



National Audit Office

DEPARTMENTAL OVERVIEW

A summary of the NAO's work on the Ministry of Justice 2010-11

SEPTEMBER 2011

Our vision is to help the nation spend wisely.

We apply the unique perspective of public audit to help Parliament and government drive lasting improvement in public services.

The National Audit Office scrutinises public spending on behalf of Parliament. The Comptroller and Auditor General, Amyas Morse, is an Officer of the House of Commons. He is the head of the NAO, which employs some 880 staff. He and the NAO are totally independent of government. He certifies the accounts of all government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources. Our work led to savings and other efficiency gains worth more than £1 billion in 2010-11.



National Audit Office

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Introduction

Aim and scope of this briefing

The primary purpose of this Departmental Overview is to provide a summary of the work by the National Audit Office on the Ministry since June 2010. It is one of seventeen we have produced covering our work on each major government department. The briefing draws on the Ministry's Annual Report and Accounts for 2010-11 and other published sources, but its main focus is the findings of work published by the National Audit Office, in particular those areas where we believe the Ministry's performance could be improved. The content of the briefing has been shared with the Ministry to ensure that the evidence presented is factually accurate, but the content of the briefing is the sole responsibility of the NAO.

In the past year, we supported the Justice Select Committee by providing a briefing on the working of the family courts and advice on the Ministry's new departmental business plan. We are also supporting the Committee in its wide-ranging inquiry into the overall structure and budget of the Ministry.

We will continue to support all select committees in 2011-12, providing briefing on each major department and supporting specific inquiries wherever our expertise and perspective can add value.

Part One

About the Ministry

The Ministry's responsibilities

1 The Ministry of Justice (the Ministry) is responsible for setting and delivering government policy on the criminal, civil and family justice systems. It was created in its current form in May 2007, bringing responsibility for the whole criminal and civil justice systems of England and Wales under one Secretary of State for the first time.

How the Ministry is organised

2 The Ministry is headed by the Secretary of State for Justice (who is also the Lord Chancellor). He chairs the Departmental Board, which sets the Ministry's strategic direction, and whose members include the Ministerial team, the Permanent Secretary, Director General Finance and Corporate Services, Director General Transforming Justice and the Departmental Non-Executive Board Members. An Executive Management Committee of the Board is responsible for the day-to-day management of the Ministry.

3 The Ministry is organised into four main business groups: Justice Policy, HM Courts and Tribunals Service, the National Offender Management Service and Corporate Performance (which provides professional services and administrative support).

4 The Ministry's criminal justice remit is delivered on its behalf by a range of large agencies and arm's-length bodies including the National Offender Management Service, which oversees prisons and probation, and the Legal Services Commission, which administers legal aid (although the Commission is due to be replaced in 2012 by a new agency). Appendix One lists the Ministry's delivery bodies.

Where the Ministry spends its money

5 In 2010-11 the Ministry spent £9.3 billion,¹ of which 90 per cent was spent through its main sponsored bodies on its core justice responsibilities (see **Figure 1** overleaf). The central Ministry spends £565 million on its own administration, and grants of £40 billion were made to the Scottish Government and Welsh Assembly Government. Aside from the devolved administrations, the largest recipients of funding were the National Offender Management Service and the Legal Services Commission. In total, the Ministry and its agencies employ nearly 80,000 staff.

6 The whole-life cost of all the Ministry's current major projects is £291 million. The costs in 2010-11 for its top five projects were: Shared Services (£127 million); Legal Services Commission – Integrated Delivery Programme (£43 million); Court Estate Reform Programme (£43 million); Future IT Sourcing (£40 million); and Legal Aid Reform and Central Funds (£15 million).²

Recent developments

7 In the 2010 Comprehensive Spending Review, the Ministry was subject to a cut of 23 per cent in its resource budget by 2014-15. It has to find savings over the next four years, rising from around £500 million in the first year to £1.7 billion in the final year. It plans to achieve these savings through a number of changed practices including a common operating model for back office functions, prison closures and competitions, and through policy reforms in legal aid and sentencing.

8 The Ministry set out some key changes during 2010-11 that will contribute towards the required savings. These included:

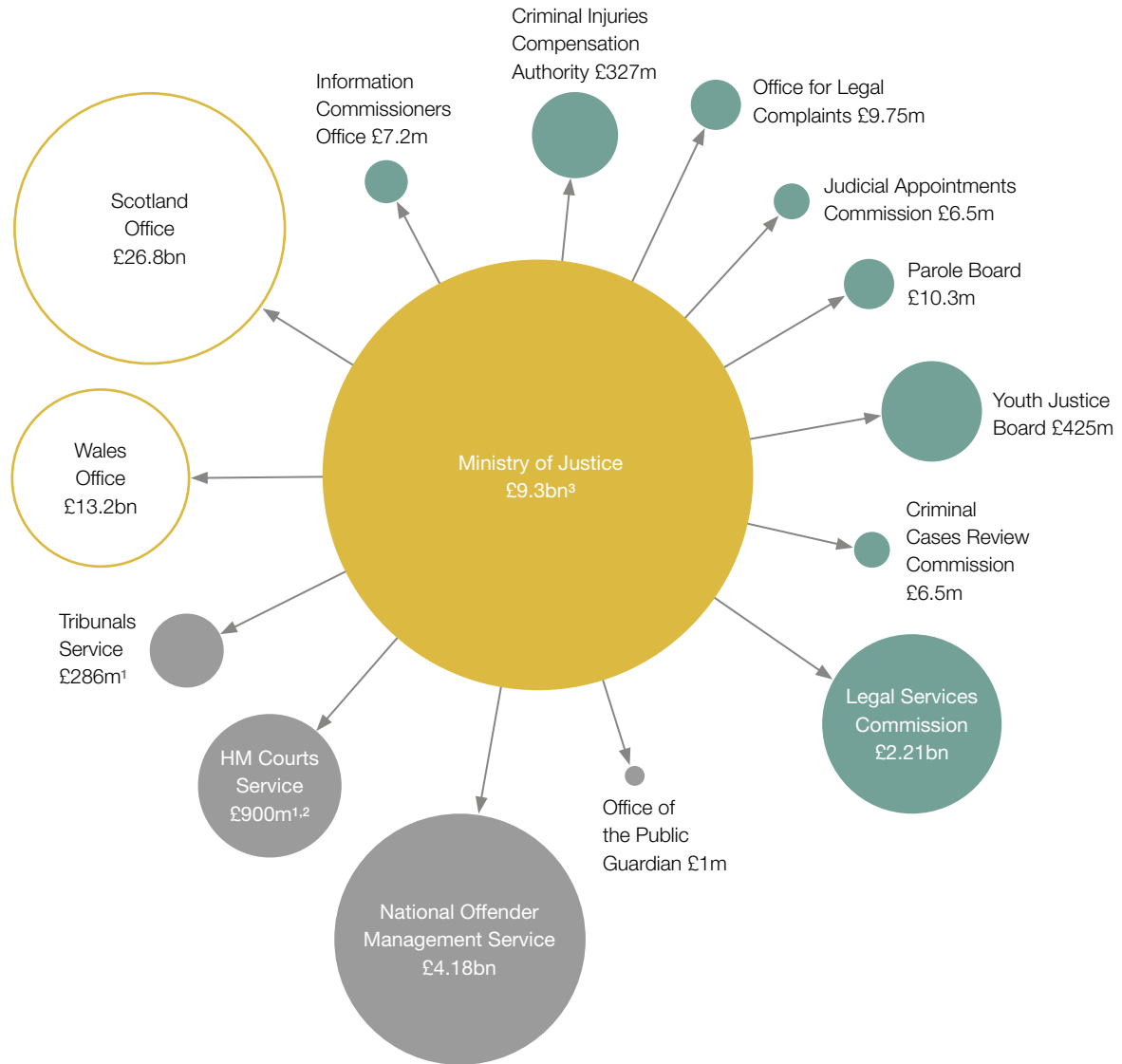
- a Court Closure programme, announced in December 2010, which recommends the closure of 93 Magistrates Courts and 49 County Courts in England and Wales; and
- the merger of Her Majesty's Courts Service and the Tribunals Service, from April 2011.

¹ This figure is net of £1.1 billion of income.

² Ministry of Justice Business Plan Quarterly Data Summary, July 2011.

Figure 1

The funding of the Ministry of Justice and its main sponsored bodies



● Executive Non Departmental Public Bodies ● Executive Agencies

NOTES

- 1 In April 2011 HM Courts Service and the Tribunals Service merged to form HM Courts and Tribunals Service.
- 2 £900 million excludes £78 million costs from central funds.
- 3 £9.3 billion includes £565 million on the Ministry's own administration and around £370 million on smaller sponsored bodies not shown in this Figure, but excludes Scotland and Wales.

Source: Annual Report and Accounts 2010-11, Table 1 on Total Department Spending (pages 65 to 66)

9 The Legal Services Commission, the second largest of the Ministry's sponsored bodies, is responsible for providing legal aid in England and Wales. The Legal Aid, Sentencing and Punishment of Offenders Bill introduced to Parliament in June 2011 proposed the abolition of the Commission and the creation of a new executive agency within the Ministry from October 2012. The Ministry expects this change in status and reorganisation of the Commission to bring about improved governance arrangements, greater accountability to Ministers, clarity in roles and responsibilities, and stronger financial and performance management. The legal aid fund had represented 25 per cent of the Ministry's budget, yet there was confusion over accountabilities between the Ministry and the Commission. The Commission was subject to fundamental criticism when both its 2008-09 and 2009-10 accounts were qualified.

Capability and leadership

Capability Action Plan

10 In 2006 the Cabinet Office launched Capability Reviews to assess departments' leadership, strategy and delivery to improve departmental readiness for future challenges and to enable departments to act on long-term key development areas. Since publication of the last round of external assessments, between April 2008 and December 2009, departments are now required to conduct and publish self-assessments and resulting action plans against standard criteria set out in the Cabinet Office model of capability, which was updated in July 2009.³ Departments must rate their capability against ten criteria under three themes:

- **Leadership criteria** – 'set direction'; 'ignite passion, pace and drive'; and 'develop people'.
- **Strategy criteria** – 'set strategy and focus on outcomes'; 'base choices on evidence and customer insight'; and 'collaborate and build common purpose'.
- **Delivery criteria** – 'innovate and improve delivery'; 'plan, resource and prioritise'; develop clear roles, responsibilities and delivery models'; and 'manage performance and value for money'.

11 All self-assessments are due for completion by March 2012, with the first self assessment nearing completion. In addition to self assessment, departments also have the option of asking the Cabinet Office to undertake a full external Capability Review assessment.

12 The Civil Service People Survey aims to provide consistent and robust metrics to help government understand how it can improve levels of engagement across the Civil Service. As part of this survey, civil servants across all participating organisations are asked a range of questions across nine themes which seek to measure their experiences at work. We present here the results of the second annual people survey for the Ministry of Justice (undertaken between mid-September 2010 and the end of October 2010) covering the themes of leadership and managing change, and understanding of organisational objectives and purpose (**Figure 2** overleaf). The results from surveys done in the 17 major departments are in Appendix Two.

Staff Survey results

13 Results from the Civil Service People Survey 2010 suggest that staff in the Ministry's group are becoming more positive about working there. Each Department receives an engagement index, assessing the level of staff engagement determined by the extent to which staff speak positively of the organisation, are emotionally attached and committed to it, and are motivated to do their best for the organisation. In 2010 the Ministry achieved an engagement index of 53 per cent, two percentage points higher than in 2009.

14 More broadly, across the Ministry and its associated bodies, 49 out of the 56 individual questions produced a better score than in the previous year. The most notable of the improvements included 77 per cent of staff understanding the organisation's purpose (up nine percentage points), and 42 per cent feeling a strong personal attachment (up eight percentage points).

³ More information about Capability Reviews is available at: www.civilservice.gov.uk/about/improving/capability/index.aspx

Figure 2
2010 Civil Service People Survey: Ministry of Justice (Corporate Report)

Theme	Theme score (% positive) ¹	Difference from 2009 survey	Difference from Civil Service 2010 ²
Leadership and managing change			
I feel that the Department as a whole is managed well	31	+3	-10
Senior Civil Servants in the Department are sufficiently visible	37	+5	-8
I believe the actions of Senior Civil Servants are consistent with the Department's values	34	+4	-5
I believe the Departmental Board has a clear vision for the future of the Department	27	-1	-8
Overall, I have confidence in the decisions made by the Department's Senior Civil Servants	26	+2	-10
I feel that change is managed well in the Department	23	+2	-5
When changes are made in the Department they are usually for the better	17	0	-6
The Department keeps me informed about matters that affect me	41	+3	-14
I have the opportunity to contribute my views before decisions are made that affect me	24	+3	-8
I think it is safe to challenge the way things are done in the Department	30	+4	-10
Organisational objectives and purpose			
I have a clear understanding of the Department's purpose	77	+9	-7
I have a clear understanding of the Department's objectives	72	+9	-5
I understand how my work contributes to the Department's objectives	76	+9	-5

NOTES

- 1 Percentage positive measures the proportion of respondents who selected either 'agree' or 'strongly agree' for a question.
- 2 The 2010 benchmark is the median per cent positive across all organisations that participated in the 2010 Civil Service People Survey. The difference between the Department and the Civil Service (Appendix Two) may differ due to rounding.
- 3 These results cover the Ministry and its associated bodies.

Source: Ministry of Justice People Survey Results, Autumn 2010

Part Two

Financial management

15 The ability of departments to control costs and drive out waste requires professional financial management and reporting. In particular, departments need to be better at linking costs to services and benchmarking performance to determine whether costs are justified and value for money can be improved. Organisations also need to move their risk management arrangements from a process-led approach to one which supports the efficient and effective delivery of services. Organisations have to publish Statements on Internal Control⁴ with their Annual Financial Statements which describe their arrangements for risk management, internal control and governance.

Financial outturn for 2010-11 and comparison with budget

16 The Ministry requested financial resources in 2010-11 to pursue its core activities and distribute funding to the devolved administrations in Scotland and Wales. For all three elements combined, the Ministry estimated that it would need net resources of £50.06 billion. Its actual net spending (outturn) for the year was £49.3 billion, some £760 million (or 1.5 per cent) less than the estimate.

Progress on cost reduction

17 Departments are under increasing pressure to reduce costs. The scale of cost reduction required means that they are having to look beyond immediate short-term savings, and think more radically about how to take cost out of the business and how to sustain this in the longer term. Our **Short Guide to Structured Cost Reduction**,⁵ published in June 2010, sets out the high-level principles that we would expect departments to follow in taking a structured approach to cost reduction. It covers the three stages of cost reduction – tactical efficiency savings, strategic operational realignment and sustainable cost reduction – and outlines nine principles underlying structured cost reduction, including having a data-driven approach to understanding, comparing and interrogating costs.

18 We have published detailed information and guidance on a number of the principles underpinning effective structured cost reductions, including **Managing risks in government**,⁶ **Progress in improving financial management in government**,⁷ and **Taking the measurement of government performance**.⁸

19 Our 2010 **Financial Management Report**⁹ examined the Ministry's Performance and Efficiency Programme, which was launched in 2008. The Programme's aim was to reduce its own costs and those of its sponsored bodies by £1 billion by March 2011. It focused on:

- cutting overheads and centralising back-office functions, such as procurement;
- rationalising the estate;
- reducing overall staffing levels and minimising the use of agency and contract staff; and
- means testing entitlement to criminal legal aid.

⁴ From 2011-12 departments will produce a Governance Statement rather than a Statement on Internal Control.

⁵ National Audit Office, *Short Guide to Structured Cost Reduction*, www.nao.org.uk/publications/1011/structured_cost_reduction.aspx

⁶ National Audit Office, *Managing risks in government*, June 2011 www.nao.org.uk/publications/1012/managing_risks_in_government.aspx

⁷ National Audit Office, *Progress in improving financial management in government*, HC 487, 2010-11.

⁸ National Audit Office, *Taking the measurement of government performance*, HC 284, 2010-11.

⁹ National Audit Office, *Ministry of Justice Financial Management Report*, HC187 Session 2010-11, 6 July 2010.

20 We found that the Ministry's Programme had been 'effective in providing a clear direction for efficiency across its corporate centre and arm's-length bodies'.¹⁰ The Programme included agreed efficiency targets for each of the Ministry's Business Groups and for central initiatives such as procurement. At the time of our report the Ministry reported that it was on track to deliver the £1 billion saving.

21 The 2010 Comprehensive Spending Review required the Ministry to reduce its administration budget by a third, and somewhere between 11,000 and 14,000 posts will be lost over the four-year Spending Review period. The weaknesses in the Ministry's financial management system and processes identified in our July 2010 report¹¹ would have impacted on its ability to implement the settlement, given that a full understanding of the cost and value of services is essential if cuts are to be targeted to minimise the impact on frontline services. Since our report, the Ministry has developed a greater understanding of the costs of the services it provides under the direction of its Costing Committee, established in January 2011. The Ministry has also improved its processes for modelling and forecasting expected workload and demand for services. These issues will be addressed in our follow-up Financial Management Report, which is due for publication in November 2011.

22 The Ministry set out some key changes during 2010-11 that will contribute towards the required savings. For example:

- Savings in running costs under the Court Closure Programme are estimated at £15 million per year; and savings in building maintenance costs are expected to be £22 million. In addition, a potential £38.5 million could be raised from the sale of court buildings.
- The merger of Her Majesty's Courts Service with the Tribunals Service could bring about annual savings of £34 million from April 2013 as a result of eliminating duplicated management arrangements, corporate overheads and services.

- In 2011-12 the National Offender Management Service will undergo a reorganisation and aims to reduce its headquarters and regional costs by at least a third by 2012-13, as well as deliver efficiency savings of around 10 per cent in front-line services.

NAO reports on financial management and efficiency

23 The July 2010 Financial Management Report found that the Ministry was making progress in improving financial management. The report also identified some areas where the Ministry was performing below best practice, including its consistency of approach to financial management, the extent of costing its activities and its use of multiple data systems.

24 In light of these findings, we emphasised that the Ministry should implement a coherent, controlled and measurable change programme by December 2010. The Ministry has since implemented a Financial Improvement Programme, designed to deliver its overall Financial Improvement Strategy. These both aim to improve financial management by bringing together plans across the Ministry and its agencies and arm's-length bodies. The Programme has five workstreams – governance; systems and processes; information for decisions; structure; people and capabilities – which contribute towards meeting the NAO and PAC recommendations. This Programme will be examined in more detail in our follow-up Financial Management Report in November 2011.

25 The Legal Services Commission is responsible for the provision of legal aid in England and Wales through the Community Legal Service Fund (for civil cases) and the Criminal Defence Service (for criminal cases). We qualified the accounts for both of these bodies for 2009-10 due to substantial overpayments to legal aid providers. We estimated a total error of £78.6 million in the Commission's accounts, which represented 3.2 per cent of its expenditure during that year.¹²

10 *Ministry of Justice Financial Management Report*, HC187 Session 2010-11, 6 July 2010 (paragraph 16).

11 *Ministry of Justice Financial Management Report*, HC187 Session 2010-11, 6 July 2010.

12 Report of the Comptroller and Auditor General to the Houses of Parliament on the Community Legal Service Fund and Criminal Defence Service Accounts for the year ended 31 March 2010, www.nao.org.uk/publications/1011/clf_and_cds_accounts_0910.aspx.

26 The Public Accounts Committee considered this issue at its hearing in November 2010 on financial management across the Ministry of Justice. The Committee acknowledged that the Commission had begun to address the root causes of the errors identified during 2009-10, for example by carrying out additional testing of claimants' eligibility and using contract management visits to change the behaviour of providers.

NAO financial audit findings

27 The Ministry's financial statements received an unqualified audit opinion and were laid on 15 September,¹³ later than the majority of major departments which laid their accounts before Parliament's summer recess. The Ministry recognises that, despite significant consultancy support, it struggled to prepare its financial statements in a timely manner. It has commissioned an independent report to identify the underlying causes, as a basis for future improvement.

Risks and issues

28 The Ministry faces a number of challenges relating to its future funding levels, sentencing policy and legal aid reform. Its executive agencies have set out their main risks, as follows:

- **National Offender Management Service:**¹⁴ risks associated with the Spending Review settlement; industrial action due to the impact of the Spending Review; and prison population pressures, order and control.
- **Her Majesty's Courts Service:**¹⁵ challenges and risks to the achievement of its business objectives in 2010-11 due to a period of significant organisational change; these changes included moves to reduce operating costs in line with funding restrictions, the closure of courts that were under-utilised, and moves to reduce employee numbers.

- The **Tribunals Service:**¹⁶ the impact of welfare benefit policy changes. This led to an unprecedented level of appeals to the Social Entitlement Chamber and required significant additional expenditure as a result of the increased number of hearings. Further risks and challenges were also likely to be raised by the creation of HM Courts and Tribunals Service, with effect from 1 April 2011, due to the organisational change required to integrate the operations of both services.

29 In our cross-cutting report on risks in government,¹⁷ we highlighted how the Ministry uses the network of its risk group to identify how risks are managed within other organisations to see if lessons can be learnt. For example, the Corporate Risk Team looked at the risk management capability review process within both the Department for Work and Pensions and the Home Office, and incorporated some elements of these capability models whilst tailoring them to specifically suit the Ministry.

30 The Ministry's Statement on Internal Control for 2010-11 raised five significant internal control issues, three of which have been discussed in more detail above. The six issues were:

- Prison disturbances: there were two separate instances of serious disturbances at HM Prison/ Youth Offenders Institute Moorland and HM Prison Ford.
- Community Payback: deficiencies in the standards of supervision relating to Community Payback provision in three Probation Trusts were reported by an investigative TV journalist. Each Trust was required to investigate and report on the controls in place. During 2011-12 the Ministry plans to be more explicit about monitoring and assurance arrangements in its contracts with Trusts.
- Alleged fraud at Redbridge Magistrates' Court: a member of staff was charged under the Bribery Act. The individual and two additional staff members were suspended.

¹³ *Ministry of Justice Annual Report and Accounts 2010-11*, HC 986, September 2011, pages 96-97.

¹⁴ *National Offender Management Service Annual Report and Accounts 2010-11*, HC 1245, July 2011, page 30.

¹⁵ *HM Courts Service Annual Report and Accounts 2010-11*, HC 1281, July 2011, pages 16-17.

¹⁶ *Tribunals Service Annual Report and Accounts 2010-11*, HC 1245, July 2011, page 26.

¹⁷ National Audit Office, *Managing Risks in Government*, June 2011.

- NAO Report on Financial Management within the Ministry of Justice: whilst acknowledging some improvements, including the introduction of programmes to better understand costs and integrate finance systems, the report identified three significant weaknesses. In response to both NAO and PAC recommendations, the Ministry has developed a Finance Improvement Strategy (covering the period up to March 2015) to further address the areas for improvement and develop the future finance operating model.
- Delay in publication of the 2010-11 Consolidated Resource Accounts: the Ministry was unable to lay its Annual Report and Accounts 2010-11 before Parliament prior to the summer recess in accordance with HM Treasury's timetable for central government bodies. Each of the Ministry's agencies laid their 2010-11 accounts before Parliament prior to the summer recess, which represents an improvement over 2009-10. However, the National Offender Management Service accounts were delayed to the extent that the Ministry was left insufficient time to complete the consolidation of the Ministry of Justice Group Accounts, and have them audited, prior to the summer recess.
- Legal Services Commission financial stewardship: the Commission's Resource Accounts for 2008-09 and 2009-10 were qualified due to errors in payments made to solicitors. The 2009 NAO report and subsequent Public Accounts Committee report on the Commission's procurement of legal aid made recommendations to improve the management of the Legal Aid Fund and the financial management controls of its accounting system.

Part Three

Use of information

31 Government needs robust, timely information on context, activities, costs, progress against its objectives, and the cost-effectiveness of its activities. It also needs to be able to interpret that information, by reference to trends, expectations, benchmarks and other comparisons, to identify problems and opportunities. Departments need reliable information on which to design and deliver services and monitor quality, be confident about their productivity, and drive continuous improvement.

32 The Coalition Government has pledged, under the transparency agenda, to make more government information available to the public to help improve accountability and deliver economic benefits. In June 2010 the system of Public Service Agreements ended and, instead, departments are to be held accountable to the public based on the data they use to manage themselves.

Reporting performance: Annual Reports and Business Plans

33 Each government department now reports its performance against the priorities and objectives set out in its Business Plan. The Plan's transparency section includes performance indicators selected by the department to reflect its key priorities and demonstrate the cost and effectiveness of the public services for which it is responsible. These indicators fall broadly into two categories:

- Input indicators: a subset of the data gathered by the department on the resources used in delivering services.
- Impact indicators: designed to help the public judge whether departmental policies are having the desired effect.

34 The Plan's structural reform section provides a detailed list of actions and milestones designed to show the steps the department is taking to implement the Government's reform agenda.

35 Departmental progress against indicators is published regularly in a Quarterly Data Summary, most recently in July 2011. The Quarterly Data Summary is designed as a standardised tool for reporting selected performance metrics for each government department, in a way that facilitates comparison across departments where this is appropriate. Data published in the summary can be compared to the previous quarter (April 2011) which will also be the baseline for this data set. The information in the summary has not been audited and the Cabinet Office has said that the accuracy of the data for all departments needs to improve.¹⁸ However, the Cabinet Office expects that over time, with improvements in data quality and timeliness, the public will be able to judge the performance of each department in a meaningful and understandable manner. An annual version of this information is expected to be formally laid in Parliament in departments' Annual Reports and Accounts from 2012 onwards.

36 It is too early to comment on departmental performance reported against the new performance indicators. Through its review of departmental business planning, however, the House of Commons Committee of Public Accounts¹⁹ identified some essential elements to help ensure effective accountability and value for money, including the need for:

- monitoring arrangements which align costs and results for all significant areas of departmental activity and spending; and
- clear definitions of expected outcomes and standards, rigorous timelines and appropriate strategies to intervene when expectations are not met.

¹⁸ <http://www.cabinetoffice.gov.uk/resource-library/business-plan-quarterly-data-summary>

¹⁹ *Departmental Business Planning* (Thirty-seventh Report of Session 2010–12), House of Commons Committee of Public Accounts, May 2011, <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/650/650.pdf>

Performance reported by the Ministry

37 The Ministry's Business Plan²⁰ sets out its vision and priorities for 2011–15, as well as commitments in its Structural Reform Plan. The Business Plan presents key input and impact indicators designed to provide a basis for holding the Ministry to account for its performance. The input indicators are a subset of data gathered by the Ministry on the resources used in delivering its services and include the cost per prison place and cost per prisoner. Impact indicators cover outcomes such as the extent of adult and juvenile re-offending as well as the timeliness of proceedings in courts and tribunals.

38 The Ministry's Structural Reform Plan contains five priorities, which underpin its policy commitments from 2011 to 2015:

- introduce a rehabilitation revolution;
- reform sentencing and penalties;
- reform courts, tribunals and legal aid, and work with others to reform delivery of criminal justice;
- assure better law; and
- reform how services are delivered.

39 The Ministry's Structural Reform Plan sets out the actions it has to meet to fulfil its five priorities. During 2010-11, the Ministry met on time 33 of the 42 milestones identified for the year.²¹ Of the nine that missed their target delivery date, six were missed by less than one month. Two deadlines were missed by two months, which included the development of reform options for the sentencing framework and the development of a Green Paper setting out the approach to reducing reoffending and improving rehabilitation. The delay in the Green Paper was directly responsible for the six actions delayed by one month. A further deadline was missed by three months and remained outstanding at the end of March 2011. This related to finalising a package of measures to provide people with greater protection to prevent crime, apprehend criminals and defend themselves against intruders.

Testing the reliability of performance data across government

40 Some of the data systems used to report against the new performance indicators will be the same as those used by the Ministry to report against Public Service Agreements. In July 2010, we published our Sixth Validation Compendium Report²² on our work to test the systems used to report against Public Service Agreements. Our report found that the quality of data systems had improved but a third of the systems examined needed strengthening to improve controls or transparency and 10 per cent of systems were not fit for purpose.

41 Over the next three years we will complete work to validate the data systems underpinning the departmental business plans and other key management information.

Use of information by the Ministry

42 During the last year, our reports have identified a number of areas where the use of information within the Ministry could be improved.

43 Evidence-based decision making: Our December 2010 report on **The youth justice system**²³ found that there was insufficient evidence-based guidance produced on how to address offending behaviour among young people. We found that the Youth Justice Board had not produced enough research into what works in reducing reoffending, having spent less than 0.5 per cent of its overall budget on research in recent years. We concluded that, with the prospect of constrained resources, the youth justice system had limited information on which to base decisions about reducing costs while ensuring that outcomes do not deteriorate.

20 Ministry of Justice, *Business Plan 2011–2015*, May 2011.

21 *Ministry of Justice Annual Report and Accounts 2010-11*, HC 986, 15 September 2011, page 27.

22 *Taking the measure of government performance*, www.nao.org.uk/publications/1011/government_performance.aspx

23 *The youth justice system in England and Wales: Reducing offending by young people*, HC 663, 2010-11, 10 December 2010.

44 Information on use of consultants: Our report on **Central Government's use of consultants and interims**²⁴ found limited management information on the use of consultants and interims across 17 government departments. However, the Ministry was one of only three departments that could identify the number of consultancy and interim contracts that had been placed.

45 Flow of information: Our **landscape review of the criminal justice system**²⁵ highlighted how the interaction of various agencies can hinder the passage of cases, and may not always provide sufficient information to inform future planning. We concluded that departments, agencies and local criminal justice partners would need to develop an agreed and coherent plan to address this weakness if the system is to deliver real efficiencies and planned cost savings.

24 National Audit Office, *Central Government's use of consultants and interims*, HC 488, 2010-11, 14 October 2010.

25 National Audit Office, *Criminal Justice System Landscape Review*, November 2010.

Part Four

Service delivery

46 Public services are different in the ways they are delivered, but their quality and cost effectiveness depends on a number of common minimum requirements. For example, service delivery requires a well thought-out delivery model, sound programme and project management, strong commercial skills, mature process management and a real understanding of customer needs. Many of our reports to Parliament cover these issues. We summarise below some of this work, organised by key areas of the Ministry's business.

47 Quality of service provision: Our **Submission to the Review of Offender Learning**²⁶ summarised the NAO's view on the quality of learning and skills services provided to offenders. The submission drew on NAO and Public Accounts Committee reports from 2008²⁷ that were critical of the services provided. Both reports found weaknesses in the allocation of resources, the performance of providers and the evidence for effectiveness of the Offender Learning and Skills Service (OLASS). Our submission noted that, whilst remedial steps had been taken following these reports, many of the wider issues still remained. Services provided through OLASS are not funded by the Ministry, but by the Department for Business, Innovation and Skills through the Skills Funding Agency.

48 We reported on four high priority issues that OLASS needs to tackle in order to improve efficiency and effectiveness. Two of these issues related to service delivery including the need for:

- **better planning of the service to be delivered**, including assessing the level of need amongst offenders in different parts of the criminal justice system and matching provision against this; and
- **delivering an agreed level of service**, including holding providers to account against meaningful measures of quality.

49 The quality of service provision was also an issue raised in our report on the youth justice system.²⁸ All young offenders dealt with by the courts receive at least one assessment by Youth Offending Team practitioners. The quality of these assessments is critical to the amount and type of resources spent on each offender during their sentence. Poor quality assessments can mean that caseworkers fail to identify the reasons why a young person offends, in turn resulting in poor targeting of interventions which fails to make best use of available resources. Evidence drawn on in our report, such as a review of assessments by HM Inspectorate of Probation, found one-third of assessments by Youth Offending Teams were not of the right quality. We therefore recommended that the Ministry should consider summarising key lessons learnt from these reviews and disseminate these lessons to Youth Offending Teams to help drive improvements.

²⁶ National Audit Office, Submission to the Review of Offender Learning, September 2010.

²⁷ National Audit Office, *Meeting needs? The Offenders' Learning and Skills Service*, HC 210, 2007-08, 7 March 2008; Committee of Public Accounts, *Meeting needs? The Offenders' Learning and Skills Service*, HC 584, Forty-seventh Report of Session 2007-08, 30 October 2008.

²⁸ National Audit Office *The youth justice system in England and Wales: Reducing offending by young people*, HC 663, 2010-11, 10 December 2010.

Appendix One

The Ministry's sponsored bodies at 1 April 2011

Executive Agencies

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

Non-Ministerial Departments

HM Land Registry
The National Archives
The UK Supreme Court

Inspectorates, Ombudsmen and Statutory Office Holders

Commissioner for Victims and Witnesses
HM Inspectorate of Prisons
HM Inspectorate of Probation
Independent Monitoring Boards of Prisons, Immigration Removal Centres and Short-Term Holding Rooms
Judicial Appointments and Conduct Ombudsman
Judicial Office for England and Wales
Legal Ombudsman
Office for Judicial Complaints
Official Solicitor and Public Trustee
Prisons and Probation Ombudsman

Executive Non-Departmental Public Bodies

Criminal Cases Review Commission
Criminal Injuries Compensation Authority
Information Commissioner's Office
Judicial Appointments Commission
Legal Services Board
Legal Services Commission
Office for Legal Complaints
Parole Board for England and Wales
Probation Trusts
Youth Justice Board for England and Wales

Advisory and Review Bodies

Administrative Justice and Tribunals Council
Advisory Committees on Justices of the Peace
Advisory Council on National Records and Archives
Advisory Panel on Public Sector Information
Burials and Cemeteries Advisory Group
Civil Justice Council
Civil Procedure Rule Committee
Correctional Services Administration Panel
Courts Boards
Criminal Procedure Rule Committee
Crown Court Rule Committee
Family Justice Council
Family Procedure Rule Committee
Insolvency Rules Committee
Land Registration Rule Committee
Law Commission
Magistrates' Courts Rule Committee
Prison Service Pay Review Body
Reducing Reoffending Third Sector Advisory Group
Sentencing Council
Tribunal Procedure Committee
Victims Advisory Panel

Other Bodies

Commission on a Bill of Rights
Court Funds Office
Legal Services Consumer Panel
Legal Services Research Centre
Office of the Judge Advocate General
Public Guardian Board

Appendix Two

Results of the Civil Service People Survey 2010

Question scores (% strongly agree or agree)

Leadership and managing change

I feel that the department as a whole is managed well	41
Senior Civil Servants in the Department are sufficiently visible	45
I believe the actions of Senior Civil Servants are consistent with the Department's values	39
I believe that the Departmental Board has a clear vision for the future of the Department	35
Overall, I have confidence in the decisions made by the Department's Senior Civil Servants	36
I feel that change is managed well in the Department	27
When changes are made in the Department they are usually for the better	23
The Department keeps me informed about matters that affect me	54
I have the opportunity to contribute my views before decisions are made that affect me	32
I think it is safe to challenge the way things are done in the Department	39

Organisational objectives and purpose

I have a clear understanding of the Department's purpose	84
I have a clear understanding of the Department's objectives	78
I understand how my work contributes to the Department's objectives	80

Civil Service overall

Department for Business, Innovation and Skills (excluding agencies)																	
Cabinet Office (excluding agencies)																	
Department for Communities and Local Government (excluding agencies)																	
Department for Culture, Media and Sport (excluding agencies)																	
Ministry of Defence (excluding agencies)																	
Department for Education																	
Department of Energy and Climate Change																	
Department for Environment, Food and Rural Affairs (excluding agencies)																	
Foreign and Commonwealth Office (excluding agencies)																	
Department of Health (excluding agencies)																	
HM Revenue & Customs																	
HM Treasury (excluding agencies)																	
Home Office (excluding agencies)																	
Department for International Development																	
Ministry of Justice (excluding agencies)																	
Department for Transport (excluding agencies)																	
Department for Work and Pensions (including Jobcentre Plus and Pension, Disability and Carers Service)																	
	38	33	27	38	23	55	47	38	58	39	12	56	43	60	38	42	25
	50	48	42	62	27	60	68	49	64	51	23	68	50	65	46	53	25
	40	38	28	43	28	49	52	37	60	42	19	52	43	56	40	39	23
	29	24	19	25	21	40	35	31	49	28	15	35	30	51	32	29	20
	33	33	23	33	20	46	49	32	52	37	11	51	39	50	34	32	17
	31	20	21	29	16	41	31	29	45	21	11	35	26	41	27	25	22
	18	15	13	12	12	23	25	20	37	14	9	32	21	30	24	15	15
	58	52	51	68	45	64	69	62	64	52	31	64	57	66	53	57	41
	28	32	29	48	22	34	34	34	43	29	16	54	34	44	31	36	19
	34	38	32	44	35	41	45	40	47	33	21	57	40	42	37	40	28
	75	70	63	71	83	79	89	77	82	74	65	85	82	94	76	68	76
	68	58	59	67	77	69	83	71	79	69	62	79	77	91	70	61	73
	76	67	67	70	81	73	84	77	83	74	65	77	79	90	73	69	75

Appendix Three

Reports by the NAO on the Ministry of Justice since 2008

Publication date	Report title	HC number	Parliamentary session
10 December 2010	The youth justice system in England and Wales: reducing offending by young people	HC 663	2010-11
November 2010	Criminal Justice System Landscape Review	http://www.nao.org.uk/publications/1011/criminal_justice_landscape_rev.aspx	
September 2010	Submission to the Review of Offender Learning	http://www.nao.org.uk/publications/1011/review_of_offender_learning.aspx	
6 July 2010	Ministry of Justice: financial management report	HC 187	2010-11
10 March 2010	Managing offenders on short custodial sentences	HC 431	2009-10
27 November 2009	The procurement of criminal legal aid in England and Wales by the Legal Services Commission	HC 29	2009-10
21 May 2009	National Offender Management Service: maintenance of the prison estate in England and Wales	HC 300	2008-09
12 March 2009	The National Offender Management Information System	HC 292	2008-09
6 March 2009	HM Courts Service: administration of the Crown Court	HC 290	2008-09
23 July 2008	The procurement of goods and services by HM Prison Service	HC 943	2007-08
7 March 2008	Meeting needs? The Offenders' Learning and Skills Service	HC 310	2007-08
5 March 2008	Ministry of Justice – protecting the public: the work of the Parole Board	HC 239	2007-08
31 January 2008	National Probation Service: the supervision of community orders in England and Wales	HC 203	2007-08

Appendix Four

Cross-government NAO reports of relevance to the Ministry of Justice

Publication date	Report title	HC number	Parliamentary session
11 March 2011	Managing staff costs in central government	HC 818	2010-11
3 March 2011	Progress in improving financial management in government	HC 487	2010-11
17 February 2011	Delivering regulatory reform	HC 758	2010-11
14 October 2010	Central government's use of consultants and interims	HC 488	2010-11
20 July 2010	Progress with VFM savings and lessons for cost reduction programmes	HC 291	2010-11
14 July 2010	Taking the measure of government performance	HC 284	2010-11
18 March 2010	Reorganising central government	HC 452	2009-10
6 November 2009	Commercial skills for complex government projects	HC 962	2008-09
21 October 2009	Measuring up: how good are the Government's data systems for monitoring performance against Public Service Agreements?	HC 465	2008-09
16 October 2009	Government cash management	HC 546	2008-09
29 April 2009	Addressing the environmental impacts of government procurement	HC 420	2008-09
26 March 2009	Innovation across central government	HC 12	2008-09
27 February 2009	Helping government learn	HC 129	2008-09
13 February 2009	Recruiting civil servants efficiently	HC 134	2008-09
5 February 2009	Assessment of the Capability Review programme	HC 123	2008-09
19 December 2008	Central government's management of service contracts	HC 65	2008-09

Appendix Five

Other sources of information

Reports from the Committee of Public Accounts since 2008

Publication date	Report title	HC number
24 May 2011	Thirty-seventh Report of Session 2010–12: Departmental Business Planning	HC 650
15 February 2011	Twenty-first Report of Session 2010-11: The youth justice system in England and Wales: reducing offending by young people	HC 721
25 January 2011	Sixteenth Report of Session 2010-11: Ministry of Justice financial management	HC 574
2 February 2010	Ninth Report of Session 2009-10: The procurement of criminal legal aid in England and Wales by the Legal Services Commission	HC 322
5 November 2009	Fifty-first Report of Session 2008-09: National Offender Management Service: maintenance of the prison estate in England and Wales	HC 722
3 November 2009	Fortieth Report of Session 2008-09: The National Offender Management Information System	HC 510
9 July 2009	Thirty-fifth Report of Session 2008-09: The administration of the Crown Court	HC 357
10 March 2009	Sixth Report of Session 2008-09: The procurement of goods and services by HM Prison Service	HC 71
17 March 2009	Ninth Report of Session 2008-09: Protecting the public: the work of the Parole Board	HC 251
4 November 2008	Forty-eighth Report of Session 2007-08: The supervision of community orders in England and Wales	HC 508
20 November 2008	Fifty-fourth Report of Session 2007-08: Compensating victims of violent crime	HC 251
30 October 2008	Forty-seventh Report of Session 2007-08: Meeting needs? the Offenders' Learning and Skills Service	HC 584

Recent reports from Central Government

December 2009 HM Government, Putting the frontline first: smarter government

Cabinet Office Capability Reviews

The Ministry's baseline assessment was carried out in April 2008, followed by the 12-month update. There has been no Phase 2 assessment.

Where to find out more

The National Audit Office website is
www.nao.org.uk

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