



JUDICIAL APPOINTMENTS COMMISSION

ANNUAL REPORT AND ACCOUNTS

1 April 2016 to 31 March 2017

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1 April 2016 to 31 March 2017

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PERFORMANCE REPORT

OVERVIEW

CHAIRMAN'S AND CHIEF EXECUTIVES' STATEMENTS



I am delighted to have been appointed as Chairman of the Judicial Appointments Commission (JAC) in October 2016, halfway through the 2016–17 reporting year. I would like to take the opportunity to thank my predecessor, Christopher Stephens. During his 5 years as Chairman he ensured a consistent focus on improving and expanding the range of selection tools and techniques used by the JAC.

His dedication allowed the JAC to tailor its selection process to the many different and varied judicial roles for which we recruit. We continue to build upon this legacy as we address the challenges facing judicial appointments in the future.

The JAC continues to attract high numbers of candidates to fee-paid roles, including a record of almost 2,500 applications for the 2017 Recorder exercise, but we have witnessed a reduction in applications for some of the more senior roles, most notably for High Court appointments. We are working in close partnership with the Ministry of Justice, the judiciary, the legal profession and others, both to inform an understanding of the underlying

factors impacting our ability to make judicial appointments and to encourage a wider, more diverse range of talented candidates to apply.

The Commission is committed to playing our part in maintaining the world-renowned standards of our judiciary, whilst making further progress on diversity, and continuing to make selections based solely on merit, our overriding statutory duty. These key challenges facing the JAC will be addressed in our future review of strategy in the coming year during which time we will be joined by a number of new lay and judicial Commissioners.

Finally I would like to thank all our staff, the outgoing Chief Executive, Nigel Reeder for their commitment to our work. I am indebted to our Commissioners, and Mr Justice Alan Wilkie, Professor Emily Jackson and District Judge Christopher Simmonds to whom we have said farewell during the year, for their enormous contribution to the JAC. My particular thanks go to our former Vice chairman, Lord Justice Ian Burnett, who performed most of the functions of Chairman from April 2016 until my appointment. I warmly welcome Mrs Justice Philippa Whipple, who joined the Commission in December 2016, and Richard Jarvis, who took up post as Chief Executive in February 2017.

A handwritten signature in dark ink, appearing to read 'Kakkar', with a checkmark-like flourish at the end.

Professor Lord Ajay Kakkar

Chairman, Judicial Appointments Commission



During the 7 years that I was Chief Executive of the JAC, I placed a priority on efficiency and the effectiveness of the JAC's selection processes. With that focus, the organisation has been able to:

- reduce the number of staff from 105 in 2009–10 to just under 50 in 2016–17
- agree a reduced level grant-in-aid with the Ministry of Justice (MoJ) from £9.84m in 2009–10 to £4.55m this year
- reduce the time taken to run selection exercises from an average of around 30 weeks in 2011–12 to an average of 20 weeks in 2016–17

During 2016–17, while the level of efficiency remained in line with the previous year, the JAC did not utilise a significant amount of the budget agreed for the year – around £500k. This was almost wholly due to the slippage of launch dates for exercises anticipated by the MoJ and Her Majesty's Courts and Tribunals Service. The outcome of which will be to push expenditure from 2016–17 to 2017–18.

From 9 April until 2 October 2016 the JAC did not have a permanent lay Chairman as required by the Constitutional Reform Act 2005 (CRA). During this period the Vice chairman, Lord Justice Ian Burnett, undertook those functions of the Chairman as permitted by the

CRA. It is to his credit and with my gratitude that Lord Justice Burnett chaired the JAC during this period effectively, with authority and impartiality. He established and chaired a governance group that also included the Chief Executive and Commissioners Alexandra Marks, Professor Noel Lloyd, Sir Andrew Ridgway and Dame Valerie Strachan. There was a continued strong lay voice involved in the day to day control of the JAC, and to ensure effective governance arrangements remained in place. We welcomed the appointment of Professor Lord Ajay Kakkar as the permanent lay Chairman in October.

During the last week of my period in office the JAC experienced a major and very regrettable digital systems failure during a qualifying test for the Recorder exercise. Almost 2,500 candidates will have been affected, and while it will be for my successor to manage the outcome I can only apologise to those affected.

Leading the JAC for the last 7 years has been a privilege and a pleasure, and I would like to record my sincere thanks to all of the staff, Commissioners, partners and stakeholders who have contributed to the work of the organisation.

I wish my successor Chief Executive, Richard Jarvis all the best for the future as he takes the reins of the JAC.

Nigel Reeder

Chief Executive, Judicial Appointments Commission, 12 December 2012 to 15 February 2017



to provide the firm foundation for the next phase of the JAC's development and to meet some of the future challenges, outlined later in this Report.

A handwritten signature in black ink that reads "Richard Jarvis". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Richard Jarvis
Chief Executive, Judicial Appointments
Commission, from 15 February 2017

The JAC has an important role in our country's democratic governance arrangements and constitution. I am therefore delighted to have taken up the role of Chief Executive of the JAC and look forward to guiding the organisation into the next phase of its development under the leadership of the new lay Chairman Lord Ajay Kakkar, and fellow Commissioners.

My predecessor, Nigel Reeder, gives his perspective on these pages on the JAC's performance and some of the challenges it has faced during the 11 months of the year he was in post. I would like to thank Nigel for his service to the JAC and pay tribute to the significant achievements that he, Commissioners and staff have made in recent years to the efficiency and professionalism of the JAC. The latter has been evident most recently as the JAC successfully met the significant operational challenges required to deliver the exercise programme alongside the work required to fully restore and assure the online recruitment system for use in qualifying tests in the future. This work should be completed successfully by the autumn

PURPOSE AND ACTIVITIES

The JAC was established on 3 April 2006. It is an executive non-departmental public body, sponsored by the Ministry of Justice.

The JAC is independent and selects candidates for judicial office in courts and tribunals in England and Wales, and for some tribunals whose jurisdiction extends across the UK.

The JAC selects one candidate for each vacancy and recommends that candidate to the Appropriate Authority (the Lord Chancellor, Lord Chief Justice or Senior President of Tribunals), who can accept or reject the recommendation or ask the Commission to reconsider it.

The JAC may be required to select a candidate for immediate appointment or to identify candidates for vacancies that may arise in the future.

The Commission's role and structure

In this report, the JAC refers to the organisation as a whole and the Commission represents its governing Board. The Commission consists of a lay Chairman and 14 Commissioners.

Membership of the Commission is drawn from the courts and tribunals judiciary, the legal profession, and the lay magistracy or lay tribunal members. The Commission also includes a number of lay members who are not from a legal background, drawn from a variety of professional fields, including the lay Chairman.

Commissioners are recruited through open competition with the exception of 3 senior judicial members: 2 of these members are selected by the Judges' Council and the third is selected by the Tribunal Judges' Council.

The JAC's key statutory duties

- to select candidates solely on merit
- to select only people of good character
- to have regard to the need to encourage diversity in the range of persons available for selection

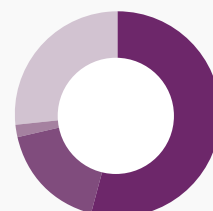
Budget

The JAC's allocated funding in 2016–17 was £4.12m (£4.38m in 2015–16). It spent £3.58m in 2016–17 (£3.73m in 2015–16).

In addition to funding it received, the JAC incurred £1.29m (£1.15m in 2015–16) of non-cash charges such as rent, IT support and amortisation, giving a total expenditure of £4.87m (£4.86m in 2015–16).

Total expenditure in 2016–17

■	Pay: £2.64m
■	Programme: £0.85m
■	Administration: £0.09m
■	Non-cash charges: £1.29m



The JAC's aims

The JAC's aims were set out in the Business Plan for 2016–17. In this report they are addressed in the following order:

- flexibly support the evolving business need
- increase confidence in the selection process and selections
- promote and encourage diversity throughout the selection process
- continually improve the candidate experience
- make the JAC a centre of excellence in selection
- be digital by default

Performance summary

What we spend our money on

Further details of the progress made by the JAC against the strategic objectives set out in the 2016–17 Business Plan, are in the performance report, pages 13 to 26.

As described in the performance report, the JAC reported on 26 selection exercises in 2016–17 (22 in 2015–16), and launched a further 6 continuing into 2017–18. The number of recommendations made, and applications received during the year, is dependent on the mix of vacancies we are asked to fill by the Lord Chancellor. The JAC made 290 recommendations in 2016–17 (340 in 2015–16), and received 2,199 applications (2,588 in 2015–16).

In 2016–17 the JAC made a similar number of selections compared with 2015–16, and the expenditure reflects this. The Statement of Comprehensive Net Expenditure shows that net expenditure for the year was £4,871k compared with £4,858k the previous year. Excluding recharges from the Ministry of Justice (MoJ), net expenditure reduced from

£3,774k to £3,622k, a 4% decrease. Overall, there was an increase of £4k (0%) in pay costs; a reduction of £149k (19.5%) in selection exercise programme costs; and an increase of £165k (15%) in MoJ recharges.

The JAC underspent its grant-in-aid allocation by £493k (12%), which was originally £4,400k, and subsequently reduced to £4,115k, spending just £3,622k of its net allocation. It therefore did not draw down its full grant-in-aid allocation.

The JAC continues to make extensive use of shared services for central functions, such as the provision of accommodation, HR, IT and finance by the MoJ, to benefit from economies of scale. These costs are generally 'soft' charged, with no funds exchanged. Further details of the 'soft' charges can be found in note 5 to the financial statements. In September 2016, the JAC entered into an agreement with MoJ under a Financial Operating Model for the provision of 2 additional finance staff. In February 2017, the JAC moved to the new cross-government Single Operating Platform to manage HR, procurement and finance services.

SELECTION EXERCISE PROGRAMME

Selection exercises reported in 2016–17

Exercises reported	Applications received	Selections made
26	2,199	290

Note: Judicial roles are classified as either legal (requiring legal qualifications) or non-legal. Some are full or part-time salaried positions and others are part-time fee-paid roles where judicial officers sit for a certain number of days a year while doing other work.

Tribunals selection exercises

Fee-paid roles

Legal/Non-legal	Exercise title	Reference	Selections made
Non-legal	Fee-Paid Medical Member of the First-tier Tribunal, Health, Education and Social Care Chamber (Mental Health)	012	53
Non-legal	Fee-paid Medical Member of the Mental Health Review Tribunal for Wales	012	10
Non-legal	Fee-paid Drainage Member of the First-tier Tribunal, Property Chamber, Agricultural Land and Drainage	019	2
Non-legal	Valuer Members of the Valuation Tribunal for England	037	38*
Non-legal	Valuer Chairmen of the Valuation Tribunal for England	037	34*

Salaried roles

Legal/Non-legal	Exercise title	Reference	Selections made
Legal	Resident Judge of the First-tier Tribunal, Immigration and Asylum Chamber	020	2
Legal	President of the Valuation Tribunal for England	024	1
Legal	Resident Judge of the First-tier Tribunal, Immigration and Asylum Chamber	046	1
Non-legal	Deputy Regional Valuer of the First-tier Tribunal, Property Chamber	038	1

*This role is categorised as fee-paid as the role is part-time only with an expectation that office-holders will sit between 12 and 15 days a year. However, the role is voluntary; no fee is paid.

Courts selection exercises

Fee-paid roles

Legal/Non-legal	Exercise title	Reference	Selections made
Legal	Deputy District Judge (Magistrates' Courts)	031	18
Legal	s9(1) Authorisation to act as a judge of the High Court	021	34
Legal	s9(4) Deputy High Court Judge	044	21

Salaried roles

Legal/Non-legal	Exercise title	Reference	Selections made
Legal	Senior Circuit Judge, Resident Judge	028	1
Legal	Senior Circuit Judge, Designated Civil Judge	029	1
Legal	Specialist Civil Circuit Judge	030	2
Legal	Senior District Judge, Chief Magistrate	033	1
Legal	Circuit Judge	025	44
Legal	Senior Circuit Judge, Resident Judge	034	3
Legal	Specialist Civil Circuit Judge	035	3
Legal	High Court Judge	013	8
Legal	Circuit Judge/Senior Judge at the Court of Protection	039	1
Legal	Senior Circuit Judge, Designated Civil Judge	040	1
Legal	Circuit Judge at the Central Criminal Court	036	7
Legal	Specialist Civil Circuit Judge, Mercantile	043	1
Legal	Senior Circuit Judge, Resident Judge	045	1
Legal	Deputy Senior District Judge	049	1

Selection exercises for senior roles

Exercise title	Selections made
Justices of the Court of Appeal	6
Master of the Rolls	1
Chancellor of the High Court	1

“The JAC's responses by email have been prompt and helpful. The process on the day was all that could be asked for in putting a nervous applicant at ease.”

– candidate, specialist civil judge selection exercise

KEY ISSUES AND RISKS

The key issue the JAC is faced with is the delivery of the selection exercise programme, and complying with our statutory duties. The risks to the delivery of these are summarised in the Corporate Risk Register.

On the date the accounts in this report were authorised for issue there were:

- 2 risks rated medium
- 4 risks rated high
- 1 risk rated very high

1. Web-based application system (very high)

Risk: that JARS (the online recruitment system) and the JAC website are not available to candidates, independent assessors or staff.

Helpdesk arrangements are in place with the supplier with priority response times agreed. Security accreditation of JARS has been completed for 3 years, subject to annual review. Following the IT failure of 15 February 2017, an external review of JARS was carried out by MoJ to identify the root cause and make recommendations to ensure the system is stable and robust with a suitable support model in place. The JAC is taking these recommendations forward to ensure that full JARS functionality is restored.

2. Progression and diversity of selection from target groups (high)

Risk: that the JAC does not achieve its aim of attracting a diverse range of candidates, and that target groups do not progress in line with their proportions in the eligible pool.

We address this through targeted outreach, regular fair selection training with our panels, reviewing all selection exercise materials to ensure they are fair and accessible to candidates from all backgrounds, following our published process, monitoring the progression of target groups at key points in

every selection exercise, and working with our partners in the judiciary and legal professions to break down barriers to application, including the requirement for previous judicial experience or particular jurisdictional knowledge.

Application of the equal merit provision is considered for all exercises and applied in line with Commission policy.

3. Staff engagement and morale (high)

Risk: that staff engagement and morale reduces due to increased workloads, reduction in staff complement, lack of career development and poor performing systems.

This is reviewed through monthly meetings with senior leaders to discuss HR related issues, the People Survey and the 'Make it Happen' action plan which is used to address issues raised by staff.

4. Loss of corporate knowledge (high)

Risk: that staff, panel member, Commissioner and Chairman experience is lost, leading to a failure to deliver our priorities.

Measures in place to mitigate this risk include staggered appointments of Commissioners and panel members, succession planning, and knowledge capture and transfer to the extent possible.

5. Confidence in the selection process and selections (high)

Risk: that the JAC's stakeholders, including its candidates, Commissioners, panel members and the judiciary do not have sufficient confidence in the selection process.

The Policy and Change Board monitors the development of selection policy and process. Customer feedback is collected on candidate experience in all selection exercises, and taken into account when reviewing and developing selection processes. Commissioners and senior leaders engage regularly with

senior stakeholders and the professions to understand where and how confidence in the JAC's processes could be improved.

6. Delivery of the full vacancy request for Circuit bench and High Court exercises (medium)

Risk: that the JAC fails to deliver the full vacancy request for Circuit Bench and High Court exercises.

The Selection Exercise Programme Board reviews candidate feedback to inform the delivery team and current exercise. Outreach is carried out as early as possible and targeted through the judiciary, HMCTS, Judicial Office and the legal professional bodies. Pre-launch meetings are held with partners to ensure optimally 'open' additional selection criteria.

7. Financial resources (medium)

Risk: that the JAC's overall financial resources are insufficient, either in current year, or next year, especially if major exercises are rolled forward.

The forecast for 2017–18 reflects an anticipated high demand on the selection exercise programme. The JAC submitted a business case for additional funding in June 2017 to ensure that it can deliver the agreed programme and restore full JARS functionality.

Going concern

The Statement of Comprehensive Net Expenditure shows a deficit in 2016–17. Due to grant-in-aid funding the Statement of Financial Position at 31 March 2017 shows an excess of assets over liabilities of £560k. The closing bank balance relates to grant-in-aid drawn down by the JAC in readiness to pay its liabilities.

The JAC's last Triennial Review, published on 19 January 2015, concluded that the JAC should continue to deliver its function independently of the Executive and the judiciary, as a non-departmental public body. We know of no intention to suspend the JAC's activities. It has therefore been considered appropriate to adopt a 'going concern' basis for the preparation of the financial statements in this report. Grant-in-aid for 2017–18, taking into account the amounts required to meet the JAC's liabilities, has already been included in the departmental estimate.

"I find it very satisfying working towards the just and fair result in a case; whereas as a barrister I was working towards the best result for my client. There is a huge variety in our work, across a wide range of legal areas, and that is very stimulating."

– Chancery Master, Julia Clark

PERFORMANCE ANALYSIS

How the JAC measures performance

The JAC's objectives were set out in its Business Plan for 2016–17. These were:

- deliver the 2016–17 selection exercise programme, agreed with the Ministry of Justice (MoJ), the judiciary and HMCTS, recommending high quality candidates to the Appropriate Authority
- direct support to enable delivery of the selection exercise programme
- enable full staff engagement and utilise available resources effectively and with due diligence
- improve JAC selection processes to ensure they become more effective, efficient, economical and candidate-focused, leading to better quality and more confidence in selections
- further develop our online and digital solutions
- extend JAC functions to support a wider range of judicial and quasi-judicial appointments

Every month the detailed objectives behind these measures are reviewed by JAC senior leaders, with a full review every quarter. Information on progress is set out in our Management Information Pack. This pack is issued to the Commission in advance of each Board meeting for information and review, and is fully scrutinised by the Audit and Risk Committee at its quarterly meetings. After it has been reviewed by the Committee it is sent to MoJ, to inform its sponsorship discussions.

Analysis and explanation of the performance of the JAC

Other measures on performance are also contained within the Management Information Pack, including sections on selection exercise activity, finance, staffing issues and outreach activity as well as a summary risk analysis. This allows a complete overview of performance to take place, and therefore it is possible for any user of the information to gain an understanding of the overall position of the JAC.

The grant-in-aid allocation provided by MoJ will increase from £4,115k in 2016–17 to £4,505k in 2017–18 (a 5% increase). This recognises additional work the JAC is undertaking in relation to the selection exercise programme of which a number of large exercises will take place in 2017–18.

The JAC is taking forward other initiatives in relation to ongoing review of selection processes.

There are fluctuations in the number and type of exercises the JAC is asked to run each year, and the full programme for 2017–18 is not yet known. However we will continue to deliver the exercises needed to fill vacancies as required by the Lord Chancellor, and respond flexibly to changes requested to the programme.

ACHIEVEMENT AGAINST OUR AIMS

1

FLEXIBLY SUPPORT THE EVOLVING BUSINESS NEED

Measure: We deliver the selection programme as agreed with our business partners, showing flexibility in absorbing agreed changes

The JAC recommends candidates for appointment as judges of the High Court and to all judicial offices listed in Schedule 14 of the Constitutional Reform Act 2005 (CRA). It also provides support for selections to fill senior judicial posts that lie outside Schedule 14. The Lord Chancellor may also request the JAC's assistance in connection with other appointments.

The selection programme for the year is developed with the Ministry of Justice (MoJ), Her Majesty's Courts and Tribunals Service (HMCTS) and the judiciary. The programme is based on current and forthcoming requirements forecast by HMCTS and a small number of judicial vacancies for tribunals not overseen by the MoJ. The programme provides some flexibility for the JAC to respond to changing business priorities.

During 2016–17

In 2016–17, the JAC accommodated all of the changes requested by HMCTS, amending the programme accordingly to deliver all of its requirements. This included a number of exercises launched to fill short-notice vacancy requests such as 8 for Senior and Specialist Circuit judges.

There were 26 exercises that reported in 2016–17, attracting 2,199 applications and resulting in 290 selections.

The ratio of applications to selections was consistent at 7.6 per post in 2015–16 and 2016–17.

Sufficient high quality candidates were identified to fill all vacancies in 22 exercises, including a previously unfilled vacancy in the Property Chamber.

There were 4 selection exercises where the JAC was unable to recommend enough candidates to fill all of the requested vacancies. For the High Court selection exercise 6 vacancies were unfilled out of a total of 14 required. For an exercise to identify judges who could be authorised to act as a judge of the High Court, 34 candidates were recommended for 38 posts. All but 2 of the immediate vacancies were filled in the Circuit Judge exercise (42 out of 44) but only 2 candidates were identified for 11 anticipated future vacancies. The other exercise that saw a shortfall was for Fee-paid Drainage Members of the First-tier Tribunal, Property Chamber; 2 candidates were identified for 4 posts.

The JAC has seen a reduction in application numbers for some of the more senior salaried exercises in recent years, as illustrated in the table on the next page on Circuit judges and High Court judges. The JAC is working closely with the MoJ and the senior judiciary to ascertain reasons for

the decline and to explore ways of attracting sufficient, high calibre candidates for future selection exercises. Methods include more widespread outreach, streamlined application processes and less emphasis on previous judicial experience.

	High Court judge			Circuit judge		
	Vacancies	Applications	Selections	Vacancies	Applications	Selections
2016–17	14	56	8	55	184	44
2015–16	n/a	n/a	n/a	62	246	62
2014–15	11	73	10	32	232	53 ¹
2013–14	10	73	10	54	293	54
2012–13	14	84	14	n/a	n/a	n/a

1. Following initial recommendations to fill the 32 advertised posts, a further 21 candidates were recommended to fill additional vacancies at the request of the Lord Chancellor.

A full list of selection exercises for the year is on pages 9 and 10.

	2014–15	2015–16	2016–17
Number of exercises	30	22 ¹	26
Number of applications	2,356	2,588	2,199
Total selections	310	340	290
Average selections per exercise	10	15	11
Exercises 1 to 9 selections	22	15	18
Exercises 10 to 49 selections	5	3	7
Exercises 50 to 99 selections	3	3	1
Exercises 100+ selections	0	0	0

1. In 2015–16 the JAC was unable to make a recommendation in one exercise.

Measure: The length of the end-to-end appointment process takes an average of 20 weeks

The JAC continued to work with HMCTS, Judicial Office (JO), the Ministry of Justice (MoJ) and the judiciary to limit the overall time it takes to appoint a judge. This is measured as the time an exercise is launched to the point at which offer letters are sent to successful candidates. In 2013 the JAC, JO, HMCTS, MoJ and the judiciary agreed to work to the target of an average of 20 weeks for the end-to-end process.

A target of 18 weeks was identified for the parts of the process under the control of the JAC.

	2014–15	2015–16	2016–17	Target
End-to-end	17 weeks	23 weeks	20 weeks	20
JAC	15 weeks	17 weeks	17 weeks	18

Other JAC judicial selection activity

The JAC also fulfilled its statutory responsibility for selections to fill senior judicial posts to:

- Court of Appeal: the JAC Chairman and 2 lay Commissioners sat on the panel to select 6 Lady or Lord Justices of Appeal; secretariat support was also provided
- Master of the Rolls: 3 Commissioners sat on the selection panel to select 1 Master of the Rolls; secretariat support was also provided
- Chancellor of the High Court: JAC Chairman and 2 lay Commissioners sat on the selection panel to select 1 Chancellor of the High Court; secretariat support was also provided

Under section 9 of the Senior Courts Act 1981, as amended by the Crime and Courts Act 2013, the JAC assisted in the:

- Court of Appeal Criminal Division: 1 lay Commissioner sat on the panel to select 9 Circuit judges; secretariat support was also provided

“My judicial work has certainly broadened my perspective and improved my analytical and communications skills as a lawyer. As a fee-paid judge I deal with legal matters outside my area of specialisation, although in my work in the Chancery Division the legal principles arising are for the most part familiar.”

– Recorder and Deputy High Court
Judge Edward Murray

2

INCREASE CONFIDENCE IN THE SELECTION PROCESS AND SELECTIONS

Measure: We recommend a majority of candidates assessed overall as strong or outstanding

Ensuring the JAC selects the very best on merit, whatever their background

The JAC continued to work closely with its partners to make sure its selection exercises are open and accessible to applicants from a wide range of professional backgrounds. Where appropriate, materials used in selection exercises were designed to minimise the extent to which candidates might need knowledge of a particular area of law, and focus instead on transferable skills and behaviours.

To this end, the JAC's Advisory Group, which is comprised of judges and practitioners from a range of backgrounds, reviews the JAC's test materials before they are used and, wherever possible, these materials are 'dry run' with volunteer candidates from a range of backgrounds. The Advisory Group, candidates and senior judges have provided positive feedback on the quality of selection tools and materials.

In the Deputy District Judge (Magistrates' Court) exercise, which launched in June 2016, test materials were designed to test generic judicial skills rather than knowledge of criminal law and procedure. The materials were reviewed by judges and practitioners from different jurisdictional backgrounds, to minimise the extent to which jurisdictional knowledge was tested, and to remove any elements that might have disadvantaged candidates without a background in criminal law. The JAC also carried out a dry run of all materials with volunteers from different professional backgrounds to ensure

that the materials did not inadvertently disadvantage candidates from a particular group. Two of the successful candidates in that exercise did not have a background in criminal practice.

For the Recorder competition, which launched in February 2017, all test materials were made jurisdiction-neutral, to meet the Lord Chancellor's aspiration to find "the best and brightest from every background".

Keeping the assessment of merit under review

The JAC continued to review and refine the way it assesses merit. Since 2015, every selection exercise is designed around a bespoke competency framework that is used alongside a job description in the assessment of merit, to describe the standard required in each role. In 2016 the JAC reviewed its competency frameworks, making them clearer and more concise, and in January 2017 the JAC published enhanced guidance to candidates on demonstrating the competencies in their applications.

Upholding the highest standards of good character

Following amendment to the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, the JAC published revised Good Character Guidance in October 2016. The guidance sets out the ways in which the Commission ensures it meets its statutory obligation to recommend people of good character. The new guidance reflects changes that allow for full disclosure of spent cautions and convictions when the suitability of candidates is being assessed.

Developing external measures of success in selection

This year, on a trial basis, the JAC sought formal feedback on the quality and accuracy of its selection assessments for the first time. The trial, which was undertaken in close consultation with Judicial Office and Tribunals judiciary, followed the finding in the government’s 2015 Triennial Review that the JAC should “try to develop performance metrics to help it assess the quality of appointees”. This development was welcomed by those judges who participated, and the JAC is now working with Judicial Office to identify next steps.

The JAC assesses candidates as:

- A: outstanding
- B: strong
- C: selectable
- D: not presently selectable

The awarding of these bandings is initially made by the JAC’s selection panels, which usually consist of a lay panel chair, a judicial member and an independent lay member. Commissioners, sitting as the Selection and Character Committee, make the final decision on bandings.

	2014–15	2015–16	2016–17
Strong or outstanding candidates selected: total	258 of 310 (80%)	290 of 340 (85%)	224 of 290 (77%)
Strong or outstanding candidates selected: court posts	144 of 164 (88%)	244 of 281 (87%)	124 of 151 (82%)
Strong or outstanding candidates selected: tribunal posts	114 of 148 (77%)	46 of 59 (78%)	100 of 139 (72%)
Strong or outstanding candidates selected: salaried posts	93 of 99 (94%)	130 of 154 (84%)	58 of 80 (73%)
Strong or outstanding candidates selected: fee-paid posts	165 of 213 (77%)	160 of 186 (86%)	166 of 210 (79%)
	122 of 158 legal (77%)	124 of 138 legal (90%)	68 of 73 legal (93%)
	43 of 55 non-legal (78%)	36 of 48 non-legal (75%)	98 of 137 non-legal (72%)

3

PROMOTE AND ENCOURAGE DIVERSITY
THROUGHOUT THE SELECTION PROCESS

Measure: Candidates from under-represented groups progress through selection exercises, and overall are recommended in the same or higher proportions as their level in the eligible pool

Under the Constitutional Reform Act 2005, the JAC must select candidates solely on merit, while also encouraging diversity in the range of people available for selection.

The Equality Act 2010 applies a general equality duty to the JAC as a public authority to have due regard to:

- the elimination of discrimination
- the advancement of equality of opportunity
- the fostering of good relations between diverse groups

Diversity continued to be a major focus of the JAC's outreach activity and of improvements to the selection process.

The JAC has a 3-pronged diversity strategy:

- advertising and outreach
- fair and non-discriminatory selection processes
- working with others to break down barriers

Advertising and outreach

Activities for 2016–17 included:

- working with partners in the legal profession, the JAC supported outreach events for potential candidates in London, Cardiff, Birmingham, Leeds and Newcastle. A number of these events were targeted at lawyers in

under-represented groups. The JAC also supported events targeted at specific parts of the profession, including the Crown Prosecution Service and Chancery Bar Association

- publication of articles in legal specialist media, particularly to inform potential candidates about joining the judiciary and forthcoming selection exercises
- improving the JAC website to include new and updated case studies, podcasts, additional information about competency-based assessment, and making site navigation clearer
- supporting Judicial Office in the development of mentoring programmes
- participating in training workshops for potential candidates in conjunction with our partners in the legal professions and Judicial Office

Fair and non-discriminatory selection processes

The JAC applies quality assurance checks throughout the selection process to ensure proper procedures are followed, standards are maintained and all stages of recruitment are free from bias.

Selection exercise materials are developed in line with independent expert advice and are reviewed throughout their development for possible unfairness. This includes:

- review of material by staff and the JAC Advisory Group to ensure that the content is not inadvertently advantageous to candidates from a particular legal background, jurisdiction or practice area

- ensuring that the content and tone are gender-neutral and do not contain stereotypes, colloquialisms or language that may be off-putting to different groups, and that role play and scenarios feature a diverse range of characters
- dry-running all assessment materials with mock candidates and then making adjustments to the content and timings
- using improved analytics following dry runs to identify and address issues with questions in qualifying tests

The selection process itself is also carefully monitored, including:

- observing live role plays and interviews to ensure consistency
- monitoring the progression of candidate groups at key stages in the selection process
- carrying out equality impact assessments on all major changes to the selection process
- making reasonable adjustments when requested for candidates who need them
- a Commissioner is assigned to all exercises to oversee quality assurance and fair selection

In 2016–17 the JAC introduced a new approach to unconscious bias training for its panel members. The scope of the training has been widened to consider different professional and judicial backgrounds, as well as the protected characteristics under the Equality Act 2010. JAC staff also participated in bespoke training on fair selection, diversity and equality-proofing in 2016.

The JAC continued to investigate the reasons behind a significant difference in the performance of BAME and white candidates in qualifying tests, as well as

any further steps that will be taken to address the differential performance.

We worked with independent experts and MoJ analysts to review the progress of BAME applicants in several qualifying tests in which differential performance between white and BAME candidates had occurred. Analysis carried out so far has not been able to identify any causes for this differential performance. The relevant tests have been reviewed by independent experts in diversity and assessment as well as JAC subject matter experts, and no aspect of the questions has been identified that would be considered disadvantageous to BAME candidates.

We continue to work with MoJ statisticians to identify and understand the reasons for differential performance, as well as further steps that can be taken to address this. We are currently undertaking further analysis, as well as continuing to take all the steps listed above to ensure our processes are fair and non-discriminatory.

Working with others to break down barriers

The JAC continued to work with its partners in Judicial Office, the judiciary, the Ministry of Justice and the legal professional bodies to break down barriers to increasing diversity among the judiciary. We worked with these partners individually, and through the Judicial Diversity Forum, which is chaired by the JAC Chairman. The Forum has established a working group to investigate the feasibility of providing pre-application judicial education for prospective candidates, in which the JAC is participating.

Monitoring diversity

The JAC continued to monitor the diversity of applicants and those selected for judicial posts.

Recommended candidates	2014–15 ¹	2015–16 ¹	2016–17 ¹
Black, Asian and minority ethnic (BAME)	41, 13% (20, 8% legal)	29, 9% (20, 7% legal)	53, 20% (9, 6% legal)
Women	135, 43% (112, 44% legal)	144, 42% (125, 44% legal)	104, 39% (49, 35% legal)
Solicitors	(68, 27% legal)	(11, 3% legal) ²	(14, 10% legal)
Declared disability	11, 4% (10, 4% legal)	10, 3% (8, 3% legal)	16, 6% (6, 4% legal)

Note: The figures represent proportions of total s87 and s94 recommendations followed by recommendations in exercises requiring legal qualifications.

1. Statistics are presented for candidates who agreed to share their diversity data.

2. The 2015–16 figures on professional background must be treated with caution as over 60% of applicants did not complete the relevant section of the diversity monitoring form. This was due to a technical issue with the recently launched online recruitment system, which was subsequently rectified.

Further steps to increase diversity

Equal merit policy review

The equal merit provision (EMP) enables the JAC to select a candidate for the purpose of increasing judicial diversity where 2 or more candidates are considered to be of equal merit. It is used at the final decision-making stage of the selection process and only where:

- 2 or more candidates are judged by the Commission to be of equal merit when assessed against the advertised requirements for a specific post and
- there is clear under-representation on the basis of race or gender (determined by reference to national census data and judicial diversity data from Judicial Office).

In 2016–17, in line with the JAC's policy, 12 recommendations were made following the application of the EMP. There were also 12 occasions when the policy was considered, however not applied, due to equal diversity characteristics of the candidates.

The JAC completed a review of its policy on use of the EMP, and published its updated policy. A key change is that the JAC will now take a greater number of candidates through to the next stage of the shortlisting process where there is a group of candidates of equal merit and candidates with relevant under-represented protected characteristics within that group. In this situation, all candidates of equal merit will progress to the next stage, whether or not they have under-represented protected characteristics. This approach is intended to achieve similar benefits to the EMP at earlier stages of the selection process by increasing the number of diverse candidates progressing to the next stage.

4

CONTINUALLY IMPROVE THE CANDIDATE EXPERIENCE

Measure: A large majority of candidates rate the selection process as good or excellent

Candidate feedback

The JAC takes all candidate feedback seriously. This can highlight issues or questions about our processes that can be addressed as required.

The questions asked in our candidate feedback surveys are reviewed and updated regularly, in line with changes to any processes.

Customer service and information provided to candidates

At post-application stage, data collected from 16 exercises indicated that 84.8% of candidates who contacted the JAC during the application process rated the customer service received as good or excellent.

Post-selection day data from 13 exercises showed that 86% of candidates who attended selection day rated the customer service received as good or excellent.

74% of candidates at post-application stage rated the information provided about their exercises as good or excellent.

Feedback from 13 exercises post-selection day showed that 87% of candidates rated the selection process as good or excellent.

	2014–15	2015–16	2016–17
Customer service rated good or excellent: post-application	138 of 158 total responses (87%)	304 of 411 total responses (74%)	106 of 125 total responses (85%)
Customer service rated good or excellent: selection day	208 of 220 responses (95%)	251 of 290 responses (87%)	142 of 165 responses (86%)
Information provided rated good or excellent: post-application	325 of 403 responses (81%)	387 of 737 responses (53%)	263 of 357 responses (74%)
Selection processes rated good or excellent: selection day	181 of 220 responses (82%)	169 of 251 responses (67%)	129 of 147 responses (87%)

Note: Data relates to feedback collected during 2016–17 and may relate to exercises completed or ongoing. Feedback on the 2017 Recorder exercise is not included and will be covered in the 2017–18 Annual Report.

Formal complaints

Measure: That no more than 1% of applicants make a formal complaint about the JAC's processes

The JAC complaints policy is set out in full on the website. The aim is to make the process clear and easy for candidates.

All formal complaints are investigated by a member of JAC staff who is independent of the selection exercise teams. Decisions are based on all the available evidence and complainants are provided with a detailed response to explain the decision.

In 2016–17 the JAC dealt with 8 formal complaints. All of the complaints were responded to within 20 working days. Only 1 case was upheld, with the resolution of an issue about a selection day slot. Anyone who remains dissatisfied following the investigation of their complaint by the JAC may ask the Judicial Appointments and Conduct Ombudsman (JACO) to investigate further.

Only 1 candidate went to the Ombudsman in 2016–17 and their case was not upheld. The Ombudsman did not consider that the issues complained of had any bearing on the outcome and did not recommend any redress.

	2014–15	2015–16	2016–17
% complaints/applicants	0.5% (11/2,356)	2.1% (54/2,588)	0.186% 8/4,287
% complaints upheld	0% + 0% partial	0% + 2% partial	0.023% + 0% partial
% complaints referred to JACO	9%	7%	0%
% JAC referrals upheld by JACO	0%	0%	0%

Note: Numbers in brackets refer to the number of formal complaints against applications received during the year. Formal complaints may relate to exercises run in the previous year. These figures do not include formal complaints received in relation to the 2017 Recorder exercise as this is still ongoing at time of publication. These will be included in 2017–18 Annual Report.

“The customer service was very professional and the selection day calmly and smoothly run throughout. This gave just the right support to me as a candidate and ensured that I could concentrate on the interview and exercises, without distraction.”

– candidate, resident judge of a first-tier tribunal selection exercise

5

MAKE THE JAC A CENTRE OF EXCELLENCE IN SELECTION

The JAC continued to provide support and advice to the Foreign and Commonwealth Office and to some of the UK's Overseas Territories in their appointments planning. The highlight of the JAC's international effort was an exercise to recommend a shortlist of candidates for a judge for the European Court of Human Rights, for subsequent selection by the Parliamentary Assembly of the Council of Europe.

As the year progressed, the JAC entered a busy period of senior appointments in England and Wales, including the Chancellor of the High Court and Master of the Rolls. Toward the end of the reporting year the JAC launched an exercise to select Justices of the Court of Appeal.

The reporting year has ended with the launch of an exercise to select and recommend the next Lord Chief Justice, the panel for which is chaired by the JAC Chairman. Concurrently, the Chairman has been involved in the UK Supreme Court's planning of exercises to select a successor

to its President as well as new Justices, the former as chair of the selection panel.

International engagement

The JAC continued to receive a high level of interest from overseas bodies in its appointments model during 2016–17.

Throughout the year the JAC hosted visits from international judicial, ministerial and official delegations in support of the UK's efforts to promote the rule of law. While the focus of these visits varied, topics of discussion included developing selection criteria, how the JAC assesses candidates, the role of lay panel members, judicial appraisal, good character and promotion.

Senior staff supported a 'Beyond Borders' Scotland-led series of seminars for a judicial delegation from Bahrain at the Bingham Centre.

International connections of particular note included:

Country	Nature of Visit	Host
Serbia	JAC senior officials met with 2 senior judges from the Serbian judiciary as part of the 'Programme of Professional Development for the Western Balkans: leaders for the future' which is funded by the Foreign and Commonwealth Office	Foreign and Commonwealth Office
Australia	JAC Chief Executive hosted the President of Victorian Court of Appeal	JAC Chief Executive
Cayman Islands	JAC Chief Executive met with the Chairman of the Cayman Islands Judicial and Legal Services Commission and gave a presentation on the selection and appointment process JAC senior officials met senior officials from the Cayman Islands Judicial and Legal Services Commission to establish what advice and assistance could be provided by the JAC to build on its existing judicial appointments system	JAC Chief Executive
Nigeria	JAC Chief Executive gave a presentation to senior officials of the Nigerian judiciary on the selection and appointment process	Westminster Explained

Country	Nature of Visit	Host
China	JAC Head of Policy and Change met with members of the Committee for Social and Legal Affairs of the CPPCC National Committee to discuss the JAC's selection process	Ministry of Justice
Bahrain	JAC Head of Senior and International Appointments led a seminar on judicial leadership selection criteria for a delegation of Bahraini judges at the Bingham Centre	Slynn Foundation and Beyond Borders Scotland
Bangladesh	Chairman of the Law Commission of Bangladesh met to discuss JAC senior appointment processes	JAC
Philippines	Delegation of 7 judges, led by the Chief Justice of the Supreme Court to discuss selection of judges with competition law expertise	Foreign and Commonwealth Office

Other JAC judicial selection activity

At the request of the Lord Chancellor, the JAC provided 1 lay Commissioner to sit on a panel to select judicial members of the Investigatory Powers Tribunal.

Additionally this year, 1 lay Commissioner sat on the panel to identify the Chief Coroner, and the JAC provided administrative assistance to the Falkland Islands for the appointment of a Senior Magistrate and Justices of the Court of Appeal.

"I'd like to thank you for your assistance and courtesy in guiding me through the intricacies of the application process. I found the process itself to be beneficial in providing me with an insight into the skills and qualities required of a judge."

– candidate, deputy high court judge selection exercise

6

BE DIGITAL BY DEFAULT

Measures: the JAC will deliver services that are well designed and easy to use; services will be designed for the future rather than to match old systems or processes; services will support increases in consistency and quality of candidate experience and outcomes

The main focus of digital improvements in 2016–17 were focused on the JAC's online recruitment system, known as JARS (Judicial Appointments Recruitment System).

A further phase of development on the system was completed in June 2016 to deliver the following features:

- improving the content, navigation and layout of the website
- improving the security features
- enhancing functionality to improve business efficiency and candidates' experience when using the system

JARS enables candidates to make online applications and for the JAC to undertake much of its back office activities digitally, replacing many paper-intensive manual tasks.

In 2016–17 JARS handled 23 selection exercises, enabling them to be delivered digitally and in the process:

- received 4,816 candidate applications for exercises that launched in 2016–17
- enabled 1,552 qualifying tests to be taken
- sent 1,641 independent assessment requests

JARS was also used by the Parole Board for its selection exercise to recruit new members. For this exercise, JARS handled

1,061 applications and enabled 1,032 qualifying tests to be taken.

Regrettably on 15 February 2017 JARS experienced a serious failure during a qualifying test for the Recorder selection exercise. The IT failure has been subject to an external investigation. The causes were related to the ability of the system at the time to handle large volumes of candidates trying to access it at the same time. The JAC has since terminated its contract with the former supplier. The JAC is working to resolve the issues identified and specifically testing the system to ensure it can handle large volumes of candidates in the future. Most of the activity relating to recovering from this issue is being delivered during the 2017–18 financial year and is still ongoing or in planning, therefore a full and detailed account will be provided in the annual report for this period. The JAC has made periodic statements relating to this issue on its website and will continue to do so.

Other digital projects

The JAC made a successful bid to secure a grant and access to technical expertise in the 'Secure by Default' programme run by the National Cyber Security Centre. This enabled the JAC to develop an alternative secure means to access JARS and to test the concept of using Cloud-based technologies for a staff-based network that meets the demands of security, flexibility and efficiency.

Progress has also been made on digitising further parts of our processes and reducing reliance on paper.

PLANS FOR THE FUTURE

In 2017–18, the JAC's work will focus on the effective delivery of the core judicial appointments programme, as required by the Lord Chancellor. The programme, which will also include a significant number of the most senior appointments, is anticipated to be substantially larger than in recent years.

This will be supported by the priority work already under way to resolve the issues identified by the external review of the JAC's online recruitment system, and to make the necessary improvements so that full functionality will again be available from the autumn.

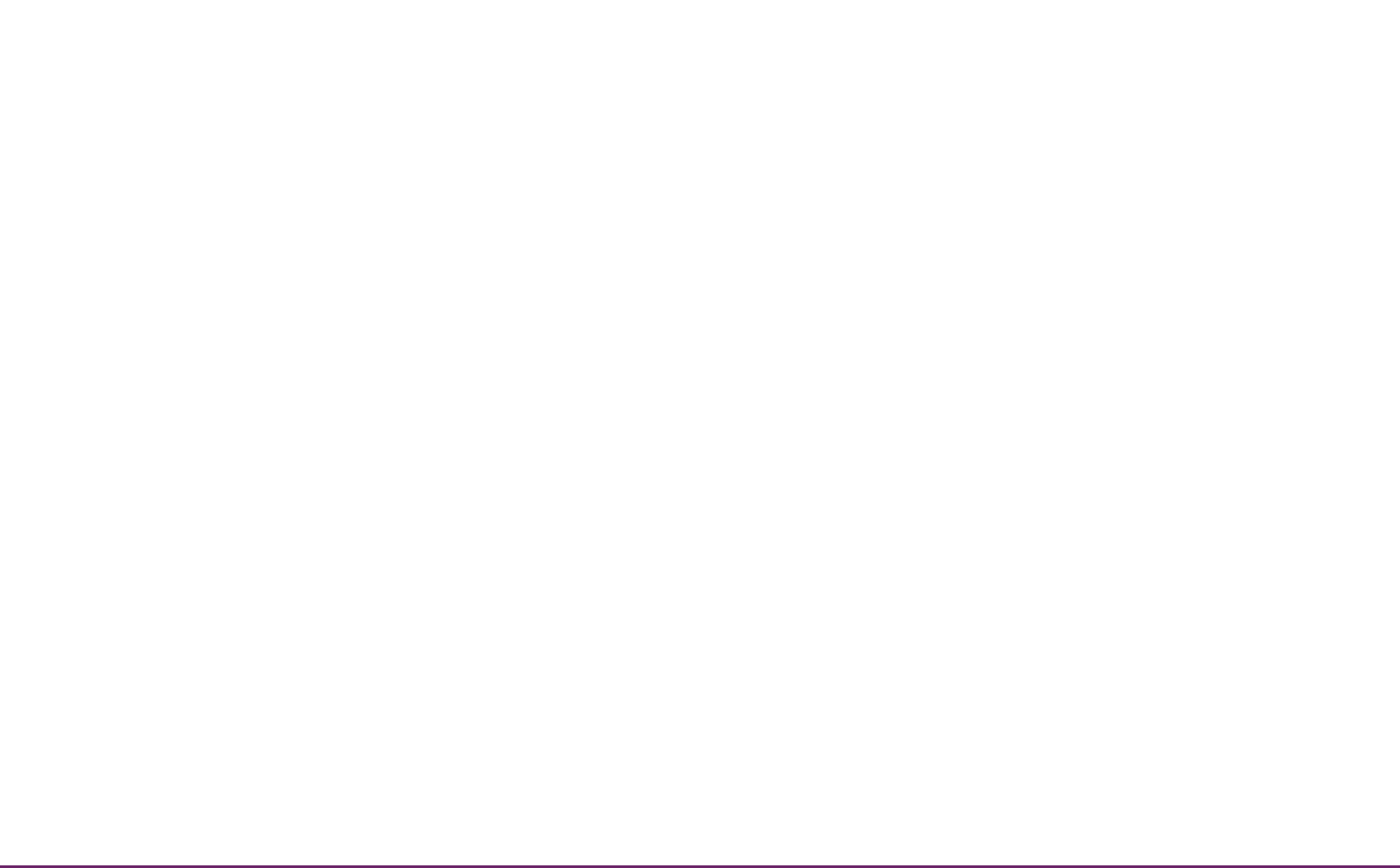
Other activities will include:

- encouraging and coordinating greater support to potential candidates for judicial appointment, working with the judiciary and all branches of the profession to target and develop a strong and diverse candidate pool
- continuous improvement of selection processes, with a focus on effective and fair selection practices that support increased judicial diversity
- taking an active role in improving the longer term planning and programming of selection exercises, working with the Ministry of Justice and judiciary to improve delivery, and to better enable potential candidates to plan and prepare for application
- internally, a focus on developing a new JAC people strategy to build resilience and staff engagement, and ensure the organisation has the right skills and expertise for the future

The JAC will welcome 7 new Commissioners towards the end of the first half of 2017–18. The Board will then review and refresh the JAC's longer term strategy to ensure the organisation is ready to work with its partners to meet the future challenges in judicial appointments.



Richard Jarvis
Accounting Officer
Judicial Appointments Commission
28 June 2017



ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

For the purposes of this report, Directors are defined as those who influence the decisions of the JAC as a whole, including Commissioners and those in the Senior Civil Service. Commissioners and the Chief Executives who served during 2016–17 are set out in the Remuneration and Staff Report on pages 43 to 52.

In accordance with the Code of Conduct for the Judicial Appointments Commissioners, a register of financial and other interests was maintained and updated throughout the year by the Commissioners' Secretariat. It is published online at <https://jac.judiciary.gov.uk/commissioners>. The Secretariat can be contacted at the offices of the JAC, 1st Floor, 102 Petty France, London SW1H 9AJ.

There were no losses of personal data during the year – as set out in the Governance Statement (no loss in 2015–16).

The Commission (as at 31 March 2017)

The members of the Commission are drawn from the lay public, the legal profession, courts and tribunals judiciary, and lay magistracy or non-legal tribunal members.

Twelve Commissioners, including the Chairman, are appointed through open competition. The other 3 are selected by the Judges' Council (2 senior members of the courts judiciary) and the Tribunal Judges' Council (one senior member of the tribunals judiciary).

The Chairman of the Commission must be a lay member. Of the 14 other Commissioners:

- 6 must be judicial members (including 2 tribunal judges)
- 2 must be professional members (each of which must hold a qualification listed below but must not hold the same qualification as each other*)
- 5 must be lay members
- 1 must be a non-legally qualified judicial member

*The legal qualifications are:

- barrister in England and Wales
- solicitor in the senior courts of England and Wales
- fellow of the Chartered Institute of Legal Executives

The Commissioners are appointed in their own right and are not representatives of the professions that they may come from. Commissioners during 2016–17 were:

- Professor Lord Ajay Kakkar, Chairman, from 3 October 2016
- Christopher Stephens CBE, Chairman, until 8 April 2016
- Lord Justice Ian Burnett, Vice chairman (judicial), until 30 March 2017
- Mrs Justice Philippa Whipple DBE (judicial), from 22 December 2016, Vice chairman (judicial), from 31 March 2017
- Martin Forde QC (professional: barrister)
- Professor Emily Jackson (lay), until 31 January 2017
- Her Honour Judge Usha Karu (judicial)
- Professor Noel Lloyd CBE (lay)
- Alexandra Marks (professional: solicitor)
- Katharine Rainsford JP (lay magistrate)
- Lieutenant-General Sir Andrew Ridgway KBE CB (lay)
- Lucy Scott-Moncrieff CBE (judicial: tribunal)
- District Judge Christopher Simmonds (judicial), until 24 February 2017
- Dame Valerie Strachan DCB (lay)
- His Honour Judge Phillip Sycamore (judicial: tribunal)
- Debra van Gene (lay)
- Mr Justice Alan Wilkie (judicial), until 22 December 2016

Commission Board, Selection and Character Committee and Audit and Risk Committee Attendance
1 April 2016 to 31 March 2017

Commissioners	Meetings attended per member out of those eligible to attend		
	Board	SCC ¹	ARC
Number of meetings: 01/04/2016 to 31/03/2017	12	21	5
Professor Lord Ajay Kakkar (Chairman from 3 October 2016)	5 of 6	6 of 11	-
Christopher Stephens CBE (Chairman until 8 April 2016)	1 of 1	1 of 1	-
Lord Justice Ian Burnett (Vice chairman until 30 March 2017)	11 of 12	20 of 21	-
Martin Forde QC	10 of 12	11 of 21	-
Professor Emily Jackson (until 31 January 2017)	10 of 10	12 of 17	-
Her Honour Judge Usha Karu	12 of 12	12 of 21	-
Professor Noel Lloyd CBE	12 of 12	18 of 21	5 of 5
Alexandra Marks	12 of 12	15 of 21	-
Katharine Rainsford JP	10 of 12	17 of 21	-
Lieutenant-General Sir Andrew Ridgway KBE CB	9 of 12	11 of 21	-
Lucy Scott-Moncrieff CBE	9 of 12	12 of 21	-
District Judge Christopher Simmonds (until 24 February 2017)	10 of 11	14 of 19	1 of 5
Dame Valerie Strachan DCB	11 of 12	19 of 21	5 of 5
His Honour Judge Phillip Sycamore	9 of 12	13 of 21	-
Debra van Gene	8 of 12	13 of 21	-
Mr Justice Alan Wilkie (until 22 December 2016)	5 of 9	9 of 15	-
Mrs Justice Philippa Whipple DBE (from 22 December 2016)	2 of 3	4 of 6	-

¹ Commissioners are allocated to attend around 11 Selection and Character Committee meetings a year. It is open to them to attend further meetings at their own discretion, or when additional meetings are scheduled to deal with urgent business.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Constitutional Reform Act 2005, the Lord Chancellor with the consent of HM Treasury has directed the Judicial Appointments Commission (JAC) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the JAC and of its net resource outturn, application of resources, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- confirm that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware
- confirm that he has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable
- confirm that he takes personal responsibility for the Annual Report and Accounts and judgements required for determining that it is fair, balanced and understandable
- observe the Accounts Direction issued by the Lord Chancellor including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been

followed, and disclose and explain any material departures in the accounts

- prepare the accounts on a going concern basis

The Accounting Officer confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the MoJ has designated the Chief Executive as Accounting Officer of the JAC. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the JAC's assets, are set out in Managing Public Money published by HM Treasury.

Auditors

Under paragraph 31(7) Schedule 12 of the Constitutional Reform Act 2005, the Commission's external auditor is the Comptroller and Auditor General. The cost of the audit is disclosed in note 4 to the financial statements, and relates solely to statutory audit work.

The JAC Framework Document requires that internal audit arrangements should be maintained in accordance with the Public Sector Internal Audit Standards. Internal audit services are provided by the Government Internal Audit Agency (GIAA), which provides an independent and objective opinion to the Accounting Officer on the adequacy and effectiveness of the organisation's risk management, control and governance arrangements through a dedicated internal audit service to the JAC. Internal Audit attends the JAC Audit and Risk Committee, which provides oversight on governance and risk management.

GOVERNANCE STATEMENT

As Accounting Officer for the JAC I have overall responsibility for ensuring the JAC applies high standards of corporate governance – including effective support for the Board’s performance and management of risks – to ensure it is well placed to deliver its objectives and is sufficiently robust to face its challenges.

I have responsibility for maintaining a sound system of internal control that supports the achievement of the JAC’s policies, aims and objectives, while safeguarding public funds and JAC assets for which I am responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Committee structure

In order to achieve these aims the JAC has in place the following committee structure, which is supported by a Senior Leadership team (comprising myself, Head of Operations, Head of Policy and Change, Head of HR and Head of Finance and Digital), who in turn are supported by a dedicated JAC staff. The Chairman and other Commissioners are served by a Secretariat.

- The Commission (comprising 15 Commissioners including the Chairman as set out in the Constitutional Reform Act 2005 (CRA), as amended by the Crime and Courts Act 2013 (CCA) and the Judicial Appointments Regulations 2013): meets monthly (except in January and August). Members of the Commission come from a wide background and are drawn from the lay public, academia, governance, the legal profession, tribunals, the magistracy and the judiciary. The Commission has overall responsibility for the JAC’s strategic direction, within the provisions of the CRA, as amended by the CCA, and supporting the Framework Document agreed between the Ministry of Justice (MoJ) and the Chairman of the JAC
- Selection and Character Committee (SCC): generally meets twice a month (with some variation depending on business need). Membership is the same as the Commission, and the Committee is chaired by the JAC Chairman, Vice chairman or another nominated Commissioner. The SCC identifies candidates suitable for recommendation to the Appropriate Authority for appointment to all judicial offices under Schedule 14 to the CRA, as amended by the CCA, and to other offices as required by the Lord Chancellor under section 98 of the CRA
- Audit and Risk Committee (ARC): comprises the Chair (a Commissioner), an independent (non-JAC) member and 2 other Commissioners. The Committee meets 4 times a year, with an additional meeting to consider the annual accounts, and advises me on the adequacy and effectiveness of risk management and internal control, including the strategic risk register processes. The Committee assesses the internal and external audit activity plans and the results of such activity

Working with partners

In addition to various ad hoc meetings throughout the year, the JAC either hosts or participates in the following forums, to assist it in achieving its aims, in collaboration with its partners:

- Diversity Forum: hosted by the JAC, the Forum meets quarterly. The Forum comprises the Chair of the JAC, MoJ, Law Society, Bar Council, CILEx, members of the judiciary and Judicial Office
- Advisory Group: meets every 1 or 2 months as required. The Group comprises the Chair (a JAC Commissioner) and members of the judiciary and legal professions. The Advisory Group considers the suitability of materials and methods to be used in selection processes for specific exercises

Board and committee performance

Board papers

Board papers follow a standard template to ensure they are comprehensive, taking account of all dependencies such as finance, risk, IT and media, and where relevant, equality implications. This enables Board members to make sound judgements.

Board performance evaluation

The Board last assessed its performance in November 2015 and overall the assessment was very positive; some changes were also implemented as a result of the exercise. Exceptionally, the Board did not assess its performance during this reporting year due to the absence of permanent Chairman. The Board will assess its performance in November 2017.

Board discussions

I am content with the wide range of issues covered over the year, including:

- review of competency frameworks
- evaluation of the 'Am I Ready?' tools
- JARS updates
- candidate feedback process
- use of judicial resources
- general selection process including self-assessments sought after qualifying tests
- Welsh Language Scheme
- selection processes on s9(4) and High Court
- review of the good character guidance
- review of the equal merit policy
- Triennial Review progress update
- monthly Management Information Pack

The Chairs of the Audit and Risk Committee and the Advisory Group briefed the Board on the highlights of their respective meetings. Guests are invited to attend Board meetings to exchange views, discuss priorities and other pertinent issues. Guests attend a portion of a Board meeting and are not present when the Board considers and makes decisions regarding Commission business. Guests attending Board meetings in the year were: Lord Justice Adrian Fulford, Senior Presiding Judge and Bob Neill MP, Chairman of the Justice Committee.

Commissioners participated in a 2-day Annual Strategic and Business Planning Review on 9 and 10 March 2017. Discussions covered a range of issues including the IT failure on the Recorder exercise and strategic objectives for 2017–18.

I have briefed the Board in detail regarding the IT issues that occurred during the Recorder qualifying test on 15 February. This included revised arrangements for managing the shortlisting process, the requirements for additional resources, both financial and personnel, to support the revised process and the subsequent impact on future selection exercises. The Board was also briefed on the commissioning of an external review undertaken by the Ministry of Justice (MoJ) to identify the root cause of the IT failure and to make recommendations to ensure the system can meet future demand to manage similar large volume exercises.

Changes to the Commission

The following changes to the Commission took place during the year:

- Professor Lord Ajay Kakkar was appointed the new JAC Chairman on 3 October 2016
- Mrs Justice Philippa Whipple was appointed the new judicial (High Court) Commissioner on 22 December 2016, replacing Mr Justice Alan Wilkie, who stood down on 22 December 2016
- Lay member Professor Emily Jackson stood down on 31 January 2017
- Judicial member District Judge Christopher Simmonds stood down on 24 February 2017
- Lord Justice Ian Burnett stood down as Vice chairman on 30 March 2017

Both Lord Kakkar and Mrs Justice Whipple received a full induction on their appointment covering the selection process, equality and diversity, selection exercise programme, regularity and propriety, information assurance and security and general administrative issues.

In line with the provisions of the Constitutional Reform Act 2005, Mrs Justice Whipple will act as interim Vice chairman. Plans are underway to ensure that all vacant Commissioner posts will be filled by the end of September 2017.

Audit and Risk Committee performance

The Audit and Risk Committee did not assess its performance during the year. I do not consider it to be necessary every year, particularly in light of receiving the highest possible overall assurance rating of 'Substantial' from MoJ Internal Audit as a result of the audit work carried out in 2015–16. As Commissioner representation on the Audit and Risk Committee is due to change in 2017–18, it may be suitable to conduct a further review before the current Chair's term expires. This will be done in accordance with current National Audit Office guidelines.

Corporate governance

Guidance followed

The JAC follows HM Treasury/Cabinet Office guidance in Corporate Governance in Central Government Departments: Code of Good Practice 2011, as far as possible in its capacity as a small arm's length body. As such it does not comply with the code provisions relating to a Minister, nor have a separate professionally qualified finance director sitting on the Board given its independent status. The JAC is under a finance service model where support is provided through a Finance Business Partner based in MoJ Corporate Finance. The Board membership is also governed by the requirements of the CRA, as amended by the CCA.

There is no formal Nominations and Governance Committee in place identifying leadership potential. Compliance with corporate governance guidance is outlined in much greater depth in the Triennial Review report, issued in January 2015.

Responsibility

The JAC Board and its other Committees provide the necessary leadership, effectiveness, accountability and sustainability to ensure the JAC delivers its objectives, whilst maintaining an open and transparent dialogue with the MoJ and other key interested parties. As Accounting Officer, I also take seriously my responsibilities on the use of public funds that have been provided to the JAC, to ensure the most effective and efficient use of those funds.

The JAC has a balanced Board in place, which consists of the Chairman and the Commissioners, who all have equal decision-making rights. As Chief Executive I attend Board meetings, in a non-voting capacity. Of utmost importance is that all Board members uphold the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Assurance

Assurance process

At the mid-year and end-year stages, assurance was provided through an Assurance Framework, in accordance with the HM Treasury document Assurance Frameworks, issued in December 2012. Each member of the senior leadership team also reports

on exceptions that occurred in their areas of responsibility where processes have not operated as intended. These are scrutinised through the Audit and Risk Committee, and so I am confident that all assurance matters have been brought to my attention, and that assurance is well managed. Significant control exceptions identified this year included:

Significant control exception	Summary of remedial action
The stage 1 qualifying test for Recorder was affected by a serious IT failure. In light of the problems experienced, the JAC decided to invite all of almost 2,500 candidates for that exercise to proceed to stage 2.	Due to an ongoing investigation into the IT failure, the stage 2 scenario test was administered by email. Further panel and judicial resource was secured to mark the additional stage 2 test responses and to conduct a larger number of stage 3 telephone assessments than originally planned.
Whilst attempting to change the individual responsible for the final approval of invoice payments, SSCL failed to ensure the continuing flow of invoices to the correct authority.	<p>Invoices subsequently sent through, using the previous approver, required a manual SSCL override.</p> <p>Complaint made to SSCL on the poor transitional arrangements.</p> <p>New approvers to take formal training on the Basware system to obtain the necessary access, although the specific JAC guidance will be used.</p>
Timing of statutory consultation: in a number of exercises, statutory consultation was carried out before sift, rather than later in the process.	The policy has been reviewed at Policy and Change Board and it was agreed that the existing policy of undertaking statutory consultation after sift in senior exercises and after selection day in other exercises should be retained and that selection exercise teams should factor this into planning to avoid situations where it is necessary to consult before sift. Staff subsequently reminded that statutory consultation before sift is not part of agreed policy. Commission may review timing of statutory consultation for future exercises.

Internal audit

The JAC uses the Government Internal Audit Agency (GIAA), which is accountable to me as Accounting Officer. The service operates to Public Sector Internal Audit Standards and submits regular reports, which include the Head of Internal Audit's annual independent opinion on the adequacy and effectiveness of the arrangements for risk management, and control and governance, together with recommendations for improvement.

The Annual Report from the Head of Internal Audit reflects well on the organisation and they provided a 'Moderate' overall assurance rating. This gives me additional assurance that the organisation is managed well.

External audit

The Comptroller and Auditor General, through the National Audit Office (NAO), provides the external audit function for the JAC, and provided an unqualified opinion on our financial statements. In addition, it identified no significant internal control weaknesses, no issues concerning the regularity of expenditure, nor any material misstatements.

Sponsor department (MoJ)

My responsibilities also include our requirement to meet the Business Plan objectives agreed with the Ministry of Justice (MoJ). I therefore have regular meetings with the Lord Chancellor's officials to discuss progress in meeting our strategic objectives. These meetings are very constructive and demonstrate that there is a great deal of co-operation between us.

Shared services

The cross-government shared service operation is subject to a range of independent assurance activity. In 2016–17, this has included an ISAE3402 report from PricewaterhouseCoopers (PwC), which covered SSCL's controls framework and assurance, and confirmed the vast majority of key controls are operating as designed. However, the report was qualified by PwC because of exceptions found in the operation of 29 controls (of which, 16 relate to the MoJ Group). The MoJ and GIAA, on behalf of the Departmental Group, have reviewed these exceptions and concluded that, while of concern none are fundamental to these financial statements or governance statement.

Migration to SOP

The JAC completed its migration from the Phoenix platform to the new cross-government Single Operating Platform (SOP) in January 2017, along with other bodies across the MoJ. The migration in January 2017 followed a delay in the migration from November 2016 as originally planned.

As with any system migration there are a number of defects in reporting and controls which are being urgently resolved with the shared services provider. While none of these issues are deemed to be significant there are multiple issues which when combined have hampered the JAC's ability to report accurately on a timely basis across HR and finance activities. Additional assurance procedures and control assessment work have been implemented as part of the production of the financial statements. This will form the focus for controls and systems optimisation in the 2017–18 financial year.

Data quality

Data considered by the Board

At each Board meeting Commissioners consider the Management Information Pack. The pack contains progress against Business Plan objectives, statistical data relating to selection exercises, finance, human resources, outreach activity and a summary of the corporate risks. The pack is updated each month, and reviewed collectively by the JAC's senior leadership team prior to Board meetings. Each quarter it is considered by the Audit and Risk Committee in detail, and then issued to our MoJ Sponsorship team.

Immediately prior to the release of annual official statistics, including diversity data, the reports are circulated to all Commissioners for information, in addition to key partners, in line with Code of Practice for Official Statistics. Data produced as a result of selection processes are regularly checked to ensure they are up-to-date and that figures are correct and consistent across reports generated.

Data considered by the Selection and Character Committee

At its meetings, the Selection and Character Committee (SCC) considers proposal papers when agreeing its recommendations to the Appropriate Authority. The Committee looks at the progress of candidates of different backgrounds through selection processes. To help the Committee do this, it is provided with the diversity statistics for each exercise.

If the equal merit provision policy is applied, the JAC will rely on the diversity data provided in the candidate's application form. The information provided on diversity does not, under any other circumstances, play a part in the selection process.

It is recognised that this data may come under greater scrutiny as the JAC continues to implement the equal merit provision, whereby consideration is given to increasing diversity when considering candidates of equal merit.

Data considered by the Audit and Risk Committee

As stated above, the Audit and Risk Committee considers the Management Information Pack when it meets. In addition, the Committee considers data presented in other documents, including a summary of the JAC's quarterly accounts that are consolidated with MoJ.

Risk

Risk is managed in the JAC through the embedded risk registers throughout the organisation, underpinned by a supporting Risk Management Policy and Framework and Risk Improvement Manager. This provides guidance and assistance as required, whether through the handling of individual queries, attendance at various meetings, or to support my role as Accounting Officer.

Audit and Risk Committee

The Committee monitors the key risks to achieving our strategic objectives through the Corporate Risk Register, which is updated by the senior leadership team. Commissioners have delegated to the Committee responsibility for advising on the adequacy and effectiveness of risk management and internal control, including the risk management process.

Risk Management Policy and Framework

The JAC's Risk Management Policy and Framework outlines the key principles underpinning the JAC's approach to risk management and explains the risk management processes and the roles and responsibilities of staff. The JAC has a low to medium risk appetite, which means that the JAC is prepared to accept, tolerate or be exposed to a low to medium level of risk at any one point in time. The Framework is reviewed annually by the Audit and Risk Committee. We maintain risk at a tolerable level rather than try to eliminate all risk of failure to achieve policies, aims and objectives. We can therefore only provide reasonable and not absolute assurance of effectiveness. I am satisfied that this is a proportionate approach.

Risk management and training

All staff have been informed of their responsibility for managing risk and new staff receive a summary on managing risk in their induction packs. Many staff members are involved actively in identifying new or emerging risks. Management of risk is carried out through reporting at individual project boards and other forums. High profile risks are discussed at senior leadership team meetings and added to the corporate risk register if deemed appropriate.

Risk registers

The JAC regularly reviews risks to its objectives and monitors controls to mitigate these risks through the effective use of risk registers. We follow the guidance in HM Treasury's The Orange Book (2004), by evaluating risks in terms of their impact on corporate objectives and likelihood of occurrence.

There is a hierarchy of risk registers, starting with the organisation-wide Corporate Risk Register at the top (the key risks in the Corporate Risk Register are set out in the Overview section of the Performance report (on pages 13 to 26). Feeding into this are detailed registers on: health and safety; information security; a register for each strand of the JAC Change Programme; the Selection Exercise Programme Board; with a separate register for each selection exercise within its Selection Exercise Project Record. I consider this to be appropriate for the JAC.

The JAC jointly owns and manages the Joint Delivery Group risk register with HM Courts and Tribunals Service, Judicial Office and the MoJ. This register is reviewed quarterly at the group's regular meetings.

Information security, fraud and whistleblowing

Senior Information Risk Owner (SIRO)

The SIRO is responsible for managing information risk on behalf of myself, as Accounting Officer, and the Board, and for providing the necessary assurance.

Any data recorded on JARS is subject to specific legislative provisions set out in the Constitutional Reform Act 2005, the Data Protection Act (DPA) 1998 and Freedom of Information Act (FoIA) 2000. User access is strictly controlled and trail logs are kept for security checks and audit purposes. Requests for information are handled in full compliance with both the DPA and FoIA.

Any operational requirement to deviate from the JAC Security Policy regarding data security requires SIRO agreement. The SIRO reported that there were no known incidents of data loss for the period covered by this Governance Statement.

An Anti-Fraud Policy and Anti-Fraud Response Plan is available to staff on the JAC intranet and there is a whistleblowing policy in place. I am content that the measures we have in place are effective for the JAC to enable staff to report any concerns that they may have and that we are well placed to deal with such concerns should they arise.

Summary

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, including the risk management framework. My predecessor, and former Accounting Officer for the period 1 April 2016 up to 15 February 2017 has provided me with a signed letter of assurance which sets out his view on the governance arrangements for the year. This letter confirms that to the best of their knowledge, there were no known significant governance issues or irregular spend that could undermine the integrity or reputation of the JAC up to 15 February 2017. My review is informed by the work of the internal auditors and the senior leadership team within the JAC who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review by the Board and the Audit and Risk Committee. I am satisfied that a plan to address weaknesses in the system of internal control and ensure continuous improvement of the system is in place. I am also satisfied that all material risks have been identified, and that those risks are being properly managed, especially in regard to the issues arising from the JARS IT failure during the qualifying test for the 2017 Recorder exercise.

I am therefore able to confirm that the known significant governance issue that could undermine the integrity or reputation of the JAC up to 31 March 2017 and up to the date of this report is being effectively managed.

REMUNERATION AND STAFF REPORT

REMUNERATION POLICY

Chief Executive

The Chief Executive (a senior civil servant) is a permanent member of the JAC. Details of his contract are set out below. The terms and conditions of his appointment, including termination payments, are governed by his contract.

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Senior Salaries Review Board (SSRB). The SSRB also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on peers' allowances; and on the pay and pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

Further information about the work of the SSRB is on the Office of Manpower Economics website at www.gov.uk/ome

The Chief Executives who served during the year, and details of their appointments are set out below:

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. JAC staff are employed as public servants, rather than civil servants, but the principles of this Act still apply. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the Chief Executive covered by this report holds his appointment which is governed by his contract. Early termination, other than for misconduct, results in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission is at <http://civilservicecommission.independent.gov.uk>

	Date of appointment	Date of leaving	Contract
Chief Executive: Nigel Reeder	20/12/2011	20/02/2017	Permanent member of staff (3 month notice period)
Chief Executive: Richard Jarvis	15/02/2017		Permanent member of staff (3 month notice period)

Panel chairs and panel members

The JAC has appointed panel members who are used, when required, to assess candidates for selection. These panel members can either operate as panel chairs or as independent members. The panel chairs provide a summary report for Commissioners on candidates' suitability for selection. These panel chairs and panel members are paid a fee for each day worked and are entitled to reimbursement for travel and subsistence. The taxation on such expenses is borne by the JAC. They do not have any pension entitlements.

Commissioners

Commissioners are appointed for fixed terms in accordance with Schedule 12 of the Constitutional Reform Act 2005. No Commissioner is permitted to serve for periods (whether or not consecutive) for longer than 10 years. Commissioners are public appointees and provide strategic direction to the JAC and select candidates for recommendation for judicial office to the Appropriate Authority.

Commissioners, excluding the Chairman and those who are members of the judiciary, are paid a fee by the JAC. The fee is neither performance-related nor pensionable. Any increase in the level of fees is at the discretion of the Lord Chancellor. Commissioners who are in salaried state employment, including judges, receive no additional pay for their work for the JAC. Commissioners do not receive any pension benefits.

Commissioners who are entitled to a fee are paid an annual amount of £9,473 in respect of 28 days service a year. In exceptional circumstances they may be paid for additional days' work at £338.33 a day. The remuneration of the Chairman is included in the Chief Executive's remuneration table on page 45.

The members of the Commission during 2016–17 and details of their appointments are set out below.

Commissioners	Date of original appointment	End of term
Chairman: Professor Lord Ajay Kakkar	03/10/2016	02/10/2019
Chairman: Christopher Stephens CBE	07/02/2011	Left at end of term 08/04/2016
Lord Justice Ian Burnett	01/11/2015	Stood down 30/03/2017
Martin Forde QC	05/01/2012	04/01/2018
Professor Emily Jackson	01/02/2014	Left at end of term 31/01/2017
Her Honour Judge Usha Karu	09/06/2014	08/06/2018
Professor Noel Lloyd CBE	01/02/2012	31/07/2019
Alexandra Marks	05/01/2012	04/01/2018
Katharine Rainsford JP	01/02/2014	31/07/2017
Lieutenant-General Sir Andrew Ridgway KBE CB	01/02/2012	31/07/2017
Lucy Scott-Moncrieff CBE	01/02/2014	31/07/2017
District Judge Christopher Simmonds	01/02/2014	Stood down 24/02/2017
Dame Valerie Strachan DCB	01/02/2012	31/01/2018
His Honour Judge Phillip Sycamore	09/06/2014	08/06/2017
Debra van Gene	01/02/2014	31/07/2017
Mr Justice Alan Wilkie	25/05/2012	Stood down 22/12/2016
Mrs Justice Philippa Whipple DBE	22/12/2016	21/12/2019

TOTAL FIGURE OF REMUNERATION

Remuneration (including salary) and pension entitlements (including the Chairman)

The following sections provide details of the remuneration and pension interests of the Chairman and Chief Executive of the JAC, (audited), which were as follows:

Single total figure of remuneration:

Officials	Salary £000		Bonus Payments £000		Benefits in kind (to nearest £100)		Pension benefits ³ £000		Total £000	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Christopher Stephens CBE (until 08/04/2016)	¹ 0-5	¹ 60-65	-	-	-	-	-	-	0-5	60-65
Professor Lord Ajay Kakkar (from 03/10/2016)	² 25-30	-	-	-	-	-	-	-	25-30	-
Nigel Reeder (until 20/02/2017)	75-80 (80-85 FYE)	80-85	-	5-10	-	-	-	25-30	75-80	120-125
Richard Jarvis (from 15/02/2017)	5-10 (FYE 90-95)	-	-	-	-	-	25-30	-	35-40	-

Notes:

1 The figure is the rate based on a 0.6 FTE, full-year equivalent rate being £100-105k.

2 The figure is the rate based on a 0.4 FTE, full-year equivalent rate being £135-140k.

3 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Benefits in kind

The Chairman and Chief Executive have no entitlement to benefits in kind and did not receive any (2015-16 Nil). In 2016-17 no Director received any benefits in kind.

Commissioners' remuneration

The Commissioners' remuneration (audited) for the year is as shown below (for joining or leaving dates see the Governance Statement), including payments to Commissioners for acting as panel members in selection exercises:

	2016-17			2015-16		
	Remuneration ¹ £000	Benefits in kind (to nearest £100)	Total £000	Remuneration ¹ £000	Benefits in kind (to nearest £100)	Total £000
Lord Justice Ian Burnett (left 30/03/2017)	-	-	-	-	-	-
Martin Forde QC	9	-	9	9	-	9
Professor Emily Jackson (left 31/01/2017)	14 ¹	-	14	16 ¹	-	16
Her Honour Judge Usha Karu	-	-	-	-	-	-
Professor Noel Lloyd CBE	12 ¹	10,800 ²	23	13 ¹	15,100	28
Alexandra Marks	9	-	9	9	-	9
Katharine Rainsford JP	9	500 ²	10	9	200	9
Lieutenant General Sir Andrew Ridgway KBE CB	13 ¹	10,100 ²	23	9	6,000	15
Lucy Scott-Moncrieff CBE	9	-	9	9	-	9
District Judge Christopher Simmonds (left 24/02/2017)	-	-	-	-	-	-
Dame Valerie Strachan DCB	19 ¹	-	19	17 ¹	-	17
His Honour Judge Phillip Sycamore	-	-	-	-	-	-
Debra van Gene	13 ¹	-	13	14 ¹	-	14
Mr Justice Alan Wilkie (left 21/12/2016)	-	-	-	-	-	-
Mrs Justice Philippa Whipple DBE (started 21/12/2016)	-	-	-	-	-	-

1. Remuneration in excess of the £9k payable for their role as a Commissioner is due to additional days worked as a panel member on selection exercises.

2. Commissioners' benefits in kind are reimbursed in cash for expense claims relating to their travel and subsistence costs in relation to JAC business.

All remuneration is based on the time each Commissioner was in office, so does not necessarily represent a full year's service – see dates for original appointments on page 44.

Benefits in kind

Commissioners may be reimbursed for their travel and subsistence costs in attending Commission business if the cost of their journey is greater than what they would otherwise have incurred with their other employment. Since non-judicial Commissioners are deemed to be employees of the JAC, the amounts of these reimbursements are treated as benefits in kind and are disclosed in the table above and incorporated into the benefits in kind amounts. The taxation on such expenses is borne by the JAC. There are no other benefits in kind.

Judicial Commissioners are not deemed to be employees of the JAC, and therefore their travel and subsistence costs are not treated as benefits in kind. There were no claims made by judicial Commissioners.

Pension entitlements

The pension entitlements of the Chairman and Chief Executive (audited) were as follows:

	Total accrued pension at pension age as at 31/03/2017 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/17	CETV at 31/03/16	Real increase in CETV
	£000	£000	£000	£000	£000
Christopher Stephens ¹	-	-	-	-	-
Professor Lord Ajay Kakkar ¹	-	-	-	-	-
Nigel Reeder ²	n/a	n/a	n/a	1,005	n/a
Richard Jarvis	20-25 plus a lump sum of 55-60	0-2.5 plus a lump sum of 2.5-5	389	369	19

1 Is not entitled to pension benefits

2 Nigel Reeder chose not to be covered by the Civil Service pension arrangements during the reporting year and left the JAC on 20/02/2017

The CETV figures are provided by approved pensions administration centres, who have assured the JAC that they have been correctly calculated following guidance provided by the Government Actuary's Department.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has 4 sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the 2 schemes.) Members joining from October 2002 may opt for either

the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of

centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with

The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Fair pay

The JAC is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce (audited).

The median remuneration of the workforce was £34,584 (2015–16, £30,100). The median has increased following a voluntary departure scheme which resulted in a higher number of leavers with salaries below last year's median. The remuneration ranged from £20–25,000 to £90–95,000 (£20–25,000 to £90–95,000 in 2015–16). The banded remuneration of the highest-paid director in the JAC in the financial year 2016–17 was £90–95,000 (2015–16, £90–95,000). This was 2.7 times (2015–16, 3.1 times) the median remuneration of the workforce. In 2016–17, Nil (2015–16, Nil) employees received remuneration in excess of the highest-paid director.

Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. This presentation is based on the cash payments made in the year by the JAC. The calculations exclude the pay to the Chairman and Commissioners as their employment terms and conditions, including pay rates, are determined by the MoJ, and the JAC is unable to influence those rates. Details of their pay is provided above. The calculations also exclude the pay made to our panel chairs and panel members, who are employed on a fee-paid basis, as to include them would lead to misleading information.

STAFF REPORT

Staff composition

The split of the staff as at 31 March 2017 is as follows:

	Male	Female	Total
Director - SCS	1	0	1
Senior leaders	4	3	7
Other staff	13	18	31
Total	18	21	39

These correspond to the total of permanent, fixed term contracts and seconded staff as set out below (audited):

Staff costs comprise								
2016-17							2015-16	
	Commissioners	Panel chairs and lay panel members	Permanent staff	Seconded staff	Fixed term contracts	Other contracted staff	Total	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Wages and Salaries	143	339	1,628	35	22	268	2,435	2,462
Social Security Costs	33	59	167	2	2	-	263	232
Other Pension Costs	-	-	327	5	4	-	336	336
	176	398	2,122	42	28	268	3,034	3,030

During the year Nil (2015-16 – Nil) of staff costs has been capitalised.

In 2016-17 the JAC employed its own staff (permanent staff, on loan and those on fixed term contracts). Other contracted staff are supplied by agencies. All irrecoverable Value Added Tax (VAT) is included within wages and salaries. No VAT is included in social security or other pension costs.

The PCSPS and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha', are unfunded multi-employer defined benefit schemes where the JAC is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the scheme as at 31 March 2016. Details can be found in the Accounts of the Cabinet Office: Civil Superannuation at: <https://www.gov.uk/>

government/publications/cabinet-office-civil-superannuation-accounts-2015-to-2016

For 2016-17, employers' contributions of £329k were payable to the PCSPS (2015-16: £366k) at 1 of 4 rates that ranged from 20% to 24.5% (2015-16: 20.0% to 24.5%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions approximately every four years following a full scheme

valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions to partnership pension accounts were £2k (2015–16: nil) and were paid to one or more of the panel of 3 appointed stakeholder pension providers. Employer contributions, which are age-related, ranged from 8.00% to 14.75% (2015–16: 8.00% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

In addition, employer pension contributions equivalent to 0.5% (2015–16: 0.5%) of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of employees in the PCSPS.

The average numbers of full-time equivalent persons employed during the year were as follows:

	Commissioners	Panel chairs and lay panel members	Permanent staff	Seconded staff	Fixed term contracts	Other contracted staff	Total
2016–17	2	5	41	1	2	5	56
2015–16	2	5	42	1	2	5	57

The average numbers for Commissioners, panel chairs and lay panel members represent their total respective input into the JAC in full-time equivalent terms.

Civil Service and other compensation schemes: exit packages

In 2015–16, the MoJ accounted for a Voluntary Early Departure Scheme relating to the JAC as it was liable to pay for the redundancy and other departure costs of this Scheme on behalf of the JAC. The following table sets out the number of exit packages relating to this Scheme that were disclosed within the 'Civil Service and other compensation schemes-exit package' table on page 59 of the MoJ Annual Report and Accounts 2015–16. These employees left the JAC in 2016–17.

	2015–16		
	Compulsory redundancies	Other departures	Total exit packages
Exit package cost band	Number	Number	Total number
< £10,000	-	1	1
£10,000 to £25,000	-	2	2
£25,001 to £50,000	-	-	-
£50,001 to £100,000	-	2	2
£100,001 to £150,000	-	-	-
£150,001 to £200,000	-	-	-
£200,001 to £250,000	-	-	-
£250,001 to £300,000	-	-	-
Total number of exit packages by type	-	5	5
Total cost of exit packages by type (£000)	-	224	224

There were no voluntary departures in 2016–17 (audited).

Spend on Consultancy

During 2016–17, the JAC spent £7k on consultancy (2015–16: £6k). This related to an Academic Review which took place during October to December 2016.

Sickness absence data

Staff sickness absence levels remain above the average across the Civil Service organisations. Up to 31 December 2016 on average 11 days for each member of staff was lost (9.89 days in 2015–16). The days lost was primarily due to 3 staff on long term absence, which accounted for nearly 70% of all absences.

Data for the period January 2017 to March 2017 is not included in the current year figure as work on collating this information is ongoing.

From February 2016 the JAC adopted new Attendance Management policy in line with the rest of the MoJ. This standardises the approach to managing sickness absence, and provides trigger points that make it compulsory to conduct interviews with staff when a certain level of absence is reached.

Staff policies

The JAC works directly with staff through team meetings and electronic communications. All staff are encouraged to ask about organisational issues and how these relate to themselves and their work.

We continue to monitor the JAC's intranet to ensure that it contains relevant information in a format that is easy to understand, and staff bulletins are issued fortnightly.

The JAC health and safety policy was revised in July 2016, and is published on the intranet for staff, along with a health and safety action plan. The JAC communicates other health and safety information to staff through the intranet and by notices. The JAC has sufficient trained first aiders and fire wardens in place. There were no reportable health and safety incidents.

The annual People Survey in 2016 showed an increased response rate of 86% (64% in 2015), but the overall engagement score fell to 54% (59% in 2015). In all but one of the main headings the responses indicated that staff were less positive about how they perceived working at the JAC. Since the survey the JAC has undergone a number of changes but remains conscious of the need to continue to recognise the challenges being faced by public sector staff. A new people strategy will be in place from the autumn 2017.

The JAC fully considers human rights issues in relation to its staff and candidates.

The JAC continues to promote equality of opportunity, both in the selection of candidates for judicial office and in the recruitment, training and promotion of staff. The JAC meets its responsibilities under the Equality Act 2010, and has recently introduced name-blind recruitment for all our staff appointments.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

Regularity of expenditure

There were no losses and special payments made during the year (Nil 2015–16) and no irregular spend (audited).

Remote contingent liabilities

In addition to contingent liabilities reported within the meaning of IAS 37, the JAC discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money. Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament. There were none this year (audited).



Richard Jarvis

Accounting Officer
Judicial Appointments Commission
28 June 2017

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Judicial Appointments Commission for the year ended 31 March 2017 under the Constitutional Reform Act 2005. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report that is described in that report as having been audited.

Respective responsibilities of the Commission, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Commission and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Constitutional Reform Act 2005. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Judicial Appointments Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Judicial Appointments Commission; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Judicial Appointments Commission's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Constitutional Reform Act 2005 and the Lord Chancellor's directions issued thereunder with the approval of HM Treasury.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited has been properly prepared in accordance with the Lord Chancellor's directions made under the Constitutional Reform Act 2005 with the approval of HM Treasury; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability and Audit Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas CE Morse

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

3 July 2017



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2017

		2016-17	2015-16
	Note	£000	£000
Income	2	(27)	(20)
Expenditure			
Staff costs	3	3,034	3,030
Other expenditure	4	615	764
Services and facilities provided by sponsoring department	5	1,249	1,084
Net expenditure for the year		4,871	4,858
Other Comprehensive Net expenditure			
Net (gain)/loss on revaluation of:			
intangible asset	6	(30)	(9)
Comprehensive net expenditure for the year		4,841	4,849

The notes on pages 62 to 66 form part of these accounts.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

		2016-17	2015-16
	Note	£000	£000
Non-current assets			
Intangible assets	6	567	604
Total non-current assets		567	604
Current Assets			
Trade and other receivables	7	51	47
Cash at bank	8	424	552
Total current assets		475	599
Total assets		1,042	1,203
Current liabilities			
Trade and other payables	9	(49)	(82)
Other liabilities	9	(433)	(269)
Total current liabilities		(482)	(351)
Total assets less current liabilities		560	852
Taxpayers' Equity			
Revaluation Reserve		34	9
General reserve		526	843
Total taxpayers' equity		560	852



Richard Jarvis

Accounting Officer
Judicial Appointments Commission
28 June 2017

The notes on pages 62 to 66 form part of these accounts.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2017

		2016-17	2015-16
	Note	£000	£000
Cash flows from operating activities			
Net expenditure for the year		(4,871)	(4,858)
Adjustments for non-cash transactions:			
– MoJ overhead recharges	5	1,249	1,084
– Amortisation	4	67	69
(Increase)/Decrease in trade and other receivables	7	(4)	(8)
Increase/(Decrease) in trade and other payables	9	(131)	(375)
Net cash outflow from operating activities		(3,428)	(4,088)
Cash flows from investing activities			
Purchase of Intangible asset	6	-	-
Net cash (outflow) from investing activities		-	-
Cash flows from financing activities			
Grant-in-aid received from Ministry of Justice		3,300	4,100
Net financing		3,300	4,100
Net increase/(decrease) in cash and cash equivalents in the period		(128)	12
Cash and cash equivalents at the beginning of the year		552	540
Cash and cash equivalents at the end of the period	8	424	552

The notes on pages 62 to 66 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2017

	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance at 31 March 2015	517	-	517
Changes in taxpayers' equity in 2015-16			
Net expenditure for the year ended 31 March 2016	(4,858)	-	(4,858)
Grant-in-aid towards expenditure	4,100	-	4,100
Grant-in-aid received, being costs settled by MoJ	1,084	-	1,084
Revaluation of intangible assets	-	9	9
Balance at 31 March 2016	843	9	852
Changes in taxpayers' equity in 2016-17			
Net expenditure for the year ended 31 March 2016	(4,871)	-	(4,871)
Grant-in-aid towards expenditure	3,300	-	3,300
Grant-in-aid received, being costs settled by MoJ	1,249	-	1,249
Revaluation of intangible assets	-	30	30
Transfers between reserves	5	(5)	-
Balance at 31 March 2017	526	34	560

The notes on pages 62 to 66 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2017

Note 1: Statement of accounting policies

These financial statements are prepared on a going concern basis in accordance with the Constitutional Reform Act 2005 and with the 2016–17 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the JAC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the JAC are described below. They have been applied consistently in dealing with items that are considered material to the accounts, and are in a form as directed by the Lord Chancellor with the approval of HM Treasury. There have been no changes in accounting policies for the period ended 31 March 2017.

a) Accounting convention

The accounts are prepared on an accruals basis under the historical cost convention modified to account for the revaluation of intangible assets, in accordance with Treasury guidance.

b) Funding

Government grant-in-aid received is accounted for as funding through the general fund.

c) Accounting for value added tax

The JAC is not permitted to recover any VAT on expenditure incurred. All VAT is therefore charged to the relevant expenditure category.

d) Intangible Assets

The Intangible Asset associated with the development of the Judicial Appointments Recruitment System comprises internally

developed software for internal use and software developed by third parties.

Development costs that are directly attributable to the design and testing of this identifiable and unique software product controlled by JAC are capitalised when they meet the criteria specified in the FReM, which has been adapted from IAS 38 'Intangible Assets'. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The capitalisation threshold for software projects and for subsequent additions that enhance the economic benefit of the asset is £5,000. Subsequent to initial recognition, intangible assets are recognised at fair value. As no active market exists for the JAC's Intangible Asset, fair value is assessed as the revalued amount less any accumulated amortisation. Intangible Assets are revalued at each reporting date using the Producer Price Index (PPI) produced by the Office for National Statistics (ONS). The policy is to revalue at the year-end through indexation. Amortisation is charged on a straight-line basis at rates calculated to write-off the value of the asset evenly over its estimated useful life. The useful lives of assets are reviewed annually. The useful life of this internally developed software was revised from 5 years to 10 years in 2015–16.

e) Pensions policy

Past and present employees are covered by the provisions of the PCSPS schemes. The defined benefit schemes are unfunded except in respect of dependants' benefits. The JAC recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from the employees' services, by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

f) Employee benefits

In compliance with IAS19 Employee Benefits an accrual is made for holiday pay in respect of leave which has not been taken at the year end and this is included within payables.

g) Services and facilities provided by sponsoring department

In accordance with the Framework Document, the JAC does not meet the costs of certain

services as these are provided by the MoJ, and are non-cash charges. These services are agreed and managed through memoranda of understanding between the JAC and MoJ, and provide: communications; information operations; finance training; accommodation; HR services; provision of IT equipment; internet/intranet facilities; shared services; and commercial and contract management advice. An analysis of these charges can be found in note 4.

Note 2 Income		
	2016-17 £000	2016-15 £000
Recovery of costs from Welsh Government Secure by Default Partnership programme grant	(2) (25)	(20) -
	(27)	(20)

Note 3 Staff costs							
	Commissioners	Panel chairs and lay panel members	Permanent staff	Seconded staff	Fixed term contracts	Other contracted staff	Total
	£000	£000	£000	£000	£000	£000	£000
2016-17							
Wages and Salaries	143	339	1,628	35	22	268	2,435
Social Security Costs	33	59	167	2	2	-	263
Pension contributions	-	-	327	5	4	-	336
Total	176	398	2,122	42	28	268	3,034
2015-16							
Wages and Salaries	177	368	1,587	18	51	261	2,462
Social Security Costs	23	74	131	1	3	-	232
Pension contributions	-	-	324	4	8	-	336
	200	442	2,042	23	62	261	3,030

Note 4 Other operating costs		
	2016-17	2015-16
	£000	£000
Selection exercise programme		
Panel member travel and subsistence	119	163
Staff and commissioners travel and subsistence	5	16
Actors' costs	29	103
Advertising	6	8
Direct selection process costs	7	14
	166	304
Other programme costs		
Outreach and communications	7	7
Commissioners' travel and subsistence	9	7
Research	7	6
Judicial Appointments Recruitment System	287	278
Panel member training	-	16
	310	314
Administration costs		
Staff travel and subsistence	2	2
Staff training	11	9
Office expenses	13	10
Recruitment	7	2
Legal services	3	(6)
External audit	29	29
Internal audit	28	31
Bank charges	-	-
	93	77
Non-cash items		
Amortisation	67	69
Write-offs	(21)	-
	46	69
Total other operating costs	615	764

Note 5 Services and facilities provided by sponsoring department		
	2016-17	2015-16
	£000	£000
Communications	10	12
Information operations	9	12
Estates	527	544
HR	7	8
ICT	599	414
Shared Services	56	53
CCM	41	41
Total corporate overhead charge	1,249	1,084

Note 6 Intangible assets		
	Information Technology £000	Total £000
Movements in 2016–17		
Cost or valuation		
At 1 April 2016	697	697
Additions	-	-
Revaluation	40	40
At 31 March 2017	737	737
Amortisation		
At 1 April 2016	93	93
Charged in year	67	67
Revaluation	10	10
At 31 March 2017	170	170
Carrying amount at 31 March 2017	567	567
Carrying amount at 31 March 2016	604	604
	Information Technology £000	Total £000
Movements in 2015–16		
Cost or valuation		
At 1 April 2015	687	687
Additions	-	-
Revaluation	10	10
At 31 March 2016	697	697
Amortisation		
At 1 April 2015	23	23
Charged in year	69	69
Revaluation	1	1
At 31 March 2017	93	93
Carrying amount at 31 March 2016	604	604
Carrying amount at 1 April 2015	664	664

The JAC's Intangible Assets relates to the Judicial Appointments Recruitment System (JARS). This asset is wholly owned by the JAC. The remaining amortisation period at the year-end is 7 years 10 months.

Note 7 Trade receivables and other current assets		
	31 March 2017 £000	31 March 2016 £000
Amounts falling due within one year		
Deposits and advances	19	9
Other receivables	32	23
Prepayments	-	15
	51	47

Note 8 Cash at bank		
	31 March 2017	31 March 2016
	£000	£000
Balance at 1 April	552	540
Net change in cash and cash equivalent balances	(128)	12
Balance at 31 March	424	552
Total cash held at Government Banking Service	424	552

Note 9 Trade and other payables		
	31 March 2017	31 March 2016
	£000	£000
Amounts falling due within one year		
Trade payables	23	39
Other payables	26	43
	49	82
Other taxation and social security	77	58
Accruals	294	169
Accrued holiday pay	62	42
	433	269
Total	482	351

Note 10 Financial instruments

As the cash requirements of the JAC are met through grant-in-aid provided by the MoJ, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the JAC's expected purchase and usage requirements and the JAC is therefore exposed to little credit, liquidity or market risk.

Note 11 Contingent liabilities

The JAC discloses contingent liabilities where it determines that there is a chance that it may be required to make an economic outflow as a result of a current obligation arising from past events, but that at the year end, this outflow is only possible rather than probable. At the end of 2016–17 invoices totalling £19,326, relating to the period of an IT failure in February 2017, are currently the subject of dispute.

Note 12 Related-party transactions

The JAC is a non-departmental public body sponsored by the Ministry of Justice (MoJ). The MoJ is regarded as a related party with which the JAC has had various material transactions during the year. In addition, the JAC has had material transactions with HM Revenue & Customs.

No board member, key manager or other related parties have undertaken any material transactions with the JAC during the year.

Note 13 Events after the reporting period

There were no significant events after the reporting period that have an impact on these financial statements.

In accordance with the International Accounting Standard 10 'Events after the reporting period', accounting adjustments and disclosures are considered up to the point where the financial statements are 'authorised for issue'. In the context of the JAC, this is interpreted as the date on the Comptroller and Auditor General's audit certificate.

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