

CONSTITUTIONAL REFORM ACT 2005

EXPLANATORY NOTES

EFFECTS OF THE ACT ON PUBLIC EXPENDITURE

The Supreme Court

382. At present, the Appellate Committee is funded through the House of Lords and its administrative support is provided by the House's administration under the Clerk of the Parliaments. Total expenditure in 2002-3 was £650,372 (£623,548 in 2001-02; £590,988 in 2000-01; £605,060 in 1999-2000). These figures include staff salaries but do not include common services in the Palace such as library, security and accommodation costs. Nor do they include the Law Lords' salaries. Total receipts from fees charged on civil but not criminal judicial business and on assessment of lawyers' bills of costs were £499,715 (£443,220 in 2000-01; £496,708 in 1999-2000; and £494,435 in 1998-99). The Judicial Committee is funded through the Privy Council office. Revised arrangements will therefore have to be made for the new Court.
383. The cost of establishing the Supreme Court has two main elements: initial accommodation set up and annual running costs. Middlesex Guildhall on Parliament Square is the preferred option for housing the Supreme Court. This will, of course, require the normal planning approvals and designs are under discussion with English Heritage and Westminster City Council, as well as the Lords of Appeal in Ordinary. Set up costs for refurbishing Middlesex Guildhall will be approximately £30m in current terms. This £30m estimate comprises both base costs and 'optimism bias'. The base costs are construction costs and statutory fees of £15m; £2m professional fees; and £3m VAT. Those figures are then inflated by 50% 'optimism bias' in accordance with HM Treasury guidance on financial appraisal and evaluation. However, this does not necessarily equate to the amount of capital funding that the Government will have to find; there are procurement solutions under consideration which would enable the costs to be spread across a number of years. In addition, it will be necessary to provide additional courtrooms to take on Middlesex Guildhall's Crown Court work. Provision of the additional courtrooms will cost a further £15m in current terms (including 'optimism bias'). The aim is that the first sitting of the Supreme Court would be in 2008.
384. The approximate annual cash running costs following establishment of the Supreme Court would be £8.8m (£8.4m relating to the Supreme Court; the remainder being the ongoing costs from courtroom re-provision). This figure includes £2.1m judicial remuneration; £1.1m staff salaries; £1.0m administrative costs; £0.4m utilities and rates; and £3.8m building costs (including capital charge/lease costs and building maintenance costs) Approximately 32% of judicial remuneration and 80% of the remaining Supreme Court running costs will be recovered through fee income or through defrayment across the UK.
385. The costs of the United Kingdom Supreme Court attributable to civil business will be recovered through fee recovery. The Supreme Court will, like the House of Lords, be the final court of appeal for all civil matters in the United Kingdom. The development of the law by the Supreme Court in the exercise of the jurisdiction transferred to it from the House of Lords and Judicial Committee of the Privy Council will be of benefit in

*These notes refer to the Constitutional Reform Act 2005
(c.4) which received Royal Assent on 24 March 2005*

each of the parts of the United Kingdom in the same way as is the development of the law by the House of Lords and Judicial Committee in exercising that same jurisdiction at present.

386. The fee structure for the Supreme Court will be based upon that applicable to the Appellate Committee, but will be restructured in order to bring it into line with fee structures in the lower courts. On the basis of the running cost figures above, the total revenue for the Court is projected to amount to £6.3 million per annum.
387. The costs of the court attributed to criminal appeals and devolution cases are likely to amount to approximately £2.1 million and will be met by direct taxation via the Department for Constitutional Affairs vote.