HM Procurator General and Treasury Solicitor

Annual Report and Accounts 2013–14

For the year ended 31 March 2014

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This publication is available at www.gov.uk/tsol

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Contents

Annual Report

HM Procurator General and Treasury Solicitor

Introduction

The Office of the Solicitor for the affairs of Her Majesty's Treasury (the Treasury Solicitor) was incorporated as a corporation sole by the Treasury Solicitor Act 1876. Since then the nature of the work of the Treasury Solicitor's Department has expanded greatly and today provides a comprehensive legal service to other government departments in England and Wales and is one of the largest legal organisations in the country. The Treasury Solicitor is also Head of the Government Legal Service (GLS).

The Treasury Solicitor's Department (TSol) was established as an executive agency on 1 April 1996.

In addition to being responsible for all financial activity within the Department, the Treasury Solicitor is responsible for financial matters at the Attorney General's Office (formerly Legal Secretariat to the Law Officers) and Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI).

The financial statements on pages 52 to 79 cover all these bodies and have been prepared under an accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives. They have been prepared in accordance with the guidance set out in the *Government Financial Reporting Manual (FReM)*.

Purpose

TSol's purpose, as set out in the 2013-14 Business Plan, is to be the leading provider of legal services to government:

- we enable government to operate effectively within the rule of law
- we provide, procure and manage professional, high quality and best value legal services

We will deliver our purpose by making sure we are the:

- best for our clients
- best for our people
- best in the business

Entities within the Accounts

These Accounts present the consolidated results for 2013-14 of:

- Treasury Solicitor's Department Agency (TSol)
- Attorney General's Office (AGO)
- HM Crown Prosecution Service Inspectorate (HMCPSI)

The Law Officers and the Law Officers' Departments

The Attorney General and the Solicitor General are the government's Law Officers.

The Law Officers have a statutory duty to superintend the Director of Public Prosecutions for England and Wales and the Director of the Serious Fraud Office. The Attorney General holds the office of Advocate General for Northern Ireland.

The Law Officers are also ministers responsible for the Treasury Solicitor's Department, HM Crown Prosecution Service Inspectorate and have oversight of the Government Legal Service (GLS).

In furtherance of the superintendence function, the Attorney General has a shared responsibility, with the Home Secretary and Secretary of State for Justice, for the effectiveness and performance of the criminal justice system.

On occasion – where it does not conflict with their government role – the Law Officers advise Parliament on procedural questions, matters of standards and privileges and on the meaning and effect of proposed legislation.

Management commentary

Principal Activities

The principal activities of the **Treasury Solicitor's Department** are as follows:

- **Litigation Group** provides civil litigation services to the majority of government departments and many other publicly funded bodies, as well as providing legal advice on non-contentious commercial matters. It is one of the largest practices of its kind in the country, handling more than 48,000 cases in 2013-14 (36,400 in 2012-13). Among its major areas of work are: administrative law; immigration; commercial and property litigation; personal injury; planning; and charity matters. The Group also plays a major role in public inquiries. Its work often raises questions of constitutional importance. It instructs private-sector barristers and solicitors to undertake work on cases where it is appropriate to do so.
- **Employment Group** is one of the largest employment law practices in the country. After 1 April 2014, when the HM Revenue and Customs (HMRC) employment teams in London and Manchester joined it, TSol will be doing all the government's employment litigation and the vast majority of its employment advisory work. The Group does the full range of employment litigation from unfair dismissal to large scale equal pay and pensions cases. In addition to advising departments, the Group also advises the Cabinet Office and Civil Service Employee Policy on the large cross Civil Service employment issues of the day such as the Civil Service Reform Plan and its implementation.
- **Advisory Divisions** provide legal advice to ministers and officials of HM Treasury, the Cabinet Office, the Department for Culture, Media and Sport (DCMS), the Department for Education (DfE), the Department for Environment, Food and Rural Affairs (Defra), the Department for Communities and Local Government (DCLG), the Ministry of Justice (MoJ – from 1 July 2013), the Home Office (HO – from 1 October 2013) and to a number of smaller departments, agencies and public bodies in England and Wales. Cabinet Office European Law Division (COELD) coordinates consideration of EU legal issues across Whitehall and represents the United Kingdom before the Court of Justice of the European Union.

- **Bona Vacantia Division** administers the estates of persons who die intestate and without relatives entitled to inherit and collects the assets of dissolved companies and failed trusts in England, Wales and Northern Ireland, except in the Duchies of Cornwall and Lancaster. The costs of the Division are recovered from the estates and assets it administers. The proceeds of *bona vacantia* are accounted for in the Crown's Nominee Accounts and separately notified to Parliament as prescribed in the Treasury Solicitor (Crown's Nominee) Rules 1997 (SI.1997/2870).
- **Government Legal Service Secretariat** advises and supports the Treasury Solicitor in his role as Head of the Government Legal Service and works with government departments to ensure lawyers of the right quality and experience are recruited, retained and have their careers properly managed. It also liaises with the Law Society and Bar Council on matters affecting the legal profession.
- **Corporate Resources Group** is responsible for leading and co-ordinating work across TSol to ensure that it meets clients' needs with cost-effective and value for money legal and other services; for leading and co-ordinating programmes of effective engagement and communication internally and for clients, and the provision of the central services required to support the rest of the business including Finance, Human Resources, Facilities Management, Information and Communications Technology (ICT) and Library Services.

The Attorney General's Office provides high quality legal and strategic policy advice and support to the Attorney General and the Solicitor General (the Law Officers) in the exercise of their functions.

The Attorney General is:

- Chief Legal Adviser to the Crown
- a minister of the Crown with responsibility for superintending the prosecuting departments
- responsible for a number of independent public interest functions

The Attorney General also holds the separate office of Advocate General for Northern Ireland.

HM Crown Prosecution Service Inspectorate is an independent statutory body, which was established on 1 October 2000 by the Crown Prosecution Service Inspectorate Act 2000. The Chief Inspector is appointed by and reports to the Attorney General. He also fulfils the function of a Chief Executive. The purpose of the Inspectorate's work is to enhance the quality of justice and make an assessment of prosecution services so as to improve their efficiency, effectiveness and fairness. It produces reports that provide assurance to ministers, government and the public on the standard of the service delivered.

HMCPSI achieves its strategic objectives by:

- assisting the CPS to improve the quality of service it offers the public
- highlighting CPS work where poor performance represents a risk to the public or to the reputation of the CPS
- actively participating in joint inspections in order to identify opportunities for increased efficiency and improved outcomes
- being flexible so that work can be undertaken at short notice if necessary
- carrying out effective scrutiny of the work of the CPS in order to give assurance to the Attorney General and the public

Since it was established, the Inspectorate's statutory remit has been broadened to include the Revenue and Customs Prosecutions Office which is now part of the Crown Prosecution Service. HMCPSI also undertakes work in Northern Ireland on a delegated basis at the request of the Chief Inspector of Criminal Justice for Northern Ireland in accordance with his powers under the Justice (Northern Ireland) Act 2002. Other work is also undertaken on a non-statutory basis including inspecting the Serious Fraud Office which was inspected in 2012-13 and also in 2013-14.

Significant events during the financial year

Treasury Solicitor's Department

TSol is part way through a major change which is creating an enhanced shared legal service for government. The two main strands of work are the completion of a programme of mergers and a programme to design the new organisation. In 2013-14 legal teams from five departments successfully merged: litigation and employment teams from the Department for Work and Pensions (DWP) and Department of Health (DH), and legal advisory teams from DCLG, MoJ and the Home Office. DWP, DH and HMRC's employment teams, who will be transferring to TSol's expert employment service, joined on 1 April 2014. Discussions with the Department for Energy and Climate Change (DECC) and the Department for Transport (DfT) were paused pending the satisfactory resolution of an issue relating to their ability to recover VAT on the fees TSol would charge. It is anticipated that these will be concluded by the summer. The organisation design programme has developed the strategic intent for the new organisation, from which the design principles have been established, so that both staff and clients were clear what we are working towards. A new high level organisation structure was published in January 2014 and this is being followed by a detailed design programme to ensure that the change is implemented effectively over the next year.

TSol has also implemented a number of other key actions to support delivery of the Civil Service Reform Plan.

TSol's legal teams have continued to deliver a wide range of high quality legal work and it has provided a working environment which supports its people on training and career development.

The Treasury Solicitor's Department Annual Report and Accounts 2013-14 provides substantial details of significant events and achievements. It is available at www.gov.uk/tsol

Attorney General's Office

The AGO's Business Plan set out its vision and priorities for 2013-14.

The Office continued to support the Attorney General in providing advice on a wide range of complex and sensitive issues in the context of his role as the government's legal adviser and in superintending the prosecuting departments. Significant events during the financial year include the following.

The Law Officers have responded to debates in the House on subjects such as assisted suicide, abortion and the role of the Attorney General in Welsh legislation. They also answered 674 Parliamentary Questions, and the Office responded to 259 Freedom of Information requests.

In December the Attorney General announced that he would be publishing contempt advisory notices on GOV.UK to help prevent social media users from committing a contempt of court. In January guidance was published on GOV.UK on the types of contempt of court cases that the AGO deals with. 42 contempt cases were considered by the AGO in 2013.

The Attorney General led the UK delegation to the Arab Forum on Asset recovery in Marrakech in October, addressed the International Association of Prosecutors about the rule of law and the role of the prosecutor in Moscow in September and addressed European judges and lawyers about the opportunities and challenges facing the European Union in December. In August the Solicitor General travelled to The Hague to represent the UK at the celebrations which marked 100 years of the Peace Palace.

In November, the Attorney General travelled to the Falklands Islands to chair discussions with the Attorneys General from 11 Overseas Territories and Crown Dependencies on good governance and respect for the rule of law, extradition arrangements and environmental protection.

The AGO will publish detailed statistics on unduly lenient sentence cases that it has considered in 2013 on GOV.UK in due course. Notable unduly lenient sentence cases in 2013 included:

- Stuart Hall – committed 14 indecent assaults on 13 victims over a period of almost 20 years. The victims were all female and were aged between 9 and 17 years of age. The total sentence was increased from 15 to 30 months imprisonment, the Court of Appeal finding that the offender's celebrity status had put him in a position of trust which he had exploited. The Attorney General presented the application in person.
- Ian McLoughlin – The offender was on day release from a sentence of life imprisonment for murder when he committed a further murder. He robbed an elderly man and then stabbed a neighbour who came to the robbery victim's aid, killing him. He pleaded guilty to murder and robbery. His sentence of life imprisonment with a minimum of 40 years was increased to a whole life order.
- Francis Knight – The offender posed as a teenager on social media and encouraged young boys to engage in sexual activity over a web camera. Some performed sexual acts as a result and he attempted to incite more than 200 children to such activity. The total sentence of 16 months imprisonment was increased to 4 years. The application was presented by the Solicitor General.

The Attorney General's Office joined Twitter in July 2013, to help promote the work of the Law Officers, engage directly with the public and to raise awareness of its work. At the beginning of April there were over 5,800 followers.

HM Crown Prosecution Service Inspectorate

HM Crown Prosecution Service Inspectorate has delivered a full programme of inspection activity over the year. The programme has focused upon performance improvement and value for money issues.

This has included the continuation of ACEP (Annual Casework Evaluation Programme) which inspects files selected randomly from across the Crown Prosecution Service and facilitates an overview of the CPS and how it is delivering a quality service within the criminal justice system.

HMCPSI has carried out seven thematic inspections covering CPS Complaints handling (follow-up); Disclosure Handling (South Wales); CPS Custody Time Limits Handling (follow-up); Disclosure of Medical Records and Counselling Notes in Rape and Sexual Offence Cases; Serious Fraud Office; CPS Youth Offender Casework (follow-up); and a Report on Assurance and Performance.

Joint inspection activity, with other criminal justice system inspectorates, has included Disability Hate Crime and "Stop the Drift" (a continuing focus on 21st century criminal justice).

HMCPSI has continued developing a collaborative approach to working with the CPS, and supporting their delivery of their business plan outputs through a period of huge change.

Changes in inspection practices and government cuts in public spending prompted a review of the structure of the Inspectorate which has resulted in savings. Further savings continue to be accrued from the move from its London office to share accommodation with the Treasury Solicitor's Department in April 2011 and continued support of the Shared Services in Communications and Finance.

In October 2013 HMCPSI York moved to Foss House along with CPS York, having vacated United House as part of the CPS Estates Strategy.

HM Chief Inspector's Report 2013-14 provides further details of significant events. This is available at www.justiceinspectorates.gov.uk/hmcpsi

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Future Development

Treasury Solicitor's Department

For TSol the rapid pace of change will persist as it continues with the creation of an enhanced shared legal service for government. As well as welcoming new teams into the organisation there will be a new leadership team, the introduction of new operating models and a change in governance. Its key focus will continue to be on implementing the Shared Legal Services Programme, completing the programme of mergers, embedding the new structure and organisation, and making the benefits of the new shared service a reality for its people, its clients, the government as a whole and the public purse.

Further details of TSol's plans and objectives for 2014-15 are contained in the TSol 2014-15 Business Plan available at www.gov.uk/tsol

Attorney General's Office

The AGO will continue to provide a range of high quality legal and strategic policy advice and casework in support of the Law Officers. The AGO will continue to improve partnership working, build capability and ensure increased efficiency for the Office and the Law Officers' Departments as a whole.

Further details are contained in the AGO 2014-15 Business Plan, which will be available at www.gov.uk/ago

Her Majesty's Crown Prosecution Service Inspectorate

The continuing environment of financial constraint demands attention to identifying real cost savings within the Inspectorate, the Crown Prosecution Service (CPS) and the criminal justice system (CJS). The Inspectorate will assist the CPS and wider CJS to deliver more for less. During the coming year it will again undertake a significant project to examine CPS casework (Annual Casework Examination Programme – ACEP). This programme allows it to set a baseline of national performance and also gives the Attorney General and the public an assessment of performance across a range of key indicators. This approach allows it to identify good performance more readily and results in the more apparent sharing of good practice. HMCPSI remain committed to undertaking and producing high quality inspections and reports.

Further details are shown in HMCPSI's 2014-15 Business Plan available at www.justiceinspectorates.gov.uk/hmcpsi

Performance review

Performance Measures

TSol agreed the following performance measures with HM Treasury (HMT):

Performance Measure	Outturn 2013-14	Outturn 2012-13
To meet client satisfaction ratings [as measured by % of clients rating TSol services as ‘Good’ or ‘Excellent’]	97%	96%
To recover from clients the full operating costs of chargeable services	Met	Met
To retain Lexcel accreditation	Met	Met

These figures are not subject to audit by the NAO

Client Satisfaction

97% of TSol’s clients rated its services as “Good” or Excellent”. This is a great achievement in a time when both TSol and its client departments are going through a period of change. There is, of course, room for improvement and the focus will be on the lower scoring areas of performance during the coming year.

Lexcel

TSol retained its Lexcel reaccreditation – the Law Society’s “gold star legal quality mark”.

This successful assessment recognises that TSol has the best practice in client care, data and file management and complaints handling. Given the degree of ongoing organisational and system change, plus the need to integrate staff from other often non Lexcel certificated teams, this continues to be a significant achievement.

Efficiency

TSol is committed to minimising client costs through improvements in efficiency without compromising first class service.

The organisation is almost entirely funded from the fees that it charges clients for legal services. The fee structure, with associated monitoring and controls, is designed to ensure that all clients are treated equitably and to support ongoing development and improvements to the ways of working. These improvements, together with the rigorous scrutiny of corporate and other costs, have delivered efficiencies enabling the organisation to reduce its hourly fee rates by 7% over the last three years with a 2% reduction in co-located advisory rates in April 2011 against a background of inflation pressures.

Fees are set in accordance with *Managing Public Money* and are designed to recover the direct costs incurred by the organisation. In setting these fees, a number of assumptions are made including: expected work volumes; inflation; staffing levels; investment in new ways of working and efficiency. Throughout the year, performance is monitored and a formal forecasting exercise undertaken each quarter to forecast the financial outturn for the year. The organisation is committed to ensuring that clients benefit promptly from any savings produced; as a consequence should a significant surplus be forecast, the underlying factors will be analysed and assessed to determine whether a fee reduction or rebate can be made in-year. In 2013-14 TSol gave a £4m rebate shared between litigation, employment and advisory clients.

The ambition is to deliver savings in line with those faced by clients. A key design principle of the shared legal service is the provision of greater central scrutiny and challenge and this was applied in setting TSol's 2014-15 budget and client fees where a series of 'panel reviews' was held to challenge, assess and advise the Board. For advisory divisions this contributed to a baseline saving for clients of 6.4% and the maintenance of litigation rates. Both align with the stated ambition.

The **Attorney General's Office** has continued to build on the savings it has found in previous years by maintaining efficiencies and continuing to support shared services and work with other government departments to achieve this. The AGO continued to share its premises with the Office for Budget Responsibility which has helped the AGO share costs on rent, maintenance, utilities and infrastructure.

The AGO reduced the accommodation space that it occupies in the summer of 2013 to vacate space to be occupied by the Department for Business, Innovation and Skills.

HMCPSI continues to concentrate on cost-reduction measures whilst enhancing performance. This has been achieved by implementing a significant office-based inspection programme (ACEP) that involved reading over 800 CPS files from across all its operational areas. The analysis of this will enable HMCPSI to focus future inspection activity on specific issues and areas, which will in turn enable the CPS to improve its efficiency and performance.

The three entities have established a shared communications service. A shared service for procurement advice and services includes the Crown Prosecution Service. This procurement service is being used to identify further areas where savings can be found on contracts and benefits from greater awareness of contracts that are already in place with other government departments.

Sustainability Performance

All departments are required to participate actively in developing actions plans to achieve, and report their performance against the "Greening Government Commitments" (GGC).

A summary of the Department's performance and action taken in 2013-14 to improve sustainability is provided in the Sustainability Report at Annex A (page 43).

Health and Safety

TSol is committed to providing a safe and healthy working environment.

A Health and Safety Awareness Fortnight was held in October 2013 to remind everyone that health and safety is something that affects us all and that everyone has a responsibility for maintaining a healthy and safe environment. This started by focusing on health and wellbeing at work, including a healthy eating road show and information on opportunities to get fitter, including how to build exercise into the working day. The second week focused on safety at work.

TSol signed up to the Public Health Responsibility Deal which commits it to promoting employee health and wellbeing. It has pledged to support this by:

- supporting staff with chronic and mental health conditions in the workplace
- promoting walking and cycling to work
- enabling staff to choose and maintain a healthy diet while at work
- provision of staff health checks including continued access to monthly GP services in our main London building

The **AGO** Health and Safety representative is a member of the TSol Health and Safety Advisory Group. The AGO applies the TSol approach to identifying and handling of health and safety issues within the Department.

Achievements in 2013-14 include:

- regular health and safety audits carried out under facilities and maintenance contract
- annual fire risk assessment and general risk assessment
- required annual fire evacuation
- updated guidance to staff and tenants on health and safety
- provision of staff health checks

HMCPSI has continued to complete quarterly inspections with support from its landlords. In 2013-14 it ensured that it had sufficient staff qualified as First Aid providers and fire marshals to enhance coverage at all times. In addition support staff have received training in DSE (Display Screen Equipment – Work Station Assessment) and HMCPSI can now ensure that all employees in both office locations (London and York) have received an assessment and where necessary been provided with a professional assessment to ensure the wellbeing of all employees. In line with the move to Foss House, relevant staff will be receiving training as fire wardens and first aiders to complement the CPS arrangements.

Overall sickness absence for TSol, AGO and HMCPSI was an average of 6.2 working days lost per person per year (7.1 days 2012-13). A quarterly update of sickness absence can be found on www.data.gov.uk

Diversity and Equality

The Department, including AGO and HMCPSI, continues to promote equality for all regardless of gender, gender reassignment, race, age, religion or belief, sexual orientation, marriage and civil partnership, pregnancy and maternity or disability and continues to maintain a strong profile of women, black and minority ethnic, and disabled staff at senior civil service (SCS) level and in feeder grades to the SCS, in particular.

The gender breakdown as at 31 March 2014 is as follows:

	Male	Female
Board members	5	5
Non executive directors	2	2
SCS (excluding Board members)	51	45
Employees	513	708

The proportion of black minority and ethnic staff in the SCS is 10.4%. The proportion overall for staff is 20.0%. Levels of disabled staff (4.7% of the SCS) compare favourably with comparable grades elsewhere, supported by efficient arrangements for assessments and the implementation of reasonable adjustments for those who require them.

TSol supports and promotes the government's agenda for "a dramatic improvement in diversity" and as part of this commitment TSol held a Diversity and Equality week in January 2014. This involved a series of talks and workshops, including a talk by Sir Paul Jenkins about his role as the Civil Service Diversity Champion, and intranet updates during the week with useful links, questionnaires and details of recommended training.

TSol became the 400th signatory to the Law Society's flagship Diversity and Inclusion Charter. It is the first government department to sign up to the Charter, which commits providers of legal services to diversity and inclusion in their business.

TSol's Diversity and Equality Group (chaired by the Deputy Treasury Solicitor) continues to play an important role, supporting obligations under the Equality Act 2010. The Group helps to ensure that equality and diversity are embedded in all projects and policy making. It has developed guidance and worked with project teams to ensure that diversity and equality considerations have been taken into account in a range of areas, including assisting with and reviewing equality analyses. Equality analyses are conducted by TSol for all proposed new policies developed by Civil Service Employee Policy, before they are implemented in the Department.

The Group has reviewed the results of the 2013 Staff Engagement Survey to ensure that TSol continues to promote equality and is seen as a fair and diverse place to work, and has developed action plans for areas identified for development. This includes working with Human Resources to encourage all staff to ensure that their personal data is up to date on the Human Resources Trent system. In this way the Department can monitor its employment activities to ensure there is no adverse effect on protected groups.

TSol has three diversity officers who act independently of management and who support colleagues in confidence with diversity issues in a variety of situations, including allegations of discrimination or harassment. One of these has a specific role as a Disability Officer.

TSol's Equality and Diversity Statement and information on its diversity profile and gender pay gap is available at www.gov.uk/tsol

The Government Legal Service (GLS) Secretariat monitors the diversity position at GLS level using data produced by the GLS external recruitment provider (TMP) and the GLS Database.

HMCPSI's Diversity and Equality Group continues to play a key role in HMCPSI, supporting its quest to promote equality for all throughout the organisation and in support of its obligations under the Equality Act 2010, including the development of diversity objectives to meet the specific duties of the Act. The Group helps to ensure that equality and diversity are embedded in all of HMCPSI's inspections, projects and policy making.

Recruitment practice

The Department (including AGO and HMCPSI) is bound by the Civil Service Commission's recruitment principles on fair and open competition and selection on merit. Disability adjustments are provided at all stages of the recruitment process. All interviewers are trained in TSol interview board policy, which covers, amongst other things, diversity issues to ensure no discrimination at the sift or interview and to indicate appropriate questions which may be asked about disability issues. The Department operates the Guaranteed Interview Scheme (GIS) for candidates who meet the basic criteria. The position is monitored by the TSol Diversity and Equality Group on a regular basis.

Systems are subject to internal review and TSol and AGO were last audited on behalf of the Civil Service Commission in 2013. TSol completed an on-line self-assessment on compliance with the Civil Service Commission's recruitment principles in April 2013. The result was that TSol was compliant.

A freeze on external recruitment into the Civil Service has been in place since May 2010. This freeze does not apply to existing Civil Servants. Frontline staff, which includes civil litigation staff, are exempt. The Treasury Solicitor has delegated authority from the Attorney General to approve external recruitment to "business critical posts." Between 1 April 2013 and 31 March 2014, 95 new members of staff were recruited to TSol, AGO and HMCPSI by means of fair and open competition.

Grade	Number	Male	Female	Ethnic Minority	Disabled
Grade 6	1	–	1	1	–
Grade 7	58	20	38	10	–
Legal Officer	22	6	16	3	–
Legal Trainee	12	2	10	–	–
EO	2	1	1	–	–
Total	**95**	**29**	**66**	**14**	–

During the period specified above, there were three exceptions to the Civil Service Commission Recruitment Principles.

Recruitment of temporary lawyers and administrative staff

TSol extended the 'Access Agreement' to the contract between the Department of Work and Pensions (DWP) and Capita for the recruitment of professional and technical temporary staff. Under the terms of this contract, Capita represents the interface between TSol and recruitment agencies to supply temporary lawyers. TSol continues to use Kelly Services to supply administrative temporary staff.

The Treasury Solicitor has agreed to the placement of temporary lawyers and administrators in front line posts as vacancies occur and where permanent recruitment is not appropriate. During 2013-14, TSol recruited 219 temporary people – 90 administrators and 129 lawyers.

SCS by Payband

The number of SCS staff by SCS pay band as at 31 March 2014 is as follows:

	TSol	AGO	HMCPSI
SCS Pay Band 3	2	1	–
SCS Pay Band 2	14	1	–
SCS Pay Band 1A	2	–	–
SCS Pay Band 1	81	3	1
Total	99	5	1

In addition, the Chief Inspector of HMCPSI who is a Public Appointment holds a role equivalent to SCS Pay Band 2.

High paid off-payroll appointments

Following the *Review of Tax Arrangements of Public Sector Appointees* published by the Chief Secretary to the Treasury on 23 May 2013 departments must publish information on their highly paid and/or senior off-payroll engagements.

For TSol these engagements are made up of two categories of individuals:

- in relation to the ICT area, the Board agreed a mixed economy of permanent and temporary staff, for business reasons
- temporary lawyers via the contract with Capita, filling business critical posts. It is currently recruiting to reduce its dependency on temporary agency staff

Details are as follows:

Table 1: For all off-payroll engagements as of 31 March 2014, for more than £220 per day and that last longer than six months

	TSol	AGO	HMCPSI
No of existing engagements as at 31 March 2014	55	0	0
Of which			
No that have existed for less than one year at time of reporting	35	0	0
No that have existed for between one and two years at time of reporting	7	0	0
No that have existed for between two and three years at time of reporting	7	0	0
No that have existed for between three and four years at time of reporting	1	0	0
No that have existed for four or more years at time of reporting	5	0	0

Assurance was sought in April 2013 that the individuals detailed above as having been in post for more than 12 months were paying the right amount of tax.

Table 2: For all new off-payroll engagements, or those that reached 6 months in duration, between 1 April 2013 and 31 March 2014 for more than £220 per day and that last longer than six months

	TSol	AGO	HMCPSI
No of new engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014	13	0	0
No of the above which include contractual clauses giving the Department the right to request assurance in relation to income tax and National Insurance obligations	13	0	0
No for whom assurance has been requested	0	0	0
Of which			
No for whom assurance has been received	0	0	0
No for whom assurance has not been received	0	0	0
No that have been terminated as a result of assurance not being received	0	0	0

The process of seeking assurance is currently in progress. Assurance will be sought from all. All temporary staff agencies used by TSol have included a contractual clause allowing TSol to seek assurance.

No board members and/or senior officials with significant financial responsibility are off-payroll engagements.

Complaints to the Parliamentary Ombudsman

There were no complaints to the Parliamentary Ombudsman regarding TSol, AGO or HMCPSI.

Performance in responding to correspondence from the public

The Treasury Solicitor's Department does not normally receive enquiries from members of the public since it conducts the majority of its business with other government departments. The complaints it does receive normally relate to the way cases have been handled or people feeling they have been treated unfairly. Five formal complaints were received between 1 April 2013 and 31 March 2014 and were dealt with within the published target of 10 working days.

In the calendar year 2013 AGO received 2,411 items of correspondence from the public. 99% were dealt with within 20 working days.

HMCPSI received nine items of correspondence relating to complaints against the Crown Prosecution Service. Responses were made within 20 days.

Consultation with employees

People survey

TSol, HMCPSI and AGO participated in the Civil Service People Survey which took place in October 2013.

TSol achieved a response rate of 79% and an engagement score of 61% – up one point from 2012 and three points above the Civil Service median. Following the 2012 survey action was targeted on six main areas: leading and managing change; my line manager; pay and benefits; learning and development; resources and workload; and inclusion and fair treatment. It is encouraging that results improved in most of these areas with the most significant improvements on learning and development. This demonstrates that TSol's career development strategy is effective. The results also recognised improvements in how the organisation is led and change managed and that as an organisation it is doing more to ensure that its people have the opportunity to contribute their views before decisions are made that affect them.

AGO achieved a response rate of 88% and an engagement score of 71%. This was the highest index of any department in Whitehall. To continue to maintain the high level of engagement, the AGO Staff Engagement Group is consulting with colleagues across AGO in order to produce a list of recommendations for consideration by the Executive Board.

AGO continues to support its staff representative group, known as the Staff Engagement Group (SEG), with a representative from each team. The Staff Engagement Group's terms and conditions were reviewed in 2013 and the membership was refreshed at the same time.

HMCPSI achieved a response rate of 77%. The engagement score was 49%, down 2% on last year's score (51%). A full report has been produced and discussed at the Inspectorate Management Board. Plans on how to move forward have been made, which include the production of an action plan and the creation of a staff working group.

Partnership

TSol has continued to maintain a positive working relationship with the Trade Unions. Human Resources regularly meet the unions on an informal basis to discuss a range of issues that have an impact on union members, and there are also formal Partnership meetings which include representatives from across the business. Business managers are also encouraged to meet trade union colleagues at an early stage where resourcing levels or workloads may be changing. During 2013-14 there have been discussions on a number of topics including: chargeable hours' targets, particularly for administrative grades; distribution of box marks across diversity groupings; the shared legal services implementation programme; and accommodation issues in TSol's main London office.

TSol manage the working relationship with the Trade Unions on behalf of AGO.

HMCPSI supports the HMCPSI Whitley Council comprising a maximum of eight representatives (four each for the management side and the Union side). A Service Level Agreement with TSol confirmed that, for HMCPSI Public and Commercial Services Union (PCS) members, pay negotiations will be undertaken by the TSol union representatives. However the First Division Association (FDA) has its own representation at branch (i.e. local level) in HMCPSI.

Financial Review

Resources Available

The Department's planned expenditure over the spending review period as agreed with HM Treasury is as follows:

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
DEL Administration	11,476	11,050	10,488	9,253	8,646
DEL Capital	1,800	1,800	1,800	2,050	1,350
Resource Annually Managed Expenditure	500	1,700	–	–	–
Capital Annually Managed Expenditure	–	500	–	–	–

The Departmental Expenditure Limit (DEL) administration spending is to cover the cost of the Attorney General's casework (time and disbursements), the Government Legal Service Secretariat (GLSS), and the administration costs of AGO and HMCPSI.

The DEL capital funding of £1.8m allows investment in improving and developing systems to support the business and to meet its accommodation needs.

Core Tables

The Core Tables are required to be included by HM Treasury and are based on the outline guidance issued by HM Treasury.

Outturn data is consistent with previous years' published accounts and plan years' information is consistent with the Spending Review settlement, adjusted for the Budget Exchange between 2012-13 and 2013-14 and the reductions to 2013-14, 2014-15 and 2015-16 announced in the 2013 Budget and 2012 and 2013 Autumn Statements.

Table 1 is a summary of the public spending by the Department and this is supplemented by Table 2 which shows the 2013-14 outturn information compared to the original and final budgetary control limits. The variances between the 2013-14 net resource outturn and budget are explained in the comparison of Estimate and Outturn in this Financial Review Section.

The staff numbers in Table 5 are consistent with the numbers disclosed in Note 3.2.

Approval for our spending plans for 2014-15 are set out in the HM Procurator General and Treasury Solicitor Main Estimate 2014-15. The document is available at the HM Treasury website at www.hm-treasury.gov.uk

Table 1: Public Spending

£'000	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Resources							
Spending in Departmental Expenditure Limits							
A TSol Administration (Net)	3,270	513	(1,543)	(2,707)	(2,566)	1,989	1,446
B AGO (Net)	5,262	4,580	4,322	4,241	4,161	4,306	4,250
C HMCPSI (Net)	3,663	3,360	3,525	2,832	2,537	2,958	2,950
Spending in Annually Managed Expenditure							
D Provisions (Net)	1,414	(596)	(672)	1,417	(689)	–	–
Total Resources	**13,609**	**7,857**	**5,632**	**5,783**	**3,443**	**9,253**	**8,646**
Total DEL	12,195	8,453	6,304	4,366	4,132	9,253	8,646
Total AME	1,414	(596)	(672)	1,417	(689)	–	–
Capital							
Spending in Departmental Expenditure Limits							
A TSol Administration (Net)	2,281	2,581	929	1,102	1,622	1,700	1,350
B AGO (Net)	10	–	9	88	–	100	–
C HMCPSI (Net)	–	68	18	14	–	–	–
Spending in Annually Managed Expenditure							
B AGO (Net)	–	–	–	63	–	–	–
Total Capital	**2,291**	**2,649**	**956**	**1,267**	**1,622**	**1,800**	**1,350**

Table 2: Public Spending Control

£'000	2013-14 Outturn	2013-14 Original Budgetary Control Limits	2013-14 Final Budgetary Control Limits
Spending in Departmental Expenditure Limits £'000			
A TSol Administration			
Gross Administration Expenditure	133,212	146,729	146,479
Administration income	(135,778)	(143,900)	(143,900)
Net Administration	(2,566)	2,829	2,579
Gross Capital	1,622	1,700	1,950
B Attorney General's Office			
Gross Administration Expenditure	4,632	4,577	4,577
Administration income	(471)	(100)	(100)
Net Administration	4,161	4,477	4,477
Gross Capital	–	100	100
C HM Crown Prosecution Inspectorate			
Gross Administration Expenditure	2,561	3,182	3,182
Administration income	(24)	–	–
Net Administration	2,537	3,182	3,182
Gross Capital	–	–	–
Total Spending in DEL			
Resource	**4,132**	**10,488**	**10,238**
Capital	**1,622**	**1,800**	**2,050**
Spending in Annually Managed Expenditure £'000			
D Provisions			
Gross Programme Resources	(961)	–	–
Programme Income	272	–	–
Net Programme	(689)	–	–
Total Spending in AME	**(689)**	**–**	**–**
Total for Estimate	**5,065**	**12,288**	**12,288**
of which			
Voted	5,065	12,288	12,288
Non Voted	–	–	–

Table 3: Capital Employed

£'000	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn
Assets and liabilities on the Statement of Financial Position at end of year:					
Assets					
Non Current Assets					
Intangible Assets	1,634	2,011	2,039	1,816	1,471
Property, Plant and Equipment (PPE)	4,507	4,619	3,679	3,758	3,776
of which					
Leasehold improvements	*1,635*	*1,837*	*1,647*	*1,444*	*1,098*
Assets under Construction	*343*	*74*	*7*	*308*	*1,231*
IT and Network	*950*	*1,387*	*937*	*1,086*	*704*
Furniture, Fittings and equipment	*1,579*	*1,321*	*1,088*	*920*	*743*
Investments	0	0	0	0	*0*
Current Assets	30,309	29,009	30,782	29,478	30,421
Liabilities					
Payable (< 1 year)	(14,920)	(19,907)	(24,122)	(21,826)	(16,390)
Payable (> 1 year)	0	0	0	0	0
Provisions	(3,686)	(3,090)	(1,892)	(3,394)	(2,767)
Capital Employed	17,844	12,642	10,846	9,832	16,511

Table 4: Administration Budgets

£'000	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn	2014-15 Plans	2015-16 Plans
Spending in Departmental Expenditure Limits							
Resources							
A TSol Administration (Net)	3,270	513	(1,543)	(2,707)	(2,566)	1,989	1,446
B AGO (Net)	5,262	4,580	4,322	4,241	4,161	4,306	4,250
C HMCPSI (Net)	3,663	3,360	3,525	2,832	2,537	2,958	2,950
Total Administration Budget	12,195	8,453	6,304	4,366	4,132	9,253	8,646
of which							
Paybill	*61,774*	*58,273*	*61,893*	*66,517*	*84,033*	*129,529*	*128,922*
Expenditure	*51,796*	*51,671*	*55,613*	*48,419*	*56,372*	*59,724*	*59,724*
Income	*(101,376)*	*(101,491)*	*(111,202)*	*(110,570)*	*(136,273)*	*(180,000)*	*(180,000)*

Table 5: Staff in Post

	2011-12 Outturn	2012-13 Outturn	2013-14 Outturn
Payroll staff [1]	975	1,002	1,159
Non-payroll staff [2]	91	123	194
of which			
Contingent Labour	91	123	194
Consultants [3]	0	0	0

1. Excludes ministers

2. Includes specialist contractors who are not included in agency staff numbers

3. Based on annual spend and average daily rates

Financial Results

In delivering its wide range of legal services to its clients, legal and strategic policy advice and support to the Law Officers, and inspection and assessment of prosecution services, the Department spent £139,163k. After taking into account income of £135,720k, the net resource requirement for 2013-14 was £3,443k, £6,795k less than the sum approved by Parliament in the 2013-14 Supplementary Estimate for HM Procurator General and Treasury Solicitor.

Total operating income was £135,720k; operating income of £92,311k was generated through charges for legal services provided to clients; £35,052k from the recovery of disbursements incurred in providing legal services to clients; £3,779k was recovered from the Crown's Nominee's Account and other income of £4,578k including rent, service charges, subscription services and recovery of costs of outward secondments was received. After taking into account costs which are met from the Vote, including the cost of the Attorney General's Office and HMCPSI, TSol met its financial objective to recover the full cost of its chargeable services.

There was capital expenditure of £1,622k against voted capital provision of £2,050k. The Department's strategy is to invest in improving and developing its systems to support its business. In doing so it takes a measured approach to its capital investment programme to ensure that it has the capacity to deliver it. This year TSol has invested in IT to support Sharing Legal Services and to deliver the actions necessary to implement the Civil Service Reform Plan. This investment will support flexible working and the provision of a modern workplace. This is in addition to IT spend to maintain the IT infrastructure. TSol has also had to undertake a limited accommodation programme to cater for the needs of a growing organisation requiring investment in new furniture.

Comparison of Estimate and outturn

TSol underspent by £5,145k. Tsol operates largely on a demand led full cost recovery basis. During 2013-14 income for provision of legal services was higher than budget due to significantly increased demand for its services and higher utilisation of staff plus income from the teams that joined TSol this year. Expenditure was higher than budget due to increased staff costs as staff numbers have increased as a result of the transfer in of in house legal teams from other government departments to TSol and as demand for services has increased. Fees are set to achieve full cost recovery based on forecasts of future throughput and the cost base which is a mix of fixed and variable costs. Where productivity outperforms forecast or efficiencies are achieved in the cost base fees are revisited periodically to determine whether a fee reduction or fee rebate can be made in year. This year a £4m rebate was made, shared between litigation, employment and advisory clients.

AGO underspent by £316k due to a subletting lease of one floor of its accommodation at 20 Victoria Street, lower staff costs and reduced administration costs, including IT maintenance.

HMCPSI underspent by £645k due lower staff costs.

The Department used 94% of its net cash requirement.

Capital expenditure was lower than the Estimate. There was some slippage of expenditure into 2014-15.

Reconciliation of resource expenditure between estimates, accounts and budgets

£'000	2013-14	2012-13
Net Resource Outturn (Estimates)	**3,443**	**5,783**
Net Operating Cost (Accounts)	**3,443**	**5,783**
Resource Budget Outturn (Budget)	**3,443**	**5,783**
of which		
Departmental Expenditure Limits	*4,132*	*4,366*
Annually Managed Expenditure	*(689)*	*1,417*

Publicity and advertising

During the year TSol applied the required controls in granting exemptions from the freeze on new advertising and marketing spend in two areas:

- advertising for the recruitment of Panel Counsel to the Attorney General's London panels, and to the Regional Panel
- advertising for the recruitment of lawyers

Spending on consultants and contingent labour

Controls on spending on consultancy were introduced during 2010-11. Expenditure on consultants has been kept to a minimum with spend in 2013-14 of £4k compared to £11k in 2012-13. Spend relates to the cost of professional advice provided to HMCPSI by Professor Stephen Shute and Dr Jacki Tapley. The spend has been reported to the Cabinet Office on a monthly basis. In addition TSol has used professional, programme and technical service staff, incurring spend of £312k in 2013-14 (2012-13: £251k). This spend largely related to the development of TSol's Case Management System.

Temporary staff are employed where it is of operational necessity. Agency staff expenditure was £9,097k in 2013-14 (£5,248k in 2012-13).

Monthly workforce management information - numbers and costs - has been provided to the Cabinet Office throughout the year.

Payment of suppliers

The Department is committed to adhering to the Late Payment of Commercial Debts (Interest) Act 1998, by paying all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later). As a small government department the government's 5-day target for SME (small and medium enterprise) suppliers to receive payment does not apply to TSol.

During the year the Department paid 79% (2012-13 80%) of all undisputed invoices within 10 days of receipt in line with the commitment to pay all suppliers promptly.

Significant Remote Contingent Liabilities

The Treasury Solicitor's Department has no contingent liabilities that need to be disclosed under Parliamentary reporting requirements.

Pensions

The employees of the Department are covered by the Principal Civil Service Pension Schemes, which are defined benefit schemes. The rates of the employer's contribution are determined from time to time by the Government Actuary and advised by HM Treasury.

Employees joining after 1 October 2002 could opt to open a partnership pension, a stakeholder pension with an employer contribution.

Further information can be found in the Remuneration Report and Note 1.12 to the accounts.

Events after the reporting period

There have been no events since the reporting period that would have a material impact on the financial statements for the year ended 31 March 2014. The accounts were authorised for issue on the same date as the certificate of the Comptroller and Auditor General to the House of Commons.

Reporting Cycle

The Treasury Solicitor's Department (TSol) Annual Business Plan is submitted by the Chief Executive to the Attorney General in March and sets out the Department's priorities, objectives and annual performance measures for the forthcoming financial year. It is the definitive document against which the Department's annual performance will be measured.

The Treasury Solicitor's Department's statutory authority to consume resources and spend the cash that finances its spending plans comes from the annual Main Estimate which is presented to Parliament, as part of the Supply Procedure, by HM Treasury around the start of the financial year to which the Estimate relates. A Supplementary Estimate is presented as necessary during the year as the means for seeking Parliament's approval to additional resources and/or cash or revisions to the Main Estimate.

The Annual Report and Accounts covering the Department's work for the preceding year is published each year. This includes information on the Department's performance against business plan targets. The Annual Report and audited Accounts are laid before Parliament as a House of Commons paper.

The HM Procurator General and Treasury Solicitor Annual Report and Accounts also include Attorney General's Office (AGO) and HM Crown Prosecution Inspectorate (HMCPSI). They are audited, published and laid before Parliament annually.

The TSol Annual Business Plan, and both Annual Reports and Accounts may be accessed at www.gov.uk/tsol

The AGO Business Plan may be accessed at www.gov.uk/ago

HMCPSI's Business Plan may be accessed at www.justiceinspectorates.gov.uk/hmcpsi

Audit

The Treasury Solicitor's Department Agency Accounts are audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General.

The Accounting Officer has taken all the 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. So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware.

The NAO also audit the Crown's Nominee Accounts administered by the Bona Vacantia Division of the Department.

No further assurance or other advisory services were provided by the auditors.

Governance Statement

Governance Framework

The Office of the Solicitor for the affairs of Her Majesty's Treasury (the Treasury Solicitor) was incorporated as a corporation sole by the Treasury Solicitor Act 1876.

The Treasury Solicitor's Department (TSol) is a non-ministerial department and was established as an Executive Agency on 1 April 1996. Ministerial responsibility lies with the Attorney General. The Department is led by HM Procurator General and Treasury Solicitor, in the role of Chief Executive. In addition to being responsible for all financial activity within TSol the Treasury Solicitor is also responsible for financial matters at the Attorney General's Office (AGO) and Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI).

Ministers

The ministers who had responsibility for the Department during the year were:

- **The Rt Hon Dominic Grieve QC MP**, Attorney General
- **Oliver Heald MP**, Solicitor General

The Treasury Solicitor, as Chief Executive and Accounting Officer of TSol, is accountable to the Attorney General and responsible for the management of TSol. He is supported in delivering his responsibilities by the TSol Board. Management matters in the Attorney General's Office are the responsibility of the Director General (Rowena Collins Rice) and HMCPSI is led by the Chief Inspector (Mike Fuller QPM) who also fulfils the function of a Chief Executive. The Chief Inspector has been appointed as Accounting Officer for HMCPSI. The Director General, AGO and the Chief Inspector meet regularly with the Treasury Solicitor and each provides an annual assurance report in relation to their systems of internal control and financial management.

The AGO Director General and AGO officials meet the Law Officers regularly to provide high quality legal and strategic policy advice and support.

The HMCPSI Chief Inspector meets regularly with the Law Officers.

Board and committees

The TSol Board comprises a small group of directors drawn from different business areas – litigation, advisory work and corporate resources – and non executive directors. It is the main decision-making body and supports the Chief Executive in providing leadership of TSol, framing the overall strategic direction and overseeing its delivery, managing the overall performance of the organisation and governance and managing relations with key stakeholders.

Membership of the TSol Board as at 31 March 2014 was as follows:

Executive members

- **Jonathan Jones** HM Procurator General and Treasury Solicitor
- **Peter Fish** Deputy Treasury Solicitor
- **Claire Johnston** Director General
- **Anne McGaughrin** Divisional Legal Director

- **Susanna McGibbon** Divisional Legal Director
- **Stephen Parker** Divisional Legal Director
- **Valerie Cain** Client and Corporate Resources Director
- **Tim Hurdle** Finance Director

Non executive members

- **David Crowther** – A Chartered Accountant, and a NED and Audit and Risk Committee Chair of Treasury Solicitor's Department since 2008. Formerly Senior Independent Director and Chair of Audit Committee of TT electronics plc; a NED of the Financial Ombudsman Service; a member of the Professional Oversight Board, part of Financial Reporting Council with oversight of the accountancy and actuarial professions; and for many years a senior partner of PricewaterhouseCoopers LLP.
- **Celia Carlisle** (appointed September 2013) – A consultant who has spent most of the last 20 years in commercial roles working on major infrastructure projects. Previous roles include General Counsel at the Olympic Delivery Authority 2006 to 2012; Director at Jarvis PLC 2001 to 2004; Senior Counsel at Edison Capital 1999 to 2001.
- **Oonagh Harpur** (appointed September 2013) – Senior Advisor to Tomorrow's Company. Previous roles include: Partnership Secretary at Linklaters LLP 2002 to 2011; CEO at Enterprise Insight 2000 to 2002; CEO at HUB Initiative, Institute of Directors 1997 to 2000; Principal Executive at Berwin Leighton, 1988 to 1994.
- **Jeremy Newman** (appointed September 2013) – A Chartered Accountant and member of the TSol Audit and Risk Committee. Also Chair of the Audit Commission since 2012; a non executive and Chair of the Audit and Risk Committee of the Crown Prosecution Service since 2012; and a non executive director, member of the Investment Committee and Chair of the Audit Committee of the Social Investment Business Group since 2013. Previously Global CEO of BDO, one of the world's largest accounting firms, and prior to that Managing Partner of BDO's UK firm.

During 2013-14 Board membership changed due to the appointment of three new non executive directors and some members leaving TSol. Sir Paul Jenkins KCB QC, HM Procurator General and Treasury Solicitor and Chair of the TSol Board retired on 28 February 2014 and was replaced by Jonathan Jones from 1 March. Gill Aitken, DWP Director General Legal Services joined the Board in October 2013 and left the Board in January 2014.

On 1 April 2014 the Board membership changed to reflect the new structure of the organisation. It comprises the Treasury Solicitor (Jonathan Jones), three non executive members (Celia Carlisle, Oonagh Harpur and Jeremy Newman), three Directors General (Peter Fish and Claire Johnston, with Stephen Braviner-Roman taking up post in June 2014), and a People and Change Director (Valerie Cain). In addition Nick Payne has been appointed to a new Board role of Finance and Operations Director and he will take up post on 1 June 2014. Anne McGaughrin, Susanna McGibbon and Stephen Parker stepped down from the Board on 31 March 2014. Tim Hurdle will step down on 31 May and David Crowther will leave the Board in June 2014.

Work of the Board and attendance

The Board met 10 times during 2013-14 with attendance as follows:

Executive Members	Attendance
Jonathan Jones	6/6
Sir Paul Jenkins	7/9
Peter Fish	10/10
Claire Johnston	8/10
Gill Aitken	3/3
Susanna McGibbon	10/10
Anne McGaughrin	7/10
Stephen Parker	10/10
Valerie Cain	10/10
Tim Hurdle	10/10
Non Executive Members	
David Crowther	8/10
Celia Carlisle	6/6
Oonagh Harpur	6/6
Jeremy Newman	5/6

Its work covers the five main areas expected by the Corporate Governance Code:

- strategy – setting the vision
- commercial focus – scrutinising the allocation of resources to achieve plans; ensuring controls are in place to manage risk and evaluation of the Board
- talented people – the Board has a People Strategy to help ensure that TSol has the capability to deliver and to plan and meet current and future needs
- results focus – the Board agrees the annual business plan and monitors and steers performance against the plan
- management information – the Board receives a Monthly Performance Report containing clear consistent and comparable performance information to drive improvements

Board sub-committees

TSol has an Audit and Risk Committee with an independent, non-executive Chair, David Crowther. The Committee supports the Accounting Officer by monitoring and reviewing the Department's risk, control and governance processes, and the associated assurance processes including external and internal audit. The membership of the committee includes one non-executive director, in addition to the Chair, and an additional external member, Paul Coombs. Paul is a qualified accountant, is a Director of VOSA and was previously Director of Finance and Planning for the Audit Commission. The Audit and Risk Committee met four times in 2013-14. In addition to providing the Treasury Solicitor, as Accounting Officer, with assurance over the preparation and audit of the Annual Report and Accounts for 2012-13, the Committee considered the findings contained in 18 reports prepared by the Head of Internal Audit based on an audit programme agreed in advance by the Committee and monitored the implementation of audit recommendations. These reports covered a range of issues including Communications, Shared Services Progress Review, Security Policy Framework Overviews, Procurement Shared Services, CMS Billing, Performance Management, Fees and Charging, Data Mining, BV Casework Management, Governance Arrangements, New Government Security Classification policy implementation plans and Internal Audit's advice to the sharing legal services programme board. In addition the Committee considered key controls, evidence supporting the Governance Statement and regular updates on the work of the Security Team. Business area reviews were introduced in 2012-13 to allow the Committee to discuss risks and particular issues with individual Heads of Group/Division. In 2013-14 there were two such reviews, of the Human Resources Division and the Sharing Legal Services Programme.

The Operations Committee, chaired by the Deputy Treasury Solicitor, oversees the performance of TSol against its Business Plan and manages Departmental risks and issues. It met 11 times in 2013-14. The membership includes Directors from across TSol and often a non executive member also attends.

Board Members' interests

No directorships or other significant interests that may have caused a conflict with their management responsibilities were held by Board Members.

The Board's performance

In 2013-14 the Department took action to implement the recommendations from the Board's evaluation process in the previous year in line with guidance issued by the Cabinet Office. This includes a requirement for the Board to undertake an assessment of its own effectiveness to meet the requirement for inputs from the Accounting Officer and the Board to the annual governance statement. As well as reviewing progress on previous recommendations, the Board analysed the nature of its decisions during the year and undertook an end year evaluation of its performance as a Board. This evaluation concluded that although the Board is on its way to maturity, given that TSol will have a new Board from 1 April 2014, it should repeat some of the Cabinet Office evaluation process completed in previous years and review and refresh the Board development plan, moving rapidly to the maturity and effectiveness stage by March 2015. In addition the Board agreed to improve the visibility of the Board sub-committees.

Corporate Governance Code

The Corporate Governance Code and accompanying Protocol apply primarily to ministerial departments. This means that the key provisions relating to composition of boards do not apply to TSol, specifically the involvement of ministers and the requirement to have roughly equal numbers of ministers, senior civil servants, and non executive directors (NEDs). In addition, TSol is not required to have a "Lead NED" (who is to have the role of *"supporting the Secretary of State in his or her role as Chair of the Board"*) but has appointed Jeremy Newman as lead NED to support Jonathan Jones as Chair of the TSol Board.

As a result of the shared legal service programme the Department is reviewing its governance arrangements to ensure that they are fit for purpose to support a much larger and more dispersed organisation. This review is taking into account the good practice in the Corporate Governance Code, where appropriate for a small non-ministerial department, and will result in a smaller board with a greater proportion of non executive directors.

Our risk profile

Risk management is carried out in accordance with HM Treasury risk management guidance. Regular risk reviews are undertaken and risk registers are maintained for each Group and Division. The TSol Board identifies, monitors and manages key strategic risks.

The Audit and Risk Committee provides a challenge function to the risk management arrangements and Internal Audit reviews and assures the processes.

Risk management is embedded at every level in the business by encouraging empowerment and delegation so that risks can be managed proactively by those with the local knowledge and experience, who are held accountable for the effective management of those risks. The process is to identify and evaluate a risk, determine an appropriate response and actively manage the response to ensure that TSol's exposure is limited to an acceptable level.

A Risk Improvement Group, which is not part of the governance structure, met in May 2013 to share best practice, promote risk improvement and raise awareness, share risk lessons learned and provide additional challenge to risk registers.

Strategic risks are agreed with the TSol Board and the Audit and Risk Committee. Each key strategic risk is owned by a Board member. The risks and action to mitigate them are reported to the Operations Committee and the Board and risks are reviewed quarterly at Board meetings. The strategic risks and the actions to mitigate them are detailed in the Business Plan.

Risk profile

TSol's current key strategic risks are:

- serious damage to TSol's reputation as a result of major loss of data or enforcement action by the Information Commissioner
- a failure to anticipate, understand and respond effectively to client needs for value for money services, which would damage relationships with TSol and TSol's reputation
- damage to TSol's reputation if things go wrong due to TSol or client management of cases or failure in the management of client relationships
- a lack of resource capacity and/or capability that impacts on the delivery of the service clients need
- TSol does not successfully deliver the government's commitment to greater sharing of legal services
- the cost of public interest work exceeding the budget
- unforeseen events (eg industrial action, transport strike, pandemic flu) that would have an adverse impact on the ability to deliver the service clients need or would cause TSol to under recover leading to an accounts qualification or would cause TSol to suffer loss
- the loss of a major client or other reductions in demand for services which would expose TSol to financial risk
- the level of organisational change and its capacity and capability to deliver it

AGO risks include:

- failure to manage the range of casework to the required quality and within timescales
- failure to recruit and develop staff and maintain staff engagement
- data loss/inappropriate use of data and failure to use information to the benefit of the business
- inability to support Law Officers in their ministerial role
- failure to fulfil superintendence responsibilities and failure to explain what superintendence means for the relationship between the Law Officers, the Law Officer's Departments and wider GLS

HMCPSI risks include:

- loss of corporate knowledge and the ability to deliver services due to the absence or departure of key staff which has escalated since September 2013 but is being mitigated by a sustained recruitment campaign aimed at taking on new staff with relevant skills, knowledge and expertise
- issues with the move of York staff to new premises which are being mitigated by full consultation and negotiation with HMCPSI staff and the CPS
- delays in recruiting staff across several grades which have resulted in external recruitment having to be undertaken

Security and business continuity

Client data security remains critical and is assured by TSol's adherence to Cabinet Office Security Standards, maintaining ISO 27001 certification and Government Secure Intranet (GSI) accreditation.

TSol is currently migrating to the new Public Sector Network, following a successful accreditation exercise in 2013. It has also implemented the new Government Security Classifications Policy from April 2014, as well as working with the Cabinet Office on the wider security transformation agenda.

TSol enjoys a high level of client satisfaction and it is essential that it is able to maintain a normal quality service whatever the circumstances. Business continuity is assured through maintenance of a business continuity management system and its comprehensive suite of recovery plans.

TSol's disaster recovery site has remote access capacity, resilience and security, which reduces the risk of service disruption should its main London office be unavailable.

This was tested at the end of the year, when we experienced three separate IT incidents, and allowed 250 priority users to continue working on our systems.

Lapses of data security

TSol holds personal data relating to TSol employees and keeps data owned by other government departments in relation to its role as solicitor to government. It continues to work with delivery partners and third parties to manage effectively the risk of loss of personal data held by these other bodies.

During 2013-14 the framework for handling data and to provide assurance over the management of information held within TSol has included:

- continued review and production of data handling policies, guidance and awareness training promoting best practice within TSol including completion by all staff of the Cabinet Office's Responsible for Information e-learning course

- continuing review of information assets and their associated risks, including quarterly assessments of the third party delivery chain, and the incorporation of information risks within the risk management policy and processes. Assurance is provided by the Information Asset Owners, and audited by the Security Team annually
- the Department is certified to the ISO 27001:2005 standard for information security management and adheres to Cabinet Office security requirements

In 2013-14 there were no personal data related incidents formally reported to the Information Commissioner's Office. There were no other incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office (ICO) but recorded centrally within the Department.

However, following four separate incidents previously self reported to the ICO, involving un-redacted personal information being disclosed to third parties, the ICO decided that TSol had breached the Data Protection Act and issued an undertaking for TSol to agree to.

The ICO issues undertakings committing an organisation to a particular course of action in order to improve its compliance with the Data Protection Act. The undertaking is a public document, signed by the CEO or equivalent person, which effectively promises that the organisation will take all reasonable steps to ensure that there is not another similar breakdown in data protection compliance.

In TSol's case, the undertaking requires us to agree to take the following steps:

- a clear documented procedure for staff to follow when preparing information for disclosure is implemented within six months. This should incorporate a defined checking process with emphasis on the steps to be taken prior to release. The procedure should account for both sensitive personal data and personal data relating to third parties
- the communication requirements between Junior and Senior lawyers carrying out the disclosure process is defined by a structured, formal procedure with clear lines of communication and implemented within six months. The responsibilities of staff members should be clearly explained within this procedure
- a mandatory and comprehensive training programme regarding compliance with the Act for all new and existing staff is put in place within six months. This should include how training will be presented, tested, refreshed and the frequency of delivery for each

Actions have been taken to deal with all of these requirements.

Effectiveness of our risk management

Assurance is provided, inter alia, by the work of the Internal Auditors. In his Annual Assurance Report, which offers an opinion on the adequacy and effectiveness of risk management, control and governance, the Head of Internal Audit gave a substantial assurance on the effectiveness and efficiency of the Department's governance, risk management, and control arrangements.

Assurance on information handling is provided by the Senior Information Risk Owner supported by the Security Team and the Security Advisory Group.

Directors provide an annual end of year Assurance Report reporting on the control systems they have used to mitigate the risk to the achievement of objectives and any weaknesses identified. Such assurances are also provided by the Chair of each key Governance Committee. These assurances have been reviewed by the Audit and Risk Committee.

The Treasury Solicitor receives a mid year summary of Directors' Performance Accountability Review Reports. These focus on progress against the business plan, performance against budget and key performance indicators, and key risks to the delivery of objectives. Meetings are held with specific directors to address issues which emerge from these reports.

At the end of each quarter a formal forecasting exercise is conducted. Directors are asked to review their spend against budget and forecast their year end position. This information enables the Operations Committee and the Board to identify areas of concern and if necessary to review and consider the allocation of resources in meeting the Department's objectives.

In 2011-12 TSol undertook self assessment reviews of the risk of financial loss in all its funds flow processes – Procurement, Payroll, Expenses, Sales, Client Monies and Bona Vacantia – and a self assessment of its organisational capability to manage the risks of financial loss.

External assurance of standards is provided by the Law Society (the Lexcel Standard), Investors in People, and by Lloyd's Register Quality Assurance Ltd ISO27001.

These processes have highlighted no issues which are significant to the welfare of TSol.

Jonathan Jones
Accounting Officer
8 May 2014

Departmental Remuneration Report

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. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration Policy

The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body. The Review Body 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, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com

Permanent Secretaries are paid within the Permanent Secretaries pay range. The exact position on the pay range is set individually for each Permanent Secretary by the government on the recommendation of the Permanent Secretaries Remuneration Committee (which the government normally expects to accept). The Committee comprises members of the Senior Salaries Review Body (SSRB), the Head of the Home Civil Service and the Permanent Secretary of the Treasury.

Senior Civil Service (SCS) Pay Committee

The function of TSol's SCS Pay Committee is to determine TSol's SCS pay strategy and, after performance appraisals have been completed, to assess the relative contribution of the Department's SCS members in achieving the Department's corporate objectives, and to make final pay decisions.

The SCS Pay Committee in TSol at the relevant time (April to July 2013) comprised: Marilynne Morgan – external chair, Paul Jenkins, Peter Fish, Rowena Collins-Rice, Claire Johnston and Susanna McGibbon with Mark Burch acting in an advisory capacity.

Consolidated awards (salary increase)

There was 1% of the SCS paybill available for distribution in 2013 to those in performance groups 1 and 2, but not to those in performance group 3. It was for individual SCS Pay Committees to determine how the 1% was distributed in departments, and the decision by the TSol Pay Committee was to:

- move people up to the new minima of the SCS Pay Bands from 1 April, as per the Cabinet Office guidance
- award Group 1 performers (top 25%) a flat rate £1,000 increase to salary
- address what was perceived by the Pay Committee as an anomaly in terms of those in SCS Pay Band 1 who had been in the SCS for some time being on or near the bottom of the pay scale

Non-consolidated performance related pay awards

In deciding non consolidated performance awards in 2013 the following criteria were used:

Performance tranche

Jobholders were ranked and assigned to a performance group relative to their peers, as follows:

- group 1 – top 25%
- group 2 – next 65%
- group 3 – bottom 10%

The assessment of performance against objectives included:

- the leadership behaviours exhibited in the achievement of objectives
- an assessment of the management of resources
- the degree to which the jobholder fostered an ethos of volunteering in their teams and/or the wider Department

In addition, the following conditions applied for performance group distribution in 2012-13:

- if an individual did not meet an individual finance/efficiency objective then they were not marked higher than Group 2
- an individual was only awarded the Group 1 performance mark if they exceeded at least one finance/efficiency objective

Non-consolidated performance related pay awards were awarded to those achieving Performance Group 1 (the top 25%).

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management (i.e. Board members) of the Department. This information has been subject to audit.

Remuneration (salary, benefits in kind and pensions):

Single total figure of remuneration

Ministers	Salary (£)		Pension Benefits (to nearest £1,000)[1]		Total (to nearest £1,000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
The Rt Hon Dominic Grieve QC MP *Attorney General*	68,169	68,827	27,000	26,000	95,000	95,000
Oliver Heald MP *Solicitor General*	58,590	33,903[2]	22,000	13,000	80,000	47,000

1. *The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights*
2. *Figure quoted is for the period 5 September 2012 to 31 March 2013. The full year equivalent is £59,248, with an entitled salary of £69,491*
3. *No ministers were in receipt of benefits in kind*

Notes for table overleaf

1. *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 transfer of pension rights*
2. *Figure quoted is for the period 1 April 2012 to 30 September 2012 – the full year equivalent is 130-135k*
3. *Was Director General at the Attorney General's Office until 18 November 2012 and Deputy Treasury Solicitor from 19 November 2012*
4. *This represents 0.92 of a full-time equivalent salary as the individual works part-time*
5. *Figure quoted is for the period 3 December 2012 to 31 March 2013 – the full year equivalent is 100-105k*
6. *Figure quoted is for the period 1 January to 31 March 2013 – the full year equivalent is 130-135k*
7. *Figure quoted for the period 1 October to 31 March 2014. The full year equivalent as Treasury Solicitor is 160-165k*
8. *Figure quoted is for the period 1 April 2013 to 28 February 2014. The full year equivalent is 160-165k*
9. *This represents 0.92 of a full-time equivalent salary as a Divisional legal Director, and full-time as a Director General. The full year equivalent as a Director General is 100–105k*
10. *Michael Fuller is not a member of the SCS but is a Public Appointment on a salary of £150k*
11. *Gill Aitken was also a member of the TSol Board (from 24 October 2013 until 24 January 2014) although she was not a TSol employee at the time*
12. *No directors were in receipt of benefits in kind*

Remuneration (salary, benefits in kind and pensions):

Single total figure of remuneration

Officials	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (to nearest £1,000)[1]		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Jonathan Jones *HM Procurator General, Treasury Solicitor and Chief Executive* (from 1 March 2014) *Divisional Legal Director* (from 1 October 2013 until 28 February 2014) *Deputy Treasury Solicitor* (until 30 September 2012)	65-70[7]	65-70[2]	–	10-15	23,000	19,000	90-95	95-100
Sir Paul Jenkins KCB QC *HM Procurator General, Treasury Solicitor and Chief Executive* (until 28 February 2014)	145-150[8]	155 - 160	15-20	–	30,000	24,000	195-200	180-185
Peter Fish *Deputy Treasury Solicitor*	120-125	120-125[3]	15-20	10-15	15,000	16,000	150-155	145-150
Claire Johnston *Director General* from 20 March 2014 *Divisional Legal Director* until 19 March	80-85[9]	80-85[4]	10-15	5-10	13,000	26,000	105-110	115-120
Susanna McGibbon *Head of Litigation Group*	100-105	30-35[5]	–	–	30,000	13,000	130-135	45-50
Anne McGaughrin *Divisional Legal Director*	90-95	90-95	10-15	10-15	(104,000)	41,000	0-5	140-145
Stephen Parker *Divisional Legal Director*	115-120	115-120	–	–	0	5,000	115-120	120-125
Valerie Cain *Client and Corporate Resources Director*	90-95	90-95	10-15	–	(1,000)	60,000	105-110	150-155
Tim Hurdle *Finance Director*	90-95	90-95	–	5-10	25,000	37,000	110-115	135-140
Michael Fuller QPM *HM Chief Inspector of the Crown Prosecution Service Inspectorate*	150-155[10]	150-155	–	–	–	–	150-155	150-155
Rowena Collins-Rice *Director General of Attorney General's Office*	130-135	30-35[6]	–	–	1,000	2,000	130-135	30-35

The non-executive directors were paid salaries in the following bands:

	Contract end	Salary £'000		Benefits in kind (to nearest £100)		Total (£'000)	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Niall Scott	June 2013	0-5[1]	15-20	1,800	5,500	5-10	20-25
David Crowther	June 2014	15-20	15-20	1,100	1,500	15-20	15-20
Jeremy Newman	September 2015	5-10[2]	–	500	–	10-15	–
Celia Carlisle	September 2015	5-10[2]	–	100	–	5-10	–
Oonagh Harpur	September 2015	5-10[2]	–	–	–	5-10	–

1. The figures quoted are for the period 1 April 2013 to 28 June 2014. The full year equivalent was 15-20k

2. The figures quoted are for the period 9 September 2013 to 31 March 2014. The full year equivalent is 15-20k

The Department's non-executive directors necessarily incur travelling and other expenses to attend Departmental meetings. The tax liability arising on their reimbursement by TSol is met by TSol and is shown in the table above as a benefit in kind.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£65,738 from 1 April 2010, £66,396 from 1 April 2013) and various allowances to which they are entitled are borne centrally.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The estimated monetary value of benefits in kind which relate solely to the provision of interest free loans for the purchase of season tickets for home to office travel is not included. The amounts involved are disclosed in the salary, allowances and taxable benefit table.

Bonuses

Bonus payments (non consolidated performance related pay awards) are based on performance levels attained and are made as part of the appraisal process. The awards reported in 2013-14 relate to performance in 2012-13 and the comparative awards reported for 2012-13 relate to the performance in 2011-12.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the HM Procurator General and Treasury Solicitor's Accounts (covering the Attorney General's Office, Her Majesty's Crown Prosecution Service Inspectorate and the Treasury Solicitor's Department) in the financial year 2013-14 was £175-180k (2012-13: £155-160k).This was about 3.64 times (2012-13: about 3.32 times) the median remuneration of the workforce, which was £48,999 (2012-13: £48,254). The highest paid director received a non consolidated performance award in 2013-14 but not in 2012-13 which explains the increase in remuneration.

In 2013-14, no (2012-13: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £21k to £180k (2012-13 £21k - £160k). 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 (CETV) of pensions.

Pension Benefits

Ministers	Accrued pension at age 65 as at 31/3/14	Real increase in pension at age 65	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV funded by taxpayer
	£'000	£'000	£'000	£'000	£'000
The Rt Hon Dominic Grieve QC MP *Attorney General*	5-10	0-2.5	102	70	19
Oliver Heald MP *Solicitor General*	0-5	0-2.5	58	32	17

Ministerial pensions

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members paid contributions between 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates will increase from April 2014.

The accrued pension quoted is the pension the minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

The Cash Equivalent Transfer Value (CETV)

This 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a minister. CETVs are calculated in accordance with the Occupational Pensions 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.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the minister. It is worked out using common market valuation factors for the start and end of the period.

Officials	Accrued pension at pension age as at 31/3/14 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/14	CETV at 31/3/13	Real increase in CETV[1]	Employer contribution to partnership pension accounts to the nearest £100
	£'000	£'000	£'000	£'000	£'000	£
Jonathan Jones *HM Procurator General, Treasury Solicitor and Chief Executive (from 1 March 2014)* *Divisional Legal Director (from 1 October 2013 until 28 February 2014)* *Deputy Treasury Solicitor (until 30 September 2012)*	40-45 plus lump sum of 125-130	0-2.5 plus lump sum of 2.5-5	742	661	17	–
Sir Paul Jenkins KCB QC *HM Procurator General, Treasury Solicitor and Chief Executive (until 28 February 2014)*	70-75 plus lump sum of 210-215	0-2.5 plus lump sum of 5-7.5	1,595[2]	1,471	33	–
Peter Fish *Deputy Treasury Solicitor*	30-35 plus lump sum of 90-95	0-2.5 plus lump sum of 2.5-5	575	526	11	–
Claire Johnston *Director General from 20 March 2014; Divisional Legal Director until 19 March 2014*	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 0-2.5	554	509	10	–
Susanna McGibbon *Head of Litigation Group*	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 2.5-5	418	372	18	–
Anne McGaughrin *Divisional Legal Director*	35-40 plus lump sum of 105-110	(2.5-5) plus lump sum of (10-15)	753	786	(97)	–

Stephen Parker *Divisional Legal Director*	45-50 plus lump sum of 145-150	0-2.5 plus lump sum of 0-2.5	1,006	945	(1)	–
Valerie Cain *Client and Corporate Resources Director*	50-55 plus lump sum of 105-110	0-2.5 plus lump sum of (0-2.5)	1,178	1,107	(1)	–
Tim Hurdle *Finance Director*	20-25	0-2.5	258	225	13	–
Michael Fuller[3] *HM Chief Inspector of the Crown Prosecution Service Inspectorate*	–	–	–	–	–	–
Rowena Collins-Rice *Director General of Attorney General's Office*	45-50 plus lump sum of 140-145	0-2.5 plus lump sum of 0-2.5	874	820	0	–

1. Where the real increase in CETV is negative this is because, taking account of inflation, the CETV funded by the employer has decreased in real terms

2. CETV as at 28 February 2014

3. Michael Fuller is not a Civil Servant but a Public Appointment, and was appointed on a non-pensionable contract with a salary of £150,000

4. Non executive directors do not receive pension entitlement from TSol

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). 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** and **nuvos** are increased annually in line with Pensions Increase legislation. 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 1.5% and 6.25% of pensionable earnings for **classic** and 3.5% and 8.25% for **premium, classic plus** and **nuvos.** Increases to employee contributions will apply from 1 April 2014. 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 three 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. 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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 0.8% 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** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/my-civil-service/pensions/index.aspx

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 Pensions 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.

Jonathan Jones
Accounting Officer
8 May 2014

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Treasury Solicitor's Department to prepare, for each financial year, accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department 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 principal Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Treasury, 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

HM Treasury has appointed the Permanent Head of the Department as principal Accounting Officer of the Department.

In addition, the principal Accounting Officer has appointed HM Chief Inspector Michael Fuller QPM, as Accounting Officer for HMCPSI, to be accountable for that part of the Department's accounts relating to HMCPSI. This appointment does not detract from the Head of Department's overall responsibility as Accounting Officer for the Department's accounts.

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 Treasury Solicitor's Department's assets, are set out in *Managing Public Money* published by HM Treasury.

Annex A

Sustainability Report for the year ended 31 March 2014

Introduction

The scope of the report is the Department's performance against the Greening Government Commitments (GGC) which will run to 2015 with a 2009-10 baseline wherever possible.

Performance relates to TSol's occupation of Floors 5-12 and 15 of One Kemble Street (OKS), London, and its Disaster Recovery site in Croydon, AGO's occupation of 20 Victoria Street, London, and HMCPSI's occupation of the Floor 4, One Kemble Street, London.

Summary of performance

The main challenge on energy reduction is that TSol has no control over the use of oil to heat and electricity to cool One Kemble Street which is sublet from the Civil Aviation Authority. Nevertheless it has taken various initiatives over the years to improve energy consumption including the installation of safety and security film on the windows to minimise solar gain and contributing to the cost of a new Building Management System controlled by the landlord to improve the energy efficiency of the comfort cooling system in use in the building.

TSol continue to encourage the landlord to take a more proactive approach to sustainability and this has been an item on meeting agendas for the past year. The TSol landlord is currently looking at installing LED lighting in the lift lobbies and there are plans to implement this in the buildings two café's in the near future. The landlord has also introduced solenoids for the urinals which will decrease the amount of water used. HMCPSI, as a sub tenant of TSol in OKS, relies on the action taken by TSol in relation to scope 1 and 2 emissions.

The following factors have affected performance this year:

- the weather. A hot summer followed by a mild winter has reduced oil consumption in One Kemble Street. However the electricity used increased as this was needed to cool the building during the summer
- TSol introduced a new print room service in 2013-14 which has increased its direct paper usage
- an increase in the number of TSol staff in OKS (from 807 in April 2013 to 903 in March 2014), mainly as a result of growth in demand for TSol's services
- TSol's sharing legal services programme which has increased the geographical spread of the organisation. At the end of March 2014 TSol had staff in 14 locations across England and Wales
- AGO has vacated a floor in 20 Victoria Street

Sustainable procurement

The GGC are to ensure procurement of sustainable and efficient products whilst reducing the impact of the supply chain. This includes embedding efficient procurement practices and improving and publishing data on supply chain impact.

TSol's overall procurement strategy includes the use of Crown Commercial Service framework contracts and it is subject to the Sustainability Policy which it operates.

The Department promotes sustainability in procurement by:

- working closely with its suppliers – particularly in the areas of catering, cleaning and stationery to improve sustainable processes
- buying products and services which are less environmentally damaging; for instance when TSol recently updated its computer system it introduced Thin Client units which use less energy than conventional computers
- complying with environmental legislation and regulatory requirements
- including relevant environmental conditions or criteria in specification and tender documents, and evaluating supplier offers accordingly
- raising awareness of environmental issues within the Department, and amongst suppliers and contractors

Three of TSol's suppliers are ISO 14001 accredited:

- the off-site storage provider has won the Green Fleet award for their efforts to reduce the environmental impact of their transport fleet. The catering provider is also certified Carbon Neutral. All the disposable containers and cups used within the two cafés are environmentally responsible to reduce waste associated impacts on the business
- the print service provider complies with the WEEE (Waste Electrical and Electronic Equipment) regulations for disposal of equipment

Governance

The Department's strategy is to work with the Law Officers' Departments to meet GGC targets. TSol's sustainability performance is monitored quarterly by the TSol Operations Committee via a sustainability dashboard. Performance is also reported to the Law Officers' Departments Sustainable Development Steering Group.

TSol established a "Green Team" this year to look at good practice across government and reinforce good behaviour on sustainability. It is looking at ways to:

- raise the profile of sustainability within the organisation, highlighting the Greening Government Commitments to all and engaging everyone's support to reach the targets
- identify areas where it can improve its green credentials

The Green Team has, during 2013-14, relabelled our waste bins to ensure they are user friendly and made some suggestions to the landlord to see if there is scope for further improvement. The OKS landlord is currently looking into introducing a separate collection for food waste.

Future Activities

TSol installed a new Video Conferencing facility at the end of 2013-14. This will allow staff to connect with clients and colleagues virtually across the UK, reducing the need for travel. This should reduce travel costs and business related travel emissions.

The TSol Green Team is looking at their next campaign and is likely to focus on water usage.

2013-14 HM Procurator General and Treasury Solicitor Sustainability Report

Greenhouse gas emissions

		Baseline 2009–10	2011-12	2012-13	2013-14
Non-Financial Indicators (tCO_2e)	Scope 1 and 2 emissions[1]	2,646	1,833	1,961	1,914
	Scope 3 emissions (indirect – official business travel)	162	90	102	101
	Total emissions	2,808	1,923	2,063	2,015
Other Non-Financial Indicators	Number of domestic flights[2]	250	160	146	171
Related Energy Consumption (KWh)	Electricity	4,411,463	3,432,175	3,406,560	3,646,166
	Gas	207,645	2,413	–	–
	Oil	991,178	642,689	946,110	671,862
Financial Indicators (£)	Expenditure on energy	395,242	245,208	351,886[3]	407,384
	Expenditure on accredited offsets (e.g. GCOF)	1,489	26	209	42
	Expenditure on official business travel[4]	343,057	309,974	317,418	368,768

1. All previous years emissions have been recalculated to the new DCF CarbonFactors relevant for that year

2. The baseline is 2010-11 as figures for 2009-10 were not available

3. 2012-13 figures have been updated

4. Government Car and Despatch Agency expenditure is excluded as this is reported by GCDA. This was included in error in last year's report

Performance commentary

The GGC are that by 2015, the government will:

- reduce greenhouse gas emissions by 25%
- reduce domestic business travel flights by 20%

TSol has achieved a 32% reduction in total GHG emissions.

Electricity consumption figures have increased from the previous year due to the hot summer and the introduction of hand driers in the OKS toilets but we still achieved an overall decrease of 17% from our baseline. AGO has introduced a policy on maintaining temperatures at between 20 and 21° which has reduced its electricity use. Also, all landing lights, as well as all office lights are turned off in 20 Victoria Street in the evenings.

Oil usage is 32% below baseline. This was helped by the hot summer and mild winter we recently experienced.

TSol's two café facilities are extensively used by up to 400 non-TSol staff in the building, resulting in additional water and electricity consumption. The café facilities also include an extensive hospitality service provided by one of the sub-tenants to its clients.

The number of domestic flights has increased since last year. This is in part due to the new teams who have joined TSol during the year. However there has been a 32% reduction from the baseline.

This year TSol has introduced new computer terminals. The average power usage with the device connected to one keyboard, monitor and mouse is under 7.2 Watts which represents 30 times less power consumption than a normal PC.

TSol is also working with contractors and the OKS landlord over the use of new technology and initiatives to reduce the carbon footprint. In particular TSol is applying increasing pressure on its landlord to take a more proactive approach to sustainability in their building.

HMCPSI continues to work towards reductions in travel of staff between London and York by use of a video conferencing system which allows two simultaneous meetings to be held between the offices. Similarly staff are encouraged to travel together in groups of two or more when they travel to and from inspections where the use of public transport is not conducive to either the timings or locations of the inspections and they use their own or hired transport.

Waste

		Baseline 2009–10	2011-12	2012-13	2013-14
Non-Financial Indicators (tonnes)	Non-Recycled	83	6	3	3
	Total Reused/Recycled	101	140	85	105
	Energy recovery[5]	–	–	53	69
	Total waste	184	146	141	177
Financial Indicators (£)	Total disposal cost	22,360	82,114	34,937	28,517

5. Energy recovery is the energy generated from residual waste after recycling has taken place. This is now part of GGC reporting. The waste is burnt to produce electricity and this is put back into the National Grid

Performance commentary

The GGC are that by 2015:

- the government will reduce waste generated by 25%
- ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled

The Department has not sustained the reduction achieved last year and its total waste is now only 4% below baseline.

TSol has tried various ideas to reduce waste such as replacing hand towels with hot air dryers and its Green Group has changed the collection bins on the floors to make recycling easier. It has also relabelled the waste bins in OKS using relevant pictures to ensure ease of use. TSol will continue to identify possible areas for further improvement. However there are now more people in OKS and there have been some accommodation moves this year which could have contributed to the increase in site waste.

AGO has a collection of co-mingled waste for recycling twice a week. No AGO waste is sent to landfill.

The Department’s policy and practice is to recycle all redundant IT equipment using Waste Electrical and Electronic Equipment (WEEE) approved suppliers.

Finite resource consumption: PAPER

	Baseline 2009–10	2011-12	2012-13	2013-14
Non-Financial Indicators A4 Reams	49,443[6]	38,163	29,484	35,655

6. The baseline was understated in error in last year's report

Performance commentary

The GGC are that by 2015 the government will achieve a reduction in paper usage.

The paper which TSol currently uses is recycled and used to create closed loop paper. It does not however use closed loop paper. It was tested during this year with the managed print supplier and this identified issues with the print quality and increased printer maintenance. Alternatives are still being investigated.

TSol's paper usage has increased as expected following the implementation of the new internal print room service this year. However while direct paper usage has increased (5000 reams of paper are attributed to the print room this year) this will have resulted in a reduction in paper consumption by TSol's external suppliers. Recycling bins are placed on all floors.

AGO uses closed loop paper.

HMCPSI has been committed to moving to a paperless office for some time and this aim has been one of its major projects in 2013. It has also developed its Records Management processes with an emphasis on electronic filling. With the introduction of technology enabling it to save electronically in preference to printing out paper HMCPSI is, year on year, closer to achieving these twin aims that have helped reduce its reliance on paper. Behaviour change has been encouraged with a "think before you print" scheme and double sided printing whenever practical. These initiatives have led to the marked reduction in the amount of paper used by HMCPSI.

Overall paper consumption is 28% lower than baseline.

Finite resource consumption: WATER

		Baseline 2009–10	2011-12	2012-13	2013-14
Non-Financial Indicators (m^3)	Water Consumption	8,018	7,422	6,283	7,186
	m^3 per FTE	8.82	8.89	7.50	7.8
Financial indicators (£)	Water Supply and disposal costs	19,962	21,457	12,580	13,131

Performance commentary

The GGC are that by 2015 the government will reduce water consumption with reports on water use against best practice benchmarks (ie 4m^3 per FTE).

Water consumption in OKS has increased despite the installation of new sensor taps in the toilets and changes made to the cisterns to reduce the need for double flushing which it was hoped would lead to reductions in water usage. Consumption increased during the warmer months of the year and with the increase in staff numbers has not reduced to pre-summer levels.

OKS water consumption is affected by the provision of two cafés in the building which are used by TSol and non-TSol staff. However water usage month on month in one of the cafés has been less than last year, partly due to the introduction of a new eco-friendly dishwasher which uses less water per cycle then the previous model This has resulted in a 20% reduction in water usage in this area.

TSol continue to work with its landlord and small savings were made by monitoring overnight usage where they were able to make minor adjustments. The landlord has also introduced solenoids for the urinals which will decrease the amount of water used.

AGO's water consumption has decreased due to replacement pumps and a new storage tank preventing leaks.

The Certificate and Report of The Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the HM Procurator General and Treasury Solicitor ('the Department') for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply 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 Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is 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 Government Resources and Accounts Act 2000. 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 Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; 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 Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that 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 regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2014 and shows that those totals have not been exceeded; and

- 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 Department's affairs as at 31 March 2014 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Management Commentary, Financial Review and the Governance Statement 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
- the financial statements and the part of the Remuneration 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.

Amyas C E Morse
Comptroller and Auditor General

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

12 May 2014

Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Treasury Solicitor's Department to prepare a Statement of Parliamentary Supply and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

Summary of Resource and Capital Outturn 2013-14

								2013-14	2012-13
				Estimate			Outturn	Voted Outturn	Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	compared with Estimate saving/ (excess)	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit									
Resource	SOPS 2.1	10,238	–	10,238	4,132		4,132	6,106	4,366
Capital	SOPS 2.2	2,050	–	2,050	1,622		1,622	428	1,204
Annually Managed Expenditure									
Resource	SOPS 2.1	–	–	–	(689)		(689)	689	1,417
Capital	SOPS 2.2	–	–	–	–	–	–	–	63
Total Budget		**12,288**	**–**	**12,288**	**5,065**		**5,065**	**7,223**	**7,050**
Non-Budget									
Resource		–	–	–	–	–	–	–	–
Total		**12,288**	**–**	**12,288**	**5,065**		**5,065**	**7,223**	**7,050**
Total Resource	SOPS 2.1	10,238	–	10,238	3,443		3,443	6,795	5,783
Total Capital	SOPS 2.2	2,050	–	2,050	1,622		1,622	428	1,267
Total		**12,288**	**–**	**12,288**	**5,065**		**5,065**	**7,223**	**7,050**

Net cash requirement 2013-14

	Note	2013-14 Estimate	2013-14 Outturn	Outturn compared with Estimate saving/ (excess)	2012-13 Outturn
		£000	£000	£000	£000
Net cash requirement	SOPS 4	**10,662**	**10,034**	**628**	**4,669**

Administration costs 2013-14

	Note	2013-14 Estimate	2013-14 Outturn	2012-13 Outturn
		£000	£000	£000
Total administration costs	SOPS 3.2	**10,238**	**4,132**	**4,366**

Figures in the areas outlined in bold are voted totals subject to Parliamentary control. In addition, although not a separate voted limit, any breach of the administration budget will result in an excess vote.

Explanations of variance against Estimate and Outturn are given in SOPS Note 2 and in the Management Commentary.

Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

SOPS1. Statement of accounting policies

The Statement of Parliamentary Supply and supporting notes have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The Statement of Parliamentary Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2013-14 Consolidated Budgeting Guidance and Supply Estimates Guidance Manual.

SOPS1.1 Accounting convention

The Statement of Parliamentary Supply and related notes are presented consistently with Treasury budget control and Supply Estimates. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework ‘European System of Accounts’ (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system, and the consequential presentation of Supply Estimates and the Statement of Parliamentary Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Parliamentary authority, in support of the Government’s fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government’s objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

SOPS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences. Those differences relevant to the Department’s accounts are explained below.

SOPS1.2.1 Provisions - Administration and Programme expenditure

Provisions recognised in IFRS-based accounts are not recognised as expenditure for national accounts purposes until the actual payment of cash (or accrual liability) is recognised. To meet the requirements of both resource accounting and national accounts, additional data entries are made in the Statement of Parliamentary Supply across AME and DEL control totals, which do not affect the Statement of Comprehensive Net Expenditure. As the Administration control total is a sub-category of DEL, Administration and Programme expenditure reported in the Statement of Parliamentary Supply is different from that reported in the IFRS-based accounts. A reconciliation is provided in SoPS note 3.2.

SOPS2. Net outturn

SOPS2.1 Analysis of net resource outturn by section

									2013-14	2012-13
	Outturn							Estimate		
	Administration			Programme			Total			
	Gross	Income	Net	Gross	Income	Net		Net total	Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit										
Voted										
A: TSol	133,212	(135,778)	(2,566)	–	–	–	(2,566)	2,579	5,145	(2,707)
B: AGO	4,632	(471)	4,161	–	–	–	4,161	4,477	316	4,241
C: HMCPSI	2,561	(24)	2,537	–	–	–	2,537	3,182	645	2,832
Non-Voted	–	–	–	–	–	–	–	–	–	–
Annually Managed Expenditure										
Voted										
D: Provisions	–	–	–	(961)	272	(689)	(689)	–	689	1,417
Non-Voted	–	–	–	–	–	–	–	–		–
Total	**140,405**	**(136,273)**	**4,132**	**(961)**	**272**	**(689)**	**3,443**	**10,238**	**6,795**	**5,783**

The variance between Estimate and Outturn is due to:

TSol underspent by £5,145k. Tsol operates largely on a demand led, full cost recovery basis. During 2013-14 income for provision of legal services was higher than budget due to significantly increased demand for its services and higher utilisation of staff plus income from the teams that joined TSol this year. Expenditure was higher than budget due to increased staff costs as staff numbers have increased as a result of the transfer in of in house legal teams from other government departments to TSol and as demand for services has increased. Its fees are set to achieve full cost recovery based on forecasts of future throughput and the cost base which is a mix of fixed and variable costs. Where productivity outperforms forecast or efficiencies are achieved in the cost base fees are revisited periodically to determine whether a fee reduction or fee rebate can be made in year. This year a £4m rebate was shared between litigation, employment and advisory clients.

AGO underspent by £316k due to a subletting lease of one floor of its accommodation at 20 Victoria Street, lower staff costs and reduced administration costs, including IT maintenance.

HMCPSI underspent by £645k due to lower staff costs.

No virements have been required for Resource Outturn.

SOPS2.2 Analysis of net capital outturn by section

						2013-14	2012-13
	Outturn			Estimate			
	Gross	Income	Net	Net total	Net total outturn compared with Estimate saving / (excess)	Prior year outturn
	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit						
Voted						
A: TSol	1,640	(18)	1,622	1,950	328	1,102
B: AGO	–	–	–	100	100	88
C: HMCPSI	–	–	–	–	–	14
Non-Voted	–	–	–	–	–	–
Annually Managed Expenditure						
Voted						
D: Provisions	–	–	–	–	–	63
Non-Voted	–	–	–	–	–	–
Total	**1,640**	**(18)**	**1,622**	**2,050**	**428**	**1,267**

The variance between Estimate and Outturn is due to:

Capital expenditure was lower than the Estimate. There was some slippage of expenditure into 2014-15.

No virements have been required for Capital Outturn.

SOPS3. Reconciliation of outturn to net operating cost and against Administration Budget

SOPS3.1 Reconciliation of net resource outturn to net operating cost

		Note	2013-14 Outturn £000	2012-13 Outturn £000
Total resource outturn in Statement of	Budget	SOPS 2.1	3,443	5,783
Parliamentary Supply	Non-Budget		–	–
Prior Period Adjustments			–	–
Net operating cost in Statement of Comprehensive Net Expenditure			**3,443**	**5,783**

SOPS3.2 Outturn against final Administration Budget and Administration net operating cost

	2013-14 £000	2012-13 £000
Estimate – Administration Cost Limit	**10,238**	**11,050**
Outturn – Gross Administration Costs	140,405	114,936
Outturn – Gross Income relating to administration costs	(136,273)	(110,570)
Outturn – Net administration costs	**4,132**	**4,366**
Reconciliation to operating cost		
Plus AME recognised in the Statement of Comprehensive Net Expenditure as administration cost but in the Statement of Parliamentary Supply as Programme	(188)	1,962
Less: provisions utilised (transfer from Programme)	(501)	(545)
Net Operating Costs	**3,443**	**5,783**

SOPS4. Reconciliation of net resource outturn to net cash requirement

				2013-14
	Note	**Estimate**	**Outturn**	**Net total outturn compared with estimate saving/ (excess)**
		£000	**£000**	**£000**
Resource outturn	**SOPS 2.1**	**10,238**	**3,443**	**6,795**
Capital outturn	**SOPS 2.2**	**2,050**	**1,622**	**428**
Adjustments to remove non cash items:	**4**			
Depreciation		(2,500)	(1,949)	(551)
Movement on provisions		–	188	(188)
Supported capital expenditure (revenue)		–	18	(18)
Other non cash		(126)	(106)	(20)
Adjustments to reflect movements in working capital balances:				
Increase/(decrease) in receivables	9	–	6,566	(6,566)
(Increase)/decrease in payables	11	1,000	5,374	(4,374)
Less movement in supply creditor	11	–	(5,623)	5,623
Use of provisions	12	–	501	(501)
Net cash requirement		**10,662**	**10,034**	**628**

The net cash requirement was not fully utilised.

Statement of Comprehensive Net Expenditure

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the value of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

for the year ended 31 March 2014

		2013-14	2012-13
	Note	**£000**	**£000**
Administration costs			
Staff costs	3	84,033	66,517
Other costs	4	18,505	19,703
Disbursements	5	36,625	29,908
Income	6	(135,720)	(110,345)
Net Operating Costs		**3,443**	**5,783**
Total expenditure		139,163	116,128
Total income		(135,720)	(110,345)
Net Operating Costs		**3,443**	**5,783**

Other Comprehensive Income

	2013-14	2012-13
	£000	**£000**
Items that will not be reclassified to net operating costs		
Net (gain) on:		
– revaluation of property, plant and equipment	–	(180)
– revaluation of intangibles	–	(192)
Total Comprehensive Net Expenditure	**3,443**	**5,411**

All income and expenditure is derived from continuing operations.

The notes on pages 61 to 79 form part of these accounts.

Statement of Financial Position

This statement presents the financial position of the Treasury Solicitor's Department. It comprises three main components: assets owned or controlled, liabilities owed to other bodies; and equity, the remaining value of the entity.

as at 31 March 2014

		31 March 2014		31 March 2013	
	Note	**£000**	**£000**	**£000**	**£000**
Non-current assets					
Property, plant and equipment	7	3,776		3,758	
Intangible assets	8	1,471		1,816	
Total non-current assets			**5,247**		**5,574**
Current assets					
Trade and other receivables	9	29,793		23,227	
Cash and cash equivalents	10	628		6,251	
Total current assets			**30,421**		**29,478**
Total assets			**35,668**		**35,052**
Current liabilities					
Trade and other payables	11	(15,948)		(21,322)	
Provisions	12	(442)		(504)	
Total current liabilities			**(16,390)**		**(21,826)**
Non-current assets plus net current assets			**19,278**		**13,226**
Non-current liabilities					
Provisions	12	(2,767)		(3,394)	
Total non-current liabilities			**(2,767)**		**(3,394)**
Total assets less liabilities			**16,511**		**9,832**
Taxpayers' equity and other reserves					
General Fund			16,088		9,399
Revaluation Reserve			423		433
Total equity			**16,511**		**9,832**

The notes on pages 61 to 79 form part of these accounts.

Jonathan Jones

Accounting Officer

8 May 2014

Statement of Cash Flows

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Treasury Solicitor's Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Departments' future public service delivery. Cash flows arising from financing activities include Parliamentary Supply and other cash flows, including borrowing.

for the year ended 31 March 2014

		2013-14	**2012-13**
	Note	**£000**	**£000**
Cash flows from operating activities			
Net Operating Costs		(3,443)	(5,783)
Adjustments for non-cash transactions arising in the year	4	1,865	3,837
(Increase) in trade and other receivables	9	(6,566)	(655)
Decrease in trade and other payables	11	(5,374)	(2,274)
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		5,286	2,021
Use of provisions	12	(501)	(545)
Net cash (outflow)/inflow from operating activities		**(8,733)**	**(3,399)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(947)	(1,042)
Purchase of intangible assets	8	(354)	(228)
Net cash (outflow) from investing activities		**(1,301)**	**(1,270)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		4,411	2,710
Net Financing		**4,411**	**2,710**
Net (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	10	**(5,623)**	**(1,959)**
Payments of amounts due to the Consolidated Fund		–	–
Net (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	10	**(5,623)**	**(1,959)**
Cash and cash equivalents at the beginning of the period	10	**6,251**	**8,210**
Cash and cash equivalents at the end of the period	10	**628**	**6,251**

The notes on pages 61 to 79 form part of these accounts.

Statement of Changes in Taxpayers' Equity

This statement shows the movement in the year on the different reserves held by the Treasury Solicitor's Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

for the year ended 31 March 2014

		General Fund	Revaluation Reserve	Total Reserves
	Note	**£000**	**£000**	**£000**
Balance at 1 April 2012		**10,320**	**166**	**10,486**
Changes in taxpayer's equity for 2012-13				
Net Parliamentary Funding – drawn down		2,710	–	2,710
Net Parliamentary Funding – deemed		8,210	–	8,210
Supply Payable Adjustment	11	(6,251)	–	(6,251)
Net operating costs for the year		(5,783)	–	(5,783)
Non-cash adjustments:				
Auditors' remuneration	4	88	–	88
Movements in Reserves				
Net loss on revaluation of property, plant and equipment		–	180	180
Net loss on revaluation of intangibles		–	192	192
Transfers between reserves		105	(105)	–
Total recognised income and expenditure for 2012-13		**(921)**	**267**	**(654)**
Balance at 31 March 2013		**9,399**	**433**	**9,832**
Changes in taxpayer's equity for 2013-14				
Net Parliamentary Funding – drawn down		4,411	–	4,411
Net Parliamentary Funding – deemed		6,251	–	6,251
Supply payable adjustment	11	(628)	–	(628)
Net operating costs for the year		(3,443)	–	(3,443)
Non-cash adjustments:				
Auditors' remuneration	4	88	–	88
Movements in Reserves				
Net gain on revaluation of property, plant and equipment		–	–	–
Net gain on revaluation of intangibles		–	–	–
Transfers between reserves		10	(10)	–
Total recognised income and expenditure for 2013-14		**6,689**	**(10)**	**6,679**
Balance at 31 March 2014		**16,088**	**423**	**16,511**

The General Fund represents the total assets less liabilities of each of the entities within the accounting boundary, to the extent that the total is not represented by other reserves and financing items.

The notes on pages 61 to 79 form part of these accounts.

Notes to the Departmental Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2013-14 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 Treasury Solicitor's Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Treasury Solicitor's Department are described below. They have been applied consistently in dealing with items considered material in relation to the Accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare an additional primary statement: the Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention and where material modified to account for the revaluation of property, plant and equipment and intangible assets at their value to the business by reference to their current costs.

1.2 Basis of consolidation

The accounts comprise a consolidation of the non-agency parts of the department and those entities that fall within the departmental boundary as defined by the FReM. Transactions between entities included in the consolidation are eliminated. A list of all entities within the departmental boundary is given at Note 19.

1.3 Property, plant and equipment

Assets are carried at estimated fair value. Expenditure on plant, property and equipment over £5,000 is capitalised on an individual or group basis. On initial recognition they are measured at cost including any costs (such as installation) directly attributable to bringing them into working condition.

1.4 Depreciation

Plant, property and equipment assets are depreciated at rates calculated to write them down on a straight-line basis over their estimated useful lives. Leasehold improvements are depreciated over the term of the lease.

Assets under construction are not depreciated until they are in use. Once in use they are depreciated over their expected useful life.

Asset lives are normally within the following ranges:

• Leasehold improvements	limited to period remaining on lease (up to ten years)
• Furniture, fittings and equipment	three, five or ten years
• Information technology and network	three to five years

1.5 Intangible Assets

Purchased and internally developed software, purchased software licences and website costs are capitalised as intangible assets.

Intangible assets under construction are not amortised until they are in use. Once they are in use, they are amortised over the life of the associated project or their expected useful economic life. Asset lives are normally within the following ranges:

- Software development three to five years
- Software licences three to five years
- Website costs five years

1.6 Impairments

Property, plant and equipment and intangible assets are subject to an annual impairment review, if there are any indicators of such impairments arising. Any impairment will be recognised as required by IAS 36 Impairment of Assets and accounted for as set out in *FReM*.

1.7 Revaluation reserve

The unrealised element of the Revaluation Reserve is disclosed in the Statement of Financial Position. Realised elements are transferred from the reserve to the General Fund. Downward revaluations are charged to the existing balance brought forward for that particular asset. If there is no previous balance, the charge is expensed in-year and disclosed in the Statement of Comprehensive Net Expenditure.

1.8 Income

Income relates directly to the operating activities of the Department. It principally comprises fees and charges for legal services provided during the year by the Treasury Solicitor's Department on a full-cost basis to clients external to the Department (central government departments, agencies and NDPBs) and recovery of disbursements incurred on their behalf. Charge-out rates are set in accordance with HM Treasury's guidance on fees and charges set out in *Managing Public Money* to achieve full cost recovery of chargeable services.

In addition, it includes other income such as charges for the administration costs of the Bona Vacantia Division which are recovered from the Crown's Nominee Account, rental income and service charge, recovery of costs for recruitment and training services provided to other government departments.

Income realised from Bona Vacantia assets is not included but reported separately in the Crown's Nominee Account.

Work in progress is recognised as operating income as incurred. This represents unbilled time charges which are valued at the appropriate charge-out rate, equivalent to full cost, for the financial year in which the work was undertaken and the actual and accrued cost of disbursements.

The unbilled and accrued disbursements at the year-end have been estimated based upon time taken to submit invoices for work carried out in prior years, modelling the expected disbursements for 2013-14 to the same pattern.

1.9 Debt Recovery

All aged debt is regularly reviewed to ascertain the continuing prospect of recovery and that it remains economical to continue to pursue recovery. Where recovery is considered doubtful or uneconomic, the Department will provide for or write-off the debt by reducing the value of debtors within the balance sheet.

1.10 Administration and Programme Income and Expenditure

All expenditure in the Statement of Comprehensive Net Expenditure is presented as administration expenditure.

In the Statement of Parliamentary Supply expenditure has been analysed between administration and programme income and expenditure in accordance with the Estimates Manual and HM Treasury's *Consolidated Budgeting Guidance 2013-14*.

Administration expenditure reflects the cost of running the Department. The Department's main administration costs relate to staff costs and accommodation. In addition, the Department also incurs substantial costs on legal disbursements. These are usually recharged to clients, except for certain costs incurred on behalf of the Attorney General's cases which are funded from the Estimate. Programme expenditure for the purposes of the Statement of Parliamentary Supply relates solely to provision movements.

1.11 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.12 Early Departure Costs

Under the previous Civil Service Compensation Scheme (in place until 22 December 2010) the Department was required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date.

Under the new Civil Service Compensation Scheme the Department pays over a lump sum to PCSPS to cover these costs in full following agreement of the departure rather than on an ongoing basis and therefore these transactions are expensed when they occur rather than being recognised as provisions.

The provision recognised for early retirement therefore reflects costs associated with staff who retired before the transition to the new Civil Service Compensation Scheme. The Department provided for these payments in full when the early retirement programme became binding by establishing a provision for the estimated future payments; these have not been discounted. The provision is written off to the Statement of Comprehensive Net Expenditure, as and when the liabilities materialise.

1.13 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department 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.

1.14 Operating Leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term from the date of occupation. Future payments as disclosed in Note 13 (Commitments under operating leases) are not discounted.

1.15 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury's discount rate of minus 1.9 per cent in real terms for short term provisions (applied to cash flows expected to be incurred up to 5 years from the Statement of Financial Position date) and minus 0.65 per cent in real terms for medium term provisions (applied to cash flows expected to be incurred between 5 and 10 years from the Statement of Financial Position date).

Provision is made for the cost of obligations arising under onerous contracts and for the estimated costs of dilapidation repairs. The estimated costs of removing capitalised leasehold improvements are provided and capitalised, such expenditure being amortised over the term of the lease.

1.16 Taxation

The Department is exempt from Income and Corporation Tax by way of its Crown exemption.

Where VAT is recoverable by the Department, amounts are included net of VAT. Irrecoverable VAT is included in operating costs and capital additions. The amount due to or from HM Revenue and Customs in respect of VAT is included within debtors or creditors as appropriate.

Some elements of operating income are subject to and stated net of VAT.

1.17 Third Party Assets

The Department holds various funds on behalf of its clients. These relate to ongoing legal processes. These balances are not recognised in the Statement of Financial Position but are disclosed in Note 18 to these accounts.

2. Statement of operating costs by operating segment

The Department's reportable segments are as follows:

- Treasury Solicitor's Department Agency (TSol)
- Attorney General's Office (AGO)
- HM Crown Prosecution Service Inspectorate (HMCPSI)

Management monitors the operating results of the three entities separately for the purpose of making decisions about resources to be allocated and of assessing performance. Each entity's performance is evaluated against the Voted Funds. The Treasury Solicitor's Department's services are described in the Annual Report.

2013-14	TSol	AGO	HMCPSI	Eliminations	Consolidated
	£000	£000	£000	£000	£000
Income and Expenditure					
Revenues					
Third Party	(135,256)	(441)	(23)	–	(135,720)
Inter-segment	(250)	(30)	–	280	–
Total Revenues	**(135,506)**	**(471)**	**(23)**	**280**	**(135,720)**
Gross Expenditure	132,251	4,632	2,280	–	139,163
Inter-segment	–	–	280	(280)	–
Net Operating Cost	**(3,255)**	**4,161**	**2,537**	**–**	**3,443**
Capital Expenditure					
Acquisitions	1,640	–	–	–	1,640
Assets and Liabilities					
Current Assets	30,270	142	9	–	30,421
Current Liabilities	(16,038)	(194)	(158)	–	(16,390)

Income primarily relates to fees and charges for legal services provided during the year to clients from central government departments, agencies and NDPBs. Government is treated as a single customer and therefore no further disclosure has been included in respect of revenues from major customers.

2012-13	TSol	AGO	HMCPSI	Consolidated
	£000	£000	£000	£000
Income and Expenditure				
Revenues				
Third Party	(109,672)	(372)	(36)	(110,080)
Inter-segment	(235)	(30)	–	(265)
Total Revenues	**(109,907)**	**(402)**	**(36)**	**(110,345)**
Gross Expenditure	108,485	4,775	2,603	115,863
Inter-segment	–	–	265	265
Net Operating Cost	**(1,422)**	**4,373**	**2,832**	**5,783**
Capital Expenditure				
Acquisitions	1,106	88	14	1,208
Assets and Liabilities				
Current Assets	29,030	184	264	29,478
Current Liabilities	(21,167)	(325)	(334)	(21,826)

3. Staff Numbers and Related Costs

3.1 Staff costs comprise:

					2013-14	2012-13
		Permanently employed staff	**Others**	**Ministers**	**Total**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Wages and salaries		57,691	–	127	57,818	47,370
Social security costs		4,938	–	13	4,951	3,955
Other pension costs		11,865	–	5	11,870	9,674
Subtotal		**74,494**	**–**	**145**	**74,639**	**60,999**
Agency and contracted staff		–	9,097	–	9,097	5,248
Inward secondments		–	297	–	297	270
Total		**74,494**	**9,394**	**145**	**84,033**	**66,517**
Less recoveries in respect of outward secondments	6	(1,190)	–	–	(1,190)	(1,138)
Total Net Costs		**73,304**	**9,394**	**145**	**82,843**	**65,379**

No staff costs have been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Treasury Solicitor's Department Agency is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the Annual Report and Accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk

For 2013-14, employers' contributions of £11,784,868 were payable to the PCSPS (2012-13: £9,589,613) at one of four rates in the range of 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually 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 of £77,359 (2012-13: £84,612) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2012-13: 3 to 12.5 percent) of pensionable pay. Employers also match employee contributions of up to 3% of pensionable pay. In addition, employer contributions of £nil (2012-13: £nil), 0.8 per cent 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 these employees. Contributions due to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

One member of staff retired early on ill health grounds (2012-13: Nil); the total additional accrued pension liabilities in the year amounted to £nil (2012-13: £nil).

3.2 Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

				2013-14	2012-13
				Number	Number
	Total	Permanent Staff	Others	Ministers	Total
TSol	1,283	1,090	193	–	1,046
AGO	42	40	–	2	44
HMCPSI	29	29	–	–	35
Total	**1,354**	**1,159**	**193**	**2**	**1,125**

No staff costs were capitalised in 2013-14.

3.3 Reporting of civil service and other compensation schemes – exit packages

			2013-14			2012-13
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	–	1	1	–	–	–
£10,000 – £25,000	–	2	2	–	–	–
£25,000 – £50,000	–	1	1	–	1	1
£50,000 – £100,000	–	–	–	–	1	1
£100,000 – £150,000	–	1	1	–	1	1
£150,000 – £200,000	–	–	–	–	4	4
£200,000 – £250,000	–	–	–	–	–	–
£250,000 – £300,000	–	–	–	–	1	1
Total number of exit packages by type	**–**	**5**	**5**	**–**	**8**	**8**
Total resource cost/£	**–**	**204,249**	**204,249**	**–**	**1,191,993**	**1,191,993**

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

4. Other Administration Costs

	Note	2013-14	2012-13
		£000	**£000**
Rentals under operating leases			
Hire of plant and machinery		362	192
Other operating leases		4,237	4,379
		4,599	**4,571**
Non-cash items			
Depreciation	7	1,273	1,206
Amortisation	8	676	577
Loss on disposal of non-current assets	7 & 8	16	4
Increase in provisions	12	3	2,071
Provisions not required written back	12	(123)	(174)
Unwinding of discount	12	(68)	65
Auditors' remuneration[1]		88	88
		1,865	**3,837**
Other expenditure			
Accommodation		2,245	2,027
Rates		1,887	1,901
Library information services		1,546	1,464
IT maintenance, consumables and network services		1,384	1,181
Recruitment		794	326
Training		427	256
Travel and subsistence		424	416
Utilities and cleaning		369	312
Professional programme and technical services		312	251
Publications		292	199
Stationery		276	231
Postal services		273	296
Records management		248	224
Office machines and consumables		216	145
Early departure costs		204	1,116
Communications		154	53
External HR Services		131	133
Welfare supplies and consumables		111	105
Subscription fees		107	90
Internal Audit		63	63
Other expenditure		578	506
		12,041	**11,295**
Total other administration costs		**18,505**	**19,703**

1. Auditors' remuneration represents the notional audit fees of £88k (2012-13: £88k) for the Departmental Resource Account, and Treasury Solicitor's Department Agency Account. There was no auditor remuneration for non-audit work

5. Disbursements

	Note	2013-14	2012-13
		£000	**£000**
Recoverable from clients	6	35,052	28,410
Funded from Supply		955	910
Disbursements recovered from fixed fees		618	588
Gross expenditure		**36,625**	**29,908**

6. Income

6.1 Analysis of income by classification and activity

	Note	2013-14	2012-13
		£000	**£000**
Legal fees and charges to clients		92,311	73,656
Recovery of costs from Bona Vacantia		3,779	3,775
Recovery of secondments out	3.1	1,190	1,138
Rental income		1,142	1,081
Tenant service charges		827	818
LION subscriptions		1,052	1,103
Other income		367	364
Total operating income		**100,668**	**81,935**
Disbursements	5	35,052	28,410
Total administration income		**135,720**	**110,345**

6.2 Analysis of income from services provided

An analysis of the Treasury Solicitor's Department Agency's income and associated costs is shown below. Charges for the provision of legal services and administration services to Bona Vacantia Division are set to recover full costs in accordance with HM Treasury's guidance on fees and charges set out in *Managing Public Money*. Disbursements are recovered at cost. This analysis is not for IFRS 8 purposes.

			2013-14			**2012-13**
	Income £000	**Full Cost £000**	**Surplus/ (deficit) £000**	**Income £000**	**Full Cost £000**	**Surplus/ (deficit) £000**
Income						
Legal fees and charges to clients	92,311	87,129	5,182	73,656	70,117	3,539
Disbursements	35,052	35,052	–	28,410	28,410	–
Recovery of costs from Bona Vacantia	3,779	3,779	–	3,775	3,775	–
Other income	4,364	4,364	–	4,066	4,066	–
Non-chargeable work	–	2,244	(2,244)	–	2,201	(2,201)
Total (TSDA)	**135,506**	**132,568**	**2,938**	**109,907**	**108,569**	**1,338**

In accordance with HM Treasury's guidance a notional cost of capital charge £317k is included for setting fees and charges and is also reflected in full cost figures for this analysis. The notional cost of capital is not recognized in the financial statements. The cost of capital charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for cash balances with the Government banking service, where the charge is £nil.

The income and expenditure disclosed relates solely to the Treasury Solicitors Department Agency and excludes the Attorney General's Office and HM Crown Prosecution Service Inspectorate.

7. Property, plant and equipment

	Assets under construction	Leasehold improvements	Information technology and network	Furniture, fittings and equipment	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2013	**308**	**2,959**	**5,109**	**2,499**	**10,875**
Additions	983	–	249	77	1,309
Disposals	–	–	(1,309)	(30)	(1,339)
Reclassification	(308)	–	308	–	–
At 31 March 2014	**983**	**2,959**	**4,357**	**2,546**	**10,845**
Depreciation					
At 1 April 2013	**–**	**1,515**	**4,023**	**1,579**	**7,117**
Charged in year	–	346	678	249	1,273
Disposals	–	–	(1,296)	(25)	(1,321)
At 31 March 2014	**–**	**1,861**	**3,405**	**1,803**	**7,069**
Carrying amount at 31 March 2014	**983**	**1,098**	**952**	**743**	**3,776**
Cost or Valuation					
At 1 April 2012	**7**	**2,833**	**4,135**	**2,403**	**9,378**
Additions	308	14	668	56	1,046
Capitalised Provision		63	–	–	63
Disposals	–	–	(263)	(2)	(265)
Reclassification	(7)	–	7	–	–
Revaluations	–	49	562	42	653
At 31 March 2013	**308**	**2,959**	**5,109**	**2,499**	**10,875**
Depreciation					
At 1 April 2012	**–**	**1,186**	**3,198**	**1,315**	**5,699**
Charged in year	–	308	655	243	1,206
Disposals	–	–	(259)	(2)	(261)
Revaluations	–	21	429	23	473
At 31 March 2013	**–**	**1,515**	**4,023**	**1,579**	**7,117**
Carrying amount at 31 March 2013	**308**	**1,444**	**1,086**	**920**	**3,758**
Carrying amount at 31 March 2012	**7**	**1,647**	**937**	**1,088**	**3,679**

Reconciliation of cash flows to property, plant and equipment additions

	2013-14	2012-13
	£000	£000
Property, plant and equipment additions	1,309	1,046
Movement in accruals for property, plant and equipment	(362)	(4)
Cash flows for property, plant and equipment	**947**	**1,042**

All the assets are fully owned.

8. Intangible assets

	Assets under construction	Development IT Software	Software licences	Website costs	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2013	**642**	**4,247**	**866**	**44**	**5,799**
Additions	116	2	213	–	331
Disposals	–	(134)	–	(44)	(178)
Reclassification	(700)	31	79	590	–
At 31 March 2014	**58**	**4,146**	**1,158**	**590**	**5,952**
Amortisation					
At 1 April 2013	**–**	**3,463**	**484**	**36**	**3,983**
Charged in year	–	349	202	125	676
Disposals	–	(134)	–	(44)	(178)
At 31 March 2014	**–**	**3,678**	**686**	**117**	**4,481**
Carrying amount at 31 March 2014	**58**	**468**	**472**	**473**	**1,471**
Cost or Valuation					
At 1 April 2012	**597**	**3,746**	**732**	**39**	**5,114**
Additions	112	16	34	–	162
Disposals	–	(90)	–	–	(90)
Reclassification	(67)	67	–	–	–
Revaluation	–	508	100	5	613
At 31 March 2013	**642**	**4,247**	**866**	**44**	**5,799**
Amortisation					
At 1 April 2012	**–**	**2,762**	**289**	**24**	**3,075**
Charged in year	–	413	155	9	577
Disposals	–	(90)	–	–	(90)
Revaluation	–	378	40	3	421
At 31 March 2013	**–**	**3,463**	**484**	**36**	**3,983**
Carrying amount at 31 March 2013	**642**	**784**	**382**	**8**	**1,816**
Carrying amount at 31 March 2012	**597**	**984**	**443**	**15**	**2,039**

Reconciliation of cash flows to intangible asset additions

	2013-14	2012-13
	£000	£000
Intangible asset additions	331	162
Movement in accruals for intangible assets	23	66
Cash flows for intangible assets	**354**	**228**

All the assets are fully owned.

9. Trade receivables and other current assets

9.1 Analysis by type

	31 March 2014	31 March 2013
	£000	**£000**
Amounts falling due within one year:		
Unbilled time	5,213	4,631
Unbilled disbursements	9,731	8,901
Trade receivables	11,108	5,640
Deposits and advances	370	296
Prepayments and accrued income	3,371	3,742
	29,793	**23,210**
Amounts falling due after more than one year:		
Prepayments and accrued income	–	17
Total receivables and other current assets	**29,793**	**23,227**

9.2 Intra–government balances

	31 March 2014	31 March 2013
	£000	**£000**
Amounts falling due within one year:		
Balances with other central government bodies	28,034	20,349
Balances with local authorities	–	210
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	233	1,528
Sub total: intra-government balances	**28,267**	**22,087**
Balances with bodies external to government	1,526	1,123
Subtotal	**29,793**	**23,210**
Amounts falling due after more than one year:		
Balances with bodies external to government	–	17
Total receivables and other current assets	**29,793**	**23,227**

This note provides an analysis of the amounts owed to the Department by different groups of public sector bodies and bodies external to government.

10. Cash and cash equivalents

	2013-14	2012-13
	£000	**£000**
Balance at 1 April	**6,251**	**8,210**
Net change in cash and cash equivalents	(5,623)	(1,959)
Balance at 31 March	**628**	**6,251**

All balances were held with the Government Banking Service.

11. *Trade payables and other current liabilities*

11.1 Analysis by type

	31 March 2014	31 March 2013
	£000	**£000**
Amounts falling due within one year:		
VAT	3,402	2,749
Other taxation and social security costs	1,684	1,429
Trade payables	56	71
Other payables	472	127
Accruals	9,466	10,557
Deferred income	240	138
	15,320	**15,071**
Amounts issued from the Consolidated Fund for Supply and not spent at year end	628	6,251
	628	**6,251**
Total payables and other current liabilities	**15,948**	**21,322**

The Department has no creditors falling due after more than one year.

11.2 Intra–government balances

	31 March 2014	31 March 2013
	£000	**£000**
Amounts falling due within one year:		
Balances with other central government bodies	6,080	11,813
Balances with local authorities	–	1
Balances with NHS Trusts	–	–
Balances with public corporations and trading funds	532	1,167
Subtotal: intra-government balances	**6,612**	**12,981**
Balances with bodies external to government	9,336	8,341
Total payables and other current liabilities	**15,948**	**21,322**

This note provides an analysis of the amounts owed by the Department to different groups of public sector bodies and bodies external to government (external suppliers).

12. Provisions for liabilities and charges

	Note	Early retirement costs	GPLA closure costs	Leasehold dilapidations	2013-14 Total	2012-13 Total
		£000	£000	£000	£000	£000
Balance at 1 April		**485**	**1,299**	**2,114**	**3,898**	**2,418**
Provided in the year	4	3	–	–	3	2,071
Capitalised dilapidations	7	–	–	–	–	63
Provisions not required written back	4	–	(123)	–	(123)	(174)
Unwinding of discount	4	–	(18)	(50)	(68)	65
		488	**1,158**	**2,064**	**3,710**	**4,443**
Provisions utilised in the year						
Costs		(193)	(580)	–	(773)	(770)
Income		–	272	–	272	225
		(193)	**(308)**	**–**	**(501)**	**(545)**
Balance at 31 March		**295**	**850**	**2,064**	**3,209**	**3,898**

Analysis of expected timing of discounted cash flows

	Early retirement costs	GPLA closure costs	Leasehold dilapidations	2013-14 Total	2012-13 Total
	£000	£000	£000	£000	£000
Not later than one year	110	332	–	442	504
Later than one year and not later than five years	185	518	925	1,628	2,202
Later than five years	–	–	1,139	1,139	1,192
	295	**850**	**2,064**	**3,209**	**3,898**

Explanatory Notes

12.1 Provision for early retirement and pension commitments

The provision recognised for early retirement reflects costs associated with staff who retired before the transition to the new Civil Service Compensation Scheme. The Department provided for these payments in full when the early retirement programme became binding by establishing a provision for the estimated future payments; these have not been discounted. The provision is written off to the Statement of Comprehensive Net Expenditure, as and when the liabilities materialise.

12.2 Provision for GPLA closure costs

The Government Property Lawyers Agency (GPLA) closed with effect from September 1999. At that time, a provision was made for the costs of closure.

In 2000, the remaining assets and liabilities of the GPLA were amalgamated with the assets and liabilities of Treasury Solicitor's Department Agency. The balance of the provision is for the ongoing lease costs of the building that GPLA occupied. The GPLA signed a 25-year fixed term lease on the building, which covered the period up to 25 March 2016. The offices have been sublet to a number of government bodies for a proportion of the lease term at current market rents. Provision has been made in respect of this onerous contract as allowed under IAS 37, for the unoccupied areas of the building or where an under lease term expires prior to the over lease end-date.

This provision is calculated by reference to the estimated risk-adjusted net cash flows, discounted for the effect of the time value of money, using the Treasury discount rate of minus 1.9 per cent in real terms (2012-13: minus 1.8 per cent).

12.3 Provision for Dilapidations

A provision has been made for dilapidations obligations under the Agency's leases. These obligations are to remove the leasehold improvements and return the properties at the end of the leases to their original state. The estimated costs of removing capitalised leasehold improvements are provided and capitalised, such expenditure being amortised over the term of the lease. The valuation of the liability falls within typical industry ranges for dilapidations settlements of £5 to £20 per square foot. If the provision were to be increased to the top end of this range, the liability would increase by approximately £1.1m. If the provision were to be decreased to the lower end of this range, the liability would fall by approximately £1.3m.

This provision is calculated by reference to the estimated risk-adjusted net cash flows, discounted for the effect of the time value of money, using the Treasury discount rate of minus 1.9 per cent in real terms for cash flows occurring within 5 years and minus 0.65 per cent in real terms for cash flows occurring between five and ten years of the reporting date (2012-13: minus 1.8 per cent and minus one per cent).

13. Commitments under operating leases

13.1 Total future minimum lease payments under operating leases are given in the table below for each of the following periods

	2013-14		2012-13	
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Obligations under operating leases for the following periods comprise:				
Not later than one year	4,844	387	4,870	384
Later than one year and not later than five years	16,808	244	18,361	601
Later than five years	2,833	4	6,686	–
	24,485	**635**	**29,917**	**985**

13.2 Total future minimum sublease payments expected to be received under non-cancellable subleases are given for each of the following periods

	2013-14		2012-13	
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Payments expected to be received under subleases for the following periods comprise:				
Not later than one year	1,150	–	1,132	–
Later than one year and not later than five years	3,404	–	3,498	–
Later than five years	417	–	1,252	–
	4,971	**–**	**5,882**	**–**

14. Financial Instruments

As the cash requirements of the Department are primarily met from income from clients (other government departments) and a limited amount through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy in non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

15. Contingent liabilities

15.1 Contingent liabilities disclosed under IAS 37

There were no contingent liabilities as at 31 March 2014 (31 March 2013: £nil).

15.2 Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes

The Department has not entered into quantifiable or unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort as at 31 March 2014 (31 March 2013: £nil).

16. Losses and special payments

Managing Public Money requires a statement showing losses and special payments by value and by type to be shown where they exceed £300k in total, and those individually that exceed £300k.

There are no significant losses and special payments that need to be reported in accordance with Managing Public Money.

17. Related party transactions

The Department, through its Agency, has had a significant number of material transactions with other government departments and public agencies since the nature of the Agency's business is to provide legal services to central government. The Treasury Solicitor, by virtue of the Treasury Solicitor Act 1876, is also the Crown's Nominee (see Annual Report).

The Crown Prosecution Service (CPS) provides IT and hardware and network support services to the HM Crown Prosecution Service Inspectorate (HMCPSI). The services are provided in order for HMCPSI to fulfil its monitoring role in relation to the CPS. The services are provided to HMCPSI free of charge in accordance with a protocol signed on 10 and 11 April 2003.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with the Treasury Solicitor's Department during the year.

Board members' remuneration is disclosed in the Remuneration Report.

18. Third party assets: client monies

Funds are required in advance from clients to enable settlement of awards for damages and contributions toward the cost of court proceedings. The Department places these funds on deposit until the final costs of a case have been calculated and settled. These are not departmental assets, these are accounted for as funds held on behalf of third parties and as a consequence do not appear in the these accounts. As at 31 March 2014, these amounted in total to £7,541,997 (31 March 2013: £7,209,903). An analysis of the movements on these accounts is shown in the table below:

	2013-14	**2012-13**
	£000	**£000**
Opening balance at 1 April	**7,210**	**8,243**
Gross inflows	92,457	123,292
Gross outflows	(92,125)	(124,325)
Closing balance at 31 March	**7,542**	**7,210**

These balances are held with the Government Banking Service.

19. Entities within the departmental boundary

The entities within the boundary during 2013-14 were as follows:

Supply-financed agencies:
Treasury Solicitor's Department Agency (TSol)

Non-Executive Non-Departmental Public Bodies
None

Other entities:
Attorney General's Office (AGO)

HM Crown Prosecution Service Inspectorate (HMCPSI)

The annual report and accounts of the Treasury Solicitor's Department Agency are published separately.

20. Impending application of newly issued accounting standards not yet effective

The Department has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable. References to 'new IFRSs' includes new Interpretations and any new amendments to IFRSs and Interpretations. It has been determined that the following new IFRSs are relevant to the Department, but will have no significant impact on the Department's financial statements.

New IFRSs

IFRS 13 – Fair Value Measurement

21. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are none to report.

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