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Research Report

Justice spending in England and Wales

IFS Report

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Institute for Fiscal Studies

IFS Report

**Magdalena Dominguez
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Justice spending in England and Wales



**Economic
and Social
Research Council**



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Executive summary

The justice system is an important part of how the government upholds the law and maintains public order, making it a significant area of responsibility. In England and Wales, the Ministry of Justice (MoJ) is responsible for funding and overseeing most functions of the justice system, including the courts and tribunals system, the judiciary, prisons, the probation service and legal aid. The department's responsibilities do not include the police (this lies with the Home Office), and both the Crown Prosecution Service and Serious Fraud Office sit separately as non-ministerial departments, but spending by the MoJ can be thought of, to a first approximation, as spending on the justice system of England and Wales.

In this report, we provide a detailed description and analysis of how MoJ spending has evolved over more than two decades. This provides key context ahead of the Spending Review due later in 2025, and ahead of a new programme of work at the Institute for Fiscal Studies on the economics of the justice system.¹

Key findings

1. Spending on the justice system of England and Wales has increased in recent years. **The total MoJ budget in 2025–26 (of £13.5 billion in today's prices) is set to be around one-third higher in real (inflation-adjusted) terms than in 2019–20 (£10.1 billion).** There have been particularly large increases in the department's budget for capital investment, which is set to more than treble over that six-year period.
2. **Recent funding injections come on the back of, and in most cases do not offset, severe budget cuts in the 2010s.** Justice spending peaked in 2007–08. The resource (day-to-day) budget, which comprises around 85% of the total, fell by one-third (33%) in real terms between 2007–08 and 2016–17. **In 2025–26, real-terms day-to-day spending by the MoJ is still set to be 14% lower than in 2007–08, and 24% lower in per-person terms** (adjusting for population growth in England and Wales). Strikingly, real-terms day-to-day justice spending in 2025–26 is set to be no higher

¹ See <https://ifs.org.uk/transforming-justice-interplay-social-change-and-policy-reforms>.

than it was in 2002–03, almost a quarter of a century earlier, and around 16% lower in per-person terms.

3. **MoJ capital funding was cut by 70% over the early 2010s and, within this, capital funding for both HM Courts and Tribunals Service and HM Prison and Probation Service was cut by more than 90%.** Capital funding was then increased after 2016, and sharp funding injections in recent years have taken the MoJ capital budget to a planned £2.0 billion in 2025–26, more than treble its pre-pandemic level and around 50% above its level prior to the cuts of the 2010s. Yet between 2007–08 and 2025–26, cumulative MoJ capital spending was 16% lower than it would have been had spending instead been maintained at its 2007–08 real-terms level for that entire period.
4. **Between the early 2000s and the late 2010s, the MoJ tended to fare worse than the average government department:** it saw smaller budget increases in the 2000s, and larger cuts in the 2010s. Between 2007–08 and 2016–17, a 33% cut to the MoJ day-to-day budget compares to a 3% cut to total day-to-day departmental spending, a 3% cut to the Department for Education, a 6% cut to the Ministry of Defence, and a 25% increase to the Department of Health and Social Care day-to-day budget. Other (non-health, non-education, non-defence, non-justice) departmental budgets fell by 22%, meaning justice also did worse than the average ‘unprotected’ department.
5. **In contrast, from around 2019, the justice budget has (to a modest degree) been prioritised relative to other departments, doing better than average** (especially in terms of capital funding). **This was also true at the 2024 Autumn Budget**, where the MoJ was a relative winner: its budget for 2024–25 was topped up by around £1 billion relative to previous plans, and its total budget is set to grow at an average real rate of 5.6% between 2023–24 and 2025–26 (versus 4.3% for departmental spending as a whole).
6. **This recent period of relative largesse has not been enough to offset the previous period of spending restraint**, however. Had the MoJ day-to-day budget increased at the same rate as the average department over the period since 2007–08, it would have been some 41% (£4.5 billion) higher in 2024–25. If it had grown in line with the average ‘unprotected’ department, it would have been 9% (£1.0 billion) higher.
7. The major components of the MoJ budget are HM Prison and Probation Service (a £5.3 billion day-to-day budget in 2023–24, 47% of the total), HM Courts and Tribunals Service (£2.3 billion, 20%) and the Legal Aid Agency (£2.2 billion, 19%). **Of these major components, HM Courts and Tribunals Service has been relatively protected since 2007–08.** Its day-to-day budget experienced smaller cuts in the early

2010s and (after adjusting for changes in how fee income is recorded) was 3% lower in real terms in 2023–24 than in 2007–08. **This contrasts to the much larger cuts to HM Prison and Probation Service (11% lower in 2023–24 than in 2007–08) and, especially, the Legal Aid Agency (29% lower).** The latter largely stems from deliberate policy changes, such as the Legal Aid, Sentencing and Punishment of Offenders Act (LASPO) in 2012. In per-person terms, day-to-day spending on all of these areas was substantially lower in 2023–24 than in 2007–08 – in the case of legal aid, 36% lower. After falling to almost zero in the mid-2010s, capital funding for HM Courts and Tribunals Service and HM Prison and Probation Service has increased in recent years, with the latter the biggest recipient (more than 80% of the increase in MoJ capital spending between 2019–20 and 2023–24 went to HM Prison and Probation Service).

8. **Looking ahead, the outlook for justice spending in England and Wales is uncertain.** At the time of writing, the government's spending plans – due to be confirmed at the Spending Review in June 2025 – would see overall day-to-day public service funding grow by an average 1.3% per year in real terms between 2025–26 and 2028–29. **Given reasonable assumptions about what might happen to 'protected' budgets such as the NHS, the Ministry of Defence, overseas aid and childcare, this would leave other 'unprotected' budgets – potentially including the MoJ – facing real-terms cuts.** Plans can change but, on the face of it, the justice system of England and Wales is facing another period of retrenchment.

1. Introduction

The justice system is an important part of how the government upholds the law and maintains public order, making it a significant area of responsibility. In England and Wales, the Ministry of Justice (MoJ) is responsible for funding and overseeing most functions of the justice system, including the courts and tribunals system, the judiciary, prisons, the probation service and legal aid.² The department, while not one of the biggest in Whitehall, has a sizeable footprint: the MoJ employs around 90,000 full-time equivalent staff members (across various agencies); the Magistrates' courts alone dispose of well over a million cases each year, with another million judgments taken in the civil courts; there are almost 90,000 prisoners in England and Wales; and almost a quarter of a million people are under supervision from the probation service.³

Like other government departments, the MoJ currently has a detailed budgetary settlement for 2024–25 and 2025–26, and no detail beyond that point. Departmental budgets for the subsequent years will be set out at the 2025 Spending Review, currently pencilled in for June 2025. In its 2024 general election manifesto, the Labour Party promised justice system reform, steps to clear the courts backlog, a prison building programme, and numerous other service improvements. The budget allocated to the MoJ will be one – but by no means the only – determinant of what the department is able to accomplish over the coming years, and the extent to which these ambitions can be realised.

In this report, we provide a detailed description and analysis of net public spending on justice in England and Wales.⁴ We document how justice spending has changed over more than two decades (relative to inflation, population growth, other departments and the size of the economy), and how the composition of this spending has changed over time. Our two primary contributions, relative to previous analyses, are the construction of (what is to our knowledge) the longest-running and most complete series for justice spending to date, and the construction of a consistent series for spending on the major components of the MoJ budget to allow for meaningful comparisons across spending areas. This analysis provides key context ahead of the

² Note that MoJ responsibilities do not extend to the police (this lies with the Home Office), and both the Crown Prosecution Service and Serious Fraud Office sit separately as non-ministerial departments.

³ Data on MoJ employment are for September 2024 and taken from ONS Public Sector Employment data (<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremploymentreferencetable>). All other data are from the MoJ webpage, Justice in numbers, and are accurate at the time of writing (<https://data.justice.gov.uk/justice-in-numbers>).

⁴ In addition to public funding, some parts of the justice system – such as HM Courts and Tribunals Service – also receive fee income from service users. Our focus is on the quantum of net public spending (i.e. net of fees), but we account for fee income where appropriate.

all-important Spending Review later this year, and ahead of a new programme of work at the Institute for Fiscal Studies on the economics of the justice system.⁵ One overarching aim of this work is to develop a better understanding of how funding reductions and major procedural reforms to the justice system have affected and interacted with other government services and the wider economy. Understanding how the level and composition of public spending on justice has changed over recent decades is an important first step.

⁵ See <https://ifs.org.uk/transforming-justice-interplay-social-change-and-policy-reforms>.

2. Trends in the overall Ministry of Justice Budget

The MoJ was created in May 2007, taking responsibility for functions previously carried out by the Home Office (such as prisons, probation and penal policy) and the Department for Constitutional Affairs (such as the courts and legal aid). The MoJ, like other departments, is allocated a cash budget for each year by HM Treasury, known as a total departmental expenditure limit (TDEL). These planned budgets are set out via the Treasury-led Spending Review process and confirmed in parliament via the bi-annual Estimates process. TDEL, in turn, is split into resource DEL (RDEL, which covers day-to-day spending on things such as staff wages) and capital DEL (CDEL, which covers investment in things such as buildings and equipment).⁶

The primary hurdle to tracking MoJ spending over a long period of time is that there is no single document containing information on the size of its budget all the way back to its creation. To construct a consistent long-run series, we combine information from 18 editions of HM Treasury's Public Expenditure Statistical Analysis (PESA, using methodology explained in detail in the Appendix). This allows us to go back as far as 2002–03 (the earliest year covered by PESA 2008, the first edition published after the creation of the MoJ, which included a five-year back-series for spending on services delivered by the newly created department). We combine this with the spending plans for 2024–25 and 2025–26 published in the 2024 Autumn Budget. This allows us to provide consistent and comparable estimates of how justice spending in England and Wales has evolved over almost a quarter of a century.

These spending estimates are summarised in Table 1 (with the data available for download).

The first panel shows, for example, that the MoJ's total cash budget (not adjusted for inflation) increased from £7.1 billion in 2002–03 to £11.9 billion in 2023–24, and is planned to be £13.8 billion in 2025–26. The bulk of this (£11.8 billion in 2025–26, almost nine-tenths of the total) is

⁶ Note that we focus here on RDEL excluding depreciation, as this is the measure used in the spending plans published at fiscal events (including the October 2024 Autumn Budget). In later sections, when considering subcomponents of the MoJ budget, we will use headline RDEL (including depreciation) for reasons of data availability.

allocated towards resource, or day-to-day, spending; the remainder (£2.0 billion in 2025–26) is allocated towards capital spending.⁷

The second panel puts these figures into 2024–25 prices (using the GDP deflator to adjust for economy-wide inflation) to allow for comparisons of the purchasing power of the MoJ budget over time. It shows, for instance, that resource spending in 2023–24 was 19.8% lower than in 2007–08 (£10.7 billion versus £13.3 billion in 2024–25 prices), the year when spending peaked, and 7.6% lower than in 2002–03 (£11.6 billion in 2024–25 prices). By 2025–26, resource spending is set to be 20.7% higher than in 2019–20, but still 13.6% lower than in 2007–08, and 0.4% below its 2002–03 level (see Figure 1).

Capital spending was also cut back sharply in the 2010s, but the rapid growth in the capital budget after 2019–20 has more than offset those earlier reductions. By 2025–26, MoJ CDEL is set to be more than 70% higher in real terms than it was in 2007–08.⁸ TDEL in 2025–26 (the sum of resource and capital, and dominated by the former) is set to be 6.9% lower than in 2007–08.

The third panel of Table 1 further adjusts for population size (because a larger population would, all else equal, be expected to place greater demands upon the justice system), using population estimates for England and Wales (where most MoJ spending takes place, given devolved responsibilities to Scotland and Northern Ireland). In per-person terms, the total MoJ budget (TDEL) in 2025–26 (£217 per person in England and Wales, in 2024–25 prices) is set to be 7.6% lower than in 2002–03 and 18.4% lower than in 2007–08.⁹ Figure 1 shows that the per-person resource budget fell sharply after 2007–08 before rising again after 2016–17, though in 2025–26 it is still set to be 15.6% lower than in 2002–03 and 24.2% lower than in 2007–08.

The fourth and final panel of Table 1 shows how MoJ spending has evolved as a share of national income. Total MoJ spending fell from 0.59% of GDP in 2002–03 and 0.61% of GDP in 2007–08 to 0.36% of GDP in 2016–17. It has since increased to 0.43% of GDP in 2023–24 and a planned 0.47% of GDP in 2025–26.

In summary, the MoJ budget grew in fits and starts in real and real per-person terms between 2002–03 and 2007–08, remaining more or less stable as a share of national income. Spending

⁷ A capital share of 14% in 2025–26 makes the MoJ budget less capital intensive than that of the average department (20%), and considerably less capital intensive than the Ministry of Defence (36%) and Department for Science, Innovation and Technology (97%), but more capital intensive than the Home Office (7%), Department for Education (7%) and Department of Health and Social Care (6%).

⁸ In Section 3, we provide an analysis of cumulative capital spending by the MoJ over the period and how this compares to other government departments.

⁹ If we adjust instead for the size of the UK population, per-person MoJ spending in 2025–26 is set to be 6.8% lower than in 2002–03 and 17.7% lower than in 2007–08.

was then cut back, and cut back very sharply. The cuts to the capital budget were particularly severe: MoJ CDEL fell by 70% in just four years between 2009–10 and 2013–14. Justice spending then increased steadily after 2016–17 but not by enough to undo the cuts of the early 2010s. Day-to-day justice spending in 2025–26 is set to be no higher than it was 23 years earlier, and around 16% lower in per-person terms.

Table 1. MoJ departmental expenditure limits since 2002–03, selected years

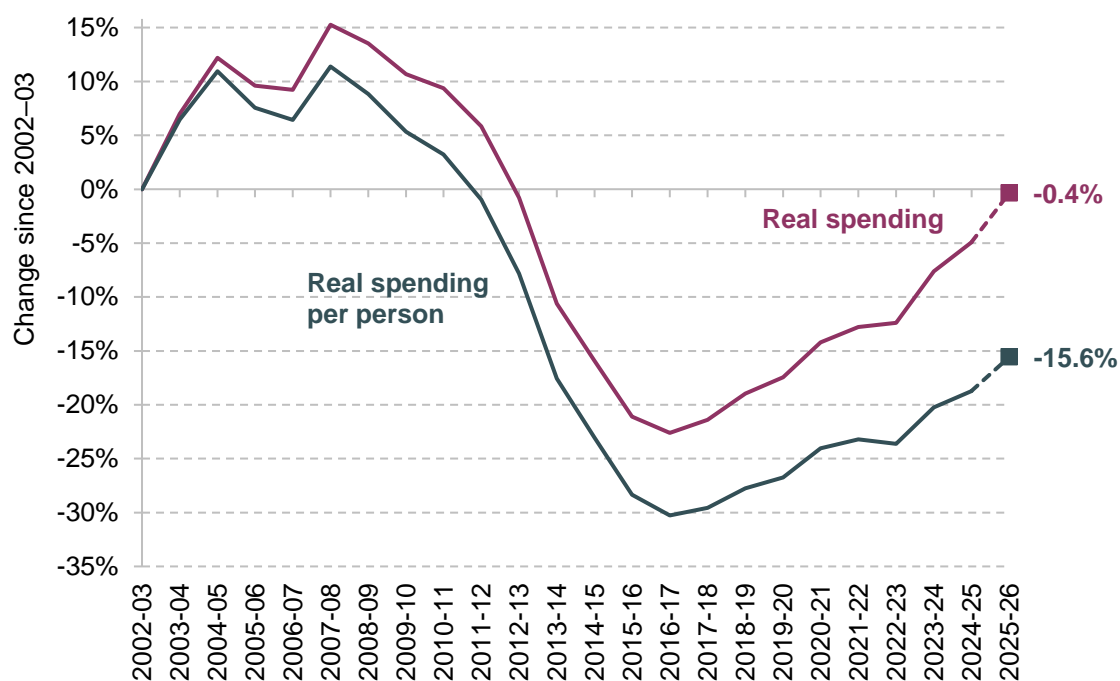
	2002–03	2007–08	2016–17	2019–20	2023–24	2025–26 (plans)
Cash (nominal) terms (£ billion)						
Resource	6.7	8.7	6.9	7.8	10.4	11.8
Capital	0.5	0.7	0.4	0.5	1.5	2.0
Total	7.1	9.5	7.3	8.3	11.9	13.8
Real terms (£ billion, 2024–25 prices)						
Resource	11.6	13.3	9.0	9.5	10.7	11.5
Capital	0.8	1.1	0.5	0.6	1.5	2.0
Total	12.4	14.5	9.5	10.1	12.2	13.5
Real per-person terms (£, 2024–25 prices)						
Resource	220	245	153	161	175	185
Capital	15	21	9	10	24	31
Total	235	266	162	171	200	217
As a percentage of UK GDP						
Resource	0.55%	0.56%	0.34%	0.35%	0.38%	0.40%
Capital	0.04%	0.05%	0.02%	0.02%	0.05%	0.07%
Total	0.59%	0.61%	0.36%	0.37%	0.43%	0.47%

Note: Resource figures exclude depreciation. Values are estimated based on the methodology outlined in the Appendix. Per-person figures are calculated with respect to the population of England and Wales.

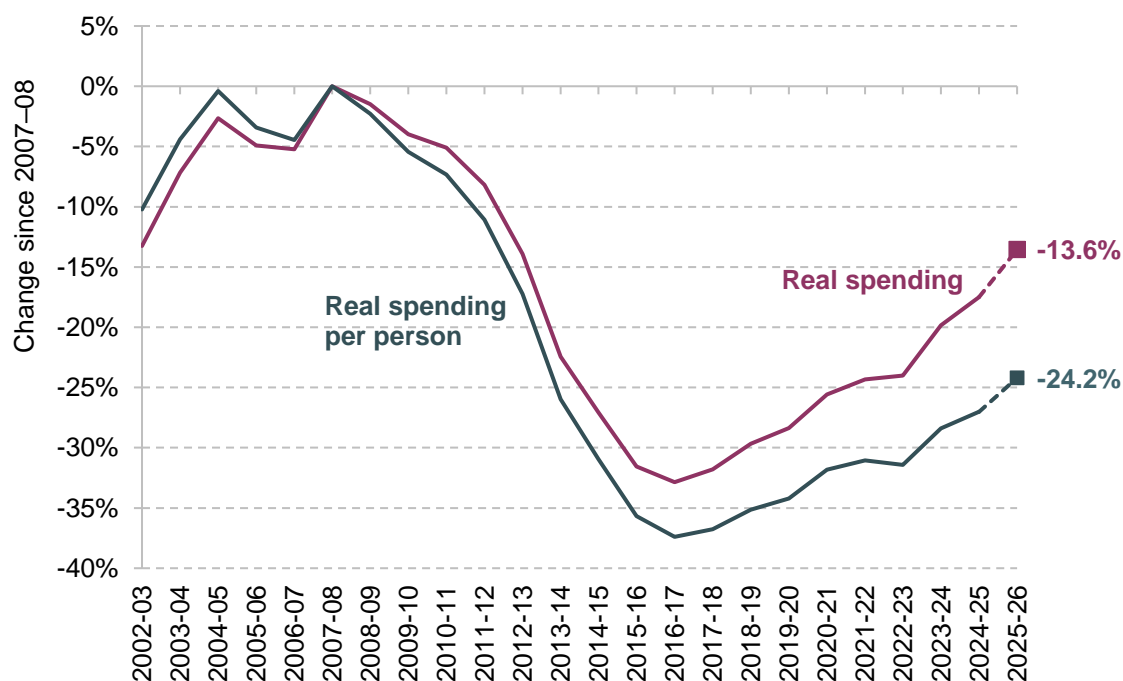
Source: Authors' calculations using HM Treasury Public Expenditure Statistical Analyses (various), Autumn Budget 2024, Office for Budget Responsibility Public Finances Databank, Office for Budget Responsibility Economic and Fiscal Outlook October 2024, and Office for National Statistics UK population mid-year estimates.

Figure 1. Real-terms MoJ resource (day-to-day) spending, 2002–03 to 2025–26

(a) 2002–03 = 100



(b) 2007–08 = 100



Note: Values denote the change in RDEL excluding depreciations, estimated based on the methodology outlined in the Appendix. Dashed lines indicate plans as of Autumn Budget 2024.

Source: As for Table 1.

3. How has justice fared relative to other spending areas?

The previous section documented the sharp reductions in justice spending in the early 2010s and the partial recovery since. We now turn to an examination of how these trends compare to those observed for overall public service spending and for other government departments.

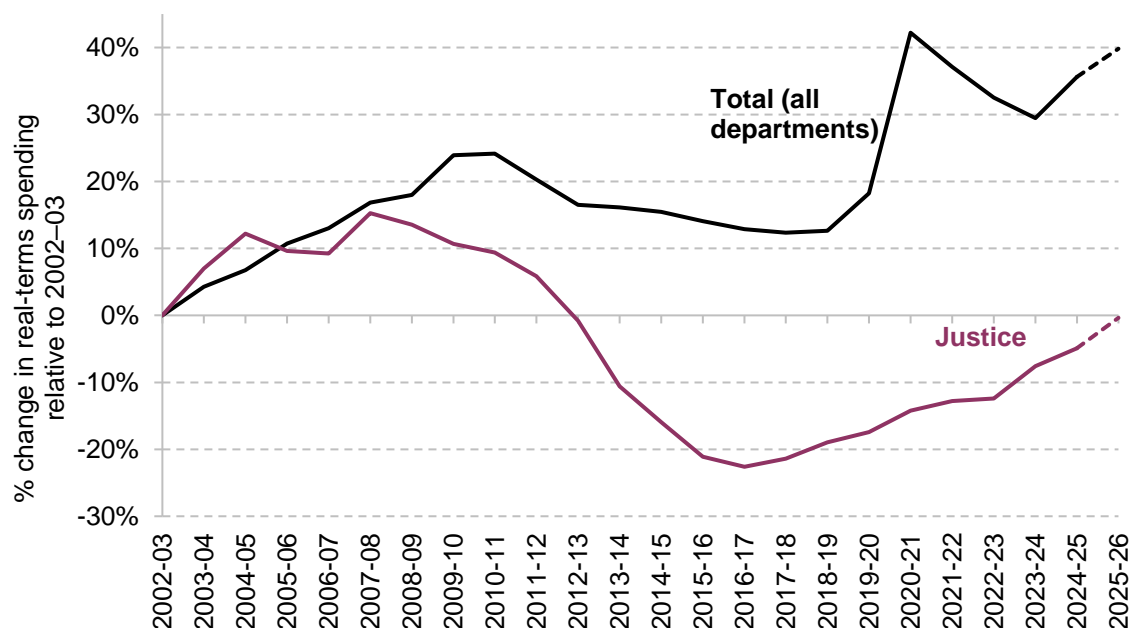
Day-to-day spending

Consider first day-to-day spending, which accounts for the majority of all public service spending (and the majority of MoJ spending), encompassing things such as staff wages, administration costs and other day-to-day expenses. Figure 2 shows how the real-terms MoJ resource budget (MoJ RDEL excluding depreciation) has evolved since 2002–03 and how this compares to overall day-to-day public service spending by departments.¹⁰

Between 2002–03 and 2007–08, MoJ RDEL and total RDEL broadly tracked one another and increased by a similar amount (15.3% and 16.8%, respectively). That is, the MoJ resource budget increased broadly in line with that of the average department. After that point, the two dramatically diverged. Between 2007–08 and 2016–17, total RDEL fell by 3.4% in real terms, compared to a 32.8% reduction for the MoJ. The MoJ budget has increased at a somewhat quicker rate since (by 28.7% between 2007–08 and 2025–26, based on current plans, versus 23.8% for day-to-day departmental spending overall). But whereas total day-to-day spending by departments in 2025–26 is set to be around 40% higher than in 2002–03, the MoJ budget is set to be no higher in real terms than was the equivalent budget in 2002–03.

¹⁰ Overall day-to-day public service spending is defined here according to the Office for Budget Responsibility's definition of public sector current expenditure (PSCE) in RDEL adjusted for historical discontinuities, extended back to 2002–03 using historic growth rate in RDEL excluding depreciation (using HM Treasury PESA documents and the methodology outlined in the Appendix). This provides the most consistent measure of departmental resource spending over time.

Figure 2. Change in justice day-to-day spending and overall departmental day-to-day spending, in real terms, since 2002–03



Note: Data unavailable for the years before 2002–03. 'Justice' denotes the percentage change in the real-terms MoJ RDEL excluding depreciation, estimated based on assumptions outlined during the text. 'Total' refers to public sector current expenditure (PSCE) in RDEL, adjusted by the Office for Budget Responsibility to remove historical discontinuities. Dashed lines indicate plans as of Autumn Budget 2024.

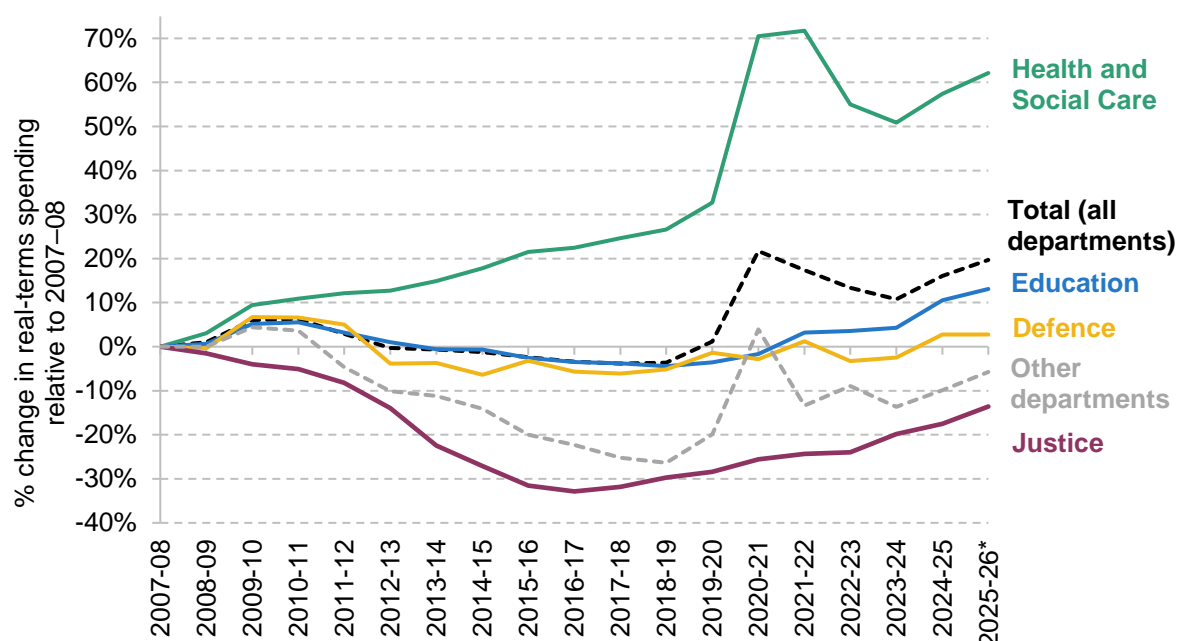
Source: As for Table 1.

Figure 3 puts this in the context of what happened to other government departments in the post-2007–08 period.¹¹ By 2025–26, the Department of Health and Social Care resource budget is planned to be 62% higher in real terms than in 2007–08. The average for all departments is 20%. The Department for Education day-to-day budget is set to be 13% higher; the Ministry of Defence, 3% higher. The MoJ budget is set to be 14% lower in 2025–26 than in 2007–08. Taking all other (non-health, non-education, non-defence, non-justice) departments together, the equivalent figure is 6% lower.¹²

¹¹ We start this analysis in 2007–08 partly because it was the high point for MoJ spending, but also because it is the earliest year for which a consistent spending series for the Department for Education can be constructed (due to the change in responsibilities when the Department for Children, Schools and Families was abolished in 2010), and it is informative to compare the MoJ to the three largest spending departments (of which Education is one). For context, planned RDEL excluding depreciation of £11.8 billion for the MoJ in 2025–26 compares to £200.5 billion for the Department of Health and Social Care, £93.0 billion for the Department for Education and £38.4 billion for the Ministry of Defence.

¹² It is not possible to compare the MoJ to the Home Office (the department with responsibility for policing in England and Wales) for the full period since 2007–08 due to a major machinery of government change (the transfer of police grants from local government to the Home Office) in 2010–11. Between 2010–11 and 2025–26, a 14.0% increase in Home Office RDEL excluding depreciation compares to an 8.9% reduction for the MoJ. We can therefore surmise that the Home Office budget has fared considerably better than the MoJ over the full period since 2007–08, but cannot quantify the extent to which this is the case.

Figure 3. Change in selected departmental day-to-day budgets since 2007–08



Note: Values denote the percentage change in real-terms RDEL excluding depreciation, estimated based on assumptions outlined during the text. The exception is 'Total (all departments)', which refers to public sector current expenditure (PSCE) in RDEL, adjusted by the Office for Budget Responsibility to remove historical discontinuities. * 2025–26 figures are for plans as of Autumn Budget 2024.

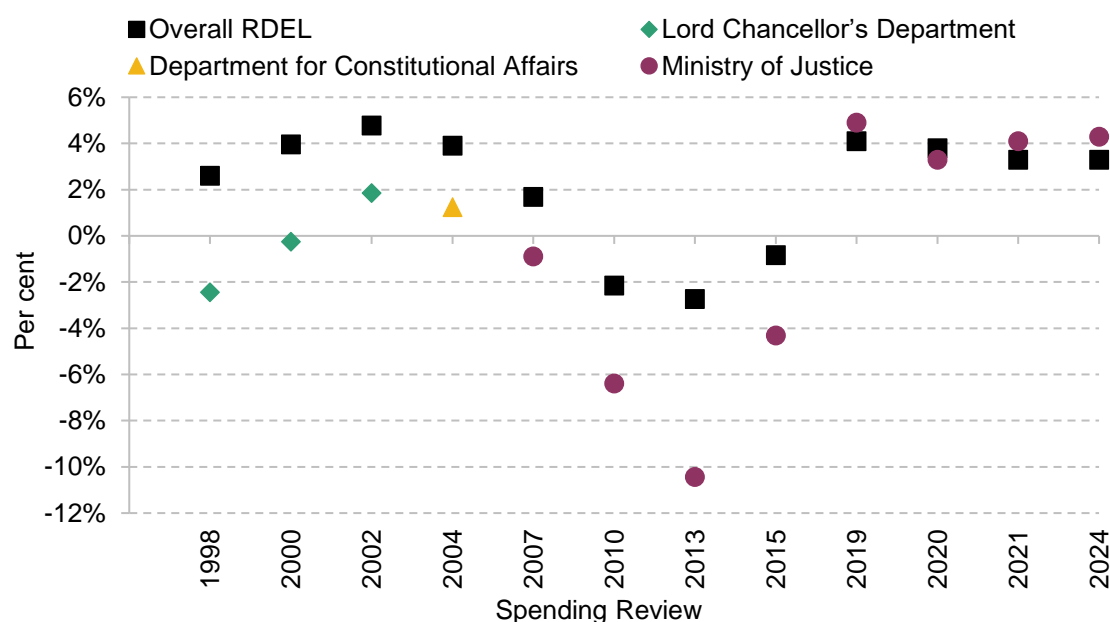
Source: As for Table 1.

In other words, the MoJ day-to-day budget fared particularly poorly over this period: worse than the average department, worse than any of the three biggest spending departments, and worse than the average of all other smaller 'unprotected' departments. This partly reflects the especially steep cuts to the justice budget in the 2010s, but reflects a more general trend. Had the MoJ day-to-day budget increased at the same rate as the average department (overall RDEL excluding depreciation) since 2002–03, it would have been some 43% (£4.7 billion) higher in 2024–25. Similarly, had the MoJ day-to-day budget grown in line with the average since 2007–08, it would have been 41% (£4.5 billion) higher in 2024–25. If it had grown in line with the average 'unprotected' department since 2007–08, it would have been 9% (£1.0 billion) higher in 2024–25.

Another way to illustrate the tendency for justice to be deprioritised relative to other departments is to use the plans published at each Spending Review, and compare the average planned growth rate for justice to the average annual growth rate for all departments. This gives a clear sense of the extent to which successive governments set out to increase justice spending in comparison with other public services. The results of this exercise are presented in Figure 4 (with figures for the Lord Chancellor's Department shown for the 1998, 2000 and 2002 Spending Reviews, figures for the Department for Constitutional Affairs shown for the 2004 Spending Review, and figures for the MoJ shown for each Spending Review after 2007). At each Spending Review

between 1998 and 2015, the government of the day planned for the justice budget to increase at a slower rate than other departments, or to be cut by a greater amount than other departments. At the four Spending Reviews since 2019, the MoJ budget was planned to increase at a similar rate to the average, or even slightly faster. In recent years, then, the justice budget has been to some modest degree prioritised relative to other public services, but this follows a long period in which the opposite was true.

Figure 4. Planned average annual real-terms growth in the day-to-day justice budget and overall day-to-day public service spending, by Spending Review



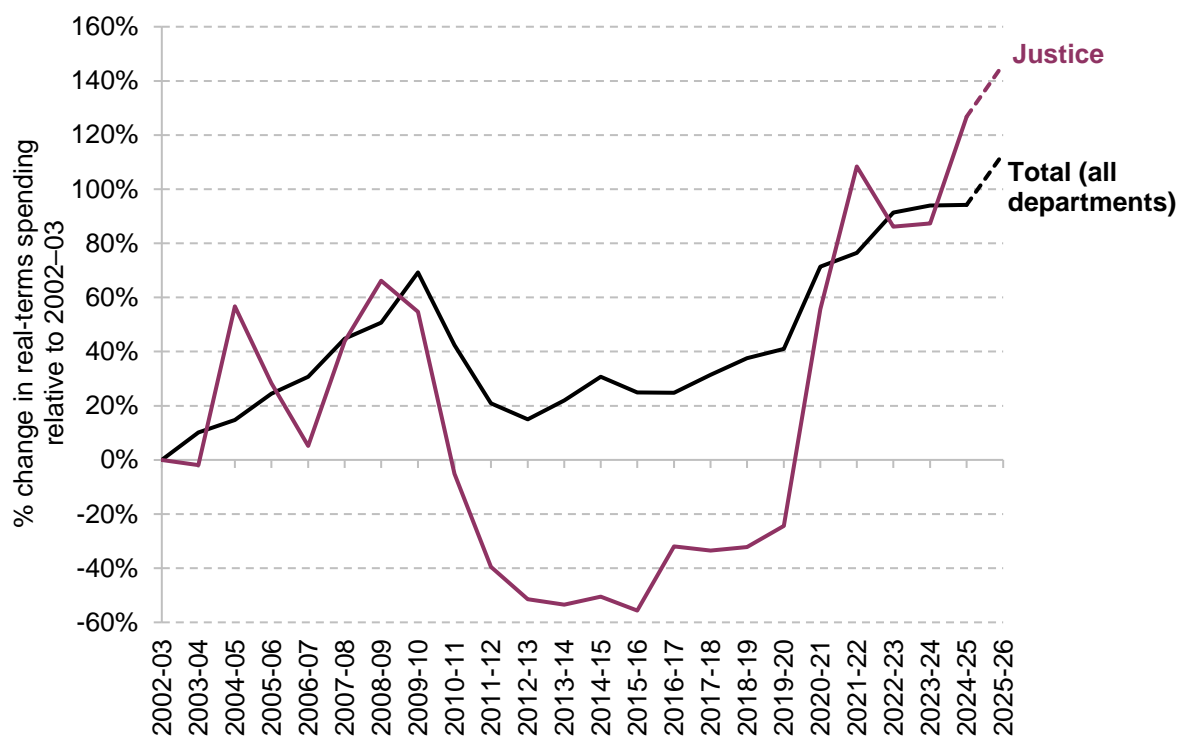
Note: Figures denote planned real-terms growth, not the out-turn. Overall RDEL denotes overall resource departmental expenditure limits, excluding depreciation, which can be thought of as day-to-day public service spending by departments.

Source: Authors' calculations based on various HM Treasury Spending Review documents.

Capital spending

We now repeat this exercise for capital spending, which comprises of investment in physical assets, such as buildings and IT equipment. In the context of justice, this is largely investment in the court estate and the prison estate (see Section 4). Figure 5 shows how the justice capital budget has evolved relative to the overall departmental total for each year since 2002–03 (noting that capital spending is inherently more ‘lumpy’ than other types of spending, and any year-on-year changes should be interpreted with that caveat). Capital spending on justice oscillated over the 2000s, but the increase in the annual MoJ CDEL budget between 2002–03 and 2007–08 (44% in real terms) was very similar to that observed for all departments (45%). Capital spending was cut back across the board in the 2010s, but the cuts to the MoJ were especially steep. While overall CDEL was cut by around 14% between 2007–08 and 2016–17, MoJ CDEL was cut by 53%.

Figure 5. Change in justice capital spending and overall departmental capital spending, in real terms, since 2002–03



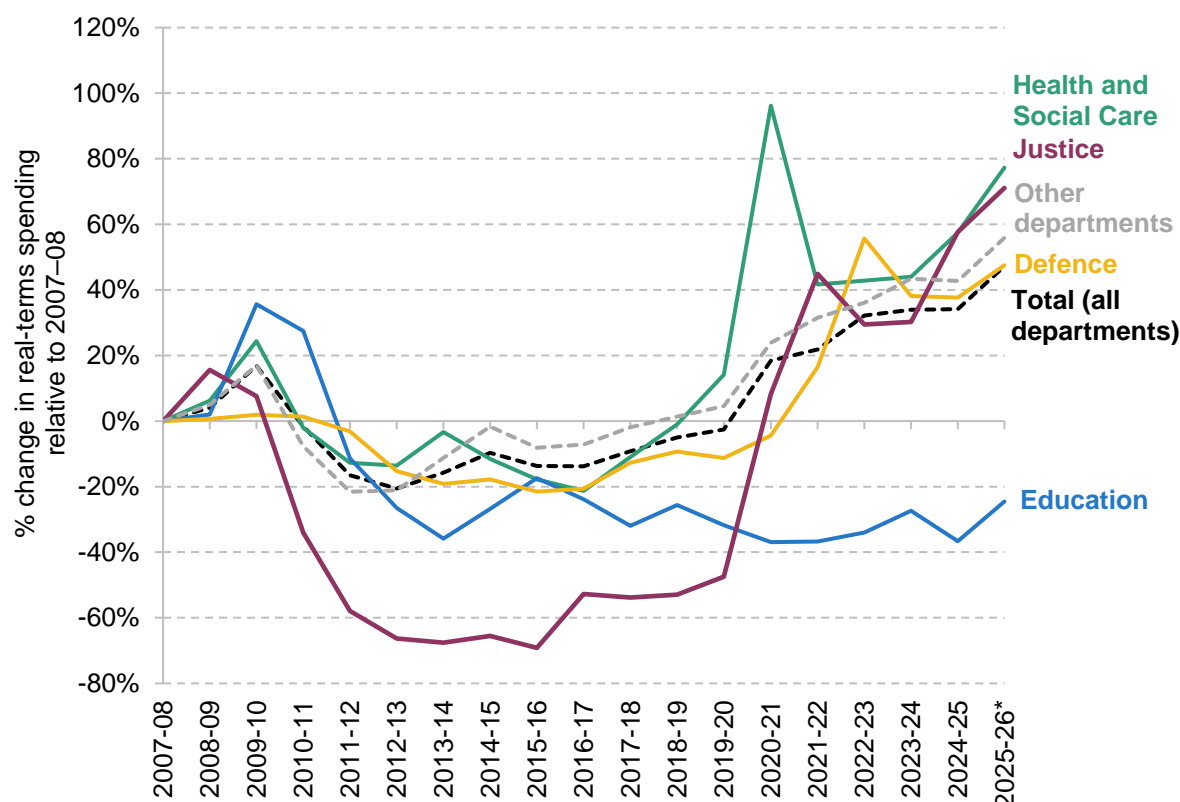
Note: Data unavailable for the years before 2002–03. 'Justice' denotes the percentage change in the real-terms MoJ CDEL, estimated based on assumptions outlined during the text. 'Total' refers to public sector gross investment (PSGI) in CDEL, adjusted by the Office for Budget Responsibility to remove historical discontinuities. Dashed lines indicate plans as of Autumn Budget 2024.

Source: As for Table 1.

Figure 5 also shows that after 2019–20, capital spending on justice increased very rapidly – and more rapidly than did capital funding for the average department. Following this period of pronounced funding growth, the MoJ capital budget in 2025–26 is planned to be 146% higher in real terms than it was in 2002–03, while overall departmental capital funding is set to be 113% higher.

Figure 6 puts the change in MoJ capital spending in the context of other spending departments for the period since 2007–08. Of the departments examined here, the MoJ experienced the biggest cuts over the 2010s, but then experienced the largest relative increases in the period since 2019–20. If we compare the planned capital budget in 2025–26 to that in 2007–08, the MoJ has done better than the average department and better than any major department, except the Department of Health and Social Care.¹³

Figure 6. Change in selected departmental capital budgets since 2007–08



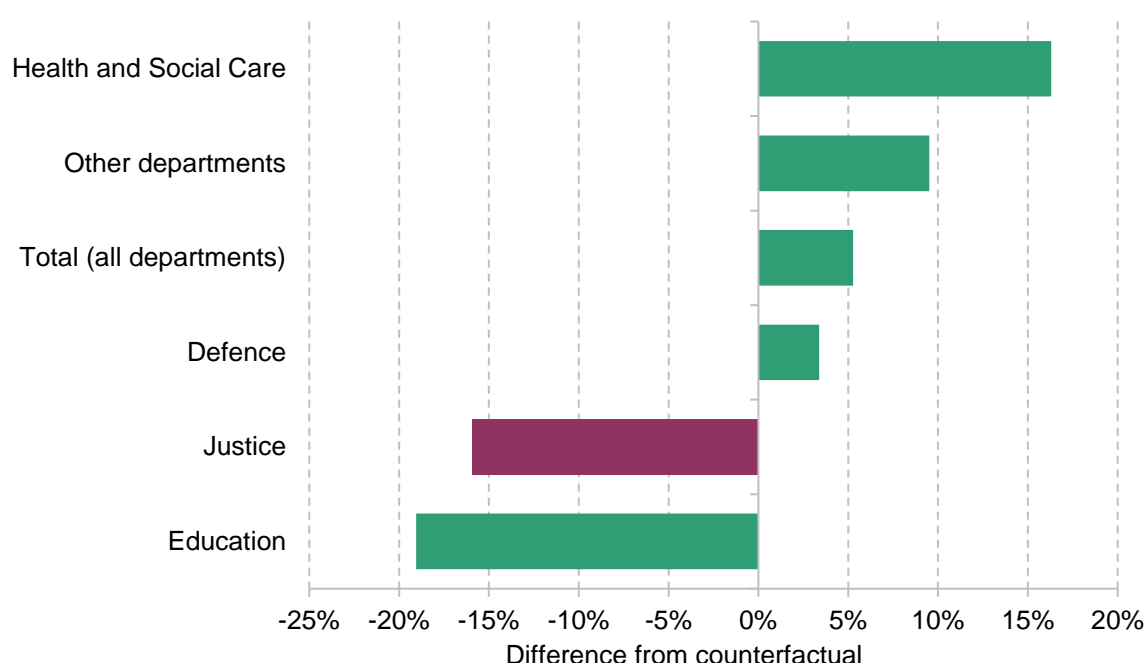
Note: Values denote the percentage change in real-terms CDEL, estimated based on assumptions outlined during the text. The exception is ‘Total (all departments)’, which refers to public sector gross investment (PSGI) in CDEL, adjusted by the Office for Budget Responsibility to remove historical discontinuities. * 2025–26 figures are for plans as of the 2024 Autumn Budget.

Source: As for Table 1.

¹³ For context, planned CDEL of £2.0 billion for the MoJ in 2025–26 compares to £13.6 billion for the Department of Health and Social Care, £6.7 billion for the Department for Education and £21.4 billion for the Ministry of Defence.

Yet given the nature of capital spending (investment in fixed assets, such as buildings, which are expected to persist), it is perhaps more informative to compare the cumulative amount of capital spending over the period, as this will tell us more about the degree of investment in the department's capital stock. Between 2007–08 and 2025–26, cumulative MoJ capital spending was 16% lower than it would have been had spending been maintained at its 2007–08 level for that entire period (Figure 7). For all departments, cumulative capital spending was 5% higher than in the counterfactual scenario; for departments outside of health, education, defence and justice, it was 10% higher. So, even though the MoJ capital budget has increased rapidly in recent years, the cumulative amount of investment in the justice system has been less than if the MoJ had fared as well as the average department.

Figure 7. Cumulative capital spending by selected departments, 2007–08 to 2025–26, relative to counterfactual of spending remaining constant at the 2007–08 real-terms level



Note: Other departments refers to all departments other than those shown (i.e. non-health, non-education, non-defence, non-justice departments).

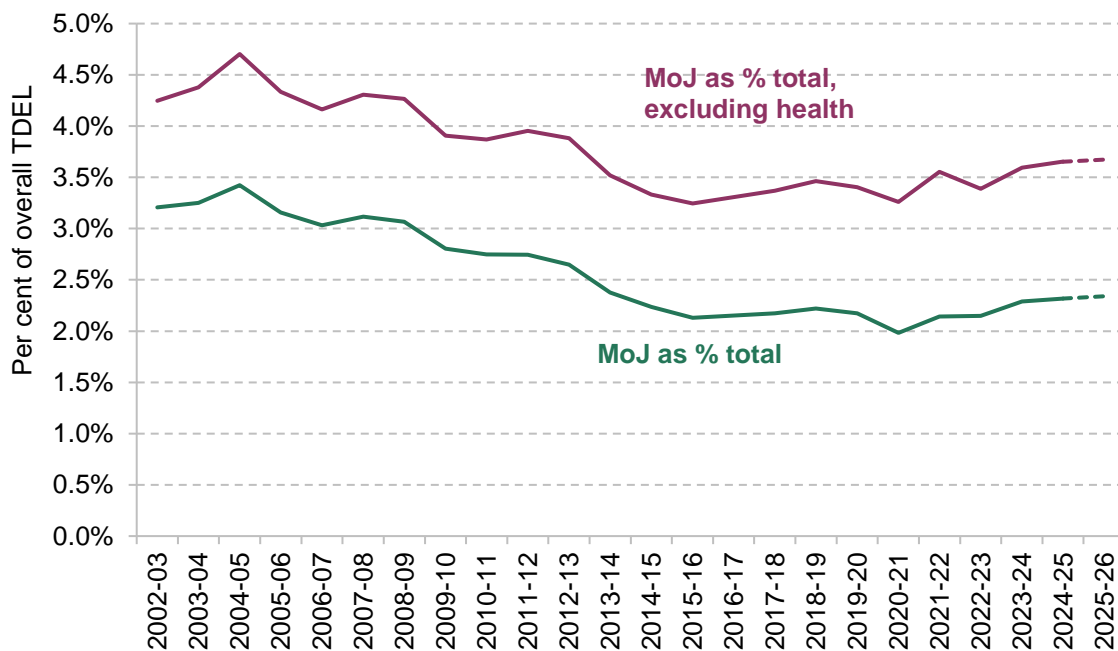
Source: As for Table 1.

Total spending

Taking resource and capital spending together, we can see that the period since 2002–03 is usefully divided into two parts. In the first period, between 2002–03 and 2019–20, the justice budget tended to do worse than average, with this being especially true in the early 2010s. In the period since 2019–20, the justice budget has tended to do better than average, but this period of relative largesse has not been enough to offset or undo the spending restraint of the earlier period.

Figure 8 expresses the total MoJ budget as a percentage of the overall departmental total (combining both resource and capital spending, TDEL). From a high of around 3.4% of total departmental spending in 2004–05, the MoJ declined to account for around 2.2% of the total in the late 2010s, dipping below 2.0% during the COVID-19 pandemic. In the period since, as justice spending has increased slightly faster than the average, the MoJ's share of the total has grown to around 2.3% of overall TDEL in 2024–25 and 2025–26: above its pre-pandemic level, but still considerably below its share in the early 2000s. We see a similar trend if we exclude health spending: Figure 8 shows that the MoJ's share of non-health departmental spending has fallen from around 4.5% in the early 2000s to around 3.5% today. The provision of justice is simply a smaller fraction of what government does now than it was in the past.

Figure 8. MoJ budget as a per cent of total departmental spending, and total departmental spending excluding health



Note: Values denote MoJ TDEL as a percentage of overall TDEL (defined in turn as the sum of the Office for Budget Responsibility definition of public sector current expenditure in RDEL and public sector gross investment in CDEL). Health defined as Department of Health and Social Care. Dashed lines indicate plans as of Autumn Budget 2024.

Source: As for Table 1.

4. Components of justice spending

Day-to-day spending

The MoJ has responsibility for providing a broad range of services and functions, but its budget has three primary components: HM Prison and Probation Service (HMPPS, formerly the National Offender Management Service); HM Courts and Tribunals Service (HMCTS); and the Legal Aid Agency. Combined, these three areas accounted for 86% of the department's day-to-day spending in 2023–24 (Figure 9), of which 47% (£5.3 billion) was HMPPS, 20% (£2.3 billion) was HMCTS and 19% (£2.2 billion) was the Legal Aid Agency.¹⁴ The remainder of MoJ RDEL was made up of 'Policy, Corporate Services and Associated Offices' (i.e. central departmental functions, which accounted for 8% of the total) and other smaller budget lines (including Higher Judiciary Salaries, the Criminal Injuries Compensation Authority, and various other bodies, which together accounted for 6% of the total).

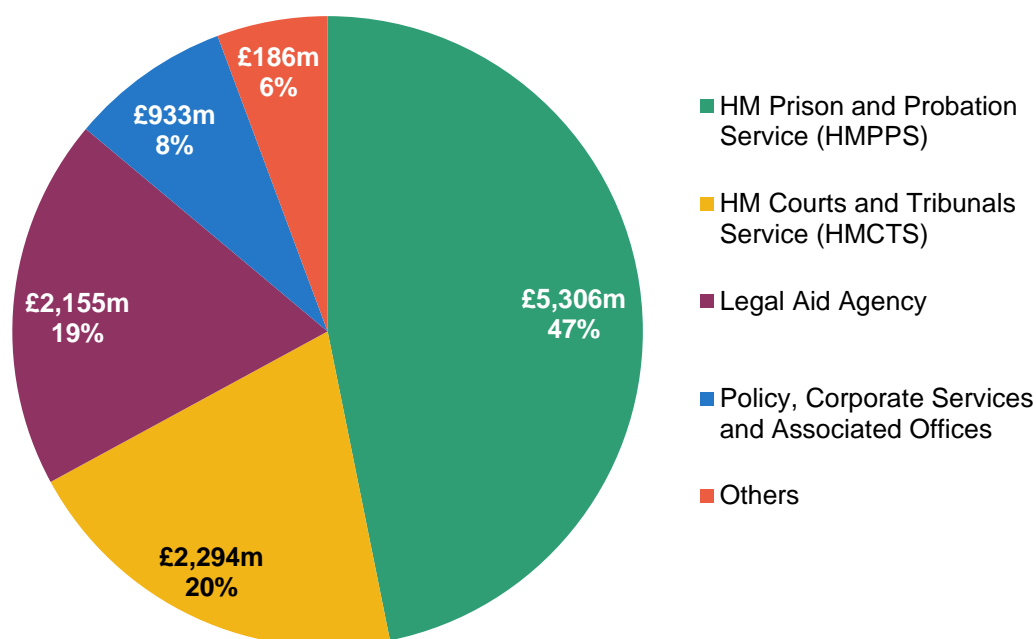
Comparisons of the different components over time are complicated by changes in responsibility and associated shifts in funding. In particular, from 2016–17 onwards, budgetary accountability for fee income was moved from HMCTS to the central MoJ policy function. Because the HMCTS was no longer recording fee income and netting this off its gross spending total, this led to an apparent spike in net HMCTS spending in 2016–17, sustained into subsequent years.¹⁵ To adjust for this, we take HMCTS fee income, as reported in the HMCTS annual report and accounts, and add this to the HMCTS spending total for years prior to 2016–17.¹⁶ This produces a consistent spending series and allows for meaningful comparisons over time. For context, fee income, which is paid by private individuals and businesses, accounts for approximately 35% of the HMCTS day-to-day budget (gross of fees) over the analysis period.

¹⁴ Note that throughout this section we focus on headline RDEL (including depreciation), extracted from the MoJ's annual report and accounts. This is because a breakdown of RDEL excluding depreciation (the measure used in the previous section) is not available for the subcomponents of the MoJ budget. In the Appendix, we show that the different measures of the MoJ resource budget have followed a similar pattern since 2007–08, but that the cuts to RDEL excluding depreciation were slightly larger.

¹⁵ See, for example, Chart 2 of 'Justice short changed: public funding of the justice system in England and Wales, 2009/10 to 2022/23', Bar Council report, September 2024, <https://www.barcouncil.org.uk/resource/bar-council-justice-short-changed-sept-2024-pdf.html>.

¹⁶ The National Audit Office took a similar approach when analysing HMCTS spending for an earlier period (<https://www.nao.org.uk/wp-content/uploads/2018/10/Departmental-Overview-Ministry-of-Justice-2017-18-1.pdf>). Note that for 2007–08, 2008–09 and 2009–10, no information on fee income was available. We assume that fee income remained constant in real terms between 2007–08 and 2010–11.

Figure 9. Components of the MoJ resource (day-to-day) budget, 2023–24



Source: MoJ's annual report and accounts, 2023–24.

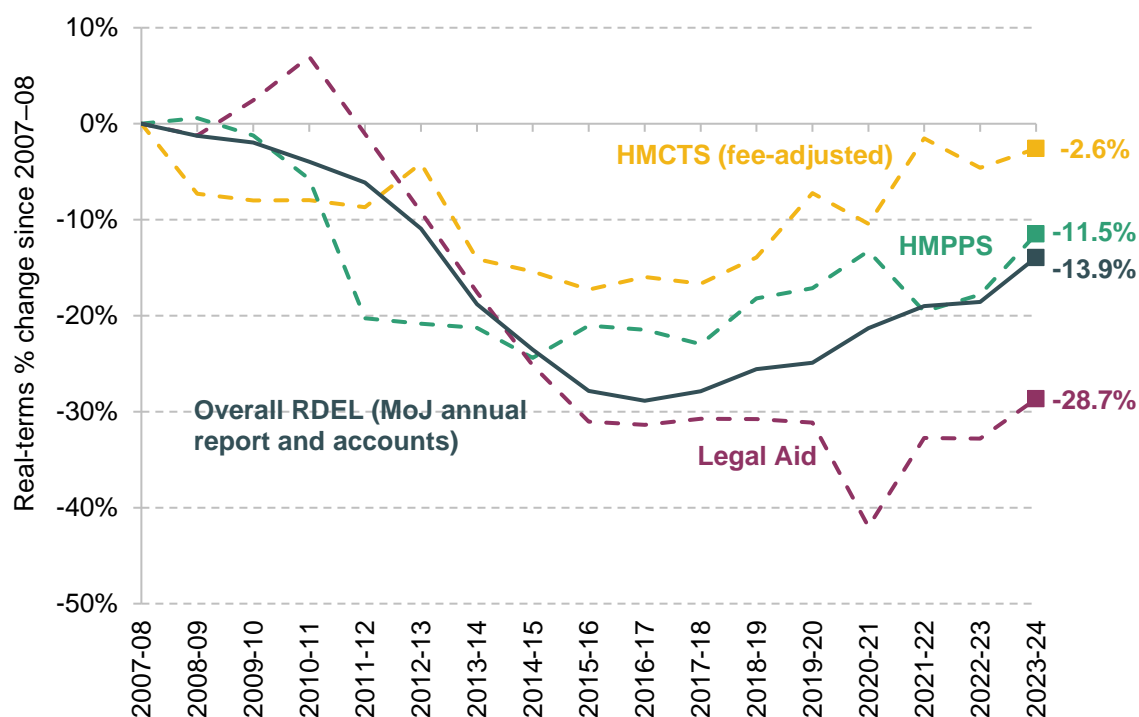
The results are presented in Figure 10. According to the MoJ annual report and accounts, overall MoJ RDEL fell by 13.9% in real terms between 2007–08 and 2023–24.¹⁷ Within that, the (fee-adjusted) HMCTS budget fell by 2.6%, the HMPPS budget fell by 11.5% and the Legal Aid Agency budget fell by 28.7%.¹⁸ In other words, within the total, spending on courts and tribunals was relatively protected. The prisons and probation budget fell broadly in line with funding for the department as a whole (by around 12%, despite a 7% increase in the prison population between 2009 and 2024, and no meaningful reduction in the probation caseload).¹⁹ Spending on legal aid was cut back especially sharply, largely as a result of deliberate policy changes (such as the Legal Aid, Sentencing and Punishment of Offenders Act (LASPO) 2012). The plans published at the October 2024 Autumn Budget imply that the overall MoJ resource budget will grow by around 8% between 2023–24 and 2025–26 (as also shown in Figure 2), but it is not (yet) possible to say what this will mean for HMCTS, HMPPS or the Legal Aid Agency.

¹⁷ This estimated reduction in RDEL compares to a reduction of 16.4% in RDEL as derived from HM Treasury PESA documents, and a reduction of 19.8% in RDEL excluding depreciation (see Figure A.1 in the Appendix). The point here is that comparisons of the trends in the different subcomponents of the MoJ budget are informative, as all are measured on a consistent basis.

¹⁸ In per-person terms (calculated using the population of England and Wales), real spending on HMCTS (fee-adjusted) fell by 13.0% between 2007–08 and 2023–24; real spending on HMPPS fell by 20.9%; and spending on Legal Aid fell by 36.3%.

¹⁹ Note that prison population data are not available prior to January 2009, and data on the probation caseload are not available prior to January 2010 (the probation caseload fell by 0.2%, from 239,041 to 238,646, between June 2010 and June 2024). Source: <https://www.gov.uk/government/collections/prison-population-statistics> and <https://data.justice.gov.uk/probation/offender-management>.

Figure 10. Real-terms changes in major components of MoJ RDEL since 2007–08

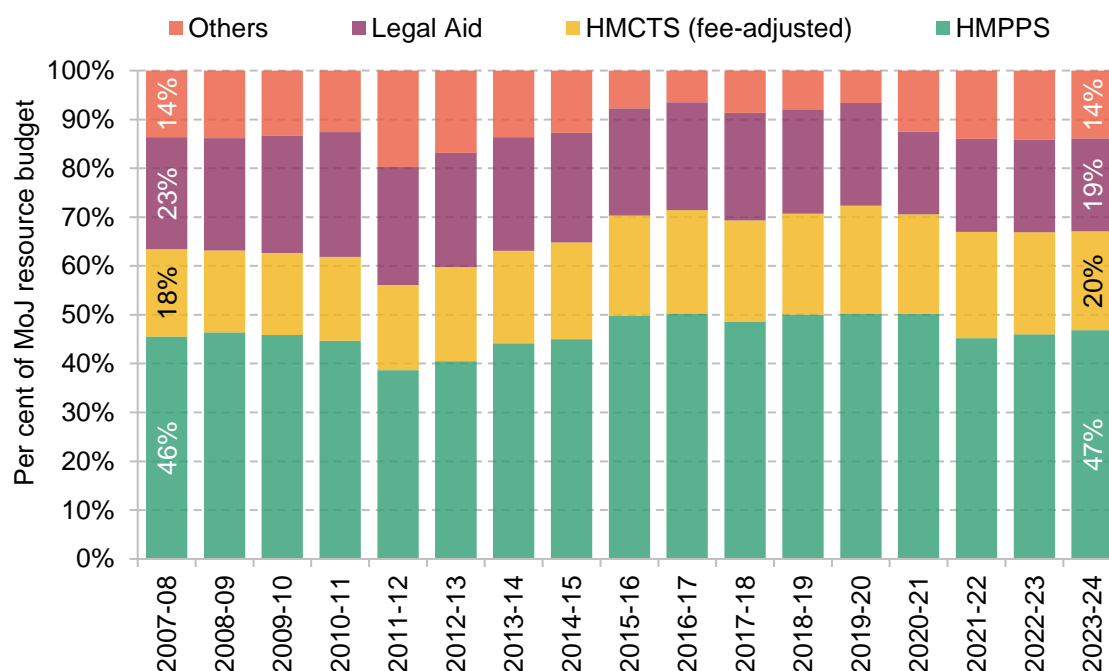


Note: HMCTS series is adjusted for fee income for years prior to 2016–17 as explained in the text.

Source: MoJ and HMCTS annual report and accounts, various years.

Figure 11 then shows the breakdown of the MoJ budget in each year between 2007–08 and 2023–24. The composition has been broadly stable over time, with some modest changes. HMCTS has grown to account for a greater share of the total (20% in 2023–24, versus 18% in 2007–08). At the same time, Legal Aid has shrunk (from 23% of the total in 2007–08 to 19% in 2023–24) and now accounts for a smaller fraction of MoJ spending than HMCTS. HMPPS has remained at a little less than half of the total (46% in 2007–08, and 47% in 2023–24).

Figure 11. Composition of the MoJ resource budget, 2007–08 to 2023–24



Note: HMCTS series is adjusted for fee income for years prior to 2016–17 as explained in the text.

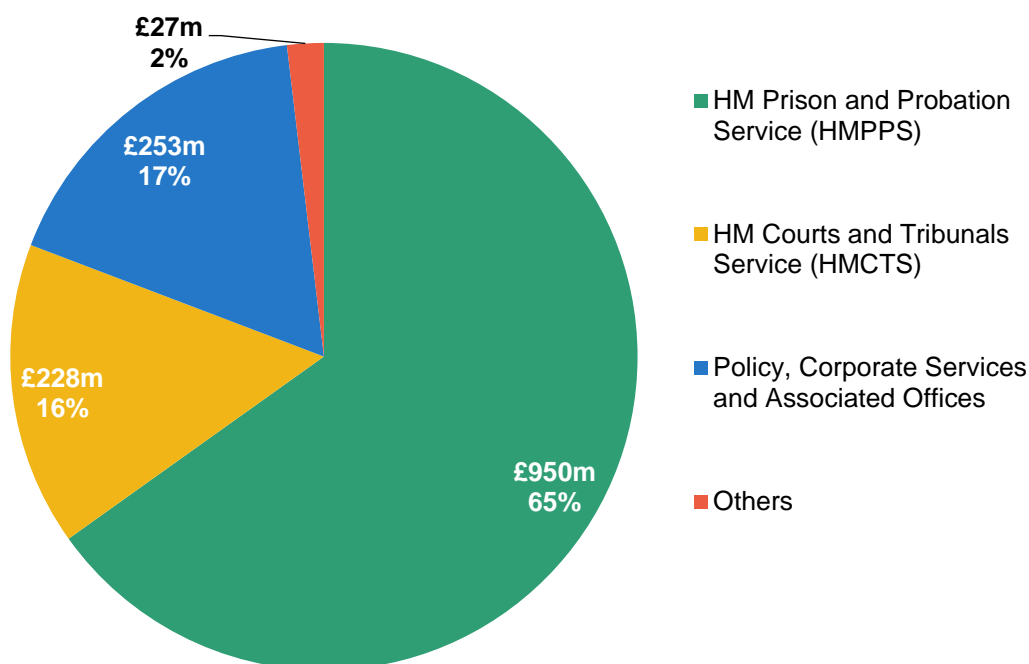
Source: MoJ and HMCTS annual report and accounts, various years.

Capital spending

Turning to the capital budget – which, as discussed above, is much smaller than the resource budget – Figure 12 displays the breakdown of MoJ CDEL in 2023–24. Around two-thirds (65%, £950 million) of the department’s capital spending was via HMPPS, and a further 16% (£228 million) was accounted for by HMCTS. The bulk of the remainder was capital spending on ‘Policy, Corporate Services and Associated Offices’.

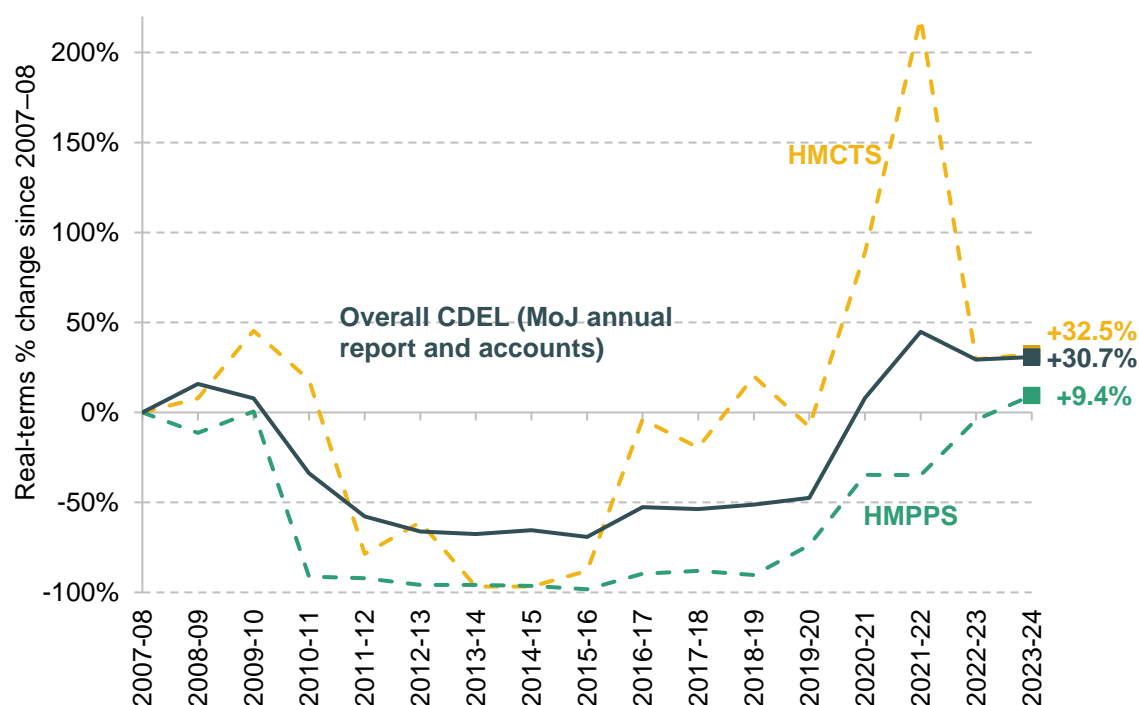
Figure 13 shows how measured capital spending by HMPPS and HMCTS has changed since 2007–08. Strikingly, capital spending by both bodies fell almost to zero in the early 2010s. HMCTS capital spending began to meaningfully increase from 2015–16, with a particular spike in 2021–22, and HMPPS spending from 2018–19. HMPPS, the largest single component of the capital budget, has increased most quickly in the years since 2019–20, and the vast majority (more than 80%) of the absolute increase in MoJ capital spending between 2019–20 and 2023–24 was accounted for by HMPPS (driven by additional investment in the prisons estate).

Figure 12. Components of the MoJ capital budget, 2023–24



Source: MoJ's annual report and accounts, 2023–24.

Figure 13. Real-terms changes in major components of MoJ CDEL since 2007–08



Note: Figures to refer to annual CDEL.

Source: MoJ and HMCTS annual report and accounts, various years.

5. Conclusion

From this analysis we can draw three main conclusions.

First, despite recent increases in spending, including at the new government's October 2024 Budget, the budget cuts of the early 2010s were so severe that day-to-day justice spending in England and Wales remains not just below its 2007–08 peak, but below its level in 2002–03 (the earliest year for which comparable figures can be constructed). If we adjust for population growth and/or growth in the size of the UK economy, the scale of the cuts over time is greater still. Large increases in capital funding in recent years mean that the total MoJ budget has now recovered to its 2002–03 level in real terms, but not in real per-person terms.

Second, from the early 2000s to the late 2010s, the MoJ budget fared much worse than the average department. The department's budget increases were smaller in the 2000s, and the budget cuts larger in the 2010s. From around 2019, perhaps as performance issues in the justice system became harder to ignore, the MoJ budget (particularly its capital budget) was more rapidly increased, and was increased more quickly than for the average department. But this later period only partially offset the earlier period. Had the MoJ day-to-day budget increased at the same rate as the average department since 2007–08, it would have been some 41% (£4.5 billion) higher in 2024–25. If it had grown in line with the average 'unprotected' department, it would have been 9% (£1.0 billion) higher.

Third, within the MoJ budget, the HMCTS has been relatively protected since 2007–08. Cuts to the HMCTS budget were smaller in the 2010s, and spending in 2023–24 was 2.6% lower than in 2007–08. This contrasts to the considerably larger cuts to HMPPS (11.5% lower in 2023–24 than in 2007–08) and, especially, the Legal Aid Agency (28.7% lower). In per-person terms, day-to-day spending on all of these areas was substantially lower in 2023–24 than in 2007–08, and, in the case of Legal Aid, 36.3% lower. The large increases in MoJ capital funding in recent years have been focused on HMPPS.

Looking ahead, the outlook for justice spending in England and Wales is uncertain. At the time of writing, the government's published spending plans would see overall day-to-day public service funding (as measured by RDEL excluding depreciation) grow by an average 1.3% per year in real terms over the rest of the parliament. Given reasonable assumptions about what might happen to 'protected' budgets such as the NHS, the Ministry of Defence, overseas aid and childcare, that would leave other 'unprotected' budgets – potentially including the MoJ – facing

real-terms cuts.²⁰ This could prove incompatible with the Labour Party's 2024 general election manifesto, which promised justice system reform, steps to clear the courts backlog, a prison building programme, and numerous other service improvements.

It is possible that these spending plans will be topped up. Even if they are not, it is possible that the MoJ will be prioritised and spared from cuts at the Spending Review due to be published in June. But on the face of it, if nothing changes, the justice system of England and Wales is facing another period of retrenchment.

²⁰ In one plausible scenario, unprotected departments would experience cuts of 1.4% per year to their budgets between 2025–26 and 2028–29. Source: Bee Boileau, 'Public Spending – a parliament of two halves?', IFS Autumn Budget 2024 analysis, https://ifs.org.uk/sites/default/files/2024-10/Public-spending-a-parliament-of-two-halves-Bee-Boileau_0.pdf.

Appendix

A note on methodology

To construct a consistent series of departmental expenditure limits (DEL) for the MoJ and other departments back to 2002–03, we combine spending figures from different sources. We begin with HM Treasury’s Public Expenditure Statistical Analysis 2024 (PESA 2024), which provides values for resource DEL (RDEL, table 1.3), resource DEL excluding depreciation (RDELex, table 1.5) and capital DEL (CDEL, table 1.8) for the period between 2019–20 and 2023–24. To go back further, we then use previous editions of PESA. Often, the figures for the overlapping years match exactly, but sometimes there are small differences if the data have been revised in some way. To ensure that the figures are consistent and comparable over time, we apply the growth rate observed in previous editions of PESA backwards. For instance, PESA 2023 contains figures for 2018–19 and 2019–20, and we apply the rate of growth between those years to the figure for 2019–20 taken from PESA 2024 (for each department, and for RDEL, RDELex and CDEL). This gives us a value for 2018–19 that is consistent with the figures published in PESA 2024 (also see the example in Table A.1).

We then repeat the process, using the tables in PESA 2022 to similarly construct values for 2017–18 (applying the growth rate observed between 2017–18 and 2018–19 for each series). We continue this process using each edition of PESA back to 2008 (which includes data back to 2002–03), always using the latest edition of PESA which includes data on the year in question, and always applying the growth rate backwards to the consistent spending series. For RDEL and CDEL we always use the growth rate for those measures of spending; for RDELex, we use the growth rate in the near-cash element of resource budgets for the period between 2002–03 and 2006–07). We stop in 2002–03 because this is the earliest year included in PESA 2008, the first published after the creation of the MoJ – before that point, the department did not exist and so budgets were not published. This provides a consistent series for the period between 2002–03, which is then combined with the latest spending plans for RDELex and CDEL in 2024–25 and 2025–26, taken from the 2024 Autumn Budget (Table 1.9 and Table 1.10). Plans for RDEL were not published. Total DEL (TDEL) is calculated as the sum of RDELex and CDEL.

Table A.1. Example of spending series construction

	PESA 2023	PESA 2024					Budget 2024	
	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26
Budget 2024						34.0	34.6	35.8
PESA 2024		26.455	29.520	33.006	33.926	34.031		
PESA 2023	25.776	26.420	29.518	33.006	33.926			
Constructed series	25.810*	26.455	29.520	33.006	33.926	34.031	34.6	35.8

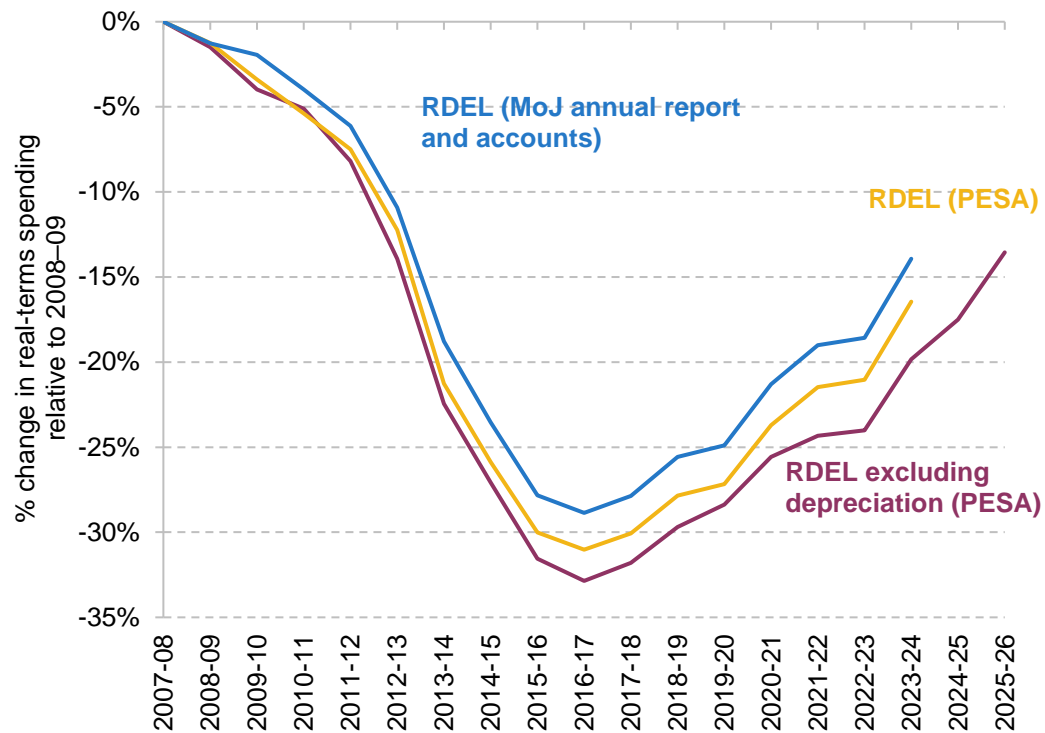
Note: The numbers used here are invented and do not correspond to an actual government department.

* = $26.455 \times (25.776/26.420)$.

Comparing different measures of day-to-day spending

To construct a long-run series for the MoJ budget back to 2002–03, we use HM Treasury Public Expenditure Statistical Analyses, and use RDEL excluding depreciation as our preferred measure of day-to-day spending. To examine subcomponents of the MoJ budget, we use the department’s published annual report and accounts (which allows us to go back as far as 2007–08), and use published values for RDEL *including* depreciation. Figure A.1 shows how the spending series constructed from these different sources compare for the period since 2007–08. Although the precise magnitudes of the changes differ somewhat (with the annual report and accounts implying a smaller cut to justice spending over the period), the broad picture is similar across the different measures.

Figure A.1. Change in different measures of real-terms day-to-day justice spending since 2007–08



Source: Authors' calculations using MoJ annual report and accounts (various), HM Treasury Public Expenditure Statistical Analysis (various) and HM Treasury Autumn Budget 2024.