



Ministry
of Justice

Memorandum on Main Estimate 2018-19

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1. Executive Summary

Introduction

The purpose of this memorandum is to provide an overview and analysis of the resource, capital and cash sought in the Main Estimate 2018-19 and to demonstrate consistency with the plans approved by the 2015 Spending Review (SR15). It also sets out changes from the Supplementary Estimate 2017-18 and provides background information.

This memorandum has been prepared with reference to guidance in the Estimates Manual provided by HM Treasury. The information in the memorandum has been approved by Richard Heaton, Accounting Officer and Permanent Secretary, Ministry of Justice (MoJ, Department, Ministry).

Key activities supported by provision in the Main Estimate

The key activities supported by provision in this Estimate, broken down by budgetary limits, are explained below:

- The resource DEL (Departmental Expenditure Limit) budget includes the Administration budget for spend on the core activities of the Ministry of Justice, including its agencies and executive arm's length bodies, that are not directly associated with front line service delivery; and the Programme budget for spend on front line delivery areas including courts, prisons, probation and legal aid;
- The capital DEL budget, the largest element of which relates to the court and prison reform programmes; and
- The resource AME (Annually Managed Expenditure) budget is all classified as Programme and includes movements on provisions and impairments of Ministry assets.

Summary of the main spending control figures in the Main Estimate

Spending control categories	£m
Resource Departmental Expenditure Limit (RDEL)	6,922.563
<i>Of which:</i>	
Voted Resource DEL	6,800.011
Non-Voted Resource DEL	122.552
<i>And of which:</i>	
Administration Budget - includes ring-fenced depreciation and other non-cash expenditure of £40.000m	392.124
Programme Budget - includes ring-fenced depreciation, other non-cash expenditure of £589.600m and non-voted programme budget £124.205m	6,530.439
Capital Departmental Expenditure Limit (CDEL)	532.150
Resource Annually Managed Expenditure (RAME)	261.000
Net Cash Requirement (NCR)	6,942.560

New areas of spend and variances to the Supplementary Estimate 2017-18

There are no significant new areas of spend since the Supplementary Estimate for 2017-18. A summary of the significant changes between this Main Estimate and the Supplementary Estimate 2017-18 is set out below. A detailed explanation, broken down by Estimate sub-head, is at Annex A.

Significant changes in provision compared with the Supplementary Estimate 2017-18

(i) Resource DEL

	Main Estimate 2018-19 £m	Supplementary Estimate 2017-18 £m
Resource DEL	6,922.563	7,752.543
<i>Of which: Administration</i>	392.124	490.932

The resource DEL budget has decreased by £829.980m (10.71%) since the Supplementary Estimate 2017-18. Within this, the Administration budget has decreased by £98.808m (20.13%) and the Programme budget by £731.172m (10.07%). These changes are largely a result of:

- an increase in anticipated income in line with SR15 assumptions;
- a reduction in the overall budget of the department as part of the SR15 agreement with HMT.

The Ministry's budget allocations have not been fully concluded at the time of the preparation of this Memorandum. Changes resulting from the final allocative decisions will be advised by no later the Supplementary Estimate.

(ii) Capital DEL

	Main Estimate 2018-19 £m	Supplementary Estimate 2017-18 £m
Capital DEL	532.150	424.867

The capital DEL budget has increased by £107.283m (25.25%) since the Supplementary Estimate 2017-18. The increase is primarily due to assumptions in the SR where we expected increased capital expenditure on the prison and court reform programmes. MoJ is currently reviewing the profiling of its capital spend over the course of the SR period with HM Treasury, which may result in some of this capital being re-profiled. MoJ will give a further update on progress in the 2018-19 Supplementary Estimate Memorandum.

(iii) Resource AME

	Main Estimate 2018-19 £m	Supplementary Estimate 2017-18 £m
Resource AME	261.000	482.001

The resource AME budget has decreased by £221.001m (45.85%) since the Supplementary Estimate 2017-18. The decrease is primarily due to a reduction in anticipated impairments required.

(iv) Net Cash Requirement

	Main Estimate 2018-19 £m	Supplementary Estimate 2017-18 £m
Net Cash Requirement	6,942.560	7,870.191

The Net Cash Requirement (NCR) for 2018 -19 has decreased by £927.631m compared to the NCR for 2017-18 in the Supplementary Estimate. The decrease reflects the reduction in the Resource DEL Budget described above and a reduction in the amount of cash required to fund working capital movements.

Year on year comparison of major controls

The table below shows the outturn for 2015-16 to 2016-17 and plans for 2017-18 (Supplementary Estimate) and 2018-19 (this Main Estimate). Details of 2015-16 to 2016-17 outturn compared to the plans for those years are shown in Annex B.

Figures for outturn and plans (including the Supplementary Estimate 2017-18) have been restated to reflect any Machinery of Government changes which occurred in previous years and prior period adjustments to comply with HM Treasury guidance. They have also been restated to reflect the impact of a change in the accounting treatment of research and development expenditure under European System of Accounts 2010 (ESA10).

Capital budgets reflect the profile of the Department's SR13 and SR15 settlements.

Resource AME balances vary greatly over the years due to the volatility of provisions recorded as AME.

Main control area			Supplementary Estimate	Main Estimate
	Outturn £m		Plans £m	Plans £m
	2015-16	2016-17	2017-18	2018-19
Resource DEL¹	7,348.109	7,405.931	7,752.543	6,922.563
<i>Administration</i>	570.558	510.131	490.932	392.124
<i>Programme</i>	6,777.551	6,895.800	7,261.611	6,530.439
Capital DEL	266.007	417.200	424.867	532.150
Resource AME	258.037	259.352	482.001	261.000

Changes to the Ambit

The Ambit has been rewritten to be more succinct and to rationalise the entries in line with HM Treasury guidance.

¹ 2015-16 and 2016-17 outturn has been restated to account for Machinery of Government changes.

Machinery of Government changes

The Main Estimate reflects Machinery of Government changes which have occurred following the SR15 negotiations with HM Treasury. These are:

- Transfer of the Information Commissioner's Office to the Department for Digital, Culture, Media and Sport;
- Transfer of responsibility for offender learning from the Department for Business, Energy and Industrial Strategy;
- Transfer of responsibility for Commonhold Law to the Ministry of Housing, Communities and Local Government.

Provisions and contingent liabilities

The main provisions are included in the table at Annex D.

The Main Estimate includes details of the contingent liabilities disclosed in the Ministry's Supplementary Estimate 2017-18 and takes account of any changes indicated by the internal Quarter 3 financial accounts.

2. Key Activities

The Strategic Objectives of the Ministry

The Ministry of Justice has four strategic objectives. These are outlined below, together with the Secretary of State's priorities for guiding the Ministry's activity in 2018-19 in pursuit of these objectives:

- Strategic Objective 1: A prison and probation system that reforms offenders;
 - Priorities:
 - Getting the basics right in prisons;
 - Ensuring a sustainable prison population.
- Strategic Objective 2: A modern courts and justice system;
 - Priority:
 - Promoting the rule of law and providing a fair justice system.
- Strategic Objective 3: A Global Britain that promotes the rule of law;
 - Priority:
 - Ensuring growth and readiness for leaving the EU.
- Strategic Objective 4: A transformed department.
 - Priority
 - Ensure a continued tight grip on departmental finances and transformation.

To support delivery of these objectives the Ministry of Justice is organised into six main business groups:

- Her Majesty's Prison and Probation Service;
- Her Majesty's Courts and Tribunals Service.
- Chief Financial Officer's Group;
- Offender Reform and Commissioning Group;
- Justice and Courts Policy Group;

- Operations Group, including Corporate Services, Legal Aid Agency, Office of the Public Guardian, Criminal Injuries Compensation Authority and Office of the Official Solicitor and Public Trustee.

The Ministry will be restructuring parts of its organisation in 2018/19. The Memorandum accompanying the 2018/19 Supplementary Estimate will contain details of these changes and their impact on the Estimates as the changes are not in place at the point of submitting this memorandum.

The principal changes will see the Chief Financial Officer's Group taking over responsibility for many of the activities of the current Operations Group, including estates and digital and technology, as well as responsibility for the Legal Aid Agency, the Office of the Public Guardian and the Criminal Injuries Compensation Authority. The other activities of the current Operations Group will be transferred to Offender Reform and Commissioning Group and Justice and Courts Policy Group.

Her Majesty's Prison and Probation Service (HMPPS)

(Main Estimate (subhead M) provision of £3,920.400m, including depreciation)

Main activities

HMPPS is responsible for:

- Delivery of Prison and Probation services in England and Wales;
- Protecting the public and reducing reoffending by delivering the punishment and orders of the courts and supporting rehabilitation by helping offenders to reform their lives; and
- Delivery of Youth Custody Services in England and Wales.

Progress against priorities since the Supplementary Estimate 2017-18

Provide a safe, decent environment and rehabilitative culture.

HMPPS secured additional funding in the 2016 Autumn Statement to implement a new Offender Management in Custody (OMiC) model with emphasis on dedicated key worker interactions between front line staff and offenders. This is facilitated by a 2,500 increase in prison officers. As at 31 December 2017 headcount had risen by 1,970 prison officers and the agency is on target to deliver the increased staffing by December 2018.

The roll out of the Key Worker element of OMiC has commenced now that staffing numbers have increased and training has been delivered. All groups within public sector prisons have had official launch events and key working is already being delivered to some offenders.

During the final quarter of 2017-18 a Drug Strategy Project was established to look at ways of countering the issue of drugs within prisons. This dovetails into the existing Safety Board, chaired by the Director of Prisons, which continues to work on a range of initiatives to improve safety. A new model for identifying the prisons most at risk from safety issues is being developed to allow resources to be targeted at the top 10-15 prisons of concern.

A Safe & Decent Facilities Management Programme, led by the Director who has responsibility for bringing together all aspects of estate planning, infrastructure investment, estate maintenance and population management has been set-up in response to a thematic Inspection of Living Conditions and a very poor inspection at HMP Liverpool. This project is looking at the physical prison accommodation and will focus on improving living conditions across the estate and specifically in 10 priority sites.

Implementation of MoJ Prison Reform at an operational level

Details of the progress made on Prison Reform are included in the Offender Reform and Commissioning Group (ORCG) section.

Delivery of the E3 programme in the National Probation Service (NPS)

NPS has now delivered the E3 Programme. Implementation of Phase 1 of the NPS Operating Model, which defines a consistent approach to the delivery of probation services, completed in April 2017. Phase 2, consisting of six work packages (admin and management, job role harmonisation, divisional corporate support, sex offenders, Multi Agency Public Protection Arrangements (MAPPA) and Violent and Sex Offender Register (Visor) completed in December 2017. There is a small amount of E3 activity outstanding (mainly visor training) and this is monitored via the NPS 2020 Board.

Electronic Monitoring (EM)

EM is a key tool for offender managers and supports wider work to reduce re-offending and protect the public. During the second half of financial year 2017/18 we have completed the re-procurement of a tag supplier (G4S) in November to provide 'off-the-shelf' tags. We are working with the other three suppliers to reset contracts to account for this change and agree a revised go live date.

A GPS location monitoring pilot has been run in two areas in the country to explore how decision makers would use the capability of GPS enabled location monitoring. The pilot will end on 31 March 2018 and evaluation findings will be available in summer 2018 which we will be used to demonstrate whether the technology yields the expected benefits and inform the business change and stakeholder engagement activities as part of the transition planning for the full service. Lessons learned from the pilot have been regularly fed into the development of the new service during the design and build phases.

Priorities for 2018-19

The Secretary of State for Justice has set the priorities for HMPPS for 2018/19 as follows:

Getting the basics right in prisons

- Putting in place decent, safe and secure prisons for staff and offenders; and
- Coming down hard on criminal activity and drug abuse in prisons, whilst also providing strong positive incentives for those who play by the rules.

Ensuring a sustainable prison population

- Exploring options for non-custodial sentences and building judicial confidence in community sentences;
- Ensuring that the probation system provides better support in the community and protects the public; and
- Tackling re-offending through a cross-government approach.

Change programmes

HMPPS is taking forward the following change programmes:

- Prison Estate Transformation Programme (PETP) – work will continue on the programme that aims to achieve:
 - Delivery of up to 10,000 new prison places on new for old basis;
 - Reconfiguration to simplify the organisation of the estate around 3 functions; and
 - Management of the prison population across the custodial estate.

The key milestones for 2018-19 are:

- Secure Full Business Case approval – August 2018
- Appointment of the contractor(s) – September 2018
- Start construction – November 2018

Electronic Monitoring programme – continuation of the EM programme as referred to above.

Her Majesty's Courts and Tribunals Service (HMCTS)

(Main Estimate provision of £1,582.289m, including depreciation (Estimate subhead B), and non-voted provision of £139.000m for Higher Judiciary Judicial Salaries, (Estimate subhead N).)

Main activities

HMCTS administers the criminal, civil and family courts and tribunals in England and Wales and non-devolved tribunals in Scotland and Northern Ireland, playing a vital role in maintaining the rule of law, sustaining access to world-class justice for all, and supporting an independent judiciary.

Alongside this, HMCTS continues to deliver a Reform programme that will fundamentally transform how courts and tribunal services are delivered in the digital age. Centred on the principle that the system should be designed around those who use it, the programme will make courts and tribunals much better to use, easier to run, and cheaper to operate. Further detail on the main activities for the forthcoming year under HMCTS Reform can be found below and will support HMCTS in:

- continuing to create modern systems and processes, underpinned by great technology;
- having fewer, better buildings that suit the new ways of working; and
- having fewer, better-trained people in whom HMCTS invest in properly, and whose outstanding commitment to HMCTS will be valued and built on.

Progress against priorities since the Supplementary Estimate 2017-18

The 2017-18 priorities focused on citizen-driven modern technology, citizen driven modern settings; and citizen driven modern capabilities. Progress against each of these is summarised below.

Citizen-driven modern technology

The digital divorce service is now operating in two additional sites and the end-to-end online submission function was released in January 2018 at Divorce Units in Nottingham, Southampton and Liverpool. The next releases, the save and resume feature and the divorce application online submission public beta, are on track to be released in Spring 2018. The rejection rate for online divorce applications has dropped further to 0.8% compared to 40% on the old paper versions.

The number of users who have interacted with HMCTS's new services has reached over 1,000 for Probate, 1,000 for Divorce, 16,000 for Civil Money Claims and 200 for Social Security and Child Support (SSCS) 'track your appeal'.

Total fees taken from Civil Money Claims has risen to £600,000, and 560 payments have been taken for Probate equating to £118,000. The amount of historic debt collected has reached over £22m.

In the Civil, Family and Tribunal jurisdictions, live services continue to gather pace and improve in standard. Feedback remains positive: 91% of users of the Probate private beta pilot say that the service was easy to complete, and 96% say it was easy to understand.

'Submit Your Appeal', part of the Social Security and Child Support (SSCS) reform project, moved into private beta and is available to users located in the Midlands who are appealing decisions regarding the Personal Independence Payment.

Pre-recorded cross examination for child and vulnerable victims and witnesses is due to be rolled out in Spring 2018 following further testing and engagement with the judiciary.

The Managing Video Hearings project has been successfully tested using Wi-Fi, and the Video Hearing pilot is on track for release in early Spring 2018.

Digital Mark Up (DMU), the IT system which allows live in-court resulting, is now live in all 156 magistrates' courts. There are 2925 users with 15,000 cases going through DMU each week. 69% of magistrates' courts have completed the 12-week implementation period (when users progressively learn how to use the system over a range of courts and case types).

Automated track case management (ATCM) and Make a Plea Online continue to support the Single Justice System in removing low level offences from the physical courtroom. Lavender Hill Magistrates' Court is conducting regular weekly sessions for Transport for London (TfL) non-payment of fares cases, and 2,000 pleas are progressing through the system each week.

Citizen-driven modern settings

HMCTS continues to improve the condition of the Court and Tribunal estate and has invested additional funds in maintenance projects this year.

Mid-January saw the launch of the overarching principles-based estates consultation, 'Fit for the Future', which closed at the end of March 2018.

A detailed design of the programme of works and refined costs involved in establishing the first two national Courts and Tribunals Service Centres has been developed.

The £5.65m refurbishment at Birmingham Civil and Family Justice Centre (Priory Courts), is now complete. This has created 12 hearing rooms, new judicial accommodation and improved public space.

Citizen-driven modern capabilities

Employee engagement events have been rolled out to all staff across HMCTS. These provided updates on the work happening in the Reform Programme and included an update on key support services available to staff during Reform, such as learning, and building digital confidence.

Work to implement a new complaints and feedback system has progressed well with the system on track to go live in April 2018. The scope of the work has expanded so that the new system will not only record complaints, but also the correspondence and litigation cases. This is a positive step that will allow us to gain more insight from complaints, correspondence and litigation.

Priorities for 2018-19

HMCTS will continue to deliver its core services, providing the best possible service to those who need to use the Courts and Tribunals service and continuing to play a fundamental role in upholding the rule of law, maintaining access to world-class justice, and supporting an independent judiciary in fulfilling their role.

HMCTS will continue to work with operations and the judiciary to deliver prioritised continuous improvement to live services, preparing for reform, addressing and fixing business process problems, increasing efficiency and reducing cost, and monitoring national performance.

HMCTS will continue to transform systems and processes to deliver what users want and need through reform including continuing to pilot digital services and transition from these pilots to deliver nationwide services as part of delivering the next steps on the reform programme:

HMCTS Reform

- All live programmes within Reform are looking to scale up, having proved capability and tested their services at pilot stage.
- The Civil Family and Tribunals Programme will be rolling out many of its services into public beta:
 - Civil Money Claims launched into public beta in March (for litigants in person) and Summer (for legal representatives);
 - Probate public beta for personal applicants is due in the Summer, with the solicitor public beta due later in the year;
 - Submit your appeal and track your appeal for SSCS tribunals appeals are due in June, following national roll-out earlier in the Spring; and
 - Divorce online submission public beta is due in the Spring, with a further decree nisi release (initially in private beta) due to follow by the end of 2019.
- New Civil, Family and Tribunals Programme projects are due to launch: the Civil Enforcement Project, which will reform the service needed by users when the terms of their final order are defaulted, is due to start in the Spring; the Possession project, which will reform the service for users seeking re-possession of a property, will start later in 2018 and; the Upper Tier and Specialist Tribunals project, which will modernise these jurisdictions through the provision of online submission and tracking facilities, in early 2019.
- The People and Culture Transformation Programme will complete people capability learning for live services, and complete organisational design across programmes, including for the new national Courts and Tribunals Service Centre model.
- The first Courts and Tribunals Service Centre building is due to become operational in early 2019, and the Assisted Digital pilot will conclude in the Summer.
- In cross-cutting enabling projects, pilots of Video Hearings and Flexible Operating Hours (which will pilot opening courts outside of 'usual' operating hours) will conclude.
- Wi-Fi installation across all courts and tribunals will complete in Spring 2018. Installation at the Royal Courts of Justice will commence in Summer 2018 and complete in Spring 2019.
- The Scheduling and Listing Project, which is designing a new digital tool and forming new processes for managing the scheduling and listing of cases, is due to roll out at the end of 2018.
- In estates, HMCTS will confirm the next steps and milestones following the closure of the estates consultation. The Court of the Future Project, which focuses on using the HMCTS estate to its full potential is due to end in early summer. The first Estates Rationalisation Project, which will close under-used and dilapidated sites allowing for funds to be re-invested into Reform will complete at the end of 2018-19.

Crime Programme

- A Crime Programme has been established as part of the Change Portfolio which will oversee design and delivery of the Crime Service Programme, including the Common Platform.
- The Common Platform Programme (CPP) has been operating for three years and is building an end-to-end case management system for the criminal justice system. It has

successfully delivered services which have received positive feedback from users, including Rota, Automated Track Case Management (ATCM) and Digital Mark Up.

- The Crime Service Model is being delivered through a number of service projects. These are currently in varying stages of design and delivery.
- The Single Justice Service (SJS), which enables a single magistrate to deal with a summary, non-imprisonable offence, supported by the ATCM software, is furthest into delivery.
- Completion of the Single Justice Procedure roll-out to Local Authorities and Train Operating Companies is expected by the end of the year.
- Full functionality of ATCM for Transport for London cases, including enabling defendants to plea online will be delivered by April 2018.
- The Virtual Remand Hearing service will allow a person who is charged with a crime and held in police custody to have the bail/remand decision via a fully video hearing. A two-week discovery took place in Kent in November 2017 to inform the design and we are working towards pilot in September 2018.

Transforming Compliance and Enforcement Programme

- The National Compliance and Enforcement Service (NCES) has a key role in delivering this through ensuring orders of the court are effectively enforced. The programme approach, underpinned by technology, is to implement an approach which will enable and encourage payment of financial impositions on the day of imposition, by automating the process as much as possible to improve efficiency and reduce delays and backlogs, leading to an increase in collections.
- The programme went into implementation in 2017-18 and is expected to recover c.£19m in 2018-19.

Chief Financial Officer's Group (CFO Group)

(Main Estimate (subhead A) provision of £(1,362.349)m, including depreciation, of which £85.037m relates to the core Group, and the remainder £(1,447.386)m to fee and fine income and other centrally held items including savings/spend reductions that at the time of writing were in the process of being agreed with other business areas)

Main activities

The CFO Group carries out a range of functions that support the department in achieving its objectives including the following:

- **Finance** who support the department in articulating a clear financial strategy for the MoJ and work with the business to ensure departmental resources are utilised effectively;
- **Analytical Services** who provide high quality analytical services to other areas of MoJ to enable the development of clear evidence-based policy, and decision-making informed by accurate and business focused advice;
- **Commercial and Contract Management** who provide commercial support and advice, set the overarching procurement approach for sourcing and category management; supplier relationship management; and the day-to-day requisition to pay processes
- **Project Delivery** who provide project delivery professionals to the department to support delivery of major projects and programmes and also undertake an assurance function providing oversight of the MoJ Portfolio of projects to ensure they are aligned to the MoJ Strategy, deliverable and affordable;
- **Risk and Assurance** who provide an evidence based risk and assurance framework throughout the ministry, its executive agencies and arm's length bodies to inform decision making and provide effective assurance;

- **ALB Governance** who are responsible for driving the Department's strategic and operational relationship with its ALBs.

The Chief Financial Officer is the Accountant General for the Senior Courts in England and Wales and is supported in the discharge of his statutory responsibilities by a small team in the Office of the Accountant General. The CFO Group also provides sponsorship of Internal Audit (provided by the Government Internal Audit Agency) and Legal Services (provided by Government Legal Department).

Progress against priorities since the Supplementary Estimate 2017-18 and continuing priorities for 2018-19

The CFO Group has continued to work across the department to embed a strong culture of financial and commercial awareness building on the achievements detailed in the Supplementary Estimate Memorandum including implementation of the Financial Control Framework and roll out of Licence to Operate budget holder training.

The project delivery profession has now been established within CFO Group creating a new project delivery function that will provide MoJ with the capacity and capability to be great at delivering change.

The significant focus since the Supplementary Estimate has been on supporting the decision-making processes to enable the department to agree affordable future-year financial plans.

Priorities for 2018-19

The CFO Group will set the financial strategy for the MoJ, ensuring a balanced budget for 2018/19 and the remainder of the spending review. The priority activities are:

- to maintain a tight grip on the department's finances by working collaboratively with business areas through a team of business partners to drive greater financial insight, enhanced forecasting and financial planning; and drive a more financially conscious culture in decision making. We will also ensure the best value from commercial activity through expert commercial support and advice to MoJ;
- to put data at the heart of decision making through enhanced access to our data via a new analytics platform. Enhance analytical skills throughout the MoJ so people are intelligent users of our tools and champion the use of data to support the development of policy that is fit for the 21st century;
- to drive forward the functional model to enable Commercial, Finance, Project Delivery and Analytical Services to become better connected, bringing together specialists and professions into single, unified teams; and
- to deliver services which support frontline delivery and strengthen personal career paths, while also making the most of the benefits functional teams provide.

Offender Reform and Commissioning Group (ORCG)

(Main Estimate provision of £174.980m, including funding for sponsored arm's length bodies and for MoJ grants to local YOT teams)

Main activities

The Offender Reform and Commissioning Group (ORCG), working in partnership with HM Prison and Probation Service and a range of arm's length bodies will:

- deliver the Prison Safety and Reform Portfolio, which aims to protect the public, improve safety, decency and security in prisons, transform the prison estate, recruit and retain more prison officers, rehabilitate offenders and prepare them for release into the community;
- develop policy on bail, sentencing and release, including the use of electronic tagging and community sentences;
- improve the quality and consistency of probation services and sets national standards for probation;
- work to improve safety in youth custody and make better use of early interventions, court processes and community sentences; and
- develop policy to address the distinct needs of women, BAME people and vulnerable offenders in the justice system, including responding to the recommendations of the Lammy Review.

Progress against priorities since the Supplementary Estimate 2017-18.

Prisons

- Introduced the formal Urgent Notification process by which HM Chief Inspector of Prisons can trigger an urgent response from the Secretary of State for Justice where there are significant concerns about the performance of a prison;
- Launched a procurement exercise for the provision of education in prisons to give governors more freedom to deliver locally tailored education services; and
- Increased the number of prison officers by 1,970 by the end of December 2017, well on track to achieve a total headcount increase of 2,500 by the end of 2018

Youth Justice

- Begun implementation of changes within the estate that cover education, health and behaviour management, including progressing the Feltham Enhanced Support Unit.

Probation

- Worked with the Department of Health and Social Care, NHS England and Public Health England to develop a protocol for community sentence mental health treatment requirements.

Priorities for 2018-19

ORCG has prioritised its work to support the ministry's strategic objective to deliver a prison and probation system that reforms offenders. In particular, ORCG will focus on the Secretary of State's priorities to get the basics right in prisons and ensure a sustainable prison population.

In 2018-19, ORCG's key priorities are:

- to take decisive action in areas that need a national response, such as raising the prison staff headcount by an extra 2,500 officers so that every offender has a dedicated officer to supervise and prepare them for life after prison;
- to empower governors with the resources, levers and decision-making authority to make a difference in reforming offenders in custody including a new devolved framework for Prison Education;
- to work with HMPPS to improve safety in the Youth Custody estate;
- to promote the use of community sentencing options that have the confidence of the judiciary and public and that reduce reoffending; and
- to work with colleagues across government to intervene early to tackle each offender's underlying problems and the behaviours that lead to crime and to begin the implementation of a new education and employment strategy.

Change Programmes

Prison Reform

The ministry has expanded the Prison Safety and Reform Portfolio to become the Prison, Probation and Youth Justice Reform Portfolio to reflect the ongoing programme of Probation and Youth Justice work, alongside the nine prison reform programmes that were established following the Prison Safety and Reform White Paper in 2016. The programmes continue to deliver ongoing initiatives to improve safety and decency in prisons including:

- security and safety measures in prisons, including enhancing intelligence units and investing in technology that allows the ministry to better gather, interrogate and use information to disrupt criminal activity;
- workforce reform initiatives, including recruitment of additional prison officers working to the 2,500 target and new leadership and graduate schemes;
- reforming the provision of education services across the Prison estate, conducting a procurement for new suppliers and empowering governors to make appropriate local choices relevant for each establishment;
- further embedding changes to the Communication Rehabilitation Company (CRCs) following the internal review conducted in 2017 for the probation service;

- youth justice reform including professionalising the workforce and development of secure schools.

Commissioning

The ministry has started the process to design and consult on a more efficient and effective replacement for the current Prisoner Escorts and Custody Service (PECS). The redesigned service will be tendered in time for it to go live from summer 2020.

Justice and Courts Policy Group (JCPG)

(Main Estimate provision of £233.811m, including funding for sponsored arm's length bodies)

Main activities

The main activities of the Justice and Courts Policy Group are:

- policy on criminal, civil and family justice, and on support for victims of crime;
- policy on legal aid; court and tribunal fees and legal support; and coroners, burials and inquiries;
- Judicial policy, including supporting the Lord Chancellor in fulfilling his constitutional responsibilities;
- the Ministry's Global Britain agenda, working to put legal services at the heart of the Government's plans for enhancing the UK's competitive position, seizing opportunities to grow the UK's legal services sector in Europe and globally, and securing the best outcome for the UK in leaving the EU with regard to civil, criminal and family law and human rights; and
- the UK's human rights framework, managing the UK's constitutional relationship with the Crown Dependencies and work with the devolved administrations on justice issues.

Progress against priorities since the Supplementary Estimate 2017-18

During 2017-18 the group has made progress on a number of priorities:

- **Civil** – On 21 March 2018 we introduced the Civil Liability Bill to Parliament. The Bill reforms the personal injury discount rate which is used to calculate damages for future loss, and is intended to tackle the compensation culture by reducing the number and cost of whiplash claims;
- **Legal Aid** – Reforms to the fee schemes for lawyers representing defendants in the Crown Court were implemented in December 2017 and April 2018 and amendments to legal aid eligibility evidence requirements for domestic violence cases;
- **Court Fees** – The ministry launched the full refund scheme for Employment Tribunal fees following the Supreme Court's judgment in *Unison* in November 2017. At 5 March 2018, 7,690 applicants had been paid refunds;
- **Victims** – The ministry continues to develop a strategy that builds on victims' rights and entitlements and supports vulnerable victims and witnesses through the criminal justice process. In March 2018, the Ministry published jointly with the Home Office a consultation on the government's approach to dealing with domestic abuse, from prevention to rehabilitation;
- **Global Britain** - The ministry has supported negotiations on the civil and criminal justice aspects of the draft Withdrawal Agreement on the UK's departure from the European Union published on 19 March 2018; and

- **Judicial policy** – We have taken forward work to establish the major review of judicial pay by the Senior Salaries Review Body, and submitted Government evidence to the review.

Priorities for 2018/19

The priorities for the Justice and Courts Policy Group in 2018-19 are aligned with the Departmental Strategy. These are detailed below.

- Represent and promote MoJ interests in the negotiations with the EU on the Withdrawal Agreement – including the arrangements for the implementation period - and on the UK's future economic and security partnerships with the EU.
- Promoting UK legal services, courts and law, so that they remain a primary choice for international business.
- Report on compliance with the UK's international human rights obligations.
- Promote the work and value of our judiciary as the best in the world.
- Support the SSRB review of judicial pay, reporting in September 2018, and the Government's consideration of its findings.
- With the Judicial Appointments Commission and Judicial Office, recruit sufficient judges to meet business need, including in key leadership roles.
- With the Lord Chief Justice and the Chair of the Judicial Appointments Commission, involving the Judicial Diversity Forum, increase outreach and continue to attract the most talented applicants to judicial office from all parts of society.
- Encourage those who are better able to resolve their disputes out of court to do so, providing better information and support on dispute resolution services.
- Pursue legislation to support vulnerable people, including victims and potential victims of domestic abuse, to give their best evidence by giving family courts the power to prohibit direct cross-examination of victims by their abuser.
- Support reform of the courts through necessary legislation.
- Lead the Government's response to four private members' Bills seeking marriage law reform, divorce law reform and new protections for cohabiting couples.
- Publish a victims' strategy that will respond to the changing nature of crime, outline the government's ambition for victims and announce actions we are taking to improve the experience and treatment of victims.
- Ensure that more victims are aware of and receive their entitlements under the Victims' Code and explore legislative and non-legislative options to ensure victims get the right support.
- Review the law, policy and practice relating to parole decisions to consider how better to engage and involve victims.
- With the Home Office, produce the Government's response to its March 2018 Domestic Abuse consultation.
- Secure the passage of the Civil Liability Bill to ensure a fair, transparent and proportionate system of compensation for damages paid to genuinely injured personal injury claimants, and to tackle the compensation culture and reduce the number and cost of whiplash claims.

- Conduct a post-implementation review of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPO), by Autumn 2018.
- Develop a digital service that allows users to resolve civil money claims in a simple, accessible and proportionate way.

Operations Group, including Legal Aid Agency (LAA), Office of the Public Guardian (OPG), and Criminal Injuries Compensation Authority (CICA) and Office of the Official Solicitor and Public Trustee (OSPT).

(Main Estimate provision of £2,475.524m, including depreciation, of which Corporate Services £752.102m (Estimate subhead A), LAA £1,624.313m (Estimate subhead K), OPG £(13.311)m (Estimate subhead C), CICA £112.420m (Estimate subhead J))

Main activities

Operations Group works at the heart of the justice system, underpinning delivery against Ministerial priorities through the provision of vital services. The Group brings together a number of key corporate functions as well as three executive agencies (LAA, OPG & CICA) and OSPT. This section first describes the main activities and priorities of the corporate functions.

The main corporate services activities of Operations Group are:

- developing modern and effective access to the justice system giving staff the technology they need to do their jobs effectively;
- managing a modern, compliant, functional and efficient estate;
- protecting and promoting the reputation of the ministry through the provision of high quality communication and information services;
- developing our people to equip them with the skills and confidence to contribute to the organisation's transformation; and
- creating a great place to work, with smarter working as the norm and a positive culture that actively promotes diversity and inclusion.

Progress against priorities since the Supplementary Estimate 2017-18

Good progress continues to be made across a wide range of transformational activity as we drive forward a smarter, simpler and more unified department. Specific progress includes:

- continuing to reduce our reliance on expensive properties through the reduction in occupation and greater consolidation of our administrative estate. We remain on track to move 900 staff to the third floor of the new government hub in Canary Wharf in the Summer 2018;
- significantly reducing the size and cost of the probation estate, improving the space efficiency of the assets retained;
- rolling out new technology and digital tools - almost two thirds of the MoJ estate has now been upgraded to new networks providing improved IT infrastructure;
- continuing to drive digital benefits, largely, by prisons focused activity, including 'Moving People Safely' which continues to be rolled out and 'Sending Money to Prisoners' which is meeting its savings trajectory; and
- conducting an end to end process review focused on improving correspondence processes, which, alongside the introduction of a new case management system has seen full year performance improvement of between 5-13% across Freedom of Information Requests, Parliamentary Questions, advice and draft replies and Ministerial Correspondence.

Priorities for 2018-19

Our corporate services priorities are:

- to modernise and professionalise the services the Ministry provides, supporting it in the ongoing reduction of its administrative spend through the MoJ Transformation programme;
- to disaggregate the ministry's major IT contracts to save money and increase flexibility by insourcing services from contracts where it makes financial sense to do so. Continue to enhance our digital offering to our customers and support our staff through the ongoing roll out of modern technology;
- to ensure readiness for the introduction of *General Data Protection Regulation* (GDPR) changes coming into effect 25 May 2018 and implementing measures to ensure compliance;
- to reduce our reliance on the ministry's buildings, providing more dynamic and flexible work space while reducing the overall cost of the estate; and
- to ensure the ministry has sustainable people capacity and capability to deliver against its priorities through a broad staff development offer, underpinned by a positive physical and cultural environment.

Legal Aid Agency (LAA)

Main activities

The LAA works in partnership with legal providers and the wider MoJ to deliver simple, timely and reliable access to legal aid efficiently and effectively as part of the justice system including:

- paying over 90% of complete, accurate bills within 20 working days. Processing over 90% of applications for criminal legal aid within 2 working days. Processing over 80% of applications for civil legal aid end-to-end within 20 working days except in the most complex cases;
- maintaining the Public Defender Service's Lexcel accreditation for excellence in legal practice management and client care;
- commissioning services from quality assured organisations and making individual funding decisions independent from Ministers, in line with published directions and guidance;
- focusing on organisational development and design, continuing to build a flexible, committed workforce with the right skills, capability, knowledge and tools to achieve excellence in the delivery of legal aid; and
- further simplifying the delivery of legal aid via the Agency Transformation Programme, which focuses on simplification, automation and organisational design.

Progress against priorities since the Supplementary Estimate 2017-18

- Admin spend reduced by over 5% compared with the previous year whilst all operational Key Performance Indicator targets continue to be met;
- Crime billing online has been mandated, increasing our digital working;
- Special Children Act applications have been automated;
- A new IT Portal has been launched, improving user experience for over 50,000 internal and external users;
- New criminal contracts have been implemented with 1,299 providers;
- Changes to Domestic Violence evidence requirements have been implemented;

- The LGFS change was introduced in October 2017 and reduced the Pages of Prosecution Evidence threshold down from 10,000 to 6,000 pages in order to manage the costs of the scheme;
- The AGFS changes were introduced on April 1 2018.

Priorities for 2018-19

LAA priorities for 2018-19 are:

- to exercise careful financial stewardship of the Legal Aid Fund, focussing on identifying efficiencies and fraud prevention;
- to work with MoJ colleagues to deliver IT infrastructure improvements to improve the security, stability and reliability of our digital services. As our services move increasingly online, the adverse impact of IT failures on performance magnifies;
- to implement new civil face to face contracts, including Housing Possession Court Duty Scheme contracts, and Civil Legal Advice contracts to ensure the continued provision of legal aid for our clients;
- to implement our new Data Driven Strategy, enabling us to improve services to providers and draw on a broader evidence base when assessing performance;
- to continue to provide high quality, responsive, accessible customer services to our users and partners in the justice system;
- to work with our partners across the justice system to respond to the findings of the Legal Aid, Sentencing and Punishment of Offenders (LASPO) Post-Implementation Review and the Lammy Review; and
- to implement our People Plan and continue to develop a healthy, diverse and inclusive workplace, that supports increased social mobility and better physical and mental health. Activities include further embedding Fair & Inclusive Recruitment including strength-based assessments, continuing to implement the principles of the Disability Confident scheme, and introducing Mental Health Allies across our sites.

Change Programmes

LAA launched the Agency Transformation Programme (ATP) to support the longer-term focus of further simplifying and automating our services. We launched a Discovery Phase in June 2017 to identify the changes we need to make to achieve our vision of the LAA by 2020. In December 2017 ATP passed its first gateway review with an amber rating. In January 2018 work began on an alpha phase and early deliverables. The alpha phase is joint work with Digital colleagues which will look to prototype new possible digital solutions for the LAA.

Criminal Injuries Compensation Authority (CICA)

Main activities

CICA deals with compensation spend for victims of violent or sexual crime from England and Wales, Scotland (for which we receive additional funding from the Scottish Government) and the Victims of Overseas Terrorism Scheme (VOTS).

Progress against priorities since the Supplementary Estimate 2017-18

CICA has continued to streamline processes and develop its digital strategy to provide improved services. At year end the customer satisfaction score is estimated to be 95%, therefore achieving CICA's target of 94%.

Priorities for 2018-19

The key priorities for CICA in 2018-19 are:

- to extend their online service to enable all applicants to manage their application from point of form submission, through evidence gathering, to decision and offer acceptance;
- to explore extending their online service to allow stakeholders such as the police, courts and medical profession to provide information digitally allowing us to streamline the evidence gathering process;
- to up-skill our staff to ensure we improve digital skills and capability to realise our digital ambitions for CICA 2020, and;
- to maintain integrity and security of all CICA digital services to ensure Public Services Network (PSN) accreditation is retained and the vulnerability to cyber threats is reduced.

Change Programmes

CICA is also developing a Business Transformation programme. This programme is designed to make CICA more digital and includes a range of programmes such as developing CICA Online.

The Office of the Public Guardian (OPG)

Main activities

The Office of the Public Guardian (OPG) supports the Public Guardian in carrying out the legal functions of the Mental Capacity Act 2005. This includes:

- processing 800,000 or more Lasting Power of Attorney (LPA) applications per year, ensuring these are correctly lodged to meet legal requirements;
- supervising around 60,000 court appointed deputies, split between lay, Public Authority, and Professional Deputies;
- conducting around 1,700 investigations each year in response to safeguarding concerns raised against both deputies and attorneys;
- developing a comprehensive safeguarding strategy that ensures internal processes are robust, whilst raising the profile of the Public Guardian's role in safeguarding across different sectors; and
- digitalising as far as possible the work of the OPG including opening up different communications channels with our customers.

Progress against priorities since the Supplementary Estimate 2017-18

Managed a 22-25% increase in Lasting Power of Attorney (LPA) registrations in 17/18, 7-10% above projections, whilst achieving all operational targets, keeping within budget, and meeting our requirement to increase staffing by no more than 50% of our increased workload.

OPG has continued to see a rise in demand for our services, and we are still on course to register around 760,000 new LPAs in 2017/18. In order to achieve this, we have continued to recruit and train new staff so that by the end of 2017/18, our workforce will stand at around 1,350.

We have also invested in new technologies in order to create efficiencies and to meet our customer service targets. Our new casework IT system, Sirius, is delivering both service improvements and efficiencies, and we continue to develop this further. We are on course to significantly exceed our key target of registering new LPAs within 40 days of receipt (current end year estimate is that we will be at 35 days, exceeding the target by 5 days).

Following the implementation of our review of Supervision for Court of protection appointed deputies, we have now developed our Safeguarding Strategy, designed to develop OPG's role in safeguarding vulnerable adults, and to improve our own internal processes and capability to identify, assess and manage potential safeguarding risks and concerns. Our draft strategy was presented at our English and Welsh Annual Safeguarding Roundtable meetings, and was well received. It has also been signed off by the OPG Board and will be launched with a full implementation and communications plan in 2018/19.

On behalf of MoJ, OPG has used its expertise and capacity to support the development of an online service to be launched in February 2018, that will enable affected members of the public to claim a refund of their LPA fees paid where they were over-charged. The Government Digital Service assessment of this project described it as "exemplary", and we have recruited a dedicated team to support those needing assistance to complete their applications, and to process the claims. To date, OPG has received over 136,000 claims and processed over 60,000 of these.

Priorities for 2018-19

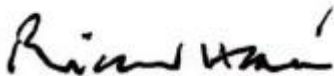
The key priorities for OPG are:

- to continue its work to raise awareness of the benefits of taking out a Lasting Power of Attorney (LPA), thus driving uptake;
- to improve services for its clients by continuing to develop its digital products, improving access to services, and through improved customer service;
- to develop its role in safeguarding those who lack mental capacity, publishing a comprehensive safeguarding strategy, and protecting customer data through the implementation of the General Data Protection Regulation (GDPR);
- to develop its working practices and policies through the implementation of smarter working, and through a consultation on its fees, remissions and exemptions; and
- in order to achieve the above, OPG will invest in its people, improving staff engagement, recruitment and retention, and its learning and development offer.

3. Accounting Officer Approval

The Ministry of Justice Estimates Memorandum has been prepared according to the requirements set out in the guidance manual on supply estimates provided by HM Treasury which reflects the views of the House of Commons Scrutiny Unit.

The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.



Richard Heaton
Accounting Officer
Permanent Secretary
Ministry of Justice

18 April 2018

Annex A: Analysis of movements in resource spend by Main Estimate sub-head and programme

Description	2018-19 as per Main Estimate (ME)	2017-18 as per Supplementary Estimate (SE)	Variation 2018-19 ME to 2017-18 SE		Explanation of Variance
	£m	£m	£m	%	
Spending in resource DEL (voted)					
A – Policy, Corporate Services and Associated Offices (MoJ HQ)	(671.030)	84.493	(755.523)	894.18	Part of this decrease is attributable to increases in projected income as per Spending Review assumptions. The remaining amounts are attributable to a combination of planned efficiency savings across HQ business groups alongside further reductions built into our settlement where final decisions on where the reductions will sit were yet to be made at the point of finalising the Estimate figures.
B – Her Majesty’s Courts and Tribunals Service	1,582.289	1,694.377	(109.089-671)	0.30	As per the Autumn Statement 2016, further funding for HMCTS reform is expected to be finalised in the 2018-19 Supplementary Estimate.
C – Office of the Public Guardian	(13.311)	(11.691)	1.620	13.85	Increase in anticipated Income.
D – Youth Justice Board (net)	82.592	128.821	(46.229)	35.89	A number of contracts have been taken into MOJ centre (ORCG) and Youth Custodial Services has transferred to HMPPS
E – Parole Board (net)	14.953	18.125	(3.172)	17.50	More funding was directed at the Parole Board last year to alleviate the case backlog, which has since been fully achieved
F – Criminal Cases Review Commission (net)	5.233	5.233	0.160	2.97	Immaterial
G – Judicial Appointments Commission (net)	5.917	5.082	0.835	16.43	There was a large recruitment drive in 2017-18 for more judges especially from minority groups. That process is continuing in 2018-19

Description	2018-19 as per Main Estimate (ME) £m	2017-18 as per Supplementary Estimate (SE) £m	Variation 2018-19 ME to 2017-18 SE		Explanation of Variance
			£m	%	
H – Office for Legal Complaints	12.653	11.802	0.851	7.21	Increase in anticipated income and associated expenditure for OLC
I – Legal Services Board	3.795	3.848	0.053	1.38	Immaterial
J – Criminal Injuries Compensation Agency	112.420	138.628	(26.208)	18.91	Additional funding was given to CICA in 2017-18 in response to increased demand.
K – Legal Aid Agency	1,624.313	1,666.788	(42.475)	2.55	LAA was given additional funding in the Supplementary Estimate 2017-18 in response to increased demand.
L – Children and Family Court Advisory and Support Service	119.787	118.136	1.651	1.39	Cafcass is receiving additional funding due to increased demand
M – HM Prison and Probation Service	3,920.400	3,765.391	155.009	4.12	Youth Justice Custodial Services have transferred into HMPPS
Spending in resource DEL (non- voted)					
N – Higher judiciary judicial salaries	139.000	139.000	0.00	0.00	Immaterial
O - OLC/LSB CFERS	(16.448)	(15.650)	(0.798)	5.10	Increase in anticipated income and associated expenditure for OLC
Total spending in resource DEL	6,922.563	7,752.543	(829.980)	10.70	

Description	2018-19 as per Main Estimate (ME) £m	2017-18 as per Supplementary Estimate (SE) £m	Variation 2018-19 ME to 2017-18 SE		Explanation of Variance
			£m	%	
Spending in resource AME					
P – HM Prison and Probation Service	135.000	130.000	5.000	3.85	Slight increase in pension provision in 2018-19
Q – Policy, Corporate Services and Associated Offices (MoJ HQ)	44.730	158.307	113.577	71.74	Reduction in level of anticipated impairments in 2018-19
R - Her Majesty's Courts and Tribunals Service	71.312	124.526	53.214	42.73	Reduction in level of anticipated impairments in 2018-19
S – Criminal Cases Review Commission	0.258	0.258	0.00	0.00	No Change
T – Criminal Injuries Compensation Authority	10.000	10.000	0.00	0.00	No Change
U - Children and Family Court Advisory and Support Service	(0.200)	8.890	(9.090)	102.25	Increase in pension provision in 2017-18 not expected to recur in 2018-19
Legal Aid Agency	0.00	50.000	(50.000)	n/a	Increase in provisions in 2017-18 not anticipated to occur in 2018-19
Total spending in resource AME	261.000	482.001	(221.001)		
Resource Total	7,183.563	8,234.544	1,050.981	12.76	

Description	2018-19 as per Main Estimate (ME)	2017-18 as per Supplementary Estimate (SE)	Variation 2018-19 ME to 2017-18 SE		Explanation of Variance
	£m	£m	£m	%	
Spending in capital DEL					
A – Policy, Corporate Services and Associated Offices (MoJ HQ)	145.295	187.370	(48.083)	25.66	Reduction in capital spend driven by lower estates costs and winding down of technology transformation activity
B – Her Majesty’s Courts and Tribunals Service	227.199	163.451	63.748	39.00	Increase in capital spend on court reform programme
C – Office of the Public Guardian	3.700	3.600	0.100	2.78	Immaterial
D – Youth Justice Board (net)	0.600	1.600	1.000	62.50	Reduction in capital spend required in Youth Justice Board due to transfer of safeguarding costs for the secure estate to HMPPS
E – Parole Board (net)	0.257	0.785	0.528	67.26	Reduction in capital spend following completion of IT transformation activity in 2017/18
F – Criminal Cases Review Commission (net)	0.125	0.205	0.080	39.02	Small change in expenditure on capital projects
G – Judicial Appointments Commission (net)	0.000	0.070	(0.070)	n/a	No anticipated expenditure on capital projects in 2018-19
H – Office for Legal Complaints	0.250	0.489	(0.239)	48.87	Small change in expenditure on capital projects
I – Legal Services Board	0.100	0.000	0.100	n/a	Small change in expenditure on capital projects

J – Criminal Injuries Compensation Authority	0.600	0.888	(0.288)	32.43	Small change in expenditure on capital projects
K – Legal Aid Agency	0.800	0.000	0.800	n/a	Small change in expenditure on capital projects
L – Children and Family Court Advisory and Support Service	0.000	0.000	0.000	0.000	No change
M – HM Prison and Probation Service	153.223	66.409	84.814	127.71	Increased expenditure on Prison Reform
Spending in capital DEL	532.150	424.867			

Annex B: Comparison of outturn to plans for the last three years for key control totals

Resource DEL

Year	Voted	Non-voted	Total plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2018-19	6,800.011	122.552	6,922.563			
2017-18	7,629.193	123.350	7,752.543			
2016-17	7,325.104	145.369	7,470.473	7,405.931 ²	64.542	0.864
2015-16	7,298.610	141.465	7,440.075	7,348.109	91.980	1.236

Capital DEL

Year	Voted	Non-voted	Total plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2018-19	532.150	-	532.150			
2017-18	424.867	-	424.867			
2016-17	459.047	-	459.047	417.200	41.847	9.12
2015-16	278.963	-	278.963	266.007	12.956	4.64

The total plans and outturn numbers for 2015-16 to 2016-17 for resource have been restated for the effects of the Machinery of Government transfer of The Offender and Learning Skills Service from the Department for Business, Energy and Industrial Strategy.

The total plans and outturn numbers for 2015-16 for both resource and capital have been restated for the effects of the Machinery of Government change in relation to the transfer of the Information Commissioner's Office to the DCMS.

Final outturn for 2017-18 is not yet available.

Resource AME

Year	Voted	Non-voted	Total Plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2018-19	261.000	-	261.000			
2017-18	482.001	-	482.001			
2016-17	652.941	-	652.941	259.354	393.587	60.28
2015-16	751.010	-	751.010	258.037	492.973	65.64

² The outturn for 2015-16 has been updated to account for the revised treatment of Research and Development Expenditure under ESA10.

Annex C: RDEL Breakdown of Groups containing NDPBs by Estimate Line

Business Group	Amount £m	Estimate Line
Offender Reform and Commissioning Group	174.980	
<i>Of which: ORCG HQ</i>	77.435	<i>Line A</i>
<i>Parole Board</i>	14.953	<i>Line E</i>
<i>Youth Justice Board</i>	82.592	<i>Line D</i>
Justice and Courts Policy Group	233.811	
<i>Of which: JCP HQ</i>	102.874	<i>Line A</i>
<i>CCRC</i>	5.233	<i>Line F</i>
<i>JAC</i>	5.917	<i>Line G</i>
<i>OLC</i>	12.653	<i>Line H</i>
<i>LSB</i>	3.795	<i>Line I</i>
<i>Cafcass</i>	119.787	<i>Line L</i>
<i>Levy Income</i>	(16.448)	<i>Line O</i>

Annex D: Provision for liabilities and charges

These figures are a forecast of the total provisions for liabilities and charges as at 31 March 2018 and are subject to revision.

SUMMARY £m											
	Judicial Service Award	Injury benefit scheme	Early departure costs	Costs from Central Funds	Legal claims	CICA Pre-tariff Scheme	CICA Tariff Scheme	Leasehold dilapidations	LAA outstanding balances on funded cases	Other	Total
Balance as at 31 March 2017 as reported at Main Estimate	155.084	128.242	110.776	5.195	88.090	4.591	290.124	92.418	660.661	27.322	1,562.503
Movements in 2016-17 as per 2016-17 Financial Accounts	(6.771)	2.249	(4.376)	2.860	(6.190)	0.000	0.000	(10.000)	(43.448)	90.278	24.602
Final Opening Balance per 2016-17 Financial Accounts	148.313	130.491	106.400	8.055	81.900	4.591	290.124	82.418	617.213	117.600	1,587.105
Provided in the year	0.000	7.980	0.002	4.500	47.100	0.000	78.023	2.311	52.300	55.180	247.396
Provision not required written back	0.000	(2.300)	(6.513)	0.000	(19.100)	(0.030)	0.000	0.000	0.000	0.000	(27.943)
Provision utilised in the year	(7.900)	(6.200)	(5.191)	0.000	(19.000)	(0.066)	(107.058)	(4.571)	0.000	(15.514)	(165.500)
Borrowing costs (unwinding of discount)	0.000	0.000	2.018	0.000	2.200	0.000	0.000	(4.758)	0.000	0.000	(0.540)
Forecast Balance as 31st March 2018	140.413	129.971	96.716	12.555	93.100	4.495	261.089	75.400	669.513	157.266	1,640.518

Annex E: Additional information

1. Private and public prisons

The Justice Select Committee has previously requested a breakdown of the funding attributable to public and private prisons within HMPPS and its predecessor NOMS.

The following table sets this out:

HMPPS – Split of funding between public and private prisons

£m	2013-14	2014-15	2015-16	2016-17	2017-18
Public prisons	1,657	1,579	1,594	1,556	1,673
Private prisons	410	433	441	454	468
Total	2,067	2,012	2,035	2,010	2,141

Notes on source of figures

- 2013-14 to 2016-17 figures reflect the full year outturn position;
- 2017-18 figures reflect forecast outturn as at 31 December 2017;
- 2018-19 figures reflect initial budget planning for 2018-19 and are likely to change during the year.

Notes on comparability of figures

- The above figures include all public-sector prisons against Public Sector Prisons Directorate and HMPPS in Wales plus area or regional-based services and Public-Sector Prisons HQ, plus early adopter reform prisons;
- 2014-15 figures reflect the transfer of HMP Wolds from private to public sector from 1 July 2013 and HMP Northumberland from public to private from 1 December 2013;
- Ashfield (a private prison) reopened as Male Category C status in July 2013;
- The position for public prisons from 1 April 2013 is reduced by the transfer of certain ICT budgets (totalling circa £53m), that were transferred to NOMS HQ during the year 2014-15 to 2016-17;
- Income received from the Youth Justice Board in respect of expenditure by Young Offender Institutes accommodating 15-17-year-old young offenders has been included, so these budgets in both public and private sector prisons are shown net of income;
- The Immigration Removal Centres (Dover, Haslar and Morton Hall (plus the Verne from 2015-16)) are included under public prisons and are shown net of UKBA income;
- The net reduction in 2017-18 against Public Sector Prisons includes the exclusion of costs related to a new facilities management contract which is now held separately; and
- The increase in public prisons in 2018-19 includes Berwyn which opened in February 2017 and the investment in front line staffing to reduce violence and create a safer environment.

Note on future years' data

It is not possible at this stage to provide a split of public and private prison spend in future years as this will depend on any changes to prisons' capacity and configuration.

2. Legal Aid

In previous estimates and estimate memoranda, Legal Aid spend has been shown as split between civil legal aid, criminal legal aid and administration costs (the costs of running the Agency). Expenditure from Central Funds (see definition below) has also been shown separately.

The requirement to provide this breakdown related to the status of the Legal Services Commission (the predecessor body of the Legal Aid Agency) as an executive non-departmental body. The Legal Aid Agency, set up in April 2013, is an executive agency and there is no equivalent requirement. For continuity, we have however agreed to provide a breakdown by category as shown in the table below.

Legal Aid budgeted expenditure £m	Resource DEL £m	
	2018-19 Main Estimate	2017-18 Supplementary Estimate
Civil	689.430	662.000
Criminal	823.771	883.000
Central Funds	47.191	49.000
Administration	63.921	72.788
Total	1,624.313	1,666.788

Description of categories

- **Civil legal aid** is made up of:
 - Civil Representation - primarily payments for public family law, including care proceedings, private family law, and non-family. This is the high value, low volume area of civil legal aid; and
 - Legal Help - covers both advice and assistance, and controlled legal representation at tribunals. It is primarily payments related to 'face-to-face' work in Immigration and Asylum, Mental Health, and family. There is also an element of telephone based assistance. This is the low value, high volume area of civil legal aid.
- **Criminal legal aid** is made up of:
 - Crime Higher - predominantly legal aid work in the Crown Court, though there is also a smaller amount of work in the Court of Appeal and Supreme Court. The payment schemes for Crown Court work are the Litigator Graduated Fee Scheme, the Advocates' Graduated Fee Scheme, and the Criminal Very High Cost Cases Scheme. This is the high value, low volume area of criminal legal aid; and
 - Crime Lower - mainly legal aid work in magistrates' courts and police stations, and a smaller amount in prisons. This is the low value, high volume area of criminal legal aid.
- **Central Funds** - individuals who are found not guilty (or acquitted) in criminal cases and who have paid privately for their defence may have their expenses reimbursed, including legal costs, from central funds.

Annex F: Explanation of key terms used in the Memorandum

Administration budget

An HM Treasury (HMT) control on the resources consumed directly by Departments and Agencies/ALBs that forms part of the Departmental Expenditure Limit (DEL – see below). Includes, for example, staff costs, resource expenditure on accommodation, utilities and services etc. where they are not directly associated with front line service delivery.

Annually Managed Expenditure (AME)

This is spending that is generally less predictable and controllable than expenditure in DEL. It is an HMT budgetary control that is reviewed twice a year with departments. MoJ's AME budget relates mainly to adjustments to provisions, including legacy Probation Boards pension scheme provision movements and provisions for impairment of buildings as part of courts and prison reform.

Ambit

The Ambit describes the activities for which provision sought in the Estimate will be used. Separate Ambits are required for expenditure and income in each budgetary category included in the Estimate (DEL and AME).

Departmental Expenditure Limit (DEL)

This is spending within the Department's control which can therefore be planned over an extended period. It is an HMT budgetary control that is set for a three or four-year period. Examples include administration costs, payments for goods and services, grants to third party bodies within the justice system (e.g. services for victims and witnesses) and non-cash costs such as depreciation.

Estimate

A statement of how much money the Government needs in the coming financial year, and for what purpose(s), by which parliamentary authority is sought for the planned level of expenditure by a Government Department.

Main Estimate

The means through which Departments seek Parliamentary approval for their spending plans for the year ahead. Normally presented to Parliament within five weeks of the Budget Statement.

Net Cash Requirement (NCR)

The limit voted by Parliament reflecting the maximum amount of cash that can be released from the Consolidated Fund to a department in support of expenditure in its Estimate.

Online System for Central Accounting and Reporting (OSCAR) Database

The HM Treasury database holding public expenditure data (plans and outturn) for several years.

Spending Review (SR)

A cross-Government review of Departmental aims and objectives and analysis of spending programmes. Normally results in the allocation of multi-year budgetary limits. SR10 allocated budget from 2012-13 to 2015-16, SR13 was an exercise that only allocated Departmental budgets for 2016-17. SR15 allocated budgets for 2017-18 to 2019-20.

Supplementary Estimate

The means by which Departments seek to amend Parliamentary authority provided through Main Estimates by altering the limits on resource, capital and/ or cash or varying the way in which provision is allocated. Normally presented in February each year.

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Ministry
of Justice

Ministry of Justice: Judicial Pension Scheme

Memorandum on Main Estimate 2018-19

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Introduction

Key activities

The Ministry of Justice: Judicial Pension Scheme (JPS) is responsible for payment of pensions and other benefits to persons covered by the Judicial Pensions Scheme.

Main Estimate provision by budgetary limits

	£m
Resource Annually Managed Expenditure Limit (RAME)	354.871
Net Cash Requirement (NCR)	(76.569)

Significant changes in provision compared with the Supplementary Estimate 2017-18

Resource AME

	Main Estimate 2018-19 £m	Supplementary Estimate 2017-18 £m
Current Service Cost	236.000	227.000
Interest Cost	122.000	129.100
Use of Provisions (Release of Provisions)	(76.560)	(82.179)
Use of Provisions (Payment of Pensions)	76.560	82.179
Administration Costs	0.871	0.845
Contributions Receivable	(154.000)	(148.231)
Provisions	150.000	150.000
Total	354.871	358.714

This is broken down as follows:

	Main Estimate 2018-19 £m	Supplementary Estimate 2017-18 £m
Resource AME - Voted	247.313	249.418
Resource AME – Non Voted	107.558	109.296
Total Resource AME	354.871	358.714

The resource AME budget has decreased by £3.843m (1.07%) since the Supplementary Estimate 2017-18. These changes are largely a result of:

- Increase in Current Service Cost £9m as assessed by GAD;
- Decrease in Interest Cost £(7.1)m as assessed by GAD;
- Increase in Contributions receivable due to more Judges joining the scheme £(5.769)m; and

- Increase in Administrative costs of the scheme £0.026m.

Net Cash Requirement

	Main Estimate 2018-19 £m	Supplementary Estimate 2017-18 £m
Net Cash Requirement	(76.569)	(65.207)

The net cash requirement for the Ministry of Justice: Judicial Pension Scheme is negative: income exceeds expenditure and the excess cash is paid to the Treasury monthly.

Key Points

Main priorities and expected outcomes

The Ministry of Justice: Judicial Pension Scheme (JPS) includes a number of judicial pension schemes:

The 1981 Scheme

Salaried Judges appointed prior to 31 March 1995 usually belong to a scheme established under the Judicial Pensions Act 1981. There is a right of election to transfer from the 1981 Scheme to the 1993 Scheme (see below) at any time up to a date 6 months after retirement.

Under the 1981 Act maximum benefits accrue over either 15 or 20 years. The qualifying conditions for pension benefits vary according to age and length of service requirements. The lump sum is twice the annual pension.

The 1993 Scheme

Salaried Judges appointed between 31 March 1995 and 31 March 2015 usually belong to a scheme established under the Judicial Pensions & Retirement Act 1993 (JUPRA). Both the 1981 and 1993 schemes are unfunded, final salary occupational pension schemes.

The 1993 Act provides a lump sum of 2.25 times the member's annual pension. The annual pension is calculated at 1/40th of the highest of the last three years pensionable pay, up to a level reflecting the former HMRC earnings cap, multiplied by the number of years of reckonable service, up to a maximum of 20. Pension benefits are payable from age 65 subject to 5 years' service.

A top up scheme operates to provide pension benefits for 1993 Act members in respect of salaries above the HMRC earnings cap. The 2016-17 earnings cap was £150,600 (2015-16: £149,400).

Members of the 1981 and 1993 schemes with full transitional protection (those with less than ten years to serve at the point of transfer on 1st April 2012) remain in their current scheme. Those with tapering protection were expected to move to the JPS 2015 (see below) when the taper period comes to an end.

The 2015 Scheme

The JPS 2015 is a new scheme established under the Judicial Pensions Regulations 2015 which came into effect on 1 April 2015. It applies to members of the 1981 and 1993 schemes without transitional protection. All new eligible judicial office holders appointed for the first time from that date become members of the scheme, unless they decide to opt out. The JPS 2015 is an unfunded career average scheme which includes both salaried and fee paid judges;

The scheme is based on a "career average" accrual model and there is no restriction on the number of accruing years in service. The annual accrual rate is 2.32%. The scheme does not provide an

automatic lump sum. However, it is possible for members to commute part of their pension into a lump sum at the rate of £12 for every £1 of pension commuted, subject to HMRC limits.

Fee Paid Judges Pension Scheme 2017

The Fee-Paid JPS 2017 is a pension scheme for eligible fee-paid judges with reckonable service between 7 April 2000 and 31 March 2015 and for service beyond that date for those eligible judges who, because of transitional arrangements, are not required to join the JPS 2015 scheme. The scheme was established under the Judicial Pensions (Fee-Paid Judges) Regulations 2017 and came into effect on 1 April 2017.

This is an unfunded, final salary occupational pension scheme that mirrors the benefits of the JUPRA Scheme. It provides for a lump sum of 2.25 times the member's annual pension with an annual pension calculated at 1/40th of the highest of the last three years pensionable pay, multiplied by the number of years of reckonable service, up to a maximum of 20. Pension benefits are payable from age 65 subject to 5 years' service.

Administration

Since 5 January 2015, administration of the pension awards and pension payrolls has been outsourced to Punter Southall Limited, now PS Administration Limited (PSAL).

Under the Judicial Pensions Regulations 2015, which came into effect on 1 April 2015 the Lord Chancellor, as Scheme Manager, has delegated responsibility for the administration of the JPS to James McEwen, the Director of MoJ Group Finance.

Ambit

There have been no changes in this Main Estimate.

Additional Information

Budgetary Limits

The tables below compare current year plans to the plans and outturn for the previous four years.

- Outturn for 2014-15 to 2016-17 is as reported in the Annual Report and Accounts for each financial year.
- Plans for 2017-18 are reported in the Supplementary Estimate 2017-18.
- Plans for 2018-19 are as reported in this Main Estimate

It is not possible to provide future year budget values for the Ministry of Justice: Judicial Pension Scheme.

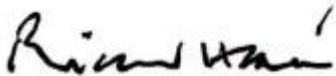
Resource AME

Year	Voted	Non-voted	Total Plans	Outturn	Variance	Variance
	£m	£m	£m	£m	£m	%
2018-19	247.313	107.558	354.871			
2017-18	249.418	109.296	358.714			
2016-17	284.417	82.335	366.752	289.971	76.842	20.95
2015-16	169.800	89.656	259.456	224.969	34.487	13.29
2014-15	192.915	91.200	284.115	151.175	131.140	46.16

Accounting Officer Approval

The Ministry of Justice Estimates Memorandum has been prepared according to the requirements set out in the guidance manual on supply estimates provided by HM Treasury which reflects the views of the House of Commons Scrutiny Unit.

The information in this Estimates Memorandum has been approved by myself as departmental Accounting Officer.



Richard Heaton

Accounting Officer
Permanent Secretary
Ministry of Justice: Judicial Pension Scheme

18 April 2018