



Canolfan
Llywodraethiant Cymru

Wales Governance
Centre

Public spending on the justice system for Wales

Guto Ifan

Canolfan Llywodraethiant Cymru, Prifysgol Caerdydd
Wales Governance Centre, Cardiff University

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Preface

About us

The Wales Governance Centre is a research centre that forms part of Cardiff University's School of Law and Politics undertaking innovative research into all aspects of the law, politics, government and political economy of Wales, as well the wider UK and European contexts of territorial governance. A key objective of the Centre is to facilitate and encourage informed public debate of key developments in Welsh governance not only through its research, but also through events and postgraduate teaching.

About this project

Cardiff University's Wales Governance Centre launched the *Justice and Jurisdiction* project in July 2018. It brings together an interdisciplinary group of academic researchers consisting of political scientists, criminologists, constitutional law experts and political economists to investigate the operation of the legal and justice system in Wales. The project is funded by a combination of the Economic and Social Research Council, the Welsh Government and Cardiff University.

As well as producing high quality academic outputs, the project will generate a series of reports intended to inform the work of Commission on Justice in Wales as well as encourage an informed public debate on the organisation and operation of the legal and justice system in Wales. Whilst the research team continues to benefit from comments and suggestions from our external partners, the programme itself has been conceived of and is being delivered wholly independently of them.

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Executive Summary

As part of the Wales Governance Centre's project on Justice and Jurisdiction in Wales, this report examines the current scale and composition of public spending on the justice system for Wales. The report also reviews recent trends from the start of austerity measures, as well as providing comparisons with spending in the other countries of the UK.

- Almost £1.2 billion was spent on the justice system for Wales in 2017-18, which equates to around £370 per person and accounts for around 3.6% of total identifiable spending for Wales. Police services was by far the largest area of spending (£709 million), followed by spending on law courts and tribunals (£250 million), and spending on prisons and probation (£205 million).
- Funding for most bodies and agencies responsible for the delivery of justice functions in Wales primarily comes from the Ministry of Justice and Home Office budgets. Being 'unprotected' areas since the onset of austerity in 2010-11, both departments have seen large cuts to their budgets with significant consequences for the justice system in Wales.
- Spending on the justice system in Wales peaked at approximately £1.5 billion in 2009-10 and has since fallen by over a fifth. Spending has recovered slightly over more recent years, driven by increased spending by HM Courts and Tribunals Service (HMCTS) and by HM Prisons and Probation Service (reflecting the opening of HMP Berwyn).
- Around £442 million, or 38%, of total spending on the justice system in Wales now comes from devolved or local government funding. The devolved and local government element of justice spending has grown in real terms since 2009-10, while reserved UK government funding has fallen by a third in real terms during this period.

Police funding and expenditure in Wales

Wales' four police forces receive funding from three main sources: the Home Office police grant (£209 million in 2018-19); the Welsh Government through a revenue support grant and redistributed non-domestic rates (£141 million); and through a council tax precept (£290 million).

- Since the start of austerity in 2010-11, the police grant has fallen by 24% in real terms, with a similar fall in funding from the RSG and non-domestic rates. Conversely, Council Tax revenues have increased by around 26%, partly offsetting the fall in central government support.
- The share of police funding derived from the council tax precept has increased from 17% in 1999-00 to 42% in 2018-19. The Home Office grant funding has fallen to 30% over the same period.

- Trends in council tax revenue reveal a key divergence in police funding between Wales and England, with precept levels rising faster in Welsh police force areas (averaging 4% a year) than in England (2.4% a year) since 2010-11. This faster increase in police precepts meant that Welsh police funding was £34 million greater in 2017-18 than would have been the case had precepts risen in line with England.
- This divergence in funding is reflected in a slightly smaller fall in spending, and a smaller drop in police officer numbers in Wales compared with England since 2010. The Welsh Government's commitment to funding an additional 500 Police Community Support Officers (PCSOs) increased the number of PCSOs per person in Wales from 2010, while the corresponding figure for England fell by 44%.

Law courts and tribunals

Total estimated public spending on law courts and tribunals for Wales in 2017-18 stood at just over £251 million in 2010-11, which includes spending by various departments, agencies and levels of government.

- Net expenditure by the HM Courts and Tribunals Service in Wales was £67.6 million in 2017-18.¹ Spending fell by nearly 27% in the years to 2014-15.
- Wide-ranging cuts have been made to the legal aid system since 2012. Legal aid expenditure in Wales was £76.9 million in 2017-18, with civil legal aid accounting for the highest proportion of this spending (£42 million). Criminal legal aid spending per person is significantly lower in Wales compared with England. Total legal aid spending has fallen by over 38% in real-terms since 2010-11.
- Reported expenditure by the Crown Prosecution Service (CPS) in Wales in 2017-18 was approximately £23.9 million (including a pro-rated share of central spending). Spending has fallen by almost a fifth since 2012-13, while the number of full-time equivalent staff has fallen by a quarter.
- Other UK government spending for Wales in this area includes £7 million by the Criminal Injuries Compensation Authority (CICA), down from a peak of £26 million in 2011-12. The MoJ also incurs central costs which cannot be geographically allocated. A Welsh population share of this spending amounted to £55 million in 2017-18.
- Spending from the Welsh Government Budget 2017-18 on tribunals under its responsibility was just over £3 million, with the largest spending accounted for by the Mental Health Review Tribunal for Wales (£2.5 million in 2016-17).

¹ This figure is gross of court fee income, estimated to be £22.9 million in Wales in 2017-18.

- Local government in Wales also spent around £5.4 million in 2017-18 on Coroners' and other courts services.

Prisons and probation spending

HM Prison and Probation Service (HMPPS) is an executive agency of the MoJ, responsible for correctional services across England and Wales. Total reported spending on prisons and probation services for Wales (including an allocated share of central costs) was £205 million in 2017-18.

- HMPPS in Wales was established in 2014-15 and has responsibility for managing offenders in custody in Wales and for probation services. Its net expenditure was £183 million in 2017-18, an increase from £130 million in 2014-15, which reflects the opening of HMP Berwyn. Other directorates of HMPPS also deliver services in Wales, including the Custodial Contracts directorate, the Youth Custody Service, Community Interventions and the Electronic Monitoring directorate.
- Across England and Wales, spending on prisons fell significantly from 2010-11 while the prison population remained broadly constant. Overall resource expenditure in 2017-18 on prisons in Wales, which includes expenditure met at regional or national level, was £168 million. Unlike the picture in England, spending on prisons in Wales has increased over recent years, alongside a large increase of 42% in the prison population located in Wales since 2010-11.
- On an alternative measure, estimated overall expenditure on prisoners from Wales (based on address prior to custody) was around £189 million. Nearly 40% of this expenditure on Welsh prisoners was spent on prisons outside Wales.

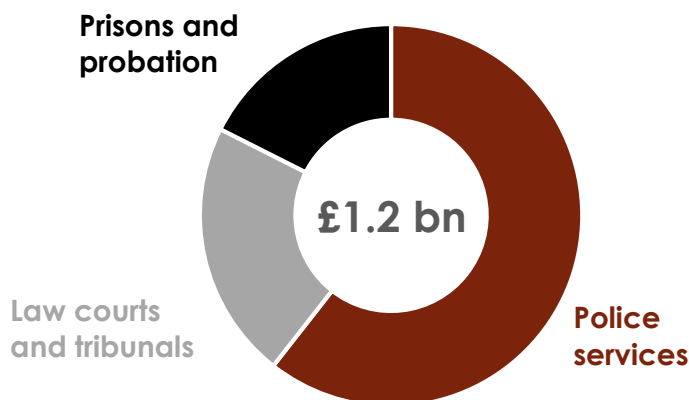
1

Introduction

The Commission on Justice in Wales is undertaking the first major examination of justice functions in Wales since the foundation of the country's devolved institutions in 1999. An important consideration is how the current system is funded and how potential changes to the system in Wales would work in the UK and devolved fiscal context.

This report analyses the current scale and composition of public spending on the justice system for Wales - on which nearly £1.2 billion was spent in 2017-18 (figure 1.1), which equates to around £370 per person and accounts for around 3.6% of total identifiable spending for Wales. The report also reviews recent trends from the start of austerity measures in 2010-11, examines the various sources of funding, as well as providing comparisons with spending in the other countries of the UK.

Figure 1.1: Summary of public spending on the justice system for Wales, 2017-18



Source: HM Treasury (2018) Country and Regional Analysis

The report is structured as follows. Section 2 provides an overview of the funding of justice functions in Wales, setting the context for later sections. Section 3 reviews the various data sources used in the subsequent analysis. Sections 4, 5 and 6 analyse police funding, law courts and tribunals spending, and prisons and probation spending respectively. Section 7 concludes by summarising the main characteristics and trends in spending on the justice system in Wales.

2 Overview of the funding of justice functions in Wales

As most justice functions are reserved to the UK government, expenditure on most aspects of the justice system in Wales is funded by UK government departments, and mostly delivered by bodies covering Wales and England.

Unlike in the case of Northern Ireland and Scotland, there is no devolved Welsh Government budget for justice. Annual changes to devolved budgets for all three administrations are determined by the Barnett formula, and the 'comparability factors' used in this calculation for justice functions are 0% for Wales.² This means that as UK government reserved funding increases or decreases, there is no 'consequential' spending added or subtracted to the Welsh Government's budget, as is the case for devolved spending such as Health.

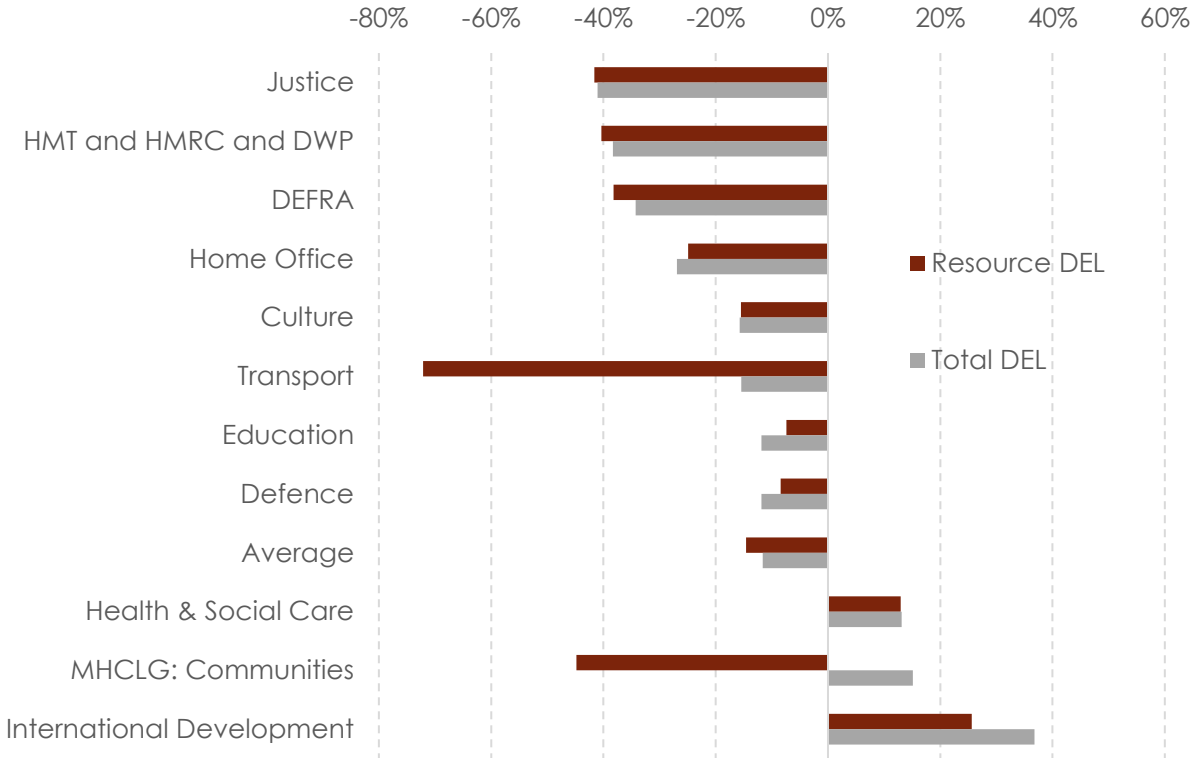
Funding for most bodies and agencies responsible for the delivery of justice functions in Wales primarily comes from the Ministry of Justice budget, while the Home Office budget also provides funding for Welsh police forces.

Since 2009-10, UK government day-to-day spending on public services has fallen significantly in real terms. With some areas of spending protected, the largest cuts have fallen on non-protected public services. This has had significant consequences for the funding of the justice system in Wales. Figure 2.1 shows the real-terms changes in departmental budgets from 2010-11 to 2019-20, based on current spending plans. It shows that the Ministry of Justice budget (from which it funds various agencies) will have faced the deepest cuts to its budget of all government departments by 2019-20. The Home Office budget has also fallen by almost a quarter from its 2010-11 level.

Although considered a non-devolved function, the Welsh Government does have responsibility of funding some areas of the justice system in Wales (for example, part funding of the police system), and its devolved budget will include spending which interacts with the justice system in numerous ways. The Welsh Government budget has also been cut significantly since 2010-11. The budget set for day-to-day spending in 2019-20 was 5% lower in real terms than its level at the start of the decade.

² The exception to this is the part of police funding which used to come from the Department for Communities and Local Government in England, which did influence the size of the Welsh budget from year to year.

Figure 2.1: Real-terms departmental (day-to-day spending) budget changes, 2010-11 to 2019-20³



Source: HM Treasury (2018) Public Expenditure and Statistical Analyses; Note: resource DEL excludes depreciation

³ Excludes Wales, Scotland and Northern Ireland departmental budgets due to large adjustments associated with the devolution of tax revenues. Figures also reflect classification changes and transfers between departmental budgets.

3

Data and methodology

HM Treasury's Country and Regional Analysis (CRA) 2018 provides the main source of data for this report and presents public expenditure on a Total Expenditure on Services (TES) basis. TES includes both departmental spending (DEL) and annually managed expenditure (AME) for both current and capital spending. CRA data excludes depreciation and some other non-cash spending items.

Where spending can be said to benefit a particular country or region, it is deemed as 'identifiable spending', and is assigned by analyses of geographic data by either the relevant department or HM Treasury. Where regional or country allocation is not possible, some spending is allocated to Wales based on a population share of central expenditure (these instances are highlighted in subsequent sections). Where spending is deemed to be for the benefit of all countries and regions (for example, in the case of justice, Supreme Court spending), it is deemed as non-identifiable spending and is not assigned geographically in the CRA data.

This study uses the detailed CRA database, which includes detailed expenditure lines by government departments. We breakdown the data based on the Classification of the Functions of Government (COFOG) Level 1 categories, namely: '3.1 Police services'; '3.2 Law courts'; and '3.3 Prisons'. The 'CRA Segment Name' column is also used to identify the responsible government agency or body.

Each CRA publication provides data for five consecutive years. For example, the CRA 2018 publication covers years from 2013-14 to 2017-18. For years before 2013-14 we use the latest CRA publication to publish data for that year, e.g. CRA 2017 for the year 2012-13.

This data source has several advantages for a broad-based analysis of spending on the justice system in Wales. It allows for (broadly) comparable data across years, facilitates comparisons with other parts of the UK, and presents different spending areas on a consistent basis. The data does not however allow for a detailed breakdown of certain areas of spending beyond that which is spent by a government department, agency or body at a country or regional level.

We therefore supplement this data with various other sources. For example, we use Welsh Government budgets to explore devolved spending and use StatsWales data on police funding. Where appropriate, we make use of Annual Reports and Accounts of organisations responsible for the delivery of justice in Wales.

We also make use of data provided to the Commission on Justice in Wales from UK Government departments and agencies, as well as the devolved institutions.

Real terms-figures presented in the analysis are deflated using GDP deflator published by the ONS in the Quarterly National Accounts (dated 28 September 2018).

4

Police funding and expenditure in Wales

Wales' four police forces receive funding from three main sources: the Home Office police grant; the Welsh Government through a revenue support grant and redistributed non-domestic rates; and the local authority council tax precept.

The distribution of the Home Office grant is based on the Police Allocation Formula (PAF) that takes account of local population size and indicators reflecting the likelihood of crime.⁴ A Welsh Top-Up grant also ensures Police and Crime Commissioners (PCCs) in Wales receive the same percentage change in their core grant funding as PCCs in England. A frequent criticism of the formula has been its reliance on old data in its indicators. A report by the National Debate Advisory Group (2015) described the formula as 'highly complex, opaque and, through its reliance on out of date data and regression, distant from current policing reality'. The Home Office's Core Grant distribution Review in 2016-17 considered potential changes to the police funding formula, which will be revisited at the next Spending Review, which was expected in 2019, but now appears to have been delayed. In 2018-19, the **budgeted police grant for Welsh police forces was £209 million.**

Through the local government finance settlement, the Welsh Government provided **£141 million for Welsh police forces in 2018-19, via redistributed non-domestic rates revenue and the revenue support grant (RSG).** This corresponds to the funding previously distributed by the Department for Communities and Local Government (DCLG) in England before it was incorporated into the Home Office grant in 2013-14.

The level of the police precept element of council tax is set annually by PPCs and are collected on their behalf by local authorities. The Welsh Government has control over council tax policy including placing any cap on the precept. The **precept budgeted for in 2018-19 was £290 million.**

Police forces also receive specific and special grants to deliver national priorities. These **specific grants to Welsh police forces totalled £51 million in 2018-19.** The largest element of this funding across England and Wales is the Counter Terrorism Intelligence Grant. Welsh police forces also make bids for some Home Office grants, for example from the Police Transformation Fund.⁵ The Welsh

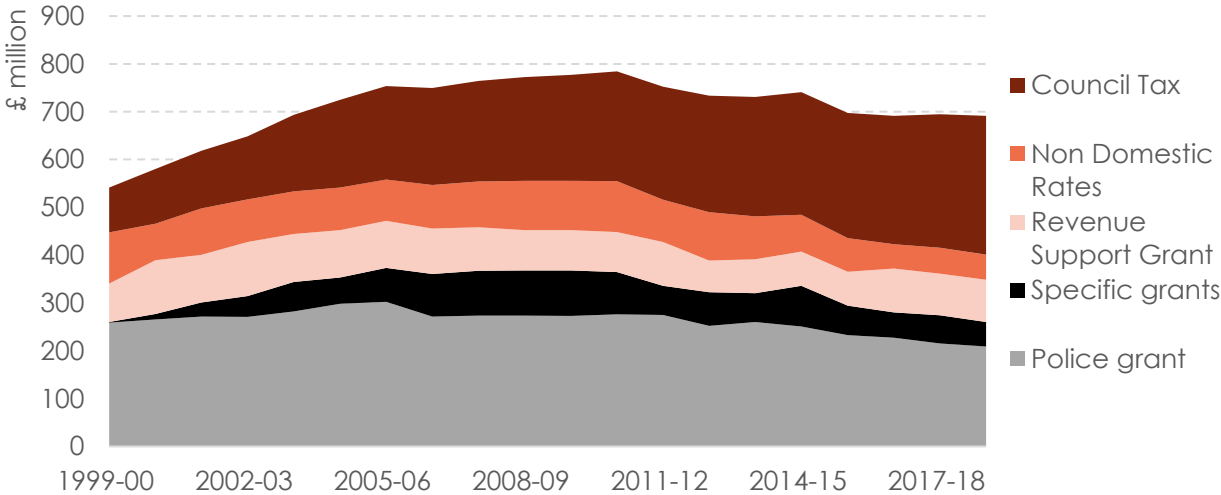
⁴ Home Office Guide to the formula: <https://www.gov.uk/guidance/guide-to-the-police-allocation-formula#rule-2-grants>

⁵ An example of a successful bid by Welsh police forces was a joint bid alongside Public Health Wales and others for the Adverse Childhood Experiences programme. See: <http://www.wales.nhs.uk/sitesplus/888/news/46584>

Government also provides specific grants for Welsh police forces, for example to for Community Support Officers (£16 million in 2017-18) and the All Wales Schools Programme (£3.1 million).

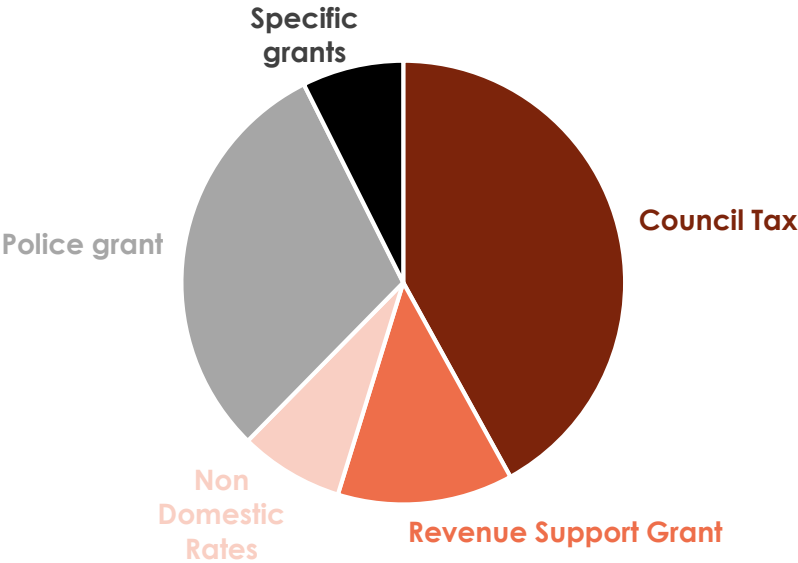
Wales’ police forces can also draw on reserves to support services. At the end of 2017-18, Welsh police forces held £33.6 million in general reserves (usually used to manage uneven cash flows), and a further £98.4 million in earmarked reserves, which are set aside for specific projects. Police forces have made appropriations from their reserves in recent years, and are budgeted to draw on £30.7 million to fund revenue expenditure in 2018-19.

Figure 4.1: Police funding by source (2017-18 prices, excluding reserves and adjustments)



Source: Statswales (2018 and previous) Financing of Gross Revenue Expenditure

Figure 4.2: Police funding by source, 2018-19 (excluding reserves and adjustments)

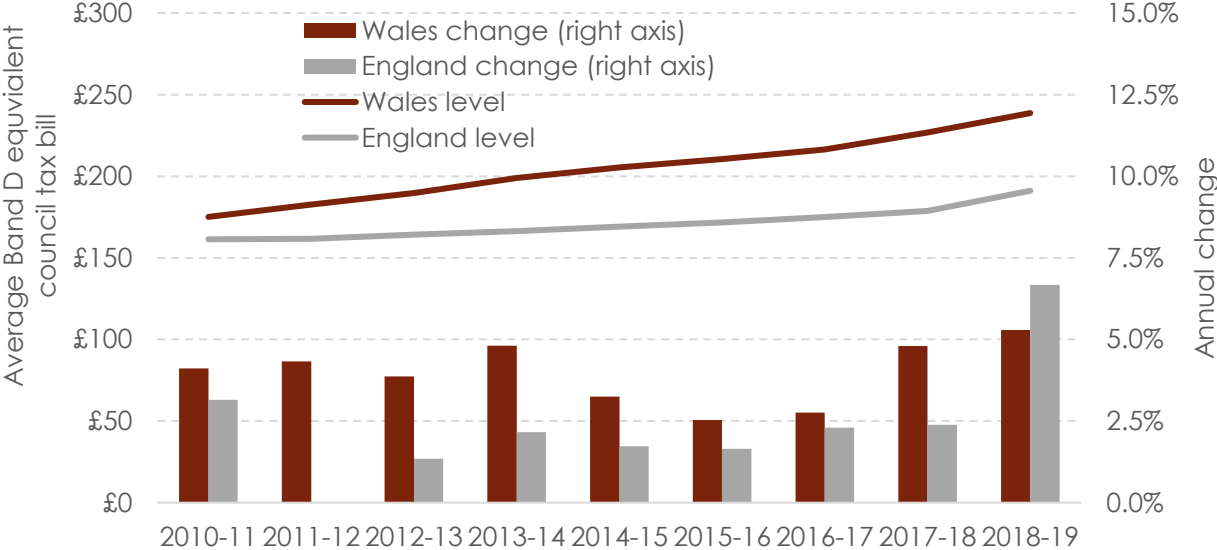


Source: Statswales (2018) Financing of Gross Revenue Expenditure

Since the start of austerity measures in 2010-11, the police grant has fallen by 24% (£66 million) in real terms, with a similar fall in funding from the RSG and redistributed non-domestic rates. Conversely, Council Tax revenues have increased by around 26%, partly offsetting the fall in central government support.

Figure 4.1 shows the trend in police funding in Wales from 1999-00 to 2018-19, in real terms. Funding rose over the first part of this period, but has fallen by around 12% in real terms since 2010-11. From a longer-term perspective, the relative importance of these different sources of funding has changed over time, with an ever increasing reliance on local taxation. The share of police funding coming from the council tax precept has increased from 17% in 1999-00, to 42% in 2018-19. Meanwhile, the Home Office grant has fallen to 30%, down from nearly a half in 1999-00.

Figure 4.3: Average Band D council tax precept and annual changes, 2009-10 to 2018-19 (nominal)



Source: Statswales (2018 and previous) Financing of Gross Revenue Expenditure and CIPFAstats (2018 and previous) Council Tax Demands and Precepts

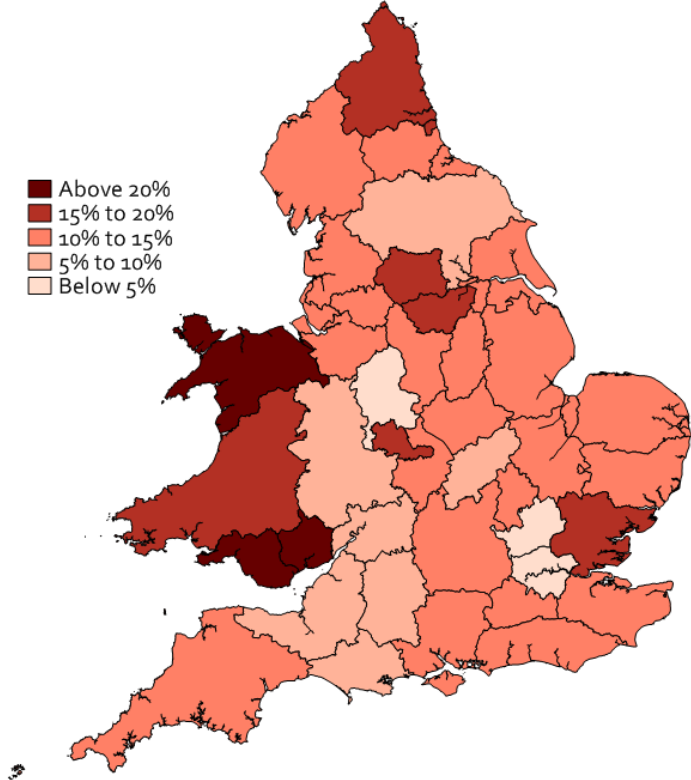
This trend in council tax revenue represents a key divergence in police funding between Wales and England since 2010-11.⁶ Though capping precept level increases is within the Welsh Government’s power, it has not done so in practice over this time period. Unlike the UK government, it also didn’t offer police authorities council tax freeze grants, which were paid to police authorities in England who chose not to increase their council tax level for that year. As a result, precept levels have risen faster

⁶ Figures for England excludes the precept for the Greater London Authority Mayor’s Office for Policing and Crime.

in Welsh police force areas than in England (see figure 4.4 which maps increases by force from 2010-11 to 2017-18).

Figure 4.3 shows the increase in the average council tax police precept for Band D properties in Wales and England (excluding the Greater London Authority) since 2009-10. The average precept level set in Wales has increased by an average of 4% a year from 2010-11 to 2018-19, while only by 2.4% a year in England (nominal terms). Though not exactly comparable due to different banding systems, Welsh Band D equivalent precept levels are now significantly higher than in England. However, following the UK government’s decision to allow greater freedom for police forces to increase council tax for 2018-19, levels rose faster in England than Wales for the first time in over a decade.

Figure 4.4: Increase in average Band D council tax police precept level by police authority

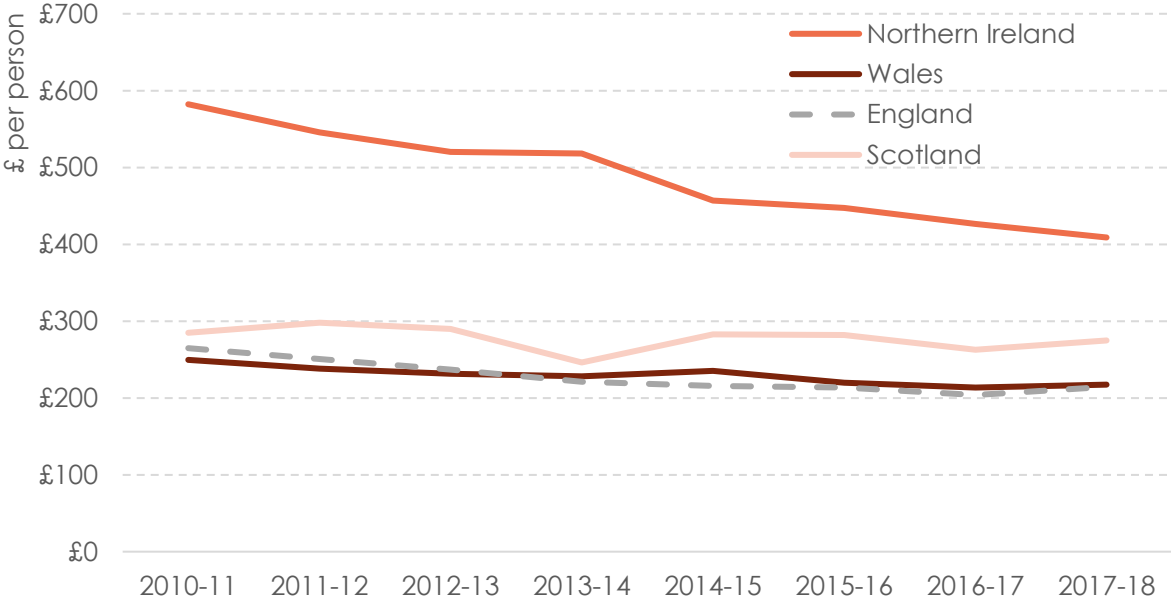


Welsh police funding has therefore become significantly more reliant on council tax revenues than in England (though there is variation between police forces in England). After accounting for the Home Office’s Legacy Council Tax Grants to English forces, this faster increase in police precepts meant that Welsh police funding was £34 million greater in 2017-18 than would have been the case had precepts risen in line with England since 2010-11. Over the period from 2010-11 to 2018-19, this amounts to a combined total of around £213 million in real terms.

Latest outturn data indicates gross revenue expenditure by the four Welsh police forces of £692 million in 2017-18. South Wales Police had the largest spending (£296 million), followed by North Wales Police (£164 million), Gwent Police (£120 million) and Dyfed Powys Police (£111 million). Welsh police forces also recorded nearly £40 million in capital spending in 2017-18, £27 million of which was capital expenditure funded from gross revenue expenditure.

Figure 4.5 shows real term trends in police spending per person by UK country, as reported in HM Treasury’s CRA (2018) data.⁷ Spending per person has fallen most sharply in Northern Ireland, though levels are still well above the other UK countries. Spending per person in Scotland remains higher than in Wales and England, with the volatility in the data over time perhaps reflecting major reforms to police services and delivery, namely the merging of police forces. Whereas spending per person in England was initially higher than in Wales, it has fallen more sharply since 2010-11, and has been below Welsh levels since 2013-14.

Figure 4.5: Per person expenditure on policing, 2010-11 to 2017-18 (2017-18 prices)

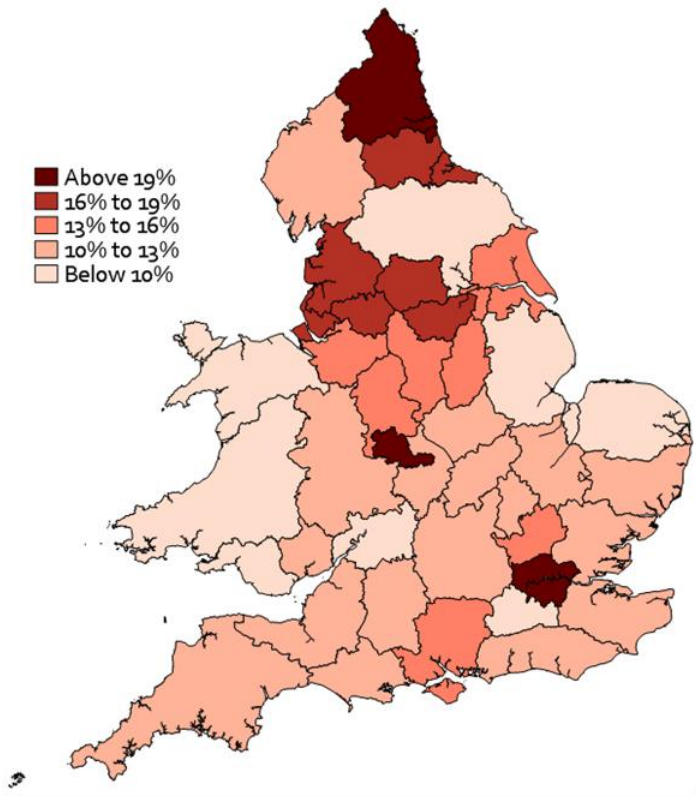


Source: HM Treasury (2018) Country and Regional Analysis

Figure 4.6 below maps the real change in central government grants and council tax revenue from 2010-11 to 2017-18 by police force area across Wales and England. Three of the five forces that have seen the smallest reduction in funding since 2010-11 are Welsh forces.

⁷ CRA data differs from previously mentioned figures – they include both current and capital spending, and exclude some depreciation and other non-cash items. They also includes some other Home Office spending (see the end of this section).

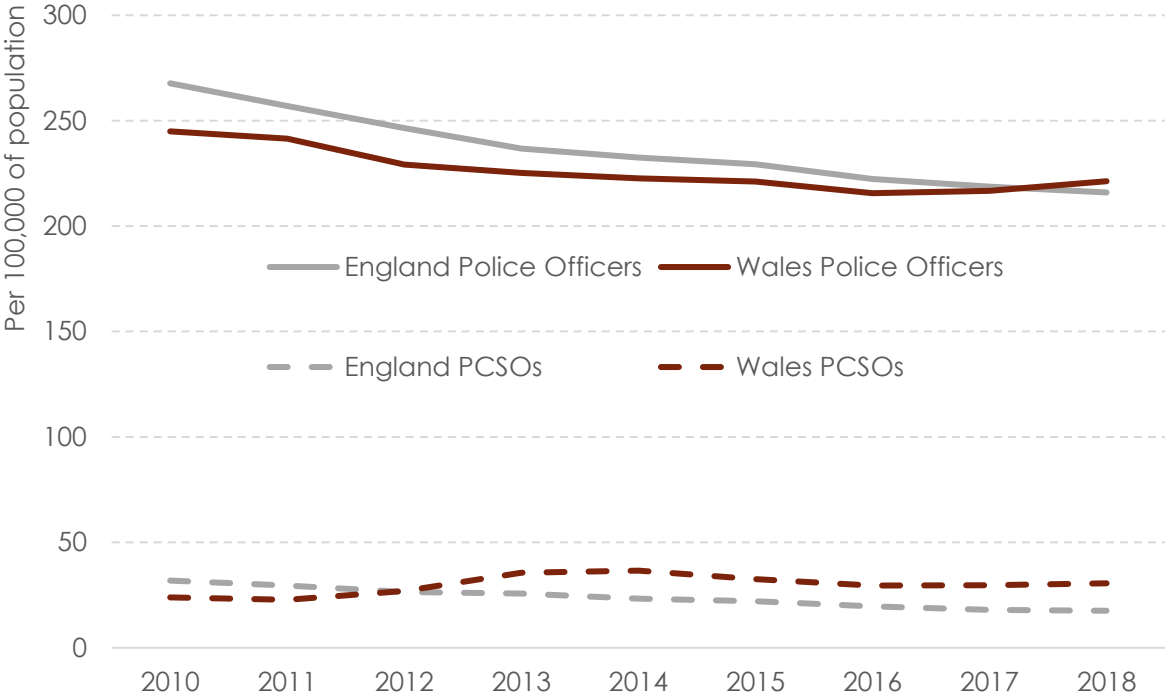
Figure 4.6: Average decrease in funding (grant support and council tax) by police authority



This slower fall in police spending in Wales is reflected in a lower drop in police officer numbers in Wales compared with England over this time period. Figure 4.7 shows the number of (full-time equivalent) police officers in Wales and England per 100,000 of the population. Whereas this figure was 9.3% higher in England in 2010, police officers per person in Wales had risen slightly above England by 2018. Police officers per person have fallen by almost a fifth in England, while in Wales the reduction has been 10%. Had police officer numbers in Wales fallen at the same rate as in England since 2010, there would be 546 fewer police officers.

Another area of divergence in police funding between Wales and England has been the funding of Police Community Support Officers (PCSOs). One of the Welsh Government’s major commitments in its 2011-2016 Programme for Government was to fund 500 additional PCSOs in Wales (Lowe et al, 2015). Specific grant funding was introduced in 2012 to counteract a shrinking police workforce, and this funding has been maintained in subsequent years, and was around £16 million in 2017-18 according to police force annual accounts. Figure 4.7 also shows the number of PCSOs per 100,000 of population in Wales and England (dotted lines).

Figure 4.7: Trends in the number of (full-time equivalent) police officers and PCSOs per 100,000 of population 2010-11 to 2017-18 (2017-18 prices)



Source: Home Office (2018) Police workforce open data tables and author's calculations

The faster growth in council tax revenue and the funding of PCSOs provide good examples of how Welsh devolved fiscal policy effects police funding and outcomes in Wales under the current system.

There are other prominent examples of the devolved budget interacting with police budgets. For example, the Welsh Government’s 2019-20 Draft Budget allocated £1.98 million to restore funding for the All-Wales Schools Liaison Programme, which is designed to educate children and young people around issues such as substance misuse. This funding is matched by the four police forces. Another prominent example in past years was the Welsh Government contribution to Operation TARIAN, the Regional Organised Crime Unit, which is part funded by the Home Office, Welsh Government and three Welsh police forces. The Welsh Government’s contribution has been reducing in recent years and was reduced further in the 2018-19 budget (Welsh Government 2017).

The number of funding streams and the complexity of the system can create uncertainty about what funding is and isn’t available for Welsh police forces (Jones and Wyn Jones forthcoming). A good example of this was the issue of the Apprenticeship Levy. Welsh police forces contribute around £2 million annually towards the UK government levy. However, as policing is reserved while training and education is devolved, neither government committed to support apprenticeships for police officers.

As well as spending by the police forces in Wales, some central spending by the Home Office and other agencies is allocated to Wales in the CRA data.

Central spending by the Home Office and its arms-length bodies has been allocated based on the Police Grant determination. Around £19 million has been allocated from the Home Office's Crime and Policing Group spending in 2017-18. The Welsh share of spending by HM Inspectorate of Constabulary was around £630,000 in 2017-18.

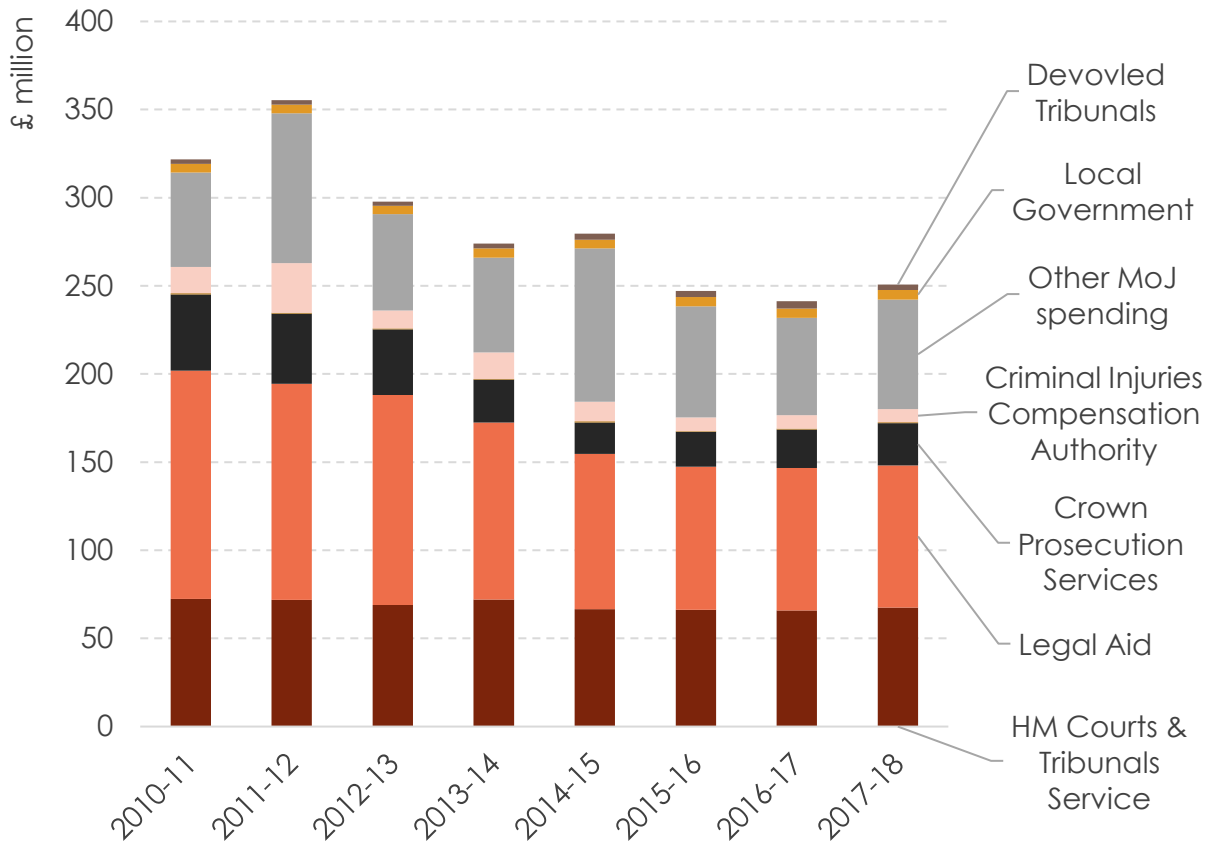
The CRA allocates British Transport Police spending to Wales based on a regional analysis of passenger numbers by train and light rail; this allocation amounted to £5.2 million in 2017-18. Meanwhile, Civil Nuclear Police Authority spending was allocated by population across Wales, England and Scotland; the Welsh share for 2017-18 was £5.4 million.

5

Law courts spending for Wales

Total estimated public spending on law courts and tribunals for Wales in 2017-18 was approximately £251 million in 2010-11. As shown in figure 5.1, this includes spending by various departments, agencies and levels of government. The estimate includes the cost of delivering services in Wales, as well as an apportionment of various central costs to Wales. Figure 5.1 also shows the real-terms decline in spending which has occurred since 2010-11. This section analyses the various components of law courts spending in detail.

Figure 5.1: Public spending on Law Courts and Tribunals for Wales, 2010-11 to 2017-18 (2017-18 prices)



Source: HM Treasury (2018) Country and Regional Analysis; Statswales (2018) Local Government Revenue outturn expenditure summary; Welsh Government (2018 and previous) Second Supplementary Budgets; and author's calculations.

Note: Figures for HM Courts & Tribunals from 2011-12 to 2017-18 in this figure are from evidence submitted to the Commission, 2010-11 figure based on HMCTS Annual Reports & Accounts on a "Wales Region" basis and scaled to match data for subsequent years. Figures used for the Crown Prosecution Service are from CRA data. However, it should be noted that there was a change in the methodology used in apportioning CPS spending to Wales from 2012-13 onwards. See section 5.3 for further details and discussion of data supplied to the Commission.

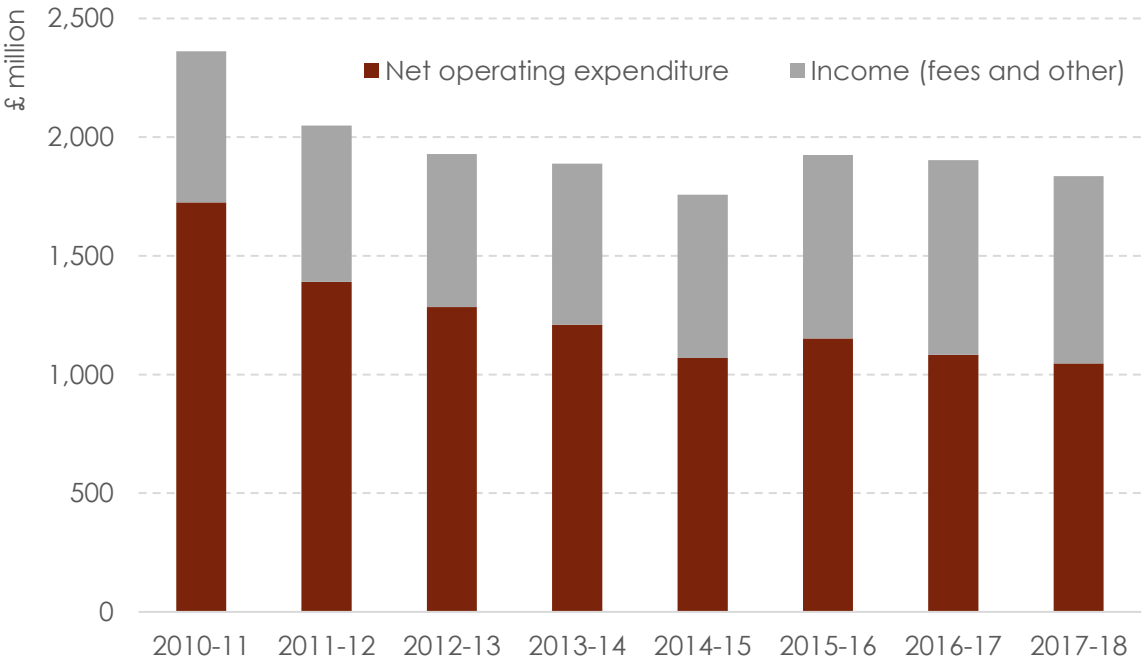
5.1 HM Courts & Tribunals Service

HM Courts & Tribunals Service (HMCTS) is an agency of the Ministry of Justice and is responsible for all criminal, family and civil cases across England and Wales (and non-devolved tribunals in Wales and Scotland). It was created in April 2011 through the merger of HM Courts Service and the Tribunals Service.

The operating expenditure of HMCTS was £1.8 billion in 2017-18. However, around £789 million of this was covered by HMCTS operating income, resulting in net expenditure for the year at £1.1 billion. Most of this operating income relates to fee income charged to users of the non-criminal parts of the system. HMCTS operational spending has fallen by 22% in real terms from 2010-11 to 2017-18 (shown in figure 5.2). Some of this decrease reflects a fall in non-cash expenditure such as depreciation and a departmental recharge representing the cost of services shared with the Ministry of Justice (such as human resources, IT, legal and judicial services and finance and administration). Non-cash spending in 2010-11 was also particularly high due to an increase in the provision for pensions transfer deficit, that was caused by adverse movements in stock markets that reduced the value of assets held by the pension schemes.

Increased court fees meant that HMCTS operating income grew by 24% over the same period, partially offsetting the fall in government funding.

Figure 5.2: Total operating expenditure of HMCTS (for England, Wales and Scotland), 2010-11 to 2017-18 (2017-18 prices)

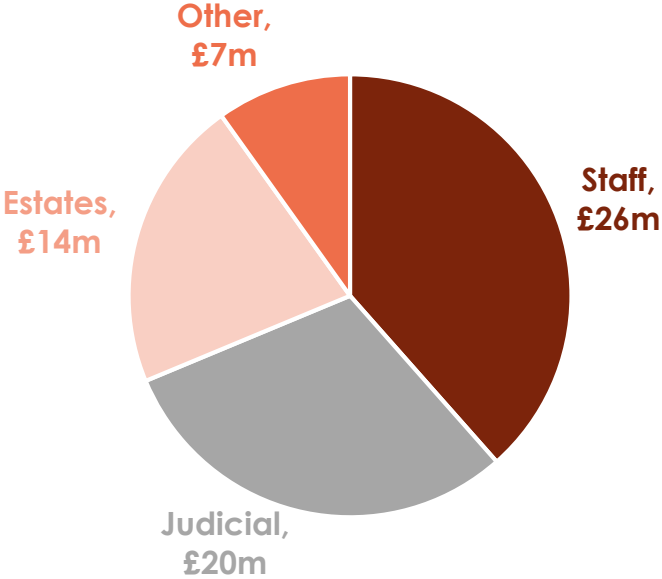


Source: HMCTS (2017-18 and previous) Annual Reports and Accounts

According to figures provided by the Ministry of Justice to the Commission on Justice in Wales, net expenditure on HMCTS services delivered in Wales was £67.6 million in 2017-18. This estimate is based on actual costs incurred in 2017-18, costs directly coded to Wales cost centres, costs directly attributable to operating buildings in Wales, and an allocation of nationally managed costs and central functions. A breakdown by cost category is provided in figure 5.3. These figures do not include non-cash costs such as depreciation or fee incomes from Welsh courts. Based on assumptions regarding centralised income collection, the MoJ’s estimate of fee income received for Wales in 2017-18 was £22.9 million, which would correspond to around 3.2% of total HMCTS income. These estimates would leave expenditure for Wales net of fees income (along with a share of other HMCTS incomes included in figure 5.2) at approximately £42.1 million

Excluding depreciation and other non-cash expenditure from the total operating expenditure of HMCTS presented in figure 5.2, estimated net expenditure for Wales equates to just under 4% of HMCTS spending in 2017-18. This is significantly lower than both Wales’ share of the population of England and Wales (5.3%) and of Great Britain (4.9%).

Figure 5.3: Breakdown of HMCTS services in Wales by cost category, 2017-18

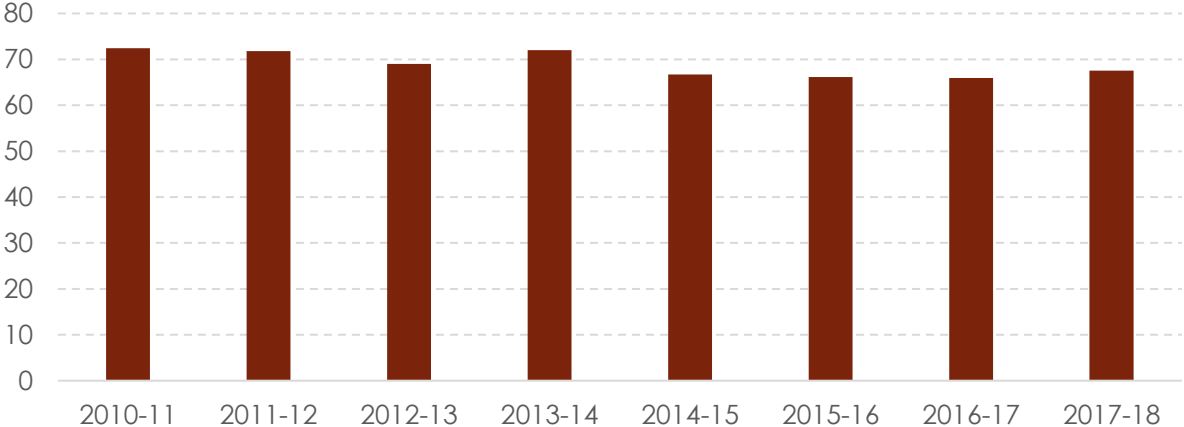


Source: Ministry of Justice (2018)

Evidence provided to the Commission also allow us to compare how HMCTS spending for Wales has changed over recent years (shown in figure 5.4). Net expenditure by HMCTS in Wales fell by around 9% in real terms from 2010-11 to 2016-17 but recovered slightly to 2017-18. This increase from 2016-

17 is explained by increases in family court work in Wales and social security tribunal activity.⁸ Part of the reason for the lower fall in spending in Wales compared with HMCTS as a whole (shown in figure 5.2) since 2010-11 is that the Welsh figures exclude depreciation and non-cash spending items.

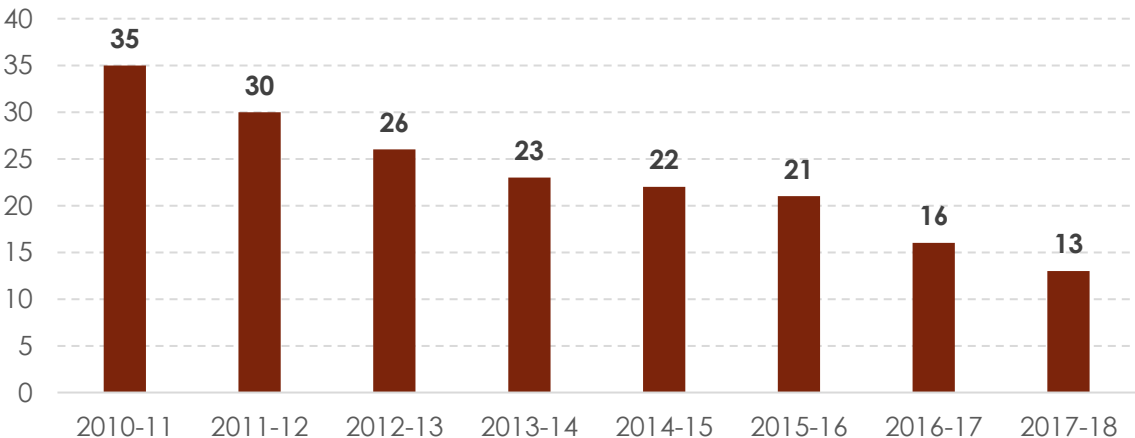
Figure 5.4: Net expenditure by HMCTS in Wales, 2010-11 to 2017-18 (2017-18 prices)



Source: HMCTS evidence to Commission for years 2011-12 to 2017-18. 2010-11 is estimate based on HMCTS accounts.

Austerity and a programme of reform designed to reduce the need for physical attendance in courts has changed the court and tribunal estate significantly since 2010. Research by the House of Commons Library (2018) outlines how courts closures between 2010 and 2018 included 162 Magistrates’ courts, 90 County courts, 18 dedicated tribunal buildings, 17 family courts, and 8 Crown courts. As an example of how this has affected the estate in Wales, figure 5.5 shows the reduction in the number of open Magistrates’ courts in Wales from 2010-11 onwards.

Figure 5.5: Number of open Magistrates courts in Wales, 2010-11 to 2017-18



Source: House of Commons Library (2018)

⁸ Evidence provided by Susan Acland-Hood of HMCTS to the Commission, available here: <https://gov.wales/sites/default/files/publications/2019-03/Oral%20evidence%20to%20the%20Justice%20Commission%20from%20HMCTS%2C%20LAA%20and%20HMPPS.pdf>

5.2 Legal aid

The legal aid system makes public funds available to eligible individuals to meet some or all of the costs of instructing solicitors and barristers to represent them in civil and criminal cases.

Legal aid statistics show that spending on legal aid across England and Wales amounted to more than £1.6 billion in 2017-18.

As part of departmental austerity measures, the then-Secretary of State for Justice Chris Grayling announced wide-ranging cuts to the legal aid system in 2012 and 2013. Although some proposals were abandoned, many changes were implemented, including the introduction of means-testing for help with legal costs in criminal cases and reductions in fees. Total legal aid spending has fallen by over 37% in real-terms since 2010-11.

There are two ways in which legal aid spending can be measured. The first is the **closed-case measure of expenditure**, the basis of most figures in the legal aid statistics bulletin.⁹ This measure represents the total value of payments made to legal aid providers in relation to pieces of work that are completed in the period. This measure allows for a detailed breakdown of spending by scheme, type of spending and by provider.¹⁰

On this basis, legal aid expenditure in Wales was £76.9 million in 2017-18, outlined in table 5.1. Civil legal aid accounted for the highest proportion of this spending (£43 million, or 56%), unlike in England, where criminal aid was higher.

Table 5.1: Legal aid expenditure in Wales by scheme, 2017-18

Category	Civil Legal Aid (£m)	Category	Criminal Legal Aid (£m)
Civil Representation	36.3	Advocates' Graduated Fee Scheme	6.2
Civil Rep Opponent	2.6	Crime Lower	14.8
Housing Possession Court Duty Schemes	0.1	Litigators' Graduated Fee Scheme	12.8
Legal Help	3.7		
Mediation	0.3		
Total	43.0	Total	33.8

Source: Ministry of Justice (2018) Legal aid statistics England and Wales provider and area data to March 2018

⁹ Available here: <https://www.gov.uk/government/statistics/legal-aid-statistics-april-to-june-2018>

¹⁰ The following analysis is based on Legal aid statistics by provider and area, available here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/720188/legal-aid-statistics-civil-provider-area-data-to-mar-2018.ods

The Civil Representation spending category (£36.3 million) refers to representation by solicitors and barristers for civil cases. Almost 90% of this spending in Wales relates to special Children Act, private law Children Act and other public law Children Act proceedings (see section 5.2.1 below). Other smaller areas of spending included in this category include personal injury (£1.3 million), housing (£0.7 million) and domestic violence (£0.4 million). The legal help category (£3.7 million) includes advice and assistance about a legal problem, but does not include representation or advocacy in proceedings. The largest type of spending in this category in 2017-18 related to mental health (£1.5 million) and immigration asylum (£1.2 million).

Criminal legal aid spending per person in Wales is only 74% of the figure for England (as highlighted by the Wales and Chester Circuit in evidence to the Commission on Justice in Wales). The largest category of spending is on 'Crime Lower', which refers to work carried out by legal aid providers at police stations and in magistrates' courts in relation to individuals being accused of or charged with criminal offences. Nearly half (£7 million) of this spending in Wales in 2017-18 was on police station attendance. The Litigators' Graduated Fee Scheme (LGFS) applies to solicitors representing clients for crown court cases, while the Advocates' Graduated Fee Scheme (AGFS) is for barristers who provide representation on behalf of a client. While spending on the 'Crime Lower' category per person in Wales is slightly higher than in England, spending per person on the other two categories are substantially lower in Wales.

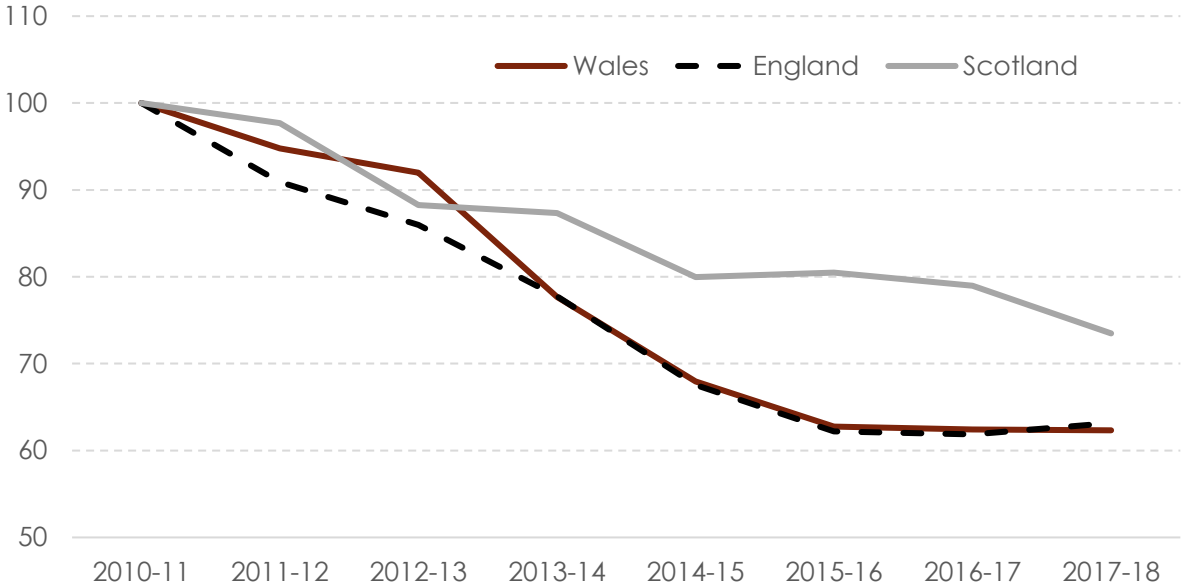
The second measure of legal aid is current expenditure from within the annual Departmental Expenditure Limits (DEL), which aims to measure the value of all work carried out in each period. It better represents the value of work carried out in a period than the closed-case measure but cannot be broken down to such a fine level of detail. HM Treasury's CRA data is measured on this basis, and recorded spending for Wales in 2017-18 was £78.2 million, compared with £76.9 million on the closed-case measure.

Alongside an allocation of costs incurred by the Legal Aid Agency central funds (amounting to 3% of the total figure), CRA data shows that legal aid spending in Wales has fallen around 38% in real terms since 2010-11, matching trends in England. As shown in figure 5.6, comparable data for spending by the Scottish Legal Aid Board shows that spending in Scotland has also fallen in real terms since 2010-11 (by over a quarter), but not to the same degree as in Wales and England.

Statistics based on the closed-case measure indicate that the number of provider offices completing legal aid work has fallen significantly in Wales over recent years. The number of provider offices completing civil legal aid work in Wales has fallen from 323 in 2011-12 to 219 in 2017-18, while the equivalent figure for criminal legal aid work has fallen from 364 to 299 over the same period. The

number of not-for-profit legal aid provider offices has fallen by almost a half, from 56 to 29, mainly reflecting the decline in legal aid provided by Citizens Advice offices across Wales.

Figure 5.6: Real terms change in Legal Aid spending in Wales, England and Scotland (2010-11 = 100)



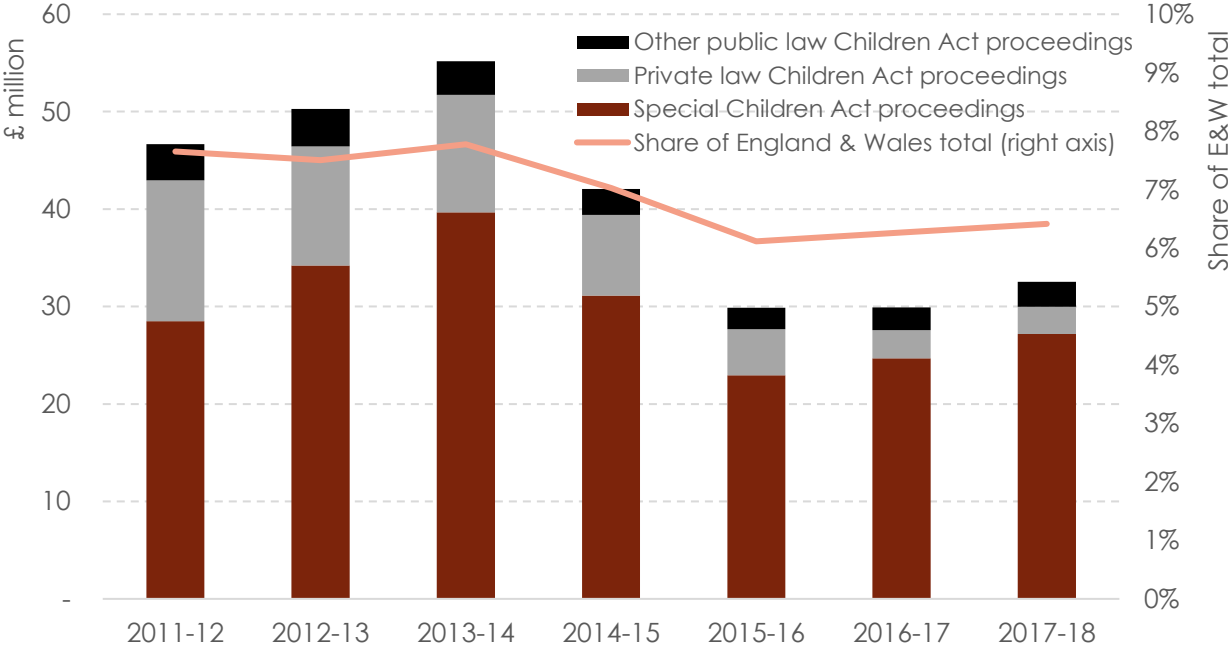
Source: HM Treasury (2018) Country and Regional Analysis

It is difficult to infer a precise picture of the coverage of legal aid services across Wales because legal aid statistics are presented based on provider office location and not the location of the client – providers may serve clients outside their geographic area. However, provider offices of criminal legal aid in Wales appear highly concentrated, with 123 (41%) located in Cardiff and 45 (15%) located in Swansea. Meanwhile, Blaenau Gwent, Monmouthshire and Torfaen each had only three provider offices located in their local authority area.

5.2.1 Children Act proceedings

The largest share of legal aid spending in Wales relates to Children Act proceedings. Figure 5.2 shows the amount of legal aid provided for Children Act proceedings from 2011-12 to 2017-18 (on a closed-case basis). This spending peaked at £51.8 million in 2013-14 (£55.2 million in 2017-18 prices), but fell sharply in subsequent years. Spending recovered slightly to £32.5 million in 2017-18, around 7% of the England and Wales total. From 2011-12 to 2017-18, per person spending relating to the Children Act in Wales was 32% higher than in England, although the gap has narrowed over this time reflecting a sharper fall in Wales.

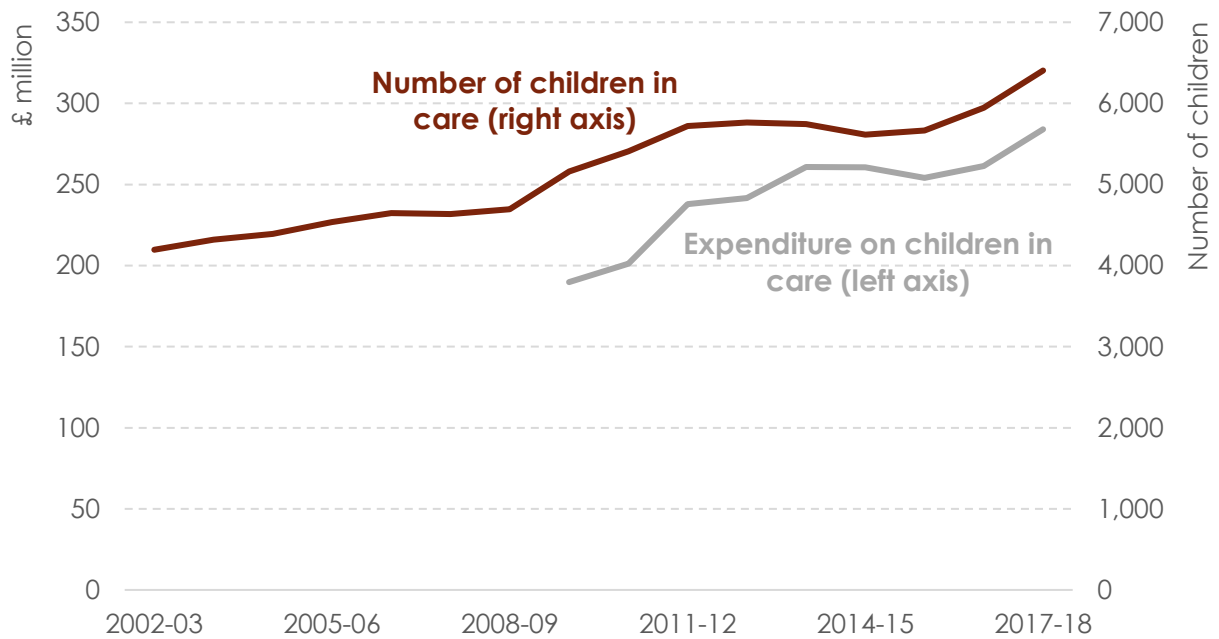
Figure 5.7: Legal aid expenditure relating to Children Act proceedings in Wales, 2011-12 to 2017-18 (2017-18 prices, £m)



Source: Ministry of Justice (2018) Legal aid statistics England and Wales civil provider and area data to March 2018

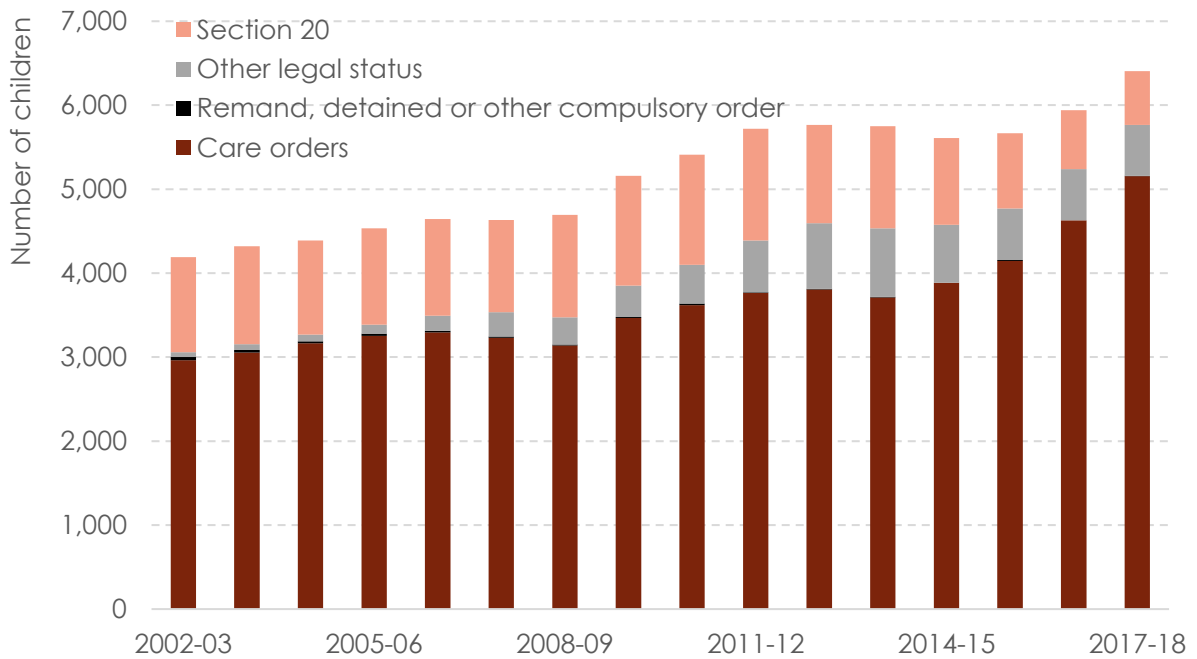
The higher level of legal aid spending on Children Act proceedings in Wales corresponds to one of the largest areas of growing demand pressures on local authority budgets in Wales. Spending by local authorities on children in care amounted £284.0 million in 2017-18 (Ifan and Sion 2019). This figure has risen by over a third in real terms since 2009-10. Over the same period, the total number of children in care across Wales rose from 4,695 in March 2009 to 6,405 by March 2018, an increase of 36.4% in nine years. The rate of children in care in Wales now stands at 102 per 10,000 of population, significantly higher than the rate in England (64 per 10,000).

Figure 5.8: Total expenditure on children in care and number of children in care across Wales, 2009-10 to 2017-18 (2018-19 prices)



Source: Ifan and Sion (2018)

Figure 5.9: Number of children in care across Wales by legal status, 2009-10 to 2017-18 (2018-19 prices)



Source: Statswales (2018) Children looked after at 31 March by local authority and legal status

This spending provides an interesting and illustrative example of how the justice system interacts with devolved and local public spending in Wales, since the majority of children in care are placed under a Care Order granted through the courts (Elliot 2017, p.133).

The Welsh Government's *Looked After Children Census* provides data on the legal status of children in care by year – shown in figure 5.9.¹¹ The increase in the number of children in care over more recent years has come from an increase in children becoming 'looked-after' under Care Orders – court orders which place a child in the care of the local authority (permanently or temporarily). This number grew by 39% from 2013-14 to 2017-18, a period in which legal aid spending relating to Children Act proceedings fell by 41% in real terms. Section 20 cases refers to when a child's parent(s) requests or agrees to their child becoming 'looked-after' – this number has fallen over recent years.

The Welsh Government also provides funding for Cafcass Cymru, which becomes involved in family law cases when required by the court, works with solicitors and instructs them to act on behalf of children.¹² Analysis of Welsh Government budget documents suggests funding for Cafcass Cymru has remained flat in cash-terms since 2011-12, and amounted to £10.3 million in 2018-19. Citing significant and continued increase in demand for its services, the Welsh Government increased funding for Cafcass Cymru to £11.3 million in its Final Budget for 2019-20. Cafcass Cymru's latest annual report for 2017-18 noted Public Law applications increased by 21% since 2015-16, with the main driver being Section 31 (care) applications from local authorities (made when they have significant concerns about the safety or welfare of a child).¹³

5.2.2 Third sector services

As well as legal aid services, individuals can access advice on legal issues from a variety of third sector organisations. The funding streams of these organisations can be diverse, and will often attract UK, Welsh and local government support.

According to analysis of WCVA (2018) data on Welsh voluntary sector organisations (VSOs) by Kapitsinis (2018), there was an increase in both the number and in the income of those VSOs which undertake Advice and Advocacy activity between 2010-11 and 2016-17.¹⁴ Table 5.2 provides a

¹¹ Available here: <https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/Childrens-Services/Children-Looked-After/childrenlookedafterat31march-by-localauthority-legalstatus>

¹² <https://gov.wales/cafcass-cymru/what-we-do>

¹³ Available here: <https://gov.wales/cafcass-cymru-annual-report-2017-2018>

¹⁴ Advice and Advocacy activities represent two distinct services provided by third sector organisations, with advice providers more likely to be signed up to common standards and more organised than advocacy providers. They are treated together in this section due to data availability.

breakdown of the income of these organisations. Advice and advocacy VSOs recorded a growth in income from £5.7 million in 2009-10 to £9.5 million in 2016-17. This was the highest growth in funding of all VSO activity areas included in the study, and this was the only group that demonstrated a rise in funding from the Welsh Government. This reflects the Welsh Government commitment of funding for the provision of advice following its Advice Services Review in 2013, which was commissioned in response to legal aid changes. The annual accounts of Citizens Advice indicated that Welsh Government funding for its advice services amounted to £1.6 million in 2017-18, alongside other grants.

The data provided in table 5.2 gives an indication of underlying trends in this area. However, the reported overall income is likely to significantly underrepresent the total amount of funding for advice services in Wales due to data coverage issues and the inability of such an analysis to capture the advice component of spending by organisations recorded under other activity categories. Given a lack of available data, this spending has not been included in the main estimates presented in table 5.1.

Total Welsh Government funding for the third sector in Wales across all activities amounted to £251 million in 2016-17: this total has reduced significantly since 2010-11. Local government in Wales is also a large source of funding for the third sector in Wales, totalling £247 million in 2014-15 according to WCVA (2018) data.

Table 5.2: Income of Advice and Advocacy Voluntary Sector Organisations in Wales

Funding stream	Income 2009-10, £m	Income 2016-17, £m	Growth (%)
Welsh Government	1.35	2.66	96
Local Government	0.97	1.15	18
Donations from the public	0.03	0.02	-21
Income from other voluntary organisations	0.98	3.4	246
Trading income	2.22	2.24	1
National Lottery	0.1	0.02	-78
EU funding	0	0	-
Investment	0	0	-
Other-miscellaneous	0.05	0.02	-60
Overall	5.7	9.51	67

Source: Kapitsinis (2018)

The UK government also provides grants to the third sector, some of which funds services delivered in Wales. For example, the Ministry of Justice provided £11.6 million in 2017-18 (as part of a multi-year grant) for Citizens Advice to deliver its court-based Witness Service.¹⁵

5.3 The Crown Prosecution Service

The Crown Prosecution Service (CPS) is the principal public prosecuting agency for conducting criminal prosecutions. Prosecutions in criminal cases are publicly funded through direct funding.

The CPS Annual Report and Accounts for 2017-18 show total expenditure of £579 million in 2017-18.¹⁶ Total income of £63 million (mainly costs awarded to the CPS and the Asset Recovery Incentivisation Scheme) resulted in net operating costs of £516 million. An analysis of previous annual accounts show that total expenditure has decreased by around 24% in real terms since 2010-11.

The annual accounts also indicate total operating expenditure for its Cymru-Wales operating segment of £19.8 million in 2017-18. In a more detailed breakdown of this spending supplied to the Commission, CPS staff costs for Wales were reported at £12.5 million, while prosecution costs were £6.2 million (the major part of which was for advocacy fees). In addition to this operating expenditure, just over £1 million was spent on estate costs that were met centrally.

In the data supplied by the MoJ to HM Treasury for the CRA 2018, non-geographic spend for headquarters and casework has been pro-rated, bringing total identifiable CPS expenditure for Wales to £23.9 million. Figures for spending in previous years show a large drop in reported spending for Wales from 2012-13 (£34.4 million) to 2014-15 (£17.1 million), which reflects a change in the methodology used to apportion spending on a regional basis.

Figures supplied to the Commission (which exclude some central corporate costs not attributed to Wales) show spending falling by 19% in real terms from 2012-13 to 2018-19. During this period the number of Staff in Post (Full Time Equivalent) also fell by a quarter.

¹⁵ A geographical breakdown of this spending is not available.

¹⁶ Available at: <https://www.cps.gov.uk/sites/default/files/documents/publications/CPS-Annual-Report-2017-18.pdf>

5.4 Other UK government expenditure on justice for Wales

Another area of spending for Wales is made by the **Criminal Injuries Compensation Authority** (CICA), an executive agency funded by the MoJ to administer a compensation scheme for injuries caused to victims of violent crime across England, Scotland and Wales. Spending by CICA for Wales in 2017-18 amounted to £7 million, around 5% of the total spend (from CRA data based on amount of awards in each regional area). Spending peaked at £26 million in 2011-12.

The 'other MoJ' category of spending included in figure 5.1 (on page 21) primarily accounts for MoJ central operations expenditure – amounting to £62 million in 2017-18. This spending is allocated to Wales based on a population share since a geographical breakdown is not possible. The largest component was for the MoJ's Operations Group (£44 million in 2017-18), which is responsible for many corporate functions and oversight of the work of the Legal Aid Agency, Office of the Public Guardian and the CICA. **Finance and commercial** operations (£7 million) comprise finance, analysis, commercial support and project delivery, while the **Justice and Courts Policy Group** (£4 million) is responsible for cross-system reform of courts and tribunals, developing policy on civil, family and criminal justice, and relations with the judiciary. The **Offender Reform and Commissioning Group** (£4 million) is responsible for programme management and change functions. Also allocated to Wales is £3m of spending by the **Office of the Public Guardian**. Also included is spending by some smaller bodies, commissions and offices, including the **Office for Legal Complaints** (£0.64 million), the **Criminal Cases Review Commission** (£0.27 million), and the **Judicial Appointments Commission** (£0.25 million).

As spending on the Supreme Court cannot be assigned geographically across the UK, this spending is deemed as 'non-identifiable' spending in the CRA data – a population share for Wales would amount to around £0.2 million in 2017-18).

5.5 Welsh and Local Government courts and tribunals spending

There are a number of tribunals relating to devolved functions for which funding responsibility rests with the Welsh Government.

Some devolved tribunals are overseen by the Welsh Tribunals Unit, namely the Mental Health Review Tribunal for Wales (expenditure of £2.5 million in 2016-17),¹⁷ the Special Educational Needs Tribunal

¹⁷ <http://mentalhealthreviewtribunal.gov.wales/mhrtw-about/annual-reports/?lang=en>

for Wales (£125,000),¹⁸ the Residential Property Tribunal Wales (£200,000)¹⁹ and the Welsh Language Tribunal (£19,500).²⁰

According to the Welsh Government Second Supplementary Budget 2017-18, the budget expenditure line for 'Tribunals' was just over £3 million. This budget line has roughly increased from £2.3 million in 2012-13, though it has fluctuated.

Some tribunals are the responsibility of local authorities in Wales, such as the School Admission Appeals Panels and the School Exclusion Appeals Panels. However, the main area of expenditure for local government represented in figure 5.1 is for Coroners' and other courts services. There are seven coroners' jurisdictions in Wales, which are locally funded and resourced by local authorities. Latest outturn data for Welsh local authorities reported net expenditure on 'Coroners' and other courts services' of £5.4 million in 2017-18, up from £4.5 million in 2010-11.

¹⁸ <http://sentw.gov.wales/about/annual-reports-sentw/?lang=en>

¹⁹ <http://rpt.gov.wales/about/rpt-annual-reports/?lang=en>

²⁰ <http://welshlanguagetribunal.gov.wales/wlt-about/wlt-annual-reports/?lang=cy>

6

Prisons and probation spending

HM Prison and Probation Service (HMPPS) is an executive agency of the MoJ, responsible for correctional services in England and Wales. Its net expenditure for the year in 2017-18 was £4.4 billion.

The **HMPPS in Wales** directorate was established in 2014-15 to address the distinct differences arising from devolution in Wales; this body now have responsibility for managing offenders in custody in Wales and for probation services.²¹ In 2017-18, the directorate's reported operating expenditure of £192.6 million and income of just over £9 million in 2017-18,²² resulting in net expenditure of £183 million in 2017-18. Net expenditure has increased from £130 million in 2014-15, reflecting the associated costs of HMP Berwyn becoming operational.

There are other directorates of HMPPS which deliver services in Wales, though a breakdown for their spending in Wales is unavailable. These directorates include:

- The Custodial Contracts directorate manages a range of system-wide contracts and third sector providers delivering offender services, including privately managed prisons, prisoner escort and custody services and the prison facilities management contracts (with net expenditure of £819 million across England and Wales in 2017-18). Some of this latter function in Wales however is the responsibility of HMPPS Wales, including the contract management of the private prison HMP Parc and the Wales Community Rehabilitation Company.
- The Youth Custody Service is a distinct arm of HMPPS with responsibility for Young Offender Institutions (YOIs) and Secure Training Centres across England and Wales (£103 million).
- The Community Interventions directorate manages a number of third sector providers delivering offender services (£369 million), and
- The Electronic Monitoring directorate which is responsible for a new service to monitor offenders (£69 million).
- Finally, an Operational Support directorate includes human resources, estate transformation, security, order and counter terrorism, rehabilitation and assurance and CEO directorates (£181 million). Other expenditures include costs where the budget is held within the MoJ instead of HMPPS and MoJ overhead recharges.

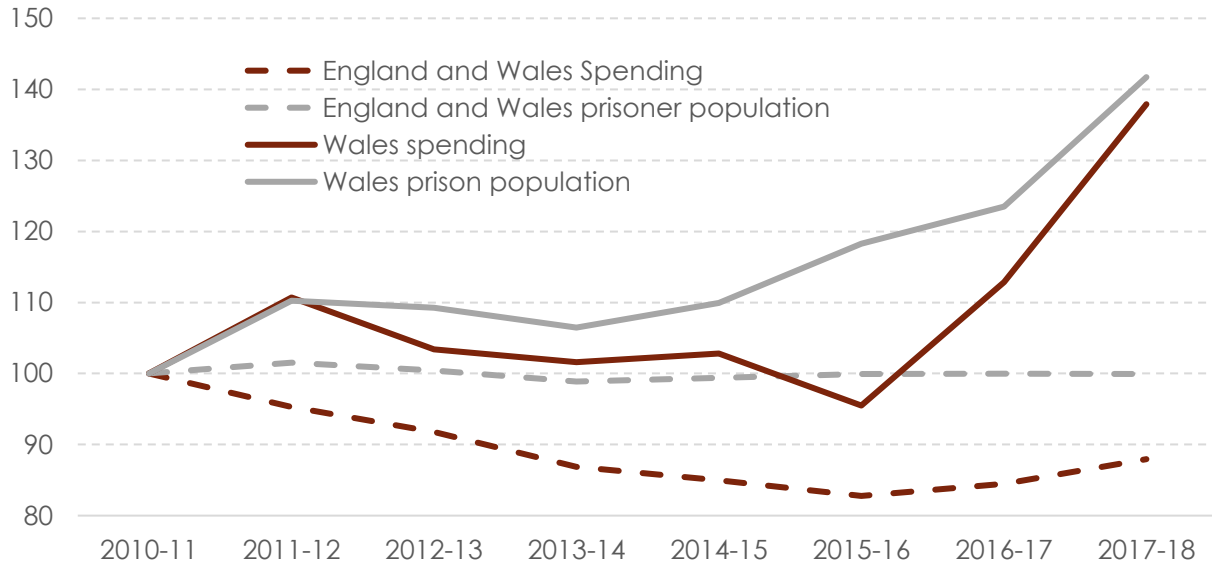
²¹ Previously 'NOMS in Wales'.

²² HMPPS reported £3.7 million of income from the Welsh Government in 2017-18.

Prisons across England and Wales have experienced large spending and staff cuts since 2009-10, these trends have gained increasing attention given deteriorating prison safety since 2013-14.

Across England and Wales, spending on prisons fell significantly from 2010-11 while the prison population remained broadly constant (dotted grey line figure 6.1). These cuts to the budget were accompanied by a reduction in staff numbers, with the number of core prison staff in March 2017 being 26% below 2010 levels, though they started to rise again in 2017-18 (Andrews et al. 2018).

Figure 6.1: Real terms change in overall resource spending on prisons and change in prisoner population across England and Wales and in Wales (2010-11 = 100)



Source: Ministry of Justice (2018) Costs per place and prisoner per prison establishment

Total direct resource expenditure recorded in prisons in Wales was £121 million in 2017-18. **Overall resource expenditure in 2017-18 on prisons in Wales**, which includes expenditure met at regional or national level, **was £168 million.**²³ Of this figure, £97.7 million was spent on public sector prisons (HMP Usk/Prescoed, HMP Cardiff, HMP Swansea and HMP Berwyn) while £70.6 million was spent on the private finance initiative (PFI) prison, HMP Parc. The overall cost per prisoner in public sector and PFI prisons were similar in 2017-18, though this due to the cost per prisoner at HMP Berwyn being significantly higher due as it was well below capacity in that year.

Contrary to the picture in England, spending on prisons in Wales has increased significantly since 2010-11, alongside a large increase of 42% in the prison population located in Wales (non-dotted lines in

²³ This includes HQ and regional overheads, major maintenance of property, rates and rent, as well as depreciation of buildings and capital repayment. Some of this spending (depreciation) is therefore not included in the CRA total reported above.

figure 6.1). Spending per prisoner located in Wales has therefore stayed broadly flat in real terms over this period.

Total spending on prisons and probation services for Wales reported by the MoJ in the CRA data was £205 million in 2017-18; this figure includes additional spending by HMPPS mainly allocated according to prison population. Spending per person on prisons recorded in the CRA is relatively similar for Wales and England (around £65 per head of population), which is slightly lower in Scotland (£58), and higher in Northern Ireland (£80).

Included in this figure is spending by the **Youth Justice Board** for England and Wales, a non-departmental public body responsible for overseeing the youth justice system in England and Wales and sponsored by the MoJ. Reported spending for Wales in 2017-18 was £2.8 million, based on an analysis of the number of young people cautioned or convicted of an offence by geographic region. As is the case in England, this spending has decreased significantly since 2010-11, a trend which reflects fewer cases and the transferring of Youth Custodial Services to HMPPS.

Prisons spending on prisoners from Wales

While the figures outlined above reflect spending on prisoners *in* Wales, another measure of interest would relate to spending on prisoners *from* Wales. Table 2 provides an estimate of direct and overall expenditure on prisoners from Wales based on establishment location and the average cost per prisoner in those establishments for 2017-18. The underlying data was provided by Jones (2018) based on MoJ data of the address provided as people entered custody.

These figures suggest that direct expenditure on the 4,781 prisoners from Wales (average population across the financial year) amounted to £138 million in 2017-18, while overall expenditure was £189 million. Nearly 40% of this estimated expenditure on Welsh prisoners was spent on prisons outside Wales.

These estimated figures for expenditure on prisoners from Wales exceeded expenditure on prisoners located in Wales by around £21 million in 2017-18 (£189 million compared with £168 million cited earlier). However, as HMP Berwyn increases its population over subsequent years, this situation may be reversed in coming years, in that spending on prisoners *in* Wales will likely exceed estimated spending on prisoners *from* Wales.

Table 6.1: Estimated expenditure on prisoners from Wales, 2017-18

Establishment name	Average number of Welsh prisoners	Welsh share of average population	Welsh share of Direct Resource Expenditure	Welsh share of Overall Resource Expenditure
Parc	1456	84%	£51.5 m	£59.6 m
Cardiff	580	79%	£12.0 m	£20.1 m
Altcourse	352	31%	£16.4 m	£17.1 m
Swansea	391	92%	£10.0 m	£15.8 m
Stoke Heath	111	14%	£2.0 m	£3.6 m
Usk	201	38%	£3.7 m	£6.2 m
Eastwood Park	147	37%	£3.9 m	£ 6.2 m
Prescoed	157	30%	£2.9 m	£4.8 m
Long Lartin	47	9%	£2.1 m	£3.1 m
Rye Hill	41	6%	£1.5 m	£1.6 m
Berwyn	159	24%	£5.9 m	£9.3 m
Other prisons	1299	2%	£26.3 m	£41.7 m
Total	4781	5%	£138.3 m	£189.1 m
of which:				
In Welsh prisons	2943		£86.0 m	£115.9 m
In English prisons	1838		£52.3 m	£73.3 m
Cost of non-Welsh prisoners			Direct Resource Expenditure	Overall Resource Expenditure
In Welsh prisons			£35.3 m	£52.5 m

Source: Ministry of Justice (2018) Costs per place and prisoner per prison establishment and author's calculations

Interaction between devolved and local government budgets

There are a number of other ways in which the devolved Welsh Government and local authority budgets interact with the prisons and probation systems. For example, the Welsh Government is responsible for the provision of health care and education in public sector prisons.

In the case of healthcare, the Welsh Government allocates funding to the relevant Health Boards for primary and secondary healthcare costs. Funding was transferred from the MoJ in 2003-04 to the block grant to cover the costs of prisoner healthcare for the Welsh Government. Some amendments were made to the initial sum of £2.2 million, but this transfer has since been part of the overall block grant which changes from year to year according to overall changes in spending per person in England on services devolved to Wales. The Welsh Government also has responsibility for education services in public sector prisons, and provides funding to HMPPS for education services and specific project activities related to prison education, totalling £3.7 million in 2017-18. Local authorities also have

responsibility to provide social services to prisoners, funding for which comes through the Local Government Settlement.²⁴

Another responsibility of local authorities are Youth Offender Teams, for which the Welsh Government provides funding. Gross revenue expenditure by local authorities on these services in 2017-18 was £25.2 million, with £9.6 million being provided by a hypothecated grant. This funding has increased since 2010-11.

²⁴ For example, see: <https://www.bbc.co.uk/news/uk-wales-south-east-wales-44240367>

7

Conclusion

As this report has detailed, public spending on the justice system in Wales is a complex mix of funding sources and different spending areas. In total, nearly **£1.2 billion is spent on the justice system for Wales each year**, equating to 3.6% of all identifiable public spending for Wales. But a significantly larger share of Welsh public spending interacts with justice spending in numerous ways, including many of the largest spending areas of the Welsh Government and local authorities in Wales, such as health and social services.

The majority of funding for the justice system currently derives from UK government department budgets. And as these departments budgets have been cut after 2009-10, service spending in many related areas has declined. Spending across police services, law courts and tribunals, and prisons and probation services has fallen by nearly 23% in real terms, though spending has been increasing slightly in more recent years. The outlook for public spending outside of the 'protected' areas of spending such as the NHS remains challenging, including for most justice functions.

Although justice is considered a reserved function, approximately £442 million (or 38%) of the total spending included in this analysis derives from devolved or local government funding.²⁵ Under the current system, the Welsh Government has charted a different course for the funding of the justice system in some areas. Most notable has been the freedom given to Police and Crime Commissioners to increase the council tax police precept at a faster rate than in England, and the funding of additional Police Community Support Officers. This devolved policy divergence has had a noticeable effect on police spending and headcount in Wales over recent years. **The devolved and local government element of justice funding has increased in real terms since 2009-10.** As noted throughout this report, there are other areas of Welsh and local government spending which relates to the justice system, but which fall under other functions, for example, spending on prisoner education, social care and Youth Offender Teams. **Meanwhile, justice spending in Wales funded by UK government department budgets and agencies has fallen by a third since 2009-10.**

²⁵ This figure includes estimates of specific grant income from the Welsh Government to police forces, based on figures provided in the Annual Accounts of the four Welsh police forces.

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