

# A Short Guide to the **Ministry of Justice**

June 2015



National Audit Office



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The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB, is an Officer of the House of Commons and leads the NAO, which employs some 810 people. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of £1.15 billion in 2014.

**This Short Guide summarises what the Ministry of Justice (the Ministry) does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.**

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## Key facts

## About the Ministry of Justice

## Key trends

## Ministry spending

## Spending reductions

## Staff and pay

## Staff attitudes and engagement

## Major programmes and developments

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**£9.3 billion**

(gross) expenditure in 2014-15  
down from £9.5 billion in 2013-14



**£270 million**

saved in the prison service  
over three years (2010-11 to 2013-14)



**£300 million**

NAO estimated legal aid  
spending reductions  
from changes to scope and  
eligibility criteria and fee rates



**£115 million**

saved in probation  
over three years (2010-11 to 2013-14)



**139 courts**

closed by June 2014  
as part of Courts Estate Reform  
Programme (500 courts and  
tribunal buildings in the estate)



**21**

community rehabilitation companies  
created and transferred out of the public sector  
(start of 2015) to replace 35 probation trusts –  
outsourcing probation for all but the most  
high-risk offenders



**£75 million a year**

invested in courts  
reform programme  
(over five years, from 2015-16)



**52%**

employee engagement  
measure of an employee's attachment to their  
employer (index based on 2014 staff survey;  
59% is civil service average)

## Key facts

The **Ministry of Justice** (the Ministry) sets and carries out government policy for the criminal, civil and family justice systems for England and Wales.

## About the Ministry of Justice



It has four major services:

- provide legal aid (the Legal Aid Agency (LAA));
- administer justice through courts and tribunals (HM Courts and Tribunals Service (HMCTS));
- detain and rehabilitate offenders via the prison service and youth custody system, which the National Offender Management Service (NOMS) and the Youth Justice Board (see Appendix One) provide; and
- supervise and rehabilitate people serving community sentences via the probation service, for which NOMS is also responsible.

## Key trends

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The Ministry is not responsible for the whole criminal justice system.

- The Home Office has central government responsibility for the police.
- The Crown Prosecution Service prosecutes criminal cases in England and Wales, and is a government department in its own right.

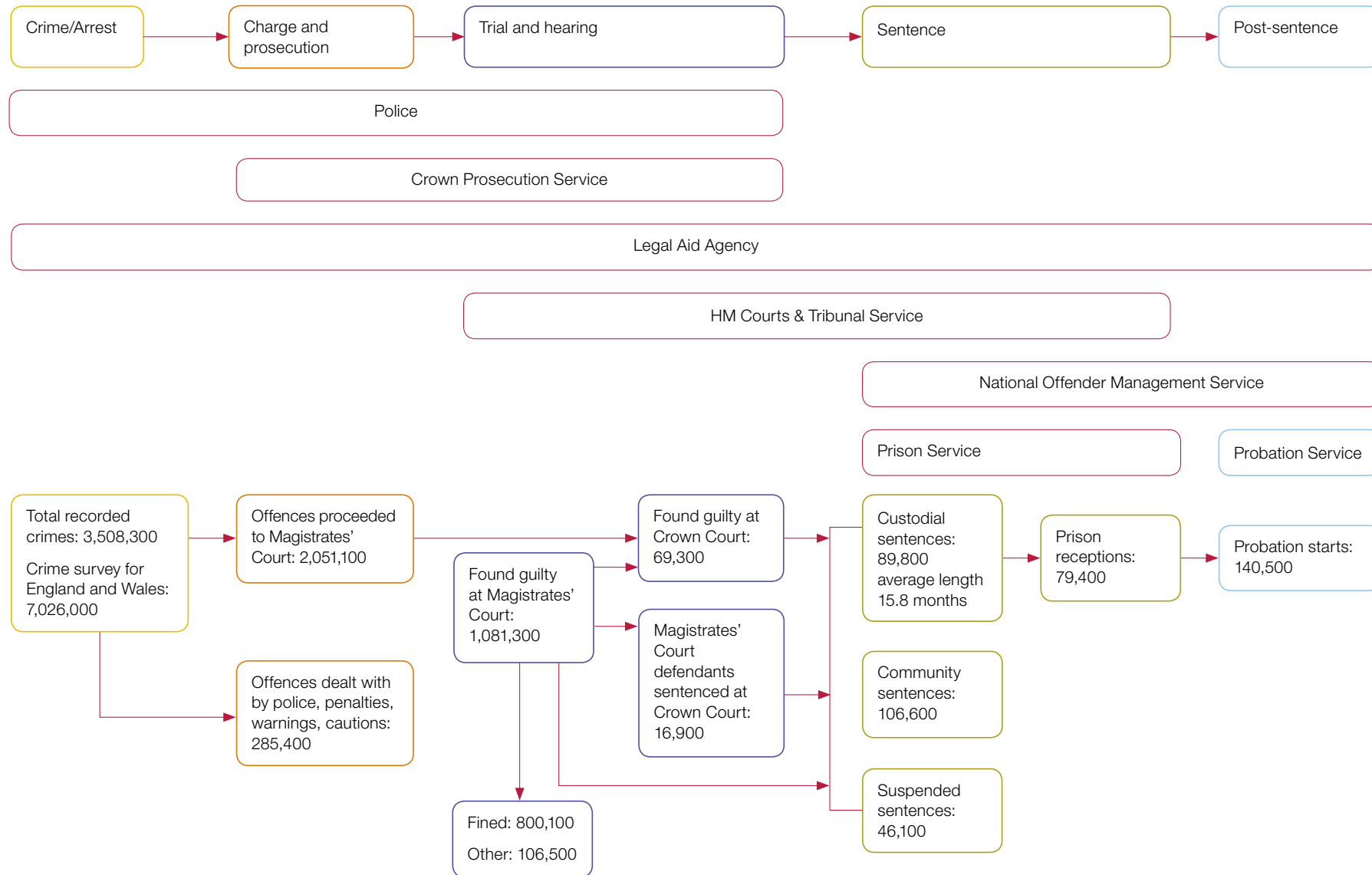
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## Criminal justice system activity levels by phase, 2014



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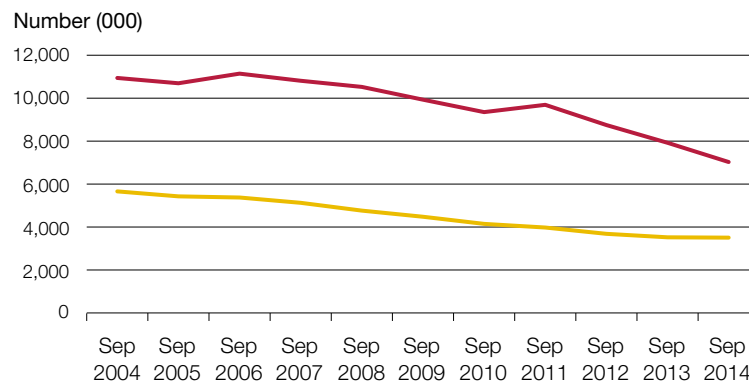
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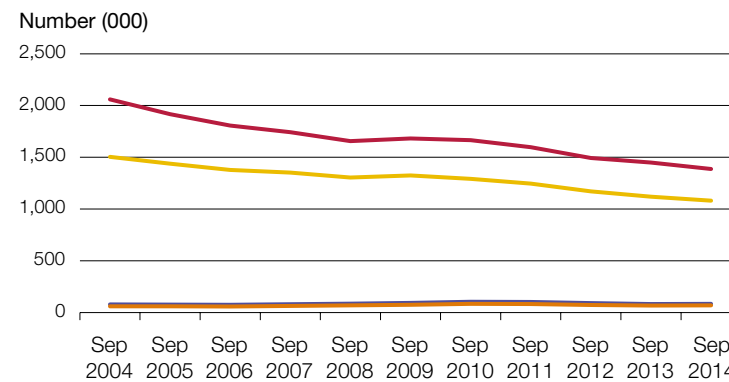
Recorded crime 2004 to 2014 – the number of offenders the police encounter, and cases at court – have been falling steadily overall, but the prison population has risen. Reoffending rates are broadly flat.

Levels of crime, 2004 to 2014



— Crime measured by Crime Survey for England and Wales  
— Offences recorded by the police

Defendants tried and found guilty, 2004 to 2014

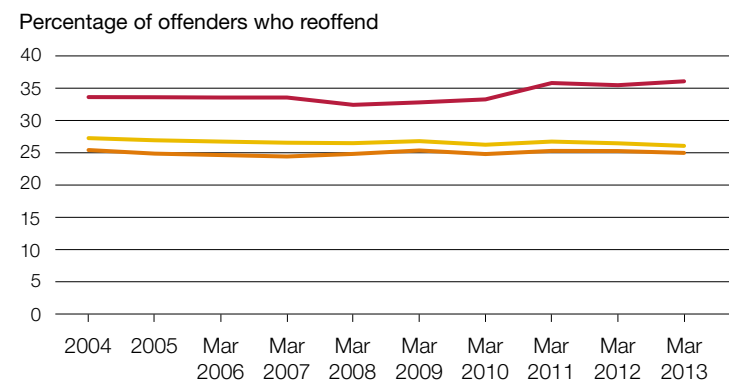


— Defendants proceeded against at Magistrates' Courts  
— Defendants found guilty at Magistrates' Courts  
— Defendants tried at Crown Court  
— Defendants found guilty at Crown Court

Prison population 2004 to 2014



Reoffending rates 2004 to 2013



— Juvenile offenders — All offenders — Adult offenders

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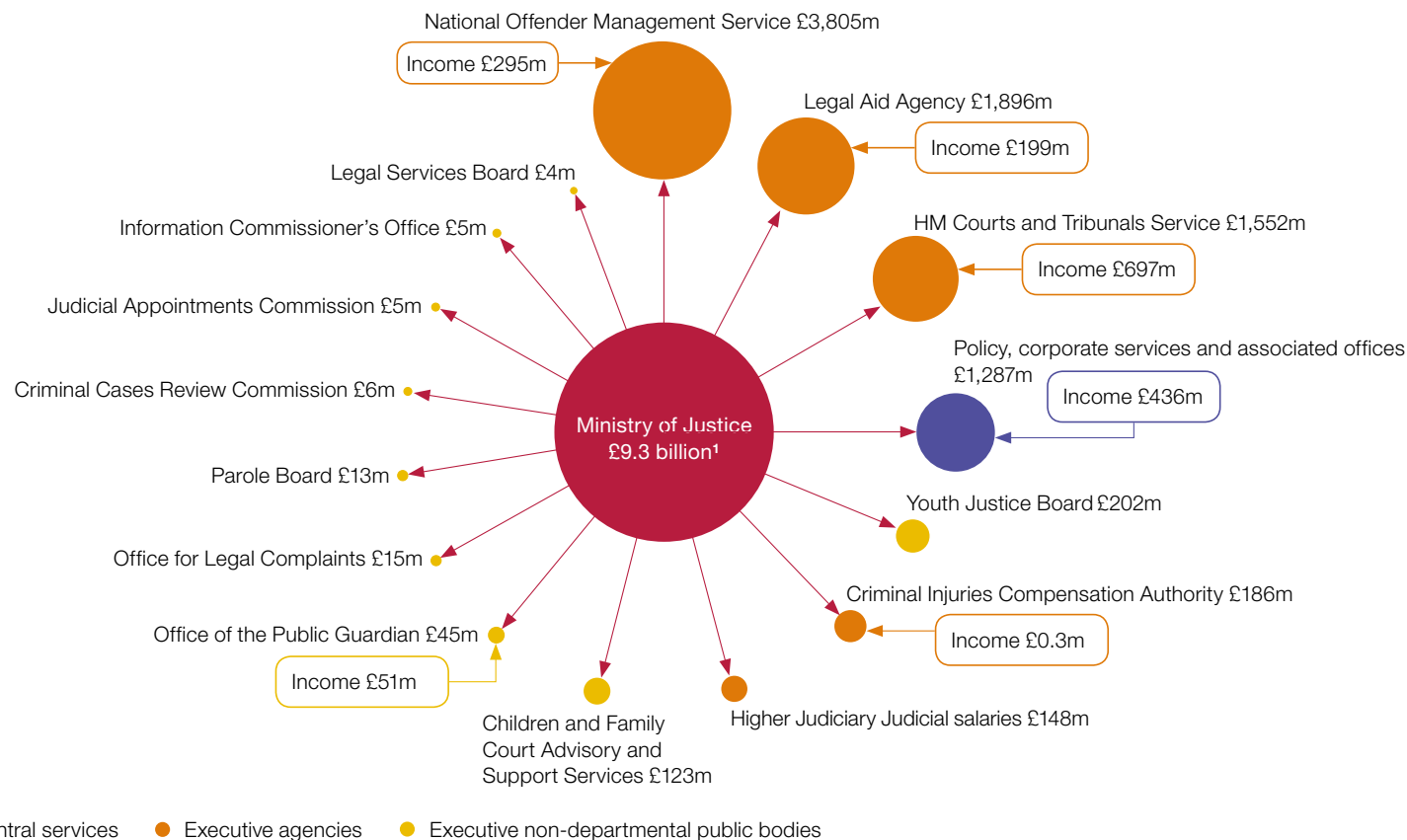
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### Notes

- 1 Ministry of Justice gross expenditure was £9.3 billion in 2014-15, with income of £1.7 billion, reducing the final net public expenditure to £7.6 billion.
- 2 Figures include spending in Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME), voted and non-voted, for resource and capital spending.
- 3 Children and Family Court Advisory and Support Services (Cafcass) was transferred to the Ministry from the Department for Education as of 1 april 2014. Cafcass continued its regular operation as a NDPB of MoJ.
- 4 The individual accounts of each organisation will not reconcile directly to the figures shown above due to adjustments made for the SoPS.

Source: Ministry of Justice, *Annual Report and Accounts 2014-15*, Session 2015-16, HC 40, June 2015, Analysis of net resource and net capital outturn by section

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Under the 2010 spending review, the Ministry had to make resource savings of 23% in real terms by 2014-15, compared to its 2010-11 budget.

At the 2013 spending round, the Ministry committed to further reductions of 10% in real terms between 2014-15 and 2015-16.

This is a spending reduction of 25% between 2010-11 and 2015-16. The Ministry planned savings across all business areas to achieve this.

Additional changes to the Ministry's budget as a result of Autumn Statements and Budgets increased the required spending reduction to 34% between 2010-11 and 2015-16.

The services the Ministry provides are largely demand-led (such as prisons, courts and legal aid) which affects its ability to make savings.

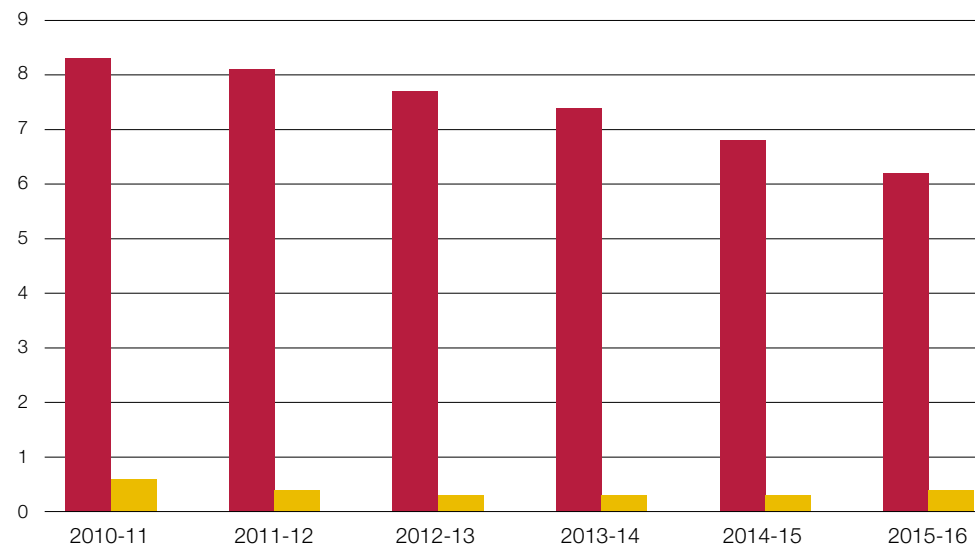
The Ministry's gross expenditure in 2014-15 was £9.3 billion (net £7.6 billion), down from £9.5 billion in 2013-14.

In 2014-15, Ministry spend included:

- £2.8 billion of staff costs for some 73,500 staff;
- £0.5 billion of judicial costs for about 2,900 judges;
- £1.1 billion on its Courts and Tribunals Service; and
- £1.6 billion of representation costs where the Ministry provided legal aid in civil or criminal cases.

## Budget for the Ministry of Justice<sup>1</sup>

£ billion



■ Resource budget  
■ Capital budget

### Note

<sup>1</sup> Net of income, excludes Annually Managed Expenditure which can be more unpredictable.



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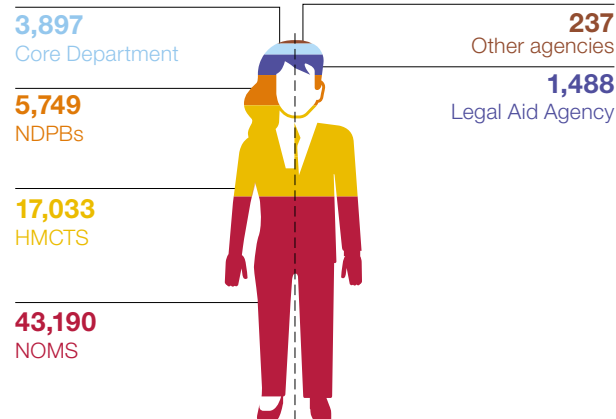
In 2014-15, the Ministry employed 73,481 staff at a cost of £2.8 billion, most of whom worked within NOMS, HMCTS or other bodies outside the core Ministry.

In 2014-15, the Ministry transferred 8,000 probation staff out of the Probation Trusts and into new community rehabilitation companies, as part of its reforms to rehabilitating offenders (see [probation service](#)).

The Ministry's workforce broadly reflects the population of England and Wales, by gender and ethnicity (see figure).

The ratio of directors' pay to median staff pay within the core Ministry was 7.0, and across the Ministry ranged from 6.4 within the Legal Aid Agency to 8.9 within HMCTS.

### Staff breakdown 2014-15

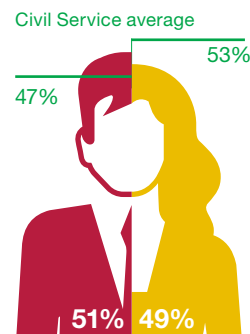


Ministry of Justice  
**73,481**



### Workforce in the Ministry of Justice 2013-14

Gender

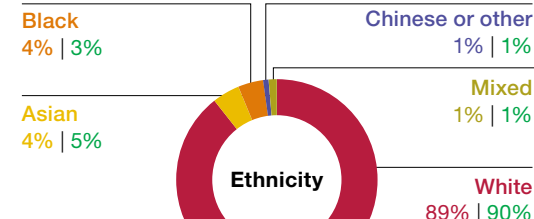


Civil Service average

53%  
47%

Ethnicity

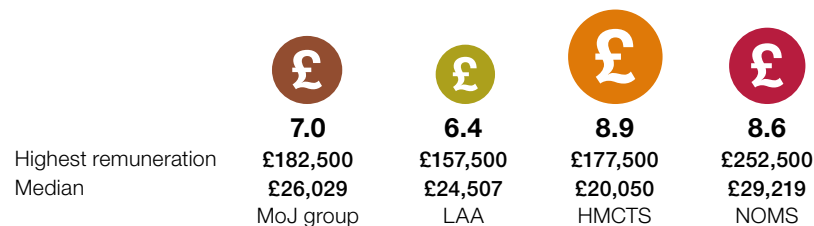
Civil Service average



Declaration rate for  
Ministry of Justice: 84%

Declaration rate for  
Civil Service: 85%

### Pay median of directors 2014-15



Sources: Ministry of Justice *Annual Report and Accounts 2013-14 and 2014-15*; Department and Agencies *Annual Report and Accounts 2013-14 and 2014-15*; Diversity Report 2013-14 – Ministry of Justice; Office for National Statistics and Department for Work & Pensions

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The government has conducted its Civil Service People Survey annually for the past five years. The most recent survey was carried out during October 2014.

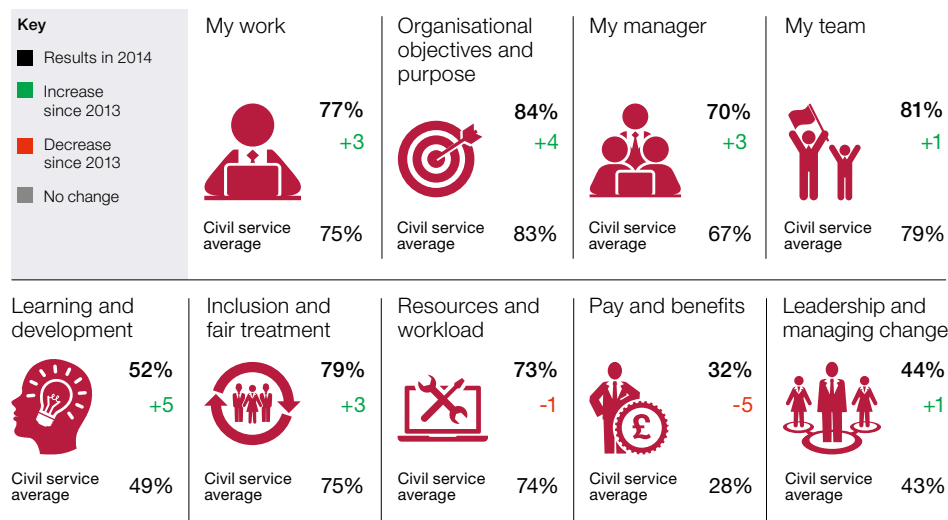
The central Ministry scored above the civil service average for eight of the nine key themes within the survey. Its scores have increased in seven categories since 2013.

The main measure of the staff survey is the employee engagement index, which measures emotional responses to working for their organisation.

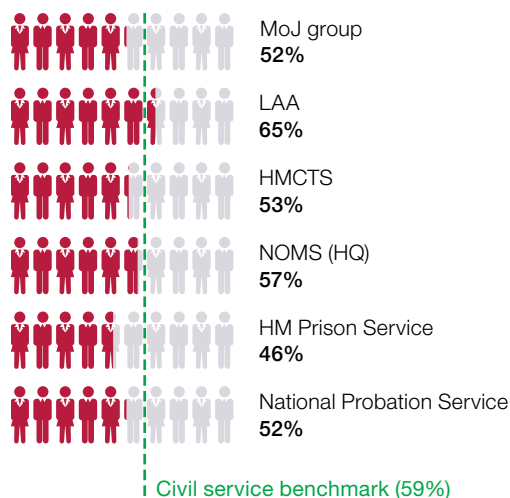
The core Ministry, HMCTS, NOMS HQ (the administrative centre of NOMS), HM Prison Service and the National Probation Service scored less than the civil service average for employee engagement (59%).

Survey results for the individual organisations are included in more detail in the sections which follow.

## Attitudes of staff in 2014 compared to 2013 – Ministry of Justice group



## Engagement index 2014



Sources: Civil Service People Survey 2013 and 2014

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### Major programmes 2010 to 2015

#### Legal Aid Transformation Programme

Ministry's objective: reduce the cost to the taxpayer and ensure that the system commands public confidence.

#### Transforming courts, tribunals and the criminal justice system

Ministry's objective: continue to improve how courts and cases are run and put victims first.

#### More effective and efficient custodial system

Ministry's objective: reforming the prison system to get value for money. Ensuring that sentencing works as well as possible, to provide correct punishment of offenders without compromising public safety.

#### Transforming youth custody

Ministry's objective: create a more efficient system to ensure that young people are properly punished, while getting the support and education to reduce reoffending.

#### Transforming rehabilitation

Ministry's objective: drive down reoffending and improve value for money by providing probation services through a more diverse market.

### Progress by May 2015

Some changes introduced to criminal legal aid, more in progress.

Significant changes made to civil legal aid.

NAO estimates £300 million annual spending reduction from changes to civil legal aid implemented by 1 April 2013. The LAA has made further changes designed to achieve savings in other areas since then.

In July 2014, the Ministry updated its plan and progress to date including:

- Publishing a new Victims Code and Witness Charter.
- Piloting a 'digital case file' for some offences, and improved IT in court.
- Reducing the length of time taken to deal with the most serious offences by 4 days to 151 on average (from offence to completion).

We reported on the Prison Estates Strategy in December 2013, concluding it was the most coherent and comprehensive for many years, but recommending that NOMS needed to improve new prisons and look at ways to close fewer high-performing ones in future.

NOMS saved £263 million within public sector prisons and £133 million from using the prison estate more efficiently (2011-12 to 2013-14).

Government announced plans to replace existing provision for young offenders with fewer, larger secure colleges.

In November 2014, planning permission was given for the first secure college (in Leicestershire). It could house 320 young offenders.

Legislation required to bring in the changes (The Criminal Justice and Courts Act 2015) received Royal assent in March 2015.

The Ministry has recently replaced 35 public sector Probation Trusts with a National Probation Service (NPS) and 21 private or third sector Community Rehabilitation Companies (CRCs).

Responsibility for providing probation services remains with the Secretary of State, but their delivery was transferred to CRCs (which were still in the public sector at this point) and the NPS in June 2014.

CRC contracts were signed in December 2014 and effective from February 2015.

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Our reports over recent years have highlighted good performance in some areas, for example recognising considerable improvement in the Ministry's financial management ([Financial Management Report](#)), its approach to managing the prison estate ([Managing the prison estate](#)) and the ambition of its reforms to contract management relative to the Home Office ([Transforming contract management](#)). However, we also have identified a number of significant concerns: the co-ordination of the Criminal Justice System; the use of reliable data to inform decision making; and the Ministry's contract management.

### Co-ordination of the Criminal Justice System

- The Ministry does not have direct control over significant parts of the criminal justice system, including the police and the judiciary, or on other factors which affect demand for its services ([Criminal Justice System: Landscape Review](#)).
- The Criminal Justice System relies on the collaboration of all those who work within it to work effectively, as well victims, witnesses, police, prosecutors, defence lawyers and others, but it is vulnerable to multiple small points of failure that can have significant consequences ([Criminal Justice System: Landscape Review](#)).

### Commercial capability

- The Ministry is increasingly delivering its services through private contractors and is undertaking wide ranging programmes to improve its commercial capabilities. It is important that the Ministry sustains its efforts to meet this challenge ([Electronic Monitoring](#), [Confiscation Orders](#), [Transforming contract management](#)).

### Use of reliable data to inform decision making

- The activities of the Ministry affect demand for services elsewhere in the system. It is important that it understands how the costs and benefits of changes made within its operations fall on different parts of the system ([Managing the prison estate](#), [Managing and removing foreign national offenders](#)).
- Absence of robust data or benchmarks weakens decision-making. It is important that the Ministry bases its interventions on evidence, and develops its approach to show what is cost-effective in improving performance/ changing behaviour ([Managing the prison estate](#), [Implementing reforms to civil legal aid](#), [Confiscation Orders](#)).
- Interventions designed to reduce costs can negatively affect performance demonstrating the need to carefully balance cost savings with effectiveness ([Managing the prison estate](#), [The Ministry of Justice's language services contract](#)).

## Legal Aid Agency

# What does it do?

**Legal Aid** is government funded legal services for **criminal** and **civil law** for those who cannot afford to pay legal fees who meet certain criteria. It also pays for some mediation. The **Legal Aid Agency (LAA)** manages the legal aid system, including contracts with, and payments to, legal aid providers.

### What does legal aid cover?

#### Legal aid for **criminal law**:

- Includes advice and representation for people in police stations and in courts.
- Eligibility: means test (except for basic advice, in a police station or magistrates' courts, which is not means tested).
- 1.3 million acts of assistance in 2013-14, down slightly from 1.4 million in 2012-13.

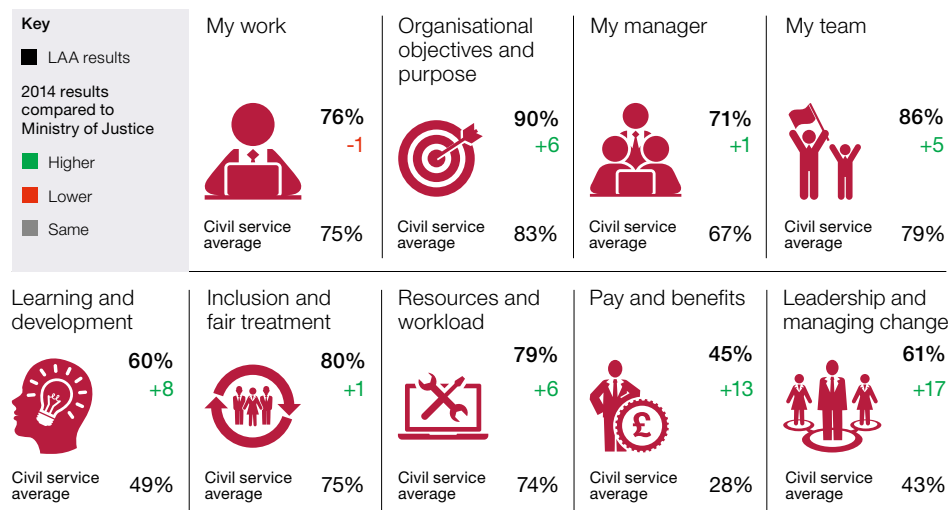
Legal aid for **civil law** (disputes between citizens, or between citizens and government, available in specific areas of law):

- Can include legal advice and assistance, representation in court or out of court mediation.
- Eligibility: means test and merits test (is the case likely to succeed).
- 0.5 million acts of assistance in 2013-14, down significantly from 0.9 million in 2012-13.

## Staff

The LAA employed an average of 1,484 full time equivalent staff in 2014-15 at a cost of £57.0 million (excluding staff engaged in capital projects). Results for the LAA in the 2014 Civil Service People Survey were among the most positive within the Ministry and were above the civil service benchmark for each of the nine key themes in the survey.

### Attitudes of staff in 2014 compared to Ministry of Justice group



Sources: Civil Service People Survey 2014

## Legal Aid Agency

# How much does it cost?

The Legal Aid Agency's net expenditure on legal aid was £1.6 billion in 2014-15 (down from £2.2 billion in 2010-11), in addition to £109.5 million on administering legal aid.

Spending on civil legal aid was £622 million in 2014-15, down from £985 million in 2010-11 (reduction of £363 million).

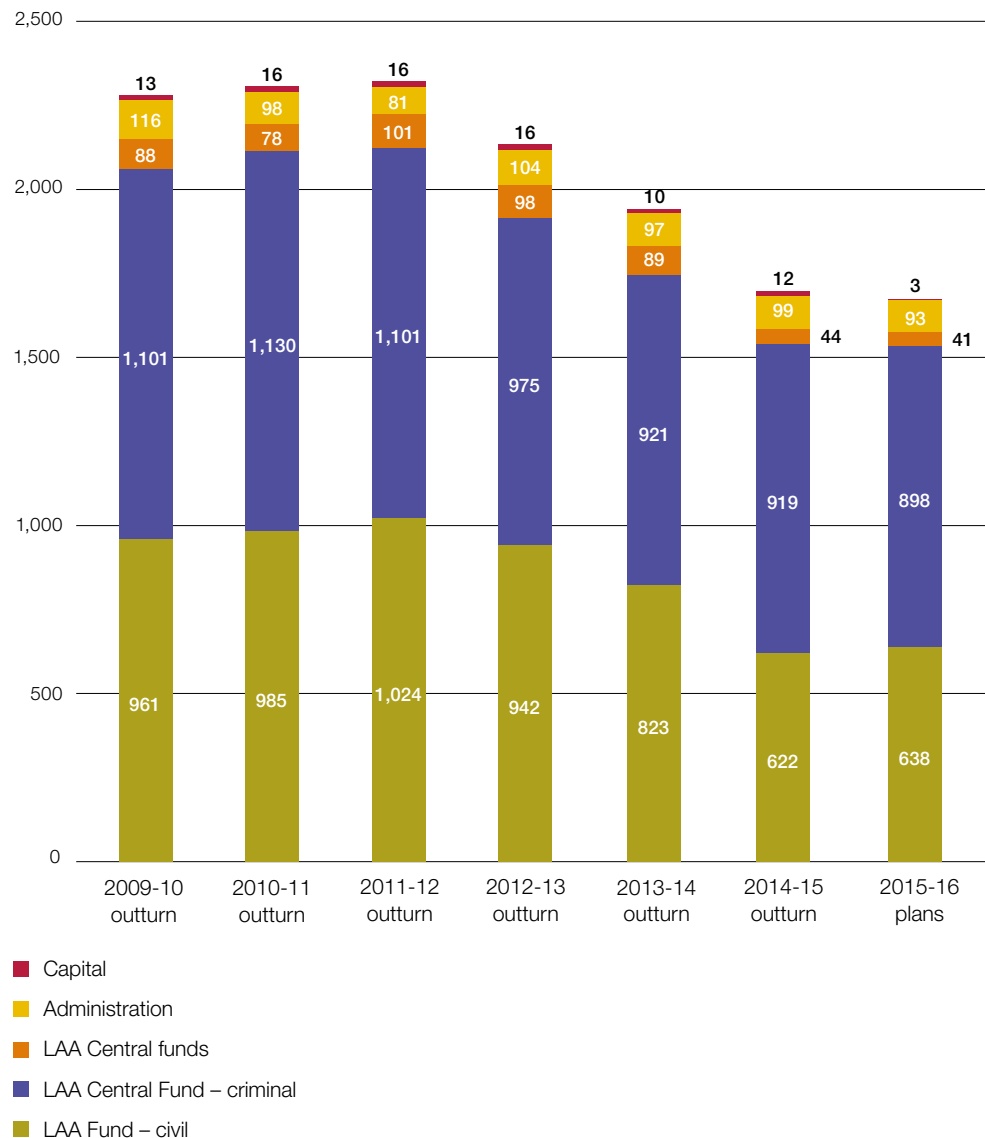
Spending on criminal legal aid was £919 million in 2014-15, down from £1,130 million in 2010-11 (reduction of £211 million).

NAO analysis estimates that the Ministry will spend £300 million less on legal aid cases started in 2013-14 than it would have without the reforms that it had implemented by April 2013.

Reductions in spending – especially for civil aid – are from tightening the scope and eligibility criteria for legal aid (see [Developments slide ahead](#)) and fee cuts.

## Legal Aid Agency – public expenditure

£ million



Source: Ministry of Justice Annual Report and Accounts 2014-15

## Legal Aid Agency

# Developments



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The Ministry has made significant changes to reduce spending on legal aid, including:

Reducing fees paid to legal aid providers for civil and criminal legal aid

Reducing the scope (the areas of law) that civil legal aid covers

Reducing eligibility for legal aid (for example, through changes to the means test)

Reducing repayments to defendants who have funded their defence privately and been acquitted, or where the prosecution has offered no evidence

Increasing the funding for mediation as an alternative to court

We examined the impact of the changes to civil legal aid in 2014.

Spending on civil legal aid is likely to significantly reduce as a result of the changes, but it is less clear whether the Ministry has met its wider objectives of discouraging unnecessary and adversarial litigation at public expense, targeting legal aid at those who need it most, and delivering better overall value for money for the taxpayer.

In implementing the reforms, the Ministry did not think through the impact of the changes on the wider system early enough. The Ministry reduced the amounts paid to providers without understanding how this would affect the market: many providers are struggling to provide services for fees paid.

The Ministry does not know whether or not all those eligible for legal aid can access it so cannot be confident that it is targeting funding at those most in need (see Legal Aid Agency – by Region).

Though the cost of legal aid will decline, the reforms could increase costs to the Ministry and across the public sector. The Ministry recognised the potential for increased costs in its impact assessment, but did not quantify them. Potential costs include: costs from increasing the number of people representing themselves in court (litigants in person); and wider costs to government that may come from people not able to get support for civil legal problems.



## Legal Aid Agency

### By region

#### Access to civil legal aid varies greatly across England and Wales:

- The map opposite shows the amount of face-to-face civil legal aid work started per 100,000 people by local authority.
- The number of providers conducting work and the number of cases varies widely.

#### Parts of the country have no active providers of face-to-face civil legal aid:

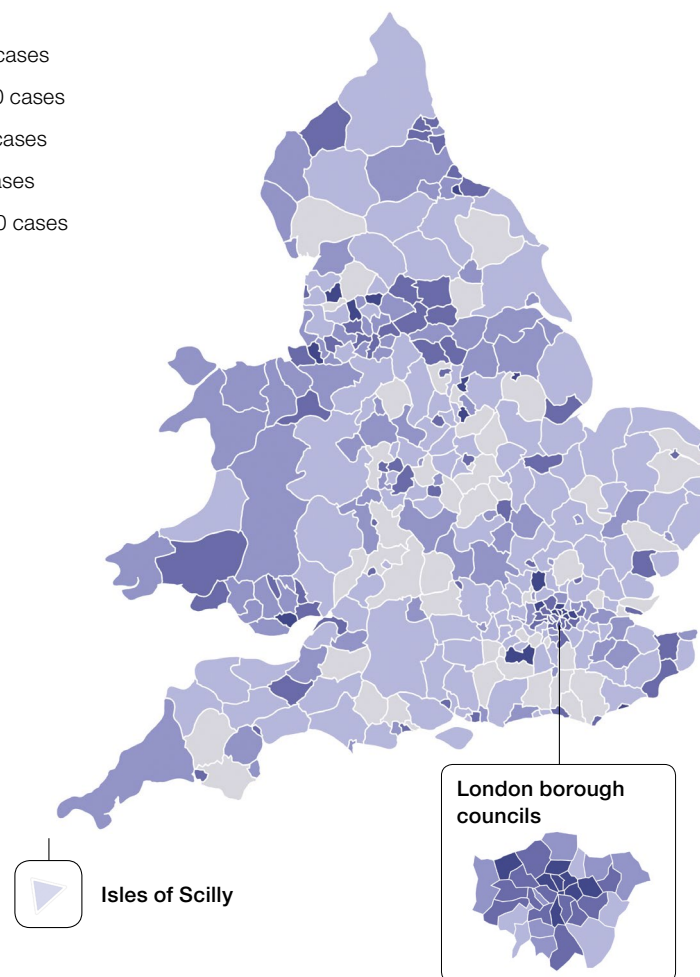
- In 14 local authorities no face-to-face civil legal aid work was started in 2013-14.
- 22 legal aid providers in a further 39 local authorities started fewer than 49 pieces of legal aid work per 100,000 people.
- The highest figure was in Camden in London, where providers based in the area started 4,283 pieces of legal aid work for every 100,000 people who lived there.

The Ministry does not know whether this variation is because of differing needs or other factors.

Number of face-to-face matter starts per 100,000 people in each local authority area in 2013-14

#### Value

- Over 1,001 cases
- 501 to 1,000 cases
- 251 to 500 cases
- 51 to 250 cases
- Less than 50 cases



#### Note

- 1 This includes both legal help and civil representation matter starts. This is likely to over-estimate the amount of cases carried out as one case may have both a legal help and civil representation component. It is not possible to identify these cases from Legal Aid Agency data.

Source: National Audit Office analysis of Legal Aid Agency data, National Audit Office, *Implementing reforms to civil legal aid*, HC 784, Session 2014-15, November 2014



## Legal Aid Agency

## What are the things to look out for?

In our report on [implementing changes to civil legal aid](#) we made recommendations in a number of areas:

- **Costs**

The Ministry should develop measures to evaluate the impact of the reforms more fully, including estimating any wider costs to the courts system. For example, it should improve its data on court case duration, potentially as part of its criminal justice system efficiency programme.

- **Resolving disputes out of court**

The Ministry should consider what further steps it could take to meet its objective of reducing the number of cases going to courts in the areas of law removed from the scope of civil legal aid. This includes continuing to monitor the use of mediation, and considering what further action it should take if take-up does not increase in line with expectations.

- **Access to legal aid**

The Ministry should establish the extent to which those who are eligible for civil legal aid are able to access it and what obstacles, if any, exist.

- **Sustainability of legal aid providers**

The Ministry should develop its understanding of the challenges facing civil legal aid providers and the provision of support across the country. It should use this improved understanding to ensure sustainability in the market and coverage across the country.

The Ministry is planning further changes for 2015, including restructuring the contracts for providing criminal legal aid, further fee reductions and reforming advocacy services. The tendering process for new criminal legal aid contracts closed on 5 May 2015. The Ministry anticipates that the changes will lead to savings of around **£215 million** per year.



## Courts and Tribunals Service

### What does it do?

HM Courts & Tribunals Service (HMCTS) was created on 1 April 2011 and is an executive agency of the Ministry of Justice.

It administers the criminal, civil and family courts and tribunals in England and Wales and non-devolved tribunals in Scotland and Northern Ireland.

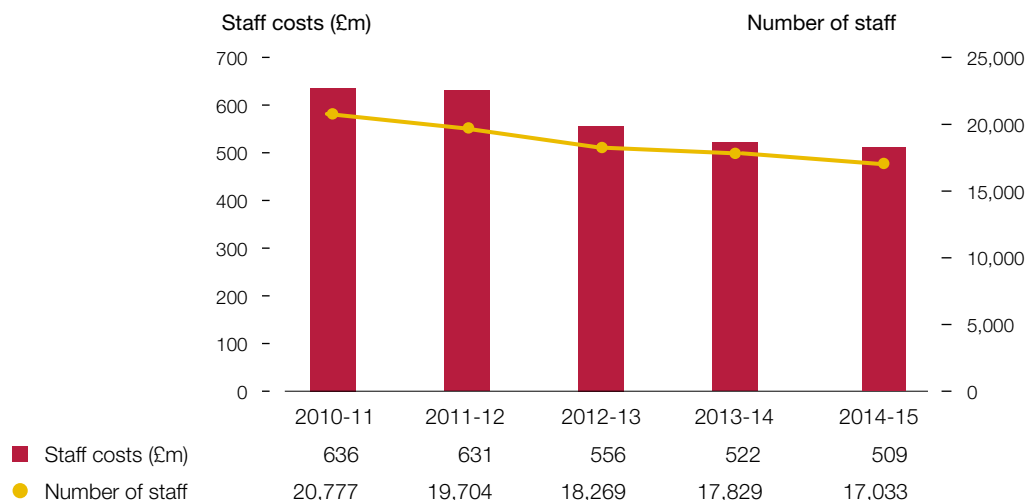
This involves administering the work of the Royal Courts of Justice, the County Court, the Family Court, the Crown Court, Magistrates' Courts and 24 tribunals.

### Staff

HMCTS employed a total of 17,033 full-time equivalent staff in 2014-15 (down from 20,777 in 2010-11) at a cost of £509 million. The Ministry also pays the salaries and fees of 2,900 judges, at a cost of £449 million.

The results of the People Survey for HMCTS were below the civil service average for all but three of the nine themes, although the results for overall staff engagement improved compared to 2013.

Changes in staff number at HM Courts & Tribunals Service (excludes judiciary)



Source: HM Courts & Tribunals Service Annual Report and Accounts

### Attitudes of staff in 2014 compared with the Ministry of Justice group



Sources: Civil Service People Survey 2014

## Courts and Tribunals Service

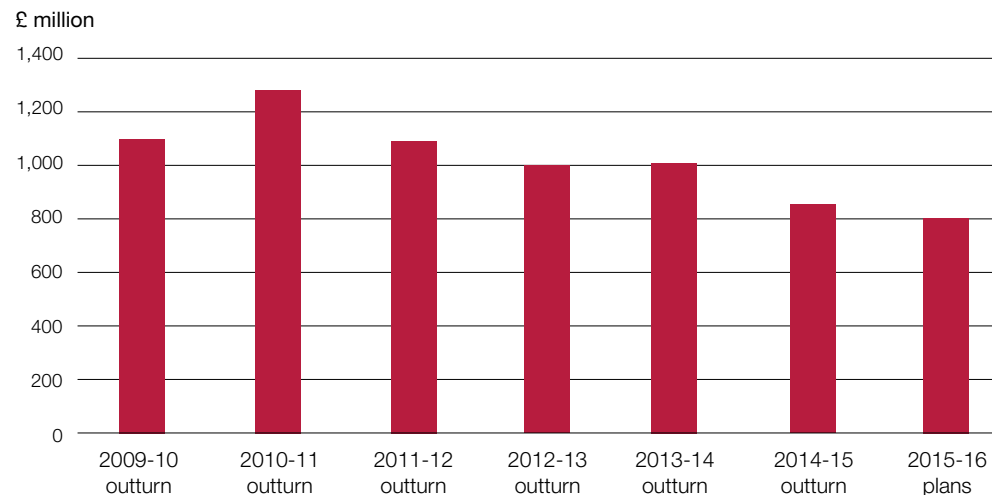
# How much does it cost?

HMCTS spent £1.1 billion (net) in 2014-15, down from £1.3 billion in 2010-11.

Total staff costs within HMCTS fell £127 million over the last Parliament to £509 million (from £636 million in 2010-11).

As well as reducing staff costs, HMCTS expects to save some £145 million from its courts closure programme (see following slide).

## HMCTS budgeted net public expenditure



Source: Ministry of Justice *Annual Report and Accounts 2014-15*

## HMCTS planned allocation by regions

| Region                 | 2013-14 (£)      | 2014-15 (£)      |
|------------------------|------------------|------------------|
| London                 | 256,696          | 256,935          |
| North East             | 107,375          | 100,117          |
| South East             | 116,562          | 117,665          |
| North West             | 112,423          | 103,792          |
| Midlands               | 126,553          | 114,901          |
| South West             | 68,063           | 66,024           |
| Wales                  | 57,091           | 45,060           |
| Scotland               | 23,253           | 16,104           |
| Centralised front line | 317,951          | 316,894          |
| Estates                | 231,390          | 229,987          |
| Other                  | 449,239          | 427,284          |
| Gross expenditure      | 1,866,596        | 1,794,763        |
| Income                 | (637,641)        | (697,278)        |
| <b>Net expenditure</b> | <b>1,228,955</b> | <b>1,097,485</b> |

Source: HM Courts & Tribunals Service *Annual Report and Accounts 2014-15*



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## Courts and Tribunals Service

# Developments

## Court closures

In December 2010, the Lord Chancellor announced a programme to close 142 courts (93 Magistrates' Courts and 49 County Courts) targeting courts that were underused with poor facilities, to reduce routine maintenance and running costs.

The programme was largely complete by June 2014, with 139 courts closed (91 Magistrates' Courts and 48 County Courts). This is expected to bring £145 million benefits over the spending review period. As part of the programme, HMCTS had, by April 2014, sold 59 properties for £41 million.

## Fee paid judges

In 2013, the UK Supreme Court ruled that since 2000, a retired fee-paid judicial office holder is entitled to a pension and other benefits on terms equivalent to those of a salaried judicial office holder. In January 2014, the employment tribunal ruled that fee-paid judges had not been paid on a comparable basis to salaried judges in several other areas, such as training, sick pay, London weighting and other fees. A total liability of £174 million was recognised in the 2013-14 Ministry accounts, £133 million for pay claims. This was reduced to £89 million in the 2014-15 Ministry accounts, £15 million of which was for pay claims

## Digital hearings

Increasing the number of digital hearings in criminal courts is a priority for HMCTS in 2014-15. This includes providing: in-court Wi-Fi for professional users; the capability to present information digitally in Magistrates' Courts; a method for ensuring the Lay Bench can work digitally during proceedings; and an effective digital case management store. The target date for completion is 2016.



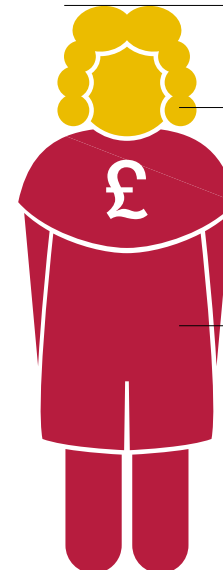
**139** courts closed  
June 2014

**48** County Courts

**91** Magistrates' Courts

**£89 million**  
liabilities

2014-15



**£74 million** other claims

**£15 million** pay claims



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## Courts and Tribunals Service

## What are the things to look out for?

## Progress with the Courts and Tribunal Service Reform Programme

The Secretary of State announced a programme of reform to courts in March 2014. HM Treasury agreed a one-off package of investment averaging up to £75 million a year over the five years from 2015-16. The Ministry plans to use this funding to:

- update and replace technology in courts and tribunals across the country;
- speed up and modernise working practices; and
- significantly refurbish the court and tribunal estate.

It expects to save over £100 million a year by 2019-20.

## Implementation of the common platform

The CPS and HMCTS are developing the 'common platform', an IT programme to deliver a common platform for the digital management of case information across the justice system. Expected benefits include improving the quality of justice outcomes and cutting the total cost of HMCTS and CPS services. The Major Projects Authority (MPA) rated this project as amber/red in September 2013 (latest data publicly available). The MPA noted that this reflected the early stage of the programme as the programme scope, controls and business case were still in development and it was unclear if the programme would be successful.

## Impact of decision to outsource collection of criminal fines

In July 2013, HMCTS started a procurement process to find a provider to collect criminal fines and to improve compliance and enforcement of court orders. Final bids were submitted in January 2015 and the successful bidder is expected to be announced later this year.



One-off investment averaging up to  
**£75 million**  
a year over the five years from 2015-16



Expected savings of over  
**£100 million**  
a year by 2019-20

## Prison Service

### What does it do?

The prison service in England and Wales is managed by the National Offender Management Service (NOMS), which also manages probation. NOMS is an executive agency of the Ministry of Justice, made up of NOMS HQ (the administrative centre), HM Prison Service and the Probation Service.

Prison services are provided predominantly through the 105 public sector prisons (82% of prison places), with private sector providers operating 14 prisons under contract. The private sector also provides significant services including prisoner escorts and electronic monitoring of offenders.

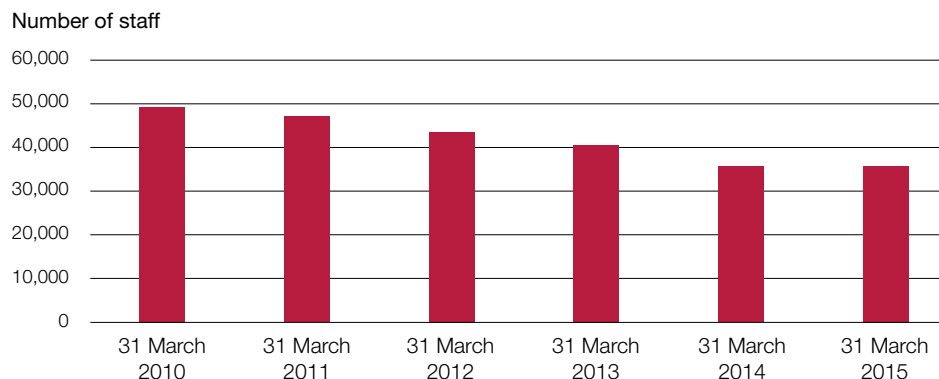
The conditions and treatment of prisoners and other detainees are monitored by HM Inspectorate of Prisons for England and Wales. The Chief Inspector of Prisons, who is appointed by the Crown based on the advice of the Justice Secretary, reports directly to the Justice Secretary and Ministers.

### Staff

The Prison Service employed 32,560 people at the end of March 2015, down from 33,190 people the previous year.

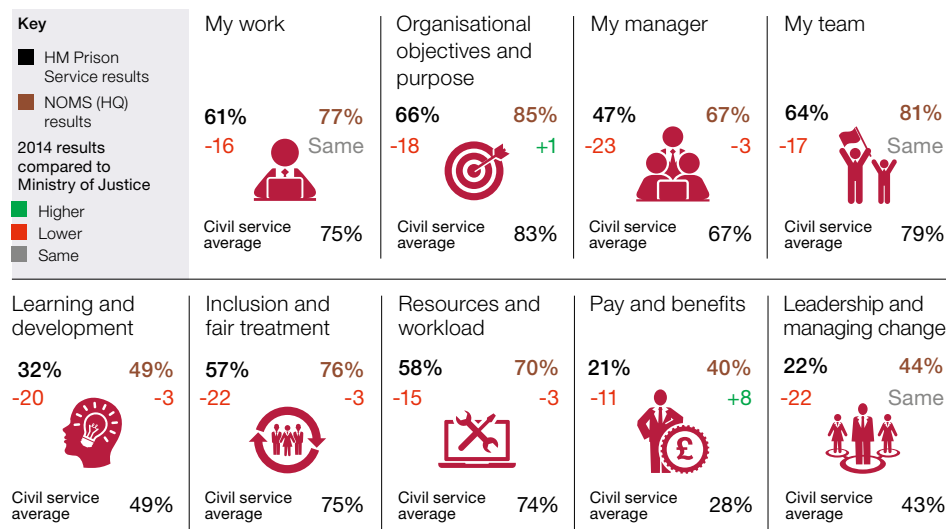
The 2014 staff survey scores for HM Prison Service were the lowest across the Ministry. This is the second consecutive year of declining staff survey scores for NOMS as a whole. These results should be viewed against significant reform programmes in custody and the community – the Prison Unit Cost and Transforming Rehabilitation Programmes – and staff number reductions.

Number of staff within NOMS HQ and Prison Service, 2010 to 2014



Source: National Offender Management Service Workforce Statistics March 2015

### Attitudes of staff in 2014 compared with the Ministry of Justice group



Sources: Civil Service People Survey 2014

## Prison Service

# How much does it cost?

The Prison Service in England cost around £2.2 billion (net) to run in 2014-15, compared with £2.3 billion in 2013-14.

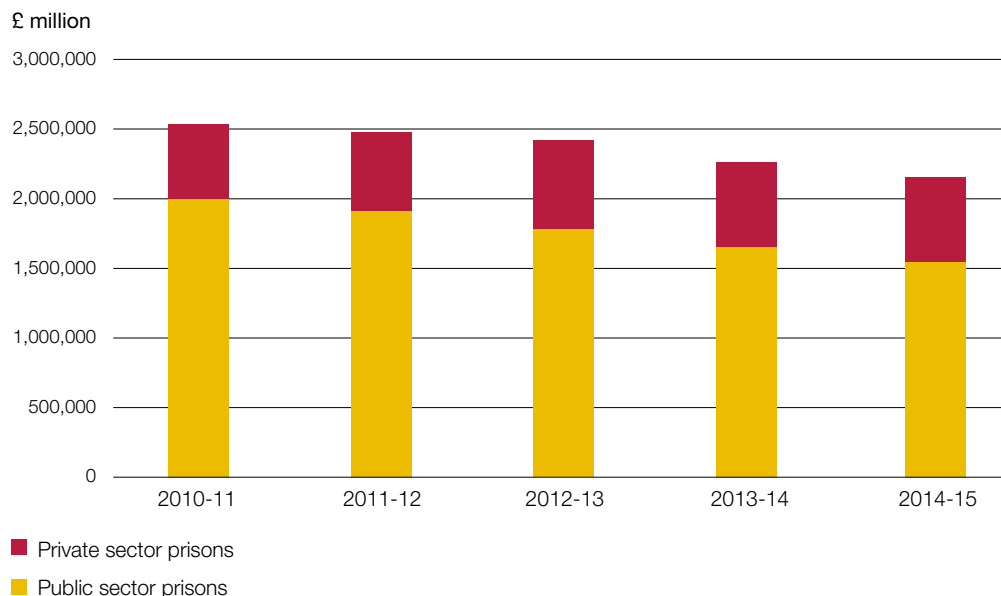
NOMS planed to reduce prison costs by over £500 million overall within this spending review period (2011-12 to 2014-15), with the target for prison closures alone contributing gross savings of around £170 million.

Our 2013 report on managing the prison estate found that while NOMS had closed several high-performing prisons and urgently needs to reform new prisons, the strategy for the prison estate is the most coherent and comprehensive for many years.

Between 2009-10 and 2013-14, the direct cost of a prison place declined in real terms by 13% per place (based on the number of places available) and 12% per prisoner (based on the number of prisoners held).

NOMS reports that it is on course to deliver an overall reduction in its prison spend between 2013-14 and 2015-16 of £300 million (15%) compared to 2012-13 as part of its Prisons Unit Cost Programme (see Developments slide).

National Offender Management Service – Cost of Public Sector and Private Sector Prisons (net)



### Notes

- Figures for private sector prisons are an estimate based on 'other contracted services' within the Agency's accounts.
- Figures for 2013-14 and 2014-15 exclude 'NOMS Wales' (which includes all other activities in Wales ie public sector prisons and other contracted out services) and so are not directly comparable with previous years. The cost of NOMS Wales was £129.7 million and £87.4 million in 2014-15 and 2013-14 respectively.

Source: National Offender Management Service Annual Report and Accounts



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## Prison Service

# Developments

## Prison Unit Cost Programme

This year will see the completion of the programme which radically reshapes how prisons work, which the Ministry estimates will save £300 million a year from 2015, reducing overall unit cost by about £2,200 per place. Public sector prisons benchmarking and efficiency achieved savings of £84 million in 2013-14. The programme was looked at in detail in the previous Justice Select Committee's report [Prisons: planning and policies](#), published in March 2015.

## 2,000-place prison, North Wales:

The Ministry plans to build a large prison in Wrexham. This will be the largest one in England and Wales with 2,106 male category C places with a small remand function. The Ministry has started feasibility work on a second large prison for adult males and youth offenders for the South East.

## Transforming Youth Custody

Following a consultation on transforming youth custody the Ministry plans to introduce secure colleges, described as a "new generation of secure educational establishments where learning, vocational training and life skills will be the central pillar of a regime focused on educating and rehabilitating young offenders". The Ministry plans to launch the secure college in the East Midlands in 2017.

## Transforming Rehabilitation

The Ministry is making significant changes to probation arrangements, such as extending statutory rehabilitation to short sentenced offenders (who have the highest reoffending rates). This will have an impact on prisons as it effects the plan for offenders' release.

## Managing private contractors

In 2013, the Ministry became aware that G4S and Serco had overbilled it for several years for electronic monitoring services. For example, we reported some instances where the contractors were charging monitoring fees for months or years after electronic monitoring activity had ceased.

The Ministry commissioned a forensic audit of contracts by PricewaterhouseCoopers (PwC). In December 2013, Serco agreed to pay £70.5 million reimbursement. In March 2014, G4S agreed to repay £108.9 million owed on its contracts for electronic monitoring and on the two facilities management contracts. Both suppliers were referred to the Serious Fraud Office for investigation.

The issue arose largely due to a failure over many years to recognise contract management as a distinct and respected specialism with a strong ethos and well-defined responsibilities. Our 2014 work on [transforming contract management](#) found that the Ministry had responded promptly to the issue, initiating a comprehensive improvement plan. This has the potential to transform how it manages its contracts if it sustains its current commitment (see [probation link](#)).



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## Prison Service

### By region

#### Prison performance

There were 84,343 people detained in the prison estate in England and Wales at the end of April 2015.

Of the 105 public sector and 14 private prisons in England and Wales, 30 had more than 1,000 prisoners (22 public sector and 8 private prisons) in April 2015. Those with the largest populations included:

- Wandsworth (public sector, total population 1,607)
- Oakwood (private sector, 1,589)
- Parc (private sector, 1,557)
- Forest Bank (private sector, 1,416)
- Birmingham (private sector, 1,414)

The smallest prisons were East Sutton Park and Askham Grange, with 89 and 94 prisoners respectively.

The average cost per prisoner in 2013-14 was £33,785, down from £34,999 in 2012-13.

#### Prison performance

The National Offender Management Service is responsible for publishing annual performance ratings for the prisons in England and Wales. Performance is assessed according to four areas (Public Protection, Reducing Reoffending, Decency and Resource Management and Operational Effectiveness) and graded into one of four bands (see map, right).

In 2013-14, the performance of 16 prisons was rated as excellent (Askham Grange, Blantyre House, Bure, Eastwood Park, Full Sutton, Gartree, Grendon/Spring Hill, Hollesley Bay, Hull, Huntercombe, Kirklevington Grange, Manchester, Parc, Send, Thorn Cross, Usk/Prescoed). Brinsford prison was the only prison to be given the lowest rating (1= overall performance is of serious concern).

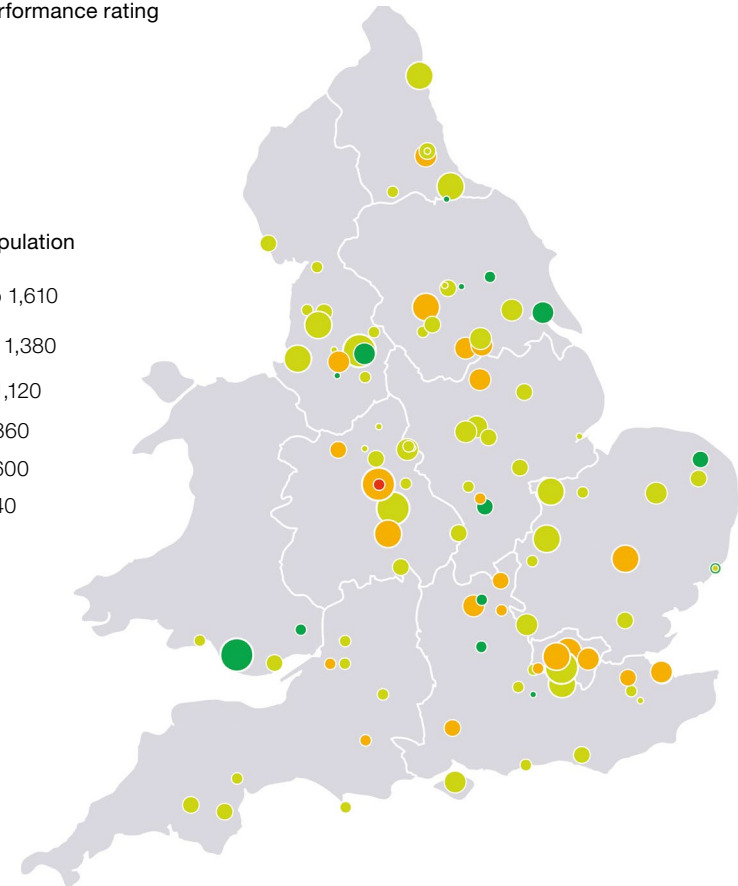
#### Prison population and performance ratings across England and Wales

##### Prisons by performance rating

- 4 to 5
- 3 to 4
- 2 to 3
- 1 to 2

##### Prisons by population

- 1,380 to 1,610
- 1,120 to 1,380
- 860 to 1,120
- 600 to 860
- 340 to 600
- 80 to 340



Source: National Offender Management Service

## Prison Service

## What are the things to look out for?

## Managing the prison estate



NOMS has taken a longer-term approach to developing its prison estate since 2010, after many years of reacting to rapidly increasing prisoner numbers. Its strategy has reduced operating costs quickly (expected to save £71 million between 2010 and the end of March 2014, increasing to a total of £211 million by March 2015, when we reported in December 2013) but resulted in the closure of several high-performing prisons, whose performance was not yet matched by new ones. NOMS also needs to understand more about the performance consequences of building large prisons which form part of the strategy.

## Impact of Transforming Rehabilitation on prisons



The Transforming Rehabilitation programme includes a number of measures designed to reduce re-offending rates, such as extending statutory rehabilitation to short sentenced offenders (who have the highest reoffending rates) and reorganising prisons to provide prisoners with continuous support from custody to community. In 2013-14, however, a report by HM Inspectorate of Prisons and HM Inspectorate of Probation raised doubts about HM Prison Service's "capacity to implement the changes required... especially for short-term prisoners".

## Prison Capacity



In 2013-14, 22.9% of prisoners were held in crowded prisons, where the occupancy exceeded the certified normal accommodation in that unit. The total useable operational capacity of the prison estate, including NOMS operated immigration removal centres, was 86,489 compared to a population of 85,582 in June 2014. This is against a backdrop of an increasing prison population.

## Delays in releasing prisoners



There is a growing backlog of hearings to establish whether prisoners are eligible for release at the Parole Board due to a recent legal ruling that more oral (rather than written) cases must be heard. This may lead to delays in releasing prisoners. Extending the time prisoners are held would increase costs for the prison system. It may also increase the number of prisoners held in crowded conditions.

## Probation Service

# What does it do?

Following Transforming Rehabilitation reforms in 2014, probation services are provided by:

- The **National Probation Service (NPS)**, a service within NOMS that deals with high-risk offenders released into the community; and
- 21 **community rehabilitation companies (CRCs)** owned by private and third sector providers, which deal with medium- and low-risk offenders.

About half of crime is committed by those who have been through the criminal justice system. Around half of adults released from prison have served sentences of less than 12 months and almost 60% of those go on to reoffend within a year of release. Transforming Rehabilitation aims to drive down reoffending, and improve value for money by providing probation services through a more diverse market, extending the approach to offenders sentenced for up to 12 months, and introducing payment by results.

### Probation service caseload, 2010–2014

| Year | Total caseload |
|------|----------------|
| 2010 | 238,973        |
| 2011 | 234,528        |
| 2012 | 224,823        |
| 2013 | 219,588        |
| 2014 | 217,359        |

Source: Ministry of Justice, Offender Management Statistics (Table 4.7 – All supervision). Data correct at 31 December for each year

## Staff

Prior to Transforming Rehabilitation the Probation Service employed 17,182 full-time equivalent staff (2013-14).

Scores for the National Probation Service in the 2014 civil service people survey were lower than the civil service average and the results for NOMS for all of the nine key themes included in the survey.

In June 2014, probation staff transferred either to the NPS or CRCs. CRCs employed and funded 9,288 full-time equivalent staff between 1 June 2014 and 31 January 2015. They became private companies on 1 February 2015 and now control their own staffing levels. The NPS employed an average of 7,035 full-time equivalent staff in 2014-15.

### Attitudes of staff in 2014 compared with the Ministry of Justice group



Sources: Civil Service People Survey 2014

## Probation Service

# How much does it cost?

## Spending

Probation trusts spent £804.5 million in 2013-14, down from £902.7 million in 2010-11 (NOMS funding).

Spending by probation trusts decreased each year of the last Parliament (see graph, right).

Data on the annual spending of the National Probation Service and Community Rehabilitation Companies is unavailable as these were introduced during the 2014-15 financial year.

## Cost per offender

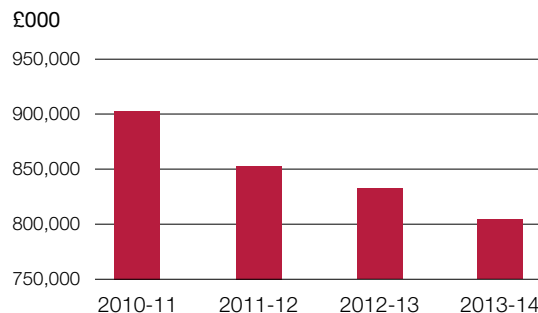
Probation trusts spent an average of £2,620 per offender supervised on licence after custody in 2012-13 (up from £2,415 in 2011-12).

Each offender serving a community order or suspended sentence order cost an average of £4,305 in 2012-13 (up from £4,200 in 2011-12).

## Savings within the probation service

NOMS has made £115 million of savings (13%) within probation services in the past three years, including £86 million savings (10%) from within probation trusts.

### Probation trust expenditure (NOMS funding)



Source: National Offender Management Service Annual Reports and Accounts

### Savings delivered by the probation service

|         |                |
|---------|----------------|
| 2011-12 | £60 million    |
| 2012-13 | £30 million    |
| 2013-14 | £26 million    |
| 2014-15 | — <sup>1</sup> |

#### Note

- 1 Probation was restructured in 2014-15 under the Transforming Rehabilitation reforms with savings reinvested to extend supervision to prisoners serving sentences under 12 months.

Source: National Offender Management Business Plan 2014-15

## Probation Service

# Developments

## Transforming rehabilitation

In May 2010, the government announced it intended to overhaul the rehabilitation system, publishing its proposals for reform in 2013. The main changes were:

- opening up the market to diverse new rehabilitation providers;
- introducing new payment incentives for providers to focus on reforming offenders;
- extending statutory supervision and rehabilitation to those sentenced to under 12 months in custody;
- nationwide 'through the prison gate' resettlement service, meaning most offenders are given continuous support by a single provider from custody into the community; and
- A public sector National Probation Service.

## Timeline

Up to 1 June 2014, 35 **probation trusts** provided services in England and Wales. They managed an average of 219,500 offenders, spent over £860 million and employed 17,182 staff (all 2013-14).

Probation trusts ceased providing probation services on 31 May 2014.

From then until 1 February 2015, the **National Probation Service (NPS)** and 21 **Community Rehabilitation Companies (CRCs)**, owned by the Secretary of State, provided probation services.

Since 1 February 2015, the private and third sector has owned and operated the CRCs. The NPS continues to be a service within NOMS dealing with high-risk offenders.

## Geographic Areas of the 21 Community Rehabilitation Companies



Source: National Offender Management Service

## Probation Service

# What are the things to look out for?

### Ensuring the efficiency of rehabilitation services

The extension of probation supervision to offenders who are released from short prison sentences, and the creation of a new requirement for rehabilitation activity that can be imposed on offenders serving sentences in the community, will result in a gradual build-up of eligible offenders being supervised. **HM Inspectorate of Probation** undertook a review of the early implementation of the Transforming Rehabilitation programme between April and September 2014 which found that the programme had exposed shortfalls in systems, processes, practice quality, consistency, leadership and management which needed to be addressed. Its second review conducted between December 2014 and January 2015 concluded that many of these challenges still remained, but that this was not surprising given that the programme was still in the early stages of implementation. The inspection confirmed that it will take time for a number of the issues to be resolved in what is a fast moving and complex programme of reform, but that there was still much to do to streamline processes, review and improve IT systems and processes, and reduce bureaucratic burdens that could stifle innovation.

### Managing and allocating offenders effectively

Offenders are allocated to either the National Probation Service or Community Rehabilitation Companies on the basis of their Multi-Agency Public Protection Arrangements status and the risk of serious harm those individuals pose. This risk assessment needs to be robust so that offenders are allocated appropriately. Having separate organisations raises an inherent risk around effective sharing of information when offenders move between organisations, either due to geographical reasons or because of a change in their risk profile.

### Managing markets and suppliers

The management and supervision of offenders is a crucial public service that cannot be interrupted for any reason, including supplier failure. Our work on the changes to the probation landscape emphasised the need for the Ministry to ensure that it has appropriate capacity and regulation to ensure any early signs of supplier failure are detected and acted on. Plans need to be in place to ensure there is always a provider of last resort to ensure service continuity.

### Having the right skills in place

To manage the suppliers of rehabilitation services so that contracts deliver both the benefits anticipated for taxpayers and value for money, the Ministry needs to sustain its focus on improving commercial capability and contract management.

### Managing and retaining staff

It is not unusual for significant change at an organisation to have a negative impact on staff morale. To date, the probation unions and some individual probation officers have reported increasing workloads for some staff and inappropriate allocation of cases to staff. The 2014 HM Inspectorate of Probation report on the implementation of the Transforming Rehabilitation programme similarly concluded that staff needed to be supported more appropriately to address low morale, frustration about complex new tasks and poorly integrated IT systems, and a disconnect between senior managers and frontline staff as a result of poor communication and low engagement. This was less of a concern in its second review, which did not mention staff morale, but again raised issues with workload, as well as signs of developing tensions between managers within NPS and CRCs as managers “considered what they were actually contracted to do and entitled to receive, rather than what they had traditionally done”.



# Appendix One

## Arm's-length bodies, Executive Agencies and Executive NDPBs

### Children and Family Court Advisory and Support Service

Non-departmental public body established in April 2001 to safeguard and promote the welfare of children involved in family court proceedings. Transferred to the Ministry of Justice from the Department for Education in April 2014.

### Criminal Cases Review Commission

An independent, executive non-departmental public body that the Ministry of Justice sponsors, which reviews possible miscarriages of justice in the criminal courts of England, Wales and Northern Ireland and refers appropriate cases to the appeal courts.

### Criminal Injuries Compensation Authority

An executive agency that the Ministry sponsors, which deals with compensation claims from people who are victims of violent crimes in England, Scotland or Wales, and have been physically or mentally injured.

### HM Courts & Tribunals Service

Administers the criminal, civil and family courts and tribunals in England and Wales and non-devolved tribunals in Scotland and Northern Ireland.

### Information Commissioner's Office

An independent, executive non-departmental public body that the Ministry sponsors, set up to uphold information rights in the public interest. Also promotes openness by public bodies and data privacy for individuals.

### Judicial Appointments Commission

An independent commission that selects candidates for judicial office in courts and tribunals in England and Wales, and for some tribunals whose jurisdiction extends to Scotland or Northern Ireland.

### Legal Aid Agency

An executive agency that the Ministry sponsors to provide civil and criminal legal aid and advice in England and Wales.

### Legal Services Board

An independent body that oversees the regulation of lawyers in England and Wales. It ensures that regulation in the legal services sector is carried out in the public interest.

### National offender Management Service

Manages public sector prisons and oversees probation services in England and Wales. Also manages contracts for private sector prisons and services such as the Prisoner Escort Service and electronic tagging.

### Office for Legal Complaints

The Office for Legal Complaints appoints the Legal Ombudsman for England and Wales, which ensures there is an independent ombudsman service to resolve complaints about legal services in England and Wales.

### Office of the Public Guardian

An executive agency that the Ministry sponsors, which protects people in England and Wales who may not have the mental capacity to make certain decisions themselves, such as about their health and finance.

### Parole Board

An independent, executive non-departmental public body that the Ministry sponsors. It carries out risk assessments on prisoners to determine whether they can be safely released into the community.

### Youth Justice Board

An executive non-departmental public body that the Ministry sponsors, which oversees the youth justice system in England and Wales.