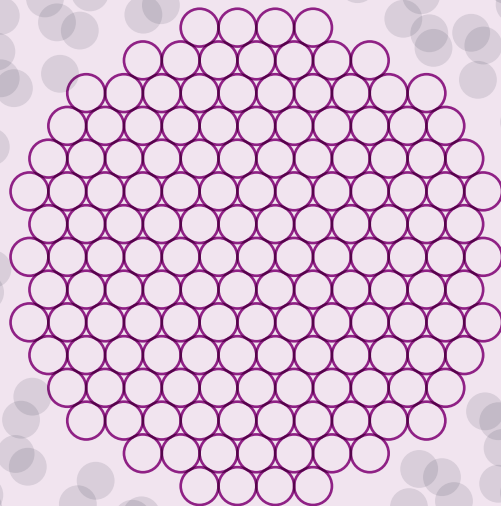




Government  
Legal Department

Government Legal Department

# Annual Report and Accounts 2015–16







Government  
Legal Department

Government Legal Department

# Annual Report and Accounts 2015–16

For the year ended 31 March 2016

Accounts presented to the House of Commons pursuant to section 7 of the  
Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty

**Ordered by the House of Commons to be printed 19 May 2016.**

**HC 6**



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# Performance report

## Chief Executive's report to the Attorney General



It has been another busy and exciting year, our first under our new name of the Government Legal Department. The wide variety of "day-to-day" legal work has seen us tackling issues as

varied as EU reform, the constitution including new procedures on "English Votes" and the Strathclyde review on secondary legislation, the Thames Tideway tunnel and the Northern Powerhouse Fund. Once again our litigators have been busy: we spent around 640,000 hours on litigation work, and took on 32,000 new cases. In addition to the 'day-to-day' work, we have responded to emerging situations, and this report highlights some of those achievements, including responding to the winter floods, the EU negotiations, plans for the referendum, and our ability to continue to deliver excellent and responsive legal services under the most extreme circumstances - a major fire.

This year we have begun to introduce new ways of working as a unified organisation, consolidating our initial success in building a shared legal service for government. We have brought in innovations in how we conduct litigation, including allowing our own people to act as advocates and train as paralegals. We piloted an SI Hub, to improve the quality and efficiency of our drafting of statutory instruments. We have begun looking at the way government uses private sector law firms, and developing a strategy to bring efficiencies and improvements in the way that external legal services are procured and managed.

In the coming year, we will continue to look for opportunities to innovate, improve and make greater efficiencies in all aspects of the services we deliver. Our aims include making some services available to clients online, using digital technology to improve how we share knowledge and information within the Department, and finding better ways to work across teams to share best practice, develop standard products and reduce duplication.

We remain committed to achieving the best outcome for our clients, and were pleased that 95% of them rated our service as "good" or "excellent" in our annual client survey. This reflects the continuing high quality legal work delivered by all groups across the Department and the strong client relations we have established.

Against the backdrop of continued change, we were pleased with our results from the Civil Service People Survey. We improved our overall response rate to 80%, and our staff engagement index was 60% - at 2% higher than the civil service average this is a good achievement.

We will continue to build on this good work in the coming year, as a professional, efficient and high performing organisation which helps the government to govern well, within the rule of law.

**Jonathan Jones**

**Treasury Solicitor**

12 May 2016





## Overview

### Who we are

The Government Legal Department (GLD) is a non-ministerial government department providing legal services to the majority of government departments and other publicly funded bodies in England and Wales.

We are currently one of the largest legal organisations in the country, with around 2,000 staff, of whom the vast majority (c1,400) are lawyers and paralegals based in more than 20 locations.

Our responsibilities include:

- advising ministers and policy makers on domestic, public and private law, European Community law, international law and human rights
- providing litigation services to government departments and public bodies, covering public and private law issues
- providing legal services to support public enquiries
- drafting statutory instruments and other subordinate legislation
- preparing instructions for bills to be drafted by Parliamentary Counsel and advising ministers and policy administrators during the passage of bills through Parliament
- advising the Civil Service on the modernisation of the terms and conditions of government employees
- collecting, managing and disposing of *bona vacantia* (ownerless personal and corporate property and other assets) in England, Wales and Northern Ireland

The Government Legal Service (GLS) Secretariat supports the Treasury Solicitor in his role as the professional Head of the Government Legal Service.

GLD supports the Attorney General's Office, which provides legal and policy advice to the Attorney General and the Solicitor General (the Law Officers).

GLD also provides some support services to HM Crown Prosecution Service Inspectorate (HMCPPI), the independent inspectorate of the Crown Prosecution Service.

The financial statements at pages 47 to 59 relate to activity carried out by GLD in the year 2015-16 and are prepared under a direction issued by HM Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

## Core purpose and vision

### *We help the government to govern well, within the rule of law*

Our vision is to be:

- **trusted** by government to provide consistently excellent and value for money services so government departments want to come to us to meet their legal needs
- known throughout the legal profession for the **quality** of our legal work
- the **best employer** for our people

### *Trusted*

We will:

- provide consistently excellent, efficient and value for money services so government departments want to come to us to meet their legal needs
- add value as a result of providing government legal services from one department
- commit to achieving the best outcome for government, for clients and the public purse
- demonstrate our unique knowledge and understanding of government and public law and specialist expertise including litigation, employment and commercial law
- be proactive and anticipate client needs

### *Quality*

We will:

- focus on quality and continuous improvement and strive for excellence in all we do
- build strong relationships with the legal profession and the judiciary
- be a role model and pioneer in the leadership of professions

## *Best employer*

We will:

- provide unrivalled opportunities for interesting, varied, high quality, challenging work in a professional environment
- value individuals and support them to fulfil their potential
- be an inclusive and open organisation and involve our people in how it is run
- provide a work/life balance that meets individual and business needs

## Our strategy

Our overall goal is that by 2020 our core purpose and vision become a reality. Our strategic goals to achieve this for our work, our clients and people are:

### *Work*

We will:

- continue with our existing range of work, although there may be changes at the margin
- deliver excellent quality and efficient legal services to our clients
- offer centralised expert services – commercial, litigation and employment – and look at opportunities for others
- keep our charges flat where possible or demonstrate the value for money of increases
- continue to drive up the quality of our legal work through continuous improvement
- develop stronger relationships with external legal providers, the rest of the legal profession and judiciary
- move to more flexible working, as the government's property plan is likely to reduce our presence in central London

## *Clients*

We will:

- remain the principal provider of legal services to Whitehall ministerial departments
- only act for clients beyond our core client base of Whitehall ministerial departments where we have the capacity and capability to do so without compromising the service to our existing clients and when it is the best solution for the government as a whole
- make visible efforts to help our clients reduce their legal costs as budgets are tight
- build on our good reputation for high levels of client satisfaction, demonstrating the worth of our shared legal service and the value of the outcomes clients get for their fees
- help clients to build their capability to support better decision making and reduce their call on us
- strengthen engagement with clients, building on our successful relationship management arrangements
- find innovative and more efficient ways to work, while maintaining quality and reducing costs to clients
- ensure our heads of expert services and relationship managers work closely together to deliver a joined up, coherent and complete team service to the client

## *People*

We will:

- continue our commitment to be the best employer for our people
- value and promote diversity and equality of opportunity within our organisation
- set the tone in a friendly, collegiate and supportive work environment because our values matter to us
- help all our staff to develop their careers whatever their grade and discipline
- offer a full career for government lawyers within our organisation with a range of interesting and rewarding work, much of which cannot be found with any other employer
- ensure that other professionals and specialists in our organisation will benefit from the expansion of shared services across the civil service
- be more proactive in helping our staff to take advantage of these greater opportunities
- support work-life balance, which is an important component of our offer
- support managers, staff and teams as we embrace more remote working

## What we do

Our principal activities are delivered as follows:



**Advisory Divisions** provide legal advice to ministers and officials of all central government departments

other than the Department of Business, Innovation & Skills, the Department of Energy & Climate Change, the Foreign and Commonwealth Office and HM Revenue and Customs and to a number of smaller departments, agencies and public bodies in England and Wales. The European Law Group coordinates consideration of EU legal issues across Whitehall and represents the United Kingdom before the Court of Justice of the European Union.



**Litigation Group** provides civil litigation services to government departments and many other publicly funded bodies. It is one of the largest practices of its kind in the country, handling nearly 62,000 cases in 2015-16 (62,000 in 2014-15).

Among its major areas of work are: administrative law; immigration; personal injury; planning; and charity matters. The Group also plays a major role in supporting public inquiries. Its work often raises questions of constitutional importance. It instructs private-sector barristers and solicitors to undertake work on cases where this approach represents good value for public funds and is appropriate to do so.



**Employment Group** is one of the largest employment law practices in the country. It handles all the government's employment litigation and the vast majority of its employment advisory work.

The Group undertakes 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.



**Commercial Law Group** was created in June 2014, bringing together all central government's commercial

advisory and litigation lawyers into a single dedicated unit. It includes a specialist commercial litigation and dispute resolution team. It also supports individual departments in their commercial arrangements and its lawyers can expect to be involved in some of the most high profile, complex and far reaching commercial issues in government.



**Bona Vacantia Division (BV)**

administers the estates of people 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 Account and separately notified to Parliament as prescribed in the Treasury Solicitor (Crown's Nominee) Rules 1997 (SI 1997/2870).



**Government Legal Service**

**Secretariat (GLSS)** advises and

supports the Treasury Solicitor in his role as the professional 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.



**Finance and Operations, and**

**People and Change Divisions** are

responsible for leading and co-ordinating programmes of change across GLD to ensure that we meet clients' needs with cost effective and value for money legal and other services; and for providing the central services required to support the rest of the business including governance and strategy, communications and engagement, finance and performance, human resources, procurement, facilities management, security, information and communications technology (ICT), business assurance, resilience, and library services.

## How we are funded

We are funded almost entirely through the fees we charge clients for legal services.

Approval to make capital investment and spend the income generated each year is obtained through the Parliamentary Supply process and allocated in the HM Procurator General and Treasury Solicitor Main Estimate (available on the HM Treasury website [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)).

The table below provides a more detailed analysis of how we fund our work. As agreed with HM Treasury, we do not seek to make a surplus. The charging regime for 2015-16 reflects the mutual relationship we have with our clients.

| <b>Division</b>  | <b>Funding</b>   |
|--|--|
| Advisory   | Fixed fees. A small proportion of work is charged at hourly fees   |
| Litigation   | Essentially hourly fees to client departments. A small proportion of general public interest work is funded from the Parliamentary Estimate                        |
| Employment   | A mix of fixed fees and hourly fees depending on the nature of the work  |
| Commercial   | A mix of fixed fees and hourly fees depending on the nature of the work  |
| Bona Vacantia  | Costs are funded from the proceeds of <i>bona vacantia</i>   |
| Finance and Operations, and People and Change Divisions and the GLS Secretariat (GLSS) | Substantially recovered by the legal divisions' charges to clients. Some GLSS staff costs are recovered from GLS departments for recruitment and training services |

## Looking to the future

Looking ahead, 2016-17 will continue to raise many challenging and important legal issues for the government and for GLD. We will need to work with our clients as they set their priorities and establish their requirements for legal services following the 2015 Spending Review. We will continue to seek opportunities for innovation, improvement and greater efficiencies in all aspects of the services we deliver. This will include looking at how digital solutions can be used to enhance knowledge management and the provision of online services to clients. Our Advisory Best Value Project will find better ways to share best practice, develop standard products and reduce duplication across advisory legal teams while the external legal strategy will provide efficiencies and improve the way that external legal advice is procured and managed. Delivery of our accommodation and technology strategies will support the modernisation of ICT and flexible working practices.

Our specific objectives, and associated risks and opportunities, for 2016-17 are included in our Business Plan published at [www.gov.uk/gld](http://www.gov.uk/gld).

## How we performed

The GLD Business Plan, published in July 2015, set out the actions to be taken over the course of the year to deliver our objectives in support of our vision. The following pages

describe the activity and progress made against these and the performance measures agreed with HM Treasury.

**Vision: Trusted by government to provide consistently excellent and value for money services so government departments want to come to us to meet their legal needs**

### *Partnership with clients*

To build on our partnership with our clients we have refreshed our Relationship Management Strategy, and developed and delivered an action plan to improve our client satisfaction. Actions taken include refreshing the approach to the Relationship Managers' Forum and using it to build a stronger shared understanding of the role of Relationship Managers, reviewing and refreshing the training delivered to new joiners on relationship management; and the development of a suite of standard legal awareness products, available to all staff through our intranet, to support delivery of legal awareness sessions to our clients.

### *Demonstrating the benefit of our services to our clients*

We have developed a suite of client facing management information for our major clients. Our original objective was to produce a standard management information pack but given the varying nature of our clients' businesses these have been tailored to meet their needs. We have continued to improve and refine the management information captured through our Case Management System, including providing greater detail in relation to the outcome of litigation. We have also developed our internal management

information for Advisory Divisions and have rolled out a balanced scorecard for Advisory Legal Directors following a successful pilot.

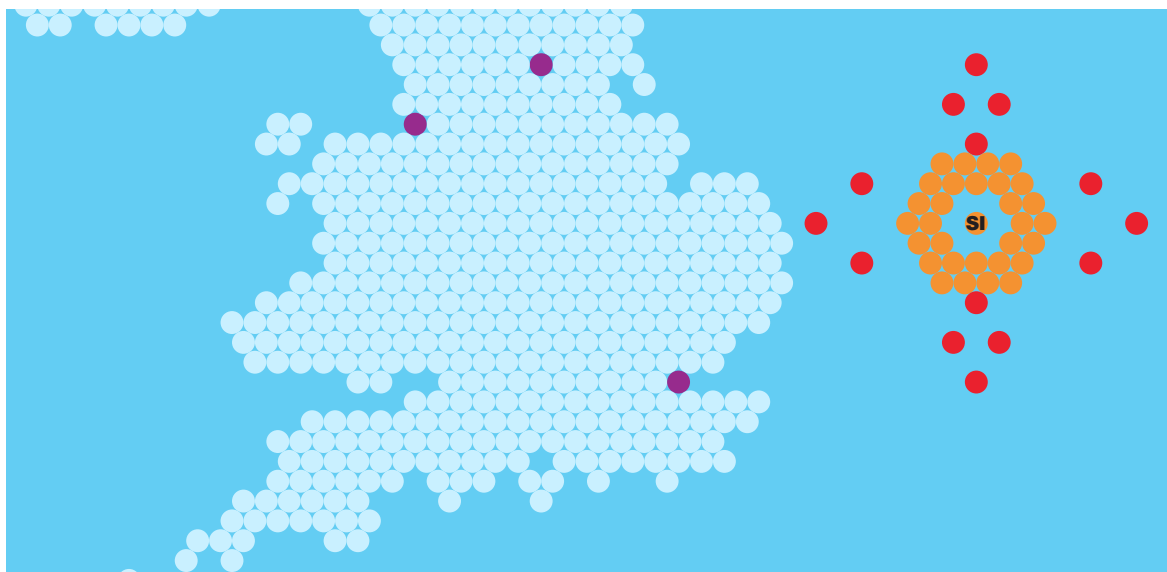
### *New ways of working*

These are being introduced to reduce cost, add value and maintain quality. These include:

- our External Legal Services Strategy should provide efficiencies and improve the way that external legal advice is procured and managed
- innovations in the conduct of litigation, including having certain immigration challenges served directly on the client, the use of our own staff as advocates and the use of paralegals (for instance, nearly 40% of immigration cases are now handled by paralegals)
- further investment in our Case Management System to bring improved efficiency and service delivery
- the introduction of Finance Business Partners to enhance business management support

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## New ways of working



### Commercial Law Group and the SI Hub

One of the innovations to deliver the benefits of a shared legal service has been to expand the number of expert services, adding to the existing litigation and employment services.

The **Commercial Law Group**, established in 2014, is now one of the largest commercial law practices in the country, made up of around 130 people across eight teams based in London, Leeds and Warrington.

The transactional and advisory teams have helped clients with some of the largest and most complex transactions across government, including the new delivery model for probation services, and work on DWP's complex and extensive IT estate. The litigation and dispute resolution team has supported some of the highest profile legal claims in the commercial world including helping provide battleships to MOD; defending subsidies for DECC; enforcing EU grants for DCLG; defending intellectual property for No. 10; defending tax credits for HMT and medicines for DH.

Wendy Hardaker, Commercial Law Director, was delighted to receive the Civil Service Leadership Award in recognition for her passion, drive and determination in delivering this expert service through her teams.

In January 2015, GLD launched a pilot **SI Hub**, a joint project with Parliamentary Counsel, to centralise the specialism of drafting statutory instruments for any of GLD's client departments. The pilot proved that a specialist expert drafting resource has the potential to boost quality and improve value for money, and demonstrated the benefits of coordinating learning and guidance across our advisory divisions. The Hub quickly became recognised as an authoritative voice and means of support on difficult drafting and handling points for statutory instruments. During the pilot period, the team worked on 69 statutory instruments for 11 client departments and the Local Government Boundary Commission. The biggest was 547 pages (The Traffic Signs Regulations) and the smallest have had only 2 pages.

On 1 April 2016, the Hub became permanent. It aims to do at least 20% of GLD's drafting across all advisory divisions, and may expand further in future. It will also continue and expand its 'centre of excellence' work on learning, guidance and training.



## Litigation and Service Now

We continue to explore new ways of working to improve efficiency and reduce costs, to us and to client departments.

Working closely with colleagues in the Home Office, our **Litigation Group** has introduced a range of initiatives that have contributed to significant savings in what the Home Office spends on litigation. This has included changes to the process of allocating cases to streamline GLD and Home Office involvement, and increasing the use of paralegals in our immigration teams. Around 40% of our immigration casework is now handled by paralegals, supported and supervised by lawyers, which means experienced lawyers have capacity to handle our more complex and demanding casework.

A new case management system was introduced to the Department six years ago. Now that system is fully embedded in our litigation practice, we are working to improve its effectiveness and functionality. The improvements include streamlining processes and producing better management information for internal and external use.

To improve the way in which we respond and manage individual HR queries, we have introduced a **Service Desk** single portal to receive all requests. The portal also allows people to access HR guidance and use the search facility to find answers to questions for themselves. It is already managing processes relating to staff changes (joiners and leavers, and moves within GLD) and we will introduce further HR processes throughout 2016. We aim to reduce the volume of queries dealt with directly by the HR team by up to 60%. The portal allocates a unique number to every request and allows HR management to monitor response times and how issues raised have been dealt with. Initial feedback received on the changes to date has been very positive.

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## Vision: Known throughout the legal profession for the quality of our legal work

### *Consistently excellent advice*

We have published updated guidance on how to approach legal risk supported by training, to ensure a consistent approach to the assessment and presentation of legal risk to policy colleagues and ministers. A cross-GLD legal risk group is reviewing how the guidance is being used and embedded.

Our “Excellence in Advisory Work” guidance has been rolled out following a number of successful workshops. This will help us share best practice for all lawyers undertaking advisory work and give good induction support for new members of staff. Work to embed the guidance in divisions is ongoing.

A successful three month pilot was run on “delivering a quality assurance framework for advisory divisions”, involving panel reviews of samples of advice from four divisions against

set criteria. Consideration is being given to rolling out these quality panels across all advisory divisions in 2016-17.

Five “centres of excellence” have been established, following a pilot, to provide assistance and guidance and policy and handling issues, maintain cross team networks, provide training and create and maintain knowledge management and guidance material. Further work on this initiative will now be taken forward as part of the Advisory Best Value Programme in 2016-17. Knowledge Management support to these centres is provided by the lead Director on knowledge management and the Legal Quality Team.

We delivered the annual Government Legal Training Programme which provided all legal training to the GLS for the first time as one discrete offer. This was achieved by combining

the core products provided by the Government Legal Training Group with departmental and local programmes previously delivered independently by GLD teams, HMRC and BIS. This saw an increase in places and variety of topics available to all government lawyers. Over the year 100 events were presented, providing a total of 9,077 training places.

Work is now progressing on the establishment of a Core Curriculum for the GLS, bringing us into line with the aims of Civil Service Learning. A pilot, which will focus on administrative and constitutional law is in preparation, with agreement now in place with Hub TV to develop and host new webinars essential to its content. The pilot is expected to launch by summer 2016, with an evaluation of its impact anticipated in December 2016. This will include a comparison of the new approach to training and the impact of the learning experience against the current offer, recommendations for future product types, and proposals for the look of the full Government Legal Training Programme as delivered from 2016-17, along with expected cost and resource impact. If the findings from the pilot are positive and a business case is accepted, the aim will be to proceed with the development of the remaining parts of the Core Curriculum.

Knowledge Management continues to improve. The annual benchmarking exercise was conducted for the second year running and the results showed an almost universal improvement across the GLD compared to last year. The Legal Quality Team continues to engage with Knowledge Champions and Divisions to ensure knowledge management complies with our 15 Essential Requirements and to help establish systems and cultures in teams where these are less well developed. Teams are being encouraged to conduct “Lessons learnt” exercises and consider sharing as much knowledge and experience as reasonably possible across divisions. Looking ahead we will be looking at how we can use digital solutions to enhance knowledge management and combine it with new online services for clients. Stephen Cave has been appointed as Digital Director to lead the work to find new ways of using digital opportunities for both our clients and for GLD.

### *Effective litigation outcomes*

We have embedded the early resolution work in Employment Group, which has involved training for both our staff and our major clients. Also, we have collected a significant amount of data to help us consider our approach to best practice in relation to the strategic management of litigation.

### *Excellent primary and secondary legislation*

We have successfully piloted a new approach to delivering Statutory Instruments (SIs), which brought together people from four advisory divisions in a SI Hub. The pilot demonstrated that a hub could improve the quality, consistency and efficiency of SI delivery. We are now establishing a larger permanent hub, which will take on at least 20% of the drafting work for GLD in 2016-17 and continue to provide a centre of excellence for all GLD.

The SI Hub and the Legal Quality Team looked at quality metrics for SIs, including the number of reported and correcting SIs. Directors will now take forward any quality concerns with the SI Hub. Improvements are also to be made to the collection of data to allow more accurate and monthly and annual reporting.

Systems were also introduced to collect quality metrics on primary legislation. Periodic feedback is now obtained from the AGO on the use of Legal Issues Memoranda and from the Office of Parliamentary Counsel on the quality of Bill instructions to them. The quality of delegated powers memoranda continues to be monitored and a memoranda template was issued, and guidance re-circulated, to address the issue of variable quality reported on by the Delegated Powers and Regulatory Reform Committee.

## Support to EU negotiations and the Referendum

One of the central commitments in the Conservative Party manifesto was to negotiate ‘a new settlement for Britain in the EU’ and to hold an “in/out” referendum on the Britain’s membership of the European Union before the end of 2017.



© European Union

### The Referendum

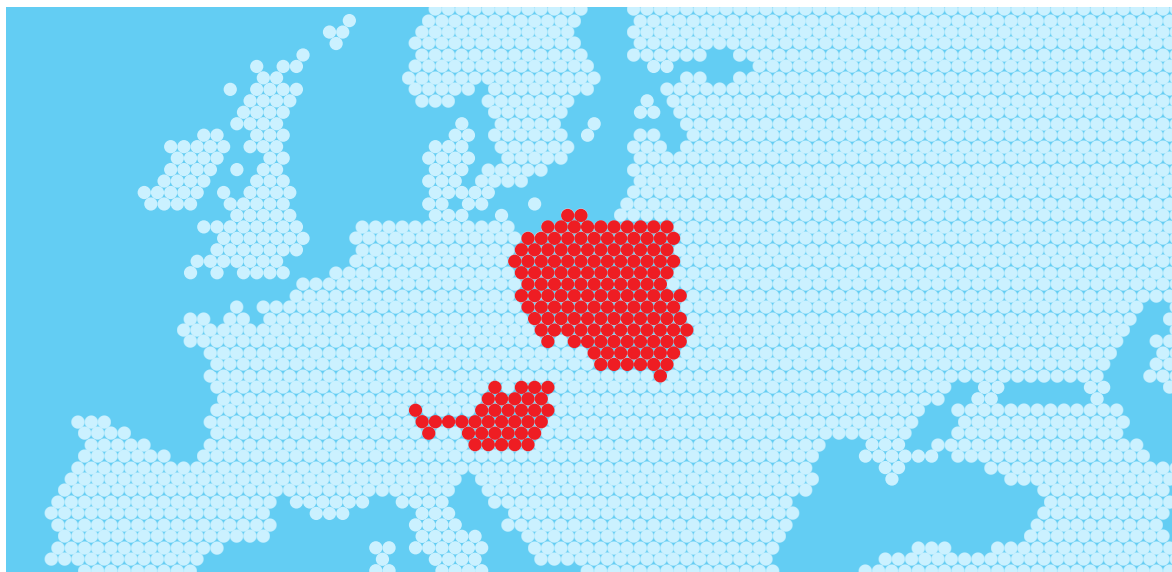
The EU Referendum Bill was a joint project between the Foreign and Commonwealth Office (FCO) and the Cabinet Office, with FCO lawyers and GLD lawyers advising the Cabinet Office working as one team. Early contingency planning enabled the Bill to be introduced just three weeks after the government took office. Lawyers supported ministers and policy officials on all aspects of the Bill, including the most controversial issues in Parliament: whether there should be restrictions on government publications in the run up to the referendum, and whether 16 and 17 year olds should be given the vote. The Bill was enacted in December but left the referendum date to be set by secondary legislation. When the renegotiation was concluded, lawyers worked within an exceptionally short time-frame to get the secondary legislation approved for the referendum to take place on 23 June.

### The Renegotiation

Meanwhile, lawyers across GLD, coordinated by Cabinet Office European Legal Advisers (COELA), supported No 10 and the Prime Minister in his renegotiation of the UK’s relationship with the EU. Before the deal was done, there were months of “technical discussions” involving COELA lawyers and sometimes other GLD lawyers travelling to Brussels to hammer out the details with the EU institutions. And, at the key summit itself we worked under considerable pressure often with only hours (or minutes) to provide key briefings or information required for the Prime Minister to support the negotiation. In his letter to the civil service after the deal was done, Sir Jeremy Heywood paid tribute to the civil servants *“including legal advisers... who have provided such brilliant support over many months for the Prime Minister and his ministerial team on this hugely complicated, difficult and vitally important negotiation for the country. It really has been an exceptional effort, in the finest traditions of the Civil Service.”*

COELA were delighted to receive – jointly with Cabinet Office policy colleagues – the team achievement award in the Cabinet Office Awards 2016 for this work.

## Supreme Court precedents



### **Keyu and Others v SSD and SSFCA**

In a judgment handed down on 25 November 2015, the Supreme Court held that there is no legal duty under Article 2 of the European Convention on Human Rights (ECHR) to investigate the killing in 1948 of 24 unarmed civilians by a patrol of Scots Guards. The Appellants relied on the European Court of Human Rights case of *Janowiec v Russia*, which establishes that Article 2 creates a separate and autonomous duty on a state to investigate suspicious deaths which can apply retrospectively to deaths which occurred before the date of the entry into force of the ECHR (“the critical date”) in certain circumstances. The Court decided unanimously, but for different reasons, that the duty did not arise in this case. On the issue of jurisdiction, the Court decided that the UK does have legal responsibility for, and arising out of, the actions of the Scots Guards and that such legal responsibility continued after Malaysian independence in 1957. The case is of cross-cutting interest to government lawyers due to the number of legacy cases in which such claims can arise because it sheds light on circumstances in which the Supreme Court might be prepared to find that the Article 2 duty does apply retrospectively and because the jurisdiction argument was rejected. The Court also considered an argument that the relevant standard that should apply in judicial review is now proportionality rather than rationality but did not make a decision on that issue, the majority finding that the decisions made would satisfy both standards of review.

### **Mirga v DWP and others, Samin v Westminster City Council and DCLG others.**

Appeals were brought by Polish and Austrian nationals against decisions that they were not entitled to certain benefits. The issue to be decided was whether the provisions and the current implementation of the UK domestic law infringes the rights of residence in the UK of citizens of European Union member states.

The Supreme Court held that neither Appellant was entitled to the benefits - the decision recognises that it is legal to have domestic law which has as its aim the prevention of “economically inactive Union citizens using the host member state’s welfare system to fund their means of subsistence”. This was a good result for DCLG and DWP.

## Responding to winter flooding

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The presence of the Armed forces in areas at risk of flooding is becoming common-place. We see them supporting agencies and government departments to put in place their flood prevention strategies and help the emergency services during rescue and recovery efforts. Central Legal Services (the GLD lawyers who advise the MOD) worked alongside military colleagues during the recent flooding to provide the legal basis for this support.

As the Armed forces would not normally deploy under the Crown prerogative power when providing support in areas of flooding, and as the work is essentially non-military in nature, a Defence Council Order was made to authorise the deployment to Cumbria. The Order, drafted by GLD lawyers, gave the Armed forces the power to deploy personnel to protect the infrastructure of the communities affected, and to take part in the rescue and recovery relief to the victims. Legal advice on the ground was provided by military lawyers.

Between them, departmental and military lawyers ensured that military personnel had the proper legal basis for the deployment, could undertake the tasks envisaged during the planning process plus additional tasks which arose in the later stages of the operation, and ultimately help the flood victims.

GLD lawyers were also at the centre of recovery efforts through the advice and support they gave to DCLG on the government's Communities and Business Recovery Scheme. This provided local authorities with funding worth over £500 per household affected by Storm Desmond and Storm Eva, to help with recovery costs such as temporary accommodation, council tax and business rate relief and an offer to match funds raised by charities.

Finally, GLD lawyers advising Defra worked with that Department's expert services and the Association of British Insurers to develop the flood re-insurance scheme, Flood Re, to ensure that people living in flood-prone properties can have access to affordable insurance. The Scheme went live on 4 April 2016. As a result of their work over a number of years on this complex project, the team (made up of lawyers and policy officials) won Defra's Excellence in Innovation award for 2015.

## Vision: The best employer for our people

### *A unified Department*

We started the year with our highly successful One Organisation Event, part of our One Organisation Programme, aimed at helping the teams in the new organisation to work together to ensure the benefits of the single legal department can be realised. The event delivered what our people had asked for: information on the new organisation and what each part of the new department does, the opportunity to network, and a chance to get involved and be inspired. Acting upon feedback from the One Organisation event that people wanted more focus on their careers we also held, in the autumn, our first Careers Week. The “week” covered a wide range of topics, with something to suit everyone. Nearly 3,000 spaces were available at approximately 50 events held across London as well as in Bristol and Leeds. It was also the opportunity to launch our Career Pathways Toolkit, to help our people match their skills against different roles and to plan the next steps in their career. Other strands of this programme have included a Town Hall event with the Treasury Solicitor in September 2015: staff were invited along to hear him explain how we were responding to the challenging agenda following the election and his plans for GLD.

Our diversity and equality objectives were published in December 2014. Six new Diversity Networks (race, gender, LGBT, disability, carers and flexible working) were successfully launched in the summer of 2015, with senior sponsorship from Director champions. A number of well-attended and well-received GLD wide projects and events have taken place. Baroness Hale of Richmond spoke at a packed meeting to celebrate International Women’s Day in March 2016. The Networks are also considering any actions arising from the People Survey 2015 results in respect of their particular protected characteristics, including actions which might contribute towards diversity and inclusion objectives for 2016-18. Promotion of the declaration of personal protected characteristics was a strong part of

the launch of the 2015 People Survey, including encouragement from the Treasury Solicitor to complete this element of the Survey, resulting in improved declaration rates for race and disability. Working groups are taking forward best practice on flexible working and maternity leave in GLD. We have staff participating for the first time in the Civil Service Positive Action Pathways Scheme. We have agreed to redesign the GLD Vacation Placement Scheme from 2016 for law students to focus on those from less advantageous backgrounds.

We reviewed and refreshed the GLD values and agreed new values for the Department.

Following a commitment in the 2014 People Survey we have appointed people from across GLD to be Attitude Behaviour Culture (ABC) Champions to help create a work environment which is free from harassment, bullying and discrimination, and where people are treated with dignity and respect.

In support of flexible and remote working new materials were adopted and published and a review of flexible working has been looking at the behaviours and cultural change needed to make flexible working work fairly and consistently for the individual, teams and the business.

We carried out a review of pay, terms and conditions aimed at reducing as far as possible the many differences across the new Department as a result of merging so many teams. The pay elements were concluded by August 2015 and by the end of the year we had reached broad agreement to a package of revised terms and conditions.

### *Career development opportunities*

We launched our new Annual Resourcing Cycle for legal roles, with key milestones for recruitment and career development activity, as a tool for GLD leaders to ensure that the right people are in place to meet our future priorities.

It also provides a guide for staff who are thinking about their career and for managers thinking about their staffing needs. In 2015 this has delivered 37 promotions, 62 development moves and 81 new lawyer hires.

To complement this, a separate cycle for business support staff and other non-legal professionals was launched in February 2016.

Career pathways are a crucial element of support for our people to fulfil their chosen careers. We produced a range of tools including Key Skills Cards, Careers Journey Maps and Pen Pictures to assist career planning. We asked managers to be mentors and the Mentoring Register now has details of 88 people and teams have worked with each other to provide Shadow and Share opportunities. Participants in a scheme organised by DWP Legal Advisers confirmed that the experience broadened their awareness of GLD and GLS.

We have improved our succession planning, as part of the Annual Resourcing Cycle. Directors work with their senior leadership teams, supported by their HR and Finance Business Partners, to ensure good resource based and resilient succession planning is in place. This is important if they are to have the right people with the right skills to deliver against their business plans. In advising Directors, HR Business Partners track changing client needs and any resulting impact on staffing, skills and our wider recruitment strategy. Better management information, including a renewed focus on GLD's policy and practice on those returning from career breaks, maternity leave and other long term absences, is an increasingly influential factor in succession planning considerations.

### *Inspiring, confident and empowering leadership*

Our Capabilities Plan served to help us make progress against the four key areas mandated by the centre of government; appointing a Senior Responsible Owner for each ensured that they had the attention that was needed. We highlighted the "other professions" in the

plan to establish their status alongside the legal profession. Continuous development for all professions is vital to the success of our business and this will be given appropriate emphasis in the People Strategy.

GLD is committed to providing access to learning and development opportunities. We had campaigns supporting central initiatives specifically promoting the entitlement to at least five days of learning and development each year and featuring one of the 39 Steps to Learning in the Workplace in our weekly newsletter. We held Learning at Work week in May 2015 and have delivered GLD business specific and development training, in conjunction with Civil Service Learning, for GLD staff as well as developing the Government Legal Training Programme, driven by our legal quality agenda, which is delivered by and accessible to all lawyers across government.

In response to feedback from the 2014 People Survey that good management training was important to our people, we have also developed the Good Manager Programme, which is designed to support new and inexperienced managers in helping their teams feel inspired, confident and empowered. After a successful pilot, the programme is now a regular feature in our development offering. To date, 225 managers have embarked on the programme. 95% of those who have completed it confirmed that it helped them to meet a specific development need.

### *Staff engagement*

The 2015 Civil Service People Survey was a key measure of our success in delivering our vision to be the best for our people. In the face of on-going change in GLD and the wider Civil Service, our Engagement Index in the 2015 Civil Service People Survey was 60, with no statistically significant change in seven of the nine drivers of engagement. This was the same engagement score as 2014 and was two points higher than the Civil Service average. 80% of our staff responded to the survey, a rise of 1% on 2014, and was significantly higher than the Civil Service median of 65%.

The feedback in some areas was encouraging, in particular on “my team” and “working together” to improve the level of service at GLD. Less positive was the feedback on “pay and benefits” which was significantly lower than in 2014.

While there were slight falls in questions relating to “leadership and managing change”, “inclusion and fair treatment” and “resource and workloads” each were significantly higher than those across the Civil Services. Scores relating to “my manager” and “my work remained unchanged”.

Overall the results show that there is still room for improvement and so a corporate action plan has been agreed to address the issues raised. This has been well received by staff engagement representatives and Divisions who have produced their own local action plans. The overall focus is building a unified organisation across GLD, fulfilling our potential, making sure that managers have the skills to support staff and becoming a service that celebrates difference. The continued rollout of the “Good Manager Programme” and work delivered by directorate ABCs and diversity network champions are helping to bring about these changes.

### *Partnership*

GLD has continued to maintain a positive working relationship with the Trade Unions (FDA and PCS). 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 regular formal Partnership meetings which include representatives from across the business, and departmental and national union representatives. Business managers are also encouraged to meet trade union colleagues at an early stage where resourcing levels or workloads may be changing. During 2015-16 there have been discussions on a number of topics including: chargeable hours’ targets, particularly for administrative grades; distribution of box marks across diversity groupings; and accommodation issues

involving One Kemble Street and the proposed move to Clive House in 2019. There has also been a series of meetings on the departmental pay award for 2015 and more recently, how GLD could look to harmonise terms and conditions, and pay structures, across the organisation as a result of the series of mergers of legal teams with GLD.

### **Corporate Services**

The Finance and Operations and the People and Change Directorates provide central services to the rest of the organisation. Their achievements include:

- development of Accommodation and Technology Strategies for the next five years
- the retention of our essential technology security accreditations for ISO 27001 and Public Sector Network (PSN)
- completion of a successful conclusion of a rent review for One Kemble Street
- a review of GLD’s fees and charges, with recommendations for potential changes to take effect by April 2018
- management of the major incident of the Kingsway Fire followed by a lessons learned exercise to improve and update our business continuity and disaster recovery plans
- the assessment of the value for money of our back office functions using the CIPFA VFM indicators
- further development of our governance arrangements
- managing our change programme.

### *Sustainability*

All departments are required to participate actively in developing action plans to achieve and report their performance against the Greening Government Commitments (GGC). Our performance is reported in the Sustainability Report at Annex A (page 61).



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## Kingsway fire



Wednesday 1 April 2015 was historic for us as we officially renamed our new larger, unified organisation as the Government Legal Department (GLD). It will also be remembered for the Kingsway fire which significantly disrupted our operations and forced us to work out of our disaster recovery site in Croydon for 20 days. However, for many good reasons, it was the advent of GLD as a truly One Organisation, as staff from across the whole Department, wider government and our delivery partners, including our landlord, pulled together to recover, restore and maintain the continuity of our business.

The extent of damage on Kingsway and its impact on our access to One Kemble Street (OKS), the destruction of data and telephony cables into OKS, and of BT's main data exchange beneath Kingsway, alongside the loss of gas, power and water supplies, was initially catastrophic for us.

However the show must go on and every effort was made to ensure a seamless service to our clients and the courts with OKS and client based staff, and clients working together and around the problems caused by the fire. For example, our litigation lawyers had to prepare an urgent possession order against squatters in Admiralty Arch. Despite OKS being offline and with no phone contact, the High Court also working at reduced capacity due to the fire and the County Courts closing early for Easter, GLD lawyers in the Cabinet Office and Litigation Group working together secured an abridged possession order and sealed writ for possession the same day, and 18 hours after occupation the squatters were evicted. Elsewhere Litigation Lawyers from the Public Law Division co-located with their client, the Home Office West London Litigation Team, allowing them to help case workers face to face, leading to much better understanding of process and timescales between GLD and the client.

The Incident Management Team worked tirelessly throughout the period and beyond, to return the business to contingent operational capacity on the Tuesday morning after Easter. The Department ran out of Croydon and via laptops for about three weeks, only returning to full occupancy of OKS on 20 April 2015: it took a further three weeks for the telephony to be restored due to the intensity of the damage caused under Kingsway.

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## HMT performance measures

Our performance measures reflect our continued commitment to high professional standards as well as delivering client satisfaction.

### Client satisfaction

| % of clients rating                      | 2015-16 | 2014-15 |
|--|---------|---------|
| GLD services as<br>'Good' or 'Excellent' | 95%     | 95%     |

95% of our clients rated our services as "Good" or "Excellent". This reflects well on the high quality legal work done across GLD and the strong client relationships we have established.

### Lexcel

| To maintain Lexcel<br>accreditation | 2015-16  | 2014-15  |
|-------------------------------------|----------|----------|
|                                     | Achieved | Achieved |

GLD was once again highly commended for achieving an exceptionally high level of compliance against the Lexcel standard – the Law Society's "gold star legal quality mark" – which demonstrates the inherent robustness of our internal systems and processes. In Lexcel terms, GLD is a "centre of excellence"

### Recovery of operating costs

| To recover from<br>clients the full<br>operating cost of<br>chargeable services | 2015-16  | 2014-15  |
|---|----------|----------|
|   | Achieved | Achieved |

We are primarily funded from the fees charged to clients for legal services. Our fee rates are set in accordance with *Managing Public Money* and are designed to recover the direct costs incurred by the organisation. Throughout the year, performance is monitored and on a quarterly basis we undertake a formal exercise to forecast the financial outturn for the year. Our commitment to our clients is to ensure that they benefit promptly from better than budgeted performance; so if this forecasting

exercise predicts a significant surplus, we evaluate the underlying reasons and assess whether a fee reduction or rebate should be made in-year.

## Financial review

### Income

Total operating income (excluding disbursement income) for the year was £143.7m (2014-15: £130.9m), an increase of 9.8%.

Our income from legal fees and charges to clients increased this year due to the MOD merger in May, a full year's income from the DfT legal team which had joined GLD part way through the previous financial year, and the continued strong demand for our services, including continued high volumes of immigration casework and increasing levels of prison damages claims. Hourly rates remained unchanged.

Our other income includes income from subletting accommodation at One Kemble Street and Riverside Chambers in Taunton, income from secondments out, subscriptions for the Legal Information Online Network (LION) and the recovery of the cost of Bona Vacantia from the Crown's Nominee Account.

### Expenditure

Our administration costs (excluding disbursements) this year were £138.2m (2014-15: £127.9m), an increase of 8.4%. 86% of our operating costs are staff costs which have increased again this year; the average number of staff employed has increased by 171 FTE as a result of the transfer in of the in-house legal team from MOD, and to meet the demand for our legal services. All staff received an average 1% pay award in 2015.

We continue to employ agency and contract staff where there is a need for specialist skills, such as within ICT where for practical business reasons the GLD Board has agreed there should be a mixed economy of permanent and contract staff to provide some flexibility to cope

with changes in demand. Spend this year was £9.2m (2014-15: £11.9m). Agency and contract staff accounted for 9.5% of average headcount for the year (2014-15: 14.5%). To reduce our reliance on agency staff we undertook several external recruitment campaigns resulting in 57 new legal recruits and 8 other professionals and support staff.

Non staff costs are mainly related to accommodation and back office services. These increased by £474k.

Expenditure on legal disbursements varies from year to year depending on the number, type and complexity of cases. This majority of this expenditure is passed on directly to clients and decreased by 3.6% compared to 2014-15.

### *Operating Cost*

The net operating surplus for the year was £3.9m (2014-15: net operating cost of £1.3m)

### *Capital Budget*

Capital investment was £823k. The main investment was in maintaining the IT infrastructure. This investment supported our approach to flexible working and the provision of a more modern workplace.

### *Financial position*

GLD employs capital of £13.8m at 31 March 2016 comprising total assets of £39.8m (non current assets of £3m, trade and other receivables of £34.4m, and cash of £2.3m); current liabilities of £24.8m (trade and other payables of £24.6m and provisions of less than one year of £0.1m). Further details are in the notes to the accounts.

Cash flow and debtors are both closely monitored throughout the year to ensure that we have sufficient cash to meet our liabilities and pay our creditors promptly; we rely on receipts from our clients for the bulk of our cashflow. We ended the year with cash of £2.3m (2014-15: £8.5m) and a debtor balance of £14.4m (2014-15: £8.6m).

### *Payment of suppliers*

We are 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 five day target for SME (small and medium enterprise) suppliers to receive payment does not apply to GLD.

During the year the Department paid 73% (2014-15: 75% (restated)) of all undisputed invoices within 10 days of receipt in line with the commitment to pay all suppliers promptly.

### *Events after the reporting period*

There have been no events that would have a material impact on the financial statements for the year ended 31 March 2016. The Accounting Officer authorised these accounts for issue on 16 May 2016.

**Jonathan Jones**  
**Accounting Officer**

12 May 2016



# Accountability report

## Corporate Governance report

### Directors' report

#### *Directors*

The Governance Statement on page 28 includes the name of the Chief Executive and the composition of the GLD Board.

#### *Register of interests*

No directorships or other significant interests which may have caused a conflict with their management responsibilities were held by Board Members. Note 12 to the accounts confirms that no members of the Board, including non executives, has any related party interests.

#### *Personal data related incidents*

In 2015-16 there were no protected personal data related incidents formally reported to the Information Commissioner's Office (ICO) and there were no other protected personal data related incidents which have to be recorded by the Department but which are deemed by the Data Controller not to fall within the criteria for report to the ICO.

### *Statement on information risk*

GLD holds personal data relating to GLD 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 2015-16, the framework for handling data and to provide assurance over the management of information held within GLD has included:

- continued review and production of data handling policies, guidance and awareness training promoting best practice within GLD including the mandatory completion by all staff of the Civil Service Learning Responsible for Information e-learning course
- ongoing review of information assets and their associated risks, including twice yearly assessments of the third party delivery chain, and the incorporation of information risks within the risk management policy and processes
- being re-certified against the ISO 27001:3013 information security standard. The Department also adheres to current PSN connection requirements and Cabinet Office security requirements

The Data Protection Act training for all staff associated with the ICO Undertaking agreed in 2014 was completed by 13 May 2015: completion was delayed by the Kingsway fire and our evacuation from 1 to 20 April 2015.

### *Audit*

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

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

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

### *Disclosure of information to the auditors*

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.

### *Remuneration to auditors for non audit work*

GLD did not pay any remuneration to the NAO for non audit work. The notional audit for the departmental audit was £61k.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Government Legal Department to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Government Legal Department and of its income and expenditure, changes in tax payers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM 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 Treasury Solicitor and Chief Executive as Accounting Officer of the Government Legal Department. 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 Government Legal Department's assets, are set out in *Managing Public Money* published by HM Treasury.

## Governance statement

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 Government Legal Department (GLD) (formerly the Treasury Solicitor's Department) 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.

### *Ministers*

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

- **The Rt Hon Jeremy Wright QC, MP**, Attorney General
- **Robert Buckland QC, MP**, Solicitor General

As Chief Executive and Accounting Officer of GLD, I am accountable to the Attorney General and responsible for the management of GLD. I am supported in delivering my responsibilities by the GLD Board.

### *Board and committees*

The GLD Board is the main decision-making body and supports the Chief Executive in providing leadership of GLD, 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 GLD Board as at 31 March 2016 was as follows:

#### **Executive members:**

- **Jonathan Jones**  
HM Procurator General and Treasury Solicitor
- **Stephen Braviner-Roman**  
Legal Director General A
- **Claire Johnston**  
Legal Director General B
- **Peter Fish**  
Legal Director General C
- **Valerie Cain**  
People and Change Director
- **Nick Payne**  
Finance and Operations Director

#### **Non Executive members:**

**Celia Carlisle** (appointed September 2013, renewed July 2015) – A consultant who has spent most of the last 20 years in commercial roles working on major infrastructure projects and is currently General Counsel to the Thames Tideway Tunnel Ltd, having been appointed in January 2015. She has also recently been elected to the London council of the Confederation of British Industry. 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. She is Chair of the SCS Pay Committee.

**Oonagh Harpur** (appointed September 2013, renewed July 2015) – Non Executive Director and Senior Advisor to Boards on corporate strategy, reputation and governance. She is a non executive director of The Crowd and a member of Walgreen Boots Alliance advisory panel on sustainability. She advises a number of boards of professional and financial services firms and is a senior advisor to Tomorrow's Company and Blueprint for Better Business. 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, renewed July 2015) – A Chartered Accountant and Chair of the GLD Audit and Risk Committee. He is a non executive and Chair of the Audit and Risk Committee of the Crown Prosecution Service since 2012; a non executive director, member of the Investment Committee and Chair of the Audit Committee of the Social Investment Business Group, and its parent charity, Social Business Foundation, since 2013; and a member of the Council and Finance Committee of the Open University since August 2015. He was also Chair of the Single Source Regulations Office from July 2014 to February 2015, and the Audit Commission from October 2012 until its closure on 31 March 2015. He is Honorary Visiting Professor at the Cass Business School. Previously Global CEO of BDO, one of the world's largest accounting firms, and prior to that Managing Partner of BDO's UK firm.

### *Work of the Board and attendance*

The Board met 13 times during 2015-16 with attendance as follows:

| <b>Executive members</b>     | <b>Attendance</b> |
|------------------------------|-------------------|
| Jonathan Jones               | 13/13             |
| Peter Fish                   | 11/13             |
| Claire Johnston              | 12/13             |
| Stephen Braviner-Roman       | 12/13             |
| Valerie Cain                 | 13/13             |
| Nick Payne                   | 13/13             |
| <b>Non executive members</b> |                   |
| Celia Carlisle               | 12/13             |
| Oonagh Harpur                | 13/13             |
| Jeremy Newman                | 12/13             |

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 GLD has the capacity and 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 financial and operational 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*

GLD has an Audit and Risk Committee with an independent, non-executive Chair, Jeremy Newman. 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 (Celia Carlisle), in addition to the Chair, and an additional external member, Simon Parkes, Chief Financial Officer, Education Funding Agency (until February 2016), who was replaced by Jenny Rowe, retired Chief Executive of the Supreme Court, who joined the Committee in March 2016 as an interim non-executive member.

The Audit and Risk Committee met six times in 2015-16. In addition to providing the Treasury Solicitor, as Accounting Officer, with assurance over the preparation and audit of the Annual Report and Accounts for 2014-15, the Committee considered the findings contained in 14 management letters and 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 a review of data handling, key financial controls, security health check processes, sustainability, payroll strategy, contract management, business resilience and GLD efficiencies and savings.

The Performance and Client Committee is responsible for overseeing the health of the business by monitoring the services delivered to all our customers both external and internal. It reviews GLD's performance against standards and targets, celebrating success

and identifying improvement activities where needed. This committee is chaired by Stephen Braviner-Roman, Legal Director General A. It met 11 times in 2015-16.

The People Committee is responsible for ensuring GLD has arrangements in place to recruit, retain, develop, organise and deploy our people of all grades and roles to meet the objectives of the organisation. This committee is chaired by Claire Johnston, Legal Director General B. It met 12 times in 2015-16.

The Legal Quality Committee looks at the quality of GLD's legal service provision to make sure it is delivering the highest possible quality to its clients. It champions improvements in quality and provides a forum to share best practice across the organisation. This committee is chaired by Peter Fish, Legal Director General C. It met six times in 2015-16.

The Change Delivery Committee manages change in GLD by taking the long term corporate strategy and policies and turning them into programmes and projects with defined outcomes. This committee is chaired by Valerie Cain, People and Change Director. It met 10 times in 2015-16.

Membership of each committee is drawn from GLD's Senior Leadership Team.

### *The Board's performance*

GLD adheres to centrally set standards of good governance practice for Government departmental Boards and follows the three stage Board effectiveness evaluation process recommended in guidance produced by the Cabinet Office.

The evaluation process consisted of desk research, including examining attendance levels, efficiency of agenda setting, information flow and the quality and efficiency of management information. Effectiveness questionnaires were sent to the Board, sub Committees and stakeholders and progress was assessed against the recommendations from the 2014-15 evaluation.

The results of the Board effectiveness review were positive, showing an even better understanding of governance and increased performance of the Board and Committees during the last twelve months. Good progress was made against areas identified in the 2014-15 review that offered suggestions for even better governance. The review identified further improvements that could be made to build upon the firm foundations already in place, including developing new ways of communicating messages across the organisation, enhancing the flow of information and communications between the Board and the Committees and allowing more time for informal discussions between meetings.

### *Compliance with the 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 GLD; specifically the involvement of ministers and the requirement to have roughly equal numbers of ministers, senior civil servants, and non executive directors (NEDs).

Although GLD is not required to have a "lead NED" (whose role is one of "supporting the Secretary of State in his or her role as Chair of the Board), Jeremy Newman has been appointed as deputy chair of the Board and the remaining Lead NED functions have been shared between all of the non executive members.

### *Risk management*

Risk management is carried out in accordance with HM Treasury risk management guidance. Regular risk reviews are undertaken and risk registers are maintained corporately and for each group and division. The GLD Board identifies and determines the appropriate risk appetite and monitors and manages key strategic risks.

The Audit and Risk Committee provides a challenge function to the risk management

arrangements, including deep dive reviews, 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, and 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 GLD's exposure is limited to an acceptable level.

Strategic risks are agreed with the GLD Board and the Audit and Risk Committee and each key strategic risk is owned by a Board member. The risks and actions to mitigate them are reported to the Performance and Client Committee and the Board. The strategic risks and the actions to mitigate them are detailed in the Business Plan.

### *Risk profile*

GLD's current key strategic risks are:

- demands placed on GLD do not match expected levels
- the quality of GLD's legal work falls below the standards expected by clients, the judiciary or other stakeholders
- lack of resource capacity and/or capability to deliver the service clients need
- clients are unwilling to pay for the legal services which GLD provides or procures because of budget pressures
- clients do not believe that the legal services GLD provides or procures offer the best possible value for money
- injury or harm to staff, loss of GLD or client assets, or major loss of sensitive or confidential information
- significant external events have an adverse impact on GLD's ability to deliver services to our clients and/or achieve full cost recovery

### *Security and business resilience*

Client data security remains critical and is assured by GLD's adherence to Cabinet Office Security Standards, maintaining ISO 27001 certification and Public Service Network (PSN) accreditation. Cyber resilience is maintained through comprehensive penetration testing, vulnerability management and protective monitoring policies

GLD continues to contribute to work carried out by the Cabinet Office on the wider security transformation agenda and is actively contributing to the government-wide security governance review.

Further information on information risk is contained in the Directors' Report on page 25.

GLD enjoys a high level of client satisfaction and it is essential that it is able to maintain its high quality service whatever the circumstances. Business resilience is assured through the maintenance of an ISO22301 aligned business continuity management system and a comprehensive suite of recovery plans. Incident management exercises are carried out and GLD's disaster recovery facilities are tested on a regular basis. The GLD disaster recovery site has remote access capacity, resilience and security which reduces the risk of service disruption should its central London office be unavailable

Disaster Recovery facilities and plans were robustly and successfully utilised during a major incident between 1 and 20 April 2015, following GLD's evacuation and denial of access to its main London office.

### *Whistleblowing*

Following recommendations from the Public Accounts Committee on the need for departments to strengthen their handling of whistleblowing, Valerie Cain, People and Change Director, was appointed as Board member with overall responsibility for whistleblowing in GLD. She works closely with the nominated officers for whistleblowing in GLD and with the Audit and Risk Committee which has been given the role

of looking at whistleblowing numbers and cases and lessons to be learned from them.

Recommendations for increasing awareness were discussed by the Audit and Risk Committee in May 2015. It was agreed that a quarterly report would go to the Committee on the number and type of notifications and a report would go to the Board once every six months. The Audit and Risk Committee's and Board's terms of reference were amended to reflect this. The Committee has reviewed the arrangements and considers them to be effective.

### *Effectiveness of the risk management and governance framework*

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 moderate level of assurance.

Assurance on information handling is provided by the Senior Information Risk Owner, Nick Payne, Finance and Operations Director, supported by the Security Team and the work of the Security Advisory Group.

Directors provide an annual end of year Assurance Report highlighting any risks that crystallised during the year. These assurances have been reviewed by the Audit and Risk Committee.

As part of the business planning process the Treasury Solicitor holds Panel Reviews with his Directors General to review performance against business plan objectives, and to challenge their bids for resources and proposed client fees for the following year.

At the end of each quarter, GLD conducts a formal forecasting exercise. Directors are asked to review their income and expenditure against budget and to forecast their year end position. This information enables the Performance and Client Committee and the Board to identify areas of concern and, if necessary, to review and consider the allocation of resources in meeting GLD objectives. It also enables consideration of the in-year fee reductions and rebates, where a surplus is forecast.

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

These processes have highlighted one issue related to the project management and governance of a key project where estimates of the timescales and effort required to deliver project work streams had proved materially inaccurate leading to a failure to deliver key outputs and planned efficiencies in the first year of the project. As a result revised governance and controls have been implemented.

No other issues of significance to the corporate health or operations of the Government Legal Department were identified in 2015-16.

# Remuneration and staff report

## 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](http://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](http://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 HM Treasury.

### *Senior Civil Service (SCS) Pay Committee*

The function of GLD's SCS Pay Committee is to determine GLD'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, before determining non-consolidated performance related pay awards, and to make final pay decisions.

The SCS Pay Committee in GLD at the relevant time (April to July 2015) comprised: Celia Carlisle – Non Executive Director and chair, Jonathan Jones, Peter Fish, Claire Johnston, Stephen Braviner-Roman, Rowena Collins-Rice (Director General AGO), 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 2015 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 GLD 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 £1,000 increase to salary, and Group 2 performers (next 65%) a £500 increase to salary; and
- 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 2015 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 2014-15:

- 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*

This information has been subject to audit.

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. Board members) of the Department.

*Remuneration (salary, benefits-in-kind and pensions)***Single total figure of remuneration**

| Officials   | Salary (£'000)  |                          | Bonus Payments (£'000) |         | Pension Benefits (to nearest £1,000) <sup>1</sup> |         | Total (£'000) |             |
|---|---|--------------------------|------------------------|---------|---|---------|---------------|-------------|
|   | 2015-16   | 2014-15                  | 2015-16                | 2014-15 | 2015-16   | 2014-15 | 2015-16       | 2014-15     |
|   | Jonathan Jones<br><i>HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive</i> | 160-<br>165              | 160-<br>165            | -       | -   | 57,000  | 97,000        | 215-<br>220 |
| Stephen Braviner-Roman<br><i>Legal Director General A</i> | 115-<br>120   | 95-<br>100 <sup>2</sup>  | -                      | -       | 64,000  | 59,000  | 180-<br>185   | 155-<br>160 |
| Claire Johnston<br><i>Legal Director General B</i>        | 115-<br>120   | 105-<br>110              | 15-20                  | -       | 82,000  | 118,000 | 210-<br>215   | 225-<br>230 |
| Peter Fish<br><i>Legal Director General C</i>             | 120-<br>125   | 120-<br>125              | -                      | 15-20   | 29,000  | 30,000  | 150-<br>165   | 165-<br>170 |
| Valerie Cain<br><i>People and Change Director</i>         | 95-<br>100  | 90-<br>95                | 10-15                  | -       | 43,000  | 44,000  | 150-<br>155   | 135-<br>140 |
| Nick Payne<br><i>Finance and Operations Director</i>      | 120-<br>125   | 100-<br>105 <sup>3</sup> | -                      | -       | 54,000  | 18,000  | 170-<br>175   | 115-<br>120 |

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. Where prior year figures have changed, this is due to a retrospective update to salary data.

2. Full year equivalent is £115-120k

3. Full year equivalent is £120-125k. From 19 May to 31 May 2014 was paid by MOD.

4. No Directors were in receipt of any benefits in kind

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

|                | Contract end   | Salary £'000  |                | Benefits-in-kind (to nearest £100) |         | Total (£'000) |         |
|----------------|----------------|---------------|----------------|------------------------------------|---------|---------------|---------|
|                |                | 2015-16       | 2014-15        | 2015-16                            | 2014-15 | 2015-16       | 2014-15 |
|                |                | Jeremy Newman | September 2018 | 15-20                              | 15-20   | 600           | 700     |
| Celia Carlisle | September 2017 | 15-20         | 15-20          | 200                                | 400     | 15-20         | 15-20   |
| Oonagh Harpur  | September 2018 | 15-20         | 15-20          | -                                  | -       | 15-20         | 15-20   |

The Department's non-executive directors necessarily incur travelling and other expenses to attend departmental meetings. The tax liability arising on their reimbursement by GLD is met by GLD 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.

## *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.

## *Bonus payments*

Bonus payments (non consolidated performance related pay awards) are based on performance levels attained and are made as part of the appraisal process. As the timing of appraisal process does not allow us to accrue for individual bonuses relating to 2015-16 performance, the awards reported in 2015-16 relate to performance in 2014-15 and the comparative awards reported for 2014-15 relate to the performance in 2013-14.

## *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 Government Legal Department in the financial year 2015-16 was £160k - £165k (2014-15: £160-165k). This was about 3.23 times (2014-15: about 3.23 times) the

median remuneration of the workforce, which was £49,991 (2014-15: £49,489).

In 2015-16, no (2014-15: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £21k - £165k (2014-15 £21k - £165k).

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

| Officials   | Accrued pension age as at 31/3/16 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/3/16 <sup>1</sup> | CETV at 31/3/15 | Real increase in CETV <sup>2</sup> | Employer contribution to partnership pension accounts to the nearest £100 |
|---|--|--|------------------------------|-----------------|------------------------------------|---|
|   | £'000  | £'000  | £'000                        | £'000           | £'000                              | £   |
| Jonathan Jones<br><i>HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive</i> | 45-50 plus lump sum of 145-150                         | 2.5-5 plus lump sum of 7.5-10                                | 986                          | 858             | 47                                 | –   |
| Stephen Braviner-Roman<br><i>Legal Director General A</i>   | 30-35 plus lump sum of 90-95                           | 2.5-5 plus lump sum of 0-2.5                                 | 544                          | 459             | 33                                 | –   |
| Claire Johnston<br><i>Legal Director General B</i>  | 30-35 plus lump sum of 100-105                         | 2.5-5 plus lump sum of 10-12.5                               | 817                          | 682             | 74                                 | –   |
| Peter Fish<br><i>Legal Director General C</i>   | 30-35 plus lump sum of 100-105                         | 0-2.5 plus lump sum of 2.5-5                                 | 712                          | 631             | 26                                 | –   |
| Valerie Cain<br><i>People and Change Director</i>   | 60-65 plus lump sum of 105-110                         | 0-2.5 plus lump sum of 0-2.5                                 | 1,272                        | 1,232           | 42                                 | –   |
| Nick Payne<br><i>Finance and Operations Director</i>  | 45-50  | 0-2.5  | 809                          | 711             | 27                                 | –   |

1. The factors used to calculate the CETV were reviewed by the scheme actuary in 2015, so the tables of factors used to calculate the CETV in 2015 are not the same as those used to calculate the CETV in 2016

2. 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.

3. Non Executive Directors do not receive pension entitlement from GLD

## Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants

and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

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

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 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. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### *Cash Equivalent Transfer Values*

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

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

## Staff report

### Staff costs

|  | 2015-16                       |              |                | 2014-15        |
|--|-------------------------------|--------------|----------------|----------------|
|  | Permanently<br>employed staff | Others       | Total          | Total          |
| Note   | £000                          | £000         | £000           | £000           |
| Wages and salaries                                   | 84,420                        | –            | 84,420         | 75,154         |
| Social security costs                                | 7,217                         | –            | 7,217          | 6,345          |
| Other pension costs                                  | 17,911                        | –            | 17,911         | 15,544         |
| <b>Sub total</b>                                     | <b>109,548</b>                | <b>–</b>     | <b>109,548</b> | <b>97,043</b>  |
| Agency and contracted staff                          | –                             | 9,231        | 9,231          | 11,911         |
| Inward secondments                                   | –                             | 182          | 182            | 164            |
| <b>Total</b>   | <b>109,548</b>                | <b>9,413</b> | <b>118,961</b> | <b>109,118</b> |
| Less recoveries in respect of<br>outward secondments | (1,592)                       | –            | (1,592)        | (1,270)        |
| <b>Total net costs</b>                               | <b>107,956</b>                | <b>9,413</b> | <b>117,369</b> | <b>107,848</b> |

No staff costs have been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as “alpha” are an unfunded multi-employer defined benefit scheme but the Government Legal Department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the Annual Report and Accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

For 2015-16, employers’ contributions of £17,788k were payable to the PCSPS (2014-15: £15,443k) at one of four rates in the range of 20.0 to 24.5 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 £123k (2014-15: £101k) 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 (2014-15: 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 (2014-15: £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 members of staff retired early on ill health grounds (2014-15: four); the total additional accrued pension liabilities in the year amounted to £nil (2014-15: £nil).

This information has been subject to audit.

*Average number of persons employed*

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

|     | 2015-16 |                 |        | 2014-15 |
|-----|---------|-----------------|--------|---------|
|     | Number  |                 |        | Number  |
|     | Total   | Permanent staff | Others | Total   |
| GLD | 1,838   | 1,663           | 175    | 1,667   |

This information has been subject to audit.

*Reporting of Civil Service and other compensation schemes - exit packages*

|  | 2015-16                           |                                   |  | 2014-15                           |                                   |  |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
| 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                                     | -                                 | -                                 | -  | -                                 | -                                 | -  |
| £10,000 – £25,000                            | -                                 | 2                                 | 2  | -                                 | 2                                 | 2  |
| £25,000 – £50,000                            | -                                 | -                                 | -  | -                                 | 7                                 | 7  |
| £50,000 – £100,000                           | -                                 | -                                 | -  | -                                 | 8                                 | 8  |
| £100,000 – £150,000                          | -                                 | -                                 | -  | -                                 | 1                                 | 1  |
| £150,000 – £200,000                          | -                                 | -                                 | -  | -                                 | -                                 | -  |
| £200,000 – £250,000                          | -                                 | -                                 | -  | -                                 | -                                 | -  |
| £250,000 – £300,000                          | -                                 | -                                 | -  | -                                 | -                                 | -  |
| <b>Total number of exit packages by type</b> | -                                 | <b>2</b>                          | <b>2</b>                                   | -                                 | <b>18</b>                         | <b>18</b>                                  |
| <b>Total resource cost/£</b>                 | -                                 | <b>34,229</b>                     | <b>34,229</b>                              | -                                 | <b>936,644</b>                    | <b>936,644</b>                             |

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.

This information has been subject to audit.

## SCS by payband

The number of SCS staff by SCS pay band in GLD as at 31 March 2016 was as follows:

|                             | <b>GLD</b> |
|-----------------------------|------------|
| SCS 4 – Permanent Secretary | 1          |
| SCS 3                       | 3          |
| SCS 2                       | 21         |
| SCS 1 and 1A                | 116        |
| <b>Total</b>                | <b>141</b> |

## Staff composition

We continue to promote equality for all and in particular we continue to maintain a strong profile of black and minority ethnic and disabled staff at senior civil service (SCS) level

and in feeder grades to the SCS.

The gender breakdown as at 31 March 2016 was as follows:

|                               | <b>Male</b> | <b>Female</b> |
|-------------------------------|-------------|---------------|
| Board members                 | 4           | 2             |
| Non executive directors       | 1           | 2             |
| SCS (excluding Board members) | 72          | 63            |
| Employees                     | 707         | 1,156         |
| <b>Total</b>                  | <b>784</b>  | <b>1,223</b>  |

The proportion of black, minority and ethnic staff at SCS payband 1 is 12.7%. The proportion of total staff is 26.6%. Levels of disabled staff (8.9% of SCS and 6.1% of staff that have declared their status) compare favourably with

comparable grades elsewhere, supported by efficient arrangements for assessments and the implementation of reasonable adjustments for those that require them.

## Sickness absence

Overall sickness absence was an average of 5.0 working days lost per person per year (2014-15 5.3 days). This compares favourably with the Civil Service average of 7.4 days lost per staff year as at 31 December 2015 (most recent available figures). Managers are encouraged to actively manage sickness absence in their area ensuring that people are supported during any illness and that any underlying causes are identified and addressed, where possible, through workplace adjustments.

## Expenditure on consultancy

There was no spend on consultancy (2014-15: £nil).

## Parliamentary accountability and audit report

This information has been subject to audit.

### 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*.

### Fees and charges

An analysis of the Department'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.

|                                      | 2015-16        |                   |                               | 2014-15        |                   |                               |
|--------------------------------------|----------------|-------------------|-------------------------------|----------------|-------------------|-------------------------------|
|                                      | Income<br>£000 | Full Cost<br>£000 | Surplus/<br>(deficit)<br>£000 | Income<br>£000 | Full Cost<br>£000 | Surplus/<br>(deficit)<br>£000 |
| Income                               |                |                   |                               |                |                   |                               |
| Legal fees and charges to clients    | 176,762        | 171,749           | 5,013                         | 163,413        | 162,455           | 958                           |
| Recovery of costs from Bona Vacantia | 3,710          | 3,710             | –                             | 3,686          | 3,686             | –                             |
| Other income                         | 4,776          | 4,776             | –                             | 4,224          | 4,224             | –                             |
| Non-chargeable work                  | –              | 1,316             | (1,316)                       | –              | 2,334             | (2,334)                       |
| Total (GLD)                          | 185,248        | 181,551           | 3,697                         | 171,323        | 172,699           | (1,376)                       |

In accordance with HM Treasury's guidance a notional cost of capital charge of £217k 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 recognised in the financial statements.

The cost of capital charge is calculated at the real rate set by HM Treasury (currently 3.5 percent) on the average carrying amount of all assets less liabilities, excluding cash balances with the Government Banking Service.

### Remote contingent liabilities

The Government Legal Department has no contingent liabilities that need to be disclosed under Parliamentary reporting requirements.

## Long term expenditure trends

Our planned net expenditure as agreed with HM Treasury is as follows. This covers the

costs that are not recovered from our clients but which are met from the Parliamentary Estimate.

|              | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--------------|---------|---------|---------|---------|
| DEL Resource | 1,590   | 1,767   | 5,841   | 10,083  |
| DEL Capital  | 1,900   | 2,900   | 4,200   | 2,700   |

The Departmental Expenditure Limit (DEL) Resource funding is to cover the costs of casework on behalf of the Attorney General (time and disbursements). The Spending Review 2015 provided additional funding from 2018-19 for our future relocation to Clive House at the end of our lease on One Kemble Street, as part of the government's estate strategy.

The DEL Capital funding allows us to invest in improving and developing systems to support our business and meet our accommodation needs. Spending Review 2015 provided for additional funding to enable us invest in technology as a result of the relocation and to align with the government digital strategy, as well as to meet fit out costs to TW3 standards.

**Jonathan Jones**  
**Accounting Officer**  
 12 May 2016



# 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 Government Legal Department for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in those reports and disclosures 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 Government Legal Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Government Legal Department; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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 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 Government Legal Department's affairs as at 31 March 2016 and of the net operating income 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

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

16 May 2016



Government  
Legal Department

# Government Legal Department Annual Accounts

For the year ended 31 March 2016

*Statement of comprehensive net income*  
for the period ended 31 March 2016

|  |      | 2015-16          | 2014-15          |
|--|------|------------------|------------------|
|  | Note | £000             | £000             |
| Income from sale of goods and services                         | 5    | (177,808)        | (164,471)        |
| Other operating income   | 5    | (7,440)          | (6,852)          |
| <b>Total operating income</b>                                  |      | <b>(185,248)</b> | <b>(171,323)</b> |
| Staff costs  | 2    | 118,961          | 109,118          |
| Purchase of goods and services                                 | 3    | 13,255           | 12,626           |
| Rentals under operating leases                                 | 3    | 5,747            | 4,294            |
| Non-cash costs   | 3    | 265              | 1,873            |
| Disbursements  | 4    | 43,106           | 44,703           |
| <b>Total operating expenditure</b>                             |      | <b>181,334</b>   | <b>172,614</b>   |
| <b>Net operating (income)/expenditure</b>                      |      | <b>(3,914)</b>   | <b>1,291</b>     |
| Other comprehensive net expenditure                            |      |                  |                  |
| Net (gain)/loss on revaluation of property plant and equipment |      | -                | -                |
| Net (gain)/loss on revaluation of intangibles                  |      | -                | -                |
| <b>Total comprehensive (income)/expenditure for the year</b>   |      | <b>(3,914)</b>   | <b>1,291</b>     |

All income and expenditure is derived from continuing operations.

The notes on pages 52 to 59 form part of these accounts.

*Statement of financial position**as at 31 March 2016*

|   |      | 31 March 2016 |                 | 31 March 2015 |                 |
|---|------|---------------|-----------------|---------------|-----------------|
|   | Note | £000          | £000            | £000          | £000            |
| <b>Non-current assets</b>                         |      |               |                 |               |                 |
| Property, plant and equipment                     |      | 2,451         |                 | 3,373         |                 |
| Intangible assets                                 |      | 574           |                 | 724           |                 |
| <b>Total non-current assets</b>                   |      | <b>3,025</b>  |                 | <b>4,097</b>  |                 |
| <b>Current assets</b>                             |      |               |                 |               |                 |
| Trade and other receivables                       | 7    | 34,439        |                 | 30,215        |                 |
| Cash and cash equivalents                         | 8    | 2,305         |                 | 8,494         |                 |
| <b>Total current assets</b>                       |      | <b>36,744</b> |                 | <b>38,709</b> |                 |
| <b>Total assets</b>                               |      |               | <b>39,769</b>   |               | <b>42,806</b>   |
| <b>Current liabilities</b>                        |      |               |                 |               |                 |
| Trade and other payables                          | 9    | (24,642)      |                 | (30,848)      |                 |
| Provisions  |      | (146)         |                 | (1,276)       |                 |
| <b>Total current liabilities</b>                  |      |               | <b>(24,788)</b> |               | <b>(32,124)</b> |
| <b>Non-current assets plus net current assets</b> |      |               | <b>14,981</b>   |               | <b>10,682</b>   |
| <b>Non-current liabilities</b>                    |      |               |                 |               |                 |
| Trade and other payables                          | 9    | (1,182)       |                 | -             |                 |
| Provisions  |      | (3)           |                 | (1,271)       |                 |
| <b>Total non-current liabilities</b>              |      |               | <b>(1,185)</b>  |               | <b>(1,271)</b>  |
| <b>Total assets less liabilities</b>              |      |               | <b>13,796</b>   |               | <b>9,411</b>    |
| <b>Taxpayers' equity</b>                          |      |               |                 |               |                 |
| General Fund                                      |      |               | 13,460          |               | 9,072           |
| Revaluation Reserve                               |      |               | 336             |               | 339             |
| <b>Total taxpayers' equity</b>                    |      |               | <b>13,796</b>   |               | <b>9,411</b>    |

The notes on pages 52 to 59 form part of these accounts.

**Jonathan Jones**  
**Accounting Officer**  
12 May 2016

**Statement of cash flows**  
for the period ended 31 March 2016

|   |          | 2015-16        | 2014-15        |
|---|----------|----------------|----------------|
|   | Note     | £000           | £000           |
| <b>Cash flows from operating activities</b>   |          |                |                |
| Net operating income/(expenditure)  |          | 3,914          | (1,291)        |
| Adjustments for non-cash transactions arising in the year   | 3        | 265            | 1,873          |
| (Increase) in trade and other receivables   | 7        | (4,224)        | (573)          |
| Increase in trade and other payables*   | 9        | 1,016          | 7,613          |
| Use of provisions   |          | (709)          | (439)          |
| <b>Net cash inflow from operating activities</b>  |          | <b>262</b>     | <b>7,183</b>   |
| <b>Cash flows from investing activities</b>   |          |                |                |
| Purchase of property, plant and equipment   |          | (445)          | (1,803)        |
| Purchase of intangible assets   |          | (227)          | (48)           |
| <b>Net cash outflow from investing activities</b>   |          | <b>(672)</b>   | <b>(1,851)</b> |
| <b>Cash flows from financing activities</b>   |          |                |                |
| Net financing   |          | (5,779)        | 2,534          |
| <b>Net financing</b>  |          | <b>(5,779)</b> | <b>2,534</b>   |
| <b>Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b> | <b>8</b> | <b>(6,189)</b> | <b>7,866</b>   |
| Amounts due to the Consolidated Fund - received in a prior year and paid over   |          | -              | -              |
| <b>Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>  | <b>8</b> | <b>(6,189)</b> | <b>7,866</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b>   | <b>8</b> | <b>8,494</b>   | <b>628</b>     |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>8</b> | <b>2,305</b>   | <b>8,494</b>   |

The notes on pages 52 to 59 form part of these accounts.

\* The movement on payables excludes movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure such as departmental balances with the Consolidated Fund

*Statement of changes in taxpayers' equity*  
for the period ended 31 March 2016

|  |      | General<br>Fund | Revaluation<br>Reserve | Total<br>Reserves |
|--|------|-----------------|------------------------|-------------------|
|  | Note | £000            | £000                   | £000              |
| <b>Balance at 1 April 2014</b>                             |      | <b>15,629</b>   | <b>339</b>             | <b>15,968</b>     |
| <b>Changes in taxpayers' equity for 2014-15</b>            |      |                 |                        |                   |
| Net Financing  |      | 2,534           | -                      | 2,534             |
| Net Parliamentary Funding – deemed                         |      | 628             | -                      | 628               |
| Supply Payable Adjustment                                  |      | (8,494)         | -                      | (8,494)           |
| Comprehensive net expenditure for the year                 |      | (1,291)         | -                      | (1,291)           |
| <b>Non-cash adjustments:</b>                               |      |                 |                        |                   |
| Auditors' remuneration                                     | 3    | 66              | -                      | 66                |
| <b>Movements in Reserves</b>                               |      |                 |                        |                   |
| Transfer between Reserves                                  |      | -               | -                      | -                 |
| <b>Total recognised income and expenditure for 2014-15</b> |      | <b>(6,557)</b>  | <b>-</b>               | <b>(6,557)</b>    |
| <b>Balance at 31 March 2015</b>                            |      | <b>9,072</b>    | <b>339</b>             | <b>9,411</b>      |
| <b>Changes in taxpayers' equity for 2015-16</b>            |      |                 |                        |                   |
| Net Financing  |      | (5,779)         | -                      | (5,779)           |
| Net Parliamentary Funding: deemed                          |      | 8,494           | -                      | 8,494             |
| Supply payable adjustment                                  |      | (2,305)         | -                      | (2,305)           |
| Comprehensive net income for the year                      |      | 3,914           | -                      | 3,914             |
| <b>Non-cash adjustments:</b>                               |      |                 |                        |                   |
| Auditors' remuneration                                     | 3    | 61              | -                      | 61                |
| <b>Movements in Reserves</b>                               |      |                 |                        |                   |
| Transfer between Reserves                                  |      | 3               | (3)                    | -                 |
| <b>Total recognised income and expenditure for 2015-16</b> |      | <b>4,388</b>    | <b>(3)</b>             | <b>4,385</b>      |
| <b>Balance at 31 March 2016</b>                            |      | <b>13,460</b>   | <b>336</b>             | <b>13,796</b>     |

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

The notes on pages 52 to 59 form part of these accounts.

# Notes to the accounts

## 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2015-16 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 Government Legal Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Government Legal Department are described below. They have been applied consistently in dealing with items considered material in relation to the Accounts.

### 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 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 Government Legal Department to the other central government departments, agencies and arms length bodies and recovery of disbursements incurred on their behalf. Fees and charges are set in accordance with HM Treasury's guidance set out in *Managing Public Money*.

In addition, it includes other income such as charges for the administration costs of the Bona Vacantia Division, rental income and service charge, recovery of costs for recruitment and training services provided to other government departments.

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

### 1.3 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.

### 1.4 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.



### **1.5 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.

### **1.6 Operating leases**

Operating lease rentals are charged to the Statement of Comprehensive Net Income in equal amounts over the lease term from the date of occupation. Future payments as disclosed in Note 10 (Commitments under operating leases) are not discounted.

### **1.7 Taxation**

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.

Operating income is stated net of VAT.

### **1.8 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 13 to these accounts.

## 2. Staff costs

|  |                                       |                | 2015-16        | 2014-15        |
|--|---------------------------------------|----------------|----------------|----------------|
|  | Permanently<br>employed staff<br>£000 | Others<br>£000 | Total<br>£000  | Total<br>£000  |
| Wages and salaries                                   | 84,420                                | –              | 84,420         | 75,154         |
| Social security costs                                | 7,217                                 | –              | 7,217          | 6,345          |
| Other pension costs                                  | 17,911                                | –              | 17,911         | 15,544         |
| <b>Sub total</b>                                     | <b>109,548</b>                        | <b>–</b>       | <b>109,548</b> | <b>97,043</b>  |
| Agency and contracted staff                          | –                                     | 9,231          | 9,231          | 11,911         |
| Inward secondments                                   | –                                     | 182            | 182            | 164            |
| <b>Total</b>   | <b>109,548</b>                        | <b>9,413</b>   | <b>118,961</b> | <b>109,118</b> |
| Less recoveries in respect of<br>outward secondments | (1,592)                               | –              | (1,592)        | (1,270)        |
| <b>Total net costs</b>                               | <b>107,956</b>                        | <b>9,413</b>   | <b>117,369</b> | <b>107,848</b> |

No staff costs have been charged to capital.

### 3. Other expenditure

|  | 2015-16       | 2014-15       |
|--|---------------|---------------|
|  | £000          | £000          |
| <b>Rentals under operating leases</b>          |               |               |
| Hire of plant and machinery                    | 314           | 342           |
| Other operating leases                         | 5,433         | 3,952         |
|  | <b>5,747</b>  | <b>4,294</b>  |
| <b>Non-cash items</b>                          |               |               |
| Depreciation                                   | 1,368         | 1,041         |
| Amortisation                                   | 525           | 773           |
| Impairment                                     | –             | 18            |
| Loss on disposal of non-current assets         | –             | 5             |
| Increase in provisions                         | –             | 49            |
| Provisions not required written back           | (1,653)       | (55)          |
| Borrowing Costs (unwinding of discount)        | (36)          | (24)          |
| Auditors' remuneration <sup>1</sup>            | 61            | 66            |
|  | <b>265</b>    | <b>1,873</b>  |
| <b>Purchase of goods and services</b>          |               |               |
| Accommodation                                  | 4,579         | 3,735         |
| IT and communications costs                    | 1,847         | 1,688         |
| Library information services and subscriptions | 1,733         | 1,718         |
| Recruitment                                    | 659           | 1,084         |
| Professional and external HR services          | 577           | 345           |
| Training                                       | 530           | 499           |
| Travel and subsistence                         | 404           | 330           |
| Publications                                   | 299           | 261           |
| Postal services                                | 297           | 322           |
| Records management                             | 296           | 281           |
| Stationery                                     | 223           | 277           |
| Other  | 1,811         | 2,086         |
|  | <b>13,255</b> | <b>12,626</b> |
| <b>Total other expenditure</b>                 | <b>19,267</b> | <b>18,793</b> |

<sup>1</sup> Auditors' remuneration represents the notional audit fees of £61k (2014-15: £66k) for the Government Legal Department Account. There was no auditor remuneration for non-audit work.

#### 4. Disbursements

|   | 2015-16       | 2014-15       |
|---|---------------|---------------|
|   | £000          | £000          |
| Recoverable from client departments     | 41,538        | 42,487        |
| Funded from Supply                      | 626           | 1,202         |
| Disbursements recovered from fixed fees | 942           | 1,014         |
| <b>Gross expenditure</b>                | <b>43,106</b> | <b>44,703</b> |

#### 5. Income

|   | 2015-16        | 2014-15        |
|---|----------------|----------------|
|   | £000           | £000           |
| <b>Income from sales of goods and services:</b> |                |                |
| Legal fees and charges to clients               | 135,224        | 123,008        |
| Disbursement income                             | 41,538         | 40,405         |
| LION Subscription                               | 1,046          | 1,058          |
|   | <b>177,808</b> | <b>164,471</b> |
| <b>Other operating income:</b>                  |                |                |
| Recovery of costs Bona Vacantia                 | 3,710          | 3,686          |
| Recovery of secondments out                     | 1,592          | 1,270          |
| Rental income                                   | 1,100          | 936            |
| Tenant service charges                          | 623            | 706            |
| Other income                                    | 415            | 254            |
|   | <b>7,440</b>   | <b>6,852</b>   |
| <b>Total income</b>                             | <b>185,248</b> | <b>171,323</b> |

#### 6. 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.

## 7. Trade receivables and other current assets

### Analysis by type

|   | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Amounts falling due within one year:</b> |               |               |
| Unbilled time                               | 6,267         | 6,890         |
| Unbilled disbursements                      | 9,954         | 10,198        |
| Trade receivables                           | 14,429        | 8,599         |
| Deposits and advances                       | 577           | 553           |
| Other receivables                           | –             | 13            |
| Prepayments and accrued income              | 3,212         | 3,962         |
|   | <b>34,439</b> | <b>30,215</b> |

## 8. Cash and cash equivalents

|   | 2015-16      | 2014-15      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Balance at 1 April</b>               | <b>8,494</b> | <b>628</b>   |
| Net change in cash and cash equivalents | (6,189)      | 7,866        |
| <b>Balance at 31 March</b>              | <b>2,305</b> | <b>8,494</b> |

All balances were held with the Government Banking Service.

## 9. Trade payables and other current liabilities

### Analysis by type

|  | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
|  | £000          | £000          |
| <b>Amounts falling due within one year:</b>                                    |               |               |
| VAT  | 5,501         | 5,011         |
| Other taxation and social security costs                                       | 2,347         | 2,215         |
| Trade payables   | 49            | 21            |
| Other payables   | 367           | 223           |
| Accruals and deferred income   | 14,073        | 14,884        |
|  | <b>22,337</b> | <b>22,354</b> |
| Amounts issued from the Consolidated Fund for Supply and not spent at year end | 2,305         | 8,494         |
|  | <b>2,305</b>  | <b>8,494</b>  |
| Amounts falling due after more than one year                                   | 1,182         | –             |
| <b>Total payables and other current liabilities</b>                            | <b>26,164</b> | <b>30,848</b> |

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

## 10. Commitments under operating leases

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

|   | 2015-16           |               | 2014-15           |               |
|---|-------------------|---------------|-------------------|---------------|
|   | Buildings<br>£000 | Other<br>£000 | Buildings<br>£000 | Other<br>£000 |
| <b>Obligations under operating leases for the following periods comprise:</b> |                   |               |                   |               |
| Not later than one year   | 4,229             | 305           | 4,194             | 268           |
| Later than one year and not later than five years                             | 11,571            | 381           | 14,046            | 71            |
| Later than five years   | –                 | –             | 22                | 4             |
|   | <b>15,800</b>     | <b>686</b>    | <b>18,262</b>     | <b>343</b>    |

## 11. Contingent liabilities

There were no contingent liabilities as at 31 March 2016 (31 March 2015: £nil).

## 12. Related party transactions

The Department has had a significant number of material transactions with other government departments and public agencies since the nature of the Department'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.

None of the Board members, key managerial staff or other related parties has undertaken any material transactions with the Department during the year. Board members' remuneration is disclosed in the Remuneration Report.

### 13. *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, as the funds are held on behalf of third parties and as a consequence do not appear in these accounts. As at 31 March 2016, these amounted in total to £2,623k (31 March 2015: £6,394k). An analysis of the movements on these accounts is shown in the below:

|                                    | <b>2015-16</b> | <b>2014-15</b> |
|------------------------------------|----------------|----------------|
|                                    | <b>£000</b>    | <b>£000</b>    |
| <b>Opening balance at 1 April</b>  | <b>6,394</b>   | <b>7,542</b>   |
| Gross inflows                      | 110,611        | 75,180         |
| Gross outflows                     | (114,382)      | (76,328)       |
| <b>Closing balance at 31 March</b> | <b>2,623</b>   | <b>6,394</b>   |

These balances are held with the Government Banking Service.

### 14. *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.





# Annex A

## Sustainability report for the year ended 31 March 2016

### Introduction

The scope of the report is our performance against the Greening Government Commitments (GGC), which ran to 2015, with a 2009-10 baseline wherever possible.

Performance relates to our central London Head Office occupation of Floors 5-12 and 15 of One Kemble Street (OKS), and our disaster recovery site at Southern House in Croydon.

### Summary of performance

Our main challenge on energy reduction is that we have no control over the use of oil to heat and electricity to cool One Kemble Street which we sublet from our landlord, the Civil Aviation Authority.

We continue to encourage the landlord to take a more proactive approach to sustainability and this has been a standing item on our regular meeting agendas. Our landlord has continued to install LED lighting in all of the communal areas of the building. They have also taken a new waste disposal contract this year, which has resulted in all waste being recycled or going for energy recovery and none going to landfill.

The following factors have affected our performance this year:

- as part of reviewing our cleaning contract, we switched to environmentally friendly cleaning products wherever possible
- we have significantly reduced our reported electricity use at our Croydon site, after discovering and correcting a long-standing double-counting issue
- paper use dropped considerably this year, in large part down to the evacuation of OKS during April 2015. This has resulted in a 38% reduction in paper used in comparison to the baseline figure. The evacuation will also have had an impact on many of our other reported figures
- a continued increase in the number of GLD staff in OKS (from 1,047 in April 2015 to 1,091 in March 2016), mainly as a result of growth in demand for our services

## Sustainable procurement

The GGC also promotes the procurement of sustainable and efficient products whilst, reducing the impact of the supply chain on the environment. This includes embedding efficient procurement practices and improving and publishing data on supply chain impact.

Our overall procurement strategy principally includes the use of Crown Commercial Service framework contracts and we are 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 and the use of products
- buying products and services which are less environmentally damaging; for instance, the use of “thin client” units which use less energy than conventional ‘base unit’ desktop computers
- complying with environmental legislation and regulatory requirements
- including relevant environmental conditions or criteria in specifications and tender documents, and evaluating supplier offers accordingly
- raising awareness of environmental issues within the Department, and amongst suppliers and contractors

Three of our suppliers are ISO 14001 accredited:

- our off-site storage provider has won the Green Fleet award for their efforts to reduce the environmental impact of their transport fleet
- our catering provider is also certified Carbon Neutral. All the disposable containers and cups used within our two cafes are environmentally responsible to reduce waste associated impacts on the business
- our 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 other Law Officers’ Departments to meet GGC targets. Our sustainability performance is monitored on an exceptional basis by the GLD Performance and Client Committee via a sustainability report. We also report our performance to the Law Officers’ Departments Sustainable Development Steering Group.

A virtual “Green Team” is active using GLD’s social media platform. Its remit is to:

- raise the profile of sustainability within the organisation, highlighting the GGC to all and engaging everyone’s support to reach the targets
- identify areas where we can improve our green credentials, given the limitations of being a tenant in a managed building

## 2015-16 Government Legal Department sustainability report

**Greenhouse gas emissions**

|  |   | <b>Baseline</b>  |                |                |                |
|--|---|------------------|----------------|----------------|----------------|
|  |   | <b>2009-10</b>   | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> |
| Non-financial indicators<br>(tCO <sub>2</sub> e) | Scope 1 and 2 emissions                                 | 2,411            | 1,782          | 1,918          | 1,636          |
|  | Scope 3 emissions (indirect – official business travel) | 123              | 80             | 93             | 98             |
|  | <b>Total emissions</b>                                  | <b>2,534</b>     | <b>1,862</b>   | <b>2,012</b>   | <b>1,726</b>   |
| Other non-financial indicators                   | Number of domestic flights                              | 198 <sup>1</sup> | 161            | 133            | 118            |
| Related energy consumption (KWh)                 | Electricity   | 4,024,487        | 3,317,851      | 3,317,771      | 2,830,994      |
|  | Oil   | 991,179          | 652,145        | 624,512        | 528,257        |
| Financial indicators (£)                         | Expenditure on energy                                   | 349,825          | 365,123        | 364,118        | 302,303        |
|  | Expenditure on accredited offsets (e.g. GCOF)           | 1,270            | 42             | Nil            | Nil            |
|  | Expenditure on official business travel                 | 136,724          | 308,857        | 392,579        | 419,588        |

<sup>1</sup> The baseline is 2010-11 as figures for 2009-10 were not available

**Performance commentary**

The GGC are that by 2015, the government will reduce:

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

Our headcount has increased considerably over the years, yet we have achieved a 32% reduction in total GHG emissions.

Electricity consumption figures have reduced this year, primarily due to correcting a long standing issue with double-counting at our disaster recovery site, and now stand at 30% below our baseline. Spending on energy has also reduced this year for the same reason, but also due to fluctuating oil prices, which have generally been lower than in previous years. Our oil usage is also 47% below baseline.

We are continuing to work with contractors and our landlord over the use of new technology and initiatives to reduce our carbon footprint. In particular, we are maintaining pressure on our landlord to take a more proactive approach to sustainability in the building as a whole.

The total number of domestic flights has decreased this year, and is now below our baseline by 40%.

Expenditure on official travel continues to rise. This is reflective of the increased size of the organisation, our wider geographical spread and increases in fares.

## Waste

|                                   |                              | Baseline<br>2009–10 | 2013-14 | 2014-15 | 2015-16 |
|-----------------------------------|------------------------------|---------------------|---------|---------|---------|
| Non-financial indicators (tonnes) | Non-recycled                 | 76                  | 3       | 5       | 0       |
|                                   | Total reused/recycled        | 90                  | 94      | 94      | 104     |
|                                   | Energy recovery <sup>2</sup> | –                   | 64      | 88      | 35      |
|                                   | Total waste                  | 166                 | 161     | 186     | 139     |
| Financial indicators (£)          | Total disposal cost          | 17,616              | 25,340  | 26,028  | 26,212  |

<sup>2</sup> 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 fed 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

There has been a significant decrease in our total waste this year, which is now 16% below baseline. 100% of waste is now reused/recycled

or used for energy recovery compared to the baseline year when just over 50% was. Although this figure has been improving over the years, the 100% figure has been made possible due to our landlord negotiating a new disposal contract that avoids any waste going to landfill. Waste per FTE is now 37% below baseline.

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

### Finite resource consumption: paper

|                                   | Baseline<br>2009–10 | 2013-14 | 2014-15 | 2015-16 |
|-----------------------------------|---------------------|---------|---------|---------|
| Non-financial indicators A4 Reams | 47,665              | 34,260  | 35,320  | 29,375  |

### Performance commentary

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

The paper which we currently use is recycled and is used to create closed loop paper. We do not ourselves use closed loop paper, due to issues with the print quality and increased printer maintenance.

Paper usage has decreased this year, in part due to the closure of OKS following the business continuity incident in April 2015. Paper stocks were also reduced to free space in the building. Recycling bins are placed on all floors.

Paper consumption is 38% below baseline this year and consumption per FTE has reduced from 58.70 reams in 2009-10 to 27.08 in 2015-16.

**Finite resource consumption: water**

|  |                                 | <b>Baseline<br/>2009–10</b> | <b>2013-14</b> | <b>2014-15</b> | <b>2015-16</b> |
|--|---------------------------------|-----------------------------|----------------|----------------|----------------|
| Non-financial indicators (m <sup>3</sup> ) | Water consumption               | 6,466                       | 6,615          | 7,361          | 7,082          |
|  | m <sup>3</sup> per FTE          | 7.96                        | 7.74           | 7.07           | 6.53           |
| Financial indicators (£k)                  | Water supply and disposal costs | 13,848                      | 11,806         | 16,777         | 16,013         |

**Performance commentary**

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

Water consumption has decreased this year, but still stands at 10% above baseline. This is due to a significant increase in staff numbers since the baseline year (34%). Although total usage is higher than the baseline, usage per FTE has decreased and is now 18% below the baseline figure.

Our water consumption is affected by the provision of two cafés in the building which are used by GLD and non-GLD staff.

The water supply and disposal costs are recharged by the landlord from the water supply company and are as much a factor of cost as they are for consumption.

## Glossary

|               |   |
|---------------|---|
| <b>AGO</b>    | Attorney General's Office                       |
| <b>BIS</b>    | Department for Business, Innovation and Skills  |
| <b>CETV</b>   | Cash Equivalent Transfer Value                  |
| <b>CMS</b>    | Case Management System                          |
| <b>DCLG</b>   | Department for Communities and Local Government |
| <b>DECC</b>   | Department of Energy and Climate Change         |
| <b>Defra</b>  | Department for Food and Rural Affairs           |
| <b>DEL</b>    | Departmental Expenditure Limit                  |
| <b>DfT</b>    | Department for Transport                        |
| <b>DH</b>     | Department for Health                           |
| <b>DWP</b>    | Department for Work and Pensions                |
| <b>FCO</b>    | Foreign and Commonwealth Office                 |
| <b>FTE</b>    | Full Time Equivalent Employee                   |
| <b>GCOF</b>   | Government Carbon Offsetting Facility           |
| <b>GGC</b>    | Greening Government Commitments                 |
| <b>GHG</b>    | Greenhouse gas                                  |
| <b>GLSS</b>   | Government Legal Service Secretariat            |
| <b>GSI</b>    | Government Secure Intranet                      |
| <b>HMCPSI</b> | HM Crown Prosecution Service Inspectorate       |
| <b>HMRC</b>   | HM Revenue and Customs                          |
| <b>HMT</b>    | HM Treasury                                     |
| <b>HR</b>     | Human resources                                 |
| <b>HO</b>     | Home Office                                     |
| <b>IAS</b>    | International Accounting Standard               |
| <b>ICO</b>    | Information Commissioner's Office               |
| <b>ICT</b>    | Information, communication and technology       |
| <b>IFRS</b>   | International Financial Reporting Standard      |
| <b>Lexcel</b> | Law Society's Practice Quality Mark             |

|              |   |
|--------------|---|
| <b>MOD</b>   | Ministry of Defence                     |
| <b>MoJ</b>   | Ministry of Justice                     |
| <b>NAO</b>   | National Audit Office                   |
| <b>NED</b>   | Non-Executive Director                  |
| <b>OKS</b>   | One Kemble Street                       |
| <b>OPC</b>   | Office of the Parliamentary Counsel     |
| <b>PCPF</b>  | Parliamentary Contributory Pension Fund |
| <b>PCSPS</b> | Principal Civil Service Pension Scheme  |
| <b>QC</b>    | Queen's Counsel                         |
| <b>SCS</b>   | Senior Civil Service                    |
| <b>SME</b>   | Small and medium enterprise             |
| <b>SSRB</b>  | Senior Salaries Review Body             |







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