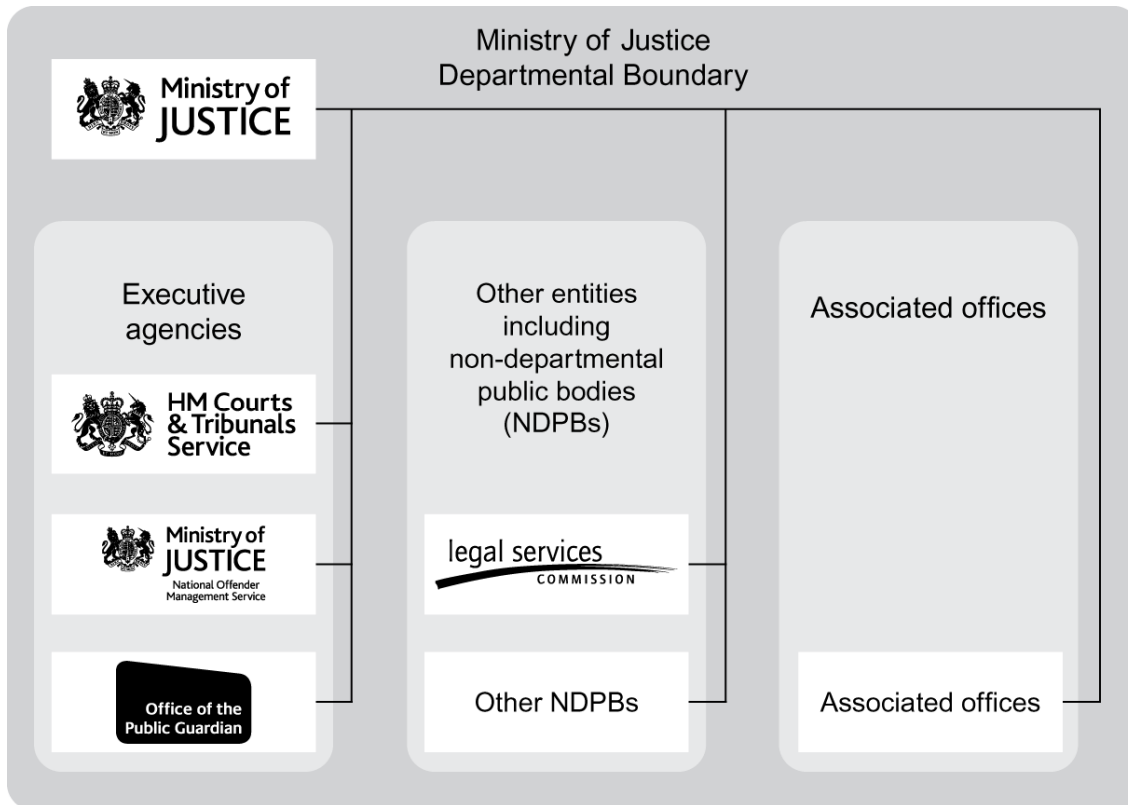
Delivery arms	Responsibility
Her Majesty’s (HM) Courts & Tribunals Service	Responsible for the administration of the courts and tribunals system, including the High Court, Crown Courts, magistrates’ courts and county courts, in England and Wales and common administrative support to the main central government tribunals including non devolved tribunals in Scotland and Northern Ireland.
Legal Services Commission (LSC)	Oversees the administration of legal aid in England and Wales. The Secretary of State for Justice has also announced to Parliament that he accepts the options identified for changes to the administration of legal aid and for the restructure of the LSC to become a new Executive Agency of the MoJ. This is anticipated to take place in 2013–14.
National Offender Management System (NOMS)	Responsible for the administration of offender management services in England and Wales, through the prison and probation systems. The prison system exists to protect the public by keeping in custody offenders committed by the courts. It aims to do so by treating prisoners with humanity and helping them lead law-abiding and useful lives in custody and after release.
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.

In addition to the four main delivery arms, there are a further seven NDPBs which form part of the Department, one statutory office and a further 35 local Probation Trusts which are also NDPBs and form part of the NOMS group.

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 supported in delivering services by a number of associated offices, and these offices have been consolidated into the relevant body. A list of associated offices is provided in Note 32 to the Accounts.

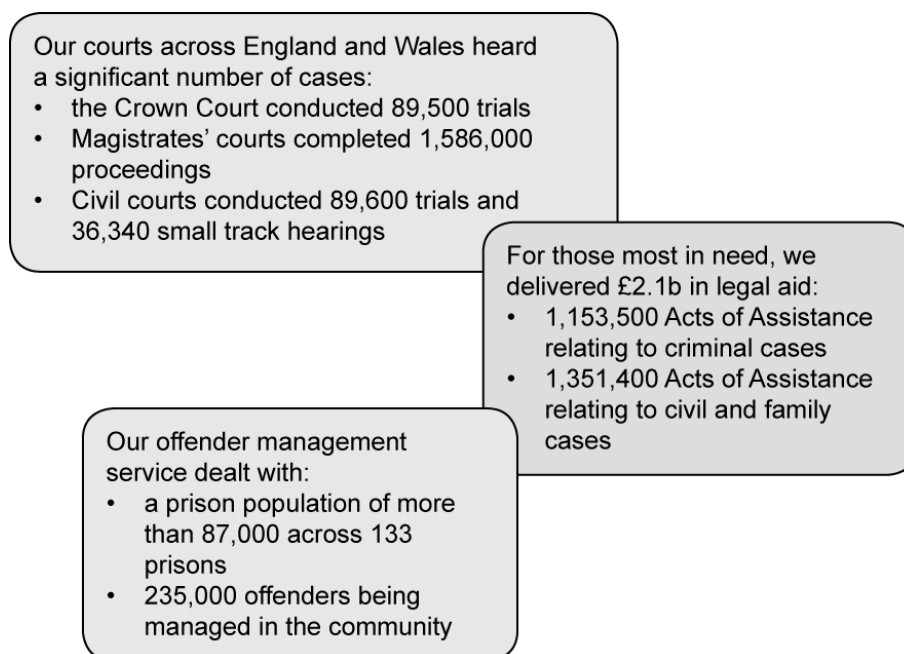
The structure of MoJ is shown overleaf.



Other entities including NDPBs	Responsibility
Criminal Cases Review Commission (CCRC)	Investigates possible miscarriages of justice in England, Wales and Northern Ireland.
Criminal Injuries Compensation Authority (CICA)	Administers the Criminal Injuries Compensation Scheme (CICS) throughout England, Scotland and Wales, paying compensation to eligible applicants who have been the victim of a violent crime.
Information Commissioner's Office (ICO)	Reports to Parliament on aspects of data protection and freedom of information.
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)	Handles complaints about solicitors, barristers, patent attorneys and legal executives in England and Wales.
The Parole Board for England and Wales	Works with its criminal justice partners to protect the public by risk assessing prisoners to decide whether they can be safely released into the community.
Probation Trusts	Delivers probation services through a network of 35 Probation Trusts for England and Wales.
Youth Justice Board (YJB)	Administers the youth justice system in England and Wales.

Management commentary – what we do and how we do it

During 2011–12, our staff delivered an effective, fair and efficient justice system.



Our focus

The Ministry of Justice (MoJ or the Department) is delivering the vision for Transforming Justice (TJ) set by the MoJ Departmental Board (the Board).

The MoJ Departmental Business Plan 2011–2015 outlines our five structural reform priorities. These are set by the Secretary of State for Justice and Lord Chancellor, and his ministerial team, in discussion with the Prime Minister and the Cabinet. Our objectives are to:

- Introduce a rehabilitation revolution;
- Reform sentencing and penalties;
- Reform courts, tribunals and legal aid, and work with others to reform delivery of criminal justice;
- Assure better law; and
- Reform how we deliver our services.

Our priorities

Since the Prime Minister's announcement in July 2010 all government departments are required to publish structural reform priorities as part of their business plan. These set clear objectives and measurable milestones and increase transparency in government by making each department's progress available to be viewed by anyone at any time.

The table overleaf shows these priorities, as well as a summary of key actions completed by the Department against each in 2011–12. The full breakdown of individual actions, as well as monthly progress reports, can be found at <http://transparency.number10.gov.uk/>.

1. Introduce a rehabilitation revolution	Create a system introducing greater involvement of the private and voluntary sectors in the rehabilitation of offenders, including use of Payment by Results (PbR), to cut reoffending.	
Developed proposals for Working Prisons and work with private sector and voluntary organisations to introduce more work for prisoners		May 2011
Launched two local financial incentive pilots (in Greater Manchester and in five London boroughs)		June 2011
First tranche of drug recovery wings launched		June 2011
Supported Department of Work and Pensions (DWP) in preparing for national roll out of Work Programme, including employment support for offenders		June 2011
Introduced secondary legislation to implement the Prisoners' Earnings Act 1996		Sept 2011
Commenced piloting of test sites for drug/mentally ill offenders		Sept 2011
Launched consultation on effective probation services		March 2012
2. Reform sentencing and penalties	Ensure that the justice system reduces reoffending by introducing more effective sentencing policies and considering the use of restorative justice for adult and youth crimes.	
Legal Aid, Sentencing and Punishment of Offenders (LASPO) Bill introduced		June 2011
Published detailed proposals following consultation on Neighbourhood Justice Panels		July 2011
Launched consultation on effective community sentences		March 2012
3. Reform courts, tribunals and legal aid, and work with others to reform delivery of criminal justice	Reform the legal aid system to make it work more efficiently, while ensuring that we provide necessary support for those who need it most and for those cases that require it. Develop court reforms to improve the resolution of disputes, maximise efficiency and improve services, and work with others to make delivery of criminal justice more effective and efficient.	
Launch of combined courts and tribunals service		April 2011
LASPO Bill introduced		June 2011
Published response to Family Justice Review		Feb 2012
Launched consultation on transforming bailiff action		Feb 2012
4. Assure better law	Assure that law-making is transparent and accountable, safeguarding civil liberties and enabling citizens to receive the proper protection of the law.	
Support the work of the independent commission set up to investigate the creation of a UK Bill of Rights		Ongoing
Introduced legislation to extend the Freedom of Information Act to more organisations		April 2011
Contributed to a Cabinet Office Green Paper on the use of intelligence and sensitive material in judicial proceedings		July 2011

The opening of the Rolls Building, a court that brings together the expertise of the Chancery Division of the High Court, the Admiralty and Commercial Court and the Technology and Construction Court	Feb 2012
5. Reform how we deliver our services	Reform the way the MoJ works. Reassess our ways of working to develop more efficient shared services, match our provision ever more closely to demand, reduce duplication and streamline our functions wherever possible.
Arm's Length Body (ALB) review programme begun	Dec 2011

Reform plans for the remainder of the Spending Review period

Over the remaining years of the Spending Review (SR) period 2011–15, the Department plans to deliver significant reforms to the way its services are delivered as part of our Transforming Justice (TJ) programme.

We will continue work to introduce a rehabilitation revolution, and to ensure that fewer offenders return to damaging and costly lives of crime following contact with the justice system. We will expand the use of Payment by Results (PbR) schemes, and begin to publish detailed evaluations of existing pilot schemes. We will explore alternative routes for offenders with mental health issues, and work with the Department of Health (DH) to introduce further diversion services. We will also increase the amount of work specifically targeted at offenders with drug problems, and increase the number of prisoners doing meaningful work for real wages.

During the second session of parliament we will legislate to reform the system of courts and tribunals. Transparency will be increased, with the broadcasting of courtrooms allowed for the first time. We will reform the system of judicial appointments, making it clearer and increasing diversity. By 2014 we will have a leaner more effective courts and tribunals service, with a smaller number of court buildings but utilised in a more efficient way, and a simpler, rationalised fees structure.

We will introduce a dedicated repeals bill in the third session of parliament to abolish unnecessary laws; the Department will reduce its regulatory footprint, removing burdens to business and economic growth. We will increase transparency by further extending the scope of the Freedom of Information Act, and reduce the 30 year rule on the release of government papers to 20 years.

The demand for the services the Department provides is unlikely to fall significantly over the current SR period which means it will be necessary to maintain or improve performance and outcomes for less. We will continue to monitor the demand for services and the likely impact of other external factors such as inflation over the coming years and respond through changes to service delivery and plans where necessary.

Coalition commitments

The Coalition Agreement was published in May 2010 and sets out the government's policy commitments until the next election. The Department has input into a range of areas of the agreement including crime and policing, civil liberties and justice, and we work closely with other government departments to deliver on these commitments. Overleaf is a table showing our progress in each area during 2011–12.

Coalition commitments	Progress
Civil Liberties	
1. We will extend the scope of the Freedom of Information Act to provide greater transparency.	From November 2011 an order was brought into effect extending the scope of the Act to cover the Association of Chief Police Officers (ACPO), the university admissions body UCAS, and the Financial Ombudsman Service. The MoJ also announced a range of other measures to be introduced in the future including a reduction on the 30 year rule (to 20 years) for release of public records, and consulting on further organisations to be brought into scope.
2. We will protect historic freedoms through defence by trial by jury.	Through the Protection of Freedoms Act, which was led by the Home Office and became law in May 2012, the MoJ has legislated to repeal section 43 of the Criminal Justice Act 2003, which would allow the prosecution to apply for serious fraud cases to be tried in the Crown Court without a jury.
3. We will establish a Commission to investigate the creation of a Bill of Rights that incorporates and builds on all our obligations under the European Convention on Human Rights (ECHR), ensures that these rights continue to be enshrined in British law, and protects and extends British liberties. We will seek to promote a better understanding of the true scope of these obligations and liberties.	This Commission was established in March 2011. Its work is ongoing and the Commission aims to report on its findings by the end of 2012.
4. We will provide more protection against bailiffs and unreasonable charging orders, ensuring that courts have the power to insist that repossession is always a last resort.	In January 2012 the MoJ unveiled new national standards defining acceptable behaviour for bailiffs, recognising the important part that they play in the justice system and ensuring that the minority of unscrupulous bailiffs do not take advantage of vulnerable people.
Crime and Policing	
5. We will seek to spread information on which policing techniques and sentences are most effective at cutting crime across the Criminal Justice System (CJS).	MoJ published a Compendium of Re-offending Statistics and analysis in May 2011, which provided information in this area for all adult sentences.
6. We will give people greater legal protection to prevent crime and apprehend criminals.	The LASPO Act, which was introduced in June 2011 and became law in May 2012, clarifies the law on self defence, to give the public greater certainty about acting in self defence to prevent crime or to protect property.

Coalition commitments	Progress
Justice	
7. We will introduce a ‘rehabilitation revolution’ that will pay independent providers to reduce re-offending, paid for by the savings this new approach will generate within the CJS.	Following the publication of the ‘Breaking the Cycle’ Green Paper in December 2010, officials have developed wide-ranging and detailed policy proposals in this area. We have launched a number of Payment by Results (PbR) pilots in Peterborough, Manchester and in five London boroughs. Work is also underway with the Departments of Health and of Work and Pensions on the use of PbR to rehabilitate offenders with health and employment issues.
8. We will conduct a full review of sentencing policy to ensure that it is effective in deterring crime, protecting the public, punishing offenders and cutting re-offending. In particular, we will ensure that sentencing for drug use helps offenders come off drugs.	The LASPO Act represents a major advance in this area. It contains a range of provisions for sentencing to punish offenders and use innovative measures to rehabilitate, while providing value for money to the tax payer.
9. We will explore alternative forms of secure, treatment-based accommodation for mentally ill and drugs offenders.	This commitment was also taken forward through the LASPO Act, including treatment based accommodation as an alternative to custody.
10. We will implement the Prisoners’ Earnings Act 1996 to allow deductions from the earnings of prisoners in properly paid work to be paid into the Victims’ Fund.	The Prisoners’ Earning Act was implemented, via secondary legislation, in July 2011, which will allow deductions from prisoners’ wages in order to make reparations to victims of crime.
11. We will consider how to use proceeds from the Victim Surcharge to deliver up to 15 new rape crisis centres, and give existing rape crisis centres stable, long-term funding.	The first four MoJ-funded support centres opened in 2011–12 and are now providing services.
12. We will carry out a fundamental review of Legal Aid to make it work more efficiently.	This commitment was taken forward through the LASPO Act.
13. We will change the law so that historical convictions for consensual gay sex with over-16s will be treated as spent and will not show up on criminal records checks.	This commitment was taken forward through the Protection of Freedoms Act.
14. We will introduce effective measures to tackle anti-social behaviour and low-level crime, including forms of restorative justice such as Neighbourhood Justice Panels.	MoJ is currently working with local authorities and other delivery partners to identify where and how Neighbourhood Justice Panels might be developed and has recently run an expressions of interest exercise.

Transparency

Transparency is an integral part of the Coalition 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.

As a Department the MoJ is committed to making a wide range of key data sets publically available in both re-useable and accessible formats in order to improve the transparency of the justice

system. This includes the way the Department is run, as well as information on the operation of the criminal and civil justice systems locally. The Department works with key stakeholders such as the Crime and Justice Transparency Sector Panel to promote awareness of new data sets as they are published so that they contribute to achieving the ambitious objectives of the transparency agenda.

Below is a summary of key actions contributing to the transparency agenda that have been carried out in 2011–12:

- In July 2011 the Crime and Justice Transparency Sector Panel was established. The panel contains members from across the private, public and academic sectors, and exists to give expert advice and to provide an independent challenge to the pace and manner in which greater transparency is introduced to the crime and justice sectors;
- In September 2011 the Department began publishing statistics by region which show the efficiency of the courts and tribunals in progressing cases. This includes new statistics on the time from the date an offence is committed to the date the case is finally dealt with by the criminal courts. In January 2012 this was extended from regional level to court level;
- In October 2011 we began publishing re-offending rates for every probation trust and prison in England and Wales, along with anonymised datasets for each local area showing whether individual proven offenders go on to re-offend; and
- In November 2011 we began to publish anonymised datasets on each case sentenced. This includes the sentence given, the court, the age group, gender and ethnicity of those sentenced, and the time from when the offence was committed to when the case was complete.

The Department also publishes Quarterly Data Summaries (QDS) that provide a snapshot of how resources are being deployed and the results that are being achieved. These contain a range of data including input and impact indicators, which are designed to help the public to judge whether our policies and reforms are having the effect they want. These are discussed in further detail in the below section on performance.

Our performance

The Department uses a range of indicators and other key data to measure performance, which are published as part of a Quarterly Data Summary (QDS). 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.

More detailed explanation of the purpose of each indicator and the method by which it is calculated can be found at: www.justice.gov.uk/information-access-rights/transparency-data/quarterly-data-summaries.

Input Indicators		Current	Previous
1	Cost per prison place (£, current: 2010–11, previous: 2009–10)	39,573	41,567
2	Cost per prisoner (£, current: 2010–11, previous: 2009–10)	37,163	38,140
3	Cost per pre-sentence report to courts	n/a ¹	n/a
4	Cost per community order	n/a	n/a
5	Cost per offender supervised on licence post-custody	n/a	n/a
6	Staff and judicial cost per sitting day in (1) Crown court, (2) Magistrates court, (3) Civil courts and (4) Tribunals	n/a	n/a
7	Average cost per case of legal aid accounting (£)	810	n/a
8	Office of the Public Guardian (OPG): Staff deployed and accommodation used in carrying out services to customers	n/a	n/a
Impact Indicators		Current	Previous
1	Adult proven re-offending (% , current: year to Jun 2010, previous: year to Jun 2009)	24.9	25.3
2	Adult proven prison re-offending (% , current: year to Jun 2010, previous: year to Jun 2009)	47.3	47.8
3	Juvenile proven re-offending (% , current: year to Jun 2010, previous: year to Jun 2009)	34.1	32.6
4	Juvenile first time entrants (rate per 100,000 10-17 year olds, current: 2011, previous: 2010)	747	933
5	Criminal court timeliness (days, current: Q4 2011, previous: Q4 2010)	155	150
6	Civil proceedings timeliness (small claims hearings) (weeks, current: Q4 2011, previous: Q4 2010)	30	30
7	Civil proceedings timeliness (fast/multi track trials) (weeks, current: Q4 2011, previous: Q4 2010)	59	55
8	Care proceedings timeliness (weeks, current: Q4 2011, previous: Q4 2010)	55	54
9	Tribunals timeliness (25/50/75 percentile duration in weeks, SSCS tribunal only provided here, current: Apr-Dec 2011, previous: Apr-Dec 2010)	9 / 20 / 34	n/a
10	Proxy measure for the proportion of civil disputes resolved out of court (% , current: Q4 2011, previous: Q4 2010)	96.6	96.5
11	Number of new criminal offences (current: 12 months to May 2011, previous: 12 months to May 2010)	174	712
Other Data Sets		Current	Previous
1	Prison population (current: 31 March 2012, previous: 31 March 2011)	86,456	85,266
2	Probation caseload (current: 31 Dec 2011, previous: 31 Dec 2010)	234,528	238,973
3	Total number sentenced in court (current: 2011, previous: 2010)	1,299,251	1,365,347
4	Civil proceedings commencing in county courts (current: Q4 2011, previous: Q4 2010)	358,597	394,892
Structural Reform Plan Actions		2011–12	
Total number of actions completed during the year		93	
Total number of actions overdue at the end of the year		5	
Number of overdue actions that are attributable to external factors		0	
Total number of actions ongoing		27	

¹ Information marked n/a is not currently available – details of when this data will be available can be found at www.justice.gov.uk/information-access-rights/transparency-data/quarterly-data-summaries

Our finances

Review of Outturn against Estimate for 2011–12

In 2011–12, the central MoJ spent £8,710m against Request for Resources 1 (RfR1) within Parliamentary Supply Estimates (Spring Supplementary Estimate). The use of these resources is reported in the Consolidated Statement of Comprehensive Net Expenditure on page 69.

Parliament votes funds to departments on two occasions during the year by means of a Main Estimate at the start of the year, and a Supplementary Estimate in January. The MoJ Estimate consists of one Request for Resource.

Request for Resource 1 (RfR1): To promote the development of a modern, fair, cost effective and efficient system of justice for all.

Movements in Estimate provision during 2011–12: At the start of the year the MoJ was voted £8,724m in its Main Estimate under RfR 1. By the final Spring Supplementary Estimate, this had increased to £8,942m due to the following main reasons:

- Resource Departmental Expenditure Limits (RDEL) – Drawdown from HM Treasury of £235m RDEL to fund pre-tariff cases within the Criminal Injuries Compensation Authority (CICA).
- RDEL – Drawdown from HM Treasury of £51m RDEL to fund additional cost pressures within the MoJ (NOMS prison costs) and a surrender of £50m CDEL to HM Treasury.
- RDEL – A transfer from Home Office of £14m RDEL in relation to funding for the Asylum and Immigration Tribunals.
- RDEL – A transfer from Department for Communities and Local Government (DCLG) of £10.399m RDEL following a Machinery of Government (MoG) change to transfer the function of the Residential Property Tribunal Service to HM Courts & Tribunals Service within the Ministry of Justice.
- RDEL – A transfer to Cabinet Office of £(10.101)m RDEL following a Machinery of Government (MoG) change to transfer the functions for Political and Constitutional Reform to the Cabinet Office.
- RDEL – Net transfers of £(14.613)m RDEL to the Department of Health to cover costs for Offender Health within the Prison Service and Youth Justice Board.
- RDEL – Net transfers of £(3.568)m RDEL to the Department for Business, Innovation and Skills (BIS) to cover costs for Health Costs within the Prison Service.
- RDEL – Transfer of £9.880m from Home Office in relation to corporate costs.
- Resource Annually Managed Expenditure (RAME) – Impairments of the NOMS Estate £100m and HM Courts & Tribunals Service Estate £60m.
- RAME – Reduction of £(234.3)m due to Utilisation of Provisions within CICA as a result of the drawdown of RDEL reported in the first bullet point above.

Explanation for variances between Estimate and Net Resource Outturn for RfR1:

Overall there was an under spend of 2.6% / £232m on the RfR1 Estimate provision of £8,942m. 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 £4m and 5% are set out overleaf:

Spending in Departmental Expenditure Limits (DEL)		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
B	Central Funds	100,598	90,500	(10,098)	11.2
E	Office of the Public Guardian	(5,737)	(457)	5,280	1155.4

Central Funds (Subhead B): The overspend of £10m is a result of increases in the volume of Defendants' Costs Orders paid. This increase was due to the National Taxing Team reducing the backlog of work which had built up in the assessment and payment of legal aid graduated fees for advocates, previously carried out by the Crown Court.

Office of the Public Guardian (Subhead E): The underspend of £5m against the Estimate budget represents a surplus of income against costs primarily due to one-off provisions, the organisational restructuring and the estates dilapidations both coming in under budget, as per legal guidance, and an underutilisation of depreciation due to non-spend of capital. Over the Spending Review period the OPG is working to an overall balance budget to be a net £nil cost to the Department budget.

Spending in Annually Managed Expenditure (AME)		Outturn	Estimate	(Overspend) / underspend	Percentage of Estimate
		£000	£000	£000	%
Q	Policy, Corporate Services and Associated Offices	18,730	(1,716)	(20,446)	1191.5
R	National Offender Management Service HQ	(12,755)	60,000	72,755	121.3
S	Legal Services Commission: Administration	(22,080)	7,800	29,880	383.1
T	Legal Aid Fund Criminal	(14,294)	(10,000)	4,294	42.9
U	Legal Aid Fund Civil	58,329	10,000	(48,329)	483.3
V	Criminal Injuries Compensation Authority	(248,440)	(218,347)	30,093	13.8
X	HM Courts & Tribunals Service AME Impairment	21,484	60,000	38,516	64.2
Y	NOMS Revaluation Impairment AME	39,314	100,000	60,686	60.7
Z	HM Courts & Tribunals Service	(21,462)	(4,740)	16,722	352.8

Policy, Corporate Services and Associated Offices (Subhead Q): The overspend of £20m against this Estimate sub head represents the impact of a number of Property and IT asset impairments incurred this financial year.

National Offender Management Service HQ (Subhead R): The Parliamentary Estimate reflected an initial forecast of a net £10m increase in the retirement provisions. The provisions actually decreased by £10m due to the settlement of a significant medical claim in year. A further £10m underspend arose due to unexpected provision utilisation on Heat Energy Service contracts in prisons, and voluntary early departures. The remaining underspend of £43m relates to changes in the Probation Service pension provision, due to changes in actuarial revaluations.

Legal Services Commission: Administration (Subhead S): The underspend relates to movements on the LSC pension scheme, the result of additional payments in to the scheme of £7m coupled with gains on the scheme assets beyond the Estimate budget.

Legal Aid Fund Criminal (Subhead T): The underspend of £4m is due to lower than anticipated volumes across most schemes in this category.

Legal Aid Fund Civil (Subhead U): The overspend of £48m against the Estimate budget is driven by an increase in public family law cases, primarily 'Special Children Act – SCA' cases. The average cost for these cases is significantly higher than other categories in this area. Coupled with increased volumes this has resulted in a significant increase in the provision for the 2011–12 financial year.

Criminal Injuries Compensation Authority (Subhead V): Expenditure against this line in the Department's Estimate represents the movement on the provision held for outstanding claims for the Tariff and Pre-tariff compensations. The liabilities for the tariff compensations received in the year were below the normal levels from the previous financial years and resulted in the lower provisions for the new Tariff liabilities than anticipated in the Estimate. Additionally, CICA have settled a large number of older Pre Tariff cases this financial year at a lower net cost than the original provision.

HM Courts & Tribunals Service AME Impairment (Subhead X): This Subhead relates to the downward revaluation cost of the HM Courts & Tribunals Service property assets included in HM Courts & Tribunals Service's programme of court closures, which are held at open market value. This downward revaluation was not as large as estimated reflecting the volatility in market values between the estimate preparation date and the final estate valuation.

NOMS Revaluation Impairment AME (Subhead Y): The AME provision on subhead Y relates to the expected reduction in the value of the NOMS prison estate arising from professional valuations. Property values did not fall to the extent originally estimated.

HM Courts & Tribunals Service (Subhead Z): The under spend of £17m was the result of a transfer to DEL as a result of the reclassification of the Magistrate's Court Committees (MCC) pension provision and a gain on revaluation of assets held for sale not reflected in the original forecasts. This has been partially offset by interest charges on the pension transfer deficit liability and movements on a number of provisions.

Reconciliation of resource expenditure between Estimate, Accounts and Budgets

	Estimate	Actual
	£000	£000
Gross Administration Costs	727,809	593,073
Less:		
Administration DEL Income	(15,099)	(33,547)
Net Administration Costs (Accounts)	712,710	559,526
Gross Programme Costs	9,406,694	9,425,211
Less:		
Programme DEL Income	(1,172,464)	(1,301,130)
Net Programme Costs (Accounts)	8,234,230	8,124,081
Total Net Operating Costs (Accounts)	8,946,940	8,683,607
Adjustments to include:		
Capital Grant	(4,764)	(281)
Non- Budget Consolidated Fund Extra Receipts (CFER) in the Operating Cost Statement (OCS)	-	3,372
Other adjustments *	-	23,571
Total Resource Budget	8,942,176	8,710,269
<i>of which:</i>		
Resource DEL	8,938,818	8,894,981
Resource AME	3,358	(184,712)
Total Resource (Estimate)	8,942,176	8,710,269

* Other adjustments includes prior period adjustments of £(46,636)k, Private Finance Initiative (PFI) adjustments of £(27,202)k, funding from Other Government Departments (OGDs) of £39,210k adjustment for other capital expenditure in Consolidated Statement of Comprehensive Net Expenditure (CSocNE) of £10,441k and utilisation of capital provisions of £616k.

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

Spending				
Budget		£million		
		2011–12	2010–11	
Total Departmental Expenditure Limit (DEL)		9,239	9,499	
of which Resource DEL (excl. Depreciation ²)		8,453	8,547	
Up to top 5 contributory elements	A: National Offender Management Service (NOMS)	3,493	4,056	
	B: Legal Services Commission (LSC)	2,184	2,320	
	C: HM Courts & Tribunals Service	1,092	1,092	
	D: Corporate Performance Group (CPG)	1,154	1,087	
	E: Justice Policy Group (JPG)	627	576	
Purchase of goods and services within Resource DEL		4,529	4,411	
Payroll within Resource DEL		3,729	3,984	
Grants within Resource DEL		68	94	
of which Capital DEL		344	530	
Up to top 5 contributory elements	A: National Offender Management Service (NOMS)	50	55	
	B: HM Courts & Tribunals Service	27	146	
	C: Legal Services Commission (LSC)	16	16	
	D: Corporate Performance Group (CPG)	267	303	
	E: Justice Policy Group (JPG)	4	19	
Total Annually Managed Expenditure (AME)		(185)	320	
Up to top 5 contributory elements	A: National Offender Management Service (NOMS)	27	120	
	B: Legal Services Commission (LSC)	22	(107)	
	C: HM Courts & Tribunals Service	-	190	
	D: Justice Policy Group (JPG)	(215)	57	
	E: Corporate Performance Group (CPG)	(1)	-	

² Includes amortisation and impairments.

Spending			
Financial Indicators		2011–12	2010–11
Accuracy of Cash Forecasting (+/- %)		5.46	2.54
Working Capital Forecast (% variance of Actual v Forecast)		n/a ³	n/a
Net Book Value (% variance of Actual v Forecast)		n/a	n/a
Common Areas of Spend		2011–12	2010–11
Estate Costs	Total office estate (m ²)	176,380	372,607
	Total cost of office estate (£million)	107.9	122.8
	Cost per Full Time Equivalent (FTE) (£)	8,671.49	5,376.53
	Cost per m ² (£)	611.62	355.04
Procurement	Total Procurement Spend (£million)	5,150	5,899
	Price of standard box of A4 white copier paper (£/2500 sheets)	10.66	9.98
	Average price of energy (£/KWH)	0.075	0.071
IT	Total Third Party Information and Communication Technology (ICT) cost (£million)	493	428
	Cost of desktop provision per FTE (£)	782	842
Corporate Service Cost	Human Resources (£million)	54.6	59.8
	Finance (£million)	95.7	103.0
	Procurement (£million)	14.4	14.6
	Legal (£million)	24.8	33.0
	Communications (£million)	10.6	13.3
Fraud, Error, Debt	Total identified fraud (£million)	4.6	3.5
	Total known errors (£million)	5.6	5.6
	Total debt (£million)	4.0	4.2
	Debtor days	263	273
Voluntary and community sector (VCS)/Small and medium enterprises (SME)	Procurement spend with SME (£million)	1,728 ⁴	506 ⁵
	Procurement spend with VCS (£million)	41	41
	Grants to VCS (£million)	47.1	47.9
Major Projects (Top 5)		Cost £million	
YJB Secure Training Centres		371	
Quantum Recompete		157	
Future IT Sourcing Programme		137	
Shared Services Programme		130	
Payment by Results		115	
£m whole life cost of ALL major projects		1,123	

³ Information marked n/a is not currently available – details of when this data will be available can be found at www.justice.gov.uk/information-access-rights/transparency-data/quarterly-data-summaries

⁴ As reported to Cabinet Office in 2010–11. MoJ finance systems were not capable of complete and accurate reporting of SME Procurement figures in 2010–11, due to the need to classify a very large number of suppliers. Work has taken place to remedy this situation with the result that the Ministry is now able to report more accurate figures, from 2011–12 onwards.

⁵ 2011–12 data for Arms Length Bodies only included from October 2011 to March 2012. Earlier details are still in the process of collection.

Our staff

MoJ is one of the largest government departments, with around 90,000 people (including NDPBs).

Outlined below are a number of measures which show the Department's average payroll spend and the make-up of our workforce.

		People	
Whole Department Family – Workforce Size		2011–12	2010–11
Payroll staff	Core Department and Agencies	69,164	72,175
	Non-Departmental Public Bodies	20,801	22,071
	Department Family	89,935	94,246
Average staff costs (£)		36,214	35,694
Contingent labour	Core Department and Agencies	1,125	1,247
	Non-Departmental Public Bodies	1,001	1,237
	Department Family	2,126	2,484
Core Department and Agencies Only		2011–12	2010–11
Workforce shape (Total FTE by %)	Administrative Assistants and Administrative Officers	69.80%	68.63%
	Executive Officers	15.33%	16.63%
	Higher and Senior Executive Officers	11.53%	11.15%
	Grade 7/6	3.05%	3.28%
	Senior Civil Servants (SCS)	0.29%	0.31%
	Part Time	16.03%	18.12%
Workforce dynamics	Recruitment Exceptions	118	429
	Annual Turnover Rate	10.13%	7.10%
Workforce diversity (Total %)	Black, Asian and Minority Ethnic	9.16%	9.46%
	Women	47.25%	47.12%
	Disabled	5.40%	3.72%
Workforce diversity [Senior Civil Servants (SCS) only] (Total %)	Black, Asian and Minority Ethnic	6.62%	5.46%
	Women	36.22%	37.83%
	Women (Top Management Posts)	9.15%	10.43%
	Disabled	5.80%	4.46%
Attendance – average number of working days lost (AWDL)	Actual	8.9	9.2
	Standardised (2011–12 refers to Dec 2011, 2010–11 refers to Dec 2010)	7.5	8.3
Core Department only – People Survey Metrics		2011 survey	2010 survey
Engagement index (%)		55	53
Theme scores (%)	Leadership and Managing Change	30	29
	My Work	67	67
	My Line Manager	60	59
	Organisational Objectives & Purpose	74	75

Recruitment

The 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. These processes are tested annually by the Civil Service Commission which has rated the Department as medium risk.

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 has agreed delegations to HM Courts & Tribunals Service and NOMS to recruit externally where it is necessary to maintain frontline delivery.

Any request for business critical roles during 2011–12 had to be authorised by the Director General, Finance and Corporate Services on behalf of the Secretary of State on a case by case basis.

Across MoJ, there are also 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, given the Department's desire to manage restructuring without recourse to compulsory redundancies wherever possible.

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 consult and inform our constituent Trade Unions at all levels of the organisation. A variety of media are used to keep staff up-to-date with the challenges that the Department faces, the Board's vision for Transforming Justice (TJ), and the progress we are making.

The Department participated in the Civil Service People Survey in October 2011. 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, held at the 2010 level, a considerable achievement given the unprecedented amount of change within MoJ. Staff gave an improved positive score for "I have the opportunity to contribute my views before decisions are made that affect me". In September 2011 *Idea Street* was opened up to all MoJ staff. *Idea Street* is a community website where staff can post ideas for improvement and change throughout MoJ. Fellow users can vote for ideas in order to elevate its potential for implementation. *Idea Street* is a tool to give all staff, no matter what grade or location, the opportunity to share their ideas on how to make Justice better.

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 was established in October 2011 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. The Department is an authorised user of the Two Ticks Scheme and participates in the Guaranteed Interview Scheme (GIS) for candidates with a disability. Disabled staff have access to targeted career development support and advice. The Department has had a rolling "positive images of disability" campaign running during this period to showcase roles and responsibilities disabled staff hold in the Department and to promote 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 diversity of staff representation at all levels in MoJ including by meeting and maintaining Civil Service Diversity Strategy targets for representation of women, Black, Asian and Minority Ethnic (BAME) and disabled staff in the Senior Civil Service (SCS), and by addressing the disproportionate representation of BAME 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 Coaching Squared programme. 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 when reporting progress against our Civil Service Diversity Strategy targets and publishing equality information.

Sickness absence data

The average number of working days lost (AWDL) due to sickness for staff across the whole of MoJ in 2011–12 was 8.9 days (2010–11: 9.2 days).

Reducing sickness absence aligns with our Smarter Government commitments and remains a workforce strategy priority within the Department.

Our effort towards regulatory issues

Better Regulation

MoJ is committed to the government's Better Regulation agenda and continues to work to support the government's objective to reduce regulation.

One-in, One-out

We have embedded the One-in, One-out rule (OIOO) into our policy process. This rule was introduced across government in September 2010 so that no new primary or secondary legislation which imposes costs on business or civil society can be brought in without the identification of existing regulation that can be removed.

The Department will not be introducing any regulatory measures within scope of OIOO during the period January to June 2012 and therefore had no measures for inclusion in the Government's Third Statement of New Regulation (SNR3) published by the Department for Business Innovation and Skills in February 2012 <http://www.bis.gov.uk/policies/bre/better-regulation-framework/one-in-one-out/statement>.

Red Tape Challenge

The Red Tape Challenge (RTC) was launched by the Prime Minister in April 2011 and is a cross-departmental initiative aimed at getting rid of excessive regulation which is felt to be an unnecessary burden to business and the economy. The RTC aims to open all live secondary legislation (Statutory Instruments) to public debate via a central website in a process known as 'crowdsourcing'. From this process the Department will develop policy proposals to scrap or simplify legislation.

Sunsetting regulation

The MoJ has had no new regulatory measures that fall within scope for sunseting.

Impact assessments/Regulatory Policy Committee opinions

Impact assessments (IAs) are an intrinsic part of effective, evidence-based policy making. They are generally required for any proposal, domestic or internal, which will affect the private sector, the third sector and public services. In 2011 the Regulatory Policy Committee (RPC) (the external independent panel set up by government to scrutinise IAs) gave initial opinions on 32 IAs submitted by the Department (this included IAs on the same policy but at different stages, e.g. consultation IA and then response IA). Over two-thirds (69%) of MoJ's IAs were initially rated as fit for purpose by the RPC (66% as Amber and 3% as Green). Of the ten IAs that the RPC

initially rated as Red in 2011, all have since been resubmitted and secured a fit for purpose rating. See RPC fourth report titled 'Improving Regulation' published on 8 March 2012.

<http://regulatorypolicycommittee.independent.gov.uk/wp-content/uploads/2012/03/RPC-Press-Release-8-March-2012.pdf>

Alternative to regulation

The MoJ fully supports the principles of reducing regulation and the government's aims to regulate only as a last resort has been embedded in our policy making process. As we are not one of the main regulating departments, we have considered, but have not taken forward, alternatives to regulation.

European Union regulations

The MoJ has responsibility for the negotiation and implementation of a number of European Union (EU) measures in the areas of civil, family and criminal law, data protection and human rights.

During 2011 the European Commission issued a proposed Regulation creating a European Account Preservation Order. This aims to establish a European procedure for a protective measure to freeze the bank accounts of defendants in cross-border disputes. The government has a number of concerns with this proposal which include the burden likely to be placed on both the State and financial institutions by the proposed provisions and the lack of safeguards for defendants, including businesses in the process of restructuring. Following a consultation the government decided that the United Kingdom (UK) should not opt in to the proposal.

On 25 January 2012, the European Commission issued proposals relating to data protection, to overhaul the existing data protection regimes. One of the proposals covers data protection processed by businesses. The government's approach to this proposal has been informed by evidence obtained during a public call for evidence in 2010 and has been further informed by a recent targeted call for evidence on the proposals as well as engagement with stakeholders who will be affected. The government has a number of initial concerns with this proposal which include the overly prescriptive drafting and the significant burden likely to be placed on both the State and businesses by the proposed provisions. During negotiations the government will seek to limit the burden as far as possible whilst ensuring individuals' data protection rights are protected.

Rural proofing

MoJ understands that policies need to be capable of delivering services equitably for everyone; and that the geography and demography of rural areas present challenges which mean that the needs and interests of rural people, communities and businesses must be properly considered in the development and implementation of all policies and programmes. Policy teams are responsible for ensuring that the impacts of policies are fully assessed, including rural impacts. To assist them in this a central team provides advice and guidance on the development of impact assessments, and this includes the rural proof aspect. The team advises on early drafts of impact assessments and consultation papers, and offers advice on whether sufficient account has been taken of all of the likely impacts, including those on rural communities. The requirement to consider rural impacts is also included in our internal training on impact assessments.

Court closures and mergers is one area where rural impacts are particularly relevant. As part of the consultation process for Court Estates Reform Programme (CERP), analysis was made of the potential changes in travel time to assess the impact of the proposals on different communities and groups of people. We worked with the Rural Commission to ensure our methodology adequately took account of rural communities.

Health and Safety

MoJ is fully committed, so far as is reasonably practicable, to ensure the health, safety and wellbeing of its employees, the judiciary, detainees, visitors, contractors and all others who may be affected by its activities.

We recognise that occupational health and safety plays an important and integral role in the delivery of our corporate objectives. The MoJ has reviewed its operating model over the past year and as part of this we have reviewed our arrangements for managing Health and Safety (H&S). This has reinforced the principle that each part of the Department, including MoJ HQ, our Agencies and NDPBs, is responsible for managing their own health and safety risks. Our processes require each part of MoJ to submit their top H&S risks quarterly; these are reviewed centrally for issues of corporate concern. A smaller corporate unit sets corporate policy and supports the Board-level H&S champion in providing assurance. We are currently consulting with our unions on improvements to our strategic oversight of health and safety management, with a stronger role for the Board-level champion. The corporate occupational health and safety strategy and delivery plan continues to provide an over arching framework for continuous improvement in line with the Health and Safety Executive (HSE) revitalising health and safety strategy, and we are currently establishing a more targeted approach for monitoring performance.

Ministerial correspondence⁶

The MoJ aims to respond to correspondence from Parliamentarians within 15 working days of it being received (20 days in the case of the NOMS where the Chief Executive is replying on behalf of Ministers). During 2011 Ministers (and Chief Executives on their behalf) replied to 11,129 separate pieces of correspondence (compared to 6,856 in 2010) and met the target in 73% of cases compared to 78% the previous year.

We are committed to improving on this performance in 2012 to ensure that we fully achieve our target, and that all correspondence from Members of Parliament (MPs) and members of the public receives a full, accurate and timely reply.

Complaints to the Parliamentary and Health Service Ombudsman

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

Complaints provide an opportunity for MoJ 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 PHSO Annual Report 2010–11 – ‘A service for everyone’ – published in July 2011, MoJ was listed as the third most complained about department, compared to fourth in 2009–10.

Complaints	2010–11	2009–10
Received complaints	924	931
Accepted for formal investigation	35	7

Of the 35 cases which were accepted for formal investigation, 12 were for the LSC, nine were for HM Courts & Tribunals Service, seven were for the OPG and seven were for MoJ HQ.

⁶ 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.

Of the 24 complaints reported upon in 2010–11 (which included complaints received during the previous year) 50% were fully upheld (compared to 57% in 2009–10) and a further 29% were partially upheld (the same proportion as 2009–10).

Personal data related incidents

The following gives a summary report of significant personal data related incidents in 2011–12 categorised according to Cabinet Office 'Interim Report on Data Handling Procedures' 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 2011	Online complaints system for the Office of the Judicial Complaints contained a security flaw, resulting in members of the public being able to access others' complaints by altering a URL address	Complaint files made against members of judiciary	Up to 800	Information Commissioner's Office (ICO) informed and investigation ongoing.
August 2011	HM Prison (HMP) Cardiff: personal data of prisoners compromised by a clerk accidentally e-mailing a security file to three members of the public	Prisoner data including address details, nature of offences of prisoners	1,186	Incident quickly contained. Recipients confirmed deletion of data. ICO informed and investigation ongoing.
October 2011	HMP Highdown: loss of a locally-purchased unencrypted back up hard drive that contained sensitive information relating to offenders within the establishment	Details of offender security information	Up to 16,000	Incident reported to the ICO and investigation ongoing.
January 2012	HMP North Sea Camp: Unauthorised disclosure of prisoner data by a member of staff to a journalist	Prisoner data including details of those convicted of sexual or other serious offences	101	Local police recovered the documents. Local newspaper abiding by regulation not to utilise information further in accordance with section 55 of the Data Protection Act, 1998. Internal investigation still ongoing. ICO informed and their investigation is closed as police are conducting a criminal enquiry.

In addition to the incidents described above, there were seven other data incidents reported to the ICO by MoJ bodies. These claims all affected less than 30 people and are not included in the table above. Details of these incidents are included in the relevant 2011–12 Annual Report and Accounts.

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

Summary of other protected personal data related incidents in 2011–12		
Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	111
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	1,437

Summary of other protected personal data related incidents in 2011–12

Category	Nature of incident	Total
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	9
IV	Unauthorised disclosure	1,217
V	Other	15

Compared to 2010–11 levels, the Department has seen a significant increase within incident Category II. This is largely attributable to an issue affecting a specific business area and incidents of numerous losses of correspondence by a third party supplier. Incident management work has been undertaken to control risks within this area and as a result there has been a significant reduction in the rate of such incidents within the last three months of the reporting year.

The Department is applying the Government's Security Policy Framework to control risks across the organisation. This comprises 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. Effective implementation of security is monitored at a local level by a network of trained security and information assurance practitioners. All staff are required to undertake a compulsory information assurance training course upon joining the Department and yearly thereafter. Management systems are checked for effectiveness on a risk based approach to need to ensure continuous improvement of our systems. A key challenge for the year ahead will be delivering security and information assurance in the current economic climate. The Department is ensuring that there is a joined up approach between information risk, security, ICT and knowledge and information management.

Engagement and consultation

The Department has made the strategic development of its communications 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 engages extensively with a wide range of external stakeholders as a means of informing its policy development. A range of methods are used, ranging from formal stakeholder meetings to electronic discussion groups and consultation papers.

The Department undertakes formal written public consultations during the course of the year to inform its policy and operational decision making. These consultations are carried out under the Government Code of Practice on Consultation. During the course of 2011–12, MoJ issued 21 written formal consultations on matters of policy and delivery of public services.

Social and community responsibility

We are committed to making the Department truly representative of the communities it serves. Last year MoJ was recognised by the organisation Working Families as one of the top 20 best family-friendly employers from the last three decades. The Department supports staff 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.

Directorships and other significant interests

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

Our Accounts

Departmental accounting boundary

The bodies included within the Departmental boundary are outlined in Note 32 to the Accounts.

Financial position and resources

The Statement of Parliamentary Supply (SoPS) compares the MoJ's Estimates and Outturn for Resource and Capital Departmental Expenditure Limit (RDEL and CDEL) and Resource and Capital Annually Managed Expenditure (RAME and CAME). Any significant variation between the Estimates and Outturn is explained in the Management Commentary on pages 18 to 21.

The MoJ has a number of Non-Budget costs which are subject to Parliamentary but not HM Treasury control and are therefore outside DEL and AME. The majority of these costs relate to Service Concession Arrangements which are recorded on the Statement of Financial Position under International Financial Reporting Interpretations Committee (IFRIC) 12 but are considered 'Off-Balance Sheet' for National Accounts purposes. These arrangements are outlined in Note 25 to the Accounts.

Note 29 to the Accounts outlines any losses and special payments that have been made in accordance with Managing Public Money.

MoJ undertakes a professional revaluation of its land and building non-current assets every five years. The process is managed as a five year rolling programme where valuations are conducted for each property at least once every five years; further details of the revaluation programme are outlined in Note 1 to the Accounts.

On 1 April 2011, the Home Office Pay Service transferred its resources, staff and other assets to the MoJ Shared Service Centre. From this date, the MoJ is responsible for all transferred resources, staff, other assets, financial performance and delivery of services to all customers of the former Home Office Pay Service.

This change has resulted in an increase in Trade and other receivables of £118.5m with a corresponding increase in Trade and other payables at 31 March 2012.

Principal risks and uncertainties

The Executive Management Committee of the Board (EMCB) identifies the top strategic risks facing the MoJ and ensures that known 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.

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.

Estates management strategy

The Department aims to manage its estate in the most efficient manner to minimise running costs and environmental impacts. MoJ's Estates Transformation Project has been established to rationalise the number of administrative buildings in use by headquarters, executive agencies, NDPBs and associated bodies in London and in the regions.

HM Courts & Tribunals Service is progressing a programme of court integrations which involves locating different court jurisdictions within a single building where possible and generating funds for

new buildings and refurbishments that deliver significant reductions in running costs. NOMS is committed to providing enough prison places for those who the courts judge should receive a custodial sentence, through replacing inefficient and costly prisons with more modern, cost effective accommodation, and expanding existing prisons. In 2011–12, this resulted in the closure of four prisons, arrangements being finalised for the opening of two new prisons, HMP Thameside and HMP Oakwood, and additional accommodation at HMP Moorland.

Land and buildings are recorded at fair value on the basis of profession valuations undertaken by the Valuation Office Agency (VOA) using the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

Cost allocation and charging requirements

The 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

	2011–12				2010–11			
	Core	Executive Agencies	NDPBs	Total	Core	Executive Agencies	NDPBs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Consultancy	5,407	6,676	665	12,748	10,670	10,431	148	21,249
Temporary staff	33,266	45,732	33,840	112,838	25,668	35,073	38,202	98,943
Total	38,673	52,408	34,505	125,586	36,338	45,504	38,350	120,192

Spend on publicity and advertising

Spend on publicity and advertising by the Department in 2011–12 was £739,811 (2010–11: £776,280).

Sponsorship spend over £5,000

There was no spend on sponsorship over £5,000 by the Department in 2011–12 (2010–11: £nil).

Charitable donations

The Department made charitable donations totalling £177,050 in 2011–12 (2010–11: £50,750). These donations were made to a number of charitable organisations to support activities related to the Department's operations.

Political donations and expenditure

There were no political donations or expenditure by the Department in 2011–12 (2010–11: £nil).

Payment to suppliers

During the financial year 2011–12 the Department's policy has been to pay suppliers in accordance with the Prime Ministerial commitment of May 2010 that government departments should pay suppliers within five days of receipt of a valid invoice at the correct billing address.

For 2011–12 86% of invoices were paid within these terms against the cross-government target of 80% (2010–11: 82%). Interest paid under the Late Payment of Commercial Debts (Interest) Act 1988 was £35,124 (2010–11: £22,770).

Research and development

The Department undertakes research to enhance policy development and programme evaluations. Expenditure is charged to the Consolidated Statement of Comprehensive Net Expenditure (CSocNE) as incurred and is reported in Notes 8 and 9 to the Accounts.

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 27 to the Accounts. The Department has not engaged in any hedging.

Pension liabilities

As detailed in Note 7.1 to the Accounts, the majority of staff are members of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer 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 7.2 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.

Note 33 to the Accounts outlines the details of the LSC pension schemes, the By-analogy pension schemes held by Criminal Cases Review Commission (CCRC) and HM Courts & Tribunals Service and the Probation Trusts pension schemes. The pension liabilities associated with these schemes are accounted for and disclosed in accordance with IAS 26 'Accounting and Reporting by Retirement Benefit Plans'.

Management of contingent assets and liabilities

Contingent liabilities disclosed under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and additional liabilities included for Parliamentary Reporting and Accountability purposes are disclosed in Note 28 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 (C&AG) under the Government Resources and Accounts Act 2000. The notional cost of the audit for the Core Department in 2011–12 was £342,750 plus an additional £97,250 for the Consolidated Accounts (2010–11: £317,000 and £90,000).

The total cost of audits across the Departmental group was £3,452,990, of which £1,882,500 was cash and £1,570,490 is a notional cost (2010–11: £3,610,223 comprising £2,076,500 cash and £1,533,723 notional cost). This includes the cost of the HM Courts & Tribunals Service Trust Statement audit which is not consolidated as part of these Accounts.

The audit of the 35 Probation Trusts, for which a cash charge is made, is undertaken by auditors appointed by the Audit Commission and by the Wales Audit Office. The National Audit Office performs other statutory audit activity, including value for money and assurance work, at no cost to MoJ.

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 34 to the Accounts.

Future developments, performance and position

In 2012–13 the Department will be entering its second year of its four year business plan. Future development will be focused and driven by the Structural Reform Plan priorities.

On 21 June 2011, the first reading of the LASPO Bill was introduced to Parliament in the House of Commons. One objective of this Bill was to formalise LSC's conversion to an Executive Agency. As at 31 March 2012 the LASPO bill was entering into the final stages of the Bill approving process whereby both the House of Commons and the House of Lords were considering the final amendments prior to finalisation of the Bill. This was granted on 1 May 2012.

Effective from 1 April 2013, the LSC will be known as the Legal Aid Agency (LAA) under the MoJ and will be considered as an Executive Agency in the Annual Report and Accounts 2013–14.

Ursula Brennan
Accounting Officer

10 July 2012

Sustainability report

Introduction

It is now mandatory for all central government bodies that produce Annual Reports and Accounts in accordance with the Government Financial Reporting Manual (FReM) to include a discrete section on sustainability information and related costs.

The Ministry of Justice (MoJ or the Department) focuses sustainability reporting on government targets, environmental impacts and costs. Our delivery priorities in this area include reducing carbon emissions, water consumption and waste to landfill.

Scope

The organisational scope covers:

- Ministry of Justice Headquarter buildings in London (MoJ HQ);

the following Executive Agencies:

- Her Majesty's (HM) Courts & Tribunals Service;
- National Offenders Management Service (NOMS) (which includes HM Prison Service (HMPS) and the Probation Trusts⁷); and
- Office of the Public Guardian (OPG); and

the following Executive Non-Departmental Public Bodies (NDPBs):

- Criminal Injuries Compensation Authority (CICA);
- Information Commissioner's Office (ICO); and
- Legal Services Commission (LSC).

A number of associated bodies are also included within this report as their occupation is within either the MoJ HQ or HM Courts & Tribunals Service estate. It should be noted that these additional bodies are not required to produce an independent Sustainability Report because of their legal status or because of 'de minimus criteria' which excludes them.

Scope exclusions and estimations

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 the 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.

Private Prisons (of which there are 12) are not included in this report although this is being managed with a view to including next year. The latest tranche of Private Prison contracts include sustainability targets and reporting.

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.

⁷ Probation Trusts are Executive Non-Departmental Public Bodies.

Greening Government Commitments

The Greening Government Commitments (GGC⁸) commenced on 1 April 2011 and replaced the Sustainable Operations on the Government Estate targets. The GGC require departments to take action to significantly reduce their impact on the environment by 2014–15.

The targets set by the GGC are based on a 2009–10 baseline which is currently under review and the MoJ is working with the Department of Environment, Food and Rural Affairs (Defra) in order to confirm this.

Carbon Reduction Commitment (CRC)

CRC is a mandated strategic level energy reporting scheme which requires medium to large energy consumers to monitor and reduce energy consumption year on year. The scheme is centrally managed by the MoJ Sustainable Development Delivery Team (SDDT) although associated carbon allowances are accrued by each reporting department. The total MoJ budget accrual associated with CRC allowances for 2011–12 is £6.3m.

Climate change adaption and mitigation

The MoJ SDDT is responsible for ensuring compliance across the MoJ on government targets and mandates relating to the Sustainable Development agenda. The SDDT has drafted a Statement for Climate Change Adaptation and set estate objectives that will focus on and address the following four areas:

- Enable the MoJ estate to evaluate risks to its strategy for programme delivery on vulnerable flood plains and evaluate its baseline for future adaptation of its targets and actions against climate change;
- Enable the MoJ estate to prioritise its management of high risk sites and where necessary divert and recalculate important and fragile resources where they are necessary to operational delivery;
- Identify where its stakeholders and central partners need to act to facilitate further or additional actions to protect against climate change; and
- Establish a strategic process in which MoJ can put in place measures necessary to adapt to future climate change.

In addition, NOMS is addressing the fine ecological and geological balances across its rural estate with regards to drought and water restrictions. As this may affect NOMS commercial agricultural/horticultural enterprises, they are liaising with partners on planning and rationale for any changes. These plans will be kept under review and are open to amendment in order to facilitate a continued improvement in meeting the statutory and mandatory obligations for climate change adaptation.

Biodiversity action planning

The SDDT has now implemented a strategy for Biodiversity across the MoJ estate to deliver against the Greening Government Transparency Targets. All sites across the estate that have been designated as significant for their biodiversity (Sites of Special Scientific Interest) either by right of ownership, or that neighbour designated sites are continuing to develop Biodiversity Action Plans (BAPs). A BAP is an internationally recognised program addressing threatened species and habitats and is designed to protect and restore biological systems.

⁸ <http://sd.defra.gov.uk/gov/green-government/commitments/>

MoJ has 30 BAPs in place in nationally designated and biodiversity significant sites. An ongoing process to audit these BAPs is also in place and this is monitored through a data information team. Site audits and any required actions are conducted by Area Biodiversity Co-ordinators under the direction of the MoJ National Biodiversity Co-ordinator.

Under the Wildlife & Countryside Act 1981 Section 28 and the National Environment Rural Communities (NERC) Act 2006 Section 40, public authorities have a duty to have regard to the conservation of biodiversity in exercising their functions. The SDDT will be drafting Site Management Agreements (SMA) at each designated site to fulfil its obligations.

Governance and internal assurance

The MoJ has established clear governance protocols and processes regarding Sustainability Reports. This highlights key stakeholders and their responsibilities as well as referring to guidance, highlighting internal procedures and identifying the main reporting areas. Overall governance and assurance is managed by the MoJ SDDT.

The SDDT produces Sustainability Reports for HM Courts & Tribunals Service, NOMS and MoJ HQ which are approved at Departmental level. These reports are then consolidated with all other reporting bodies that fall within the Departmental group to form a Ministry wide view.

About our data

The MoJ estate maintains the largest number of occupations in the United Kingdom Government and multiple reporting systems exist. Sustainability data gathering systems are extensive and are predominantly based on meter readings and invoices which are reconciled against costs.

There are limitations to the accuracy of our financial and non-financial sustainability data and the Ministry will continue to improve the quality of its internal controls through internal audit and system integration.

Sustainable procurement

Sustainable procurement takes into consideration economic, environmental and social issues when making procurement decisions.

The MoJ has recently signed-up as a main 'signatory' to the Hospitality and Food Service Sector Voluntary Agreement, (a Defra initiative designed to tackle food waste issues) and will be considering the most appropriate strategy to encourage existing and future catering service providers to endorse the Agreement, with regard to Government Buying Standards.

Carbon Management Plan

A Carbon Management Plan (CMP) is a systematic approach to reducing Greenhouse Gas emissions (GHG) integrating technical, regulatory, financial, corporate governance and communications within an overarching strategy. A CMP has been developed through a close partnership with the Carbon Trust and it follows their nationally recognised framework for effective carbon reduction. CMPs are in place in HMPS, Probation and MoJ HQ. HM Courts & Tribunals Service has established a CMP blueprint and is working on implementing this in full.

These plans and statements will be kept under review and open to amendment in order to facilitate a continued improvement in meeting statutory obligations for climate change adaptation and reporting.

Sustainable construction

All major refurbishments and new builds are required to be Building Research Establishment Environmental Assessment Method (BREEAM) assessed to a standard of very good for refurbishments and excellent for new builds. In addition 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.

Social and environmental awareness

The MoJ SDDT has drafted a statement for social and community partnership, which also encourages external partnerships to promote learning and skills training in all areas of Sustainable Development (SD) work streams. The MoJ SDDT has also implemented initiatives for its lead and central partners to enter into a Memorandum of Understanding, which promotes restorative justice, reducing reoffending; and supports further progress towards UK SD strategy targets.

Environmental Management System

The MoJ SDDT has an on-going programme of implementing an Environmental Management System (EMS) and is looking to develop a more streamlined EMS that fully meets the requirements while reducing resource impacts on front line services.

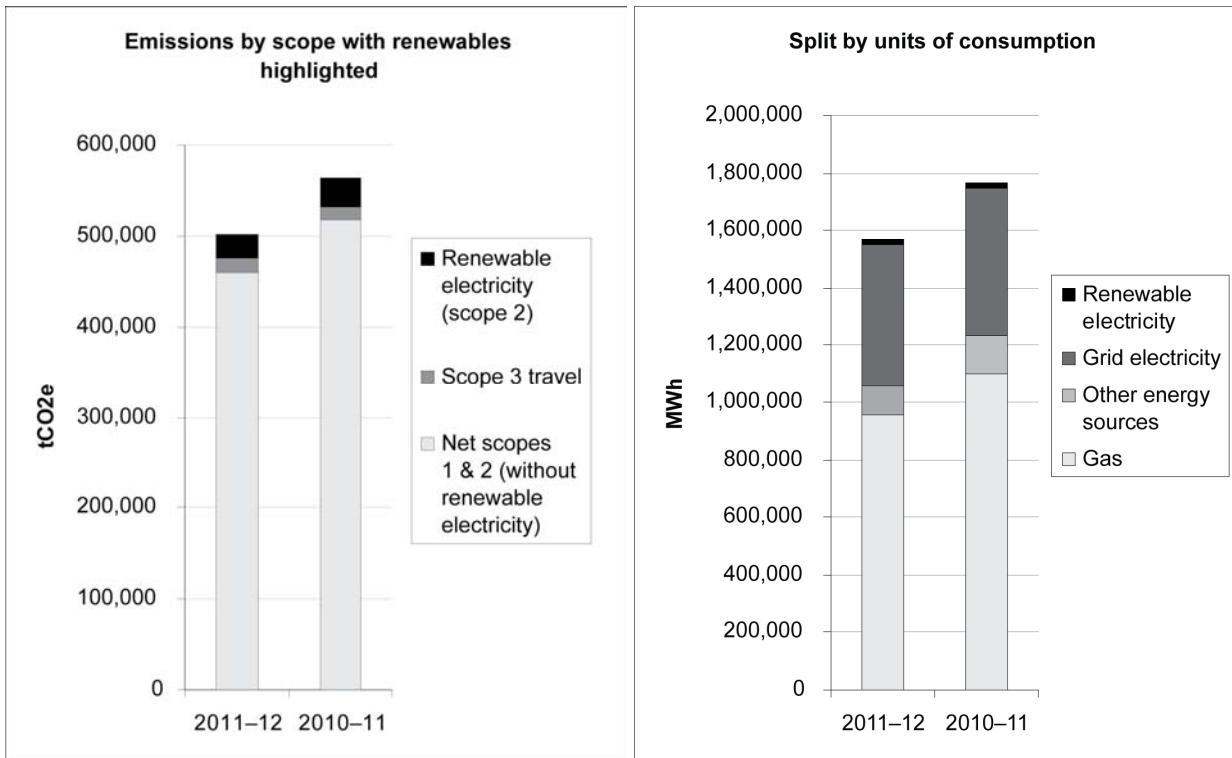
Overview of influenced impacts

MoJ Procurement liaises with energy suppliers to improve monitoring and reporting systems. In addition and where possible, MoJ Procurement engages with suppliers regarding the government buying standards in relation to efficiency, sustainability and cost reduction.

Performance summary

Greenhouse Gas (GHG) Emissions

Greenhouse Gas (GHG) Emissions		2011–12	2010–11
Non-Financial indicators (tCO ₂ e)	Total gross emissions for scopes 1 & 2	486,145	550,441
	Electricity: green/renewable	25,765	33,173
	Total net emissions for scopes 1 & 2 (i.e. having removed renewable element)	460,380	517,268
	Gross emissions scope 3 travel	15,023	13,839
	Total gross reported emissions	501,168	564,280
Non-Financial indicators (MWh)	Electricity: Purchased Grid, CHP & non-renewable	491,402	515,713
	Electricity: renewable	22,345	20,307
	Gas	952,648	1,099,261
	Other energy sources	104,273	131,995
	Total energy	1,570,668	1,767,276
Financial indicators (£000)	Expenditure on energy (including CRC)	108,302	85,874
	Expenditure on official business travel (including GCOF)	37,881	33,253
	Total expenditure	146,183	119,127



Performance commentary (including targets)

MoJ targets are led by the Government’s GGC which require a 25% reduction in GHG Emissions (CO2e) by 2014–15 based on 2009–10 though this baseline figure is currently under review.

Delivering cost and carbon savings is an MoJ priority however utility costs have increased significantly between 2010–11 and 2011–12 and this accounts for the increase in costs against the reduction in carbon. In addition, the cost of Carbon Reduction Commitment (CRC) allowances was not required during 2010–11.

The above figures show an 11% reduction in total gross carbon emissions between 2010–11 and 2011–12. Energy efficiency work has been ongoing and sustainability matters including energy reduction is central to the recently awarded Total Facilities Management (TFM) contracts within the HM Courts & Tribunals Service estate. The contracts highlight the GGC 2014–15 targets as key deliverables.

The reduction can also be attributed to numerous changes and improvements across the MoJ estate including the installation of voltage optimisation in HMPS and HM Courts & Tribunals Service estates as well as boiler upgrades, installation of water heaters, Building Management System reviews and awareness campaigns throughout the corporate body.

The significant reduction in gas consumption can partly be attributed to the milder winter throughout the UK during 2011–12 compared to 2010–11. It should also be noted however that the prison population has risen by 3% during the year and this has created larger demand for all utilities including electricity and water and space heating fuels such as gas, coal and heating oils.

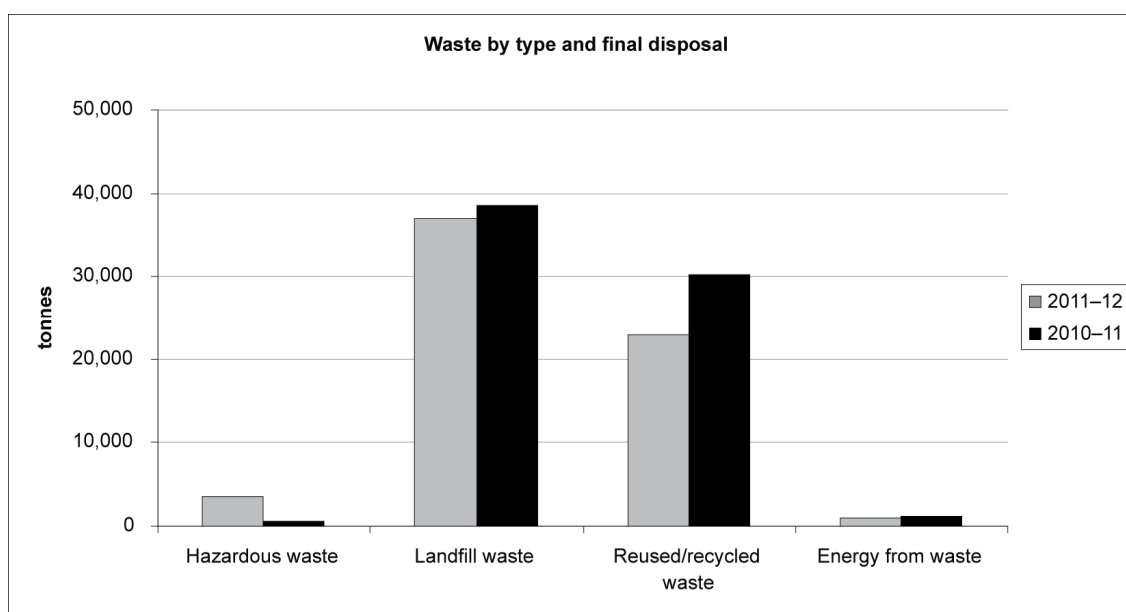
Normalised Performance (against FTE):	2011–12	2010–11
Full Time Equivalents (FTEs)	92,067	96,735
Tonnes of Carbon Dioxide Equivalent (tCO2e)	486,144	550,440
Tonnes of Carbon Dioxide Equivalent per FTE (tCO2e/FTE)	5.28	5.69

Controllable impacts commentary

Delivering cost and carbon savings remains a priority of MoJ. A series of energy efficiency programmes have been rolled out throughout the entire estate and Carbon Management Plans have been implemented in the MoJ Headquarter Buildings, HM Courts & Tribunals Service, and HMPS. Estate rationalisation across Headquarters and HM Courts & Tribunals estate has also led to reductions.

Waste

Waste			2011–12	2010–11
Non-Financial indicators (tonnes)	Hazardous waste	Hazardous waste	3,612	542
	Non-hazardous waste	Landfill waste	36,899	38,505
		Reused/recycled waste	22,972	30,209
		Energy from waste	916	1,097
	Total waste arising		64,399	70,353
Financial indicators (£000)	Total waste costs		5,085	5,592



Performance commentary (including targets)

MoJ waste targets are led by the Government's GGC which require a 25% reduction in waste arising by 2014–15 based on 2009–10. MoJ is currently showing a reduction in total waste arising between 2010–11 and 2011–12 of approximately 9%.

Controllable impacts commentary

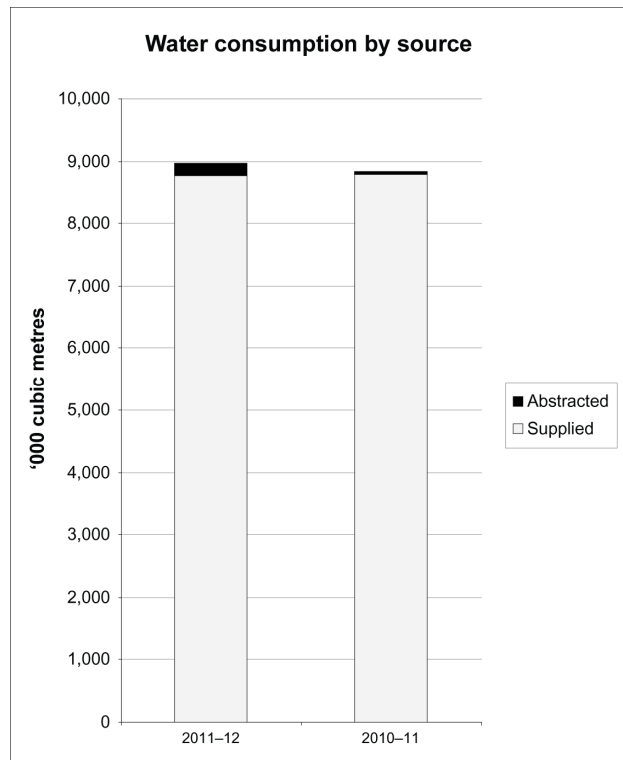
Waste data is gathered via a central management system. The figures are uplifted based on the proportion of offices or sites that supply full monthly data. The 'waste management report' is the MoJ waste monitoring structure which enables accurate reporting and assured monitoring. The application of the Government Buying Standards has resulted in more sustainable procurement resulting in reduced waste arising, particularly in packaging waste. In turn, reduced packaging waste has caused a lower landfill waste to recycling waste ratio.

Hazardous waste shows a significant increase between 2010–11 and 2011–12. This is primarily due to improvements in the underlying recording and reporting systems. In addition to the

improvements in the underlying systems, clinical waste is now included as part of hazardous waste.

Water

Water		2011 - 12	2010 - 11	
Non-Financial indicators ('000 cubic metres)	Water consumption	Supplied	8,767	8,786
		Abstracted ⁹	208	42
	Total water consumption	8,975	8,828	
Financial indicators (£000)	Total water supply costs	21,804	21,023	



Performance commentary (including targets)

MoJ targets are led by the Government’s GGC which require benchmark performance to be established by 2014–15. The target is to reduce water consumption from a 2009–10 baseline, and report on office water use against best practice benchmarks where $\geq 6 \text{ m}^3$ water consumption per FTE is defined as poor practice, 4 m^3 to 6 m^3 per FTE is considered good practice and $\leq 4 \text{ m}^3$ per FTE is best practice.

The Department is expected to report the percentage of offices meeting each benchmark. NOMS currently operate at 173 cubic metres of water per FTE however MoJ does not feel that normalisation against FTE is suitable in respect of the Prison estate which houses an increasing number of prisoners 24 hours each day and this includes all practical water consumption associated with domestic consumption including laundry services.

HM Courts & Tribunals Service is currently upgrading water monitoring systems to improve data collection and current HM Courts & Tribunals Service water totals that are incorporated into this report are estimated based on financial returns.

⁹ Water abstracted from boreholes or reservoirs.

Controllable impacts commentary

Reducing water consumption is an MoJ priority. The installation of smart water meters will allow for accurate monitoring and targeting in line with the above reporting requirements.

Additional notes

HM Courts & Tribunals Service, MoJ HQ, HMPS and NOMS travel costs include taxable and non-taxable transport, vehicle costs, “all star” fuel cards, rail, car hire and air. These figures are provided by MoJ Procurement or taken from the Purchase Ledger. Transport figures for Probation, CICA, LSC and OPG are taken from departmental Sustainability Reports.

Probation estate data is fully estimated in respect of the fourth quarter 2011-12. This is because reporting mechanisms currently incur an eight week turn around. This system will improve when the Probation estate moves directly under MoJ responsibility in October 2012 and a smart meter programme is rolled out.

MoJ Sustainable Development Data management is managed by the MoJ SDDT who are responsible for achieving the GGC as well as wider energy efficiency and carbon reductions. Data systems require greater consistency and this is being investigated and upgraded as a matter of urgency. In addition, numerous projects are being implemented including greater governance protocols, the rolling out of smart meters and a centralised Meter Operator contract.

Finance systems do not currently consistently report a PFI arrangement that supplies water and space heating to 18 prisons. In 2011–12 the energy consumed within this contract accounted for less than 1% of overall MoJ energy costs and as such the impact has been assessed as not having a material impact on the overall figures reported. Systems are being improved in time for 2012–13 reporting.

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 (MPs) 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.ome.uk.com.

Board members and senior civil servants remuneration

The salaries of MoJ Departmental Board (the Board) members (excluding the non-executive board members) are determined in line with the Cabinet Office Senior Civil Service (SCS) Reward policy.

Performance based non-consolidated performance-related payments for senior civil servants are determined by the Remuneration Committee, refer to page 63 of the Governance Statement for committee members. Whilst the Board members sit on the Remuneration Committee these individuals do not participate in any decisions relating to their own remuneration.

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

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) (This section has been subject to audit)

Remuneration	2011–12		2010–11	
Ministers	Salary (including allowances) £	Benefits in kind (rounded to the nearest £100) £	Salary (including allowances) £	Benefits in kind (rounded to the nearest £100) £
The Rt Hon Kenneth Clarke QC MP, Lord Chancellor and Secretary of State for Justice (from 12 May 2010)	68,827	-	67,341 (69,953 full-year equivalent)	-
The Rt Hon Lord McNally, Minister of State and Deputy Leader of the House of Lords (from 12 May 2010)	115,257	-	101,934 (78,891 full-year equivalent)	-
Crispin Blunt MP, Parliamentary Under Secretary of State (from 12 May 2010)	23,697	-	20,894 (23,697 full-year equivalent)	-
Jonathan Djanogly MP, Parliamentary Under Secretary of State (from 12 May 2010)	23,697	-	20,894 (23,697 full-year equivalent)	-

Notes to the table:

Minister of State for Policing and Criminal Justice, the Rt Hon Nick Herbert MP 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. His remuneration is borne by the Home Office and is disclosed in their Accounts.

Remuneration	2011–12			2010–11		
Senior Managers	Salary excluding bonuses (including allowances) £000	2010–11 bonuses paid in 2011–12 £000	Benefits in kind (rounded to the nearest £100) £	Salary excluding bonuses (including allowances) £000	2009–10 bonuses paid in 2010–11 £000	Benefits in kind (rounded to the nearest £100) £
Sir Suma Chakrabarti KCB ^a , Permanent Secretary	180–185	-	400	180–185	-	19,200
Helen Edwards CB, CBE, Director General, Justice Policy Group	160–165	-	100	160–165	5–10	200
Peter Handcock CBE, Chief Executive, Her Majesty's Courts & Tribunals Service	145–150	10–15	500	145–150	5–10	-
Ann Beasley CBE, Director General, Finance and Corporate Services	140–145	-	-	135–140	10–15	-
Jonathan Slater, Director General, Transforming Justice (until 17 July 2011)	45–50 (145–150 full-time equivalent)	10–15	-	145–150	5–10	-

Remuneration	2011–12			2010–11		
	Salary excluding bonuses (including allowances)	2010–11 bonuses paid in 2011–12	Benefits in kind (rounded to the nearest £100)	Salary excluding bonuses (including allowances)	2009–10 bonuses paid in 2010–11	Benefits in kind (rounded to the nearest £100)
Senior Managers	£000	£000	£	£000	£000	£
Antonia Romeo, Director General, Transforming Justice (from 7 November 2011)	50–55 (125–130 full time equivalent)	-	-	n/a	-	-
Michael Spurr, Chief Executive, National Offender Management Service	140–145	-	-	140–145 (140–145 full-year equivalent)	5–10	-
Carolyn Downs CB, Chief Executive, Legal Services Commission (until 20 November 2011)	110–115 (165–170 full-time equivalent)	5–10	-	165–170	-	-
Owen Mapley †, Interim Chief Executive, Legal Services Commission (from 21 November 2011 to 26 February 2012)	30–35 (110–115 full-time equivalent)	5–10	-	n/a	-	-
Matthew Coats ▲, Chief Executive, Legal Services Commission (from 27 February 2012)	10–15 (140–145 full-time equivalent)	-	-	n/a	-	-
Non-Executive Directors	Fees excluding bonuses (including allowances)	2010–11 bonuses paid in 2011–12	Benefits in kind (rounded to the nearest £100)	Fees excluding bonuses (including allowances)	2009–10 bonuses paid in 2010–11	Benefits in kind (rounded to the nearest £100)
	£000	£000	£	£000	£000	£
Jim Leng *, Lead Non-Executive Director	-	-	-	-	-	-
Dame Sue Street * DCB, Non-Executive Director	15–20	-	-	0–5 (15–20 full-year equivalent)	-	-
David MacLeod ‡, Non-Executive Director	15–20	-	-	5–10	-	-
Anne Bulford ‡ OBE, Audit Committee Chair and Non-Executive Director (until 31 December 2011)	10–15 (15–20 full-year equivalent)	-	-	5–10	-	-
Bill Griffiths, Audit Committee Chair and Non-Executive Director (from 1 November 2011)	5–10 (15–20 full-year equivalent)	-	-	n/a	-	-
Band of Highest Paid Director's Total Remuneration (£000)		180–185			180–185	
Median Total Remuneration (£)		24,333			24,209	
Ratio		7.5			7.5	

Notes to the table

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

† Ursula Brennan was appointed as Permanent Secretary on 2 July 2012 following the resignation of Sir Suma Chakrabarti from MoJ on 8 June 2012.

‡ Owen Mapley was appointed as the Interim Chief Executive of the Legal Services Commission (LSC) on 21 November 2011. He resumed his position as the Director of Finance and Corporate Services on the 27 February 2012 following the completion of his appointment as Interim Chief Executive.

▲ Matthew Coats was seconded from the MoJ to the LSC following his appointment as Chief Executive on 27 February 2012. His contract expires on 31 March 2013, at which point he will return to the MoJ on an open contract.

* Non-Executive Directors serving from the beginning of the financial year (Anne Bulford and David McLeod) were paid on a daily basis (where a day was 7 hours attendance) until 20 April 2011. Since 20 April 2011 all appointed Non-Executive directors were entitled to an annual honorarium of £15k.

* Jim Leng waived his fee for 2011–12 and 2010–11. Dame Sue Street's fee for 2011–12 and 2010–11 was paid directly to three charities via the Give As You Earn scheme.

None of the Non-Executive Directors have pension entitlements with the Ministry.

Pay multiples

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 2011–12 was £180–185k (2010–11: £180–185k). This was 7.5 times (2010–11: 7.5) the median remuneration of the workforce, which was £24,333 (2010–11: £24,209).

In 2011–12, 16 (2010–11: 13) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £185k–£210k (2010–11: £185k–£375k). These figures exclude any severance pay in respect of compulsory redundancies and voluntary early departures disclosed at Note 7.5.

Total remuneration includes salary, non-consolidated performance-related pay and severance pay. It does not include benefits-in-kind, employer pension contributions and the cash equivalent transfer value of pensions. Benefits in kind have been excluded as the final value is to be agreed between the Secretary of State and Her Majesty's Revenue and Customs (HMRC). The benefits-in-kind paid by MoJ in 2011–12 to employees primarily relate to performance recognition payments and would not significantly impact the median pay ratio.

Compensation for loss of office

No senior managers received compensatory payments in 2011–12 (£nil in 2010–11).

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 (£65,738 from 1 April 2010) 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 HMRC as a taxable emolument.

2011–12 benefits in kind balances recognised by Senior Managers relate to travel with the use of taxis, despatch agency vehicles and cars from the Departmental pool.

Benefits in kind are an estimate, as the final value is to be agreed between the Secretary of State and HMRC.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2011–12 relate to performance in 2010–11 and the comparative bonuses reported for 2010–11 relate to the performance in 2009–10.

Pension benefits (This section has been subject to audit)

Ministerial Pension Benefits	Accrued pension at age 65 as at 31 March 2012	Real increase in pension at age 65	CETV at 31 March 2012	CETV at 31 March 2011 (recalculated)	CETV at 31 March 2011 (published)	Real increase in CETV
	£000	£000	£000	£000	£000	£000
Senior Managers						
The Rt Hon Kenneth Clarke QC MP *, Lord Chancellor and Secretary of State for Justice	25–30	0–2.5	468	428	n/a	26
The Rt Hon Lord McNally, Minister of State and Deputy Leader of the House of Lords	0–5	0–2.5	66	33	33	23
Crispin Blunt MP, Parliamentary Under Secretary of State	0–5	0–2.5	18	9	8	5
Jonathan Djanogly MP, Parliamentary Under Secretary of State	0–5	0–2.5	16	8	6	4

Notes to the table:

The CETV at 31 March 2011 (published) was calculated using actuarial assumptions applicable at the year-end. The CETV at 31 March 2011 (recalculated) reflects the actual position based on the crystallisation of those yield assumptions.

* The Rt Hon Kenneth Clarke QC MP in his role as Lord Chancellor is no longer eligible to contribute or build up benefits within the PCPF and no longer holds an entitlement to any benefits within the PCPF.

In 2010–11, the Lord Chancellor waived his right to receive the Lord Chancellor's pension, and chose to instead receive benefits commensurate with what he would have received had he been permitted to remain a member of the PCPF, these benefits will be paid from the Consolidated Fund.

Ministerial pensions

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 SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's 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 MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2009 members pay contributions of 5.9% of their Ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution of 28.7% of the Ministerial salary paid by the Exchequer representing the balance of cost as advised by the Government Actuary. Increases to member and Exchequer contributions will apply from 1 April 2012.

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.

Cash Equivalent Transfer Value (CETV)

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 CETV

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.

Pension Benefits						
	Accrued pension and related lump sum at pension age at 31 March 2012	Real increase in pension and related lump sum at pension age at 31 March 2012	CETV at 31 March 2012	CETV at 31 March 2011 (recalculated)	CETV at 31 March 2011 (published)	Real increase / (decrease) in CETV
Senior Members	£000	£000	£000	£000	£000	£000
Sir Suma Chakrabarti KCB, Permanent Secretary	60–65 plus 180–185 Lump Sum	(2.5)–0 plus (5)–(2.5) Lump Sum	1,162	1,086	1,114	(18)
Helen Edwards CB, CBE, Director General, Justice Policy Group	20–25 plus 0–5 Lump Sum	0–2.5 plus (2.5)–0 Lump Sum	409	342	355	35
Peter Handcock CBE, Chief Executive, Her Majesty's Courts & Tribunals Service	90–95 plus Nil Lump Sum	(2.5)–0 plus (2.5)–0 Lump Sum	1,825	1,724	1,802	(50)
Ann Beasley CBE, Director General, Finance and Corporate Services	55–60 plus 165–170 Lump Sum	0–2.5 plus 0–2.5 Lump Sum	1,047	968	1,003	(2)
Jonathan Slater, Director General, Transforming Justice (until 17 July 2011)	35–40 plus 110–115 Lump Sum	0–2.5 plus 0–2.5 Lump Sum	621	605	604	7

Pension Benefits						
	Accrued pension and related lump sum at pension age at 31 March 2012	Real increase in pension and related lump sum at pension age at 31 March 2012	CETV at 31 March 2012	CETV at 31 March 2011 (recalculated)	CETV at 31 March 2011 (published)	Real increase / (decrease) in CETV
Senior Members	£000	£000	£000	£000	£000	£000
Antonia Romeo, Director General, Transforming Justice (from 7 November 2011)	10–15 plus 30–35 Lump Sum	0–2.5 plus 5–7.5 Lump Sum	130	101	n/a	20
Michael Spurr, Chief Executive, National Offender Management Service	50–55 plus 160–165 Lump Sum	0–2.5 plus 0–2.5 Lump Sum	929	851	804	3
Carolyn Downs CB, Chief Executive, Legal Services Commission (until 20 November 2011)	10–15 plus Nil Lump Sum	0–2.5 plus Nil Lump Sum	142	76	76	22
Owen Mapley, Interim Chief Executive, Legal Services Commission (from 21 November 2011 to 26 February 2012)	5–10 plus Nil Lump Sum	0–2.5 plus Nil Lump Sum	78	49	49	12
Matthew Coats, Chief Executive, Legal Services Commission (from 27 February 2012)	35–40 plus Nil Lump Sum	0–2.5 plus Nil Lump Sum	480	419	n/a	22

Notes to the table:

Information disclosed above relates to the full year, dates included above relate to the period in which the individuals were in post as Senior Managers, not when they began reviewing person benefits.

The CETV at 31 March 2011 (published) was calculated using actuarial assumptions applicable at the year-end. The CETV at 31 March 2011 (recalculated) reflects the actual position based on the crystallisation of those yield assumptions.

Civil Service pensions

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 set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2012. 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 his/her 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 the website <http://www.civilservice.gov.uk/pensions>.

Cash Equivalent Transfer Values (CETV)

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 CETV

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

10 July 2012

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), Her Majesty's (HM) Treasury has directed Ministry of Justice 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 Arm's Length Public Bodies designated by order made under the GRAA by Statutory Instrument 2011 No 3004 (together known as the 'Departmental Group', consisting of the Department and sponsored bodies listed at Note 32 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, resources applied to objectives, recognised gains and losses and cash flows of the Departmental Group 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 the 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 Arm's Length Public Bodies;
- 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 Head of the Department as Accounting Officer of Ministry of Justice.

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored Non-Departmental and other Arm's Length Public Bodies 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 Arm's Length Public Body 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 I was appointed Principal Accounting Officer on 2 July, taking over from Helen Edwards who was appointed Interim Accounting Officer on 9 June 2012, following the departure of the previous Permanent Secretary, Sir Suma Chakrabarti. Helen is Director General, Justice Policy Group and has attended the MoJ Departmental Board (the Board) and Executive Management Committee of the Board (EMCB) meetings for a number of years so she took up the temporary position with a good understanding of the control environment within the Ministry of Justice and of the risks facing it. Having completed a detailed handover with Helen Edwards who, in turn, completed one with Sir Suma Chakrabarti, I am confident that all assurances detailed within this statement were in place prior to this date.
- 1.2 As Accounting Officer, I have put in place governance arrangements to ensure 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 and that supports the achievement of policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally accountable.
- 1.3 My EMCB support me in ensuring that the Department can quickly identify any emerging risks and put actions in place to manage them and that we regularly review how well risks are being managed. During the year it became apparent that, because of the large number of legacy Information Technology (IT) systems across the Department, we needed to focus on the risk of IT failure and this was added to our risk register. Over the past financial year the Board and its committees have grappled with a wide range of issues from the large-scale restructure of the Department to the introduction of a competition strategy. The impact of policy decisions on the operation of the Department – for example the sentencing package in the Legal Aid Sentencing and Punishment of Offenders (LASPO) Bill – have also been discussed, as have the Department's key change programmes – such as the Legal Services Commission (LSC) Integrated Delivery Programme.
- 1.4 I have reported, later in the statement, some of the issues that I consider were significant enough to impact on the welfare of the Department. This includes the late laying of the accounts for 2010–11 and the qualification in the LSC accounts and I explain what action has been taken to ensure that we have a realistic plan for laying pre-recess for the coming year and to deal with the qualification issue. I also highlight lapses in control in both Her Majesty's (HM) Courts & Tribunals Service and National Offender Management Service (NOMS) and explain why I am satisfied that controls in both areas have been strengthened to prevent similar incidents in the future.
- 1.5 In the forthcoming year the Department is going to face many challenges, including continuing to live within our challenging Spending Review 2010 (SR10) settlement and planning for the next phase of our Transforming Justice programme.
- 1.6 This statement sets out in more detail how we have continued to develop our governance structure following a review of the effectiveness of the Board and its committees and how we have reviewed our risks to ensure that we maintain our focus on the areas that are most likely to prevent us from achieving our objectives. I am confident that we have the governance, risk management and assurance arrangements in place to ensure that we can rise to those challenges.

2. Governance framework

Departmental Board

- 2.1 The Departmental Board (DB or the Board) forms the collective strategic and operational leadership of the Department, bringing together the Ministerial and Civil Service leaders with senior Non-Executives from outside government. It is responsible for delivering the structural reform plan and the new public services transparency framework. Its remit is advising and challenging on performance and delivery, including appropriate oversight of sponsored bodies.
- 2.2 The Board approves major spending decisions, has overall responsibility for the allocation of resources, and assures itself that the priorities and efficiency agenda for MoJ are delivered and the associated risks in the corporate risk register managed. In its discussions, the Board considers the needs of MoJ users and stakeholders.
- 2.3 During the past year, in addition to discussions on finance, performance and risk, the Board discussed progress towards delivering the Department's vision and plans for delivering the required efficiency savings. The Board considered how best to meet the implementation challenges of payment by results, the Department's competition agenda and the rehabilitation revolution. There were also items focused on the transition of the LSC to agency status, the delivery of the Departmental accounts, the Capability Review and the Staff Engagement Survey, and the Board Effectiveness Review. The Board signed off the allocations for 2012–13 and held a workshop to develop a new Corporate Risk Register which was subsequently agreed.
- 2.4 The Board Operating Framework sets a clear governance framework for the Board. The Board's Operating Framework was recently reviewed and revised, as were the Terms of Reference of some of its Committees. There are effective arrangements for reporting and managing any conflicts of interest but this has not been necessary during the year.

Board Effectiveness

- 2.5 Towards the end of the year, the Lead Non-Executive Board Member carried out a formal review on the overall effectiveness of the Board. Although still in the early stages, it was felt that the Board is developing unity of purpose and Board members feel able to challenge both assumptions and one another. Following the review, the Department has changed the number of Board meetings each year and has decided to dedicate two meetings to the development of the future strategy and the budget. The review also demonstrated that the involvement of non-executives in key issues outside of Board meetings was helping the Department get the full benefit of non-executives' expertise and was providing for more effective discussion at the meetings.

Committees of the Board

- 2.6 The Departmental Board is supported by five Committees: the Executive Management Committee of the Board (EMCB); Transforming Justice Committee (TJC), Workforce Committee (WfC), Financial Management Committee (FMC), and the MoJ Audit Committee. The Remuneration Committee meets at least once a year. Its membership is the same as the Workforce Committee and it is chaired by David MacLeod, a Non-Executive Board Member.
- 2.7 The sub-committees report on their work to the Board and during 2011–12 the highlights have included:
- Executive Management Committee of the Board – oversees the day-to-day management of the Department and meets weekly. In addition to monthly meetings looking at finance, performance and risk, EMCB discussed the allocations for 2012–13, the Finance Improvement Programme and the delivery of both the 2010–11 and the

2011–12 accounts. The Committee also discussed policy issues including those surrounding the Legal Aid, Sentencing and Punishment of Offenders Bill, the Department's approach to commissioning, reforms to family justice, and the review of probation services. The Committee dealt with the impact of various external events on the Department, including the civil disturbances in August and industrial action in the public sector. EMCB also signed off the business plans for 2012–13.

- **Workforce Committee** – ensures the Department has the right capabilities to deliver its objectives. The Committee oversaw the Department's restructuring and therefore had discussions on issues such as the voluntary early departure scheme, the management of restructuring within various parts of the Department, and the impact on affected staff. The Committee also discussed plans for the development of senior staff (including a detailed talent moderation session); the staff engagement survey, employee relations and diversity, as well as setting in train major pieces of work to create a People Plan for the Department and a new Reward Strategy.
- **Transforming Justice Committee** – monitors delivery of the Department's major change programmes. At each meeting, the Committee discussed progress towards the Department's vision and received an update on programmes within the change portfolio. In particular, the Committee scrutinised progress on Information and Communication Technology (ICT) change programmes within NOMS, the capacity management programme, and the delivery of the Shared Services agenda. The Committee discussed a range of issues, including how best to manage policy initiatives within the portfolio, and the building of Programme and Project Management (PPM) capability within the Department. The Committee also approved a range of Strategic Outline Business Cases (SOBCs) and Outline Business Cases (OBCs), including for the Future IT Sourcing Strategy (FITS), prison competitions and Payment by Results (PbR).
- **Financial Management Committee** – ensures robust management of the Department's finances and oversees improvements in financial efficiency. At each meeting the Committee discussed the in-year financial position and received an update on payroll spend and procurement. In addition to this, the Committee discussed the Finance Improvement Programme (FIP), likely inflationary pressures over the Spending Review (SR10), and delivery of required efficiency savings. The Committee also approved a range of full business cases, including for court estate reform and the NOMS organisational restructure.
- **Audit Committee** – a Board Committee, which has entirely independent non-executive membership. It provides independent advice on risk, control and governance issues and on the internal and external audit work programmes. In the latter part of the year membership was strengthened to include the Chairs of the NOMS, HM Courts & Tribunals Service and LSC audit committees with the aim of creating a more corporate committee which was more aware of issues across the Department. The committee reviewed the consolidated accounts for 2010–11 but was unable to sign them off pre-recess as they were not presented for audit until after Parliament had risen. Subsequently the committee reviewed and endorsed the report produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the late laying of the accounts for 2010–11 and has monitored progress towards the implementation of recommendations in that report. The committee contributed to the Permanent Secretary's letter to the Public Accounts Committee (PAC) outlining progress on financial management and to the National Audit Office (NAO) follow up review on financial management in the Department. The committee has actively monitored progress against the accounts production timetable and challenged management on the achievability of deadlines set.

2.8 Full details of the membership and attendance records of the Departmental Board and its sub-committees are shown in tables 1 to 6 on pages 61 to 64.

Compliance with “Corporate Governance in Central Government Departments: Code of Good Practice”

- 2.9 The Board is satisfied that it has sound Governance in place and that the MoJ is compliant with the Code of Good Practice except with respect to developing a Nominations and Governance Committee. However, the expected functions of such a Committee are fulfilled by the Workforce Committee, Remuneration Committee and the Departmental Board. The Workforce Committee ensures there are satisfactory systems for identifying and developing leadership and high potential; scrutinising the performance management systems; and succession planning for the senior leadership of the Department. The level of any non-consolidated payments (in line with Cabinet Office policy) for each payband within the Senior Civil Service (SCS) is determined by the Remuneration Committee chaired by a Non-Executive member. The Pay Committee, which makes decisions about the level of payments to Directors General, comprises the Permanent Secretary, the Non-Executive member and the Group Human Resources (HR) Director. The Departmental Board scrutinises and annually signs off the Department’s governance arrangements.

3. Risk Management

- 3.1 The Board appointed Lord McNally to champion risk at Departmental Board meetings and the risk register is actively reviewed monthly at EMCB meetings and at every DB meeting. The key risks to the Department for the first part of the year included risks around sentencing policy, future funding, the Criminal Injuries Compensation Scheme (CICS), significant industrial action, legal aid reform, LSC financial and operational systems and controls and, added part way through the year, NOMS business support infrastructure.
- 3.2 As the revised governance arrangements became firmly embedded, the Departmental Board decided to review the Departmental risks in their entirety at a workshop in November 2011. The output from the workshop formed the basis of the current Departmental Risk register which includes risks relating to employee morale, loss of key people, policy tensions, managing across the joins, loss/lack of prison places, left-field shocks, major IT failure, the efficiency saving programme, external governance and spending controls.

Weaknesses in information provided to the Driver Vehicle Licensing Agency (DVLA)

- 3.3 One risk materialised during the year which was linked to managing across the joins when a joint review of communications between DVLA and HM Courts & Tribunals Service revealed that alcohol levels for some drink driving convictions were not provided to DVLA by the courts – in total some 262,225 driver records going back over 20 years. As a result, in some cases, driving licences were reissued to individuals whose ban had expired, but without them undergoing legally required medical tests. HM Courts & Tribunals Service have implemented IT changes which mean that the courts will not allow drink driving cases to be resulted without a valid alcohol level having been provided. Furthermore, new operational guidance has been issued to staff who deal with these cases. HM Courts & Tribunals Service and the police are working together urgently to identify the correct alcohol readings for some of the missing alcohol readings in line with records retention policies and time limits set under the Rehabilitation of Offenders Act 1974. Any further High Risk Offenders identified from these will be required to undergo a medical assessment by DVLA.

Resulting process

- 3.4 A further risk to the reputation of the Department materialised when a member of staff from a magistrates’ court was found guilty under the Bribery Act. The individual has been dismissed, and two additional staff members have been suspended. A workshop involving key staff reviewed the control weakness identified by Internal Audit and Assurance Division and by the Court Assurance Support Team to ensure that appropriate action had been taken to mitigate against exposure and to ensure that the lessons learned were acted upon. Management have responded to identified exposure appropriately and actions are either

complete or on target. A report will be circulated to Delivery Directors and Cluster Managers for information.

Category A Escape

- 3.5 On 23 January 2012, a GEO Amey escort vehicle was ambushed by three armed men shortly after having left HM Prison (HMP) Hewell. During the incident the perpetrators facilitated the escape of a Category A prisoner on remand who was due for a court appearance. This was the first Category A escape for more than 16 years. The prisoner remains at large.
- 3.6 In the aftermath of the incident it became clear that, despite his formal categorisation, HMP Hewell had not applied appropriate Category A procedures to the prisoner. If these procedures had been properly applied it is considered that the risk of escape would have been very significantly reduced. The focus of immediate remedial actions was on ensuring that all prisons appropriately apply Category A procedures. The formal investigation has made a total of 30 recommendations, all of which have been accepted by the commissioning manager and are now in the process of being implemented.
- 3.7 On 30 May 2012, a convicted Category A prisoner who was appearing at Cambridge Crown Court, facing charges of assaulting prison staff, escaped from the court building. He was pursued but remained at large for approximately 45 minutes before being recaptured by the police.
- 3.8 In the short-term the focus of NOMS will be on implementing the recommendations from the formal investigation into the escape. In the medium-term a wider-ranging piece of work around the security of prison escorts is being carried out; any learning from this project will be used to further strengthen the procedures in place. In the longer-term security procedures will remain subject to continual review in order to identify emerging threats and develop effective countermeasures to ensure the risk of a future escape remains low.

LSC Accounts Qualification

- 3.9 The LSC's Accounts have been qualified since 2008–09 in respect of eligibility for grant of legal aid and accuracy of payments to legal aid providers.
- 3.10 MoJ and LSC have taken forward the recommendations outlined in NAO reports and subsequent PAC Hearings. In addition, during 2010–11, the NAO limited the scope of their audit opinion due to uncertainties regarding the LSC's accounts receivables balances and their related impairment provision.
- 3.11 Considerable progress has already been made to address qualification issues and these include:
- Reducing the level of reported error – Analysing the causes of errors across all its legal aid schemes to target work to improve its financial and operational controls and to recover overpayments made to providers. In 2011–12, the LSC recovered £10 million of overpayments.
 - Improved provider performance (where the majority of errors originate) through an extensive programme of visits to providers, targeted guidance and training and the use of contract sanctions.
 - Changes to the on-line submission system to reduce the ability for providers to input incorrect amounts claimed.
 - A programme of targeted activity to remove the level of error and uncertainty in its debt balances.

- A new approach for assessing impairment based on a combination of a refined model based on historic collections and management judgement has been implemented to remove the uncertainties that prompted the debt qualification in 2010–11.

3.12 As a result of the above and implementation of other enhanced controls, improvements to the anticipated level of error indicate that there has been significant decrease to £35.6m, a reduction of 28% from prior year.

3.13 Additionally the work completed on both the gross debt and impairment balances has resulted in the NAO providing a clean opinion on the debt balance for 2011–12. Furthermore, as the NAO was able to gain comfort over the methodology for estimating the impairment provision, following restatement of the prior period figures the LSC was able to remove the qualification on the opening balances for 2011–12.

Late laying of the Accounts

3.14 A further issue which was not specifically on the risk register but which was a consequence of the risk of external governance requirements was when MoJ was unable to lay its 2010–11 Annual Report and Accounts before Parliament prior to summer recess in accordance with HM Treasury's timetable for central government bodies.

3.15 Each of MoJ's agencies laid their 2010–11 agency accounts prior to summer recess (an improvement over 2009–10). However, a primary reason for MoJ's non-delivery to a pre-recess deadline was that the NOMS accounts were delayed to the extent that the Department was left insufficient time to complete the consolidation of the MoJ Group Accounts, and have them audited, to meet the timetable.

3.16 An independent review of the MoJ Annual Report and Accounts 2010–11 production process by the CIPFA was undertaken. This noted that while the late production of the NOMS accounts was a significant factor there was no single reason for the delay but rather a combination of organisational, staffing and technical factors.

3.17 The PAC as part of their report on the Ministry of Justice Financial Management made the following recommendation:

The Ministry must find a way to break the cycle and account to Parliament on a timely basis. The Ministry should develop a comprehensive project plan for delivering the resource accounts on time which includes key interdependencies and milestones.

3.18 Following recommendations made in PAC hearings and external reviews, the MoJ has taken a number of steps (as part of our wider Finance Improvement Programme) to address causes of delay including:

- Redesigning the finance structures to ensure the right people are in place to meet future reporting requirements and timetables. The MoJ has addressed resourcing requirements through the use of specialist interim support and the recruitment of permanent staff who are focused on the production of the Annual Report and Accounts.
- A detailed review of the accounts production timetable was undertaken to identify areas in the timetable that could be streamlined or brought forward and where possible contingency was removed. This review was undertaken in conjunction with the NAO to ensure that the revised timetable, although containing little contingency gave the MoJ a realistic opportunity to lay its accounts prior to Parliamentary summer recess.
- The revised timetable included completing substantial work at Quarter 3 to ensure that issues were identified and resolved early in the accounts production process. As a result, the MoJ, its Agencies and Non-Departmental Public Bodies (NDPBs) produced full sets of accounts which were audited by the NAO at Quarter 3. This allowed extensive work to be completed on areas that have caused difficulties in the past, for example non current assets.

- The consolidation model was redesigned to improve the efficiency of the consolidation process. The revised model was used at Quarter 3 and significantly reduced the time taken to complete the consolidation process.
 - New mechanisms have been set up to ensure that key risks and issues are reported promptly to management.
 - The Director General Finance and Corporate Services chairs the fortnightly Accounts Steering Group which has strengthened the reporting channels between MoJ and its reporting bodies, reducing the risk of issues arising at year-end.
- 3.19 HM Treasury's Clear Line of Sight (CLoS) timetable targets a pre-July 2012 publication date for Departmental Annual Report and Accounts and requires MoJ to consolidate accounts for an additional nine NDPBs and one statutory office within the Departmental Group including the LSC whose Annual Report and Accounts were subject to qualification in 2010–11.
- 3.20 Recognising the challenge that this new requirement presents MoJ has elected to aim to publish its Annual Report and Accounts prior to the Parliamentary summer recess (not later than 16 July 2012).
- 3.21 In 2012–13, the MoJ will build upon the initiatives above to enable further improvements to the overall accounts production process such as the production of interim accounts after the second quarter as well as at the end of the third quarter.
- 3.22 During the year the NAO reviewed the Finance Improvement Programme and our progress on improving financial management. In their report¹⁰ they acknowledged that there has been a significant improvement in MoJ's financial management since their last report in 2010, including the actions we have taken to improve accounts production. This improvement was also acknowledged by the PAC at their hearing in January 2012.

Business Continuity Planning

- 3.23 Business Continuity Plans to manage the risk of disruption to business are continually developed and tested. Plans were tested during the year when the Department responded effectively to the civil unrest that took place during August 2011, which placed an unprecedented demand on the services provided by the Department. There was a need for an immediate and visible Criminal Justice System (CJS) response to the public disorder across England in August 2011 to support the police, and act as a deterrent to the continuing disorder and provide reassurance to the public and MoJ took a lead in the planning and co-ordination of this in the worst affected areas. There was a sharp rise in numbers of arrests and the subsequent need for cases to be brought before the courts swiftly to prevent any delays or difficulties in the processing of those arrested.
- 3.24 The MoJ immediately reviewed the position in partnership with senior judiciary and other CJS agencies in light of existing business continuity responses.
- 3.25 A framework was agreed for ensuring a proportionate response by the courts with decisions being co-ordinated through a strategic CJS command structure that built on the NOMS Agency's incident command arrangements and the senior judiciary.
- 3.26 This led to the managed opening of courts overnight or late in the evening to prevent police cells becoming overcrowded and enable swift hearings of cases. This also supported clear lines of communication and supported local arrangements to effectively manage caseloads, for example having two dedicated Crown Courts in London to hear cases. This resulted in fast disposal of a high number of cases in a very short space of time. This in turn resulted in

¹⁰ Financial Management in the Ministry of Justice: Progress Report 2011.

significant increase in the prison population and normal opening hours in Reception Departments in prisons were extended to effectively deal with the increase.

- 3.27 In the weeks and months following the disorder the MoJ experienced significant rises in the prison population, with the estimated impact of around 1100 places requiring the deployment of contingency capacity, delay in plans to effect already announced closures and the postponement of plans for further closures.
- 3.28 MoJ is heavily dependent on savings generated by Capacity Reductions to operate within the SR10 funding levels. There are potentially severe implications from the civil disorder and the increases in population this is likely to generate. This includes:
- Inability to close sites earmarked for closure; and
 - Costs associated with purchasing extra capacity.
- 3.29 There are enough places in the prison estate to hold the present and projected prison populations in the short term. There are plans in development to ensure that capacity can track heightened levels of population in the medium term and there are plans being drawn up to create space on a 'New for Old' basis in the longer term.
- 3.30 The MoJ and NOMS Board will continue to monitor the risk posed by lack of capacity.
- 3.31 Plans for a CJS Strategic Command based on the model used during the Civil Disorder are also at an advanced stage and would ensure lessons learned are recorded and embedded into future business continuity plans.

Information Assurance

- 3.32 There are no aspects of information assurance that represent significant control weaknesses. However should the risk of Major IT failure appearing in the Department's Corporate Risk Register materialise this would significantly affect the Department's ability to manage its information. This year we have assessed ourselves as fully or largely compliant with 42 of the 47 HM Government (HMG) Information Assurance Standard No 6 requirements and partially compliant in a further five. However, these are not serious areas of concern for the Department and represent no significant risk. Where partial compliance exists, plans are in place to address this, or we have decided that full compliance would not be appropriate or proportionate based on the level of risk to the Department.
- 3.33 We have maintained a high level of awareness of good information handling practice, with 96% of staff completing the mandatory training. A more robust IA governance regime is now in place. The MoJ Senior Information Risk Owner (SIRO), HQ business group SIROs and executive agency SIROs meet quarterly as a SIRO Board. This enables more active senior monitoring of the Department's key and cross cutting information risks. In parallel SIROs from our arms length bodies (ALBs) meet as an ALB SIRO Board, chaired by the Head of the ALB Governance Division. During the coming reporting year we will seek to take forward further work to more robustly challenge and verify IA compliance, particularly with Information Asset Owners, across the Department as resources allow.
- 3.34 Compared to 2010–11 levels, the Department has seen a significant increase in the number of Category II incidents. This is largely attributable to an issue affecting a specific business area and incidents of numerous losses of correspondence by a third party supplier. Incident management work has been undertaken to control risks within this area and as a result there has been a significant reduction in the rate of such incidents, within the last three months of the reporting year.

Managing the risk of financial loss – end to end processes

- 3.35 On my behalf, the Department's Financial Management Committee (FMC), chaired by the Director General Finance and Corporate Services, approved the overall strategy for

assessing our overall exposure to the risk of financial loss in its end to end financial processes. To date the Department has completed assessments for two key end to end processes (payroll and procurement). In both cases, the outcomes of these assessments have provided assurance that the controls currently in place are effective and at the appropriate level to mitigate risk of financial loss. I will gain ongoing assurance as we complete our programme of assessments for the remaining key end to end financial processes during 2012–13.

4. Oversight and Assurance Arrangements

4.1 The Board exercises oversight of the performance of the Department by:

- Using the integrated performance and planning framework to check progress against delivery of the MoJ's key priorities as set out in the Public Services Transparency Framework and Corporate Strategy (which in addition to policy priorities covers delivery of services at a high level). This includes monitoring performance against key efficiency metrics, corporate risks and seeking assurance over performance of the Department's sponsored bodies. The Board has been asked to make decisions when performance is off track, in particular where there were potential implications for front line delivery or living within the SR Settlement.
- Receiving up to date reports on the in year financial position and regular updates on the progress of MoJ's major projects and programmes (those projects and programmes within the Transforming Justice portfolio). They have made decisions, based on agreed thresholds, on any issues that arise. They have also discussed issues that exceed the agreed thresholds levels (e.g. overspend, significant risks to delivery etc).
- Agreeing delegations to Business Groups and throughout the governance structure to ensure the right decisions are being taken by the right people in the right place, whilst ensuring the Board is provided with the appropriate level of assurance.

The Board takes assurance from a range of external sources including:

- NAO reports (including Value for Money) and the audit report for the 2011–12 Resource Accounts;
- HM Inspectorate of Prisons publications and (Annual) report;
- HM Inspectorate of Probation publications and (Annual) report; and
- Corporate Audit Committee Chair's Annual Report.

4.2 One of the key sources of independent assurance within the Department comes from the activities of its Internal Audit Division which meets the Government Internal Audit Standards. The internal audit programme is closely linked to the key risks to the Department, its Agencies and ALBs and arrangements are in place to ensure that the Accounting Officer is made aware of any significant issues which indicate that key risks are not being effectively managed. Internal Audit activity was conducted during the period of unprecedented change outlined in this statement. Although there have been significant improvements in financial management and the positive feedback from both the NAO and the PAC are reflected in internal audit results, it is not surprising that the significant changes and staff losses have had some impact on the control environment. Internal audit has highlighted critical or significant weaknesses in a number of HR and operational systems across the Department. The internal auditors were only able to provide limited¹¹ assurance on the adequacy of risk, control and governance arrangements in two of the

¹¹ Our work identified moderate/high/critical rated findings which, whilst isolated to specific systems and processes, when taken in aggregate we believe have a major impact upon the system of internal control. Consequently, we can give a limited level of assurance on the adequacy and effectiveness of the system of governance, risk management and internal control.

Agencies (HM Courts & Tribunals Service and OPG) and in the Legal Services Commission. This has resulted in the Head of Internal Audit being able to give only a limited assurance on the Department as a whole. The Audit Committee and Permanent Secretary received the report at the beginning of June and have asked the Directors General to develop a plan to improve the control environment in the coming year.

- 4.3 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; and
 - Head of MoJ Corporate Health and Safety Annual Report.
- 4.4 Assurance about the extent to which our 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. I also meet with the Chief Executives of our executive NDPBs quarterly to discuss any emerging or common issues.
- 4.5 The Departmental Fraud Policy and "whistle blowing" policy for confidential reporting of staff concerns was published in July 2008 as part of the Departmental conduct policy and is available to all staff on the Department's Intranet.
- 4.6 The Department has appointed a Counter Fraud Champion to lead on measures within MoJ, its agencies, and other public bodies to tackle fraud and error. The MoJ Counter Fraud Champion is one of a network of Counter Fraud Champions, based in all major government departments and feeds into the work of the Government's Counter Fraud Taskforce.

Localism – Accountability System Statement

- 4.7 The Grant Agreement signed in November 2011 between the Department and Victim Support (VS), which receives the vast majority of MoJ grant funding, contained funding commitments which were based on a rigorous assessment of the assumptions underpinning VS's business plan and costings. The Agreement also contained requirements for VS to change its existing operational procedures to better target resources and improve its efficiency. VS has provided the Department with management information in support of their use of the Grant in-year and the VS Chief Executive have also provided the Department with a letter of assurance to confirm that VS complied with the terms and conditions of the Grant Agreement and that it was used only for the purposes specified in the Agreement. In addition, the Department and VS have commenced regular steering group meetings to facilitate timely discussions on developments in victim and witness policy and practice, and to provide robust analysis of VS's income, expenditure and performance across the year. This will strengthen accountability for the services provided by VS which are funded by the Department and will enable both parties to more clearly demonstrate the value for money received by the Department for its Grant.

Departmental Board

Table 1 – The Departmental Board is scheduled to meet six times every calendar year. In the period to which this report refers there were eight Board meetings.

Member	No. Meetings Attended
The Rt Hon Kenneth Clarke QC MP, Lord Chancellor and Secretary of State for Justice (Chair)	7 of 8
The Rt Hon Lord McNally, Minister of State and Deputy Leader of the House of Lords	8 of 8
The Rt Hon Nick Herbert MP *, Minister of State	5 of 8
Jonathan Djanogly MP, Parliamentary Under Secretary of State	6 of 8
Crispin Blunt MP, Parliamentary Under Secretary of State	5 of 8
Sir Suma Chakrabarti KCB, Permanent Secretary	8 of 8
Ann Beasley CBE, Director General, Finance and Corporate Services	8 of 8
Jonathan Slater, Director General, Transforming Justice (until 17 July 2011)	2 of 2
David MacLeod, Non-Executive Board Member	6 of 8
Anne Bulford OBE, Non-Executive Board Member and Chair of the Audit Committee (until 31 December 2011)	4 of 6
Jim Leng, Lead Non-Executive Board Member	5 of 8
Dame Sue Street DCB, Non-Executive Board Member	6 of 8
Helen Edwards CB CBE, Director General, Justice Policy Group (from 18 July 2011)	5 of 6
Bill Griffiths, Non-Executive Board Member and Chair of the Audit Committee (from 1 November 2011)	1 of 2
Antonia Romeo, Director General, Transforming Justice (from 7 November 2011)	3 of 3
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service (from 2 December 2011)	2 of 2
Michael Spurr, Chief Executive, NOMS (from 2 December 2011)	2 of 2
Owen Mapley, Interim Chief Executive, LSC (from 2 December 2011 to 26 February 2012)	1 of 1
Matthew Coats, Chief Executive, LSC (from 27 February 2012)	1 of 1

* Shared jointly with the Home Office.

Note 1: The Director General, Transforming Justice (DG, TJ) left the Department in July 2011. As an interim arrangement, until the appointment of a new DG, TJ the Director General, Justice Policy Group was made a Board member.

Note 2: From 2 December 2011 membership was extended to include the Director General, Justice Policy Group and the Chief Executives of HM Courts & Tribunals Service, the NOMS and the LSC.

Committees of the Departmental Board

Executive Management Committee of the Board (EMCB)

Table 2 – EMCB meets weekly. Throughout 2011–12 it met on 38 occasions.

Member	No. Meetings Unable to Attend
Sir Suma Chakrabarti KCB, Permanent Secretary (Chair)	8
Ann Beasley CBE, Director General, Finance and Corporate Services	1
Jonathan Slater, Director General, Transforming Justice (until 17 July 2011)	1
Helen Edwards CB CBE, Director General, Justice Policy Group	2
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service	7
Michael Spurr, Chief Executive, NOMS	8
Carolyn Downs CB, Chief Executive, LSC (until 20 November 2011)	4
Owen Mapley, Interim Chief Executive, LSC (from 21 November 2011 to 26 February 2012)	0
Antonia Romeo, Director General, Transforming Justice (from 7 November 2011)	4
Matthew Coats, Chief Executive, LSC (from 27 February 2012)	1

Transforming Justice Committee (TJC)

Table 3 – Met ten times during 2011–12

Member	No. Meetings Attended ¹²		
	April to July 2011	21 Sept to 8 Dec 2011	31 Jan to 27 Mar 2012
Permanent Secretary		4 of 4	
Director General, Transforming Justice	2 of 4	2 of 2	2 of 2
Director General, Finance and Corporate Services	3 of 4	3 of 4	1 of 2
Non-Executive Board Member	4 of 4	2 of 4	1 of 2
Director, Strategic Estates	4 of 4	3 of 4	2 of 2
Chief Information Officer	1 of 2	4 of 4	1 of 1
Director, Procurement	1 of 3	3 of 4	1 of 1
Director, MoJ Finance and Planning	0 of 2	4 of 4	2 of 2
Director, Analytical Services	3 of 3	4 of 4	1 of 1
Director, HR	3 of 4	1 of 4	0 of 1
Director, Communications and Information	3 of 4	3 of 4	1 of 1
Director, NOMS ICT	3 of 4	3 of 4	1 of 1
Director, HM Courts & Tribunals Service Strategy and Change	3 of 4	3 of 4	2 of 2
Deputy Director, JPG Strategy	1 of 4	3 of 4	2 of 2
Deputy Director, LSC Programme Manager	3 of 3	2 of 4	2 of 2
Deputy Director, Change	4 of 4		
JPG Policy Director	2 of 3		

¹² Shaded areas relates to a period when the member did not sit on the Transforming Justice Committee.

Member	No. Meetings Attended ¹²		
	April to July 2011	21 Sept to 8 Dec 2011	31 Jan to 27 Mar 2012
JPG Policy Director	0 of 2		
JPG Policy Director	0 of 2		
JPG Director	1 of 2	1 of 1	1 of 1
JPG Director	1 of 3		
Head of Internal Audit and Assurance	1 of 2		
ICT Director	2 of 2		1 of 1
ICT Director	1 of 1		
LSC Director	1 of 1		
Deputy Director, Digital Information			1 of 1

Note: The Permanent Secretary chaired meetings from September to December 2011 and the Director General, Transforming Justice resumed Chairmanship for the meetings held in January and March 2012.

Workforce Committee (WfC)

Table 4 – WfC meets monthly.

EMCB Member	No. Meetings Attended
Sir Suma Chakrabarti KCB, Permanent Secretary	10 of 11
Ann Beasley CBE, Director General, Finance and Corporate Services	10 of 11
Jonathan Slater, Director General, Transforming Justice	5 of 5
Helen Edwards CB, CBE, Director General, Justice Policy Group	9 of 11
Peter Handcock CBE, Chief Executive, HM Courts & Tribunals Service	9 of 11
Michael Spurr, Chief Executive, NOMS	9 of 11
Carolyn Downs CB, Chief Executive, LSC	5 of 6
Owen Mapley, Interim Chief Executive, LSC	4 of 4
Antonia Romeo, Director General, Transforming Justice	4 of 5
Matthew Coats, Chief Executive, LSC	1 of 1

Remuneration Committee

Table 4 – as above. The Remuneration Committee meets once a year. Its membership is made up of the Workforce Committee and David MacLeod (Chair), a Non-Executive Board Member.

Financial Management Committee (FMC)

Table 5 – FMC meets monthly. When a Director is unable to attend a deputy is sent in their place.

Member	No. Meetings Attended
Chair, Director General, Finance and Corporate Services	11 of 11
Director, MoJ Finance and Planning	11 of 11
Strategic Estates Representative	11 of 11
Chief Information Officer	9 of 11
Director, HR	4 of 11
Director, Procurement	9 of 11
Director, Research and Analysis	10 of 11
Finance Director, LSC	11 of 11
Finance Director, NOMS	Previous post holder until August 2011 – 2 of 5 Interim post holder from September 2011 – 6 of 6
Finance Director, HM Courts & Tribunals Service	7 of 11
Head of Internal Audit and Assurance	5 of 11
Deputy Director, Policy Resourcing Manager	8 of 11

Departmental Audit Committee

Table 6 – Met six times during 2011–12

Member	No. Meetings Attended
Members	
Anne Bulford OBE, Non-Executive Director (Chair – to December 2011)	4 of 4
Bill Griffiths, Non-Executive Director (Chair – from January 2012)	2 of 2
Mike Hawker, Ex Officio member – Chair of NOMS Audit Committee	6 of 6
Jane Tozer MBE, OBE, Independent Member	5 of 6
Francis Dobbyn, Ex Officio member – Chair of HM Courts & Tribunals Service Audit Committee – member from December 2011	3 of 3
Barry Elliot, Ex Officio member – Chair of LSC Audit Committee – member from December 2011	3 of 3
In attendance	
Sir Suma Chakrabarti KCB, Permanent Secretary	6 of 6
Ann Beasley CBE, Director General, Finance and Corporate Services	6 of 6
Craig Watkins, Director, MoJ Finance and Planning	6 of 6
Vicky Creed, Deputy Director, Financial Reporting and Control	4 of 5
James Dowler, Assistant Private Secretary to Permanent Secretary	4 of 4
Joyce Drummond-Hill CBE, Head of Internal Audit and Assurance	6 of 6
National Audit Office representatives	6 of 6

Ursula Brennan
Accounting Officer

10 July 2012

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 2012 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 2011. 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. 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 2012 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 2012 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 management commentary and the 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.

Amyas C E Morse
Comptroller and Auditor General

11 July 2012

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

Accounts

Statement of Parliamentary Supply

Summary of Resource and Capital Outturn 2011–12

Note	2011–12 Estimate			2011–12 Outturn			2011–12 Voted Outturn	Restated 2010–11 Outturn
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	compared with Estimate: saving/ (excess)	Total
	£000	£000	£000	£000	£000	£000		
Departmental Expenditure Limit								
- Resource 2.1	8,800,618	138,200	8,938,818	8,752,942	142,039	8,894,981	47,676	8,968,319
- Capital 2.2	378,774	-	378,774	344,095	-	344,095	34,679	530,287
Annually Managed Expenditure								
- Resource 2.1	3,358	-	3,358	(184,712)	-	(184,712)	188,070	320,377
- Capital 2.2	-	-	-	-	-	-	-	-
Total Budget	9,182,750	138,200	9,320,950	8,912,325	142,039	9,054,364	270,425	9,818,983
Total	9,182,750	138,200	9,320,950	8,912,325	142,039	9,054,364	270,425	9,818,983
Total Resource	8,803,976	138,200	8,942,176	8,568,230	142,039	8,710,269	235,746	9,288,696
Total Capital	378,774	-	378,774	344,095	-	344,095	34,679	530,287
Total	9,182,750	138,200	9,320,950	8,912,325	142,039	9,054,364	270,425	9,818,983

Net Cash Requirement 2011–12

Note	2011–12 Estimate	2011–12 Outturn	2011–12 Voted Outturn compared with Estimate: saving/ (excess)	Restated 2010–11 Outturn
	£000	£000	£000	£000
Net cash requirement 4	8,762,147	8,620,762	141,385	9,107,002

Administration Costs 2011–12

Note	2011–12 Estimate	2011–12 Outturn	Restated 2010–11 Outturn
	£000	£000	£000
Administration costs 3.2	712,710	641,835	536,477

Explanations of variances between Estimate and Outturn are given in Note 2 and the Management Commentary on pages 18 to 21.

The Notes on pages 76 to 167 form part of these Accounts.

Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2012

	Note	2011–12			Restated 2010–11		
		Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000	£000	£000
Administration costs							
Staff costs	7.1	153,429	232,186	314,824	128,540	239,666	341,125
Judicial costs	7.2	943	981	981	730	1,020	1,020
Other administration costs	8	116,218	211,837	277,268	67,568	128,647	190,720
Operating income	10.1	(16,569)	(20,808)	(33,547)	(11,542)	(23,228)	(35,217)
Programme costs							
Staff costs	7.1	92,268	2,344,819	3,055,344	47,065	2,430,512	3,184,684
Judicial costs	7.2	4,794	467,297	467,297	3,197	457,275	457,275
Other programme costs	9	299,838	3,787,518	5,902,570	318,082	3,983,156	6,284,398
Operating income	10.1	(131,221)	(1,153,774)	(1,301,130)	(129,827)	(1,089,058)	(1,193,367)
Grant in Aid to Non-Departmental Public Bodies	9	2,979,973	2,979,973	-	3,017,912	3,017,912	-
Net Operating Costs for the year ended 31 March 2012		3,499,673	8,850,029	8,683,607	3,441,725	9,145,902	9,230,638
Total expenditure		3,647,463	10,024,611	10,018,284	3,583,094	10,258,188	10,459,222
Total income		(147,790)	(1,174,582)	(1,334,677)	(141,369)	(1,112,286)	(1,228,584)
Net Operating Costs for the year ended 31 March 2012		3,499,673	8,850,029	8,683,607	3,441,725	9,145,902	9,230,638
Other Comprehensive Net Expenditure							
Net (gain)/loss on:							
Revaluations of:							
property, plant and equipment		(65)	(80,876)	(83,373)	1,553	(117,805)	(115,254)
intangible assets		(616)	(980)	(997)	-	249	1,493
assets held for sale		-	2,385	2,385	-	-	-
Recognised actuarial (gain)/loss on:							
Legal Services Commission pension scheme 3		-	-	30	-	-	144
Legal Services Commission pension scheme 4		-	-	57,064	-	-	(29,217)
By-analogy pension schemes		-	(19)	(129)	-	(37)	(455)
Probation Trusts pension scheme		-	-	389,541	-	-	(690,110)
Total Comprehensive Expenditure for the year ended 31 March 2012		3,498,992	8,770,539	9,048,128	3,443,278	9,028,309	8,397,239

All activities are from continuing operations.

The Notes on pages 76 to 167 form part of these Accounts.

Consolidated Statement of Financial Position as at 31 March 2012

Note	31 March 2012			Restated 31 March 2011			Restated 1 April 2010	
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group	
	£000	£000	£000	£000	£000	£000	£000	
Non-current assets								
Property, plant and equipment	11	265,235	9,046,023	9,136,929	225,739	8,996,336	9,092,391	8,892,917
Intangible assets	12	85,867	222,980	264,283	48,430	240,618	274,956	278,064
Investments	13	-	342	342	-	404	404	158
Investment property	14	-	950	950	-	1,000	1,000	1,855
Lease prepayments	15	-	145	145	-	150	150	154
Legal Services Commission (LSC) pension asset	33.1	-	-	5,843	-	-	41,330	-
Trade and other receivables	18	-	2,700	2,769	-	2,357	2,506	43,255
Total non-current assets		351,102	9,273,140	9,411,261	274,169	9,240,865	9,412,737	9,216,403
Current assets								
Assets held for sale	16	-	15,491	15,491	-	33,899	33,899	18,324
Inventories	17	-	41,091	41,091	-	40,343	40,343	37,847
Trade and other receivables	18	274,042	398,528	493,879	266,952	279,329	395,857	296,691
Cash and cash equivalents	19	74,875	92,884	343,739	85,935	153,644	357,668	483,283
Total current assets		348,917	547,994	894,200	352,887	507,215	827,767	836,145
Total assets		700,019	9,821,134	10,305,461	627,056	9,748,080	10,240,504	10,052,548
Current liabilities								
Trade and other payables	20	(611,741)	(995,720)	(1,491,205)	(559,490)	(888,657)	(1,373,034)	(1,608,027)
Bank overdraft	19	-	(18,551)	(18,551)	-	(79,795)	(79,795)	(930)
Provisions	21	(85,764)	(143,125)	(1,115,737)	(79,520)	(136,580)	(1,211,631)	(1,105,765)
Total current liabilities		(697,505)	(1,157,396)	(2,625,493)	(639,010)	(1,105,032)	(2,664,460)	(2,714,722)
Non-current assets plus/less net current assets/liabilities		2,514	8,663,738	7,679,968	(11,954)	8,643,048	7,576,044	7,337,826
Non-current liabilities								
Trade and other payables	20	(208,521)	(940,780)	(1,006,710)	(213,859)	(869,513)	(907,902)	(824,081)
Provisions	21	(113,696)	(453,672)	(674,103)	(104,357)	(496,990)	(825,883)	(951,346)
LSC pension liability	33.1	-	-	-	-	-	-	(9,218)
By-analogy pension liabilities	33.2	-	(4,012)	(9,032)	-	(1,597)	(6,395)	(7,286)
Probation Trust pension liability	33.3	-	-	(1,196,678)	-	-	(799,819)	(1,421,552)
Total non-current liabilities		(322,217)	(1,398,464)	(2,886,523)	(318,216)	(1,368,100)	(2,539,999)	(3,213,483)
Assets less liabilities		(319,703)	7,265,274	4,793,445	(330,170)	7,274,948	5,036,045	4,124,343
Taxpayers' equity								
General fund		(338,427)	6,002,285	3,521,537	(349,642)	6,039,560	3,794,001	2,966,517
Revaluation reserve		18,724	1,262,989	1,271,908	19,472	1,235,388	1,242,044	1,157,826
Total taxpayers' equity		(319,703)	7,265,274	4,793,445	(330,170)	7,274,948	5,036,045	4,124,343

Ursula Brennan
Accounting Officer

10 July 2012

The Notes on pages 76 to 167 form part of these Accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2012

	Note	Departmental Group	
		2011–12	Restated 2010–11
		£000	£000
Cash flows from operating activities			
Net operating cost	CSoCNE	(8,683,607)	(9,230,638)
Adjustments for non cash transactions		3,115,143	3,317,666
Finance (income)/costs		9,159	12,090
Movements in pensions		5,261	41,775
Interest received		194	71
Interest paid		(191)	(204)
(Increase)/decrease in trade and other receivables		(83,765)	(56,338)
<i>Less: Movements in receivables not passing through the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE)</i>		63,544	3,327
(Increase)/decrease in inventories		(748)	(2,496)
Increase/(decrease) in trade and other payables		202,305	(226,310)
(Increase)/decrease in value of investments		(23)	(246)
<i>Less: Movements in payables relating to items not passing through the CSoCNE</i>		(35,442)	206,433
<i>Less: Movement in provisions opening balances relating to restatement of prior years</i>		-	33,438
Utilisation of provisions		(2,800,348)	(2,721,153)
<i>Less: Utilisation of provisions settled with cash from the Consolidated Fund</i>		6,682	7,673
Net cash outflow from operating activities		(8,201,836)	(8,614,912)
Cash flows from investing activities			
Purchase of property, plant and equipment		(462,511)	(567,057)
Purchase of intangible assets		(49,213)	(42,944)
Proceeds on disposal of property, plant and equipment		34,043	70,521
Proceeds on disposal of intangible assets		-	57
Proceeds on disposal of assets held for sale		28,128	7,680
Interest received		90	141
Net cash outflow from investing activities		(449,463)	(531,602)
Cash flows from financing activities			
From the Consolidated Fund (Supply)		8,660,000	8,865,000
Grants from bodies external to the Department		39,210	59,251
From the Consolidated Fund (Non-Supply)		142,039	143,281
Machinery of Government (MoG) transfers		-	(13,445)
Capital element of finance leases and on-balance sheet Private Finance Initiative (PFI) contracts		(76,093)	(80,721)
Repayment of Met Police and local authority loans		(3,121)	(3,293)
Movement in third party balances		(16,331)	(6,448)
Interest paid		(12,218)	(12,984)
Net financing		8,733,486	8,950,641
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		82,187	(195,873)
Receipts due to the Consolidated Fund outside the scope of the Department's activities		3,098	225,085
Payments of amounts due to the Consolidated Fund		(37,970)	(233,692)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		47,315	(204,480)
Cash and cash equivalents at the beginning of the period	19	277,873	482,353
Cash and cash equivalents at the end of the period	19	325,188	277,873

The Notes on pages 76 to 167 form part of these Accounts.

Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2012

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 2011	(349,642)	19,472	(330,170)	6,039,560	1,235,388	7,274,948	3,794,001	1,242,044	5,036,045
Net Parliamentary Funding									
- Drawn down	8,660,000	-	8,660,000	8,660,000	-	8,660,000	8,660,000	-	8,660,000
- Deemed	80,638	-	80,638	80,638	-	80,638	80,638	-	80,638
Agency funding from MoJ Core Department	(4,935,700)	-	(4,935,700)	-	-	-	-	-	-
Grant from bodies external to the Department	-	-	-	-	-	-	39,210	-	39,210
Unspent Supply drawn down repayable to the Consolidated Fund	(119,876)	-	(119,876)	(119,876)	-	(119,876)	(119,876)	-	(119,876)
Consolidated Fund Standing Services									
- Judicial salaries	-	-	-	141,962	-	141,962	141,962	-	141,962
- Lord Chancellor's salary	77	-	77	77	-	77	77	-	77
- Utilisation of Judicial Long Service Award	6,682	-	6,682	6,682	-	6,682	6,682	-	6,682
Consolidated Fund Extra Receipts (CFERs) payable to the Consolidated Fund	(3,369)	-	(3,369)	(3,369)	-	(3,369)	(3,369)	-	(3,369)
Net Operating Cost for the year	CSoCNE (3,499,673)	-	(3,499,673)	(8,850,029)	-	(8,850,029)	(8,683,607)	-	(8,683,607)
Net gain/(loss) on revaluation of									
- Property, plant and equipment	-	65	65	-	80,876	80,876	-	83,373	83,373
- Intangible assets	-	616	616	-	980	980	-	997	997
- Assets held for sale	-	-	-	-	(2,385)	(2,385)	-	(2,385)	(2,385)
Net actuarial gain/(loss) on pension schemes									
- LSC pension scheme 3	-	-	-	-	-	-	(30)	-	(30)
- LSC pension scheme 4	-	-	-	-	-	-	(57,064)	-	(57,064)
- By-analogy pension schemes	-	-	-	19	-	19	129	-	129

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	
- Probation Trusts pension scheme	-	-	-	-	-	-	(389,541)	-	(389,541)	
Non-cash adjustment										
- Auditor's remuneration	8, 9	664	-	664	1,470	-	1,470	1,470	-	1,470
- Notional charges		-	-	-	1,933	-	1,933	1,933	-	1,933
- Corporate overhead charges		(189,169)	-	(189,169)	(4,192)	-	(4,192)	-	-	-
- Information Commissioner's salary costs		-	-	-	-	-	-	189	-	189
- Other		-	-	-	-	-	-	627	-	627
Movements in reserves										
- Transfers from Revaluation Reserve		1,431	(1,431)	-	51,872	(51,872)	-	52,568	(52,568)	-
Intercompany adjustment between MoJ and OPG		10,309	-	10,309	-	-	-	-	-	-
Other		(799)	2	(797)	(4,462)	2	(4,460)	(4,462)	447	(4,015)
Balance at 31 March 2012		(338,427)	18,724	(319,703)	6,002,285	1,262,989	7,265,274	3,521,537	1,271,908	4,793,445

Consolidated Statement of Changes in Taxpayers' Equity for the year ended 31 March 2011

Note	Core Department				Core Department & Agencies				Departmental Group			
	General fund	Revaluation reserve	Donated asset reserve	Total reserves	General fund	Revaluation reserve	Donated asset reserve	Total reserves	General fund	Revaluation reserve	Donated asset reserve	Total reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2010	(332,481)	21,881	-	(310,600)	5,908,090	1,145,446	44	7,053,580	2,960,614	1,157,826	108	4,118,548
Changes in taxpayers' equity for 2010-11												
Changes in accounting policies and restatements	-	-	-	-	44	-	(44)	-	5,903	-	(108)	5,795
Restated balance at 1 April 2010	(332,481)	21,881	-	(310,600)	5,908,134	1,145,446	-	7,053,580	2,966,517	1,157,826	-	4,124,343
Net Parliamentary Funding												
- Drawn down	8,865,000	-	-	8,865,000	8,865,000	-	-	8,865,000	8,865,000	-	-	8,865,000
- Deemed	315,500	-	-	315,500	315,500	-	-	315,500	315,500	-	-	315,500
Agency funding from MoJ Core Department	(5,501,049)	-	-	(5,501,049)	-	-	-	-	-	-	-	-
Grant from bodies external to the Department	-	-	-	-	-	-	-	-	59,251	-	-	59,251
Unspent Supply drawn down repayable to the Consolidated Fund	(80,638)	-	-	(80,638)	(80,638)	-	-	(80,638)	(80,638)	-	-	(80,638)
Consolidated Fund Standing Services												
- Judicial salaries	-	-	-	-	143,203	-	-	143,203	143,203	-	-	143,203
- Lord Chancellor's salary	78	-	-	78	78	-	-	78	78	-	-	78
- Utilisation of Judicial Long Service Award	7,673	-	-	7,673	7,673	-	-	7,673	7,673	-	-	7,673
CFERs payable to the Consolidated Fund	(2,523)	-	-	(2,523)	(2,695)	-	-	(2,695)	(2,954)	-	-	(2,954)
Backlog depreciation												
- Property, plant and equipment	-	-	-	-	-	(176)	-	(176)	-	(176)	-	(176)
- Intangible assets	-	-	-	-	-	(61)	-	(61)	-	(61)	-	(61)
Net Operating Cost for the year	CSoCNE (3,441,725)	-	-	(3,441,725)	(9,145,902)	-	-	(9,145,902)	(9,230,638)	-	-	(9,230,638)
Net gain/(loss) on revaluation of												
- Property, plant and equipment	-	(1,553)	-	(1,553)	(4,522)	122,327	-	117,805	(4,522)	119,776	-	115,254
- Intangible assets	-	-	-	-	-	(249)	-	(249)	-	(1,493)	-	(1,493)

Note	Core Department				Core Department & Agencies				Departmental Group				
	General fund	Revaluation reserve	Donated asset reserve	Total reserves	General fund	Revaluation reserve	Donated asset reserve	Total reserves	General fund	Revaluation reserve	Donated asset reserve	Total reserves	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Net actuarial gain/(loss) on pension schemes													
- LSC pension scheme 3	-	-	-	-	-	-	-	-	(144)	-	-	(144)	
- LSC pension scheme 4	-	-	-	-	-	-	-	-	29,217	-	-	29,217	
- By-analogy pension schemes	-	-	-	-	37	-	-	37	455	-	-	455	
- Probation Trusts pension scheme	-	-	-	-	-	-	-	-	690,110	-	-	690,110	
Non-cash adjustment													
- Auditor's remuneration	8, 9	578	-	578	1,439	-	-	1,439	1,439	-	-	1,439	
- Notional rent		-	-	-	1,783	-	-	1,783	1,783	-	-	1,783	
- Corporate overhead charges		(165,282)	-	(165,282)	(3,503)	-	-	(3,503)	(3,503)	-	-	(3,503)	
- Notional Credit (Corporate overhead)		-	-	-	-	-	-	-	1,287	-	-	1,287	
- Information Commissioner's salary costs		-	-	-	-	-	-	-	190	-	-	190	
- Secondment salary costs		-	-	-	-	-	-	-	53	-	-	53	
- Services provided by sponsoring Department		-	-	-	-	-	-	-	2,117	-	-	2,117	
- Other		-	-	-	2,243	-	-	2,243	2,243	-	-	2,243	
Movements in reserves													
- Transfers from Revaluation Reserve		858	(858)	-	45,527	(45,527)	-	-	48,702	(48,702)	-	-	
Prior year excess a-in-a		(4,359)	-	-	(4,359)	(4,359)	-	(4,359)	(4,359)	-	-	(4,359)	
Non-current asset adjustment in respect of prior periods		(13,952)	-	-	(13,952)	(13,302)	-	(13,302)	(13,302)	-	-	(13,302)	
Other movements on revaluation of non-current tangible assets		-	-	-	-	13,626	-	13,626	-	14,872	-	14,872	
Other		2,680	2	-	2,682	3,864	2	-	3,866	(757)	2	(755)	
Balance at 31 March 2011		(349,642)	19,472	-	(330,170)	6,039,560	1,235,388	-	7,274,948	3,794,001	1,242,044	-	5,036,045

The Notes on pages 76 to 167 form part of these Accounts.

Notes to the Accounts for the year ended 31 March 2012

1a) Statement of accounting policies

1.1 Basis of preparation

These Accounts have been prepared in accordance with the Government Financial Reporting Manual 2011–12 (FReM) issued by Her Majesty's (HM) Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

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 the MoJ are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

1.2 Going concern

As at 31 March 2012, the Core Department reported net liabilities of £319.7m (2010–11: £330.2m). In common with other government departments, the future financing of MoJ's liabilities is expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future approvals will not be forthcoming and therefore, in accordance with FReM 2.2.15, it has been concluded as appropriate to adopt the going concern basis of preparation for these Accounts.

1.3 Accounting convention

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

1.4 Changes in accounting policy and disclosures

a) Changes in accounting policies

Accounting for fine income

Management has made a change in accounting policy in respect of the accounting for elements of fine receipts that HM Courts & Tribunals Service had previously been entitled to retain as income.

This change was made to remove any possible perception that the judiciary might have a bias in sentencing to improve the finances of HM Courts & Tribunals Service through the partnership agreement between the Lord Chancellor, Lord Chief Justice and the Senior President of Tribunals that governs the entity's operation.

As a result of the change, the elements of fine receipts that HM Courts & Tribunals Service had previously been entitled to retain as income are now recorded as income by the Core Department. The impact of these changes on the Core Department and consolidated Accounts is shown in Note 35.

Accounting for fine and penalty collections

Management has made a change in accounting policy in respect of accounting for fine and penalty collections. This change affects the recording of cash and balances payable to the Consolidated Fund and other third parties to whom the fine and penalty receipts are due.

Previously, on making collections of fines and penalties, MoJ recognised cash balances and corresponding payable balances due to the Consolidated Fund.

Effective from 1 April 2011, MoJ ceased recognising balances in relation to fine and penalty collections. These balances are now accounted for in their entirety in the HM Courts & Tribunals Service Trust Statement.

In line with HM Treasury guidance, this accounting policy change, which relates only to presentation and has no effect on net assets or expenditure, has not been applied retrospectively and therefore has no impact on the comparative balances shown for 2010–11.

Further information can be found in the 2011–12 HM Courts & Tribunals Service Trust Statement.

Cost capitalisation

The Department has complied with the FReM requirement to capitalise external consultant, employee and overhead costs that are directly attributable to bringing an asset into working condition.

Previously, these costs were expensed as incurred.

Costs capitalised in the current year total £8.0m. Of this, £6.5m is the result of the change in accounting policy and has decreased Staff costs by £6.5m with an offsetting increase in Property, plant and equipment of £4.3m and Intangible assets of £2.2m. In addition, £1.5m was capitalised in-year in HM Courts & Tribunals Service.

The change has a £nil impact on prior year comparatives due to immateriality.

Clear Line of Sight

Refer to Note 35 and Note 36 for further details with respect to the Clear Line of Sight (CLOs) changes and respective restatement.

b) New and amended standards adopted

International Accounting Standard (IAS) 24 (revised) 'Related Party Disclosures' was amended to simplify the definition of a related party and to provide a partial exemption from the disclosure requirements for government-related entities. This is a disclosure standard only and there is no financial impact to the Accounts.

There are no other IFRSs or International Financial Reporting Interpretations Committee (IFRIC) interpretations that are effective for the first time for the financial year beginning on or after 1 April 2011 that have a material impact on the Accounts.

c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2011 and not early adopted

The following new standards, interpretations and amendments, which are not yet effective, may have an effect on the Departmental Group's future Accounts.

IAS 19 (revised 2011) 'Employee Benefits' (effective for accounting periods beginning on or after 1 January 2013) was amended in June 2011. The impact on MoJ will be to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.

IFRS 9 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2015) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost. The determination is made at initial recognition and depends on the contractual cash flow characteristics of the instrument and the method in which an entity manages its financial instruments.

IFRS 13 'Fair Value Measurement' (effective for accounting periods beginning on or after 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and UK GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or UK GAAP.

Amendment to IFRS 7 Financial Instruments: Disclosures (effective for accounting periods beginning on or after 1 July 2011) provides additional disclosure requirements intended to help better understand off-balance sheet risks.

The above standards to be adopted are not expected to have a material impact on the Departmental Group.

1.5 Basis of consolidation

These Accounts consolidate the Core Department, Departmental Agencies and Non-Departmental Public Bodies (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 32.

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's.

1.6 Machinery of Government changes and restatement of comparatives

Machinery of Government (MoG) changes, which involve the transfer of functions or responsibilities between two or more government departments, are accounted for using merger accounting principles in accordance with the FReM. The results and cash flows of all combining bodies (or functions) are brought into the Accounts of the combined body from the beginning of the financial year in which the merger occurred, adjusted where necessary to achieve uniformity of accounting policies. Prior year comparatives are restated as appropriate, so that it appears that the combined body has always existed in its present form. The carrying value of the assets and liabilities of the combining entities (or functions) are not adjusted to fair value on consolidation.

The following MoG changes took place in the year for the Departmental Group:

As of 1 April 2011, the Territorial Offices (Scotland and Wales) became stand alone offices under the umbrella of the Cabinet Office. The Ministry continues to provide accountancy support to the Territorial offices. The impact of this change is shown in Note 35.

As of 1 April 2011, the Residential Property Tribunal Service (RPTS) was transferred to HM Courts & Tribunals Service from the Department of Communities and Local Government (DCLG). The assets and liabilities transferred by the tribunal were not material and have been treated as in-year transactions. As such, the comparative have not been restated.

As of 1 April 2011, the Judicial Committee of the Privy Council (JCPC) was transferred from the Core Ministry to the UK Supreme Court (UKSC). The transfer is not material to the Core Ministry and has not been reflected in the Accounts.

As of 1 April 2011, as part of the wider MoJ rationalisation of the group's function, Tribunal Services (TS) merged with HM Courts Service (HMCS) to form HM Courts & Tribunals Service. The previously separate HMCS and Tribunals Service Boards were replaced with a newly convened HM Courts & Tribunals Service Board. This merger has no impact on prior year comparatives as both HMCS and Tribunal Services were previously reported within the Department's boundary.

As of 19 July 2011, MoJ passed ministerial responsibility for the Land Registry to the Department for Business Innovation and Skills (BIS). The transfer of responsibility has no impact on the MoJ consolidated Accounts as the Land Registry falls outside the Department's boundary.

As of 19 September 2011, the Gangmasters Licensing Appeals (GLA) Tribunal was transferred to HM Courts & Tribunals Service from the Department of Environment and Rural Affairs (Defra). The assets and liabilities transferred by the tribunal were not material and have been treated as in-year transactions. As such, the comparative have not been restated.

As of 31 October 2011, the Agricultural Lands Tribunal was transferred to HM Courts & Tribunals Service from the Department of Environment and Rural Affairs (Defra). The assets and liabilities transferred by the tribunal were not material and have been treated as in-year transactions. As such, the comparative have not been restated.

1.7 Property, plant and equipment

Recognition

Items of property, plant and equipment, including subsequent expenditure on existing assets, are initially recognised at cost when it is probable that future economic benefits or service potential associated with the asset will flow to MoJ and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Net Expenditure (CSoCNE) during the financial period in which they are incurred.

Capitalisation threshold – individual assets

The Core Department's capitalisation threshold for individual assets is £10,000 (including irrecoverable VAT). The thresholds across the Departmental Group range from £500 to £10,000 (including irrecoverable VAT).

Capitalisation threshold – grouped assets

Where a significant purchase of individual assets which are individually beneath the capitalisation threshold arise in connection with a single project, they are treated as a grouped asset. Grouped assets typically comprise:

- An integrated system of diverse equipment designed to deliver a specific solution, for example, an Information Technology (IT) equipment refresh project;

- A materially significant acquisition of furniture or IT at a single site; or
- IT and furniture refresh programmes, where the planned spend exceeds the capitalisation threshold.

The Core Department's capitalisation threshold for grouped assets is £1m (including irrecoverable VAT). The thresholds across the Departmental Group range from £500 to £1m (including irrecoverable VAT). 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 treated as a tangible fixed asset.

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. An asset ceases to be classified as an asset under construction when it is ready for use. Its carrying value is then removed from assets under construction and transferred to the respective asset category. Depreciation or amortisation is then charged on the asset in accordance with the stated accounting policy.

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.

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.

Professional valuations are primarily undertaken by the Valuation Office Agency (VOA) using the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual, known as the 'Red Book'.

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.

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.

Revaluation

When an asset's carrying value increases as a result of a revaluation, any revaluation surplus is credited to other comprehensive expenditure and accumulated directly in Taxpayers' equity under the heading of Revaluation reserve. An exception is any gain on revaluation that reverses a revaluation decrease on the same asset previously recognised as an expense. Such gains are first credited within net operating cost in the CSocNE to the extent the gain reverses a loss previously recognised within net operating cost in the CSocNE.

A revaluation decrease should be charged against the Revaluation reserve to the extent such decrease does not exceed the amount held in the Revaluation reserve in respect of that same asset. Any residual decrease should then be recognised within net operating cost 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 or for leased assets, over the life of the lease or the period implicit in the repayment schedule. The useful lives of assets or asset categories are reviewed annually and any changes are discussed with the relevant authorities to ensure that budgeting implications have been properly considered. Where a change in asset life is agreed, 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 land, 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
Vehicles	Shorter of remaining lease period or 3 to 15 years
Furniture and fittings	Shorter of remaining lease period or 5 to 20 years
Assets held for sale	Not depreciated
Investment properties	Not depreciated
Assets under construction	Not depreciated

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 costs, as appropriate, in the CSocNE.

When revalued assets are sold, the amounts included in the Revaluation reserve are transferred to the General Fund.

Donated assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the CSocNE. Non-current donated assets are revalued, depreciated and subject to impairment in the same manner as other non-current assets.

1.8 Intangible assets

Intangible assets comprise internally developed software for internal use (including such assets under construction) and purchased software licences.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by MoJ, such as external consultant costs, software development employee costs and an appropriate portion of relevant overheads are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- MoJ intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future service potential;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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

Subsequent to initial recognition, intangible assets are included in the Accounts 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 (i.e. depreciated replacement cost). Intangible assets are revalued at each reporting date using the Producer Price Index (PPI) produced by the Office for National Statistics (ONS).

Intangible assets are amortised using the straight-line method over their expected useful life. The useful lives of internally developed software range from 3 to 10 years. Purchased software licences are amortised over the licence period.

Capitalisation thresholds – software projects

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).

1.9 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'. For the purposes of the public sector, the FReM defines the 'value in use' of a non-cash-

generating asset as 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.

Any impairment loss is recognised in the CSoCNE. If the impaired asset had previously been revalued, any balance on the revaluation reserve (up to the level of the impairment loss) is transferred to the General Fund.

At 31 March, each year, MoJ also assesses whether there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. If any such indication exists, the recoverable amounts of the assets in question are reassessed. The reversal of an impairment loss is then recognised, in the CSoCNE, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. The amount of any reversal is restricted to increasing the carrying value of the relevant assets to the carrying value that would have been recognised had the original impairment not occurred (that is, after taking account of normal depreciation that would have been charged had no impairment occurred).

1.10 Investment property

Investment property comprises freehold land and buildings not principally occupied by the Departmental Group. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The Valuation Office Agency (VOA) carries out valuations in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the 'Red Book'. Changes in fair values are recorded in the CSoCNE.

When investment property is leased out under an operating lease, the leased asset remains within Investment property in the Consolidated Statement of Financial Position (CSoFP). The lease revenue is recognised over the term of the lease on a straight-line basis.

1.11 Leases

A distinction is made between finance leases and operating leases.

Finance leases

Leases of property, plant and equipment where MoJ has 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 CSoFP.

Arrangements containing a lease

In determining whether MoJ is party to a lease, contracts that do not take the legal form of a lease but which may contain an embedded lease, for example outsourcing arrangements and take-or-pay contracts, are assessed to determine whether the contract contains a lease. The contract is accounted for as a lease if the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

1.12 Service Concession Arrangements

Service Concession Arrangements, including Private Finance Initiative (PFI) arrangements, are arrangements whereby private sector operators are contractually obliged to provide services to the public in relation to certain infrastructure assets. MoJ defines such arrangements as Service Concession Arrangements if they meet the following conditions (as stipulated in IFRIC 12 'Service Concession Arrangements', as adapted for the public sector context by the FReM):

- MoJ controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- MoJ controls – through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the term of the arrangement.

Where these conditions are satisfied, the future payment stream is 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 of the agreement is charged to the CSoCNE over the contract period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The service element of the agreement is charged to the CSoCNE in the period in which the services are rendered by the operator.

For budgeting purposes, Service Concession Arrangements are evaluated according to the balance of risks and reward of ownership as defined by the European System of Accounts 95. This means that some Service Concession Arrangements recognised in the Accounts are treated differently for budgetary purposes against Treasury budgeting controls.

1.13 Investments

MoJ through NOMS hold 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 the 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.

1.14 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.

1.15 Inventories and work in progress

NOMS holds inventories comprising raw materials, work-in-progress, finished goods and consumable stores. Inventories are valued at the lower of cost and net realisable value. Current replacement cost is not considered to be materially different to historical cost.

1.16 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.

Defined benefit pension schemes

Principal Civil Service Pension Scheme (PCSPS)

The provisions of the PCSPS cover most past and present employees. While this is a defined benefit scheme, in accordance with FReM 12.2.5, MoJ Accounts for this scheme as a defined contribution scheme. The PCSPS is unfunded and non-contributory except in respect of dependants' benefits. MoJ recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the employees' services by payment of charges calculated on an accruing basis. Liability for payment of future benefits is a charge on the scheme.

Local Government Pension Scheme (LGPS)

Past and present employees of the local probation boards and trusts belong to the LGPS. Under the LGPS Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate.

The liability recognised in the CSoFP in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates as advised by the scheme actuary. In between formal actuarial valuations, in accordance with FReM 12.2.5, the obligation is approximated by adjusting the most recent full valuation using latest available membership data.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Consolidated Statement of Changes in Taxpayers' Equity (CSoCiTE) in full in the period in which they arise.

The CSoCNE charge is allocated between an operating and finance charge. The operating charge reflects the service cost which is spread systematically over the working lives of the employees. The finance charge reflects the unwinding of the discount applied to the liabilities of the scheme offset by the expected return on the assets of the plan, based on conditions prevailing at the start of the period.

Legal Services Commission (LSC) pension scheme

LSC operates two pension schemes, the No. 4 Scheme and the No. 3 Scheme, providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of LSC, being invested in funds managed by Legal and General Investment Management Limited. Contributions to the schemes are charged to the CSoCNE so as to spread the cost of the pensions over employees' working lives with LSC.

Other defined benefit pension schemes

MoJ has a number of separate schemes, which are ‘by analogy’ or similar to the PCSPS. Provision has been made for the future cost of benefits under these schemes. MoJ also administers the Judicial Pension Scheme (JPS) that provides for the pensions of judicial office holders of five participating departments across government. A percentage of the accruing superannuating liability charge paid by these Departments is budgeted in these Accounts, as reimbursement of the costs MoJ incurs in administering the scheme. The JPS is partly funded from the Consolidated Fund and the Vote.

Defined contribution pension schemes

Under defined contribution schemes MoJ’s legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Consequently, the risk that benefits will be less than expected and the investment risk that assets invested will be insufficient to meet expected benefits is borne by the employee.

MoJ recognises contributions payable as an expense in the year in which it is incurred.

Early departure 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, unless the retirement is on approved medical grounds. The total cost is provided in full when the early departure programme has been announced and is binding on MoJ. The estimated risk-adjusted cash flows are discounted using HM Treasury’s discount rate of 2.8% (2010–11: 2.9%) in real terms.

1.17 Operating income

Operating income is generated directly from the operating activities of the MoJ Departmental Group and includes both budgetary and non-budgetary income. Non-budgetary income is outside the income ambit of the Departmental Group and is due to the Consolidated Fund as Consolidated Fund Extra Receipts (CFERs) refer to Note 5.

Operating income is stated net of VAT and comprises mainly fees and charges for services which are set on a full cost basis, refer to Note 10.

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

1.18 Consolidated Fund Extra Receipts

CFER income refers to non-budgetary income of the Departmental Group or income which falls outside the income ambit of the Departmental Group.

CFER monies are non-retainable and are remitted to the Consolidated Fund. CFER balances are calculated on an accruals basis, unless otherwise stated.

CFER income for the Departmental Group is comprised of recoveries from assailants through civil actions and the criminal courts, and interest income earned by minor Executive NDPBs that is to be surrendered to HM Treasury.

1.19 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 Spending Review. This definition aligns with HM Treasury's Consolidated Budgeting Guidance.

Administration expenditure reflects the cost of support activities such as business and corporate support services, back-office administration and administration of grants.

Programme expenditure reflects costs directly related to frontline service delivery.

1.20 Grants payable and paid

Financing to MoJ's Executive NDBPs through Grant in Aid payments is reported on a cash basis in the period in which payments are made.

All Grant in Aid and grants made by MoJ Core to its Agencies and Executive NDPBs are fully eliminated within the Departmental Group. The Legal Services Board (LSB) and NOMS Probation Trusts are the only Executive NDPBs that do not receive Grant in Aid financing from MoJ Core, instead they receive levy funding from approved regulators and Departmental funding through NOMS Core respectively.

MoJ also makes a small number of grants to a variety of public sector, private sector and voluntary bodies. These grants are recognised at the point at which an authorised request is received from the recipient body, in accordance with the terms of the relevant financial memoranda.

1.21 Foreign exchange

Transactions that are denominated in a foreign currency are translated into British pound sterling, which is the functional and presentational currency of MoJ, at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in a foreign currency at the CSofP date are translated at the rates at that date, with any translation differences recognised in the CSocNE. MoJ does not hedge its foreign currency exposure due to immateriality.

1.22 Costs borne by the Consolidated Fund

The salary and social security costs of senior judges, being independent of MoJ, are included in these Accounts as a cost but are funded from the Consolidated Fund. Senior judges also receive long service payments under an agreement with MoJ. In addition, the salary and pension entitlements of the Information Commissioner are treated as notional costs.

1.23 Notional costs

Notional costs comprise the external auditor's remuneration, which represents the NAO's cost for the audit of the Accounts, notional costs for corporate overheads which are re-allocated to business areas, notional rent and notional secondment salary costs. Such notional costs are credited directly to the General Fund.

1.24 Provisions

Provisions represent liabilities of uncertain timing or amount.

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.

Provisions reflect the best estimate of the expenditure required to settle the obligation. Where the effect of discounting is material, provisions are measured at their present value using the real rate set by HM Treasury, currently 2.2% (2010–11: 2.2%).

1.25 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, 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. Contingent liabilities that are not required to be reported under IAS 37 but which require notification to Parliament are stated at the maximum amount granted by the indemnity, guarantee or letter of comfort where the liability is quantifiable.

1.26 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.

1.27 Corporation Tax

Most of the activities of MoJ are outside the scope of Corporation tax. However, all of MoJ's NDPBs are liable for Corporation tax on activities that fall within the scope of Corporation tax, the current Corporation tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

1.28 Third party assets

The 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 31 since neither the MoJ nor the government has a direct beneficial interest in them.

Any 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 19) and Trade and other payables (refer to Note 20), and therefore have no net impact on the CSoFP.

1.29 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

A financial asset is considered for de-recognition when the contractual rights to the cash flows from the financial asset expire, or MoJ has either transferred the contractual right to receive the cash flows from the asset, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. MoJ de-recognises a transferred financial asset if it transfers substantially all the risks and rewards of ownership.

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 impairments. Interest is recognised by applying the effective interest rate. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating the interest revenue over the relevant period using the estimated future cash flows.

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 has the following FVPL assets:

Shares in limited companies/special shares

MoJ through NOMS holds a number of investments as a result of its trading activities. 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, the 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.

1.30 Cash and cash equivalents

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

1.31 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 Management Committee of the Board (EMCB).

The segmental analysis at Note 6 presents the financial information based on the structure reported to the EMCB. The segments reflect the operational structure within the Department and allow the Board to have a clear view of the costs of front-line operations.

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 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. Land and buildings are shown at fair value, based on professional valuations. The Valuation Office Agency (VOA) or, for non-specialised properties, firms of chartered surveyors, carry out the valuations in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual, known as the 'Red Book'. Specialised 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. The value of land and buildings fluctuates with changes in construction costs and the current market value of buildings.

Pension costs

The present value of the net pension liability detailed in Note 33 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates and the long term rate of return on the assets (equities, bonds and property) underlying the pension fund. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events.

Provision for pension transfer deficit

The present value of the HM Courts & Tribunals Service pension transfer deficit obligations in Note 21 depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets to be transferred to the Principal Civil Service Pension Scheme. The assets to be transferred consist of gilts, bonds, equities, cash and property. Elements of the actual liability to be assumed by HM Courts & Tribunals Service will therefore continue to be subject to uncertainty, as a result of a number of factors. Further information on the pension transfer deficit is set out in Note 21.

Provisions for liabilities and charges

The provisions for liabilities and charges reported in Note 21 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. Where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the

effect with reasonable certainty, a provision is recognised. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

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 accounting treatment of Service Concession Arrangements, including Private Finance Initiative (PFI) arrangements, involves judgements about the degree to which the Department controls both the services and any significant residual interest. Where the Department is judged to control both elements, the contract assets are reflected in the CSoFP.

Accounting for receivables impairment provision

During the year the LSC has undertaken a series of activities designed to improve the accuracy and reporting of net receivables. These activities were designed to reduce the level of extrapolated error in the gross receivables records and a more robust assessment of the impairment provision, following LSC accounts qualification on net receivables in 2010–11.

As part of this wider exercise to improve the accuracy of data in the receivables records, a targeted review of a significant component of the receivables book was performed. The cases identified for review included those that management believed to be of the highest risk to collection and most susceptible to accuracy or existence error. As a result of this exercise a total of £48.1m of receivables were deemed to be inaccurate or unsupported. These receivables have been written off and allocated to the appropriate periods to which they relate in the presented CSoCNE and the CSoFP for 2010–11 and 2009–10.

Our underlying processes and assumptions to calculate the impairment of receivables has also been improved during the year to better reflect the underlying economic conditions and historic receipt of cash from our receivables. Our current year approach has also been applied and reflected in the 2010–11 and 2009–10 CSoFP.

2. Net outturn

2.1 Analysis of net resource outturn by section

	Administration			Programme			2011-12 Outturn	2011-12 Estimate	Restated 2010-11 Outturn		
	Gross	Income	Net Total	Gross	Income	Net Total	Net Total	Net Total	Net Total compared to Estimate		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
Spending in Departmental Expenditure Limits (DEL)											
Voted expenditure											
A	Policy, Corporate Services and Associated Offices	426,495	(13,200)	413,295	754,234	(131,221)	623,013	1,036,308	1,014,134	22,174	489,563
B	Central Funds	-	-	-	100,598	-	100,598	100,598	90,500	10,098	78,026
C	National Offender Management Service	69,391	(4,239)	65,152	3,859,041	(430,747)	3,428,294	3,493,446	3,595,357	(101,911)	4,056,421
D	HM Courts & Tribunals Service	26,293	-	26,293	1,660,213	(594,623)	1,065,590	1,091,883	1,070,355	21,528	1,092,170
E	Office of the Public Guardian	-	-	-	24,455	(30,192)	(5,737)	(5,737)	(457)	(5,280)	1,079
F	Legal Services Commission: Administration (net)	96,075	(779)	95,296	27,436	(19,700)	7,736	103,032	107,400	(4,368)	119,471
G	Legal Aid Fund: Criminal (net)	-	-	-	1,119,021	(3,662)	1,115,359	1,115,359	1,131,400	(16,041)	1,175,637
H	Legal Aid Fund: Civil (net)	-	-	-	1,181,794	(216,200)	965,594	965,594	934,800	30,794	1,025,389
I	Youth Justice Board (net)	17,537	-	17,537	360,282	-	360,282	377,819	394,064	(16,245)	454,457
J	Criminal Injuries Compensation Authority (net)	17,449	-	17,449	432,533	54	432,587	450,036	437,398	12,638	301,576
K	Parole Board (net)	1,072	-	1,072	9,316	-	9,316	10,388	10,167	221	14,178
L	Criminal Cases Review Commission (net)	903	-	903	4,384	(4)	4,380	5,283	5,394	(111)	6,185
M	Judicial Appointments Commission (net)	801	-	801	4,212	-	4,212	5,013	5,520	(507)	6,201
N	Information Commissioner's Office (net)	19,075	(15,038)	4,037	-	-	-	4,037	4,586	(549)	4,765
O	Office for Legal Complaints (net)	-	-	-	17,189	(17,306)	(117)	(117)	-	(117)	(80)
	Legal Services Board (net)	-	-	-	4,578	(4,578)	-	-	-	-	-
Total Voted expenditure in DEL		675,091	(33,256)	641,835	9,559,286	(1,448,179)	8,111,107	8,752,942	8,800,618	(47,676)	8,825,038
Non-voted expenditure											
P	Higher Judiciary Judicial Salaries	77	-	77	141,962	-	141,962	142,039	138,200	3,839	143,281
Total Non-voted expenditure in DEL		77	-	77	141,962	-	141,962	142,039	138,200	3,839	143,281
Total DEL Spending		675,168	(33,256)	641,912	9,701,248	(1,448,179)	8,253,069	8,894,981	8,938,818	(43,837)	8,968,319

	Administration			Programme			2011-12 Outturn	2011-12 Estimate	Restated 2010-11 Outturn	
	Gross	Income	Net Total	Gross	Income	Net Total	Net Total	Net Total	Net Total compared to Estimate	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Spending in Annually Managed Expenditure Limits (AME)										
Voted expenditure										
Q	Policy, Corporate Services and Associated Offices	-	-	18,730	-	18,730	18,730	(1,716)	20,446	56,916
R	National Offender Management HQ	-	-	(12,755)	-	(12,755)	(12,755)	60,000	(72,755)	85,582
S	Legal Services Commission: Administration (net)	-	-	(22,080)	-	(22,080)	(22,080)	7,800	(29,880)	(21,548)
T	Legal Aid Fund: Criminal (net)	-	-	(14,294)	-	(14,294)	(14,294)	(10,000)	(4,294)	(45,836)
U	Legal Aid Fund: Civil (net)	-	-	58,329	-	58,329	58,329	10,000	48,329	(40,019)
V	Criminal Injuries Compensation Authority (net)	-	-	(248,440)	-	(248,440)	(248,440)	(218,347)	(30,093)	60,558
W	Criminal Cases Review Commission (net)	-	-	271	-	271	271	361	(90)	(16)
X	HM Courts & Tribunals Service AME Impairment	-	-	21,484	-	21,484	21,484	60,000	(38,516)	12,044
Y	National Offender Management Service Impairment	-	-	39,314	-	39,314	39,314	100,000	(60,686)	34,526
Z	HM Courts & Tribunals Service	-	-	(21,462)	-	(21,462)	(21,462)	(4,740)	(16,722)	178,045
	Office of the Public Guardian	-	-	(3,968)	-	(3,968)	(3,968)	-	(3,968)	-
	Youth Justice Board (net)	-	-	39	-	39	39	-	39	-
	Parole Board (net)	-	-	36	-	36	36	-	36	(21)
	Judicial Appointments Commission (net)	-	-	(24)	-	(24)	(24)	-	(24)	(27)
	Information Commissioner's Office (net)	-	-	(9)	-	(9)	(9)	-	(9)	93
	Office for Legal Complaints (net)	-	-	117	-	117	117	-	117	80
	Legal Services Board (net)	-	-	-	-	-	-	-	-	-
Total AME Spending		-	-	(184,712)	-	(184,712)	(184,712)	3,358	(188,070)	320,377

Significant variances between Estimate and Outturn are explained in the Management Commentary on pages 18 to 21.

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

3.1 Reconciliation of net resource outturn to net operating cost

		2011–12 Outturn £000	Restated* 2010–11 Outturn £000
Total Resource Outturn in SoPS			
Voted DEL	2.1	8,752,942	8,825,038
Non-voted DEL	2.1	142,039	143,281
Budget – DEL		8,894,981	8,968,319
Budget – AME	2.1	(184,712)	320,377
		8,710,269	9,288,696
Add:			
Capital grants (net of EU contributions)		281	1,388
Other			
Non cash		-	23
The Parole Board – costs incurred by MoJ of behalf of the Parole Board		-	1,113
Criminal Injuries Compensation Authority (CICA) – additional resource for compensation payments		-	(34,100)
Funding from other Central Government Department		39,210	-
Utilisation of capital provisions		616	-
Adjustment for other capital expenditure in CSoCNE		10,441	-
		50,548	(31,576)
Less:			
Income payable to the Consolidated Fund		(3,372)	(2,954)
Other			
Notional corporate overheads		-	(170)
Private Finance Initiative (PFI) adjustments		(27,202)	-
Prior period adjustments		(46,636)	(23,358)
		(77,210)	(26,482)
Net Operating Costs in CSoCNE		8,683,607	9,230,638

The prior period adjustment included in the table above, relates to the restatement of the LSC net debt figures. Further details on this restatement is provided in Note 1b.

Note 2 provides a breakdown of the underspend against Supply Estimate by subhead. Explanations for significant variances are given in the Management Commentary on pages 18 to 21.

*Restatement of 2010–11 Resource Outturn:

	Restated 2010–11 Outturn £000
Net Resource Outturn (as reported at 31 March 2011)	49,136,470
Less: MoG transfer out to Cabinet Office of Scotland Office Wales Office	(26,780,322) (13,248,970)
	9,107,178
Add: Transfer to non-voted DEL of Higher Judicial salaries	143,281
Less: Adjustments to profit/loss on disposal	(3,506)
Less: Adjustment for capital grant to Local Authority	(1,388)
Less: Cash Grant in Aid paid by MoJ to NDPB in 2010–11	(3,017,912)
Add: NDPBs resource expenditure incurred in 2010–11	3,061,043
	43,131
	9,288,696

3.2 Outturn against final Administration Budget and Administration Net Operating cost

		2011–12 Outturn	Restated 2010–11 Outturn
	Note	£000	£000
Administration costs limit – Estimate		712,710	483,739
Outturn – Gross Administration Costs		522,179	408,372
Outturn – Gross Income relating to Administration costs		(17,439)	(16,577)
Outturn – Net Administration costs – Core and Agencies		504,740	391,795
Gross Administration costs of NDPBs		152,912	160,799
Gross Income relating to Administration costs of NDPBs		(15,817)	(16,117)
Outturn – Net Administration costs – NDPBs		137,095	144,682
Outturn – Net Administration – Departmental Group	2	641,835	536,477
Reconciliation to operating costs:			
Less: Provision utilised (transfer from Programme)		(2,378)	-
Less: Other		77	(36,306)
Less: CFER income		(3,369)	(2,523)
Less: Intra-Departmental eliminations not accounted for in resource outturn		(5,942)	-
Less: HM Courts & Tribunals Service and NOMS Programme Voluntary Early Departure (VED) scheme costs		(83,250)	-
Add: Core Department's downward asset valuation accounted for in Resource Annually Managed Expenditure (RAME)		12,553	-
Administration Net Operating costs		559,526	497,648

The 2010–11 Estimate of the Administration costs limit was set and is stated on a pre-CLoS basis (that is, excluding administration costs of NDPBs) as this was the amount voted by Parliament for the 2010–11 Departmental Budget. The 2010–11 Administration Cost outturn however has been restated to include NDPBs and thus while the Departmental Group Net Administration outturn is above the Estimate limit, the Departmental Group did not breach its Administration Budget control total.

4. Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	Note	2011–12	Restated 2010–11
		£000	£000
Net cash requirement - Core Department and Agencies		(8,620,762)	(9,107,002)
Amounts from the Consolidated Fund (Supply)			
- current year	CSoCiTE	8,660,000	8,865,000
Amounts due to the Consolidated Fund			
- received in a prior year and paid over: Surplus A in A		-	(4,359)
- received in a prior year and paid over: CFERs		(888)	(3,690)
- received in a prior year and paid over to the Trust Statement	20.1	(34,465)	(32,953)
- received but to be transferred to the Trust Statement	20.1	-	34,465
- received and not paid over: CFERs		747	1,147
Other *		(259)	-
(Decrease)/increase in third party balances		(44,851)	298
Increase/(decrease) in cash held by Core Department & Agencies and NOMS Probation Trusts		(40,478)	(247,094)
Add: Increase/(decrease) in cash held by NDPBs (excluding NOMS Probation Trusts)		87,793	42,614
Net Increase/(decrease) in cash held by Departmental Group		47,315	(204,480)
Opening cash	19	277,873	482,353
Closing cash	19	325,188	277,873
Increase/(decrease) in cash held by Departmental Group		47,315	(204,480)

* Other relates to Probation Trust 2010–11 CFER income received yet to be paid over to Consolidated Fund as at 31 March 2012, therefore this amount is adjusted in 2011–12 Net Cash Requirement.

5. Income payable to the Consolidated Fund

5.1 Analysis of income payable to the Consolidated Fund

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

	Outturn 2011–12		Outturn 2010–11	
	Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Operating income outside the ambit of the Estimate	3,372	<i>3,100</i>	2,954	<i>2,954</i>
Excess cash surrenderable to the Consolidated Fund	-	-	225,085	<i>225,085</i>
Total income payable to the Consolidated Fund	3,372	<i>3,100</i>	228,039	<i>228,039</i>

Consolidated Fund income does not include any amounts collected by MoJ where it was acting as agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund are included in the HM Courts & Tribunals Service Trust Statement published separately from these Accounts.

6. Statement of Operating Costs by Operating Segment

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

The Department is divided into the Core Department, which includes the headquarters administrative operations; three agencies; nine NDPBs and one statutory office.

For reporting and operational management these are grouped into the Department's four business groups plus the Department's largest NDPB. These groups are: Corporate Performance Group (CPG), Justice Policy Group (JPG), NOMS, HM Courts & Tribunals Service and LSC.

The Core Department is subdivided between the central CPG and the central JPG.

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

The CPG segment consists of the central CPG plus CICA and the Parole Board.

The central JPG focuses on policy for criminal, civil and family justice, criminal justice strategy, offender management strategy and regulation, research and analysis and closer working with other parts of the criminal justice system.

The JPG segment consists of the central JPG plus OPG, YJB, LSB, OLC, ICO, JAC and CCRC.

The financial information of these five segments is reported to the EMCB.

The operating segments' net cost of operations are measured on the same basis as the corresponding amounts reported in the Accounts.

In 2010–11 an analysis of operating costs was reported by "Requests for Resources" and business areas. The adoption of IFRS 8 'Operating Segments' and the implementation of the CLoS project, both with effect from 1 April 2011, has required the restatement of the 2010–11 reported figures on the basis of operating segments and the consolidation of NDPB figures to form the MoJ Group disclosure which is reviewed by the EMCB.

The EMCB 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 Trusts. This analysis equates to the amounts shown in the Core Department & Agencies column in the CSoFP reported on page 70.

All operating segments operate within the United Kingdom.

Revenues from external customers have not been separated by service type due to cost of production out-weighting the benefit it provides.

	2011–12							
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Gross Total	Elimination	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	636,735	2,023,304	4,369,712	2,400,811	739,007	10,169,569	(151,285)	10,018,284
Income	(134,111)	(594,623)	(434,989)	(240,341)	(81,898)	(1,485,962)	151,285	(1,334,677)
Net Expenditure	502,624	1,428,681	3,934,723	2,160,470	657,109	8,683,607	-	8,683,607

2010–11								
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Gross Total	Elimination	Net Total
	£000	£000	£000	£000	£000	£000	£000	£000
Gross expenditure	643,174	2,138,457	4,601,663	2,411,996	832,888	10,628,178	(168,956)	10,459,222
Income	(122,824)	(568,600)	(409,483)	(220,973)	(75,660)	(1,397,540)	168,956	(1,228,584)
Net expenditure	520,350	1,569,857	4,192,180	2,191,023	757,228	9,230,638	-	9,230,638

2011–12							
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Gross Total	
	£000	£000	£000	£000	£000	£000	
Income							
Revenues from external customers		(130,742)	(594,623)	(249,649)	(220,551)	(81,603)	(1,277,168)
Revenues from transactions with other operating segments of MoJ		-	-	(139,873)	(90)	(294)	(140,257)
LSC's return on Pension schemes No.3 and No. 4		-	-	-	(19,700)	-	(19,700)
Interest revenue		-	-	(3)	-	(1)	(4)
Material items of income							
EU Grant		-	-	(45,464)	-	-	(45,464)
CFERs		(3,369)	-	-	-	-	(3,369)
Total income		(134,111)	(594,623)	(434,989)	(240,341)	(81,898)	(1,485,962)
Individual items of income and expenditure							
LSC interest revenue on Fund deposit accounts		-	-	-	(6,497)	-	(6,497)
Depreciation		26,632	104,301	232,264	4,254	5,229	372,680
Amortisation		15,477	15,319	23,475	4,344	5,629	64,244
Material items of expenditure							
Accommodation, maintenance and utilities		36,904	249,614	358,154	4,991	5,160	654,823
Offender related costs		-	-	343,809	-	-	343,809
Service concession charges		87,571	31,845	579,615	-	137	699,168
IT services and telecommunications (non-Service Concession Agreements)		74,492	15,693	152,417	640	3,979	247,221
Payments of Grant in Aid to NDPBs which eliminate with receipts of Grant in Aid by NDPBs		(444,695)	-	-	(2,134,193)	(401,085)	(2,979,973)
Criminal cases – Solicitors' charges, counsel fees and disbursements		-	-	-	1,095,416	-	1,095,416
Civil legal help and representation – Solicitors' charges, counsel fees and disbursements		-	-	-	1,148,556	-	1,148,556
Provisions provided for in year		244,310	31,345	(2,632)	(369)	21,166	293,820
Corporation tax		-	-	240	4,931	56	5,227
Rentals under operating leases		29,880	79,734	3,616	5,442	1,741	120,413
Other expenditure		8,231	5,024	74,116	540	8,339	96,250
Finance charges on Leases and Service Concession Agreements		16,877	10,263	19,773	105	1,582	48,600

	2010–11					
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Gross Total
	£000	£000	£000	£000	£000	£000
Income						
Revenues from external customers	(120,301)	(568,600)	(223,525)	(200,175)	(75,607)	(1,188,208)
Revenues from transactions with other operating segments of the MoJ	-	-	(153,663)	(141)	(46)	(153,850)
LSC's return on Pension schemes No.3 and No. 4	-	-	-	(20,657)	-	(20,657)
Interest revenue	-	-	(431)	-	(7)	(438)
Material items of income						
EU Grant	-	-	(31,864)	-	-	(31,864)
CFERs	(2,523)	-	-	-	-	(2,523)
Total income	(122,824)	(568,600)	(409,483)	(220,973)	(75,660)	(1,397,540)
Individual items of income and expenditure						
LSC Interest revenue on Fund deposit accounts	-	-	-	(8,095)	-	(8,095)
Depreciation	23,681	104,912	223,359	3,700	6,810	362,462
Amortisation	2,289	-	23,651	3,557	29,230	58,727
Material items of expenditure						
Accommodation, maintenance and utilities	26,834	238,319	368,983	4,907	5,109	644,152
Offender related costs	-	-	364,483	-	-	364,483
Service concession charges	106,660	30,559	526,772	-	523	664,514
IT services and telecommunications (non-Service Concession Arrangements)	35,442	19,629	184,881	545	6,032	246,529
Payments of Grant in Aid to NDPBs which eliminate with receipts of Grant in Aid by NDPBs	(306,653)	-	-	(2,256,408)	(454,851)	(3,017,912)
Criminal cases – Solicitors' charges, counsel fees and disbursements	-	-	-	1,121,349	-	1,121,349
Civil legal help and representation – Solicitors' charges, counsel fees and disbursements	-	-	-	1,116,974	-	1,116,974
Provisions provided for in year	356,675	178,322	22,634	681	21,066	579,378
Corporation tax	-	-	1,057	29	141	1,227
Rentals under operating leases	24,956	70,643	3,814	6,118	3,269	108,800
Other expenditure	7,537	3,034	104,383	748	8,540	124,242
Finance charges on Leases and Service Concession Agreements	15,398	10,791	22,690	123	1,766	50,768

6.1 Reconciliation between Operating Segments and Consolidated Statement of Net Comprehensive Expenditure and Consolidated Statement of Financial Position

	2011–12					
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Total
	£000	£000	£000	£000	£000	£000
Total net expenditure per CSocNE	502,624	1,428,681	3,934,723	2,160,470	657,109	8,683,607

	2010–11					
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Total
	£000	£000	£000	£000	£000	£000
Total net expenditure per CSocNE	520,350	1,569,857	4,192,180	2,191,023	757,228	9,230,638

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. The total net expenditure of all operating segments equals the total net expenditure of the Departmental Group.

6.2 Reconciliation between Operating Segments and Note 2

	2011–12					
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Total
	£000	£000	£000	£000	£000	£000
Total net expenditure per CSocNE by Operating Segment	502,624	1,428,681	3,934,723	2,160,470	657,109	8,683,607
Reconciling items						
Consolidation adjustments in expenditure	-	-	-	-	(1,155)	(1,155)
Consolidation adjustments in income	1,658	565	3	-	2,301	4,527
Corporate overheads	188,479	(139,716)	(42,824)	(1,166)	(4,773)	-
Utilisation of provision	-	-	-	-	(616)	(616)
Capital Grants	-	(281)	-	-	-	(281)
Adjustments for PFI accounting differences	-	-	27,202	-	-	27,202
Prior period adjustments	-	-	-	46,636	-	46,636
Reallocation of costs	333,960	-	(333,960)	-	-	-
Probation Trust Loan repayments	-	-	(10,441)	-	-	(10,441)
Funding from Other Government Departments	(21,147)	-	-	-	(18,063)	(39,210)
Total net expenditure per SoPS	1,005,574	1,289,249	3,574,703	2,205,940	634,803	8,710,269

	2010–11					
	CPG	HM Courts & Tribunals Service	NOMS	LSC	JPG	Total
	£000	£000	£000	£000	£000	£000
Total net expenditure per CSocNE by Operating Segment	520,350	1,569,857	4,192,180	2,191,023	757,228	9,230,638
Reconciling items						
Corporate overheads	165,282	(143,007)	(16,081)	(1,287)	(4,737)	170
Capital Grant	-	(1,388)	-	-	-	(1,388)
Income payable to the Consolidated Fund	1,496	703	438	-	317	2,954
Difference between resource and cash grant paid to Parole Board	(1,113)	-	-	-	-	(1,113)
Other non-cash	-	-	(1)	-	(22)	(23)
Difference between resource and cash grant paid to CICA	34,100	-	-	-	-	34,100
Prior period adjustments	-	-	-	23,358	-	23,358
Total net expenditure per SoPS	720,115	1,426,165	4,176,536	2,213,094	752,786	9,288,696

7. Staff and judiciary numbers and related costs

7.1 Staff costs

Departmental Group

	2011–12				Restated 2010–11	
	Permanently employed staff	Other	Ministers	Special advisors	Total	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	2,554,630	111,192	452	85	2,666,359	2,852,963
Social security costs	189,489	719	54	9	190,271	197,470
Other pension costs	480,411	927	18	15	481,371	508,235
Sub Total	3,224,530	112,838	524	109	3,338,001	3,558,668
Early departure	55,114	-	-	-	55,114	25,895
Use of Early departure provision	492	-	-	-	492	734
Add inward secondments	737	-	-	-	737	955
Less recoveries in respect of outward secondments	(23,931)	-	(245)	-	(24,176)	(60,443)
Total Net Costs	3,256,942	112,838	279	109	3,370,168	3,525,809
Of which:						
Core Department	212,043	33,266	279	109	245,697	175,605
Agencies	2,285,576	45,732	-	-	2,331,308	2,494,573
NDPBs	759,323	33,840	-	-	793,163	855,631
	3,256,942	112,838	279	109	3,370,168	3,525,809
Core Department						
Charged to Admin Costs	138,569	14,472	279	109	153,429	128,540
Charged to Programme Costs	73,474	18,794	-	-	92,268	47,065
	212,043	33,266	279	109	245,697	175,605
Core Department & Agencies						
Charged to Admin Costs	213,120	18,678	279	109	232,186	239,666
Charged to Programme Costs	2,284,499	60,320	-	-	2,344,819	2,430,512
	2,497,619	78,998	279	109	2,577,005	2,670,178
Departmental Group						
Charged to Admin Costs	283,414	31,022	279	109	314,824	341,125
Charged to Programme Costs	2,973,528	81,816	-	-	3,055,344	3,184,684
	3,256,942	112,838	279	109	3,370,168	3,525,809

During the year £8.0m of staff costs (2010–11: £nil) 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 2011–12 the Lord Chancellor's salary was £68,827 (2010–11: £69,953) and the associated social security costs were £8,523 (2010–11: £7,968).

The Principal Civil Service Pension Scheme (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 2007. You can find details in the resource Accounts of the Cabinet Office: Civil Superannuation at www.civilservice.gov.uk/pensions.

For 2011–12, employers' contributions of £344,946k were payable to the PCSPS (2010–11: £372,102k) at one of four rates which ranged from 16.7% to 24.3% (2010–11: 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 every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2011–12

to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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 scheme.

Additional information regarding pension costs can be found in Note 33.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions to partnership pension Accounts were £147k (2010–11: £165k) 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% (2010–11: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

Contributions due to the partnership pension providers at the reporting period date were £nil (2010–11: £51k).

For 2011–12 employers' pension contributions and contribution rates for LSC pension schemes, By-analogy pension schemes and Probation Trust pension schemes refer to Note 33.

180 persons (2010–11: 150 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £993k (2010–11: £629k).

7.2 Judicial costs

Departmental Group

				2011–12	2010–11
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	128,675	102,533	122,952	354,160	346,214
Social security costs	15,647	12,050	13,106	40,803	38,070
Other pension costs	40,585	32,730	-	73,315	74,011
Sub Total	184,907	147,313	136,058	468,278	458,295
Less recoveries in respect of outward secondments	-	-	-	-	-
Total net costs	184,907	147,313	136,058	468,278	458,295
Of which:					
Core Department	2,375	-	3,362	5,737	3,927
Agencies	182,532	147,313	132,696	462,541	454,368
NDPBs	-	-	-	-	-
	184,907	147,313	136,058	468,278	458,295
Core Department					
Charged to Administration costs	144	-	799	943	730
Charged to Programme costs	2,231	-	2,563	4,794	3,197
	2,375	-	3,362	5,737	3,927
Core Department & Agencies					
Charged to Administration costs	144	24	813	981	1,020
Charged to Programme costs	184,763	147,289	135,245	467,297	457,275
	184,907	147,313	136,058	468,278	458,295
Departmental Group					
Charged to Administration costs	144	24	813	981	1,020
Charged to Programme costs	184,763	147,289	135,245	467,297	457,275
	184,907	147,313	136,058	468,278	458,295

The Judicial Pension Scheme (JPS) is an unfunded multi-employer defined benefit scheme, which prepares its own Accounts, but for which 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 2009. Details can be found in the resource Accounts of the JPS at www.official-documents.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% (2010–11: 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.

7.3 Average number of staff employed

Departmental Group

					2011–12	Restated 2010–11
	Permanent staff	Other	Ministers	Special advisors	Total	Total
MoJ Headquarters and Associated Offices						
Corporate Performance Group	3,209.3	354.8	0.3	0.5	3,564.9	2,398.9
Justice Policy Group	964.5	19.9	2.8	0.5	987.7	1,044.4
Agencies						
HM Courts & Tribunals Service	19,383.0	271.0	0.8	0.5	19,655.3	20,778.1
Office of the Public Guardian	457.0	142.0	-	-	599.0	495.0
National Offender Management Service	45,015.0	337.0	0.8	0.5	45,353.3	49,349.1
Non-Departmental Public Bodies						
Non-Departmental Public Bodies	20,769.0	1,001.0	-	-	21,770.0	22,670.0
Capital Projects						
Staff engaged on capital projects	137.0	-	-	-	137.0	-
Total	89,934.8	2,125.7	4.7	2.0	92,067.2	96,735.5
Of which:						
Core Department	4,228.8	374.7	4.7	2.0	4,610.2	3,445.5
Agencies	64,905.0	750.0	-	-	65,655.0	70,620.0
NDPBs	20,801.0	1,001.0	-	-	21,802.0	22,670.0
	89,934.8	2,125.7	4.7	2.0	92,067.2	96,735.5

Ministers and Special advisors are employed and paid by the Core Department. However, the Full Time Equivalent (FTE) analysis for Ministers and Special advisors reflects the proportion of time spent across the different functions within the Departmental Group.

In 2011–12, approximately 1,200 additional staff transferred to the Core Department from NOMS as part of the centralisation of functions (estates, IT and shared services). This has resulted in an additional £57m in staff costs being recognised in the Core Department.

7.4 Average number of judiciary in post

Departmental Group

				2011–12	2010–11
	Senior judicial salaries	Other judicial salaries	Fee paid judiciary	Total	Total
	£000	£000	£000	£000	£000
Agencies					
HM Courts & Tribunals Service	933.0	945.0	1,495.0	3,373.0	3,312.0
Total	933.0	945.0	1,495.0	3,373.0	3,312.0
Of which:					
Core Department	-	-	-	-	-
Agencies	933.0	945.0	1,495.0	3,373.0	3,312.0
NDPBs	-	-	-	-	-
	933.0	945.0	1,495.0	3,373.0	3,312.0

Members of the judiciary are independent of HM Courts & Tribunals Service. Their payroll costs are met either from the Consolidated Fund, in the case of senior judiciary, or directly by HM Courts & Tribunals Service for other judiciary. All costs are included within HM Courts & Tribunals Service's accounts to ensure that the full cost of operations is disclosed.

7.5 Reporting of civil service and other compensation schemes – exit packages

Departmental Group

	2011–12			Restated 2010–11		
	Compulsory redundancies	Other departures	Total departures	Compulsory redundancies	Other departures	Total departures
Exit package cost band	Number	Number	Total number	Number	Number	Total number
< £10,000	16	303	319	24	190	214
£10,000 – £25,000	13	928	941	6	487	493
£25,001 – £50,000	8	986	994	11	574	585
£50,001 – £100,000	7	628	635	6	540	546
£100,001 – £150,000	-	183	183	2	200	202
£150,001 – £200,000	-	59	59	-	68	68
£200,001 – £250,000	-	18	18	-	21	21
£250,001 – £300,000	-	3	3	-	7	7
£300,001 – £350,000	-	-	-	-	3	3
£350,001 – £400,000	-	-	-	-	-	-
£400,001 – £450,000	-	-	-	-	-	-
£450,001 – £500,000	-	-	-	-	1	1
Total number of exit packages by type	44	3,108	3,152	49	2,091	2,140
Total cost of exit packages by type (£000)	1,136	132,701	133,837	1,374	102,005	103,379
Numbers of exit packages Of which:						
Core Department	7	536	543	-	351	351
Agencies	-	2,098	2,098	-	1,088	1,088
NDPBs	37	474	511	49	652	701
	44	3,108	3,152	49	2,091	2,140
Total cost of exit packages Of which:						
Core Department	296	27,748	28,044	-	19,412	19,412
Agencies	-	93,900	93,900	-	61,807	61,807
NDPBs	840	11,053	11,893	1,374	20,786	22,160
	1,136	132,701	133,837	1,374	102,005	103,379

Excluding Probation Trusts, 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. 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 Trusts, redundancy and other departure costs have been paid in accordance with the Trust's redundancy policy. The Trusts 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, meets the additional costs of early retirement.

Ill health retirement costs are met by the pension scheme and are not included in the table above. Exit costs are accounted for in full in the year the exit package is confirmed.

8. Other Administration costs

	2011–12			Restated 2010–11		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
<i>Lease/service concession charges</i>						
Service concession - IT	4,844	4,844	4,844	3,098	3,098	3,098
Service concession - Other	8,881	20,355	20,355	6,689	18,436	18,436
PFI service charges	-	1,449	3,778	-	1,689	4,068
Finance charges on Leases and Service Concession Agreements	12,135	12,192	12,297	12,304	12,379	12,502
Rentals under operating leases	28,447	28,540	36,017	22,823	24,294	32,025
Other contracted out services	5,699	6,068	6,197	2,605	3,004	3,133
<i>Court costs</i>						
Judicial costs	147	165	165	1,357	1,413	1,943
<i>Other administration costs</i>						
Accommodation, maintenance and utilities	33,544	37,124	46,128	22,968	31,497	39,966
Communications, office supplies and services	9,268	10,463	18,994	9,468	11,489	18,197
IT services and telecommunications (non-Service Concession Arrangements)	16,245	23,908	27,436	(4,985)	13,399	16,528
Travel, subsistence and hospitality	3,462	8,598	9,551	2,805	8,123	9,122
Training and other staff related costs	2,819	7,751	10,098	3,874	7,870	10,612
Professional services	1,666	3,234	8,821	6,635	9,184	17,968
Research and development expenditure	1,466	1,466	1,540	1,496	1,496	1,504
Bank fees and charges	23	23	23	-	-	-
Furniture and fittings	-	-	8	-	-	12
Managed facility - outsourced contracts	-	-	4,846	-	-	4,646
Auditors' remuneration and expenses	-	22	1,901	-	24	2,196
Losses and special payments	-	-	44	-	-	90
Other legal aid service costs	-	-	994	-	-	1,278
Service level agreements with HM Courts & Tribunals Service	-	-	1,804	-	-	-
Other administration expenditure	6,467	18,637	19,133	2,304	4,102	5,175
Non-cash items						
<i>(Increase)/decrease in the valuation of</i>						
Property, plant and equipment	12,548	12,548	12,548	370	370	370
Intangible assets	5	5	5	55	55	55
<i>Net (profit)/loss on disposal of</i>						
Property, plant and equipment	1,942	1,924	2,018	37	(3,357)	(3,149)
Intangible assets	-	-	20	-	-	10
<i>Other non-cash</i>						
Depreciation	11,820	11,922	18,202	13,046	14,681	20,350
Amortisation	26	949	5,652	597	967	4,776
Auditors' remuneration and expenses	467	767	767	400	700	700
Allocation of overheads	(48,934)	(4,191)	-	(41,866)	(37,694)	(36,407)
Increase/(decrease) in receivables impairment	138	(18)	(10)	(853)	(913)	(825)
Straight lining of operating lease payments	1,905	1,905	1,905	2,325	2,325	2,325
Other non-cash	1,188	1,187	1,187	16	16	16
Total other Administration costs	116,218	211,837	277,268	67,568	128,647	190,720

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

9. Programme costs

	2011–12			Restated 2010–11		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
<i>Grants</i>						
Current	68,065	68,080	68,080	94,188	94,188	94,188
Capital	-	281	281	-	1,388	1,388
<i>Lease/service concession charges</i>						
Rentals under operating leases	118	82,233	84,398	1,075	74,040	76,775
Service concession charges	73,983	673,969	673,969	97,396	642,980	642,980
Finance charges on leases and Service Concession Agreements	4,742	34,721	36,303	3,094	36,500	38,266
<i>Interest</i>						
Local authority loan interest	-	1,955	1,955	-	2,268	2,268
Interest receivable	-	-	(6,497)	-	-	(8,095)
Interest on pension scheme liabilities	-	-	270	-	-	232
<i>Criminal Justice costs</i>						
Offender related costs	-	1,180,647	343,809	-	1,240,544	364,483
Young Offender Institutions (HM Prison Service and PFI prisons) including escorts	-	-	10,514	-	-	22,378
Secure children's homes	-	-	36,648	-	-	39,035
Secure training centres	-	-	58,463	-	-	53,887
Direct Youth Offending Team funding	-	-	117,795	-	-	145,316
Intensive supervision and surveillance programme	-	-	1,398	-	-	2,162
Judicial costs	10,498	54,250	54,250	13,741	64,171	64,404
Juror costs	-	40,854	40,854	-	42,813	42,813
Compensation payments	400	400	10,811	11,200	11,200	20,599
Costs of civil representation and legal help	-	-	23,362	-	-	26,664
Costs of the Public Defender, Duty Solicitor and direct services for criminal cases	-	-	6,275	-	-	6,558
<i>Other Programme costs</i>						
Accommodation, maintenance and utilities	2,478	533,657	608,695	2,303	530,368	604,186
Auditors' remuneration and expenses	-	-	176	-	-	118
Taxation	-	-	5,227	-	-	1,227
Communications, office supplies and services	2,574	47,771	64,916	2,220	52,774	72,194
IT services and telecommunications (non-Service Concession Arrangements)	57,166	184,875	219,785	41,785	195,543	230,001
Other contracted out services	585	35,655	35,894	184	30,434	30,683
Cost from Central Funds	71,231	71,231	71,231	78,026	78,026	78,026
Professional services	5,396	25,972	37,680	1,665	24,390	36,348
Travel and subsistence	3,605	15,688	31,458	828	17,992	39,095
Training and other staff related costs	2,828	48,529	63,974	1,152	55,958	76,472
Other grants and similar	-	-	4,973	-	-	5,966
Bank fees and charges	20	3,713	3,803	6	3,893	3,997
Research and development expenditure	581	581	1,267	2,043	2,043	2,811
Other programme costs	1,220	40,378	80,029	3,002	39,470	119,067
Non-cash items						
<i>(Increase)/decrease in the valuation of</i>						
Property, plant and equipment	-	-	(15)	5,907	(45,728)	(43,969)
Intangible assets	549	541	541	87	393	393
Assets held for sale	-	(2,791)	(2,791)	-	75	75
Investment properties	-	15	15	-	239	239
Investments	-	(23)	(23)	-	-	-
<i>Impairment</i>						
Property, plant and equipment	-	52,892	53,043	-	71,010	71,010
Intangible assets	-	5,152	5,410	-	10,327	10,327
Assets held for sale	-	7,891	7,891	-	-	-
<i>Net (profit)/loss on disposal of</i>						
Property, plant and equipment	1,346	6,568	6,613	(1,703)	(531)	(151)
Intangible assets	5,585	5,861	5,984	-	-	-

	2011–12			Restated 2010–11		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
<i>Provisions</i>						
Civil legal help and representation	-	-	1,148,556	-	-	1,116,974
Criminal cases – Solicitors' charges, counsel fees and disbursements	-	-	1,095,416	-	-	1,121,349
Provisions provided for in year net of releases	85,473	108,628	293,820	52,827	253,273	579,378
Borrowing costs of provisions – discount unwinding	5,182	10,942	19,313	4,430	10,068	18,549
<i>Other non-cash</i>						
Depreciation	13,603	348,205	354,478	11,370	335,778	342,112
Amortisation	18,787	56,098	58,592	14,585	52,038	53,951
Notional charges	-	1,933	1,969	-	1,783	1,783
Auditors' remuneration and expenses	197	703	703	178	739	739
Allocation of overheads	(140,235)	-	-	(123,416)	34,191	36,237
Increase/(decrease) in receivables impairment	(9)	385	21,931	(97)	(759)	19,562
Interest on pension deficit transfer	-	19,264	19,264	-	9,968	9,968
Straight lining of operating lease payments	-	15,766	15,766	-	8,492	8,492
Amortisation of operating lease prepayment	-	5	5	-	4	4
Pension past service cost	-	-	-	-	(106)	(106)
Other non-cash	3,870	4,043	4,043	6	919	990
Subtotal Programme costs	299,838	3,787,518	5,902,570	318,082	3,983,156	6,284,398
Grant in Aid to NDPBs	2,979,973	2,979,973	-	3,017,912	3,017,912	-
Total Programme costs	3,279,811	6,767,491	5,902,570	3,335,994	7,001,068	6,284,398

10. Income

10.1 Operating income

	2011–12			Restated 2010–11		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Income within the Department's ambits						
HM Courts & Tribunals Service	-	594,623	585,604	-	568,600	554,071
Court Funds Office	4,138	4,138	4,138	12,406	12,406	12,406
Office of the Public Guardian	-	30,192	30,192	-	24,189	24,189
Official Solicitor and Public Trustee	2,421	2,421	2,421	1,791	1,791	1,791
National Offender Management Service	-	359,075	248,411	-	346,264	223,525
Other Core Department income	137,862	137,862	137,862	124,649	124,649	124,649
EU Income	-	42,899	45,464	-	31,864	31,864
Criminal Injuries Compensation Authority	-	-	(54)	-	-	42
Criminal Cases Review Commission	-	-	4	-	-	27
Office for Legal Complaints	-	-	17,306	-	-	12,893
Legal Services Board	-	-	4,578	-	-	4,734
Information Commissioner's Office	-	-	15,038	-	-	14,460
Legal Services Commission	-	-	20,479	-	-	21,009
Legal Services Commission Funds:			-			
Criminal Defence Service	-	-	216,200	-	-	198,159
Community Legal Service	-	-	3,662	-	-	1,805
Total Income within the Department's ambits	144,421	1,171,210	1,331,305	138,846	1,109,763	1,225,624
Payable to Consolidated Fund						
CFER receipts	3,369	3,372	3,372	2,523	2,523	2,960
Total payable to Consolidated Fund	3,369	3,372	3,372	2,523	2,523	2,960
Total operating income	147,790	1,174,582	1,334,677	141,369	1,112,286	1,228,584
Of which:						
Administration income	16,569	20,808	33,547	11,542	23,228	35,217
Programme income	131,221	1,153,774	1,301,130	129,827	1,089,058	1,193,367
Total operating income	147,790	1,174,582	1,334,677	141,369	1,112,286	1,228,584

10.2 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'.

	2011–12				
	Gross income	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
	£000	£000	£000	%	%
Court Funds Office	4,138	14,398	(10,260)	29	100
Official Solicitor and Public Trustee					
Litigation	1,521	8,243	(6,722)	18	11
Trust and Estates	900	2,007	(1,107)	45	39
HM Courts & Tribunals Service					
Total Civil Business	502,898	594,444	(91,546)	85	100
Asylum & Immigration	1,486	102,769	(101,283)	1	25
Lands Tribunal	637	2,272	(1,635)	28	48
Residential Property Tribunal	409	12,814	(12,405)	3	33
Gambling Tribunal	3	173	(170)	2	100
Gender Recognition Tribunal	40	58	(18)	69	100
Office of the Public Guardian	36,944	28,876	8,068	128	100
National Offender Management Service					
Department for Innovation, Universities and Skills	426	426	-	100	100
Primary Care Trust	109,146	109,146	-	100	100
Youth Justice Board	139,873	139,873	-	100	100
Information Commissioner's Office	16,192	20,298	(4,106)	80	100
Legal Services Board	4,502	4,578	(76)	98	100
Office for Legal Complaints	17,294	17,294	-	100	100
	836,409	1,057,669	(221,260)		

	Restated 2010–11				
	Gross income	Full cost	Surplus/ (deficit)	Fee recovery actual	Fee recovery target
	£000	£000	£000	%	%
Court Funds Office	12,406	15,041	(2,635)	82	100
Official Solicitor and Public Trustee					
Litigation	965	7,385	(6,420)	13	11
Trust and Estates	826	2,104	(1,278)	39	39
HM Courts & Tribunals Service					
Total Civil Business	491,705	612,503	(120,798)	80	100
Lands Tribunal	368	2,143	(1,775)	17	48
Gambling Tribunal	6	18	(12)	33	33
Gender Recognition Tribunal	39	74	(35)	53	53
Office of the Public Guardian	30,224	25,903	4,321	117	100
National Offender Management Service					
Department for Innovation, Universities and Skills	18,573	18,853	(280)	99	100
Primary Care Trust	69,777	69,343	434	101	100
Youth Justice Board	153,663	145,890	7,773	105	100
Information Commissioner's Office	15,224	20,082	(4,858)	76	100
Legal Services Board	4,734	4,734	-	100	100
Office for Legal Complaints	12,899	12,899	-	100	100
	811,409	936,972	(125,563)		

Court Funds Office

Court Funds Office (CFO) invests monies on behalf of third parties in the Court Funds Investment Account (CFIA). CFO now partially recovers its operating costs out of the CFIA with the remainder of costs met by the MoJ. This is a new funding arrangement for 2011–12 and is the driving factor behind the year on year decrease in the Fee Recovery actual percentage. In prior years the CFO

received 100% of its costs out of the CFIA as long as there were sufficient funds available within the CFIA.

Official Solicitor and Public Trustee

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". During 2011–12 the caseload reduced from 427 to 371. The lower caseload means that there is a smaller base over which to absorb fixed costs. The fee income associated with Public Trustee cases is capped by a Fees Order and there are some cases for which OSPT is not empowered to charge fees.

HM Courts & Tribunals Service

HM Courts & Tribunals Service derives fee income for services rendered to the Civil and Family Courts and Tribunals users. Fee income relating to the Civil and Family Courts is stated net of fee remissions and exemptions (REMEX). The REMEX scheme is prescribed in the Fee Orders approved by Parliament, and remitted fees are not collected by HM Courts & Tribunals Service. The policy and financial objective for the civil business of full cost recovery net of REMEX has been agreed with HM Treasury to ensure that individuals are not denied access to justice through inability to afford the prescribed fees. Separate cost recovery targets have been agreed for the Tribunals business.

Other areas of activity that meet the parameters as set out in HM Treasury's 'Managing Public Money' are the Lands Tribunal, Asylum and Immigration Tribunal (AIT) and the Residential Property Tribunals Service (RPTS).

The most current fees orders are:

- The Civil Proceedings Fees (Amendment) Order 2011 No.586 [L2] which amends The Civil Proceedings Fees (Amendment) Order 2009 No 1498 [L15];
- The Family Proceedings Fees (Amendment) Order 2011 No.587 [L3], which amends The Family Proceedings Fees (Amendment) Order 2010 no 1916 [L10];
- The Non-Contentious Probate Fees (Amendment) Order 2011 No.588 [L4] which amends The Non-Contentious Probate Fees (Amendment) Order 2009 No 1497 [L14];
- The Magistrates' Courts Fees (Amendment No 2) Order 2010 [1917] which amends The Magistrates' Courts Fees (Amendment) Order 2010 No 731 [L4];
- The Court of Protection Fees (Amendment) Order 2009 [513] which amends the Court of Protection Fees Order 2007 [1745];
- The First-tier Tribunal (Immigration and Asylum Chamber) Fees Order 2011 No 2841;
- The Upper Tribunal (Lands Chamber) Fees (Amendment) Order 2010 No.2601, which amends the Upper Tribunal (Lands Chamber) Fees Order 2009 No.1114;
- The First Tier Tribunal (Gambling) Fees (Amendment) Order 2010 No.633, which amends the First Tier Tribunal (Gambling) Fees (Amendment) Order 2010 No.42;
- The Gender Recognition (Application Fees) (Amendment) Order 2011 No 628, which amends the Gender Recognition (Application Fees) Order 2006; and
- The Residential Property Tribunal (Fees) (England) Regulations 2006 No 830.

National Offender Management Service

NOMS 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 made. NOMS details on fees and charges relating to the provision of healthcare, education within prisons, together with the income received for operating juvenile places on behalf of the YJB are set out in this note. NOMS fee recovery targets are 100% in all cases.

Office of the Public Guardian

Ministers and HM Treasury agreed a financial objective for the OPG of 100% full cost recovery, excluding fee exemptions and remissions. A public subsidy was provided as planned in line with HM Treasury policy 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

The data protection notification fee is set by the Secretary of State for Justice and, in making any fee regulations under section 26 of the Data Protection Act 1998, as amended by paragraph 17 of Schedule 2 to the Freedom of Information Act 2000, he shall have regard to the desirability of securing that the fees payable to the Information Commissioner are sufficient to offset the expenses incurred by the Information Commissioner, the Information Tribunal and the Secretary of State, in respect of the Commissioner or the Tribunal, and any prior deficits incurred, as attributable to the function under the Data Protection Act 1998.

Legal Services Board

LSB income relates to levies receipted from approved regulators. Any funds are used to cover LSB's annual expenditure.

Office for Legal Complaints

OLC's principal operation is the provision of independent and impartial Ombudsman schemes to resolve consumers' disputes involving their lawyer. During 2011–12 OLC also provided operational support to the Office for the Legal Services Ombudsman. OLC income relates to levies receipted from approved regulators. OLC fee recovery targets are 100% in all cases.

11. Property, plant and equipment

Departmental Group 2011-12

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture, fixtures and fittings	Payments on Account and assets under construction	Leasehold improvements	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2011	1,176,618	7,279,771	61,982	383,681	315,768	102,813	587,706	13,403	9,921,742
Adjustments	-	-	-	-	-	-	(272)	-	(272)
Additions	-	83,370	31	42,933	51,026	1,154	286,740	199	465,453
Disposals	(17,667)	(18,085)	(2)	(92,233)	(16,868)	(3,112)	(374)	(6,024)	(154,365)
Reclassifications	(10,945)	559,153	(1,742)	1,355	6,136	171	(579,294)	-	(25,166)
Revaluations	(1,825)	(226,082)	2,124	(6,568)	902	1,208	-	45	(230,196)
Transfers	-	(786)	-	(2,317)	3,691	1	(1,177)	786	198
Impairments	(15,793)	(9,729)	(551)	(73)	(1,310)	(393)	(26,053)	-	(53,902)
At 31 March 2012	1,130,388	7,667,612	61,842	326,778	359,345	101,842	267,276	8,409	9,923,492
Depreciation									
At 1 April 2011	-	(331,459)	(26)	(236,956)	(201,589)	(49,906)	-	(9,415)	(829,351)
Charged in year	(346)	(270,843)	(1,407)	(50,781)	(33,589)	(13,653)	-	(2,061)	(372,680)
Disposals	(1)	764	-	87,359	15,093	2,982	-	5,943	112,140
Reclassifications	1	346	56	815	15	(15)	-	-	1,218
Revaluations	345	302,077	455	(592)	(464)	(691)	-	(30)	301,100
Impairments	-	-	-	8	718	284	-	-	1,010
At 31 March 2012	(1)	(299,115)	(922)	(200,147)	(219,816)	(60,999)	-	(5,563)	(786,563)
Carrying amount at 31 March 2012	1,130,387	7,368,497	60,920	126,631	139,529	40,843	267,276	2,846	9,136,929
Carrying amount at 1 April 2011	1,176,618	6,948,312	61,956	146,725	114,179	52,907	587,706	3,988	9,092,391
Asset financing									
Owned	1,068,004	6,195,240	55,965	83,045	109,384	40,843	265,898	2,845	7,821,224
Finance leased	37,807	375,679	4,955	41,415	30,145	-	-	1	490,002
On balance sheet (SoFP) PFI and other Service Concession Arrangements	24,576	797,578	-	2,171	-	-	1,378	-	825,703
Carrying amount at 31 March 2012	1,130,387	7,368,497	60,920	126,631	139,529	40,843	267,276	2,846	9,136,929
of which held by									
Core Department	5,000	119,123	-	72,027	41	9,834	59,210	-	265,235
Agencies	1,116,306	7,191,792	60,920	47,232	133,446	26,423	203,943	726	8,780,788
NDPBs	9,081	57,582	-	7,372	6,042	4,586	4,123	2,120	90,906
Carrying amount at 31 March 2012	1,130,387	7,368,497	60,920	126,631	139,529	40,843	267,276	2,846	9,136,929

Property, plant and equipment

Restated Departmental Group 2010–11

	Land	Buildings	Dwellings	Information technology	Plant and equipment	Furniture, fixtures and fittings	Payments on account and assets under construction	Leasehold improvements	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2010	1,216,547	6,900,427	60,643	335,440	292,924	100,497	582,161	12,103	9,500,742
Adjustments	-	-	-	-	-	-	(4)	-	(4)
Additions	1,530	9,799	-	40,496	7,322	5,810	547,336	854	613,147
Disposals	(33,836)	(49,684)	(2,355)	(18,822)	(13,442)	(2,919)	(13,953)	-	(135,011)
Reclassifications	(8,502)	91,076	(13)	385	376	1,558	(111,325)	-	(26,445)
Restatements	240	9	-	-	-	-	-	-	249
Revaluations	18,293	112,015	(320)	(2,863)	7,578	(3,280)	-	297	131,720
Transfers	2,496	357,457	4,929	26,426	16,945	568	(416,336)	158	(7,357)
Impairments	(20,150)	(141,328)	(902)	2,619	4,065	579	(173)	(9)	(155,299)
At 31 March 2011	1,176,618	7,279,771	61,982	383,681	315,768	102,813	587,706	13,403	9,921,742
Depreciation									
At 1 April 2010	-	(197,012)	-	(194,333)	(168,334)	(40,882)	-	(7,264)	(607,825)
Adjustments	-	(1)	-	(2)	(3)	2	-	-	(4)
Charged in year	(316)	(260,212)	(1,805)	(51,658)	(33,042)	(13,512)	-	(1,927)	(362,472)
Disposals	-	17,385	10	16,344	13,122	3,003	-	-	49,864
Reclassifications	-	(5)	-	(3,928)	10	(3)	-	-	(3,926)
Restatements	-	-	-	8	-	-	-	-	8
Revaluations	316	110,425	1,746	(7,312)	(6,563)	1,288	-	(230)	99,670
Transfers	-	(2,039)	23	3,925	(6,804)	9	-	-	(4,886)
Impairments	-	-	-	-	25	189	-	6	220
At 31 March 2011	-	(331,459)	(26)	(236,956)	(201,589)	(49,906)	-	(9,415)	(829,351)
Carrying amount at 31 March 2011	1,176,618	6,948,312	61,956	146,725	114,179	52,907	587,706	3,988	9,092,391
Carrying amount at 1 April 2010	1,216,547	6,703,415	60,643	141,107	124,590	59,615	582,161	4,839	8,892,917
Asset financing									
Owned	1,109,888	5,880,737	57,235	108,597	110,317	52,145	587,706	2,937	7,909,562
Finance leased	40,108	381,989	4,721	12,419	3,862	762	-	1,051	444,912
On balance sheet (SoFP) PFI and other Service Concession Arrangements	26,622	685,586	-	25,709	-	-	-	-	737,917
Carrying amount at 31 March 2011	1,176,618	6,948,312	61,956	146,725	114,179	52,907	587,706	3,988	9,092,391
of which held by									
Core Department	6,308	131,484	-	69,095	6	11,542	7,304	-	225,739
Agencies	1,161,543	6,759,184	61,956	68,842	105,552	34,410	578,858	252	8,770,597
NDPBs	8,767	57,644	-	8,788	8,621	6,955	1,544	3,736	96,055
Carrying amount at 31 March 2011	1,176,618	6,948,312	61,956	146,725	114,179	52,907	587,706	3,988	9,092,391

Land, buildings and dwellings are shown at fair value based on professional valuations performed at 31 March each year by the Valuation Office Agency (VoA), who is independent of MoJ, in accordance with the Royal Institution of Chartered Surveyors (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 (excluding Dwellings) and Assets under Construction are revalued at each reporting date using the Producer Price Index (PPI) produced by the Office for National Statistics (ONS).

IT infrastructure assets are provided to all parts of the Department except NOMS under the Development, Innovation and Support Contracts (DISC) contract which is a Service Concession Arrangement on the CSoFP.

Included in Land above are two non-operational sites with a combined value of £18.5m. These sites are now vacant, but do not yet meet the criteria for classification as assets held for sale.

In 2005, property transfers to HM Courts & Tribunal Services under the PTS “The Transfer of Property (Abolition of Magistrates’ Courts Committees) Scheme 2005” were declared invalid by the high court. However, the right to use these properties for magistrates’ courts purposes is secured by the PTS and subsequent negotiations with the owners of these properties resulted in a valid transfer of title.

HM Courts & Tribunals Service is seeking a negotiated valid transfer from the owners of two (2010–11: three) remaining properties valued at £1.3m (2010–11: £2.6m). HM Courts & Tribunals Service is no longer seeking to transfer the third property as there is a joint agreement to dispose of it. Of these properties, two (2010–11: two) are recorded in the CSoFP at a value of £1.8m (2010–11: £2.5m) as a result of HM Courts & Tribunals Service bearing the risks and rewards of ownership.

As part of an ongoing court rationalisation review, Ministers earmarked a total of 163 under-utilised court buildings for closure over the next few years. At the start of the year 106 properties remained under review. During the year, a further five properties were sold. One property was removed from the review and reclassified to a live court property. Fifteen properties were classified as assets held for sale as at 31 March 2012 (2010–11: eight). Hence by the year end there were 85 properties under review. Given that these courts are no longer expected to form part of HM Courts & Tribunals Service’s operational estate in the future, their valuation method has been altered from depreciated replacement cost to fair value less selling costs determined from market-based evidence. As this change in valuation method indicates a permanent diminution in value, any impairment has been taken direct to the CSoCNE, with the balance of any Revaluation Reserve taken to the General Fund.

The total court closure impairment for 2011–12 was £19.3m (2010–11: £59.4m).

12. Intangible assets

Departmental Group 2011–12

	Software licences	Information technology	Internally generated software	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2011	19,202	163,880	195,691	42,415	421,188
Adjustment	-	-	-	(120)	(120)
Additions	1,589	260	3,652	52,213	57,714
Disposals	(51)	8	(53,552)	(53)	(53,648)
Reclassifications	27,517	(5,029)	3,850	(19,185)	7,153
Revaluations	92	544	151	-	787
Transfers	8	4,613	1,875	(4,644)	1,852
Impairments	-	-	-	(5,152)	(5,152)
At 31 March 2012	48,357	164,276	151,667	65,474	429,774
Amortisation					
At 1 April 2011	(9,309)	(51,964)	(84,959)	-	(146,232)
Charged in year	(9,196)	(24,827)	(30,221)	-	(64,244)
Disposals	31	(80)	47,722	-	47,673
Reclassifications	(3,990)	2,813	363	-	(814)
Revaluations	(50)	(239)	(36)	-	(325)
Transfers	-	-	(1,549)	-	(1,549)
At 31 March 2012	(22,514)	(74,297)	(68,680)	-	(165,491)
Carrying amount at 31 March 2012	25,843	89,979	82,987	65,474	264,283
Carrying amount at 1 April 2011	9,893	111,916	110,732	42,415	274,956
Asset financing:					
Owned	25,488	88,550	82,987	65,413	262,438
Finance leased	-	174	-	-	174
Contracts	355	1,255	-	61	1,671
Carrying amount at 31 March 2012	25,843	89,979	82,987	65,474	264,283
of which held by					
Core Department	20,797	-	30,131	34,939	85,867
Agencies	3,700	74,056	51,322	8,035	137,113
NDPBs	1,346	15,923	1,534	22,500	41,303
Carrying amount at 31 March 2012	25,843	89,979	82,987	65,474	264,283

Restated Departmental Group 2010–11

	Software licences £000	Information technology £000	Internally generated software £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 April 2010	11,687	161,408	118,336	93,713	385,144
Adjustment	1	-	2	-	3
Additions	1,532	22,172	3,826	20,220	47,750
Disposals	(3,172)	(1,207)	738	(4,420)	(8,061)
Reclassifications	715	(17,922)	76,048	(50,907)	7,934
Revaluations	(41)	761	(3,233)	-	(2,513)
Transfers	8,480	(1,332)	(26)	(5,864)	1,258
Impairments	-	-	-	(10,327)	(10,327)
At 31 March 2011	19,202	163,880	195,691	42,415	421,188
Amortisation					
At 1 April 2010	(5,264)	(33,621)	(68,195)	-	(107,080)
Adjustment	(1)	-	(1)	-	(2)
Charged in year	(3,574)	(26,726)	(28,444)	-	(58,744)
Disposals	3,334	628	6,876	-	10,838
Reclassifications	278	-	3,647	-	3,925
Revaluations	(37)	(327)	1,184	-	820
Transfers	(4,045)	8,082	(26)	-	4,011
At 31 March 2011	(9,309)	(51,964)	(84,959)	-	(146,232)
Carrying amount at 31 March 2011	9,893	111,916	110,732	42,415	274,956
Carrying amount at 1 April 2010	6,423	127,787	50,141	93,713	278,064
Asset financing:					
Owned	9,188	109,550	110,732	42,415	271,885
Finance leased	508	345	-	-	853
Contracts	197	2,021	-	-	2,218
Carrying amount at 31 March 2011	9,893	111,916	110,732	42,415	274,956
of which held by					
Core Department	2,580	-	39,819	6,031	48,430
Agencies	5,176	95,067	68,738	23,207	192,188
NDPBs	2,137	16,849	2,175	13,177	34,338
Carrying amount at 31 March 2011	9,893	111,916	110,732	42,415	274,956

13. Investments

	Other investments quoted £000	Other investments unquoted £000	Total £000
Cost or valuation			
At 1 April 2010	144	14	158
Revaluations	155	91	246
Balance at 31 March 2011	299	105	404
Disposals	-	(85)	(85)
Increase/(decrease) in fair value	43	(20)	23
Balance at 31 March 2012	342	-	342
of which held by			
Core Department	-	-	-
Agencies	342	-	342
NDPBs	-	-	-
Balance at 31 March 2012	342	-	342

Investments include milk production quotas acquired by NOMS as a result of trading activities at no cost and are held at Fair Value. 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.

14. Investment property

	2011–12			2010–11		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	-	1,000	1,000	-	1,855	1,855
Transfers	-	-	-	-	(616)	(616)
Increase/(decrease) in fair value	-	(50)	(50)	-	(239)	(239)
Balance at 31 March	-	950	950	-	1,000	1,000

Investment property is valued annually on 31 March by the VOA, who is independent of MoJ, in accordance with the RICS Appraisal and Valuation Manual, known as the 'Red Book'.

Investment property rental revenue of £0.02m (2010-11: £0.02m) was recognised in the CSoCNE. HM Courts & Tribunals Service leases surplus properties under various agreements which terminate between 2012 and 2013. These agreements do not include an extension option.

15. Lease prepayments

	2011–12			2010–11		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	-	150	150	-	154	154
Amortisation	-	(5)	(5)	-	(4)	(4)
Balance at 31 March	-	145	145	-	150	150

Lease prepayments represent prepaid operating lease balances under non-cancellable operating leases.

16. Assets held for sale

	2011–12			Restated 2010–11		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	-	33,899	33,899	-	18,324	18,324
Reclassifications	-	17,609	17,609	-	17,959	17,959
Increase/(decrease) in fair value	-	406	406	-	5,299	5,299
Disposals	-	(28,532)	(28,532)	-	(7,683)	(7,683)
Impairments	-	(7,891)	(7,891)	-	-	-
Balance at 31 March	-	15,491	15,491	-	33,899	33,899

HM Courts & Tribunals Service and NOMS have 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 as Assets held for sale.

17. Inventories

	31 March 2012			31 March 2011			1 April 2010
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Raw materials	-	1,858	1,858	-	1,375	1,375	1,386
Work in progress	-	1,842	1,842	-	1,889	1,889	2,033
Finished goods	-	4,119	4,119	-	3,723	3,723	3,549
Consumables	-	33,272	33,272	-	33,356	33,356	30,879
Total inventories	-	41,091	41,091	-	40,343	40,343	37,847

18. Trade and other receivables

18.1 Analysis by type

Amounts due within one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Trade receivables	2,815	18,406	19,852	2,264	22,413	25,500	46,927
Other receivables	117,558	163,244	169,679	3,364	56,145	50,180	22,894
Contributions due from funded clients	-	-	2,486	-	-	1,084	2,849
Statutory charge	-	-	65,716	-	-	67,449	61,389
Amounts due from service providers	-	-	34,089	-	-	37,098	24,234
VAT receivables	18,093	100,113	100,541	10,765	110,047	110,223	16,516
Deposits and advances	813	813	869	866	1,035	1,108	1,162
Government receivables	-	17,048	21,583	-	1,660	9,045	35,868
Prepayments and accrued income	16,407	74,047	78,200	25,617	83,239	91,369	80,831
Grant prepayments	-	-	864	-	-	2,801	4,021
Intra-departmental receivables	118,356	24,857	-	224,076	4,790	-	-
Total receivables	274,042	398,528	493,879	266,952	279,329	395,857	296,691

Amounts due after more than one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Staff receivables	-	2,586	2,650	-	2,221	2,353	2,140
Levy amounts due	-	-	-	-	-	-	1,565
Other receivables	-	111	114	-	127	131	39,487
Prepayments (non-PFI) and accrued income	-	3	5	-	9	22	63
Total receivables	-	2,700	2,769	-	2,357	2,506	43,255

18.2 Intra-government balances

Amounts due within one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	257,572	266,247	239,213	262,242	140,336	126,591	97,776
Balances with Local Authorities	120	3,499	8,844	152	1,315	9,976	16,195
Balances with NHS Trusts	11	18,579	19,699	-	3,218	4,148	5,739
Balances with public corporations and trading funds	28	271	305	28	963	1,025	451
Subtotal: intra-government balances	257,731	288,596	268,061	262,422	145,832	141,740	120,161
Balances with bodies external to government	16,311	109,932	225,818	4,530	133,497	254,117	176,530
Total receivables	274,042	398,528	493,879	266,952	279,329	395,857	296,691

Amounts due after more than one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	-	-	-	-	-	-	-
Balances with Local Authorities	-	-	-	-	-	-	-
Balances with NHS Trusts	-	-	-	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-	-	-	-
Subtotal: intra-government balances	-	-	-	-	-	-	-
Balances with bodies external to government	-	2,700	2,769	-	2,357	2,506	43,255
Total receivables	-	2,700	2,769	-	2,357	2,506	43,255

19. Cash and cash equivalents

	31 March 2012			Restated 31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Balance at 1 April	85,935	73,849	277,873	174,568	320,943	482,353
Net change in cash and cash equivalents	(11,060)	484	47,315	(88,633)	(247,094)	(204,480)
Balance at 31 March	74,875	74,333	325,188	85,935	73,849	277,873
Of which:						
Government Banking Service	74,806	91,194	206,832	85,671	151,847	218,619
Commercial banks and cash in hand	69	1,690	136,907	264	1,797	139,049
	74,875	92,884	343,739	85,935	153,644	357,668
Overdraft	-	(18,551)	(18,551)	-	(79,795)	(79,795)
	74,875	74,333	325,188	85,935	73,849	277,873

Cash balances include £228k (2010–11: £16,559k) relating to third party monies, refer to Note 20.1.

20. Trade and other payables

20.1 Analysis by type

Amounts due within one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Trade payables	6,966	41,998	66,149	3,190	103,059	96,108	202,221
Taxation and social security	88,818	109,145	154,824	3,691	29,636	76,186	36,413
Non-current asset payables	-	-	6	-	471	534	57
Other payables	33,843	59,621	60,722	13,500	57,214	69,377	48,123
Accruals and deferred income	104,735	486,098	799,604	70,441	455,362	709,511	784,065
Amounts due to solicitors, counsel and advice agencies	-	-	172,761	-	-	179,423	74,108
Contribution refunds due to funded clients	-	-	2,100	-	-	3,750	157
Holiday accrual	-	12,826	12,904	-	12,143	12,228	11,310
Voluntary early departure	-	17,361	17,361	-	15,285	15,285	-
Staff benefits accrual	-	-	27	-	-	30	27
Creditor for pension transfer deficit: amounts payable to LGPS	-	29,590	29,590	-	13,369	13,369	-
Finance lease creditors	2,927	3,253	3,666	2,351	2,670	3,302	2,131
Imputed finance lease element of on-balance sheet PFI contracts	9,639	47,506	50,368	8,302	58,458	61,122	69,604
Amounts issued from the Consolidated Fund for supply but not spent at year end	119,876	119,876	119,876	80,638	80,638	80,638	315,500
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:							
- received	486	747	747	716	716	716	3,690
- received but to be transferred to Trust Statement	-	-	-	34,465	34,465	34,465	32,953
- receivable	271	272	272	-	172	431	-
Amounts due to the Consolidated Fund for excess Appropriation in Aid	-	-	-	-	-	-	4,527
Intra-departmental payables	243,952	67,199	-	342,002	8,440	-	-
Third party monies *	228	228	228	194	16,559	16,559	23,141
Total payables	611,741	995,720	1,491,205	559,490	888,657	1,373,034	1,608,027

* Following a change in accounting policy in respect of accounting for fine and penalty collections effective 1 April 2011, HM Courts & Tribunals Service ceased recognising balances in relation to fine and penalty collections. These balances are now accounted for in their entirety in the HM Courts & Tribunals Service Trust Statement. Further information in respect of trade and other payables related to the fines and penalties collection activities can be found in the Trust Statement.

Amounts due after more than one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department Departmental Group	Core Department & Agencies Departmental Group	Departmental Group	Core Department Departmental Group	Core Department & Agencies Departmental Group	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Local Authority loan balances	-	38,992	38,992	-	42,113	42,113	45,406
Lease incentive creditors	-	11,102	11,102	-	944	944	-
Straight lining creditors	-	51,886	51,886	-	43,202	43,202	-
Accruals and deferred income	-	-	292	-	-	371	512
Creditor for pension transfer deficit: amounts payable to LGPS	-	138,277	138,277	-	131,904	131,904	-
Finance lease creditors	140,539	158,696	159,766	143,465	161,889	163,104	163,999
Imputed finance lease element of on-balance sheet PFI contracts	28,345	502,190	522,539	32,662	451,729	474,940	525,357
Other payables	39,637	39,637	83,856	37,732	37,732	51,324	88,807
Total payables	208,521	940,780	1,006,710	213,859	869,513	907,902	824,081

20.2 Intra-government balances

Amounts due within one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department Departmental Group	Core Department & Agencies Departmental Group	Departmental Group	Core Department Departmental Group	Core Department & Agencies Departmental Group	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	492,433	362,189	317,732	484,488	217,914	271,744	214,637
Balances with Local Authorities	4,587	45,087	46,692	9,177	31,815	40,872	45,119
Balances with NHS Trusts	-	2,579	7,979	2	3,373	3,796	1,403
Balances with public corporations and trading funds	146	452	520	176	460	577	1,535
Subtotal: intra-government balances	497,166	410,307	372,923	493,843	253,562	316,989	262,694
Balances with bodies external to government	114,575	585,413	1,118,282	65,647	635,095	1,056,045	1,345,333
Total payables	611,741	995,720	1,491,205	559,490	888,657	1,373,034	1,608,027

Core Department balances with other central government bodies increased by £118.5m at 31 March 2012 a result of the transfer of Home Office Pay Services to the MoJ.

Amounts due after more than one year

	31 March 2012			Restated 31 March 2011			Restated 1 April 2010
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Balances with other central government bodies	-	-	75	-	-	93	24
Balances with Local Authorities	-	177,270	177,270	-	174,018	174,018	45,406
Balances with NHS Trusts	-	-	-	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-	-	-	-
Subtotal: intra-government balances	-	177,270	177,345	-	174,018	174,111	45,430
Balances with bodies external to government	208,521	763,510	829,365	213,859	695,495	733,791	778,651
Total payables	208,521	940,780	1,006,710	213,859	869,513	907,902	824,081

21. Provisions for liabilities and charges

	2011–12						Restated 2010–11
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April	183,877	633,570	2,037,514	202,618	626,595	2,057,111	
Provided in year	86,662	146,640	2,614,339	62,317	292,356	2,878,623	
Provisions not required written back	(1,221)	(38,238)	(76,553)	(9,485)	(39,077)	(60,311)	
Provisions utilised in year	(75,040)	(152,787)	(2,801,443)	(76,003)	(121,067)	(2,721,153)	
Unwinding of discount	5,182	10,942	19,313	4,430	10,068	18,549	
Interest on pension deficit	-	19,264	19,264	-	9,968	9,968	
Amount reclassified to trade and other payables	-	(22,594)	(22,594)	-	(145,273)	(145,273)	
Balance at 31 March	199,460	596,797	1,789,840	183,877	633,570	2,037,514	

Analysis of expected timing of discounted flows

	2011–12						Restated 2010–11
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	Departmental Group
	£000	£000	£000	£000	£000	£000	£000
Not later than one year	85,764	143,125	1,115,737	79,520	136,580	1,211,631	
Later than one year but not later than five years	69,125	252,472	450,101	68,074	194,399	500,766	
Later than five years	44,571	201,200	224,002	36,283	302,591	325,117	
Balance at 31 March	199,460	596,797	1,789,840	183,877	633,570	2,037,514	

2011-12											
	Pension transfer deficit	Judicial Long Service Award	Early departure costs	Costs from Central Funds	Legal claims	CICA Pre-tariff Scheme	CICA Tariff Scheme	Leasehold dilapidations	LSC outstanding balances on funded cases	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Not later than one year	13,316	21,200	16,839	54,878	21,027	120,000	194,860	11,756	650,402	11,459	1,115,737
Later than one year but not later than five years	101,908	61,800	50,042	-	27,692	27,817	167,104	10,883	-	2,855	450,101
Later than five years	67,240	40,775	70,337	-	5,104	-	21,656	12,437	-	6,453	224,002
Balance at 31 March 2012	182,464	123,775	137,218	54,878	53,823	147,817	383,620	35,076	650,402	20,767	1,789,840

Restated 2010-11											
	Pension transfer deficit	Judicial Long Service Award	Early departure costs	Costs from Central Funds	Legal claims	CICA Pre-tariff Scheme	CICA Tariff Scheme	Leasehold dilapidations	LSC outstanding balances on funded cases	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Not later than one year	8,631	17,000	30,997	35,868	21,205	265,000	191,279	20,617	611,545	9,489	1,211,631
Later than one year but not later than five years	14,889	50,300	57,760	-	51,638	126,777	175,760	14,186	-	9,456	500,766
Later than five years	175,207	32,611	76,221	-	631	-	20,494	12,372	-	7,581	325,117
Balance at 31 March 2011	198,727	99,911	164,978	35,868	73,474	391,777	387,533	47,175	611,545	26,526	2,037,514

Pension transfer deficit

The Courts Act 2003 legislated for the transfer of magistrates' courts functions and responsibilities to HM Courts & Tribunals Service. As a result, approximately 8,000 employees on the local magistrates' court committees' contracts of employment transferred to HM Courts & Tribunals Service. The transferred staff became members of the Principal Civil Service Pension Scheme (PCSPS) on 1 April 2005. They were given options to transfer their accrued benefits to the PCSPS. Approximately 6,000 staff opted to transfer their accrued service. The remainder opted to continue to hold their accrued pension benefits within the relevant Local Government Pension Scheme (LGPS). The LGPS does not operate as a single fund but is a series of funds administered locally.

The PCSPS therefore needed to know the accrued pension entitlement for the 6,000 transferred staff. An agreement was reached with the Cabinet Office for HM Courts & Tribunals Service to pay an actuarially calculated amount to reflect the liability for the PCSPS arising from the individuals' periods of local government service transferred; plus/less an amount to LGPS to meet any deficits/surpluses incurred as a result of the net asset/liability position for the individuals in the LGPS.

As at 31 March 2012, the liability due to PCSPS as well as the liability due to 6/41 LGPS schemes had not been formally agreed, and therefore an estimate of the liability has been provided for. For 35/41 LGPS, the liability is deemed to have crystallised as a formal agreement has been reached between the parties signifying a contractual obligation and commitment to an agreed payment schedule and therefore the liability for these schemes is accounted within trade and other payables with an appropriate split made between amounts due within and amounts due after one year.

Judicial Long Service Award

The Judicial Service Award was created to equalise the tax position of judicial pensions affected by the provisions of the Finance Act 2004. The liability has been estimated by GAD, 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 real rate set by HM Treasury of 2.2% (2010–11: 2.2%). The liability is based on an actuarial assessment as at 31 March 2012.

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 HM Treasury real rate of 2.8% (2010–11: 2.9%).

Included in these costs are those that relate to the Voluntary Early Departure (VED) scheme. In December 2010 and May 2011, MoJ offered a VED scheme to selected employees. The terms of the scheme offered were in accordance with the Civil Service Compensation scheme introduced by the government in December 2010. The utilisation of the Early Departures provision related to the release of the VED provision created in 2010–11. The remainder of the VED provision covers amounts offered to individuals who have a probable chance of accepting their offer and leaving shortly after 31 March 2012. The provision also includes the costs of providing for unfunded early retirement benefits of certain Magistrates' Court staff.

Costs from Central Funds

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

Legal claims

Provision has been made for all known claims where legal advice indicates that it is more likely than not that the claim will be successful and the amount of the claim can be reliably estimated. The figures represent the best estimate of the amount payable. Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 28.

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

CICA Pre-tariff scheme

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

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

CICA Tariff scheme

The tariff scheme provision, reflecting the CICA liabilities under the 1996, 2001 and 2008 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 £261.8m (2010–11: £260.4m)). 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 £121.8m (2010–11: £127.1m)).

Due to the fixed nature of the tariff scheme the liability has been discounted at the prevailing HM Treasury rate of 2.2% (2010–11: 2.2%) in order to recognise the time value of money. This discount will be unwound over the remaining life of the provision and be shown as a finance charge on the face of the CSoCNE.

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

In accordance with IAS 37 the following areas of uncertainty are noted in relation to the Tariff provision. 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. An exercise is ongoing in order to reduce the number of cases without a banding. However, 80 per cent 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.

Leasehold dilapidations

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

LSC outstanding balances on funded cases

LSC estimates the value of unbilled live cases each year to arrive at the amounts disclosed within the Accounts as a provision. The amount is an estimate of the expenditure required to settle any obligation at the end of the reporting date. In estimating the provision, LSC has adopted prudent measurement techniques based on the latest data available which are discussed further in Note 27.4 of these Accounts. Based on average historical case lengths, substantially all of the costs are expected to be incurred within the next 12 months.

Other provisions

Other provisions are provisions that are not captured in the previous categories however are recognised when MoJ has:

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

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

22. Impairments

Impairments recognised during the reporting period were as follows:

	Note	31 March 2012			Restated 31 March 2011		
		Core Department Department	Core Department & Agencies	Departmental Group	Core Department Department	Core Department & Agencies	Departmental Group
		£000	£000	£000	£000	£000	£000
Impairment charged directly to the CSoCNE							
Property, plant and equipment	9	-	52,892	53,043	-	71,010	71,010
Intangible assets	9	-	5,152	5,410	-	10,327	10,327
Assets held for sale	9	-	7,891	7,891	-	-	-
Total impairments		-	65,935	66,344	-	81,337	81,337

Impairments represent permanent diminutions in the value of non-current assets, as distinct from devaluations which are temporary downward fluctuations in value.

Significant impairment charges for property, plant and equipment in 2011–12 related predominantly to the court closure project discussed in Note 11 and to assets under construction, which included the effects of the cancellation of a proposal to build a new prison at Maghull, and a write-off of ground works undertaken at HMP Thameside.

23. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	31 March 2012			Restated 31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Contracted capital commitments not otherwise included in these financial statements						
Property, plant and equipment	8,593	105,869	105,869	10,542	208,898	209,069
Intangible assets	11,637	11,637	15,605	-	1,831	4,742
Total capital commitments	20,230	117,506	121,474	10,542	210,729	213,811

Capital commitments primarily relate to capital expenditure and major maintenance works conducted by NOMS.

24. Commitments under leases

24.1 Operating leases

MoJ leases various land and buildings, primarily comprised of court facilities, under non-cancellable operating lease agreements. The lease terms are between 3 and 125 years. The operating leases do not have purchase options, although some 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 14 years.

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

	31 March 2012			Restated 31 March 2011		
	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	25,584	135,579	320,887	26,118	135,394	326,351
Later than one year but not later than five years	93,428	500,704	624,996	96,391	499,923	643,774
Later than five years	290,387	1,570,026	1,575,000	306,154	1,516,498	1,524,762
Total land and buildings	409,399	2,206,309	2,520,883	428,663	2,151,815	2,494,887
Other						
Not later than one year	73	2,138	3,187	106	2,239	3,455
Later than one year but not later than five years	77	2,775	4,590	123	2,063	3,387
Later than five years	-	5	5	-	73	73
Total other	150	4,918	7,782	229	4,375	6,915
Total obligations under operating leases	409,549	2,211,227	2,528,665	428,892	2,156,190	2,501,802

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 Note 8 Other Administration Costs and Note 9 Programme costs.

24.2 Finance leases

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

	31 March 2012			Restated 31 March 2011		
	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	14,848	15,904	15,904	14,486	15,529	15,529
Later than one year but not later than five years	63,198	67,591	67,591	61,657	66,005	66,005
Later than five years	182,168	344,576	344,576	198,556	362,064	362,064
	260,214	428,071	428,071	274,699	443,598	443,598
Less: interest element	(116,748)	(266,477)	(266,477)	(128,883)	(279,664)	(279,664)
Present value of obligations	143,466	161,594	161,594	145,816	163,934	163,934
Other						
Not later than one year	-	219	718	-	324	1,078
Later than one year but not later than five years	-	233	1,740	-	479	1,755
Later than five years	-	-	-	-	-	-
	-	452	2,458	-	803	2,833
Less: interest element	-	(97)	(620)	-	(178)	(361)
Present value of obligations	-	355	1,838	-	625	2,472
Total present value of obligations	143,466	161,949	163,432	145,816	164,559	166,406

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

	31 March 2012			Restated 31 March 2011		
	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	2,927	3,093	3,093	2,351	2,503	2,503
Later than one year but not later than five years	18,731	19,586	19,586	15,781	16,563	16,563
Later than five years	121,808	138,915	138,915	127,684	144,868	144,868
Present value of obligations	143,466	161,594	161,594	145,816	163,934	163,934
Other						
Not later than one year	-	160	573	-	242	894
Later than one year but not later than five years	-	195	1,265	-	383	1,578
Later than five years	-	-	-	-	-	-
Present value of obligations	-	355	1,838	-	625	2,472
Total present value of obligations	143,466	161,949	163,432	145,816	164,559	166,406

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

25. Commitments under PFI and Service Concession Arrangements

25.1 Details of 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	13	39.5	<p>The ARAMIS agreement with Liberata UK Limited provides Finance and Payroll services and corporate IT services to HM Courts & Tribunals Service, Wales Office, MoJ and some of its Arms Length Bodies. The contract commenced in January 1998 and the initial term expired in January 2007. IT services were extended to July 2008 to allow transition to a replacement programme (DISC). The in-house Shared Services programme (SSP) will replace services provided under ARAMIS with a Wider-MoJ Service provision which will include NOMS and a number of ALBs, and potentially other government organisations.</p> <p>As one of the risk mitigation measures taken to ensure business continuity (up to the 'go-live' point of the SSP), an option to extend the ARAMIS contract term and service provision was renegotiated through the change control process. Although most ARAMIS services should be supplanted by the MoJ services before expiry of the existing term, a modified or reduced ARAMIS service provision for HR and Financial Services is expected to run parallel to the SSP during its roll-out phase. This SSP roll-out is currently planned to start April 2013. Under the Service Level Agreement, the entire ARAMIS contract was rolled over for the extended period, thus remaining a PFI in nature even though the capital investment underlying the contract has been paid for.</p>
Probate Records	HM Courts & Tribunals Service	July 1999	25	10.9	Provision of storage and retrieval services.

25.2 Commitments under arrangements not recognised on the Consolidated Statement of Financial Position

Future minimum payments under those Service Concession Arrangements not recognised on the Consolidated Statement of Financial Position, cannot be estimated as future charges are based on the level of services delivered.

25.3 Details of arrangements recognised on the Consolidated Statement of Financial Position

Project name	Entity	Contract start date	Duration (years)	Initial capital value (£m)	Description
Development, Innovation and Support Contracts (DISC)	Core	October 2006	10	78	Provision of infrastructure and application services to MoJ headquarters and executive agencies other than NOMS. The DISC contract has been extended by 3 years to October 2016 at estimated capital value of £78m.
Exeter	HM Courts & Tribunals Service	November 2002	30	20.1	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.
East Anglia	HM Courts & Tribunals Service	October 2002	25	34.5	Provision of Crown Court centres in Ipswich and Cambridge. Ipswich consists of five criminal courtrooms; Cambridge consists of 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.

Project name	Entity	Contract start date	Duration (years)	Initial capital value (£m)	Description
Sheffield	HM Courts & Tribunals Service	November 2002	25	7.7	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 £2.0m.
Derbyshire Magistrates' Courts	HM Courts & Tribunals Service	August 2001	27	29.5	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.
Hereford & Worcester Magistrates' Courts	HM Courts & Tribunals Service	March 2000	25	30.6	Provision of serviced accommodation for magistrates' courts at Bromsgrove, Kidderminster, Worcester and Redditch. The contract term can be extended for another 10 years.
Manchester Magistrates' Court	HM Courts & Tribunals Service	March 2001	25	32.9	Provision of an 18-courtroom courthouse.
Humberstone Magistrates' Court	HM Courts & Tribunals Service	March 2000	25	21.6	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 £3.0m.
Avon & Somerset Magistrates' Court	HM Courts & Tribunals Service	August 2004	27	46.6	Provision of serviced accommodation for magistrates' courts and offices in Bristol, Weston-Super-Mare and Flax Bourton.
HMP Altcourse	NOMS	December 1995	25	59.8	Design, build, finance and operate an 800 place category B prison at HMP Altcourse.
HMP Parc	NOMS	December 1995	25	86.8	Design, build, finance and operate an 840 place category B prison near Bridgend, South Wales.
HMP Lowdham Grange	NOMS	November 1996	25	51.3	Design, build, finance and operate a 760 place category B prison at HMP Lowdham Grange, Nottingham.
HMP/ Young Offenders Institution (YOI) Ashfield	NOMS	June 1998	25	24.4	Design, build, finance and operate a 400 place young offenders and juveniles category B prison at Pucklechurch, near Bristol.
HMP Forest Bank	NOMS	July 1998	25	47.6	Design, build, finance and operate an 800 place category B prison HMP Forest Bank, on site of former Agecroft power station.
HMP Rye Hill	NOMS	July 1999	25	35.0	Design, build, finance and operate a 600 place category B prison HMP Rye Hill at Onley, near Rugby.
HMP Dovegate	NOMS	September 1999	25	72.2	Design, build, finance and operate a 1,060 place category B prison and therapeutic community facility at HMP Dovegate Marchington.
HMP Bronzefield	NOMS	December 2002	25	45.7	Design, build, finance and operate a 500 place category B prison at Ashford in Middlesex.
HMP Peterborough	NOMS	February 2003	25	67.1	Design, build, finance and operate an 840 place category B prison at Peterborough in Cambridgeshire.
HMP Thameside	NOMS	March 2012	25	71.0	Design, build, finance and operate a 900 place category B prison at Woolwich in London.
Prison Escort Service	NOMS	August 2011	7	38.5	Supply and running of the Prison Vans and Escorts.
Electronic Monitoring System	NOMS	April 2005	8	3.5	Supply of an Electronic tagging system.
IT and Telephony System	NOMS	July 2000	12	2	Supply of an IT and telephony system.
IS Managed Services Agreement	ICO	July 2007	6	7.6	Information services are outsourced through an IS Managed Services Agreement between the Information Commissioner and Capita IT Services Limited, The current contract is for a period of six years ending in July 2013.
Oakhill Secure Training Centre	YJB	May 2003	25	19	An 80 place capacity secure training centre (STC), located in Milton Keynes, Oakhill.

Project name	Entity	Contract start date	Duration (years)	Initial capital value (£m)	Description
Medway Secure Training Centre	YJB	April 1998	15	14	A 76 place capacity secure training centre, located in Chatham, Kent.
Rainsbrook Secure Training Centre	YJB	June 1999	15	19	A 76 place capacity secure training centre, located near the town of Rugby.
Hassockfield Secure Training Centre	YJB	October 1999	15	15	A 58 place capacity secure training centre, in County Durham.

25.4 Commitments under Service Concession Arrangements recognised on the Consolidated Statement of Financial Position

Future minimum payments under those Service Concession Arrangements recognised on the Consolidated Statement of Financial Position, are as follows:

	31 March 2012			31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Total obligations under on-balance sheet (SoFP) PFI and other Service Concession Arrangements for the following periods comprise:						
Not later than one year	12,151	76,936	81,182	10,976	90,066	94,312
Later than one year but not later than five years	31,325	263,173	272,383	36,128	254,793	266,538
Later than five years	1,175	418,312	439,562	1,473	401,147	424,109
	44,651	758,421	793,127	48,577	746,006	784,959
Less: interest element	(6,667)	(208,725)	(220,220)	(7,613)	(235,819)	(248,897)
Present value of obligations	37,984	549,696	572,907	40,964	510,187	536,062

The present value of liabilities under Service Concession Arrangements recognised on the Consolidated Statement of Financial Position, are repayable as follows:

	31 March 2012			31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Present Value of obligations under on-balance sheet (SoFP) PFI and other Service Concession Arrangements for the following periods comprise:						
Not later than one year	9,639	47,506	50,367	8,302	58,462	61,126
Later than one year but not later than five years	25,794	172,873	178,106	30,772	159,643	166,903
Later than five years	2,551	329,317	344,434	1,890	292,082	308,033
Present value of obligations	37,984	549,696	572,907	40,964	510,187	536,062

25.5 Charge to the Consolidated Statement of Comprehensive Net Expenditure and future commitments

The total amount charged to the CSoCNE in respect of Service Concession Arrangements not recognised on the CSoFP, and the total service element of Service Concession Arrangements which are recognised on the CSoFP was £677m (2010–11: £647m).

The future payments of this type to which the Departmental Group is committed, are as follows:

	31 March 2012			Restated 31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than one year	117,661	537,673	604,143	110,659	708,026	771,183
Later than one year but not later than five years	200,750	1,894,446	2,009,020	172,304	1,937,540	2,091,770
Later than five years	-	3,025,891	3,266,288	-	3,167,884	3,415,862
Total	318,411	5,458,010	5,879,451	282,963	5,813,450	6,278,815

26. 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 which are owned by MoJ and other contracted out services. The payments to which MoJ is committed are as follows:

	31 March 2012			Restated 31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Not later than one year	7,514	166,141	278,912	671	205,936	323,954
Later than one year but not later than five years	10,544	381,077	381,162	-	374,837	374,935
Later than five years	1,727	1,104,559	1,104,559	-	850,106	851,122
Total other financial commitments	19,785	1,651,777	1,764,633	671	1,430,879	1,550,011

27. Financial instruments

27.1 Categories of financial instruments

Note	31 March 2012			Restated 31 March 2011			
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	
	£000	£000	£000	£000	£000	£000	
Financial assets							
Cash and cash equivalents	19	74,875	74,333	325,188	85,935	73,849	277,873
Loans and receivables							
Trade receivables (net)	18.1	2,815	18,406	19,852	2,264	22,413	25,500
Other receivables (net)	18.1	117,558	163,355	169,793	3,364	56,272	50,311
Accrued income (excluding prepayments)	18.1	9,149	43,874	42,304	25,338	38,004	38,196
Fair value through profit and loss							
Quoted investments	13	-	342	342	-	299	299
Unquoted investments	13	-	-	-	-	105	105
Total financial assets		204,397	300,310	557,479	116,901	190,942	392,284
Financial liabilities							
Financial liabilities at amortised cost							
Finance leases	20.1	143,466	161,949	163,432	145,816	164,559	166,406
Imputed finance leases	20.1	37,984	549,696	572,907	40,964	510,187	536,062
Trade payables	20.1	6,966	41,998	66,149	3,190	103,059	96,108
Other payables	20.1	73,480	99,258	144,578	51,232	94,946	120,701
Accruals (excluding deferred income)	20.1	102,618	477,836	780,835	69,914	442,744	696,142
Total financial liabilities		364,514	1,330,737	1,727,901	311,116	1,315,495	1,615,419

27.2 Net income and expenses from financial assets

Note	31 March 2012			Restated 31 March 2011			
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	
	£000	£000	£000	£000	£000	£000	
Loans and receivables							
Impairment of financial assets	8,9	129	367	21,921	(950)	(1,672)	18,737
Interest income	8,9	-	-	(6,497)	-	-	(8,095)
Fair value through profit and loss							
Fair value adjustment recognised in income/expenditure	8,9	-	(23)	(23)	-	(246)	(246)
Net (gain)/loss on financial assets		129	344	15,401	(950)	(1,918)	10,396

27.3 Net income and expenses from financial liabilities

Note	31 March 2012			Restated 31 March 2011			
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group	
	£000	£000	£000	£000	£000	£000	
Financial liabilities at amortised cost							
Finance and interest charges	8,9	16,877	48,868	50,555	15,398	51,147	53,036
Net (gain)/loss on financial liabilities		16,877	48,868	50,555	15,398	51,147	53,036

27.4 Financial Risk Management

MoJ is exposed, through its normal operations, to a number of financial risks, the most significant of which is credit risk.

The following further describes MoJ's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Market Risk

(a) Credit Risk

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

Funded legal aid receivables (LSC)

LSC has an inherent risk within trade receivables and other current assets, as Legal Aid Fund (the Fund) which includes the LSC Community Legal Service Fund (CLS) and LSC Criminal Defence Service (CDS) is not predisposed to straightforward cash collections. The Commission recognises this risk and mitigates it in the case of statutory charge receivables, where repayment of the receivables may be deferred, by securing land charges and using active credit management policies to recover unsecured receivables. In some cases the receivables collection activities are outsourced to commercial debt collectors. The size of the risk is reflected in the receivables impairment provision which totals £161.3m (2011: £154.1m), comprising CLS £158.5m (2011: £151.7m) and CDS £2.8m (2011: £2.4m).

The majority of the Fund's trade and other receivables are the result of a statutory charge, i.e. £65.7m (2011: £67.5) out of a total receivables balance after impairment of £103.8m (2011: £106.5m). 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.

The Fund provides for impairment of receivables based on historical cash collection experience and management assessment of likely recoveries, for each category of receivables. 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.

The LSC's impairment model uses historical recovery profiles by receivables category to estimate the provision required against receivable balances. The impairment model is underpinned by specific assumptions including: the maximum life of a receivable is 10 years with the exception of statutory charges where this has been uplifted to 16 years, income is received against receivables at the end of the year, and the discount rate is 2.2%. The impact of the following reasonable possible alternatives to these assumptions has been considered:

- Maximum life of receivables +/- 1 year;
- Income received against a receivables balance evenly throughout the year, rather than at the end of the year;
- Discount rate: this rate is set by HM Treasury and is not subject to management judgement and so has not been calculated; and
- Predicted income receipts used to calculate the impairment provision cashflows +/- 10%.

Assumptions tested:

	Increase/(decrease) in net financial asset	
	Assumption	£m
Maximum life of receivables	+1 year	0.7
Maximum life of receivables	-1 year	(0.9)
Income received	Evenly during year	1.0
Predicted income receipts	+10%	8.9
Predicted income receipts	-10%	(8.9)

Using these reasonably possible alternative assumptions, the fair value of the financial assets at 31 March 2012 could be higher by £10.6m (2011: £9.9m) or lower by £9.8m (2011: £9.2m).

Despite possible alternative assumptions being available, the current assumptions will remain unchanged. They will be reviewed periodically and changed if management believe alternative assumptions are a better reflection of the underlying trends.

Provisions for liabilities and charges (LSC)

The Fund 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 impact of the following reasonably possible alternatives to these inputs has been quantified:

- Price profiles +/- 10%;
- Quantity profiles +/- up to 10%; and
- Forecast spend +/- 10%.

Assumptions tested:

	Increase in net financial liability		(Decrease) in net financial liability	
	Assumption	£m	Assumption	£m
Price profiles	+ 10%	10.6	- 10%	(10.6)
Quantity profiles	+ up to 10%	8.0	- up to 10%	(10.8)
Forecast spend	+ 10%	33.3	- 10%	(33.3)

Using these reasonably possible alternative assumptions, the fair value of the financial liabilities at 31 March 2012 could be higher by up to £51.9m (2011: £55.4m) or lower by up to £54.7m (2011: £56.4m).

The above assumptions testing excludes the model variables used in the calculation of the civil representation work in progress provision of £302.0m (2011: £253.7m).

The civil representation work in progress provision is calculated on a case by case basis applying historical profiles to each stage of a case for both cost and duration. The case cost is calculated using historical profiles of the cost limit usage by case type. This cost limit information is then applied to open cases in order to estimate the provision required. The duration profiles are applied to each open case to estimate the costs incurred to date. The historical profiles used in the model are based on detailed case histories for a number of years and the level of granularity applied in the model means that it is not possible to determine the sensitivity to changes to these inputs.

Civil representation work in progress model inputs

Cost limit
Cost limit usage
Duration

Basis

Live case data
Historical case data profiles
Historical case data profiles

The above inputs are case data driven, with an overlay of management judgement, for example choosing the number of year's historical case data to use in creating historical profiles. Based on movements in the above inputs, the Work in Progress (WIP) estimate could crystallise at a materially different amount.

The expectation is that despite possible alternative assumptions being available, the current assumptions will remain unchanged. However, they will be reviewed periodically and changed if there is sufficient evidence that such action is appropriate.

Other financial assets

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.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial liability obligations.

MoJ's financial liabilities primarily reflect trade payables (Note 20) and finance lease liabilities (Note 24), including those arising from Service Concession Arrangements (Note 25). It is highly unlikely that MoJ will encounter difficulty in meeting its obligations associated with these liabilities as it is financed by resources and capital voted annually by Parliament.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate, because of changes in market interest rates. MoJ has only limited exposure to interest rate risk as described below:

- The majority of financial instruments either bear fixed interest rates (such as cash held with the Government Banking Service, secured debts for repayment of legal aid funding and finance lease liabilities) or are interest free.

(d) Capital management

MoJ's policy is to maintain a strong capital base to sustain its future development in line with Structural Reform Plan priorities. Management closely monitors the financial performance and position of MoJ to ensure a strong capital position is maintained.

27.5 Fair value

The fair values of financial assets and liabilities as at 31 March 2012 approximate their book values, with the exception of the Youth Justice Board's financial liabilities. The book values and fair values of these financial liabilities differ due to discounting of the long term creditors at 3.5% per annum to determine their fair value, while cash flows include imputed interest calculated at 8% per annum for all Secure Training Centres (STCs), except for Oakhill where the rate is 5.5%.

28. Contingent assets and liabilities

28.1 Contingent assets

The Secretary of State for Justice was Claimant in High Court civil proceedings in relation to property transactions concerning First Avenue House, High Holborn, London in 2002 and 2003. On 23 May 2012, the matter was settled without admission of liability. As is normal the terms of the settlement are confidential and, as such, further details have not been disclosed.

28.2 Contingent liabilities disclosed under IAS 37

MoJ has contingent liabilities as defined within IAS37. 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.

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

Fee paid judicial office holders' claims: MoJ is defending a lead case in respect of a fee paid judicial office holder claiming pension entitlements. The claim also potentially extends to holiday and sick pay, payments in respect of training and writing up fees, increases in daily fees and cancellation fees where bookings are not honoured. Additional cases are stayed behind the lead case. The estimated timing of resolution of the lead and stayed cases could be from 12 to 18 months.

Land charge fees: MoJ may have to share in payments to local authorities for local land charge searches deemed unlawful from the 1 January 2005 and for future income foregone. This is an unexpected consequence of the Environmental Information Regulations 2004.

Overseas voting rights: There is a 15 year time limit within which British citizens resident overseas may register to vote in parliamentary elections. A Judicial Review in regard to the loss of UK voting rights as a result of the claimant living abroad for over 15 years has been successfully defended but the claimant is now seeking permission to appeal; and a case currently before the European Court of Human rights (ECtHR) is seeking a declaration by the ECtHR that the 15 year rule breaches Article 3 of Protocol 1 to the European Convention on Human Rights (ECHR) (amongst other articles).

Public Participation Directive: The European Commission has referred the UK to the European Court of Justice (ECJ) for non-compliance in transposing the Public Participation Directive correctly into domestic legislation.

Other European Court of Human Rights claims: MoJ is currently engaged in four other cases at the ECtHR, 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 ECHR – the right to a fair trial; and
- Withholding of information on public interest immunity grounds.

Headquarters legal claims: There are around 50 outstanding legal claims against MoJ, 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 four Judicial Reviews challenging:

- Refusal to pay compensation for miscarriages of justice;
- Refusal to disclose personal details in alleged breach of article 3 of the ECHR;
- Alleged breach of section 1 and section 6 of the Human Rights Act; and
- Abolition of the criminal legal aid committal fee in alleged breach of article 6 of the ECHR.

Personal searches fees: There is a large group application for a declaration that local authorities acted unlawfully in collecting fees for personal searches. MoJ together with Defra and DCLG may incur a possible financial liability.

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

Accommodation obligations: As part of the court closure initiative, HM Courts & Tribunals Service may terminate a number of leases prior to their expiry dates. The expected cost of these terminations, should they occur, is £1.2m (2010–11: £1.7m).

As detailed in Note 11, the result of the July 2005 High Court challenge meant that HM Courts & Tribunals Service has not been able to gain control of a number of properties intended to come within the 31 March 2005 Property Transfer Scheme. HM Courts & Tribunals Service faces a contingent accommodation liability for the properties that it is yet to control.

If HM Courts & Tribunals Service is not able to affect a transfer of ownership and control of these properties it faces a potential financial liability. Based on the rental value of the properties as at 31 March 2007, it is estimated that HM Courts & Tribunals Service could be exposed to additional costs of up to £0.3m per annum (2010–11: £0.3m) with a total maximum contingent liability since 1 April 2005 of £2.3m (2010–11: £2.0m).

Injury claims: Claims for injury to staff, prisoners and the public amounting to £33.5m (2010–11: £34.7m), where the likelihood of a liability arising is possible but not likely, have been indicated to MoJ. Other claims for compensation where it is more likely than not that a liability will arise have been provided for in the Accounts – see Note 21.

Criminal Injuries Compensation: On occasion, compensation cases at appeal stage may go to judicial review and these could potentially have an impact on the CICA's future liabilities. These cases are not included within the provision due to the fact that the determination of whether an obligation exists will only be confirmed by the occurrence or non-occurrence of one or more uncertain and unquantifiable future events that are not wholly within the control of CICA. There were 28 active cases as at 31 March 2012.

Payment by Results schemes: New contracts were awarded for Payment by Results (PbR) schemes at HMP Doncaster and HMP Peterborough. The contract stipulates a mechanism by which an additional payment or claw back would be payable to or from the contractor.

The first cohort of offenders at HMP Doncaster runs from 1 October 2011 to 30 September 2012. The period over which the offenders' re-offending will be monitored runs for 18 months from 30 September until 31 March 2014.

The first cohort of offenders at HMP Peterborough runs from 9 September 2010 to 9 September 2012. The period over which the offenders' re-offending will be monitored runs for 12 months from 9 September until 9 September 2013.

NOMS considers that at 31 March 2012 any potential liability arising from the success of the scheme, in conjunction with its timing, is uncertain.

Other contingent liabilities:

MoJ is involved in a number of legal cases dealing with ex gratia, compensation and other claims. The estimated cost of settlement for MoJ is £3.9m (2010–11: £7.8m).

London Probation Trust (LPT) considers that it is not liable to pay corporation tax on its activities for 2011–12 nor in previous years. This is contrary to HM Revenue & Customs (HMRC) advice and LPT is currently in discussion with HMRC and NOMS. The Trust has therefore included a contingent liability in respect of corporation tax. The value of any liability is still to be determined.

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

Quantifiable

BAA indemnity: An indemnity of up to £50m, in respect of any one accident, has been given to the British Airports Authority (BAA). 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 remote.

Unquantifiable

Privately Managed Prisons: Through offering guarantees, indemnities or by giving letters of comfort NOMS may be liable to meet any uninsured costs incurred by the privately managed prisons. This is not a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit on settlement is too remote.

29. Losses and special payments

The following losses and special payments are included in the Consolidated Statement of Comprehensive Net Expenditure:

29.1 Losses statement

Values	31 March 2012			Restated 31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
	£000	£000	£000	£000	£000	£000
Cash losses	75	1,201	1,207	51	659	660
Claims abandoned	-	328	353	6	921	927
Other write-offs	113	13,515	13,533	171	8,124	31,242
Fruitless payments	28	110	111	85	162	167
Store losses	-	845	845	-	1,756	1,758
Constructive losses	-	-	28,121	-	-	8,900
Total Value of Losses	216	15,999	44,170	313	11,622	43,654

Numbers	31 March 2012			Restated 31 March 2011		
	Core Department	Core Department & Agencies	Departmental Group	Core Department	Core Department & Agencies	Departmental Group
Cash losses	57	3,150	3,176	45	2,677	2,692
Claims abandoned	-	86	123	4	132	142
Other write-offs	5	66,293	66,320	18	61,012	68,155
Fruitless payments	4	507	516	25	412	418
Store losses	-	4,008	4,010	-	3,225	3,230
Constructive losses	-	-	15,054	-	-	2
Total Number of Losses	66	74,044	89,199	92	67,458	74,639

In 2011–12 there were five (2010–11: two) balances written off over £250,000, as follows:

- £255,604 written off as a result of an imbalance which arose during the merger of NOMS and Prison Service Headquarters;
- Three separate balances of £622,113, £1,084,324 and £1,718,427 written off by LSC as a result of the suppliers going into bankruptcy with no prospect of a dividend; and
- £5,152,000 written off by HM Courts & Tribunals Service relating to the abandonment of the e-Working contract.

29.2 Special payments

Values	31 March 2012			Restated 31 March 2011		
	Core		Departmental Group	Core		Departmental Group
	Core	Department		Core	Department	
	Department	& Agencies	£000	Department	& Agencies	£000
£000	£000	£000	£000	£000	£000	
Compensation payments	3,329	27,680	27,969	113	15,173	19,153
Ex gratia	230	1,153	1,443	390	1,220	1,352
Extra-contractual payments	-	349	361	-	170	172
Special severance payments	54	54	54	202	202	202
Total Value of special payments	3,613	29,236	29,827	705	16,765	20,879

Numbers	31 March 2012			Restated 31 March 2011		
	Core		Departmental Group	Core		Departmental Group
	Core	Department		Core	Department	
	Department	& Agencies	£000	Department	& Agencies	£000
£000	£000	£000	£000	£000	£000	
Compensation payments	72	5,571	5,803	46	4,886	5,087
Ex gratia	23	1,471	1,539	13	1,456	1,506
Extra-contractual payments	-	675	676	-	479	480
Special severance payments	5	5	5	10	10	10
Total Number of special payments	100	7,722	8,023	69	6,831	7,083

In 2011–12 there were three (2010–11: one) special payments over £250,000, as follows:

- A compensation payment of £277,842 to a member of NOMS staff;
- A compensation payment of £1,167,063 in respect of a prisoner claim; and
- A payment of £3,000,000 in settlement of a legal dispute with a supplier.

30. Related party transactions

Associated Departments and other central government bodies

MoJ is the parent of the HM Courts & Tribunals Service, OPG, and NOMS agencies and the sponsor of NDPBs as listed in Note 32. 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 significant transactions with the following other government departments and other central government bodies:

- Central Office of Information (COI);
- City of London;
- Children and Family Court Advisory and Support Service (CAFCASS);
- Department for Communities and Local Government (DCLG);
- Department for Education (DfE);
- Department for Work and Pensions (DWP);
- HM Revenue & Customs (HMRC);
- Home Office;
- Principal Civil Service Pension Scheme (PCSPS);
- The Insolvency Service;
- The Treasury Solicitor's Department (TSol); and
- Wales Office.

Further information in respect of related party transactions related to fines and penalties collection activities can be found in the HM Courts & Tribunals Service Trust Statement.

Registry Trust Limited is a private company limited by guarantee with no share capital. It maintains the Register of County Court judgments on behalf of the Lord Chancellor and the Secretary of State for Justice. Revenue received from the Registry Trust Limited in the year amounted to £0.6m (2010–11: £0.6m) with a total debtor balance due to HM Courts & Tribunals Service as at 31 March 2012 of £0.2m (2010–11: £0.1m).

Key management personnel

There are close family members of key management personnel employed by organisations that are contracted to supply services to the MoJ. The terms and conditions of these arrangements are no more favourable than the MoJ would have adopted if there were no relationship to key management personnel.

The brother of Helen Edwards, Director General, Justice Policy Group, is a sub-contractor of Lancaster, a facilities provider to MoJ.

The son of Ann Beasley, Director General, Finance and Corporate Services undertook a summer internship at PwC, providers of professional services to the MoJ and the external auditors of HM Courts & Tribunal Services on behalf of the NAO.

Martin Blake, Head of Corporate Procurement within London Probation Trust, is an in-law to a director of Reed Consultancy, providers of agency staff – transactions totalling £2,990,555.

During the year, the following members of the London Probation Trust Management Board, members of key management staff or other related parties, or their related parties have undertaken material transactions with the Trust as detailed. Julie Dent Trust Chair – Director of Probation Association incurred transactions totalling £187,919, Chairman of User Voice incurred transactions totalling £179,112. Mark Johnson Board Member – CEO of User Voice incurred transactions totalling £179,112. In addition, Paul Davies Board Secretary – seconded from Essex County Council to London Probation Trust incurred transactions totalling £404,597.

Two members of the Essex Probation Trust management board reported a related party interest in relation to Essex Offender Services, a community interest company in which they are directors. This company was provided with a grant approved by the Trust of £35,000 to assist in its development as an organisation providing support to offenders and ex offenders.

During the year, the Chair of Cumbria Probation Trust served as one of the four Trustees within Cumbria Reducing Offending Partnership Trust (CROPT) Limited. In 2011–12 Cumbria Probation provided assistance to CROPT by way of grant funding and personnel secondment to the value of £17,967 (2010–11: £49,471) as well as some limited back office services.

During 2011–12, the LSC Commissioners, other related parties or their close family members entered into a number of material transactions with the Fund. These transactions are also detailed below.

Unless otherwise stated, the disclosures relate to transactions in respect of funded work to the supplier who the individual works for and do not reflect the individual's earnings. The figures include payments on account and disbursements, which may be payable to third parties and are stated inclusive of VAT, as this is a cost to LSC. All transactions are for the period 1 April 2011 to 31 March 2012 unless otherwise stated. The transactions do not include payments received indirectly (e.g. counsel fees claimed by the solicitors which they then pay to counsel). The transactions do not reflect annual earnings as they may include fees for work carried out in previous years, but not billed until this financial year; they may also exclude fees for work carried out in 2011–12, but not yet billed. The transactions for all schemes represent payments made.

Commissioners are required under the Code of Best Practice for LSC Members to declare any personal, financial and business interests which may conflict with their duties for LSC. Members may not participate in LSC discussions or decisions on policy or financial matters where a conflict of interest arises.

Commissioners and related parties		Transactions
Dr David Wolfe QC	(1) David Wolfe is a barrister who receives payments in respect of legal aid casework.	£27,206
	(2) Amanda Illing, the Practice Director at Hardwicke Chambers, is married to Dr David Wolfe QC, a Commissioner. Barristers at Hardwicke Chambers contribute a percentage of their earnings to its central costs which include Amanda Illing's salary. Payments were made to barristers at Hardwicke Chambers for work carried out under instruction by LSC's legal team.	£921,146
	(3) Amanda Illing has been a board member of The Public Law Project since May 2011. Legal aid payments are made to The Public Law Project.	£85,855
Tom Jones	(1) Rhodri Jones is a lawyer with Hugh James Solicitors, to whom legal aid payments are made. Rhodri is engaged to Swian Jones who is Tom Jones's daughter.	£958,798
	(2) Celine Cousin is a lawyer at Geldards, to whom legal aid payments are made. Celine is engaged to Owain Jones who is Tom Jones's son.	£61,219

Balances outstanding as at 31 March 2012 have not been disclosed, as these could only be estimated.

During the year, no Board member, key manager or other related parties have undertaken any material transactions with MoJ.

Other

Kent Probation Trust made payments amounting to £181,600 to an organisation called Break the Cycle, a social enterprise originally set up by the trust to reduce re offending. The Director of Business Development and another Board Member of the Trust are also directors of Break the Cycle.

Other interests and related parties of Ministers which do not concern MoJ are disclosed at: <http://www.cabinetoffice.gov.uk/conduct-ethics/ministerial.aspx>

31. Third party assets

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

MoJ holds third party assets, over and above those monies disclosed in Notes 19 and 20.

	31 March 2012			Restated 31 March 2011		
	Core Department £000	Core Department & Agencies £000	Departmental Group £000	Core Department £000	Core Department & Agencies £000	Departmental Group £000
Cash	9,604	9,604	85,167	14,690	25,444	98,304
Investments	37,713	37,713	45,900	41,343	41,343	49,482
Non-cash assets	14,414	14,414	14,414	16,227	16,227	16,227
	61,731	61,731	145,481	72,260	83,014	164,013

31.1 Official Solicitor and Public Trustee (OSPT)

The Official Solicitor (OS) administers estates and trusts as Administrator/Trustee of Last Resort. The Public Trustee (PT) acts as Executor or Trustee where they have been appointed under a will or a new settlement. The figures in the table above represent the most up-to-date information available about assets managed by the OS and PT on behalf of clients. The Accounts for 2011–12 have not yet been presented for audit.

The non-cash assets are made up of four elements:

1. Properties are Trust Assets held by OSPT as legal owner and are held for the following separate purposes; (a) for the occupation of a life tenant or other beneficiary of the trust; (b) rented commercially to generate trust income.
2. Payables: accrued liabilities of the trusts and include fees payable to OSPT, tax and other payables.
3. Receivables: accrued rental income, a mortgage issued by trust to beneficiary, cash held by solicitors and agents, and investments externally managed by agents.
4. Chattels and other assets are Trust Accounting and Banking System control Accounts for capital transactions (not normally income) transactions - physical Trusts assets that are held by OSPT.

31.2 Court Funds Office

The Court Funds Office (CFO) manages money held in court on behalf of clients who may be involved in a civil legal action, namely patients who, under the Court of Protection, are not able to manage their property and affairs; and children under the age of 18. Assets held at the reporting date comprised cash, Index Tracker Funds and securities.

Market values as at 29 February 2012 (the reporting date for the CFO) were:

- Cash, sterling held and invested on behalf of the Accountant General through the Commissioners for the Reduction of National Debt's Court Funds Investment Account, of £3.2bn (28 February 2011: £3.4bn); and
- Securities, a combination of units and stock holdings held in the name of the Accountant General with a market valuation of approximately £178m (28 February 2011: £209m). This includes the Index Tracker Fund (formerly the Common Investment Fund), which is administered on behalf of the Accountant General by an appointed Fund Manager. The beneficiaries have unit shares in the fund, which consists of a balanced portfolio managed by the Fund Manager in accordance with the investment strategy in force at the time of £109m (28 February 2011: £115m).

Further information is contained in the Funds in Court Part A Accounts which are audited by the Comptroller and Auditor General and laid before Parliament.

31.3 Other third party assets

HM Courts & Tribunals Service holds a number of different cash balances on behalf of third parties. These consist of bail monies which are received and held while a criminal case progresses and funds held in respect of child maintenance court orders. At 31 March 2012 these amounted to £11.2m and £0.6m respectively (2010–11: £10.1m and £0.6m respectively).

NOMS holds third parties' monies of £11.4m (2010–11: £10.3m). This relates to monies held on behalf of prisoners and is therefore not included in the financial statements.

A number of assets are held by Probation Trusts on behalf of third parties. These assets are not therefore included in the Accounts. The assets held at the reporting date comprised monetary assets, such as bank balances and monies on deposit, listed securities, trust funds and amenity funds.

Cheshire Probation Trust, Humberside Probation Trust, Northumbria Probation Trust and Wales Probation Trust administer trust funds. Kent Probation Trust and Norfolk & Suffolk Probation Trust administer amenity funds. Greater Manchester Probation Trust, Avon & Somerset Probation Trust, Warwickshire Probation Trust and West Mercia Probation Trust have monetary assets such as bank balances and monies on deposits, listed securities, trust funds and amenity funds.

LSC receives awarded damages awaiting the final settlement of a case and contribution monies from clients legal costs awaiting the final judgement and calculation of the total costs of a case. The outcome of the case will determine whether the third party asset transfers to the Fund or is returned to the third party. The assets held at the end of the reporting date comprise pooled investment funds and cash and building society deposits of £21.1m (2010–11: £19.2m).

32. The Departmental boundary

Entities within the Departmental boundary

The Core Department

Department Headquarters, including the following associated offices and advisory Non-Departmental Public Bodies:

- Administrative Justice and Tribunals Council;
- Advisory Committee on Civil Costs;
- Advisory Council on National Records and Archives;
- Advisory Panel on Public Sector Information;
- Assessor for Compensation of Miscarriages of Justice;
- Civil Justice Council;
- Civil Procedure Rule Committee;
- Commission on a Bill of Rights;
- Court Funds Office;
- Criminal Procedure Rule Committee;
- Family Justice Council;
- Family Procedure Rule Committee;
- Independent Monitoring Boards of Prisons, Immigration Removal Centres and Immigration Holding Facilities;
- Insolvency Rules Committee;
- Judicial Appointments and Conduct Ombudsman;
- Judicial Communications Office;
- Judicial Office;
- Judicial Studies Board;
- Law Commission;
- Magistrates' Courts Rules Committee;
- Office for Judicial Complaints;

- Office of HM Inspectorate of Prisons;
- Office of HM Inspectorate of Probation;
- Office of the Judge Advocate General;
- Office of the Legal Services Ombudsman (closed on 31 December 2011);
- Official Solicitor and Public Trustee;
- Prison Service Pay Review Body;
- Prisons and Probation Ombudsman;
- Restraint Advisory Board;
- Sentencing Council for England and Wales;
- Tribunal Procedure Committee;
- Victims Advisory Panel; and
- Victims' Commissioner.

Supply financed Agencies

- Her Majesty's Courts & Tribunals Service;
- National Offender Management Service; and
- Office of the Public Guardian.

Other entities captured in the Departmental Group including Executive Non-Departmental Public Bodies

- Criminal Cases Review Commission;
- Criminal Injuries Compensation Authority;
- Information Commissioner's Office;
- Judicial Appointments Commission;
- Legal Services Board;
- Legal Services Commission;
- National Offender Management Service 35 Probation Trusts;
- Office for Legal Complaints;
- Parole Board for England and Wales; and
- Youth Justice Board for England and Wales.

Other associated offices within the Departmental boundary

- Advisory Committees on Justices of the Peace in England and Wales and Crown Court Rule Committee included in Her Majesty's Courts & Tribunals Service; and
- Independent Advisory Panel on Deaths in Custody included in National Offender Management Service.

Copies of Annual Report and Accounts for the individual entities can be found at <http://www.tsoshop.co.uk/bookstore.asp>.

33. Pension costs

33.1 LSC pension schemes

LSC operates two pension schemes, the No. 4 Scheme and the No. 3 Scheme, providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of LSC, being invested in funds managed by Legal & General Investment Management Limited. Contributions to the schemes are charged to the CSocNE so as to spread the cost of the pensions over employees' working lives with LSC. The contributions are set by the Trustees having taken advice from the schemes actuary (Hymans Robertson LLP). The most recent finalised formal valuations were as at 31 March 2010.

The assumptions have been updated to ensure the valuations are in line with the requirements of IAS 19 for the current year disclosure.

Both pension schemes' assets are measured using market values. Both pension scheme's liabilities are measured using a projected unit credit method and discounted at the current fixed rate of 2.1% p.a. (2010–11: 2.5%) above the expected future price inflation.

The Legal Services Commission Staff Pension and Assurance Scheme (No. 4)

A full actuarial valuation of the Scheme was carried out at 31 March 2010 by qualified independent actuaries Hymans Robertson LLP.

LSC made an advanced payment of £7m into the No. 4 Scheme in 2011–12 (2010–11: £7.5m). LSC also paid £376k (2010–11: £675k) to the Scheme, to cover the cost of a total of three benefit improvements (2010–11: nine) under the terms of the early retirement and early severance scheme.

LSC is not expected to contribute to the No. 4 Scheme in the financial year beginning 1 April 2012 due to the early payment of contributions.

The surplus asset on the No. 4 Scheme has reduced by £35 million in the current year. This is primarily due to the actuary preparing the IAS 19 valuation of the No. 4 Pension Scheme based on the assumption that LSC will be abolished and a new body the Legal Aid Agency created following the granting of Royal Assent, anticipated to be 1 April 2013, of the LASPO Bill.

Since LSC has paid all necessary contributions required up to the transition to an Executive Agency, and no contributions are expected after this date, the surplus asset of £43m (net of £6m service costs for 2012–13) is considered to be irrecoverable. In the prior year, an assumption was made that the Scheme would continue in its current form and the accumulation surplus had no restrictions.

The Legal Services Commission Staff Pension and Assurance Scheme (No. 3)

A full actuarial valuation of the Scheme was carried out at 31 March 2010 by qualified independent actuaries Hymans Robertson LLP.

The Scheme is closed to new entrants and there are no active members. LSC did not contribute to the scheme in the period ended 31 March 2012 (2010–11: £nil).

The major assumptions used by the actuary were (in nominal terms):

	2012		2011	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	% pa	% pa	% pa	% pa
Discount rate	4.60	4.60	5.50	5.50
Rate of increase in salaries	** 4.30	n/a	* 4.50	n/a
Deferred pension increase before retirement	2.50	2.50	2.75	2.75
Rate of increase in pensions in payment	2.50	2.50	3.00	3.00
Inflation assumption	2.50	2.50	3.00	3.00

* 3.00% until 31 March 2013

** Assumed government pay restrictions for one year and that all active members will be deferred in 2013.

Future life expectancies:

The future life expectancies below are based on the 2012 post-retirement mortality assumptions used for both schemes, namely standard actuarial tables S1PMA and S1PFA with an allowance for future improvements in line with the long cohort assumption. This assumption assumes a scaling factor of 85% for males and 75% for females; a ten year time lag; a one year age rating; and a 1.5% underpin for males and a 1% underpin for females.

	2012		2011	
	Male	Female	Male	Female
	years	years	years	years
Future life expectancy for a pensioner aged 60 at 31 March	28.2	29.9	28.2	29.9
Future life expectancy at age 60 for a non-pensioner aged 45 at 31 March	31.4	31.9	31.4	31.9

The expected rate of return and market values of the assets of the pension schemes at 31 March were as follows:

	No. 4 Pension Scheme		No. 3 Pension Scheme	
	Expected long-term rate of return at 31 March 2012	Expected long-term rate of return at 31 March 2011	Expected long-term rate of return at 31 March 2012	Expected long-term rate of return at 31 March 2011
	%	%	%	%
Market value of assets				
Equities	6.3	7.3	n/a	n/a
Gifts and cash	3.3	4.3	3.3	4.3
Insured pensions	4.6	5.5	4.6	5.5

The expected return on assets has been based on the long term expectation for each asset class at the beginning of the period (i.e. as at 31 March 2012 for the year to 31 March 2013). The return on equities has been taken as 3% per annum above the yield on government bonds at the year end. This is consistent with the approach followed at the previous year end.

Pension scheme costs charged to operating costs include:

	2011–12		2010–11	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	£000	£000	£000	£000
Current service cost	5,454	-	7,140	-
Termination benefits	376	-	675	-
	5,830	-	7,815	-
Past Service credit	-	-	(19,239)	(113)
Gains on curtailment of pension scheme	(16,276)	-	-	-
Total	(10,446)	-	(11,424)	(113)

The pension scheme costs are based on all active members deferring from 2013. This results in a gain of £16m relating to the replacement of salary increases with deferred pensioner revaluations.

	2011–12		2010–11	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	£000	£000	£000	£000
Analysis of amounts charged to other finance income				
Expected return on Scheme assets	16,133	162	15,123	203
Interest on Scheme liabilities	(12,738)	(133)	(13,849)	(172)
Net return	3,395	29	1,274	31

Analysis of amount recognised in the Consolidated Statement of Changes in Taxpayers' Equity:

	2011–12		2010–11	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	£000	£000	£000	£000
Actual return less expected return on Scheme assets	9,525	298	4,445	(59)
Experience gains and losses arising on Scheme liabilities	(23,340)	(111)	15,259	131
Changes in assumptions underlying the present value of the Scheme liabilities	(95)	(51)	9,513	340
Decrease in irrecoverable surplus *	(43,154)	(166)	-	(556)
Total recognised in other comprehensive expenditure	(57,064)	(30)	29,217	(144)
Cumulative actuarial loss	(79,627)	(185)	(22,563)	(155)

* The surplus on the scheme is only recoverable to the extent that LSC can benefit from either refunds formally agreed or from future contribution reductions.

Reconciliation of defined benefit obligation:

	2011–12		2010–11	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	£000	£000	£000	£000
The movement in the liabilities during the year arose as follows:				
Liabilities at beginning of year	(230,950)	(2,548)	(257,182)	(3,223)
Current service cost	(5,454)	-	(7,140)	-
Interest cost	(12,738)	(133)	(13,849)	(172)
Benefits accrued in respect of contributions by plan participants	(2,108)	-	(2,302)	-
Actuarial (losses)/gains	(23,435)	(162)	24,772	471
Termination benefits	(376)	-	(675)	-
Curtailment gains/(losses)	16,276	-	-	-
Past service costs	-	-	19,239	113
Benefits paid	6,249	251	6,187	263
Liabilities at end of year	(252,536)	(2,592)	(230,950)	(2,548)

Reconciliation of fair value of plan assets:

	2011–12		2010–11	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	£000	£000	£000	£000
The movement in the assets during the year arose as follows:				
Assets at beginning of year	272,280	3,741	247,964	3,860
Expected return on assets	16,133	162	15,123	203
Contributions by plan participants	2,108	-	2,302	-
Contributions by LSC	7,736	-	8,633	-
Actuarial gains/(losses)	9,525	298	4,445	(59)
Benefits paid	(6,249)	(251)	(6,187)	(263)
Assets at end of year	301,533	3,950	272,280	3,741
Irrecoverable surplus	(43,154)	(1,358)	-	(1,193)
Net pension asset/(liability) *	5,843	-	41,330	-

* Before allowing for irrecoverable surplus in the No. 3 Scheme

The net asset surplus within the No.3 Scheme is not expected to derive any future economic benefit and is deemed an irrecoverable surplus. This surplus has not been recognised in the Accounts.

The major categories of Scheme assets as a percentage of total Scheme assets:

	2011–12		2010–11	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	% pa	% pa	% pa	% pa
Equities	47	-	51	-
Gifts and cash	50	85	45	84
Insured pensions	3	15	4	16
Net pension asset/(liability)	100	100	100	100

The No. 4 Pension Scheme history of experience gains and losses over the period 1 April 2006 to 31 March 2012 were as follows:

	No. 4 Scheme				
	2011–12	2010–11	2009–10	2008–09	2007–08
	£000	£000	£000	£000	£000
Fair value of plan assets	301,533	272,280	247,964	180,259	204,486
Present value of defined benefit obligation	(252,536)	(230,950)	(257,182)	(185,592)	(206,054)
(Increase)/decrease in irrecoverable surplus	(43,154)	-	-	-	-
Surplus/(deficit)	5,843	41,330	(9,218)	(5,333)	(1,568)
Experience adjustments on Scheme assets amount	9,525	4,445	44,089	(44,073)	(5,757)
Percentage of Scheme assets	3.2%	1.6%	17.8%	24.4%	2.8%
Experience adjustments on Scheme liabilities amount	(23,340)	15,259	5,074	4,619	-
Percentage of present value of Scheme liabilities	9.2%	6.6%	2.0%	2.5%	-
Total actuarial (losses)/gains on obligation amount	(23,435)	24,772	(54,052)	40,527	18,208
Percentage of present value of Scheme liabilities	9.3%	10.7%	21.0%	21.8%	8.8%

One individual retired early on ill-health grounds (2010–11: none); the total additional accrued pension liabilities in the year amounted to £1k (2010–11: £nil).

The No. 3 Pension Scheme history of experience gains and losses over the period 1 April 2006 to 31 March 2012 were as follows:

	No. 3 Scheme				
	2011–12	2010–11	2009–10	2008–09	2007–08
	£000	£000	£000	£000	£000
Fair value of plan assets	3,950	3,741	3,860	3,512	3,858
Present value of defined benefit obligation	(2,592)	(2,548)	(3,223)	(3,065)	(3,748)
(Increase)/decrease in irrecoverable surplus	(1,358)	-	-	-	-
Surplus/(deficit)	-	1,193	637	447	110
Experience adjustments on Scheme assets amount	298	(59)	458	(246)	(57)
Percentage of Scheme assets	7.5%	1.6%	11.9%	7.0%	1.5%
Experience adjustments on Scheme liabilities amount	(111)	131	73	113	-
Percentage of present value of Scheme liabilities	4.3%	5.1%	2.3%	3.7%	-
Total actuarial (losses)/gains on obligation amount	(162)	471	(260)	596	(113)
Percentage of present value of Scheme liabilities	6.3%	18.5%	8.1%	19.4%	3.0%

Liability and insured pension sensitivity at 31 March 2012 to changes in key assumptions:

The table below shows the sensitivity of the liability and insured pensions for both schemes as at 31 March 2012 to changes in key assumptions. These figures have been calculated in a consistent manner to the rest of the figures in this report. The changes are considered in isolation.

	(Increase)/decrease to value of liabilities		(Increase)/decrease to value of insured pensions	
	No. 4 Scheme	No. 3 Scheme	No. 4 Scheme	No. 3 Scheme
	£000	£000	£000	£000
Change in assumptions				
Discount rate increased by 0.25% pa	13,366	60	215	11
Salary linkage retained after 2012-13 rather than switching to CPI	(16,276)	-	-	-
Pension increases and deferred pension increases increased by 0.25% pa	(10,308)	(48)	-	-
1 year increase in member life expectancy	(7,576)	(104)	(410)	(24)

33.2 By-analogy pension schemes

33.2.1 CCRC pension scheme

Commissioners may choose pension arrangements broadly by analogy with the Principal Civil Service Pension Schemes (PCSPS) and are entitled to receive such benefits from their date of appointment.

Commissioners' pension arrangements are unfunded, and CCRC is responsible for paying retirement benefits as they fall due. Contributions are paid by commissioners at the rate of 1.5% and 3.5% of pensionable earnings respectively depending on whether the individual's scheme is by analogy to the classic or premium/classic plus/nuvos PCSPS schemes.

The value of the scheme liabilities for the current and five previous years are as follows:

	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008	31 March 2007
	£000	£000	£000	£000	£000	£000
Liability in respect of						
Active members	2,030	1,965	2,297	1,476	1,102	862
Deferred pensioners	132	110	117	-	38	576
Current pensioners	2,858	2,723	3,070	2,494	2,422	1,999
Total present value of schemes	5,020	4,798	5,484	3,970	3,562	3,437

The scheme liabilities have been valued by the Government Actuary's Department using the Projected Unit Method. The main actuarial assumptions are as follows:

	2011–12	2010–11	2009–10	2008–09	2007–08	2006–07
	%	%	%	%	%	%
Discount rate	4.85	5.60	4.60	6.04	5.30	4.60
Rate of increase in salaries	4.25	4.90	4.29	4.30	4.30	4.30
Price inflation	2.00	2.65	2.75	2.75	2.75	2.75
Rate of increase in pensions (deferred and in payment)	2.00	2.65	2.75	2.75	2.75	2.75

The following amounts have been recognised in the CSoCNE for the year:

	2011–12	2010–11
	£000	£000
Current service cost	213	256
Past service cost	-	(571)
Commissioners' contributions retained	(23)	(30)
Total charge to operating expenses	190	(345)
Interest on pension scheme liabilities	270	232
Total charge to finance and other costs	270	232

Past service costs arise when an employer undertakes to provide a different level of benefits than previously promised. It was announced in the Budget on 22 June 2010 that the government will adopt the Consumer Price Index (CPI), rather the Retail Prices Index (RPI), for the indexation of public service pensions from April 2011. The change from RPI to CPI for the purposes of uprating index-linked features of post employment benefits was recognised as a negative past service cost in accordance with IAS 19, and resulted in a £0.6m decrease in liabilities in 2010–11.

Actuarial gains and losses recognised in the CSoCiTE for the year and the previous five years are set out below, shown as an amount and as a percentage of the present value of the scheme liabilities at the CSoFP date:

	2011–12	2010–11	2009–10	2008–09	2007–08	2006–07
Experience (gains)/losses on pension liabilities						
£000	(67)	(92)	(186)	122	3	72
%	1.3	1.9	3.4	3.1	0.1	2.1
Changes in demographic and financial assumptions						
£000	(43)	(326)	1,399	(422)	(130)	470
%	0.9	6.8	25.5	10.6	3.7	13.7
Net actuarial (gains)/losses (£000)	(110)	(418)	1,213	(300)	(127)	542

The movement in scheme liabilities is analysed as follows:

	2011–12	2010–11
	£000	£000
Present value of scheme liabilities at start of year	4,798	5,484
Current service cost	213	256
Past service cost	-	(571)
Interest cost	270	232
Actuarial (gains)/losses	(110)	(418)
Benefits paid	(151)	(185)
Present value of scheme liabilities at end of year	5,020	4,798

33.2.2 HM Courts & Tribunals Service pension schemes

HM Courts & Tribunals Service has three by-analogy pension schemes for the Criminal Injuries Compensation (CIC) tribunal, the Immigration and Asylum Chamber (IAC) and the Residential Property Tribunal Service (RPTS) for which pension liabilities are given.

RPTS was transferred to HM Courts & Tribunals Service from the Department of Communities and Local Government (DCLG) on 1 April 2011.

An actuarial valuation was carried out at 31 March 2012 by the Government Actuaries Department (GAD) in respect of qualifying members for each of the schemes listed above.

The schemes are referred to as a 'by-analogy pension schemes' as they are similar to the PCSPS. However, they are funded by provisions from the Department's Vote and pension payments are administered by the Department and made via the payroll system.

The scheme liabilities under IAS 19 have been calculated using the following assumptions:

	<u>2011–12</u>	<u>2010–11</u>
	%	%
Price inflation	2.00	2.65
Rate of increase in salaries	4.25	4.90
Rate of increase in pensions (deferred in payment)	2.00	2.65
Discount rate	4.85	5.60

The actuarial (gains)/losses on pension scheme liabilities are as a result of an actuarial valuation in respect of these schemes.

The following amounts have been recognised in the CSoCNE:

	<u>2011–12</u>	<u>Restated 2010–11</u>
	£000	£000
Current service cost	135	-
Interest cost	216	75
Past service cost	-	(106)
Total charges	351	(31)

It was announced in the Budget of 22 June 2010 that the government would adopt the Consumer Price Index (CPI) rather than the Retail Price Index (RPI), for the indexation of public service pensions from April 2011.

The change was measured for accounting purposes at the date of the Budget announcement and was treated as a change in benefits. The change resulted in a negative past service cost all of which was charged to the CSoCNE in 2010–11.

Actuarial (gain) recognised in the CSoCiTE:

	<u>2011–12</u>	<u>Restated 2010–11</u>
	£000	£000
Experience (gain)/loss arising in scheme liabilities	(82)	11
Changes in assumptions underlying the present value of the scheme liabilities	63	(48)
Total actuarial (gain)/loss	(19)	(37)

The movement in scheme liabilities is analysed as follows:

	2011–12	Restated 2010–11	Restated 2009–10	Restated 2008–09
	£000	£000	£000	£000
Present value of scheme liabilities at the start of the year	1,597	1,802	1,582	1,336
Increase in provision for current service cost	135	-	-	22
Interest on by-analogy scheme	216	75	91	68
Actuarial loss/(gain) on scheme liabilities	(19)	(37)	300	282
Benefits paid	(213)	(137)	(171)	(126)
Past service cost	-	(106)	-	-
Transfer from other department	2,296	-	-	-
Present value of scheme liabilities at the end of the year	4,012	1,597	1,802	1,582

The experience (gain)/loss on the scheme liabilities as a percentage of the present value of the scheme liabilities as at 31 March 2012 is 2.04% (31 March 2011: 0.7%)

The total actuarial gain as a percentage of the present value of the scheme liabilities as at 31 March 2012 is 0.5% (31 March 2011: 2.3%).

The cumulative amount of actuarial gains and losses recognised in the CSoCNE since the introduction of resource accounting is a loss of £0.9m (31 March 2011: loss of £0.9m).

Contributions expected to be paid to the plan during 2012–13, including employee's contributions, are estimated to be 25% of pensionable salary.

33.3 Probation Trust pension schemes

As part of the terms and conditions of employment of its officers and other employees, the 35 Probation Trusts offer retirement benefits. Although these will not actually be payable until employees retire, the Trusts have a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The provisions of the Local Government Pension Schemes (LGPS), which are statutory and fully funded, cover present and past employees. The 35 Probation Trusts participate in the Local Government Pension Schemes administered by various bodies.

The Local Government Pension Schemes provide benefits on a final salary basis at a normal retirement age of 65. Benefits accrue at the rate of one-sixtieth of pensionable salary for each year of service. In addition, a lump sum equivalent to three-eightieths of final pay of every year of total membership is payable on retirement. The schemes permit 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 ranging from 5.5% to 7.5% of pensionable earnings. Employers pay the balance of the cost of providing benefits, after taking into account investment returns.

This is a defined benefit scheme meaning that retirement benefits are determined independently of the investments of the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

A full actuarial valuation was carried out at 31 March 2010 by various actuaries. For 2011–12, employers' contributions of £97.6m were payable to the LGPS (2010–11: £97.3m) in a range from 10.1% to 26.2%. The schemes' actuaries review employer contributions every three years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect the past experience of the schemes.

Partnership accounts are excluded under IAS 19.

The impact of the change from using RPI to CPI to estimate future pension costs in 2010–11 resulted in a gain in that year of £297m.

The current year's employers' contributions and an approximate value for the next two years are within the ranges as follows:

- Employers' contributions for 2011–12 were 10.1% to 26.2% of salaries, plus a fixed amount of £8.1m;
- Employers' contributions for 2012–13 will be 10.1% to 26.5% of salaries, plus a fixed amount of £8.6m; and
- Employers' contributions for 2013–14 will be 10.1% to 27.8% of salaries, plus a fixed amount of £8.9m.

The major assumptions used by the actuaries were in the ranges of:

	Restated	
	2011–12	2010–11
	%	%
Inflation assumption	2.5 to 3.3	2.7 to 3.7
Rate of increase in salaries	4.0 to 5.1	2.7 to 5.2
Rate of increase for pensions in payment and deferred pensions	2.4 to 5.9	2.7 to 6.9
Discount rate	4.6 to 5.5	5.4 to 5.6

The assets in the scheme and the expected rate of return were:

	Expected long-term rate of return at 2011–12	Value at 31 March 2012	Expected long-term rate of return at 2010–11	Restated Value at 31 March 2011
	%	£000	%	£000
Equities	6.1 to 8.1	1,576,176	7.2 to 8.4	1,548,391
Government bonds	3.1 to 7.6	249,168	4.3 to 4.9	223,267
Other bonds	3.1 to 5.3	197,856	4.9 to 6.4	187,750
Property	3.0 to 7.6	164,909	3.0 to 7.9	151,644
Other	3.0 to 7.0	118,539	0.5 to 8.0	126,037
Total		2,306,648		2,237,089
Present value of schemes liabilities		(3,503,326)		(3,036,908)
Surplus/(deficit) of the schemes		(1,196,678)		(799,819)
Net pension asset/(liability)		(1,196,678)		(799,819)

Pension cost:

	2011–12	Restated 2010–11
	£000	£000
Current service cost	82,642	104,815
Past service cost (gain in change from RPI to CPI)	-	(296,392)
Past service cost (other)	2,635	(229)
Effect of Curtailment	3,750	2,630
Effect of Settlement	1,356	360
Total operating charge	90,383	(188,816)

Analysis of amount credited to other finance income or debited to other finance charge:

	2011–12	Restated 2010–11
	£000	£000
Expected return on pension scheme assets	(153,446)	(143,482)
Interest on pension scheme liabilities	167,063	187,118
Net return	13,617	43,636

Changes to the present value of liabilities during the year:*

	2011–12	Restated 2010–11
	£000	£000
Opening present value of liabilities	3,036,908	3,522,397
Current service cost	82,642	104,815
Interest cost	167,063	187,118
Contributions by Members	31,064	32,668
Actuarial (gains)/losses on liabilities	280,738	(409,371)
Benefits paid	(101,426)	(106,473)
Past service cost (gain in change from RPI to CPI)	-	(296,392)
Past service cost (other)	2,635	(229)
Unfunded benefits paid	(1,517)	(629)
Curtailments	3,863	2,644
Settlements	1,356	360
Closing present value of liabilities	3,503,326	3,036,908

Changes to the fair value of assets during the year:*

	2011–12	Restated 2010–11
	£000	£000
Opening fair value of assets	2,237,089	2,100,845
Expected return on assets	153,446	143,482
Actuarial gains/(losses) on assets	(109,615)	(30,145)
Contributions by the employer	97,564	97,326
Contributions by the members	31,064	32,889
Benefits paid	(101,862)	(106,678)
Unfunded benefits paid	(1,038)	(837)
Curtailments	-	207
Closing fair value of assets	2,306,648	2,237,089

* The comparative figures in above tables are based on the Probation Trusts' Accounts, which are published later than the MoJ Accounts. They include a number of reclassifications between headings, which give rise to a difference of £14,492k between the past service costs and net actuarial loss disclosed above (£675,618k) and that shown in the CSoCiTE (£690,110k).

Actual return on assets:

	2011–12	Restated 2010–11
	£000	£000
Expected return on assets	153,446	143,482
Actuarial gains/(losses) on assets	(109,615)	(30,145)
Actual return on assets	43,831	113,337

History of asset values, present values of liabilities, surplus/deficit and experience gains and losses:

	2011–12	Restated 2010–11	Restated 2009–10	Restated 2008–09	Restated 2007–08
	£000	£000	£000	£000	£000
Fair value of assets	2,306,648	2,237,089	2,100,845	1,499,483	1,834,841
Present value of liabilities	(3,503,326)	(3,036,908)	(3,522,397)	(2,208,045)	(2,322,985)
Surplus/(deficit)	(1,196,678)	(799,819)	(1,421,552)	(708,562)	(488,144)
Experience gains/(losses) on scheme assets	(99,121)	3,072	418,220	(439,482)	(229,490)
Experience gains/(losses) on scheme liabilities	(17,572)	178,282	88,547	(34,460)	108,521
Percentage of present value of Scheme assets	4.3%	0.1%	19.9%	29.3%	12.5%
Percentage of present value of Scheme liabilities	0.5%	5.9%	2.5%	1.6%	4.7%

34. 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.

Legal Services Commission

The Legal Aid, Sentencing and Punishment of Offenders (LASPO) Act 2010–11 received Royal Assent on 1 May 2012. Under this Act the LSC's status will change from that of a NDPB, to an agency of the MoJ. It is anticipated that this change will take place on 1 April 2013.

The LSC has treated the Act as an adjusting subsequent event for the purpose of the IAS 19 valuation of the No. 4 Pension Scheme. The Actuary prepared the IAS 19 actuary report based on the assumption that LSC will be abolished and a new body the Legal Aid Agency created following the granting of Royal Assent of the LASPO Bill. There are no other balances in the financial statements impacted by this subsequent event.

35. Machinery of Government changes, changes in accounting policies and prior period errors

35.1 Machinery of Government changes

Machinery of Government (MoG) changes, which involve the transfer of functions or responsibilities between two or more government departments, are accounted for using merger accounting principles in accordance with the FReM. The results and cash flows of all combining bodies (or functions) are brought into the Accounts of the combined body from the beginning of the financial year in which the merger occurred, adjusted where necessary to achieve uniformity of accounting policies. Prior year comparatives are restated as appropriate, so that it appears that the combined body has always existed in its present form. The carrying value of the assets and liabilities of the combining entities (or functions) are not adjusted to fair value on consolidation.

Scotland and Wales Offices

Effective 1 April 2011, the management of relations between the UK Government and the Scottish Executive and Welsh Assembly was transferred to the Cabinet Office. As such, the Department's Scottish and Welsh Offices became stand alone offices under the umbrella of the Cabinet Office.

The impact of this change on the 2010–11 comparatives is a decrease in net operating costs of £40,029.4m in the CSoCNE (Request for Resource 2 and 3), and a decrease in net assets of £2.0m (2009–10: £1.6m) in the CSoFP.

35.2 Changes in accounting policies

Accounting for fine income

Prior to the commencement of the financial year, management made a voluntary change in accounting policy in respect of the accounting for elements of fine receipts that HM Courts & Tribunals Service had previously been entitled to retain as income. This change was made to remove any possible perception that the judiciary might have a bias in sentencing to improve the finances of HM Courts & Tribunals Service. As a result of the change, the elements of fine receipts that HM Courts & Tribunals Service had previously been entitled to retain as income are now recorded as income by the Core Department.

The impact of this change on the 2010–11 Accounts is an increase in Core Department income of £103.6m and an equal decrease in the net operating costs for the year recognised in the general fund. This notional decrease in net operating costs for the year has been off-set by a corresponding increase in funding from the Core Department to HM Courts & Tribunals Service.

Accounting for fine and penalty collections

Management has made a change in accounting policy in respect of accounting for fine and penalty collections. This change affects the recording of cash and balances payable to the Consolidated Fund. Previously, on receipt of fines and penalties monies from HM Courts & Tribunals Service, the Core Department recognised the cash balance and a corresponding payable due to the Consolidated Fund. Effective 1 April 2011, these balances will be recognised solely in the HM Courts & Tribunals Trust Statement and have therefore been removed from the Core Department's Accounts.

This accounting policy change has been applied prospectively and therefore has no impact on the comparative balances shown for 2010–11.

Accounting for Donated Assets

With effect from 1 April 2011, and in accordance with the 2011–12 FReM, donated assets are no longer credited to a separate reserve in the CSOCiTE. Due to the immaterial balances held within the reserve, the donated asset reserve of £64k as at 31 March 2011 has been transferred to the general fund reserve.

35.3 Reclassifications

Reclassifications refer to the reallocation of expenditure between administration and programme costs in the CSOCNE, whilst in the CSOFP, it is predominantly due to the reapportionment of provisions for liabilities and charges, between current and non-current liabilities. Reclassifications have an overall net £nil impact on prior years' CSOCNE and CSOFP.

35.4 Other restatements and prior period adjustments

Other restatements represent line item reclassifications which have a net £nil overall impact to both the CSOCNE and CSOFP.

Accounting for the provision for pension transfer deficit

HM Courts & Tribunals Service, in conjunction with auditors, have reviewed the pension transfer deficit and have agreed that sufficient certainty exists over particular components of the provision to require those components to be reclassified as trade and other payables during 2011–12. For consistency and to enhance understanding, this has been applied retrospectively to 2010–11 prior year comparatives so that the classification between provisions and trade and other payables is comparable for the current and prior year.

As a result, £167,867k has been reclassified as trade and other payables as at 31 March 2012 (31 March 2011: £145,273k). There has been no impact on net operating costs or on the net asset position in either the current or prior years.

Accounting for the Probation Trusts Pension Scheme

A change of accounting policy and timing differences between the publication of the NOMS and Probation Trust financial statements gave rise to a £174k increase in the actuarial gain within the 2010–11 net pension liability.

A change of accounting policy led to the re-classification of the balance of the Probation Trusts' early retirement liability of £27.3m for 2010–11 from provisions to the pension liability.

A change of accounting policy and timing differences between the publication of the NOMS and Probation Trust financial statements gave rise to a £5,795k increase in the 2009–10 net pension liability.

35.5 Clear Line of Sight (CLOs) change

Under the Clear Line of Sight (CLOs) initiative, the Department has restated its 2010–11 and 2009–10 Accounts in accordance with IAS 1, as adapted by the FReM.

The most significant impact from the CLOs restatement relates to the separation of the NOMS Probation Trusts from the NOMS Executive Agency. This has resulted in the NOMS Probation Trusts being excluded from the Core Department & Agencies column, but included within the Departmental Group column, within the Accounts.

The impact of this change on the 2010–11 comparatives for Core Department & Agencies is a decrease in net operating costs of £61.6m in the CSocNE and an increase in net assets of £777.2m (2009–10: £1,401.4m) in the CSocFP.

Please refer to Note 36 for further information in respect of the CLOs restatement.

Restated Core Department Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	2010–11				
	Published MoJ Core Accounts	MoG Changes	Accounting policy changes	CLOs Accounting Changes	Restated Core Department
	£000	£000	£000	£000	£000
Administration costs					
Staff costs	137,198	(8,658)	-	-	128,540
Judicial costs	730	-	-	-	730
Other administration costs	86,420	(5,542)	-	(13,310)	67,568
Operating income	(13,011)	1,469	-	-	(11,542)
Programme Costs					
Request for Resources 1					
Staff costs	47,065	-	-	-	47,065
Judicial costs	3,197	-	-	-	3,197
Other programme costs	304,772	-	-	13,310	318,082
Operating income	(26,209)	-	(103,618)	-	(129,827)
Grant in Aid to Non-Departmental Public Bodies	3,017,912	-	-	-	3,017,912
Request for Resources 2					
Other programme costs	26,772,688	(26,772,688)	-	-	-
Request for Resources 3					
Other programme costs	13,244,000	(13,244,000)	-	-	-
National Loans Fund interest payable	52,420	(52,420)	-	-	-
National Loans Fund interest receivable	(52,420)	52,420	-	-	-
Net Operating Costs for the year ended 31 March 2011	43,574,762	(40,029,419)	(103,618)	-	3,441,725

Restated Core Department Statement of Financial Position

For the year ended 31 March 2011

	Published Core Accounts	MoG Changes	Accounting policy changes	Reclassifications	2010–11 Restated Core Department
	£000	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	228,930	(3,191)	-	-	225,739
Intangible assets	48,430	-	-	-	48,430
Investments	750,158	(750,158)	-	-	-
Total non-current assets	1,027,518	(753,349)	-	-	274,169
Current assets					
Trade and other receivables	194,888	(31,554)	103,618	-	266,952
Cash and cash equivalents	86,869	(934)	-	-	85,935
Total current assets	281,757	(32,488)	103,618	-	352,887
Total assets	1,309,275	(785,837)	103,618	-	627,056
Current liabilities					
Trade and other payables	(489,533)	33,661	(103,618)	-	(559,490)
Provisions	-	-	-	(79,520)	(79,520)
Total current liabilities	(489,533)	33,661	(103,618)	(79,520)	(639,010)
Non-current assets plus/less net current assets/liabilities	819,742	(752,176)	-	(79,520)	(11,954)
Non-current liabilities					
Trade and other payables	(964,017)	750,158	-	-	(213,859)
Provisions	(183,877)	-	-	79,520	(104,357)
Total Non-current liabilities	(1,147,894)	750,158	-	79,520	(318,216)
Assets less liabilities	(328,152)	(2,018)	-	-	(330,170)
Taxpayers' equity					
General fund	(349,650)	8	-	-	(349,642)
Revaluation reserve	21,498	(2,026)	-	-	19,472
Total taxpayers' equity	(328,152)	(2,018)	-	-	(330,170)

Restated Core Department & Agencies Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	2010–11				
	Consolidated	MoG Changes	Reclassification	CLOs	Restated Core
	Accounts			Accounting	Department &
	£000	£000	£000	Changes	Agencies
				£000	£000
Administration Costs					
Staff costs	248,323	(8,658)	1	-	239,666
Judicial salaries	1,020	-	-	-	1,020
Other administration costs	164,094	(5,542)	(15,149)	(14,756)	128,647
Operating income	(25,128)	1,469	431	-	(23,228)
Programme Costs					
Request for Resources 1					
Staff costs	3,135,323	-	15,283	(720,094)	2,430,512
Judicial costs	457,275	-	-	-	457,275
Other programme costs	3,297,870	-	43,421	641,865	3,983,156
Operating income	(1,077,483)	-	(42,930)	31,355	(1,089,058)
Grant in Aid to NDPBs	3,017,912	-	-	-	3,017,912
Request for Resources 2					
Other programme costs	26,772,688	(26,772,688)	-	-	-
Request for Resources 3					
Other programme costs	13,244,000	(13,244,000)	-	-	-
National Loans Fund interest payable	52,420	(52,420)	-	-	-
National Loans Fund interest receivable	(52,420)	52,420	-	-	-
Corporation tax charge	1,057	-	(1,057)	-	-
Net Operating Costs for the year ended					
31 March 2011	49,236,951	(40,029,419)	-	(61,630)	9,145,902

Restated Core Department & Agencies Statement of Financial Position

For the year ended 31 March 2011

							2010–11
	Published Consolidated Accounts	MoG Changes	Accounting Policy Changes	Reclassifications	Other Restatements /PPA	CLoS Accounting Changes	Restated Core Department & Agencies
	£000	£000	£000	£000	£000	£000	£000
Non-current assets							
Property, plant and equipment	9,007,394	(3,191)	-	(2)	-	(7,865)	8,996,336
Intangible assets	242,628	-	-	1	-	(2,011)	240,618
Investments	750,562	(750,158)	-	-	-	-	404
Investment property	1,000	-	-	-	-	-	1,000
Lease prepayments	150	-	-	-	-	-	150
Trade and other receivables	2,489	-	-	-	-	(132)	2,357
Total non-current assets	10,004,223	(753,349)	-	(1)	-	(10,008)	9,240,865
Current assets							
Assets held for sale	33,899	-	-	-	-	-	33,899
Inventories	40,343	-	-	-	-	-	40,343
Trade and other receivables	332,695	(31,542)	-	(12,470)	-	(9,354)	279,329
Cash and cash equivalents	240,262	(934)	-	1,796	-	(87,480)	153,644
Total current assets	647,199	(32,476)	-	(10,674)	-	(96,834)	507,215
Total assets	10,651,422	(785,825)	-	(10,675)	-	(106,842)	9,748,080
Current liabilities							
Trade and other payables	(998,421)	33,649	-	12,467	(13,369)	77,017	(888,657)
Bank overdraft	(77,999)	-	-	(1,796)	-	-	(79,795)
Provisions	-	-	-	(136,580)	-	-	(136,580)
Total current liabilities	(1,076,420)	33,649	-	(125,909)	(13,369)	77,017	(1,105,032)
Non-current assets plus/less net current assets/liabilities	9,575,002	(752,176)	-	(136,584)	(13,369)	(29,825)	8,643,048
Non-current liabilities							
Trade and other payables	(1,487,787)	750,158	-	-	(131,904)	20	(869,513)
Provisions	(814,723)	-	-	138,179	145,273	34,281	(496,990)
By-analogy pension scheme liabilities	-	-	-	(1,597)	-	-	(1,597)
Probation Trust pension liability	(772,719)	-	-	-	-	772,719	-
Total non-current liabilities	(3,075,229)	750,158	-	136,582	13,369	807,020	(1,368,100)
Assets less liabilities	6,499,773	(2,018)	-	(2)	-	777,195	7,274,948
Taxpayers' equity							
General fund	5,260,999	8	37	(2)	-	778,518	6,039,560
Revaluation reserve	1,238,710	(2,026)	-	-	-	(1,296)	1,235,388
Donated asset reserve	64	-	(37)	-	-	(27)	-
Total taxpayers' equity	6,499,773	(2,018)	-	(2)	-	777,195	7,274,948

Restated Core Department Statement of Financial Position

For the year ended 31 March 2010

				2009–10
	Published Core Accounts	MoG Changes	Reclassifications	Restated Core Department
	£000	£000	£000	£000
Non-current assets				
Property, plant and equipment	232,003	(3,140)	-	228,863
Intangible assets	56,981	-	-	56,981
Investments	771,310	(771,310)	-	-
Trade and other receivables	52	-	-	52
Total non-current assets	1,060,346	(774,450)	-	285,896
Current assets				
Trade and other receivables	169,915	(15,674)	-	154,241
Cash and cash equivalents	175,519	(951)	-	174,568
Total current assets	345,434	(16,625)	-	328,809
Total assets	1,405,780	(791,075)	-	614,705
Current liabilities				
Trade and other payables	(542,845)	18,190	-	(524,655)
Provisions	-	-	(108,293)	(108,293)
Total current liabilities	(542,845)	18,190	(108,293)	(632,948)
Non-current assets plus/less net current assets/liabilities	862,935	(772,885)	(108,293)	(18,243)
Non-current liabilities				
Trade and other payables	(969,341)	771,309	-	(198,032)
Provisions	(202,618)	-	108,293	(94,325)
Total non-current liabilities	(1,171,959)	771,309	108,293	(292,357)
Assets less liabilities	(309,024)	(1,576)	-	(310,600)
Taxpayers' equity				
General fund	(332,926)	445	-	(332,481)
Revaluation reserve	23,902	(2,021)	-	21,881
Total taxpayers' equity	(309,024)	(1,576)	-	(310,600)

Restated Core Department & Agencies Statement of Financial Position

For the year ended 31 March 2010

	2009–10						
	Consolidated Accounts	MoG Changes	Accounting Policy Changes	Reclassifications	Other Restatements /PPA	CLoS Accounting Changes	Restated Core Department & Agencies
	£000	£000			£000	£000	£000
Non-current assets							
Property, plant and equipment	8,803,385	(3,140)	-	(6)	-	(8,601)	8,791,638
Intangible assets	257,310	-	-	-	-	(2,561)	254,749
Investments	771,468	(771,310)	-	-	-	-	158
Investment properties	1,855	-	-	-	-	-	1,855
Lease prepayments	154	-	-	-	-	-	154
Trade and other receivables	41,670	-	-	-	-	(496)	41,174
Total non-current assets	9,875,842	(774,450)	-	(6)	-	(11,658)	9,089,728
Current assets							
Assets held for sale	18,324	-	-	-	-	-	18,324
Inventories	37,847	-	-	-	-	-	37,847
Trade and other receivables	220,953	(15,674)	-	(3,549)	-	(3,642)	198,088
Cash and cash equivalents	402,638	(951)	-	526	-	(80,340)	321,873
Total current assets	679,762	(16,625)	-	(3,023)	-	(83,982)	576,132
Total assets	10,555,604	(791,075)	-	(3,029)	-	(95,640)	9,665,860
Current liabilities							
Trade and other payables	(1,291,745)	18,190	-	3,551	-	66,965	(1,203,039)
Bank overdraft	(404)	-	-	(526)	-	-	(930)
Provisions	-	-	-	(209,688)	-	-	(209,688)
Total current liabilities	(1,292,149)	18,190	-	(206,663)	-	66,965	(1,413,657)
Non-current assets plus/less net current assets/liabilities	9,263,455	(772,885)	-	(209,692)	-	(28,675)	8,252,203
Non-current liabilities							
Trade and other payables	(1,551,246)	771,309	-	(1)	-	24	(779,914)
Provisions	(674,527)	-	-	249,148	-	8,472	(416,907)
Probation Trust pension liability	(1,389,689)	-	-	(39,460)	5,795	1,421,552	(1,802)
Total non-current liabilities	(3,615,462)	771,309	-	209,687	5,795	1,430,048	(1,198,623)
Assets less liabilities	5,647,993	(1,576)	-	(5)	5,795	1,401,373	7,053,580
Taxpayers' equity							
General fund	4,499,039	445	44	(4)	5,795	1,402,815	5,908,134
Revaluation reserve	1,148,883	(2,021)	-	(1)	-	(1,415)	1,145,446
Donated asset reserve	71	-	(44)	-	-	(27)	-
Total taxpayers' equity	5,647,993	(1,576)	-	(5)	5,795	1,401,373	7,053,580

36. Alignment (Clear Line of Sight) Restatement

In the July 2007 Green Paper *The Governance of Britain* (Cm7170), the Government committed to simplifying financial reporting to Parliament and communicated its vision to:

“create a single, coherent financial regime, that is effective, efficient and transparent, enhances accountability to Parliament and the public, and underpins the Government’s fiscal framework, incentivises good value for money and supports delivery of excellent public services by allowing managers to manage”.

In response to this, Clear Line of Sight (CLoS) – the Alignment Project was initiated to:

- Better align Budgets, Estimates and Accounts;
- Reduce the number of expenditure publication events; and
- Accelerate the publication timetable for Departmental Annual Report and Accounts.

The legislation necessary for CLoS (the Constitutional Reform and Governance Act 2010) received Royal Assent in April 2010, and the motion to approve the reforms was passed by Parliament in July 2010.

MoJ is applying CLoS for the first time for the financial year ended 31 March 2012 and, in accordance with IAS 1 as adapted by the FReM, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period.

The most significant changes to the Annual Report and Accounts as a result of CLoS are as follows:

- The Departmental boundary (incorporating both Estimates and Accounts boundaries) has been extended to incorporate Executive NDPBs. These bodies were not previously consolidated within these Accounts and were financed via grant-in-aid. Therefore, the Departmental Group now includes the Core Department, supply financed Agencies and Executive NDPBs;
- The primary statements (including the SoPS) and the Notes to the Accounts (including Net Outturn, Reconciliation of outturn to net operating cost and against Administration Budget, Reconciliation of Net Cash Requirement to increase/(decrease) in cash and Income payable to the Consolidated Fund) have been revised to incorporate the alignment requirements; and
- The Parliamentary control totals have been revised to reflect the alignment of the Estimates and Budgeting boundaries.

While HM Treasury’s CLoS timetable targets a pre-July 2012 publication date for the Annual Report and Accounts, MoJ has elected to publish its Annual Report and Accounts prior to the Parliamentary summer recess.

Annex A: Public expenditure core financial tables

Table 1 Total Departmental Spending (£000)

	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Outturn	2012–13 Plans	2013–14 Plans	2014–15 Plans
Resource DEL									
Section A: Policy, Corporate Services and Associated Offices	496,133	571,784	559,772	528,224	489,563	1,036,308	1,017,141	1,034,349	901,797
Section B: Central Funds	52,516	65,060	73,422	88,439	78,026	100,598	87,500	66,373	56,451
Section C: National Offender Management Service	757,415	871,243	983,720	3,443,847	4,056,421	3,493,446	3,315,682	3,170,916	3,126,022
Section D: HM Courts & Tribunals Service	10,777	10,348	10,161	13,140	1,092,170	1,091,883	1,031,877	982,500	974,612
Section E: Office of the Public Guardian	(222)	(1,766)	115	3,579	1,079	(5,737)	(644)	595	834
Section F: Legal Services Commission Administration	114,052	128,172	125,574	119,485	119,471	103,032	105,900	91,401	89,996
Section G: Legal Aid Fund: Criminal	1,190,145	1,203,187	1,171,801	1,100,785	1,175,637	1,115,359	1,025,600	1,018,000	1,030,000
Section H: Legal Aid Fund: Civil	777,318	824,019	902,820	960,548	1,025,389	965,594	940,865	859,000	717,000
Section I: Youth Justice Board	418,399	458,349	485,953	471,009	454,457	377,819	361,819	344,184	332,402
Section J: Criminal Injuries Compensation Authority	210,320	258,971	287,300	272,234	301,576	450,036	202,034	202,132	202,247
Section K: Parole Board	6,644	7,383	8,562	8,882	14,178	10,388	10,767	10,369	10,388
Section L: Criminal Cases Review Commission	6,868	6,988	6,792	6,973	6,185	5,283	4,783	5,269	5,278
Section M: Judicial Appointments Commission	6,404	6,946	8,143	7,534	6,201	5,013	5,220	5,105	5,010
Section N: Information Commissioner's Office	7,361	6,280	5,715	5,509	4,765	4,037	4,463	4,312	4,370
Section O: Office for Legal Complaints	-	-	-	(37)	(80)	(117)	-	-	-
Section P: Higher Judicial Salaries	127,599	130,236	139,854	144,255	143,281	142,039	138,200	138,200	138,200
Legal Services Board	-	-	834	(785)	-	-	-	-	-
HM Courts Service	728,882	851,237	763,182	775,980	-	-	-	-	-
Tribunals Service	277,232	285,134	295,636	282,479	-	-	-	-	-
Private Prisons	222,693	259,426	226,483	-	-	-	-	-	-
Public Prisons	1,929,200	2,049,874	2,200,806	-	-	-	-	-	-
National Probation Service (Local Area Boards)	822,974	842,831	782,398	729,770	-	-	-	-	-
Total Resource DEL	8,162,710	8,835,702	9,039,043	8,961,850	8,968,319	8,894,981	8,251,207	7,932,705	7,594,607
<i>Of which:</i>									
Paybill	3,553,777	3,671,078	3,970,764	4,033,521	3,984,104	3,728,616	2,938,964	*	*
Net current procurement ¹	3,878,724	4,226,016	4,274,276	4,338,986	4,303,771	4,425,558	4,602,905	*	*
Current grants and subsidies to the private sector and abroad	294,168	348,387	293,042	139,934	201,188	171,080	171,143	*	*
Current grants to local government	123,004	127,200	-	-	-	-	-	*	*
Depreciation ²	330,836	375,422	405,802	432,961	421,189	442,061	538,130	*	*
Other	(17,799)	87,599	95,159	16,448	58,067	127,666	65	*	*
Resource AME									
Section Q: Policy, Corporate Services and Associated Offices	12,415	(4,141)	(453)	35,764	56,916	18,730	9,625	9,100	8,800
Section R: National Offender Management HQ	2,002	9,423	4,392	21,512	85,582	(12,755)	60,000	60,000	60,000
Section S: Legal Services Commission Administration	(10,919)	(14,710)	(1,202)	(3,551)	(21,548)	(22,080)	7,614	7,000	7,000

	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Outturn	2012–13 Plans	2013–14 Plans	2014–15 Plans
Section T: Legal Aid:									
Criminal	(114)	(47,439)	2,995	-	(45,836)	(14,294)	4,571	5,000	5,000
Section U: Legal Aid: Civil	(299,259)	(356,090)	(195,332)	-	(40,019)	58,329	4,571	5,000	5,000
Section V: Criminal Injuries Compensation Authority	37,922	86,368	(370,630)	(173,664)	60,558	(248,440)	(22,600)	(10,000)	(10,000)
Section W: Criminal Cases Review Commission	-	-	219	(140)	(16)	271	319	300	300
Section X: HM Courts & Tribunals Service AME Impairment	-	149,984	173,770	187,496	12,044	21,484	-	-	-
Section Y: National Offender Management Service Impairment	-	-	511,705	525,054	34,526	39,314	-	-	-
Section Z: HM Courts & Tribunals Service Central Funds	-	-	-	43	178,045	(21,462)	(5,000)	(5,000)	(5,000)
Office of the Public Guardian	38,692	-	12,380	-	-	-	-	-	-
Youth Justice Board (net)	918	2	110	2,111	-	(3,968)	-	-	-
Parole Board (net)	-	-	-	-	-	39	-	-	-
Judicial Appointments Commission (net)	-	(83)	-	115	(27)	(24)	-	-	-
Information Commissioner's Office (net)	-	-	-	-	93	(9)	-	-	-
Office for Legal Complaints (net)	-	-	-	-	80	117	-	-	-
HM Courts Service	(1,281)	(13,673)	171,140	(163,443)	-	-	-	-	-
Tribunals Service	107	1,412	(474)	3,639	-	-	-	-	-
Public Prisons	(17,004)	8,761	10,870	-	-	-	-	-	-
National Probation Service (Local Area Boards)	3,996	15,601	(1,287)	899	-	-	-	-	-
Supreme Court Impairment	-	-	-	39,200	-	-	-	-	-
Total Resource AME	(232,525)	(164,585)	318,203	475,035	320,377	(184,712)	59,100	71,400	71,100
<i>Of which:</i>									
Net public service pensions ³	-	11,958	(1,287)	899	-	-	-	-	-
Take up of provisions	2,206,669	2,260,246	2,208,232	2,179,677	2,200,628	2,666,985	2,372,630	2,375,100	2,215,100
Release of provisions	(2,479,024)	(2,593,563)	(2,574,536)	(2,457,333)	(1,926,821)	(2,928,396)	(2,313,530)	(2,303,700)	(2,144,000)
Depreciation ²	-	149,984	685,475	751,750	46,570	61,207	-	-	-
Other	39,830	6,790	319	42	-	15,492	-	-	-
Total Resource Budget	7,930,185	8,671,117	9,357,246	9,436,885	9,288,696	8,710,269	8,310,307	8,004,105	7,665,707
<i>Of which:</i>									
Depreciation ²	330,836	525,406	1,091,277	1,184,711	467,759	503,268	538,130	562,902	592,174
Capital DEL									
Section A: Policy, Corporate Services and Associated Offices	36,163	42,279	221,693	25,658	300,893	248,513	139,967	125,542	135,730
Section C: National Offender Management Service	364,784	563,015	503,486	611,853	55,249	49,573	30,000	26,908	29,092
Section D: HM Courts & Tribunals Service	348	118	-	-	146,134	26,865	105,000	94,179	101,821
Section E: Office of the Public Guardian	2,018	770	571	809	411	861	6,910	6,198	6,700
Section F: Legal Services Commission Administration	2,398	5,332	8,570	12,915	15,706	15,636	17,100	15,338	16,582
Section G: Legal Aid Fund: Criminal	137	-	(14)	-	(62)	-	-	-	-
Section H: Legal Aid Fund: Civil	(7)	(1)	(2)	-	(2)	-	-	-	-
Section I: Youth Justice Board	20,000	323	178	12,825	748	4	9,000	8,072	8,728
Section J: Criminal Injuries Compensation Authority	-	1,548	2,862	1,713	1,642	633	-	-	-
Section K: Parole Board	-	46	37	117	1,140	197	-	-	-
Section L: Criminal Cases Review Commission	(206)	42	53	241	205	91	43	39	42

	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Outturn	2012–13 Plans	2013–14 Plans	2014–15 Plans
Section M: Judicial Appointments Commission	-	-	-	-	-	-	1,000	897	970
Section N: Information Commissioner's Office	703	137	1,092	1,208	2,982	1,428	850	762	824
Section O: Office for Legal Complaints	-	-	-	389	5,190	294	600	538	582
Legal Services Board	-	-	72	-	51	-	30	27	29
HM Courts Service	90,144	113,710	121,550	161,989	-	-	-	-	-
Tribunals Service	3,892	1,836	7,680	14,640	-	-	-	-	-
Private Prisons	176	-	-	-	-	-	-	-	-
Public Prisons	11,813	17,891	28,685	-	-	-	-	-	-
National Probation Service (Local Area Boards)	2,917	1,756	2,864	3,666	-	-	-	-	-
Total Capital DEL	535,280	748,802	899,377	848,023	530,287	344,095	310,500	278,500	301,100
<i>Of which:</i>									
Net capital procurement ⁴	533,553	748,663	896,492	838,463	530,287	343,814	310,500	278,500	301,100
Capital grants to the private sector and abroad	-	118	-	-	-	-	-	-	-
Capital support for local government	1,727	21	2,885	-	-	281	-	-	-
Other	-	-	-	9,560	-	-	-	-	-
Capital AME	-	-	-	-	-	-	-	-	-
Total Capital AME	-	-	-	-	-	-	-	-	-
Total Capital Budget	535,280	748,802	899,377	848,023	530,287	344,095	310,500	278,500	301,100
Total Departmental Spending⁵	8,134,629	8,894,513	9,165,346	9,100,197	9,351,224	8,551,096	8,082,677	7,719,703	7,374,633
<i>Of which:</i>									
Total DEL	8,367,154	9,209,082	9,532,618	9,376,912	9,077,417	8,797,015	8,023,577	7,648,303	7,303,533
Total AME	(232,525)	(314,569)	(367,272)	(276,715)	273,807	(245,919)	59,100	71,400	71,100

* The breakdown between Paybill, Other expenditure and income has not been finalised for future years.

¹ Net of income from sales of goods and services.

² Includes amortisation and impairments.

³ Pension schemes report under IAS19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

⁴ Expenditure on tangible and intangible fixed assets net of sales.

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

Forecast expenditure for 2012/13, 2013/14 and 2014/15 is indicative only, and based on current expectations of future MoJ policy. These figures are subject to change as future policy decisions are made.

Policy, Corporate Services and Associated Offices Outturn increased in 2011–12 due to the centralisation of functions across the Ministry. This increase was offset by decreases in other areas of the Ministry, primarily in NOMS.

Following passage of Legal Aid reforms in the Legal Aid Sentencing and Punishment of Offenders Bill, MoJ forecast reductions in Legal Aid Fund: Criminal and Civil expenditure.

NOMS Outturn has increased since 2008–09 as Outturn for Private Prisons, Public Prisons and National Probation Service are now reported within NOMS Outturn.

HM Courts & Tribunal Service Outturn increased in 2010–11 due to the merger of the HM Courts Service and Tribunal Service, this was offset by the reduction in HM Courts Service and Tribunal Service Outturn.

The reduction to the YJB in future year funding reflects the indicative impact of the SR10 settlement. Savings plans include measures for frontline and back office efficiencies and estate rationalisation.

Historical Outturn for the Criminal Injuries Compensation Authority includes payments for the existing tariff scheme as well as the scheme's historic (i.e. the pre-tariff scheme) liabilities from when awards were open-ended. The Outturn figure in 2011–12 includes £235m additional funding to discharge pre-tariff liabilities in-year.

There remains an outstanding pre-tariff liability which the Department hopes to fully discharge by the end of the SR10 period. Funding for pre-tariff liabilities has not been included for future years in the above table as it will only be drawn down as and when liabilities crystallise. Expenditure for non pre-tariff scheme activities in 2011–12 was £215m compared to the 2012–13 Estimate of £202m due to additional funding being provided by the Department.

The Outturn figure in 2007–08, 2008–09, 2009–10 and 2010–11 for AME depreciation has increased mainly due to the impairment of the HM Courts & Tribunal Service and NOMS estate.

The Outturn figures for Capital DEL in 2008–09 includes the capital spend for 102 Petty France.

The Outturn figures for Capital DEL increase in NOMS in 2007–08 is due to the increase in Capital funding as part of the Carter Review of Prisons.

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

	2011–12 Opening Budget	2011–12 Final Budget	2011–12 Outturn
Resource DEL			
Section A: Policy, Corporate Services and Associated Offices	720,061	1,014,134	1,036,308
Section B: Central Funds	90,500	90,500	100,598
Section C: National Offender Management Service	3,781,967	3,595,357	3,493,446
Section D: HM Courts & Tribunals Service	1,055,474	1,070,355	1,091,883
Section E: Office of the Public Guardian	(500)	(457)	(5,737)
Section F: Legal Services Commission Administration	107,400	107,400	103,032
Section G: Legal Aid Fund: Criminal	1,139,000	1,131,400	1,115,359
Section H: Legal Aid Fund: Civil	1,005,000	934,800	965,594
Section I: Youth Justice Board	379,978	394,064	377,819
Section J: Criminal Injuries Compensation Authority	202,200	437,398	450,036
Section K: Parole Board	11,000	10,167	10,388
Section L: Criminal Cases Review Commission	6,050	5,394	5,283
Section M: Judicial Appointments Commission	5,520	5,520	5,013
Section N: Information Commissioner's Office	4,586	4,586	4,037
Section O: Office for Legal Complaints	-	-	(117)
Section P: Higher Judicial Salaries	138,200	138,200	142,039
Total Resource DEL	8,646,436	8,938,818	8,894,981
<i>Of which:</i>			
Paybill	3,566,045	3,577,568	3,728,616
Net current procurement ¹	4,446,156	4,698,661	4,425,558
Current grants and subsidies to the private sector and abroad	141,000	167,795	171,080
Depreciation ²	489,500	489,759	442,061
Other	3,735	5,035	127,666
Resource AME			
Section Q: Policy, Corporate Services and Associated Offices	598	(1,716)	18,730
Section R: National Offender Management HQ	60,000	60,000	(12,755)
Section S: Legal Services Commission Administration	7,800	7,800	(22,080)
Section T: Legal Aid: Criminal	(10,000)	(10,000)	(14,294)
Section U: Legal Aid: Civil	10,000	10,000	58,329
Section V: Criminal Injuries Compensation Authority	14,000	(218,347)	(248,440)
Section W: Criminal Cases Review Commission	-	361	271
Section X: HM Courts & Tribunals Service AME Impairment	-	60,000	21,484
Section Y: National Offender Management Service Impairment	-	100,000	39,314
Section Z: HM Courts & Tribunals Service	(4,840)	(4,740)	(21,462)
Office of the Public Guardian	-	-	(3,968)
Youth Justice Board (net)	-	-	39
Parole Board (net)	-	-	36
Judicial Appointments Commission (net)	-	-	(24)
Information Commissioner's Office (net)	-	-	(9)
Office for Legal Complaints (net)	-	-	117
Total Resource AME	77,558	3,358	(184,712)
<i>Of which:</i>			
Take up of provisions	2,655,676	2,675,951	2,666,985
Release of provisions	(2,578,118)	(2,832,593)	(2,928,396)
Depreciation ²	-	160,000	61,207

	2011–12 Opening Budget	2011–12 Final Budget	2011–12 Outturn
Other	-	-	15,492
Total Resource Budget	8,723,994	8,942,176	8,710,269
<i>Of which:</i>			
Depreciation ²	489,500	649,759	503,268
Capital DEL			
Section A: Policy, Corporate Services and Associated Offices	52,150	247,174	248,513
Section C: National Offender Management Service	224,000	33,896	49,573
Section D: HM Courts & Tribunals Service	121,000	59,515	26,865
Section E: Office of the Public Guardian	10,200	10,214	861
Section F: Legal Services Commission Administration	19,000	19,000	15,636
Section I: Youth Justice Board	-	4,500	4
Section J: Criminal Injuries Compensation Authority	1,000	600	633
Section K: Parole Board	-	175	197
Section L: Criminal Cases Review Commission	-	100	91
Section M: Judicial Appointments Commission	1,100	1,100	-
Section N: Information Commissioner's Office	850	1,050	1,428
Section O: Office for Legal Complaints	-	1,450	294
Total Capital DEL	429,300	378,774	344,095
<i>Of which:</i>			
Net capital procurement ⁴	429,300	374,010	343,814
Capital support for local government	-	4,764	281
Capital AME	-	-	-
Total Capital AME	-	-	-
Total Capital Budget	429,300	378,774	344,095
Total Departmental Spending⁵	8,663,794	8,671,191	8,551,096
<i>Of which:</i>			
Total DEL	8,586,236	8,827,833	8,797,015
Total AME	77,558	(156,642)	(245,919)

¹ Net of income from sales of goods and services.

² Includes amortisation and impairments.

³ Pension schemes report under IAS19 accounting requirements. These figures therefore include cash payments made and contributions received, as well as certain non-cash items.

⁴ Expenditure on tangible and intangible fixed assets net of sales.

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 Resource budget for 2011–12 increased from the original budget due to the following:

- Drawdown of funding for pre-tariff cases within the Criminal Injuries Compensation Authority;
- Drawdown of additional funding to fund cost pressures in NOMS;
- Transfer of the Residential Property Tribunal Service from Department for Communities and Local Government; and
- Various other transfers into/out of the Ministry of Justice to Other Government Departments (OGDs).

Funding for NOMS Capital DEL was reallocated from NOMS to Policy, Corporate Services and Associated Offices in the Final Budget as part of the MoJ Centralisation of Estate functions.

Table 3 Capital Employed (£000)

Assets and liabilities on the Consolidated Statement of Financial Position at end of year:	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	*Restated 2009–10 Outturn	*Restated 2010–11 Outturn	2011–12 Outturn	2012–13 Plans	2013–14 Plans	2014–15 Plans
Assets									
Fixed assets									
Intangible	2,335	1,876	120,058	278,064	274,956	264,283	261,640	259,024	256,434
Tangible	10,520,788	11,065,111	9,728,177	8,892,917	9,092,391	9,136,929	9,163,773	9,128,693	9,111,724
<i>of which:</i>									
Land, buildings and dwellings	9,647,966	9,848,546	8,561,866	7,980,605	8,186,886	8,559,804	8,493,362	8,415,173	8,353,556
Plant and machinery	100,704	129,191	116,937	124,590	114,179	139,529	149,041	153,590	160,716
Information Technology	128,086	114,880	88,660	141,107	146,725	126,631	225,187	276,384	324,841
Other tangible fixed assets	644,032	972,494	960,714	646,615	644,601	310,965	296,183	283,546	272,611
Investments	802,034	794,806	776,587	2,013	1,404	1,292	1,292	1,292	1,292
Other non current assets	-	-	15,620	43,409	43,986	8,757	8,669	8,583	8,497
Current assets	956,019	1,040,963	783,321	836,145	827,767	894,200	885,258	876,405	867,641
Liabilities									
Payables (<1 year)	(1,365,393)	(1,699,208)	(1,405,972)	(1,608,957)	(1,452,829)	(1,509,756)	(1,524,580)	(1,539,826)	(1,555,224)
Payables (>1 year)	(1,383,388)	(1,388,989)	(1,638,148)	(824,081)	(907,902)	(1,006,710)	(1,016,777)	(1,026,945)	(1,037,214)
Other	-	-	(718,602)	(1,438,056)	(806,214)	(1,205,710)	(1,217,767)	(1,229,945)	(1,242,244)
Provisions	(1,110,273)	(1,075,594)	(747,710)	(2,057,111)	(2,037,514)	(1,789,840)	(1,771,942)	(1,754,222)	(1,736,680)
Capital employed within main Department	8,422,122	8,738,965	6,913,331	4,124,343	5,036,045	4,793,445	4,789,566	4,723,059	4,674,226
NDPB net assets	(2,522,070)	(2,181,909)	(1,601,409)	-	-	-	-	-	-
Total capital employed in Departmental Group	5,900,052	6,557,056	5,311,922	4,124,343	5,036,045	4,793,445	4,789,566	4,723,059	4,674,226
Legal aid funds net liabilities	(1,370,822)	(972,258)	(749,645)	-	-	-	-	-	-
Criminal Injuries Compensation Authority net liabilities	(1,187,292)	(1,287,597)	(920,905)	-	-	-	-	-	-
Other NDPB net assets	36,044	77,946	69,141	-	-	-	-	-	-

* 2009–10 and 2010–11 numbers have been restated for the effects of the Clear Line of Sight (CLoS) initiative.

Notes to table

The figures for 2008–09 and previous years have not been restated. Consequently, under investments, the numbers include information for the National Loans Fund within the Scotland and Wales Offices. From 1 April 2011 the Scotland and Wales Offices were no longer within the Departmental Boundary.

NDPB net assets as part of the CLoS changes are now included under the respective Statement of Financial Position headings from 2009–10 onwards.

The figures for 2012–13 are projected plans based on the Department's latest plans based on the CSR10 settlement. The figures for 2013–14 and 2014–15 are the best available estimates based on current plans. Values for all three years headed 'Plans' are also provisional and subject to revision.

Table 4 Administration Costs (£000)

	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn	2011–12 Outturn	2012–13 Plans	2013–14 Plans	2014–15 Plans
Section A: Policy, Corporate Services and Associated Offices	197,928	228,592	254,206	238,187	242,762	413,295	347,466	329,558	294,036
Section C: National Offender Management Service	87,791	87,259	56,368	132,508	132,327	65,152	131,093	119,000	112,000
Section D: HM Courts & Tribunals Service	10,772	10,345	10,055	10,421	9,709	26,293	31,881	29,990	30,616
Section E: Office of the Public Guardian	(504)	104	-	-	-	-	-	-	-
Section F: Legal Services Commission Administration	-	-	-	-	-	95,296	105,900	91,000	89,000
Section I: Youth Justice Board	-	-	-	-	-	17,537	17,000	15,000	13,000
Section J: Criminal Injuries Compensation Authority	-	-	-	-	-	17,449	15,511	15,511	15,511
Section K: Parole Board	-	-	-	-	-	1,072	1,137	1,000	1,000
Section L: Criminal Cases Review Commission	-	-	-	-	-	903	1,041	1,000	1,000
Section M: Judicial Appointments Commission	-	-	-	-	-	801	729	2,000	2,000
Section N: Information Commissioner's Office	-	-	-	-	-	4,037	3,400	3,400	3,400
Section O: Office for Legal Complaints	-	-	-	-	-	-	-	-	-
Section P: Higher Judicial Salaries	-	-	-	-	-	77	-	-	-
HM Courts Service	23,760	16,375	18,679	15,347	15,260	-	-	-	-
Tribunals Service	27,059	23,486	24,234	22,052	19,864	-	-	-	-
Private Prisons	250	1,038	2,699	-	-	-	-	-	-
Public Prisons	78,344	75,014	74,201	-	-	-	-	-	-
Total Administration Budget	425,400	442,213	440,442	418,515	419,922	641,912	655,158	607,459	561,563
<i>Of which:</i>									
Paybill	239,850	270,531	242,325	233,763	241,781	399,055	309,655	*	*
Other	196,898	192,754	218,256	204,408	192,700	276,113	374,517	*	*
Income	(11,348)	(21,072)	(20,139)	(19,656)	(14,559)	(33,256)	(29,014)	*	*

* The breakdown between Paybill, Other expenditure and income has not been finalised for future years.

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£420m in 2010–11 to c£642m 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 the Ministry's 2010–11 baseline, which reflects the agreement between HM Treasury and the Ministry on the reclassification as part of extending Administration budgets to Arm's Length Bodies which were previously not included.

Previous years 2006–07 to 2010–11 have not been restated to reflect this change.

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

	2009–10 Actual	2010–11 Actual	2011–12 Actual
Permanent	95,895	94,246	89,935
Casual	1,234	672	387
Consultants	1	-	17
Contingent labour	2,124	1,812	1,721
Total	99,254	96,730	92,060

The figures relate to FTE as at 31 March each year.

Casual staff are those on fixed term contracts of less than 12 months in accordance with the Office for National Statistics (ONS) definition.

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)

	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn
North East	437	506	555	448	442
North West	1,290	1,393	1,487	1,369	1,350
Yorkshire and Humberside	808	896	893	943	897
East Midlands	568	620	659	636	605
West Midlands	820	858	895	915	873
Eastern	580	643	648	635	644
London	1,918	2,027	2,166	2,182	2,126
South East	818	984	1,062	1,048	1,031
South West	533	627	619	609	606
Total England	7,772	8,554	8,984	8,785	8,574
Scotland	48	61	67	64	56
Wales	416	455	482	491	478
Northern Ireland	-	-	1	-	1
Total UK identifiable expenditure	8,236	9,070	9,534	9,340	9,109
Outside UK	-	-	-	-	-
Total identifiable expenditure	8,236	9,070	9,534	9,340	9,109
Non-identifiable expenditure	2	4	-	-	-
Total expenditure on services	8,238	9,074	9,534	9,340	9,109

Table 7 Ministry of Justice: Total spending per head by country and region (£s per head)

	2006–07 Outturn	2007–08 Outturn	2008–09 Outturn	2009–10 Outturn	2010–11 Outturn
North East	171	198	216	173	170
North West	188	203	216	198	195
Yorkshire and Humberside	157	173	171	179	169
East Midlands	130	141	149	143	135
West Midlands	153	160	165	168	160
Eastern	104	114	113	110	110
London	254	267	283	281	272
South East	100	119	127	124	121
South West	104	121	119	116	115
Total England	153	167	175	170	164
Scotland	9	12	13	12	11
Wales	140	153	161	164	159
Northern Ireland	-	-	-	-	-
Total UK identifiable expenditure	136	149	155	151	146

Table 8 Total identifiable expenditure on services by function, country and region, for 2010–11 (£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	Total social protection	
North East	0.2	0.2	231.2	210.5	441.7	0.3	0.3	0.3	442.2
North West	0.8	0.8	707.7	640.0	1,347.8	1.6	1.6	1.6	1,350.2
Yorkshire and The Humber	0.5	0.5	440.5	455.0	895.5	1.0	1.0	1.0	897.0
East Midlands	0.4	0.4	289.1	315.4	604.6	0.5	0.5	0.5	605.5
West Midlands	0.5	0.5	437.1	434.4	871.4	0.9	0.9	0.9	872.8
East	0.5	0.5	340.2	301.9	642.2	1.2	1.2	1.2	643.9
London	1.0	1.0	1,327.4	794.5	2,121.9	3.5	3.5	3.5	2,126.4
South East	1.0	1.0	540.1	487.3	1,027.4	2.8	2.8	2.8	1,031.2
South West	0.6	0.6	335.3	269.1	604.3	1.2	1.2	1.2	606.1
England	5.4	5.4	4,648.6	3,908.2	8,556.8	12.9	12.9	12.9	8,575.1
Scotland	0.0	0.0	53.4	0.0	53.4	2.3	2.3	2.3	55.7
Wales	0.4	0.4	242.6	234.7	477.3	0.6	0.6	0.6	478.3
Northern Ireland	0.1	0.1	0.0	0.0	0.0	0.6	0.6	0.6	0.7
UK Identifiable expenditure	5.9	5.9	4,944.7	4,142.9	9,087.6	16.4	16.4	16.4	9,109.9
Outside UK	-	-	-	-	-	-	-	-	-
Total Identifiable expenditure	5.9	5.9	4,944.7	4,142.9	9,087.6	16.4	16.4	16.4	9,109.9
Not identifiable	-	-	-	-	-	-	-	-	-
Totals	5.9	5.9	4,944.7	4,142.9	9,087.6	16.4	16.4	16.4	9,109.9

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 is consistent with the country and regional analyses (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2011. The figures were taken from the HM Treasury public spending database in November 2010 and the regional distributions were completed in early 2011. Therefore the tables may not show the latest position and are not consistent with other tables in the Annual Report and Accounts 2011–12.

The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public tables show the central government and public corporation elements of TES. 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.

TES 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 TES can be found in Appendix E of PESA 2011.

The data is based on a subset of 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 is excluded.

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 (COFOG), the international standard. The presentations of spending by function are consistent with those used in chapter 9 of PESA 2011. These are not the same as the strategic priorities shown elsewhere in the report.



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