

Funding for Justice 2008 to 2018: Justice in the age of austerity

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1. About the author

Martin Chalkley is a professor of economics at the University of York. He has worked on justice issues, legal aid and remuneration since 1995 when he was one of the architects of the original Advocates' Graduated Fees Scheme. Since then he has worked with the Bar Council, Ministry of Justice and CPS in respect graduated fees for criminal and family advocates. He has advised on equality and diversity matters, training for the Bar and pupillage. His primary academic work is on the economics of health care, incentives and public funding.

2. Introduction

Providing a justice system and access to it are fundamental functions of the state. These functions are not luxuries or extravagances but are necessary to a well-functioning society and economy. For England and Wales, oversight of this provision rests with the Ministry of Justice which, like many government departments, has been subject to austerity measures brought about as a consequence of the 2008 financial crisis.

The purpose of this paper is to provide an overview of the effects of austerity on the resources that government has devoted to the justice system. It will come as no surprise to learn that resources have been reduced over the period 2008-2018, but the extent of the reduction, where it has been focused and the potential implications of that in the context of viewing this area of expenditure as an investment in a well-functioning and fair society, have not hitherto been described. In the broader view, an under-resourced justice system imposes costs on society and damages economic welfare. Short-term savings may result in long-term burdens.

It is hoped that this paper will provide impetus for further research on this topic and stimulate a debate regarding how to best present an economic case for greater investment in the justice system.

The structure of the paper is as follows. Section 2 sets out the overall economic context, including how the economy has performed, what government spending has been – both in total and according to functional headings – and how spending on the justice system compares to these. Some technical issues involved in collating and interpreting the data that are used are detailed in Appendix 1.

Within the overall envelope of expenditure, it is possible to separate out some key and important elements of spending on the justice system. The essential infrastructure of courts, judges and associated judicial services; the provision of access to justice for those without means and the custodial and rehabilitation services associated with criminal justice are different elements of the state's provision of a justice system. Section 3 considers how these elements have fared differentially.

One implication of reduced public funding support for access to justice is that private citizens are required to contribute more. There are multiple aspects to this; increased expenditure on privately financed professional legal services; increased reliance on self-help including becoming a litigant-in-person and increased charges being paid for

the use of the justice system (through court fees and other user charges). Section 4 sets out some figures in relation to the last of these.

Section 5 summarises findings and makes recommendations for future research.

3. Scope and background

Jurisdictions

Any attempt to understand the nature and extent of funding of the justice system in the United Kingdom encounters a number of institutional and reporting complexities.

Whilst much economic data is gathered and reported at the UK level, a number of functions of the state are devolved and reported upon separately for the constituent countries, especially Scotland. The justice system considered in this paper is that of England and Wales, but it is easier to express expenditures in relation to overall UK government spending and UK national income.

Spending on the justice system and access

The justice system comprises many elements and as such there are numerous departments and agencies of government that have a role to play in its provision. The main focus in this paper is on the role played by the Ministry of Justice, which is charged with implementing government policy in respect of the justice system of England and Wales, and is responsible for the provision of legal aid, the court and tribunal system and the detention and rehabilitation of offenders. The prosecution of the most serious criminal offences is the responsibility of the Crown Prosecution Service and its expenditure over the last 10 years is also examined.

Other elements of what could broadly be called the justice system: the detection and investigation of crime, the prosecution of some criminal offences, the provision of services to support victims and witnesses, and the market for privately funded legal services, are outside the remit of the Ministry of Justice and the Crown Prosecution Service and are not considered here. That is not to say they are unimportant and should be ignored, but simply that they fall outside the scope of this paper.

The economy

The financial crisis that began in 2008 is well-documented to have had a serious effect on economies around the world. It is associated with reduced output and growth. In particular, the years around the crisis saw output, as measured by the total value of goods and services, actually decline.

In the 10 years since the onset of the crisis there has been economic growth. The overall value of output of the UK economy in 2017 was approximately £2044bn. The estimate for 2018 is £2100bn. Compared to 2008, this represents an increase of around 33 per cent. Price inflation has been modest and amounts to approximately 18 per cent over the 10 years. *Real* GDP, which is the value of goods and services after accounting for the timing of the price changes, grew by approximately 13 per cent over the last 10 years. The underlying figures are depicted in Figure 1.

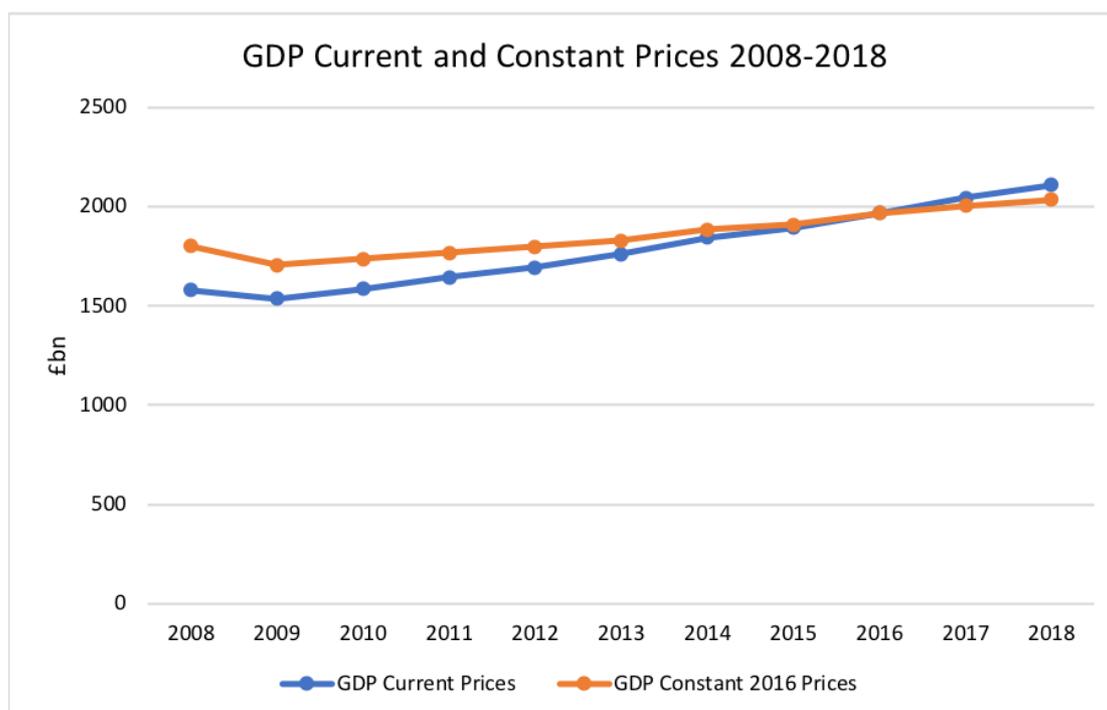


Figure 1: GDP in current and constant (2016) prices 2008-2018. Source: [Office for National Statistics](#)

Whilst the last decade has been characterised as one of austerity, it is nevertheless a period during which the economy has grown both in cash and in real terms. If the justice system is seen as serving the economy, by providing the infrastructure and services that

ensure well-functioning markets, respect for the law, individuals' rights and property, it would not be unreasonable to expect the justice system to grow along with the economy.

There are reasons to suppose that the *publicly funded* elements of access to justice might even be expected to increase over a period of austerity notwithstanding underlying economic growth. Austerity has been associated with low wage growth and increasing poverty amongst the most disadvantaged members of society¹ who are most likely to require state assistance in accessing justice.

Government expenditure

Austerity is closely associated with reduced public services driven by the need to reduce government expenditure and debt.

In 2017, government expenditure (specifically Total Managed Expenditure) was approximately £770bn or around 40 per cent of GDP. In 2008 expenditure was approximately £606bn and again around 40 per cent of GDP. There have been fluctuations in this proportionality between government expenditure and GDP over time, but the figure is relatively stable. As the economy grows so does government expenditure. This implies that in real terms government expenditure has also grown over the period 2008-2018 by 13 per cent.

Public sector accounts break down expenditure by broadly defined functions; social protection; health; education; general public services; economic affairs and defence. The constant price pattern of real expenditure for these functions is depicted in Figure 2.

¹ Research on this issue is reported in the article <https://www.theguardian.com/commentisfree/2018/mar/14/austerity-poor-disability-george-osborne-tories>.

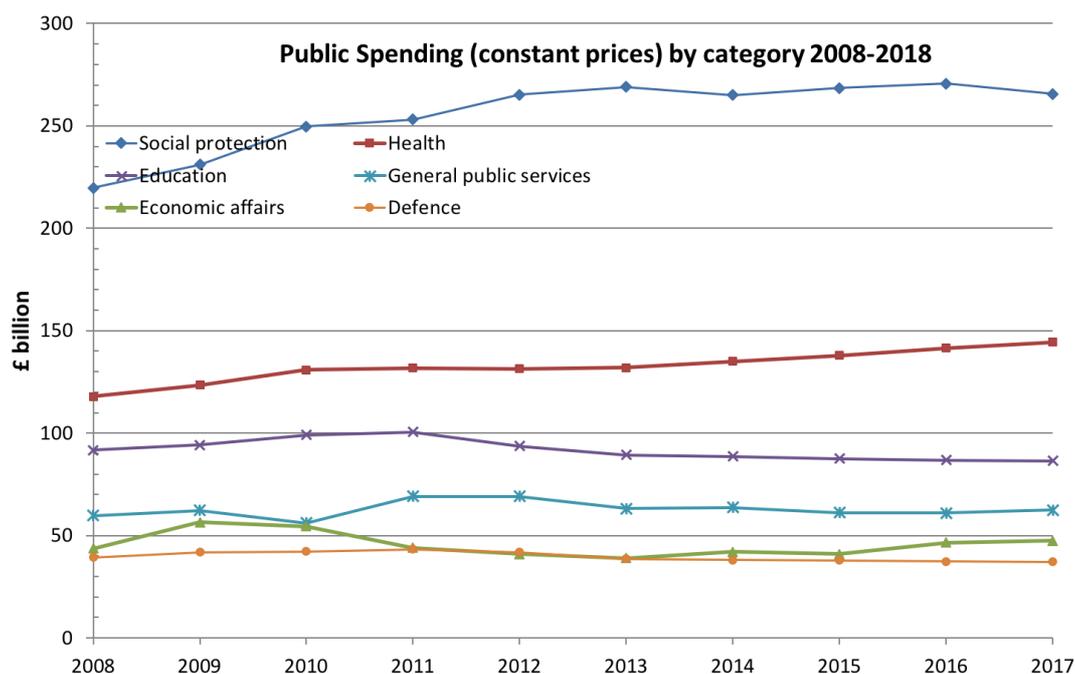


Figure 2: Public expenditure by function in constant prices 2008-2018. Source: author's calculations and [ONS Statistical Release February 2018](#)

An upward sloping line indicates growth in real expenditure for that category. Health and social protection have shown a substantial real growth. For other categories, real expenditure has been almost flat over this period. The figures for overall growth in real expenditure from 2008 to 2018 are set out in Table 2.

Category	Growth in real expenditure 2008-2018
Social protection	23%
Health	25%
Education	-5%
General public services	5%
Economic affairs	10%
Defence	-6%

Table 2: Growth in real public expenditure from 2008 to 2018 by category. Source: As in Figure 2.

Ministry of Justice expenditure

Overall, the Ministry of Justice accounts for less than £10 billion, a little over 1 per cent of total government spending.² Against the broader setting of the economy and public spending, how has the Ministry of Justice fared? Table 3 sets out one of key measures of overall spending, Resource DEL for 2008 – 2018 in both nominal and real terms.

Year	Total Resource DEL £billion	Total Real Resource DEL £billion(2016)
2008	8.84	10.08
2009	9.04	10.03
2010	8.96	9.82
2011	8.97	9.64
2012	8.89	9.42
2013	8.59	8.93
2014	8.11	8.29
2015	7.73	7.78
2016	7.35	7.35
2017	7.41	7.26
2018	7.63	7.36
% change	-14%	-27%

Table 3: Ministry of Justice total resource DEL, nominal and real, 2008-2018. Source: Ministry of Justice annual reports and accounts (various) and author’s own calculations.³

It is thus clear that the resources that the state has applied to the justice system and for access to justice, through its main departmental mechanism, have declined over this period both in cash and real terms. The overall reduction in real terms is approaching 30 per cent.

Crown Prosecution Service Expenditure

Overall expenditure of the Crown Prosecution Service is currently £0.5bn or around 0.05 per cent of government spending. Table 3a sets out how this expenditure has evolved over the last 10 years.

² This figure in contrast to the numbers in Table 2 includes the Ministry’s other income. See Section 5.

³ The figures in Table 2 are close but not identical to other reported measures showing the decline in Ministry of Justice resources. For example, on page 8. Of the National Audit Office “Short Guide to the Ministry of Justice” there are figures for the Ministry’s Net Cash Requirement. For 2013 this is £8.2billion compared with the £8.6 billion reported in the table. A number of adjustments are made to move from Resource DEL to Net Cash Requirement, but these do not alter the measurement of changes in funding over time. Resource DEL has the advantage that it is broken down by areas of activity that are reported in subsequent sections of this paper.

Year	Total Resource DEL £billion	Real Total Resource DEL £billion (2016)
2008	0.65	0.74
2009	0.65	0.72
2010	0.66	0.72
2011	0.62	0.67
2012	0.58	0.62
2013	0.56	0.58
2014	0.55	0.56
2015	0.51	0.51
2016	0.49	0.49
2017	0.49	0.48
2018	0.51	0.49
% change	-22%	-34%

Table 3a: Crown Prosecution Service total resource DEL, nominal and real, 2008-2018. Source: Crown Prosecution Service annual reports and accounts (various) and authors own calculations.

The picture revealed in these figures is similar to that for the Ministry of Justice. The resources that the state has provided for the prosecution of serious criminal offences has declined substantially both in cash and real terms. The decline is greater than for the Ministry of Justice overall and amounts to 34 per cent in real terms – a loss of more than one-third.

Over this same period there has been a substantial fall in the number of defendants processed by the criminal magistrates' courts and Crown Courts. For magistrates' courts the reduction is 19 per cent; for the Crown Courts there has been a fall of 17 per cent.⁴ Hence, there has been a substantial fall in the resources devoted to prosecution *per defendant*.

Commentary

The period of austerity that has characterised the last 10 years is sometimes associated with stagnant or falling economic activity. In fact, with the exception of the years around the financial crisis the economy has grown in terms of the value of goods and

⁴ Source: Author's calculations based on Criminal Justice Statistics, March 2018, Table 3.1 (Defendants dealt with by magistrates' courts and Crown Courts – All offences). Available [here](#).

services produced, but more importantly in real terms. That indicates that the economic “cake” has become larger.

It is not the case that the Government’s share of that cake has shrunk. It has stayed almost constant at around 40 per cent and hence the Government’s claim over resources has also increased in real terms.

As might be expected, not all elements of government spending have increased in the same proportions. One of the key aspects of the financial crisis was the need to bail-out the financial sector through a purchase of debt. That process increased government borrowing, increased debt servicing costs and placed severe constraints on further government borrowing. Hence, many areas of public expenditure have been constrained and have not increased in real terms; education and defence are notable examples and have seen expenditures decline by 5 per cent in real terms. Nevertheless, other categories of expenditure – health and social protection – have substantially increased in real terms.

Against this backdrop the experiences of the Ministry of Justice and the Crown Prosecution Service have been remarkably poor. Any real terms decrease in resources, against the context of a growing economy, must be seen as an adverse outcome. There is no reason to suppose that demand for justice overall or for access to justice has declined over the last 10 years. To the contrary, increasing poverty and stagnant wages might be associated with increasing demands and a growing economy indicates more economic transactions that have to be regulated and sometimes mediated through legal processes. And yet the Ministry of Justice has seen a 27 per cent reduction in its real Resource DEL. This is a much greater reduction than in other areas of expenditure and, by any standards, a huge loss. Even in cash terms the Resource DEL has fallen by 14 per cent. It is often this latter figure that attracts attention, but it masks the extent to which *real* resources have been withdrawn. The number of defendants that the Crown Prosecution Service has prosecuted through the courts has declined over this period by around 20 per cent which indicates that real resources have declined in real terms *per defendant*.

An observer might well conclude that the UK Government has taken a conscious decision to substantially withdraw public funding for the support of the justice system and for promoting access to justice.

As noted at the start of this section, the Ministry of Justice has a broad range of functions, some of which are delegated to agencies which it funds. The extensive, even dramatic, decline in overall expenditure cascades down to these functions and the agencies which support them. Just as not all areas of government expenditure are equal in terms of funding changes, not all of the Ministry's functions have experienced the same reductions. Examining differences across functions is the purpose of Section 4 of this paper.

4. Tax-payer funding for different elements of justice

Cautions and caveats

A movement away from aggregate measures raises problems of comparability and consistency. Institutional reforms result in changing the names, constitution and responsibilities⁵ of many of the constituent agencies, boards and organisations that deliver various elements of the justice system under the direction of the Ministry of Justice. Hence, tables of statistics vary over time in regard to the labelling and number of entries. For this paper a few key selected headline rows have been selected for further analysis and where it has been necessary the figures have been calculated from a number of annual reports by aggregating over previously defined organisations. The current terminology is used whilst the data may relate to a different terminology and have been aggregated for consistency.

A more substantial issue arises in relation to understanding the total resources that are available to perform a particular function (for example providing courts and tribunals) as distinct from those that are made available through the Ministry of Justice. A number of agencies have sources of revenue that are separate from the funds provided through the Ministry. Mostly these revenues come from the charges that are raised for the use of services or from recoveries that the agencies are able to make from the legal process, such as cost recovery. There are additional revenues from fines and penalties, and in the case of prisons from the sale of goods that are manufactured within prisons. This section of the paper focuses only on the resources provided through Ministry and hence is titled *Tax-payer funding*. Where, as has been the case, tax-payer funding has been reduced, services may have been maintained or even expanded by reliance on fees and charges. That process raises fundamental questions about the equity and coverage of the justice system which is briefly addressed in Section 5. An obvious concern is that individuals are deprived of professional services or of access to courts and the justice system but undertake to represent themselves.

⁵ For example, the Legal Aid Board has transformed into the Legal Aid Agency and the National Offender Management Service has become HM Prison and Probation Service. Tribunals which were previously a separate entry have been brought into HM Courts and Tribunal Service.

Summary by key areas

The data used for making comparisons across different functions is set out in Appendix 1. All figures are for Resource DEL and adjustments to real values are made using the GDP deflator in Table 1.

	Growth Cash	Growth Real
Policy, Corporate Services and Associated Offices	-78%	-82%
National Offender Management Service - HM Prison and Probation Service	-7%	-22%
HM Courts & Tribunals Service	55%	31%
Legal Aid Agency	-19%	-32%
Youth Justice Board	-75%	-79%
Criminal Injuries Compensation Authority	-29%	-40%
Criminal Cases Review Commission	-25%	-37%
Judicial Appointments Commission	-30%	-41%
Higher Judicial Salaries	14%	-4%
Other	-68%	-73%
Total Resource DEL	-14%	-27%

Table 4: Growth (decline) in cash and real tax-financed expenditure on specific functions and agencies 2008-2018. Source: Ministry of Justice Annual Reports for years from 2011 to 2018 and author's calculations.

Not surprisingly, given the very large decline in overall expenditure, most areas within the Ministry of Justice funding domain have seen large, real terms, declines in Resource DEL. Indeed, the only exception to this is HM Courts and Tribunals Service. The figures in Appendix 1 show a more nuanced picture. This service was also subject to declining cash and real expenditure up until 2016. Only in the last two years is that trend reversed with substantial increases. These increases coincide with the implementation of an ambitious and initially costly reform programme, the intention of which is to streamline the court system, reduce the number of courts and implement alternative mechanisms (virtual courts and digital working) to deliver the services of courts. Hence, the last two years' figures should be viewed as transitory and the longer-term trend for the HM Courts and Tribunals Service tax-financed funding follows the general pattern observed across other functions and agencies.

The picture for HM Courts and Tribunals Service is also complicated by the reliance on fees and fines for funding of courts. Whilst Table 4 gives the contribution that the Ministry of Justice makes to the funding of courts it does not show how overall

expenditure on court services has evolved. Changes in both the accounting methods and in the organisation of courts and tribunals make it difficult to establish consistent figures for overall expenditure before 2010. Over the eight years from 2010 to 2018 expenditure on courts and tribunals has fallen from £1.96bn to £1.84bn – a decline of six per cent. Accounting for inflation as elsewhere in this paper, this corresponds to a 17 per cent real decline. Netting out the increasing contribution to this funding of fees and fines suggests that the decline in tax-payer funding for courts and tribunals has been greater. The calculation of this greater overall figure is left to future investigation.

One consequence of increased expenditure by the Ministry of Justice in any one area, such as the HM Courts and Tribunals Service, is that other areas will suffer even greater losses. The big losers within the Ministry of Justice are: Legal Aid with a 32 per cent real decline; the Youth Justice Board with a 79 per cent real decline; and other Commissions and Authorities with between 37 and 41 per cent real declines. Reorganisation and rationalisation of the administrative and policy functions of the Ministry have seen expenditure on these decrease by more than 80 per cent in real terms.

Commentary

The magnitude of the reduction in real expenditure by the Ministry of Justice makes it inconceivable that the slack could be taken up by a combination of efficiency or administrative savings. By examining the components of expenditure it can be seen that the reductions have been wholesale across areas which correspond to front-line delivery of services. This applies equally to court services where the recent increases are due to longer term system reform rather than immediate service delivery and where expenditure on the services of courts and tribunals has also decreased substantially in real terms.

In the case of all of these areas of expenditure there is *a priori* reason to suppose that the decline in resources will be reflected in a decline in the volume and quality of the justice system and access to it. In respect of Legal Aid, for example, the reduction is a combination of less people being assisted (through reductions in the scope of Legal Aid support) and assistance being reduced (through lower fees and more restrictions on costs) for those who are still eligible. In respect of other elements of the justice system the primary source of cost is in wages and salaries for which there has been modest real growth over the past ten years.

5. User charges and funding

As noted in Section 4 the tax-financed funding received through the Ministry of Justice can be augmented by a combination of fees, fines, recoveries from other government departments and income from prison industries.

It has not been possible to find the detailed breakdown of these different elements of income for the period under investigation. Neither has it been possible to attribute these incomes to particular functions within the justice system. Hence, an aggregate summary is reported here.

As tax-payer financing has declined the Ministry has become increasingly reliant on other sources of income. These other sources comprised approximately 12 per cent of total expenditure in 2008 and have risen to accounting for approximately 20 per cent of income in 2018. That rise implies an increase of 34 per cent in real terms and 58 per cent in cash terms. Hence, there is an increasing burden being placed on either the users of the justice system or those who are subject to fines, or both of these. Fine income appears to be broadly stable over the period so that a substantial part of the burden falls on users. Aggregate court fees have, for example, increased by 27 per cent over the period whilst as discussed above expenditure on courts has declined by six per cent.

The effect of the increase in other income sources is to offset some of the effects of the decline in tax-payer funding for the justice system a whole. The relevant figures are set out in Table 5.

	2008	2018	Percentage Change
Cash Terms (£billion)			
Tax Funded Expenditure	8.8	7.6	-14%
Other Income	1.2	1.9	58%
TOTAL	10.0	9.5	-5%
Real Terms (£billion 2016)			
Tax Funded Expenditure	10.1	7.4	-27%
Other Income	1.4	1.8	34%
TOTAL	11.5	9.2	-20%

Table 5: Ministry of Justice Expenditure 2008-2018 broken down by tax-financed and other income in real and cash terms. Source: Ministry of Justice and HM Courts and Tribunal annual reports and author's own calculations.

Commentary

The withdrawal of tax funding for the justice system and access has been accompanied by an increasing reliance on other sources of income, some of which impose costs upon the users of the system. Those increases have been substantial and must in all likelihood inhibit access. However, the overall picture of a justice system in England and Wales that is operating under substantially less resources than 10 years ago remains. Against an economy that has grown 13 per cent in real terms, the justice system has declined by 20 per cent in real terms, even after accounting for increased resources from its users.

6. Summary and future research

The analysis set out in this paper provides an overview of, and a context for understanding, the changes in public funding of the justice system of England and Wales over the last 10 years.

The context is important because it is sometimes assumed that the cuts endured in funding for justice are an inevitable consequence of a decade of austerity and are comparable to the experiences across all publicly funded services. It has been demonstrated that neither assumption is correct. In spite of the financial crisis the UK economy has grown in real terms. The Government has expanded its overall real expenditure in line with that growth. The necessity of addressing the debt finance resulting from the financial crisis has undoubtedly put pressure on publicly funded services, but some like health have nevertheless benefited from increased real terms resourcing whilst even those that have endured cuts have seen only modest reductions in real resources.

In contrast the justice system as reflected in the expenditure of the Ministry of Justice on frontline service provision and access to justice has seen massive real terms reductions. In the context of an economy that has grown 13 per cent in real terms, tax-financed funding for the Ministry has *declined by 27 per cent*. That is a huge withdrawal of public finance support for what must be regarded as a fundamental and integral part of the state's functions and obligations. The withdrawal is even greater for the Crown Prosecution Service, being 34 per cent in real terms. Even after allowing for the declining number of prosecutions this constitutes a withdrawal of resources from the vital function of prosecuting alleged criminals.

The real terms reductions have applied almost across the board to different elements of the justice system – to Legal Aid (32 per cent), the provision of court services (17 per cent) and to numerous supporting agencies and boards tasked with preserving access to justice and a high quality judicial system.

Accompanying reductions in tax-payer support, the justice system has placed increasing reliance on user-charges and other sources of income that now constitute 20 per cent of total spending.

There has been little if any articulation or discussion of these important headline facts and figures. The fundamental question is whether it is desired or desirable so to

fundamentally reduce the public funding support for the justice system and access. If it is not, then there must be acknowledgement of the fact that the cuts to justice are savage and need to be addressed.

Suggested future research

The specifics of how funding cuts have impacted on services are important. Two particular domains, Legal Aid and Court Services, would seem to warrant detailed and serious investigation. Much is already known about the mechanisms underpinning the cuts in Legal Aid which fundamentally have revolved around reducing the coverage of the system and in reducing legal professionals' fees, but a summary of Legal Aid volumes and values broken down by different forms of assistance could usefully be undertaken too.

In addition, an understanding of the functioning of the court system and how this is reflected in published statistics is currently lacking. The HM Courts and Tribunals Service annual reports are not particularly helpful in this regard – they change format across years and are not accompanied by tables of statistics in downloadable form.

In the author's view, HM Courts and Tribunals Service should commit to establishing the best and most accessible sources of data to gain a better understanding of how the volume and value of court services has evolved over the last 10 years and how user charges have impacted on utilisation and access.

Expanding the available evidence base in these ways would lay the foundation for a more ambitious but vitally important agenda. An adequately-funded justice system is not a luxury but a pre-requisite for a well-functioning society.

Appendix 1: Technicalities

Defining a year

The definition of a year to which data relates is complicated by reporting being done mostly on the basis of financial years which overlap calendar years. For ease of exposition the use of a single numbered year (e.g. 2018) should be interpreted as referring to the financial year ending in the calendar year 2018. For some statistics calendar years are the more natural unit, but the adjustments required to put everything on a financial year basis are often small and do not add value or insight to the analysis.

Government reporting and data

Published statistics, especially the detailed figures which are used in this paper relating to the Ministry of Justice and the Crown Prosecution Service, are produced to satisfy reporting requirements specified by Parliament.

Concern about public sector expenditure and borrowing means that these requirements are often focused on setting out the overall claim that a department makes on taxpayer resources and this sometimes runs counter to understanding what contribution the department makes to the overall provision of services. For example, the Ministry of Justice annual reports only consistently provide a detailed breakdown of expenditure in the *Public expenditure core financial tables*. Table 1, in these reports sets is headed “Total Departmental Spending” and breaks down spending according to both a number of headings and according to definitions such as *Resource Departmental Expenditure Limits* (DEL) and *Resource Annually Managed Expenditure* (AME). A guide to this reporting framework can be viewed [here](#).

Some of the figures reported do indeed relate to actual expenditure but others net out from that expenditure any revenues that are received in relation to it. Hence what appears as expenditure is actually expenditure net of some receipts. This applies to Legal Aid and HM Courts & Tribunal Service, for example. The effect can be illustrated by comparing the summary figures of spending on one basis with the other. In the annual report for 2016-17 expenditure on the Legal Aid Agency is given on page 9 as £1.88bn whereas total expenditure being the sum of Resource DEL and Resource AME (from Table 1 on page 158-159) is £1.72bn. The difference is largely accounted for by receipts in the form of contributions.

Whilst the differences in the figures arrived at in any one particular year can be substantial and make it difficult to reconcile the reports of the Ministry of Justice with

those of its agencies, the impact on measures of the trend growth or decline in expenditure are largely unaffected by which definition is used. An exception is where revenues have been expanded and issue of revenues (user fees and charges) is dealt with separately in Section 5. For the remainder of this paper expenditure is mostly reported on the basis of Resource DEL which gives a consistent basis for making comparisons across time, and closely tracks other definitions of expenditure.

Changing prices

A comparison of financial data over time has to take account of changing prices. The adjustment of a monetary value to account for changing prices usually involves reducing (deflating) that value by the extent of price increases. The resulting figure is variously described as being in *constant prices* (as compared to *current prices*) or as being *in real terms* (compared to being in *nominal terms*). The question of which price changes to measure is often contentious. The ideal is to have a price index that reflects the particular goods and services whose value is being measured but that is seldom available, so that more general economy-wide price indices are used.

Since this paper focuses on government expenditures and the services being provided are not marketed the use of a consumer-oriented price index is inappropriate. Henceforth price adjustments are made using the *GDP Deflator* which is a measure that reflects the prices of all goods and services that form a part of the measurement of Gross Domestic Product. The relevant details can be found [here](#). The deflator series is indexed to 2016 prices, equal to 100, and is detailed in Table 1.

Year	GDP Deflator
2008	87.7
2009	90.1
2010	91.3
2011	93.0
2012	94.3
2013	96.3
2014	97.8
2015	99.3
2016	100.0
2017	102.0
2018	103.6

Appendix Table 1: Price index used for calculating constant (2016) price values;
Source [UK Government Statistics](#)

VAT and tax

A concern is sometimes expressed that measuring government expenditures which include an element of VAT overstates the extent of commitment that is being made. Whilst it is true that part of expenditure will in fact flow back to government, the convention is to record all expenditures gross of taxes. This is a complex topic and in practical terms it is very difficult to establish the net effect on government finances of different elements of spending. If the government purchases services or goods some (but not all because suppliers claim back VAT on their inputs) of the VAT paid will flow back to the Treasury. The same applies to payments made to individuals who subsequently spend on goods (and thus generate VAT) and pay taxes on their income. The expenditures reported in this paper are those that the departments or agencies concerned report and will include taxes paid.

Appendix 2: Data Used for Comparison across functions

Resource DEL £000	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Policy, Corporate Services and Associated Offices	571,784	559,772	528,224	489,563	1,036,308	880,079	766,491	905,456	666,985	(100,468)	123,413
National Offender Management Service - HM Prison and Probation Service	4,003,517	4,193,407	4,173,617	4,056,421	3,493,446	3,533,100	3,580,997	3,480,153	3,660,493	3,722,864	3,709,003
HM Courts & Tribunals Service	1,016,891	1,068,979	1,071,599	1,092,170	1,091,883	1,203,496	1,027,975	944,099	833,483	1,565,064	1,576,656
Legal Aid Agency	2,081,515	2,200,195	2,180,818	2,320,497	2,183,985	2,041,537	1,970,043	1,735,858	1,611,142	1,639,385	1,680,067
Youth Justice Board	418,399	485,953	471,009	454,457	377,819	326,766	224,345	191,467	164,546	149,432	104,755
Criminal Injuries Compensation Authority	210,320	287,300	272,234	301,576	450,036	345,651	262,109	194,650	139,789	135,229	148,812
Criminal Cases Review Commission	6,988	6,792	6,973	6,185	5,283	4,876	5,173	5,504	5,298	5,349	5,240
Judicial Appointments Commission	6,946	8,143	7,534	6,201	5,013	4,921	4,202	4,032	3,832	3,622	4,852
Higher Judicial Salaries	130,236	139,854	144,255	143,281	142,039	152,513	148,610	148,066	149,465	152,165	148,407
Other	389,106	88,648	105,587	97,968	109,169	100,378	120,136	118,738	113,076	133,289	125,889
Total Resource DEL	8,835,702	9,039,043	8,961,850	8,968,319	8,894,981	8,593,317	8,110,081	7,728,023	7,348,109	7,405,931	7,627,094

Real Resource DEL £000(2016)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Policy, Corporate Services and Associated Offices	652,152	621,279	578,559	526,412	1,097,784	914,843	783,733	911,839	666,985	(98,498)	119,125
National Offender Management Service - HM Prison and Probation Service	4,566,235	4,654,170	4,571,322	4,361,743	3,700,684	3,672,661	3,661,551	3,504,686	3,660,493	3,649,867	3,580,119
HM Courts & Tribunals Service	1,159,821	1,186,436	1,173,712	1,174,376	1,156,656	1,251,035	1,051,099	950,754	833,483	1,534,376	1,521,869
Legal Aid Agency	2,374,084	2,441,948	2,388,629	2,495,158	2,313,543	2,122,180	2,014,359	1,748,095	1,611,142	1,607,240	1,621,686
Youth Justice Board	477,207	539,349	515,892	488,663	400,232	339,674	229,392	192,817	164,546	146,502	101,115
Criminal Injuries Compensation Authority	239,882	318,868	298,175	324,275	476,733	359,305	268,005	196,022	139,789	132,577	143,641
Criminal Cases Review Commission	7,970	7,538	7,637	6,651	5,596	5,069	5,289	5,543	5,298	5,244	5,058
Judicial Appointments Commission	7,922	9,038	8,252	6,668	5,310	5,115	4,297	4,060	3,832	3,551	4,683
Higher Judicial Salaries	148,541	155,221	158,001	154,066	150,465	158,537	151,953	149,110	149,465	149,181	143,250
Other	443,797	98,388	115,648	105,342	115,645	104,343	122,838	119,575	113,076	130,675	121,514
Total Resource DEL	10,077,611	10,032,234	9,815,827	9,643,354	9,422,649	8,932,762	8,292,516	7,782,501	7,348,109	7,260,717	7,362,060

