
HM Procurator General and Treasury Solicitor

Annual Report and Accounts 2015-16

For the year ended 31 March 2016

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Accounts presented to the House of Commons pursuant to section 6(4) of the Government Resources and Accounts Act 2000.

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This is part of a series of departmental publications which, along with the Main Estimates 2016-17 and the document Public Expenditure: Statistical Analyses 2016, present the Government's outturn for 2015-16 and planned expenditure for 2016-17



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Performance report

Overview

Introduction

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

The Treasury Solicitor's Department was established as an executive agency on 1 April 1996. On 1 April 2015 the Department's name was changed to the Government Legal Department. There has been no change to the statutory role of the Treasury Solicitor.

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

The financial statements on pages 50 to 61 cover all these bodies and have been prepared under an accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives. They have been prepared in accordance with the guidance set out in the *Government Financial Reporting Manual (FRM)*.

Entities within the accounts

These accounts present the consolidated results for 2015-16 of:

- Government Legal Department (GLD)
- Attorney General's Office (AGO)
- HM Crown Prosecution Service Inspectorate (HMCPPI)

Purpose and vision

GLD help the government to govern well, within the rule of law

GLD's vision, announced in December 2014 is to be:

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

Principal activities

The principal activities of the **Government Legal Department** are as follows:

- **Advisory Divisions** provide legal advice to ministers and officials of all central government departments other than the Department for Business, Innovation & Skills, the Department of Energy and 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 public inquiries. Its work often raises questions of constitutional importance. It instructs private-sector barristers and solicitors to undertake work on cases where it is appropriate to do so.
- **Employment Group** is one of the largest employment law practices in the country. 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** 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 Accounts and separately notified to Parliament as prescribed in the Treasury Solicitor (Crown's Nominee) Rules 1997 (SI.1997/2870).
- **Government Legal Service Secretariat** advises and supports the Treasury Solicitor in his role as 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 it meets 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.

The Attorney General's Office

The Attorney General's Office (AGO) is a specialist ministerial department serving the Attorney General and the Solicitor General (the Law Officers) across the full range of their functions.

The Law Officers are the Government's chief legal advisers. They also have superintendence responsibilities in relation to public prosecutions, including answering in Parliament for the Crown Prosecution Service and the Serious Fraud Office. They take a close interest in any matters of criminal justice policy and practice bearing on the role of the prosecutors. In addition, they perform a range of civil and criminal law litigation functions exercisable in the public interest, including referring sentences which may be unduly lenient to the Court of Appeal, bringing proceedings for contempt of court, and making applications for fresh inquests. The Attorney General is ministerial head of the government legal profession and responsible for the Government Legal Department, which now includes most of the Whitehall departmental advisory legal teams and government litigators. The Attorney General is also head of the Bar and exercises a leadership role in relation to the wider legal professions, and holds the separate office of Advocate General for Northern Ireland.

HM Crown Prosecution Service Inspectorate

HM Crown Prosecution Service Inspectorate (HMCPPI) is an independent statutory body which was established on 1 October 2000 by the Crown Prosecution Service Inspectorate Act 2000. The Chief Inspector is appointed by and reports to the Attorney General. He also fulfils the function of a Chief Executive. Kevin McGinty's appointment as Chief Inspector began on 1 April 2015.

The purpose of the Inspectorate's work is to enhance the quality of justice and make an assessment of prosecution services so as to improve their efficiency, effectiveness and fairness. It produces reports that provide assurance to ministers, government and the public on the standard of the service delivered.

HMCPPI achieves its strategic objectives by:

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

Since it was established, the Inspectorate's statutory remit has been broadened to include the Revenue and Customs Prosecutions Office which is now part of the Crown Prosecution Service. HMCPPI also undertakes work in Northern Ireland on a delegated basis at the request of the Chief Inspector of Criminal Justice for Northern Ireland in accordance with his powers under the Justice (Northern Ireland) Act 2002. In addition HMCPPI was empowered on 2 June 2014 (ASBCP Act 2014 – section 149 commencement) to inspect the Serious Fraud Office on a statutory basis.

Performance analysis

Performance measures

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

Performance measure	Outturn 2015-16	Outturn 2014-15
To meet client satisfaction ratings (as measured by % of clients rating GLD services as ‘Good’ or ‘Excellent’)	95%	95%
To recover from clients the full operating costs of chargeable services	Met	Met
To retain Lexcel accreditation	Met	Met

These figures are not subject to audit by the NAO

Client satisfaction

95% of GLD’s clients rated its services as “Good” or “Excellent”. This reflects well on the high quality legal work done across GLD and the strong client relationships it has established.

Lexcel

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 its internal systems and processes. In Lexcel terms, GLD is a “centre of excellence”.

Full cost recovery

GLD is primarily funded from the fees charged to clients for legal services. Its 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 a formal exercise is undertaken to forecast the financial outturn for the year. GLD’s commitment to its clients is to ensure that they benefit promptly from better than budgeted performance; so if this forecasting exercise predicts a significant surplus, the underlying reasons are evaluated and an assessment made of whether a fee reduction or rebate should be made in-year.

Significant events during the financial year

Government Legal Department

The Treasury Solicitor’s Department became the Government Legal Department on 1 April 2015, as a visible sign to the rest of government and the outside world that the shared legal service it had been working hard to achieve was now a reality. The occasion was marked with a highly successful One Organisation Event which provided information on the new organisation. GLD also coped professionally and co-operatively as an organisation with the major disruption caused by the “Great Fire of Kingsway” which kept the Department out of its main London Office for the best part of April 2015.

The initial merger programme was concluded when the MOD advisory team joined the shared service on 1 May 2015.

GLD has continued to deliver high quality legal services to government, enabling the delivery of departmental priorities, including through the government's legislative programme and successfully representing government in litigation. It played an important role both in planning and preparation for the 2015 General Election and in helping its clients respond quickly to the government's challenging agenda.

To build on its partnership with its clients GLD refreshed its Relationship Management Strategy, and developed and delivered an action plan to improve client satisfaction.

To demonstrate the benefit of the service provided to its clients and to help inform their decisions about the use of legal resources a suite of client facing management information was developed for GLD's major clients. Further action was taken to improve and refine the information in the GLD Case Management System, and internal management information was developed for Advisory Division Directors: a balanced scorecard for Advisory Directors was rolled out following a successful pilot.

Further progress was made with introducing new ways of working to reduce cost, add value and maintain quality including greater use of paralegals. A number of important projects were delivered in the Legal Quality Programme including updated guidance on legal risk; the successful pilot of a new approach to Statutory Instruments which will be established on a permanent basis from April 2016; the establishment of five centres of excellence; and the roll out of "Excellence in Advisory Work" guidance. The GLD People Strategy set out GLD's commitment to its staff, as did Diversity Fortnight and Careers Week.

In addition GLD retained ISO 27001 and Public Sector Network (PSN) accreditation and used the CIPFA VFM indicators to assess the value for money of its back office functions.

The Government Legal Department Annual Report and Accounts 2015-16 provides substantial details of significant events and achievements. It is available at www.gov.uk/gld

Attorney General's Office

The AGO's Business Plan set out its priorities for 2015-16.

During the year the AGO has been principally focused on delivery of the new Government's manifesto, legislative programme and operational priorities; superintending the public prosecution authorities and supporting the continuing development of GLD; delivering the Law Officer's public interest litigation and other functions; and addressing the consequences for AGO of the 2015 Spending Review.

The Law Officers have handled a wide variety of Parliamentary business in both Houses. The Solicitor General led on parts of the Immigration Bill and is taking a substantial proportion of the Investigatory Powers Bill through its Commons stages. He also responded for the Government in an adjournment debate on extending the unduly lenient sentence scheme and Westminster Hall debates on the work of the CPS and SFO investigations. The Attorney General appeared before the Commons Justice Select Committee in September to discuss the work of the Attorney General's Office.

Ministers have actively supported the work of the Cabinet's Parliamentary Business and Legislation (PBL) Committee in delivering an ambitious first session legislative programme, some aspects of which have attracted significant legal attention. This was the first full session using the AGO's new Legal Issues Memorandum (LIM) and associated *Guide for Departments on*

Working with the Law Officers on Legislation. Ministers, PBL Committee, Parliamentary Counsel and departments have strongly endorsed the LIM and the Guide as having significantly improved the outcome for legislation business while streamlining the process for all. The Law Officers have considered a wide range of consents to legislative retrospection and early commencement, including as usual on finance measures. AGO has built on last year's refreshed policy and guidance on retrospection and early commencement by clarifying and simplifying its application to Budget and Autumn Statement measures, an initiative praised by HMRC's executive committee as "an example of pro-active lawyers making life easier". AGO is continuing to embed good practice on LIMs across Whitehall, seeking further feedback and reviewing its legislative guidance to keep it fully up to date.

The AGO has continued to support the Law Officers in providing timely, problem-solving legal and constitutional advice across all areas of the Government's work, responding in particular to pressures on policies arising from domestic and European litigation and other legal risks, and to the pressures of world events. The Attorney General has regularly attended the National Security Council and supported its work. The Government published in September the legal position on the basis of which lethal drone strikes were made in Syria, and confirmed, with the Attorney General's consent, that he had advised on it. This attracted parliamentary, media and public interest because of the longstanding constitutional convention, set out in the Cabinet Manual and the Ministerial Code, that the fact that the Law Officers have advised or have not advised, and the content of their advice, must not be disclosed without their authority, and because of the rarity with which such consent may be expected.

The number of sentences submitted annually to the Attorney General's Office for consideration of referral to the Court of Appeal for rectification of undue leniency has now more than doubled since 2010, up from 342 sentences to 713 in 2015. Of those, Law Officers' referrals to the Court of Appeal rose by 66%, from 90 to 150. December 2015 brought a record number of ULS submissions – at 113 the highest monthly figure since the scheme began, and nearly double the number in the preceding month. Sexual offences continue to predominate in this practice, accounting for over 20% of cases received. One of the most serious and complex cases to date, involving 17 co-defendants convicted of firearms offences, was presented by the Solicitor General before the Lord Chief Justice; the Court of Appeal increased 16 of the sentences, restoring a total of 50 missing years' imprisonment. AGO handled 204 applications for consent to prosecution in 2015 of which 174 were granted, 8 were declined and 22 withdrawn. The majority of the applications involved terrorism cases and cross-border drugs conspiracies.

AGO continues to keep its case working systems under review, and has innovative proposals in hand to maximise its available resource by changing the balance between legal, paralegal and administrative staff.

In February the Attorney General and senior staff members attended the annual conference of the Quintet of Attorneys General in Washington DC. Together with delegations from the US, Canada, Australia and New Zealand, discussions addressed shared security interests, countering serious and organised crime, and enhancing border management, all issues which continue to present governments with fresh challenges in how best to protect the public. Participants undertook to continue improving information sharing and other systems, and best-practice models, to protect citizens and communities.

HM Crown Prosecution Service Inspectorate

HM Crown Prosecution Service Inspectorate has delivered a full inspection programme of the CPS including a number of joint inspections with HMI Constabulary (HMIC) and HMI Probation (HMIP).

The following reports were published this year:

- The Provision of Charging Decisions (May 2015) and Witness for the Prosecution: Identifying victim and witness vulnerability in criminal case files (Nov 2015) – joint inspections with HMIC
- Disability Hate Crime (May 2015) and Local Criminal Justice Partnerships (Oct 2015) – joint inspections with HMIC and HMIP
- A review of the performance of CPS Follow Up (Jun 2015) followed by the CPS South East Area Effectiveness Inspection
- Communicating with Victims (Jan 2016); Witness Summons (Jan 2016); A Thematic Review of Rape and Serious Sexual Offences Units (Feb 2016); and Transforming Summary Justice (Feb 2016)

A new Area Assurance Programme (AAP) was piloted and commenced and the framework, descriptors, risk parameters and scoring mechanism signed off by the Chief Inspector and forwarded to the CPS with a briefing note. The structure and contents of the data pack have been agreed and populated with data for Wales, followed by a project plan for the area inspection.

HM Chief Inspector's Report 2015-16 provides further details of significant events. This is available at www.justiceinspectorates.gov.uk/hmcpai

Future development

Government Legal Department

Looking ahead 2016-17 will continue to raise many challenging and important legal issues for the government and for GLD which will need to work with its clients as they set their priorities and establish their requirements for legal services following the 2015 Spending Review. GLD will continue to seek opportunities for innovation, improvement and greater efficiencies in all aspects of the services it delivers. This will include looking at how digital solutions can be used to enhance knowledge management and the provision of online services to clients. The 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 the GLD accommodation and technology strategies will support the modernisation of ICT and flexible working practices.

Further details of GLD's plans and objectives, risks and opportunities, for 2016-17 are contained in the Government Legal Department 2016-17 Business Plan which will be available at www.gov.uk/gld

Attorney General's Office

The AGO will continue to provide a range of high quality legal and strategic policy advice and casework in support of the Law Officers. The AGO will continue to improve partnership working, build capability and ensure increased efficiency for the Office and the Law Officers' Departments as a whole. There will be an office move, necessitated by the expiry of the lease on their current premises, and by the end of the summer should be starting to realise the prospects it holds for new ways of working together for the benefit of our Ministers.

Further details are contained in the AGO 2016-17 Business Plan, which will be available at www.gov.uk/ago

Her Majesty's Crown Prosecution Service Inspectorate

HMCPSI inspections are focussed on improving the performance of the Crown Prosecution Service (CPS) and Serious Fraud Office (SFO), holding the organisations to account and providing assurance to the Attorney General. It works with the inspected agencies to identify good practice and drive improvement by undertaking a robust follow-up process. It remains committed to producing high quality inspection reports.

A further role of the inspectorate is to assess value for money and identify where financial savings can be made in the CPS, the SFO and the criminal justice system (CJS) as a whole, whilst ensuring a high quality service is still delivered in the difficult economic climate.

The Inspectorate continues to place importance on working with other criminal justice inspectorates on those topics where more value is added through joint inspection. Its priorities for 2016-17 are to:

- carry out effective scrutiny of the work of the CPS and SFO in order to give assurance to the Attorney General
- assist the CPS and SFO to improve the quality of service they offer the public
- highlight aspects of CPS and SFO work where poor performance represents a risk to the public or to the reputation of the CPS or SFO
- highlight aspects of CPS and SFO performance which represent good practice
- undertake joint inspections with Her Majesty's Inspectorate of Constabulary (HMIC), Her Majesty's Inspectorate of Prisons and Her Majesty's Inspectorate of Probation in order to identify opportunities for greater efficiency and improved outcomes in the criminal justice system as a whole
- be flexible so that work can be undertaken at short notice if necessary

Further details are shown in HMCPSI's 2015-16 Business Plan available at www.justiceinspectorates.gov.uk/hmcpsi

Sustainability performance

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

A summary of the Department's performance and action taken in 2015-16 to improve sustainability is provided in the Sustainability Report at Annex A (page 62).

Complaints to the Parliamentary Ombudsman

In previous years there have been no complaints to the Parliamentary Ombudsman relating to GLD. This year however there have been three complaints accepted for investigation of which two were not upheld and one is still being investigated. The Ombudsman has in recent years lowered its threshold for investigating unresolved complaints, which means it now investigates many more cases, and the comparison between the number of investigations this year compared to prior years needs to be read in this context.

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

Performance in responding to correspondence from the public

GLD does not normally receive enquiries from members of the public since it conducts the majority of its business with other government departments. The complaints it does normally receive normally relate to the way cases have been handled or people feeling they were treated unfairly. Seven formal complaints were received by the Treasury Solicitor between 1 April 2015 and 31 March 2016 and they were dealt with within the published target of 10 working days.

In the calendar year 2015 AGO received 903 items of correspondence from the public. 98.6% were dealt with within 20 working days.

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

Health and safety

GLD is committed to providing a safe and healthy working environment and has a number of initiatives in place to promote health and wellbeing in the workplace. These include:

- an annual flu jab programme
- biennial health screening check ups
- monthly GP surgeries at its One Kemble Street premises
- health and safety assessments of work stations and further ergonomic/disability assessments if needed
- access to an employee assistance counselling service
- a health and wellbeing portal, Health Matters, which provides access to information, support and advice on a range of topics to help staff look after their health in work and at home

The AGO applies the GLD approach to identifying and handling of health and safety issues within the Department. The health and counselling services which GLD provides are available to AGO staff

HMCPSI has continued to complete quarterly inspections with support from its landlords. In 2015-16 it ensured that it had sufficient staff qualified as First Aid providers and fire marshals to enhance coverage at all times. In addition support staff received training in DSE (Display Screen Equipment – Work Station Assessment) to ensure that all employees in both its office locations (London and York) can receive a preliminary assessment. Where necessary employees have been provided with professional assessments to ensure their wellbeing and new equipment has been purchased and installed where the assessments identified a need.

Consultation with employees

2015 People Survey

Government Legal Department

80% of staff responded to the survey and the engagement index was 60%, 2% higher than the Civil Service average. Feedback was encouraging and indicative of progress with strong scores for a number of themes, with seven scoring higher than the Civil Service median, but there is still room for improvement which will be addressed through a corporate action plan.

Attorney General's Office

AGO had an employee engagement index of 74% with a response rate of 97%. Although the engagement index was down 5% on the 2014 survey, it is 15% higher than the Civil Service average and was the second highest result of any participating department.

HM Crown Prosecution Service Inspectorate

HMCPSI achieved a response rate of 100%. The engagement score was 67%, 10% higher than last year and 8% higher than the civil service average score which is a significant improvement.

The feedback in many areas was encouraging. Scores increased significantly across all categories except "organisational objectives and purpose" and scores for "my manager".

The lowest scoring area was pay as was the case last year, but even this score increased by 24% over last year.

A full report has been produced and discussed at the Inspectorate Executive Board. Plans on how to move forward have been made, which include the production of an action plan and the creation of a staff working group.

Partnership

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.

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

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

Financial results

In delivering its wide range of legal services to its clients, legal and strategic policy advice and support to the Law Officers, and inspection and assessment of prosecution services, the Department spent £189,263k. After taking into account income of £185,572k, the net resource requirement for 2015-16 was £3,691k, £4,842k less than the sum approved by Parliament in the 2015-16 Main Estimate for HM Procurator General and Treasury Solicitor.

Total operating income was £185,572k; operating income of £135,224k was generated through charges for legal services provided to clients; £41,538k from the recovery of disbursements incurred in providing legal services to clients; £3,710k was recovered from the Crown's Nominee's Account and other income of £5,100k including rent, service charges, subscription services and recovery of costs of outward secondments was received. After taking into account costs which are met from the Vote, including the cost of the Attorney General's Office and HMCPST, GLD met its financial objective to recover the full cost of its chargeable services.

There was capital expenditure of £823k against voted capital provision of £1,350k. The Department's strategy is to invest in improving and developing its systems to support its business. In doing so it takes a measured approach to its capital investment programme to ensure that it has the capacity to deliver it. This year GLD has invested in maintaining the IT infrastructure. The investment has also supported flexible working and the provision of a modern workplace.

Comparison of Estimate and outturn

GLD underspent by £2,852k. GLD operates largely on a demand led, full cost recovery basis. Fee rates are set in accordance with HMT Treasury guidance *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/refund should be made in-year. In the event GLD over performed against this forecast, due to a combination of lower corporate costs and stronger income.

AGO underspent by £215k mainly due to lower staff costs.

HMCPST underspent by £152k due to lower staff costs

The Department used 75% of its net cash requirement.

Capital expenditure was lower than the Estimate.

Reconciliation of resource expenditure between Estimates, accounts and budgets

£'000	2015-16	2014-15
Net Resource Outturn (Estimates)	3,691	8,217
Net Operating Cost (Accounts)	3,691	8,217
Resource Budget Outturn (Budget)	3,691	8,217
<i>of which</i>		
<i>Departmental Expenditure Limits</i>	5,314	8,691
<i>Annually Managed Expenditure</i>	(1,623)	(474)

Publicity and advertising

During the year GLD applied the required controls in granting exemptions from the freeze on new advertising and marketing spend as follows:

- advertising for the recruitment of Panel Counsel to the Attorney General's A, B and C Panels and to the Regional Panel
- advertising for the recruitment of lawyers

Payment of suppliers

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

During the year the Department paid 73% (2014-15: 74% (restated)) of all undisputed invoices within 10 days of receipt in line with the commitment to pay all suppliers promptly.

Reporting cycle

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

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

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

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

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

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

HMCPsi's Business Plan may be accessed at www.justiceinspectors.gov.uk/hmcpai

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 19 includes the ministerial titles and names of ministers who had responsibility for the Department for the year, the name of the permanent head of the Department and the composition of the GLD Board.

Pension liabilities

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

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

Details of pension arrangements can be found in the Remuneration Report and note 1.5 to the accounts.

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.

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 £83k.

Personal data related incidents

All government departments are required to publish information about any serious personal data related incidents which have to be reported to the Information Commissioner. One incident relating to the AGO was reported.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2015-16

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
August 2015	Material left on public transport by contractor	Litigation papers	Three	Reported to the ICO and British Transport Police by AGO and material recovered

There have been no other protected personal data related incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but which have to be recorded by the Department.

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

HM Procurator General and Treasury Solicitor Accounts are audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General.

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware.

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

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

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, accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis

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

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

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the 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. In addition to being responsible for all financial activity within GLD the Treasury Solicitor is also responsible for financial matters at the Attorney General's Office (AGO) and Her Majesty's Crown Prosecution Service Inspectorate (HMCPsi).

Ministers

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

- The Rt Hon 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. Management matters in the Attorney General's Office are the responsibility of the Director General (Rowena Collins Rice) and HMCPsi is led by the Chief Inspector (Kevin McGinty) who also fulfils the function of a Chief Executive. The Chief Inspector has been appointed as Accounting Officer for HMCPsi. The Director General, AGO and the Chief Inspector meet me regularly and each provides an annual assurance report. The AGO Director General and AGO officials meet the Law Officers regularly to provide high quality legal and strategic policy advice and support. The HMCPsi Chief Inspector meets regularly with the Law Officers.

The governance arrangements for AGO and HCPsi can be found at: <https://www.gov.uk/government/organisations/attorney-generals-office/about/our-governance>

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:

Executive members	Attendance
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
Non executive members	
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 its 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 an 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

The AGO manages its strategic risks through regular review of its risk register. Its strategic risks relate to resourcing, systems, business delivery and reputation.

HMCPSI risks relate to resourcing and the loss of corporate knowledge and the ability to deliver services due to the absence or departure of key staff, and the risk of unforeseen events and reduction in budget.

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 security and 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 16.

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 capability, 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 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 HM Procurator General and Treasury Solicitor 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

Remuneration policy

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

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

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

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

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

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

Senior Civil Service (SCS) Pay Committee

The function of the SCS Pay Committee is to determine the Department'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 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, 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 Department's 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 SCS 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 ministers and most senior management (i.e. Board members) of the Department.

Remuneration (salary, benefits in kind and pensions)

Ministers	Salary (£)		Pension Benefits (to nearest £1,000) ¹		Total (to nearest £1,000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
The Rt Hon Jeremy Wright QC MP <i>Attorney General</i>	94,450	66,067 ²	27,000	18,000	121,000	84,000
Robert Buckland QC MP <i>Solicitor General</i>	57,926	41,265 ³	17,000	14,000	75,000	56,000

1. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights
2. Full year equivalent was £94,450
3. Full year equivalent was £57,926

Single total figure of remuneration

Officials	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (to nearest £1,000) ¹		Total (£'000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Jonathan Jones <i>HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive</i>	160-165	160-165	–	–	57,000	97,000	215-220	255-260
Stephen Braviner-Roman <i>Legal Director General A</i>	115-120	95-100 ²	–	–	64,000	59,000	180-185	155-160
Claire Johnston <i>Legal Director General B</i>	115-120	105-110	15-20	–	82,000	118,000	210-215	225-230
Peter Fish <i>Legal Director General C</i>	120-125	120-125	–	15-20	29,000	30,000	150-155	165-170
Valerie Cain <i>People and Change Director</i>	95-100	90-95	10-15	–	43,000	44,000	150-155	135-140
Nick Payne <i>Finance and Operations Director</i>	120-125	100-105 ³	–	–	54,000	18,000	170-175	115-120

Kevin McGinty <i>HM Chief Inspector of the Crown Prosecution Service Inspectorate</i>	120- 125	-	-	-	290,000 –	405- 410	-
Rowena Collins-Rice <i>Director General of Attorney General's Office</i>	130- 135	130- 135	15- 20	15-20	37,000 24,000	180- 185	170- 175

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 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	15-20	15-20
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. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£67,060 from 1 April 2014, £74,000 from 8 May 2015) and various allowances to which they are entitled are borne centrally.

Benefits in kind

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

Bonuses

Bonus payments (non consolidated performance related pay awards) are based on performance levels attained and are made as part of the appraisal process. 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

Ministers	Accrued pension at age 65 as at 31/3/16	Real increase in pension at age 65	CETV at 31/3/16 ¹	CETV at 31/3/15	Real increase in CETV funded by taxpayer
	£'000	£'000	£'000	£'000	£'000
The Rt Hon Jeremy Wright QC MP <i>Attorney General</i>	5-10	0-2.5	64	43	8
Robert Buckland QC MP <i>Solicitor General</i>	0-5	0-2.5	27	13	7

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

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc Pension Scheme 2015, available at

<http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1st April 2013 have transitional protection to remain in the previous final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a minister. CETVs are calculated in accordance with the Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

Officials	Accrued pension at age as at 31/3/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/16¹	CETV at 31/3/15	Real increase in CETV²	Employer contribution to partnership pension accounts
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Jonathan Jones <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 <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 <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 <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 <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 <i>Finance and Operations Director</i>	45-50	0-2.5	809	711	27	–
Kevin McGinty <i>HM Chief Inspector of the Crown Prosecution Service Inspectorate</i>	40-45 plus lump sum of 125-130	12.5-15 plus lump sum 40-42.5	976	638	283	–
Rowena Collins-Rice <i>Director General of Attorney General's Office</i>	50-55 plus lump sum of 150-155	0-2.5 plus lump sum of 5-7.5	1,048	939	32	–

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: three 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

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 employed staff	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	87,997	–	152	88,149	78,885
Social security costs	7,562	–	16	7,578	6,704
Other pension costs	18,667	–	–	18,667	16,288
Sub total	114,226	–	168	114,394	101,877
Agency and contracted staff	–	9,234	–	9,234	11,935
Inward secondments	–	258	–	258	228
Total	114,226	9,492	168	123,886	114,040
Less recoveries in respect of outward secondments	(1,592)	–	–	(1,592)	(1,270)
Total net costs	112,634	9,492	168	122,294	112,770

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.

For 2015-16, employers’ contributions of £18,544k were payable to the PCSPS (2014-15: £16,184k) 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: £104k) 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 member 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	Ministers	Total
GLD	1,838	1,663	175	–	1,667
AGO	40	38	–	2	40
HMCPSI	32	32	–	–	31
Total	1,910	1,733	175	2	1,738

No staff costs were capitalised in 2015-16.

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	–	–	–	–	–	–
Total number of exit packages by type	–	2	2	–	18	18
Total resource cost/£	–	34,229	34,229	–	936,644	936,644

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. 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 pay band as at 31 March 2016 was as follows:

	GLD	AGO	HMCPsi
SCS 4 – Permanent Secretary	1	–	–
SCS 3	3	1	–
SCS 2	21	1	1
SCS 1 and 1A	116	2	1
<i>Total</i>	141	4	2

The HMCPsi SCS PB2 is a public appointment equating to a PB2

Staff composition

The Department, including AGO and HMCPsi, continues to promote equality for all and, in particular, continues to maintain a strong profile of women, black and minority ethnic, and disabled staff at senior civil service (SCS) level and in feeder grades to the SCS, in particular.

The gender breakdown of our headcount as at 31 March 2016 was as follows:

	Male	Female
<i>Officials as disclosed in the Remuneration Report¹</i>	5	3
<i>Non executive directors</i>	1	2
<i>SCS (excluding officials disclosed in the Remuneration Report)</i>	75	64
<i>Employees</i>	731	1,193
<i>Total</i>	812	1,262

1. includes GLD Board members, Director General of AGO and the Chief Inspector, HMCPsi but excludes Ministers

The proportion of black, minority and ethnic staff at SCS pay band 1 is 12.5%. The proportion of total staff is 25.8%. Levels of disabled staff (8.6% of the SCS and 6.0% of total staff) compare favourably with comparable grades elsewhere, supported by efficient arrangements for assessments and the implementation of reasonable adjustments for those who require them.

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

Recruitment practice

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

Systems are subject to internal review and GLD and AGO were audited by the Civil Service Commission in 2015 and March 2016. GLD completed an on-line assessment on compliance with the Civil Service Commission's recruitment principles in April 2015. The result was that GLD was not compliant. Changes have since been made to ensure that GLD is now compliant.

A freeze on external recruitment into the Civil Service has been in place since May 2010. This freeze does not apply to existing Civil Servants. Frontline staff which includes civil litigation staff, are exempt. The Treasury Solicitor has delegated authority from the Attorney General to approve external recruitment to 'business critical posts'. Between 1 April 2015 and 31 March 2016, 65 new members of staff were recruited to GLD, AGO and HMCPSI by means of fair and open competition.

Grade	Number	Male	Female	Ethnic minority	Disabled
Grade 7	35	11	24	5	7
Legal Officer	3	–	3	–	–
Legal Trainee	19	10	9	1	–
SEO	4	3	1	2	1
HEO	2	1	1	–	–
AO	2	–	2	1	–
Total	65	25	40	9	8

During the period specified above, there were six exceptions to the Civil Service Commission's Recruitment Principles (two reinstatements and four fixed term appointment).

Recruitment of temporary lawyers and administrative staff

In April 2014 GLD signed an agreement to recruit contingent labour via the Contingent Labour 1 framework introduced by Crown Commercial Services.

Contingent labour forms part of the common goods and services as defined by the Public Expenditure Committee.

Following a review of how central government procures contingent labour, in 2013 Crown Commercial Services introduced a framework for departments with contingent labour requirements. The framework was designed to make savings and provide benefits such as; common technology, managed rate cards with clearly defined HMG business rules and standard contractual terms and conditions throughout the supply chain.

Under the terms of this agreement, Capita Business Services Ltd and Brook Street (UK) Ltd, represents the interface between GLD and recruitment agencies to supply temporary agency staff, (professional, technical and administrative).

The Treasury Solicitor has agreed to the placement of temporary lawyers and administrators in front line posts as vacancies occur and where permanent recruitment is not appropriate. During 2015-16, GLD recruited 132 temporary people – 94 administrators and 38 lawyers.

Sickness absence

Overall sickness absence was an average of 5.1 working days lost per person (2014-15: 5.1 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

Controls on spending on consultancy were introduced during 2010-11. Expenditure on consultants has been kept to a minimum with spend in 2015-16 of £26k (2014-15: £24k). Spend relates to the cost of professional advice provided to HMCPSP by Dr Jacki Tapley and Jenny Rowe.

Expenditure on contingent labour

Agency and contract staff are employed within GLD for operational reasons and 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 9.2% of average headcount for the year (2014-15: 14.5%). To reduce GLD's reliance on agency staff it undertook several external recruitment campaigns resulting in 57 new legal recruits and 8 other professionals and support staff.

High paid off-payroll appointments

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

For GLD these engagements are principally made up of two categories of individual:

- In the ICT area, the GLD Board has agreed that there should be a mixed economy of permanent and temporary staff for practical business reasons. During 2015-16 GLD had a number of temporary agency ICT staff on a short term basis (between 6 and 9 months) to undertake specific IT tasks, in addition to some who are there for longer periods
- Temporary agency lawyers via the Capita contract, who are filling business critical posts. During 2015-16 GLD ran a number of external recruitment exercises to bring in permanent staff, and to consequentially reduce the dependency on temporary agency staff this is reflected in the reduced number of agency staff at year end.

Details are as follows:

Table 1: For all off-payroll engagements as of 31 March 2016, for more than £220 per day and that last longer than six months

	GLD	AGO HMCPSI	
No of existing engagements as at 31 March 2016	33	–	–
<i>Of which</i>			
No that have existed for less than one year at time of reporting	11	–	–
No that have existed for between one and two years at time of reporting	19	–	–
No that have existed for between two and three years at time of reporting	2	–	–
No that have existed for between three and four years at time of reporting	–	–	–
No that have existed for four or more years at time of reporting	1	–	–

Table 2: For all new off-payroll engagements or those that reached 6 months in duration, between 1 April 2015 and 31 March 2016 for more than £220 per day and that last longer than six months

	GLD	AGO HMCPSI	
No of new engagements, or those that reached six months in duration, between 1 April 2015 and 31 March 2016	47	–	–
No of the above which include contractual clauses giving the Department the right to request assurance in relation to income tax and National Insurance obligations	47	–	–
No for whom assurance has been requested	41	–	–
<i>Of which</i>			
No for whom assurance has been received	38	–	–
No for whom assurance has not been received	3	–	–
No that have been terminated as a result of assurance not being received	–	–	–

All the temporary agencies contracted to provide off-payroll engagements to GLD have agreed to include a contractual clause allowing the Department to seek assurance. Assurance was not sought from six individuals who left before our annual assurance exercise commenced; of these two had provided assurance in 2014-15

The three temporary staff who have not yet provided assurance have undertaken to do so.

Table 3: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2015 and 31 March 2016

	GLD	AGO	HMCP	PSI
No of off payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year	-	-	-	-
Total no of individuals on payroll and off-payroll that have been deemed Board members and/or senior officials with significant financial responsibility during the financial year	6	1	1	1

Parliamentary accountability and audit report

This information has been subject to audit.

Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the *Government Financial Reporting Manual* (FRM) requires the Government Legal Department to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes to show resource outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit. The SoPS and related notes are subject to audit.

Summary of Resource and Capital outturn 2015-16

		2015-16						2014-15	
		Estimate			Outturn			Voted Outturn	Outturn
								compared with Estimate saving/ (excess)	Total
Note	Voted	Non- Voted	Total	Voted	Non- Voted	Total			
	£000	£000	£000	£000	£000	£000	£000	£000	
Departmental Expenditure Limit									
Resource	SOPS 1.1	8,533	–	8,533	5,314	–	5,314	3,219	8,691
Capital	SOPS 1.2	1,350	–	1,350	823	–	823	527	1,633
Annually Managed Expenditure									
Resource	SOPS 1.1	–	–	–	(1,623)	–	(1,623)	1,623	(474)
Capital	SOPS 1.2	–	–	–	–	–	–	–	–
Total budget		9,883	–	9,883	4,514	–	4,514	5,369	9,850
Non-budget									
Resource		–	–	–	–	–	–	–	–
Total		9,883	–	9,883	4,514	–	4,514	5,369	9,850
Total Resource	SOPS 1.1	8,533	–	8,533	3,691	–	3,691	4,842	8,217
Total Capital	SOPS 1.2	1,350	–	1,350	823	–	823	527	1,633
Total		9,883	–	9,883	4,514	–	4,514	5,369	9,850

Net cash requirement 2015-16

		2015-16	2015-16	Outturn compared with Estimate saving/ (excess)	2014-15
	Note	Estimate	Outturn	£000	Outturn
		£000	£000	£000	£000
Net cash requirement	SOPS 2	9,283	6,978	2,305	1,333
Administration costs 2015-16		2015-16	2015-16		2014-15
		£000	£000		£000
		8,533	5,314	3,219	8,691

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

Explanations of variance against Estimate and Outturn are given in SOPS Note 1 and in the Performance Report.

Notes to the Statement of Parliamentary Supply
SOPS1. Net outturn
SOPS1.1 Analysis of net resource outturn by section

								2015-16	2014-15	
Outturn								Estimate		
Administration			Programme			Total				
							Net total outturn compared with Estimate saving/ (excess)	Prior-year outturn		
Gross	Income	Net	Gross	Income	Net	£000	£000	£000		
£000	£000	£000	£000	£000	£000	£000	£000	£000		
Spending in Departmental Expenditure Limit										
Voted										
A: GLD	183,558	(185,077)	(1,519)	-	-	-	(1,519)	1,333	2,852	1,760
B: AGO	4,641	(606)	4,035	-	-	-	4,035	4,250	215	4,303
C: HMCPSI	2,798	-	2,798	-	-	-	2,798	2,950	152	2,628
Non-Voted	-	-	-	-	-	-	-	-	-	-
Annually Managed Expenditure										
Voted										
D: Provisions	-	-	-	(1,734)	111	(1,623)	(1,623)	-	1,623	(474)
Non-Voted	-	-	-	-	-	-	-	-	-	-
Total	190,997	(185,683)	5,314	(1,734)	111	(1,623)	3,691	8,533	4,842	8,217

The variance between Estimate and outturn is due to:

GLD underspent by £2,852k. GLD operates largely on a demand led, full cost recovery basis. Fee rates are set in accordance with HMT Treasury guidance *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/refund should be made in-year. In the event GLD over performed against this forecast, due to a combination of lower corporate costs and stronger income.

AGO underspent by £215k mainly due to lower staff costs.

HMCPSI underspent by £152k due to lower staff costs.

The AME movement release relates to utilisation and release of provisions for onerous leases and dilapidations costs.

SOPS1.2 Analysis of net capital outturn by section

	2015-16			2015-16		2014-15
	Outturn			Estimate		Prior-year outturn
	Gross	Income	Net	Net total	Net total	
	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit						
Voted						
A: GLD	823	-	823	1,350	527	1,621
B: AGO	-	-	-	-	-	12
C: HMCPSI	-	-	-	-	-	-
Non-Voted						
	-	-	-	-	-	-
Annually Managed Expenditure						
Voted						
D: Provisions	-	-	-	-	-	-
Non-Voted						
	-	-	-	-	-	-
Total	823	-	823	1,350	527	1,633

Capital expenditure was lower than the Estimate.

SOPS2. Reconciliation of net resource outturn to net cash requirement

				2015-16
	Note	Estimate	Outturn	Net total outturn compared with estimate saving/ (excess)
		£000	£000	£000
Resource outturn	SOPS 1.1	8,533	3,691	4,842
Capital outturn	SOPS 1.2	1,350	823	527
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
	4			
Depreciation		(2,100)	(2,235)	135
Movement on provisions		–	914	(914)
Other non cash		–	(83)	83
<i>Adjustments to reflect movements in working capital balances:</i>				
Increase/(decrease) in receivables	9	–	4,304	(4,304)
(Increase)/decrease in payables	10	1,500	5,044	(3,544)
Less movement in supply creditor	10	–	(6,189)	6,189
Use of provisions		–	709	(709)
Net cash requirement		9,283	6,978	2,305

Expenditure tables

These tables present actual expenditure for the years 2011-12 to 2015-16 and planned expenditure from 2016-17 to 2019-20. Outturn data is consistent with previous years' published accounts and plan years' information is consistent with the Spending Review settlement.

The format of the tables is determined by HM Treasury. Table 1 is a summary of the Department's net public spending. Table 2 is a summary of the Department's administration expenditure.

Approval for the spending plans for 2016-17 are set out in the HM Procurator General and Treasury Solicitor Main Estimate 2016-17. The document is available at the HM Treasury website at www.hm-treasury.gov.uk

Table 1 Public Spending

£'000	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plan	Plan	Plan	Plan
Resources									
Spending in Departmental Expenditure Limits									
A GLD Administration (Net)	(1,543)	(2,707)	(2,566)	1,760	(1,519)	1,590	1,767	5,841	10,083
B AGO (Net)	4,322	4,241	4,161	4,303	4,035	4,218	3,860	3,837	3,834
C HMCPSI (Net)	3,525	2,832	2,537	2,628	2,798	2,772	2,683	2,532	2,513
D Provisions (Net)	(672)	1,417	(689)	(474)	(1,623)	-	-	-	-
Total Resources	5,632	5,783	3,443	8,217	3,691	8,580	8,310	12,210	16,430
Total DEL	6,304	4,366	4,132	8,691	5,314	8,580	8,310	12,210	16,430
Total AME	(672)	1,417	(689)	(474)	(1,623)	-	-	-	-
Capital									
Spending in Departmental Expenditure Limits									
A GLD Administration (Net)	929	1,102	1,622	1,621	823	1,900	2,900	4,200	2,700
B AGO (Net)	9	88	-	12	-	-	-	-	-
C HMCPSI (Net)	18	14	-	-	-	-	-	-	-
Spending in Annually Managed Expenditure									
B AGO (Net)	-	63	-	-	-	-	-	-	-
Total Capital	956	1,267	1,622	1,633	823	1,900	2,900	4,200	2,700

Table 2 Administration Budgets

£'000	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plan	Plan	Plan	Plan
A GLD Administration (Net)	(1,543)	(2,707)	(2,566)	1,760	(1,519)	1,590	1,767	5,841	10,083
B AGO (Net)	4,322	4,241	4,161	4,303	4,035	4,218	3,860	3,837	3,834
C HMCPSI (Net)	3,525	2,832	2,537	2,628	2,798	2,772	2,683	2,532	2,513
Total Administration Budget	6,304	4,366	4,132	8,691	5,314	8,580	8,310	12,210	16,430
<i>Of which</i>									
Paybill	61,893	66,517	84,033	114,040	123,886	131,655	124,030	124,807	126,005
Expenditure	55,613	48,419	56,372	66,478	67,111	65,405	64,915	69,510	74,184
Income	(111,202)	(110,570)	(136,273)	(171,827)	(185,683)	(188,480)	(180,635)	(182,107)	(183,759)

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 Government Legal 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*. This analysis is not for IFRS 8 purposes.

	2015-16			2014-15		
	Income £000	Full Cost £000	Surplus/ (deficit) £000	Income £000	Full Cost £000	Surplus/ (deficit) £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 £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 recognized in the financial statements. The cost of capital charge is calculated

at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for cash balances held with the Government banking service.

The income and expenditure disclosed relates solely to the Government Legal Department and excludes the Attorney General's Office and HM Crown Prosecution Service Inspectorate

Remote contingent liabilities

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

Long term expenditure trends

Planned net expenditure as agreed with HM Treasury is set out in the expenditure tables. The Departmental Expenditure Limit (DEL) Resource funding is to cover the costs of casework on behalf of the Attorney General (time and disbursements) and the administration costs of AGO and HMCPSI. The Spending Review 2015 provided additional funding for GLD from 2018-19 for its future relocation to Clive House, at the end of its lease on One Kemble Street, as part of the government estate strategy.

The DEL Capital funding allows GLD to invest in improving and developing systems to support its business and meet its accommodation needs. Spending Review 2015 provided for additional funding to enable for the investment 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 HM Procurator General and Treasury Solicitor ('the Department') for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and 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 Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Performance Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2016 and shows that those totals have not been exceeded; and

- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2016 and of the Department's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the 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

Financial statements

Statement of comprehensive net expenditure

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	(7,764)	(7,128)
Total operating income		(185,572)	(171,599)
Staff costs	3	123,886	114,040
Purchase of goods and services	4	14,544	13,969
Rentals under operating leases	4	6,305	4,853
Non cash items	4	1,404	2,237
Disbursements	4	43,124	44,717
Total operating expenditure		189,263	179,816
Net operating expenditure		3,691	8,217
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of property plant and equipment		–	–
Net (gain)/loss on revaluation of intangibles		–	–
Total comprehensive expenditure for the year		3,691	8,217

All income and expenditure is derived from continuing operations.

The notes on pages 54 to 61 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
Non-current assets					
Property, plant and equipment		2,713		3,969	
Intangible assets		576		732	
Total non-current assets		3,289		4,701	
Current assets					
Trade and other receivables	9	34,684		30,380	
Cash and cash equivalents	8	2,305		8,494	
Total current assets		36,989		38,874	
Total assets			40,278		43,575
Current liabilities					
Trade and other payables	10	(24,899)		(31,125)	
Provisions		(1,108)		(1,276)	
Total current liabilities		(26,007)		(32,401)	
Non-current assets plus net current assets			14,271		11,174
Non-current liabilities					
Non-current liabilities	10	(1,182)			
Provisions		(4)		(1,459)	
Total non-current liabilities		(1,186)		(1,459)	
Total assets less liabilities			13,085		9,715
Taxpayers' equity and other reserves					
General Fund			12,666		9,293
Revaluation Reserve			419		422
Total equity			13,085		9,715

The notes on pages 54 to 61 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
Cash flows from operating activities			
Net operating expenditure		(3,691)	(8,217)
Adjustments for non-cash transactions arising in the year	4	1,404	2,237
(Increase) in trade and other receivables	9	(4,304)	(587)
Increase in trade and other payables*	10	994	7,537
Use of provisions		(709)	(439)
Net cash outflow/(inflow) from operating activities		(6,306)	531
Cash flows from investing activities			
Purchase of property, plant and equipment		(445)	(1,816)
Purchase of intangible assets		(227)	(48)
Net cash outflow from investing activities		(672)	(1,864)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		4,000	9,199
Prior year cash repaid		(3,211)	–
Net Financing		789	9,199
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	8	(6,189)	7,866
Payments of amounts due to the Consolidated Fund		–	–
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	8	(6,189)	7,866
Cash and cash equivalents at the beginning of the period	8	8,494	628
Cash and cash equivalents at the end of the period	8	2,305	8,494

The notes on pages 54 to 61 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 year ended 31 March 2016

	Note	General Revaluation Fund £000	Reserve £000	Total Reserves £000
Balance at 1 April 2014		16,088	423	16,511
Changes in taxpayer's equity for 2014-15				
Net Parliamentary Funding – drawn down		9,199	–	9,199
Net Parliamentary Funding – deemed		628	–	628
Supply Payable Adjustment	10	(8,494)	–	(8,494)
Comprehensive net expenditure for the year		(8,217)	–	(8,217)
Non-cash adjustments:				
Auditors' remuneration	4	88		88
Movements in Reserves				
Net loss on revaluation of property, plant and equipment		–	–	–
Net loss on revaluation of intangibles		–	–	–
Transfers between reserves		1	(1)	–
Total recognised income and expenditure for 2014-15		(6,795)	(1)	(6,796)
Balance at 31 March 2015		9,293	422	9,715
Changes in taxpayer's equity for 2015-16				
Net Parliamentary Funding – drawn down		789	–	789
Net Parliamentary Funding – deemed		8,494		8,494
Supply payable adjustment	10	(2,305)	–	(2,305)
Comprehensive net expenditure for the year		(3,691)	–	(3,691)
Non-cash adjustments:				
Auditors' remuneration	4	83	–	83
Movements in Reserves				
Net gain on revaluation of property, plant and equipment		–		–
Net gain on revaluation of intangibles		–	–	–
Transfers between reserves		3	(3)	–
Total recognised income and expenditure for 2015-16		3,373	(3)	3,370
Balance at 31 March 2016		12,666	419	13,085

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

The notes on pages 54 to 61 form part of these accounts.

Notes to the departmental accounts

1. *Statement of accounting policies*

The financial statements have been prepared in accordance with the 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 Basis of consolidation

The accounts comprise a consolidation of the non-agency parts of the Department and those entities that fall within the departmental boundary as defined by the FReM. Transactions between entities included in the consolidation are eliminated. A list of all entities within the departmental boundary is given at Note 14. There is no “parent” department and separate financial statements are prepared for the Government Legal Department. The Attorney General’s Office and HM Crown Prosecution Service Inspectorate are not required to produce financial statements; therefore only a group SOCNE and SOFP are produced.

1.3 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 relating to tenants of the Government Legal Department and the AGO, 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 accrued cost of disbursements.

1.4 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.

1.5 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.

1.6 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.

1.7 Operating leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term from the date of occupation. Future payments as disclosed in Note 6 (Commitments under operating leases) are not discounted.

1.8 Taxation

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

Operating income is stated net of VAT.

1.9 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. Statement of operating costs by operating segment

The Department's reportable segments are as follows:

- Government Legal Department (GLD)
- Attorney General's Office (AGO)
- HM Crown Prosecution Service Inspectorate (HMCPPI)

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

2015-16	GLD £000	AGO £000	HMCPPI £000	Eliminations £000	Consolidated £000
Income and expenditure					
Revenues					
Third party	(184,995)	(577)	–	–	(185,572)
Inter-segment	(253)	(30)	–	283	–
Total revenues	(185,248)	(607)	–	283	(185,572)
Gross expenditure	181,334	5,416	2,513	–	189,263
Inter-segment	–	–	283	(283)	–
Net operating cost	(3,914)	4,809	2,796	–	3,691

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

2014-15	GLD £000	AGO £000	HMCPPI £000	Eliminations £000	Consolidated £000
Income and expenditure					
Revenues					
Third party	(171,078)	(516)	(5)	–	(171,599)
Inter-segment	(245)	(30)	–	275	–
Total revenues	(171,323)	(546)	(5)	275	(171,599)
Gross expenditure	172,614	4,845	2,357	–	179,816
Inter-segment	–	–	275	(275)	–
Net operating cost	1,291	4,299	2,627	–	8,217

3. Staff costs

				2015-16	2014-15
	Permanently employed staff £000	Others £000	Ministers £000	Total £000	Total £000
Wages and salaries	87,997	–	152	88,149	78,885
Social security costs	7,562	–	16	7,578	6,704
Other pension costs	18,667	–		18,667	16,288
Sub total	114,226	–	168	114,394	101,877
Agency and contracted staff	–	9,234	–	9,234	11,935
Inward secondments	–	258	–	258	228
Total	114,226	9,492	168	123,886	114,040
Less recoveries in respect of outward secondments	(1,592)	–	–	(1,592)	(1,270)
Total net costs	112,634	9,492	168	122,294	112,770

No staff costs have been charged to capital.

4. Other expenditure

	2015-16	2014-15
	£000	£000
Disbursements	43,124	44,717
Purchase of goods and services	14,544	13,969
Rentals under operating leases	6,305	4,853
Non-cash items:		
Depreciation	1,702	1,376
Amortisation	533	785
Impairment	–	18
Loss on disposal of non-current assets	–	5
Increase in provisions	–	47
Provisions not required written back	(868)	(55)
Unwinding of discount	(46)	(27)
Auditors' remuneration*	83	88
Total other expenditure	65,377	65,776

* Auditors' remuneration represents the notional audit fees of £83k (2014-15: £88k) for the Departmental Resource Account, and Government Legal Department Account. There was no auditor remuneration for non-audit work.

5. Income

Analysis of income by classification and activity

	2015-16	2014-15
	£000	£000
Income from sales of goods and services:		
Legal fees and charges to clients	135,224	123,008
Disbursements	41,538	40,405
LION subscription	1,046	1,058
	177,808	164,471
Recovery of costs from Bona Vacantia	3,710	3,686
Recovery of secondments out	1,592	1,270
Rental income	1,226	1,042
Tenant service charges	841	888
Other income	395	242
	7,764	7,128
Total income	185,572	171,599

6. 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	Other	Buildings	Other
	£000	£000	£000	£000
Obligations under operating leases for the following periods comprise:				
Not later than one year	4,928	305	4,844	268
Later than one year and not later than five years	11,571	381	14,784	71
Later than five years	–	–	22	4
	16,499	686	19,650	343

7. 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.

8. Cash and cash equivalents

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

All balances were held with the Government Banking Service.

9. Trade receivables and other current assets

Analysis by type

	31 March 2016	31 March 2015
	£000	£000
Amounts falling due within one year:		
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	3,457	4,127
	34,684	30,380

10. Trade payables and other current liabilities

Analysis by type

	31 March 2016	31 March 2015
	£000	£000
Amounts falling due within one year:		
VAT	5,467	5,011
Other taxation and social security costs	2,347	2,215
Trade payables	49	34
Other payables	367	222
Accruals and deferred income	14,364	15,149
	22,594	22,631
Amounts issued from the Consolidated Fund for Supply and not spent at year end	2,305	8,494
	2,305	8,494
Trade and other payables due after more than one year	1,182	–
Total payables and other current liabilities	26,081	31,125

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 (see Annual Report).

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

None of the board members, key managerial staff or other related parties has undertaken any material transactions with the Government Legal 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, these are accounted for as funds 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 table below:

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

These balances are held with the Government Banking Service.

14. Entities within the departmental boundary

The entities within the boundary during 2015-16 were as follows:

Supply-financed agencies:

Government Legal Department (GLD)

Non-Executive Non-Departmental Public Bodies

None

Other entities:

Attorney General's Office (AGO)

HM Crown Prosecution Service Inspectorate (HMCPIS)

The annual report and accounts of the Government Legal Department are published separately.

15. 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 the Department's performance against the Greening Government Commitments (GGC) which will run to 2015, with a 2009-10 baseline wherever possible.

Performance relates to GLD's central London Head Office occupation of Floors 5-12 and 15 of One Kemble Street (OKS), and its disaster recovery site at Southern House in Croydon, AGO's occupation of 20 Victoria Street, London and HMCPSI's occupation of Floor 4 of One Kemble Street, London.

Summary of performance

The main challenge on energy reduction is that GLD has no control over the use of oil to heat and electricity to cool One Kemble Street which it sublets from the Civil Aviation Authority.

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

The following factors have had an affect on performance this year:

- as part of reviewing GLD's cleaning contract, it has switched to environmentally friendly cleaning products wherever possible
- it has significantly reduced reported electricity use at its 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 GLD paper used in comparison to the baseline figure. The evacuation will also have had an impact on many of 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.

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

The Department promotes sustainability in procurement by:

- working closely with its suppliers – particularly in the areas of catering, cleaning and stationery to improve sustainable processes and the use of products
- buying products and services which are less environmentally damaging; for instance 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

The following suppliers are ISO 14001 accredited:

- GLD's off-site storage provider has won the Green Fleet award for their efforts to reduce the environmental impact of their transport fleet.
- GLD's catering provider is also certified Carbon Neutral. All the disposable containers and cups used within the two cafes in OKS are environmentally responsible to reduce waste associated impacts on the business
- GLD's print service provider complies with the WEEE (Waste Electrical and Electronic Equipment) regulations for disposal of equipment
- AGO's supplier for all guarding, facilities management and cleaning services, as is its off-site storage provider

Governance

The Department's strategy is to work with the other Law Officers' Departments to meet GGC targets. GLD's sustainability performance is monitored quarterly by the GLD Performance and Client Committee via a sustainability dashboard. Performance is also reported 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 it can improve its green credentials, given the limitations of being a tenant in a managed building

Greenhouse gas emissions		Baseline			
		2009-10	2013-14	2014-15	2015-16
Non-financial indicators (tCO ₂ e)	Scope 1 and 2 emissions	2,646	1,939	2,093	1,827
	Scope 3 emissions (indirect – official business travel)	16	103	111	117
	Total emissions	2,808	2,042	2,204	1,944
Other non-financial indicators	Number of domestic flights	250	171	170	121
Related energy consumption (KWh)	Electricity	4,411,463	3,646,166	3,639,016	3,157,640
	Gas	207,645	–	–	–
	Oil	991,178	671,862	639,277	543,417
Financial indicators (£)	Expenditure on energy	395,242	407,384	408,070	344,286
	Expenditure on accredited offsets (e.g. GCOF)	1,489	42	–	–
	Expenditure on official business travel	343,057	368,768	449,298	500,303

Performance commentary

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

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

Emissions have reduced by 31% from baseline, despite an increase in headcount.

Electricity consumption has reduced this year, primarily due to correcting a long standing issue with double counting at the GLD disaster recovery site, and now stands at 28% below 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.

Following the move into One Kemble Street to form part of the GLD estate in 2011, HMCPSI's share of carbon emissions from the estate is calculated as 2.79% of the total. As it has no direct control over the purchase and supply of utilities, it relies upon GLD to support government directives in reduction of carbon emissions. HMCPSI does, however, accept responsibility for emissions as a direct result of its travel. HMCPSI supports all of GLD's initiatives regarding reduction of carbon emissions. GLD is working with its contractors and the landlord over the use of new technology and initiatives to reduce its carbon footprint. In particular GLD is maintaining pressure on the landlord to take a more proactive approach to sustainability in the building as a whole.

The practical measures the AGO takes to reduce its emissions and energy consumption include:

- turning off all lights, heating, printers and hot water boilers (in tea points) as the last person leaves the floor each evening
- not heating halls, stairs or toilets
- a policy in place to maintain floor temperatures at between 20°C and 21°C throughout year
- routine use of Oyster cards for local official travel

The total number of domestic flights has reduced by 52% compared to baseline.

Both HMCPSI and GLD have access to video conferencing facilities.

Waste		Baseline 2009-10	2013-14	2014-15	2015-16
Non-financial indicators (tonnes)	Non-recycled	83	3	5	–
	Total reused/recycled	101	105	107	120
	Energy recovery ¹	–	69	94	36
	Total waste	184	177	206	156
Financial indicators (£)	Total disposal cost	22,360	28,517	29,348	28,526

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

Performance commentary

The GGC are that by 2015:

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

There has been a reduction in total waste this year, which is now 15% below baseline. All waste is now reused/recycled or used for energy recovery. This is due to the GLD landlord negotiating a new disposal contract that avoids any waste going to landfill. Waste per FTE is now 33% below baseline.

AGO has twice weekly collections of recycled waste including glass, plastic, paper, cardboard, cartons and cans plus a regular collection for toner cartridges.

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

Finite resource consumption: paper	Baseline 2009-10	2013-14	2014-15	2015-16
Non-financial indicators A4 reams	49,443	35,655	36,498	30,440

Performance commentary

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

The paper which GLD uses is recycled and is used to create closed loop paper. It does not itself use closed loop paper due to issues with print quality and increased printer maintenance.

Paper usage has reduced this year, in part due to the closure of OKS, as a result of the Kingsway fire in April 2015. Paper stocks were also reduced to free space in the building. Recycling bins are placed on all floors.

HMCPSI has been committed to moving to a paperless office for some time. It has also developed its Records Management processes with an emphasis on electronic filing. With the introduction of technology enabling it to save electronically in preference to printing out paper HMCPSI is, year on year, closer to reducing its reliance on paper. Behaviour change is encouraged with a “think before you print” scheme and double sided printing whenever practical. These initiatives have led to a 53% reduction in the amount of paper HMCPSI use compared to baseline.

Overall paper consumption is 38% below baseline and paper consumption per FTE has reduced from 54.4 reams in the baseline year to 25.5 reams in 2015-16.

Finite resource consumption: water		Baseline 2009-10	2013-14	2014-15	2015-16
Non-financial indicators (m ³)	Water consumption	8,018	7,186	8,641	8,466
	m ³ per FTE	8.82	7.80	7.7	7.4
Financial indicators (£k)	Water supply and disposal costs	19,962	13,131	18,728	18,975

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 M3 per FTE).

Water consumption has decreased this year but still stands above baseline. For GLD this is due to an increase in staff numbers since 2009-10. AGO has also suffered a number of leaks this year in water boilers and taps, and running water in the toilets. Consumption per FTE has however decreased and is now 16% below the baseline figure.

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

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

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