
HM Procurator General and Treasury Solicitor

Annual Report and Accounts 2016-17

For the year ended 31 March 2017

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

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

Ordered by the House of Commons to be printed on 26 June 2017

HC 17

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 2016-17 and planned expenditure for 2017-18.



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Any enquiries regarding this publication should be sent to us at Government Legal Department, One Kemble Street, London, WC2B 4TS

Print ISBN 9781474145718

Web ISBN 9781474145725

ID 25051744 06/17

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

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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 54 to 65 cover all these bodies and have been prepared under an accounts direction issued in December 2016 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 2016-17 of:

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

Purpose and vision

GLD's purpose is to 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 Foreign and Commonwealth Office and HM Revenue and Customs, and to a number of smaller departments, agencies and public bodies in England and Wales.
- **Litigation Group** provides civil litigation services to government departments, agencies and a number of other publicly funded bodies. It is one of the largest practices of its kind in the country, handling nearly 58,000 cases in 2016-17 (62,000 in 2015-16). 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 Unit on the large cross Civil Service employment issues of the day.
- **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 and it also supports individual departments in their commercial arrangements. Its lawyers can expect to be involved in some of the most high profile, complex and far reaching commercial issues in government.
- **The Finance and Operations, and People and Change Divisions** are responsible for developing the department's strategy and plans and leading and co-ordinating programmes of activity across the department to deliver cost effective legal and support services that address the needs of our clients and staff. This essentially includes the provision of corporate services covering governance and strategy, communications and engagement, finance, planning and performance, human resources, procurement, facilities management, security, information and communications technology (ICT), business assurance and resilience, and library and records management services.
- **Bona Vacantia Division.** On behalf of the Crown's Nominee, the 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.

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 conducted by Crown Prosecution Service (CPS) and the Serious Fraud Office (SFO). 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, alongside the CPS and SFO, is answerable in Parliament for the operations of 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 (HMCPISI) is an independent statutory body, which was established on 1 October 2000 by the Crown Prosecution Service Inspectorate Act 2000. The Chief Inspector is appointed by, and reports, to the Attorney General. He also fulfils the function of a Chief Executive.

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

HMCPISI 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. HMCPISI 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 HMCPISI 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 2016-17	Outturn 2015-16
To improve our client satisfaction ratings	97% 7.71	95% 7.30
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

In GLD’s annual survey of client satisfaction, 97% of its clients rated its services as ‘Good’ or ‘Excellent’, a 2 point increase on 2015-16. It has also developed a new performance score that gives a better indication of the change in performance– using this method, it scored 7.70, which is a 6% increase from last year and an indication that GLD has achieved more ‘excellent’ ratings. This reflects well on the high quality legal work done across GLD and the strong client relationships it has established and maintained.

Lexcel

GLD received a very positive report from its annual Lexcel maintenance visit in December in relation to the litigation aspects of its business. Once again, it was awarded the Law Society’s ‘gold star legal quality mark’. The assessor said that GLD “continues to more than amply demonstrate the inherent robustness, and resilience of internal process and systems. In Lexcel terms, the organisation continues to very clearly constitute a ‘Centre of Excellence’, and continues to demonstrate an exceptionally high degree of compliance against the Lexcel Standard.”

Full cost recovery

GLD is primarily funded from the fees charged to clients for legal services. Its fee rates are set in accordance with HM Treasury’s publication ‘Managing Public Money’ and are designed to recover the costs incurred by the organisation. As demonstrated in the accounts, GLD fully recovered its costs for the year and made a small ‘accidental surplus’, which was effectively returned to HM Treasury at the end of the year.

Significant events during the financial year

Government Legal Department

GLD has continued to develop as a department. Machinery of Government changes meant that the Higher Education, and Further Education and Apprenticeships Teams transferred from former BIS to DfE Legal Advisers on 1 January, and GLD created a legal team for the new Department for Exiting the European Union (DExEU), based on its former European Law Group together with lawyers who joined from the FCO. The new Department for International Trade (DIT) Legal Advisers, established from former BIS, also joined on 1 January and the legal advisory team at the new Department for Business, Energy and Industrial Strategy (BEIS) joined on 1 April 2017. These mergers represent important and valued additions to GLD, and completed the on-boarding process envisaged by the Civil Service Reform Sharing Legal Services Programme.

GLD also played an important role in supporting the government through the EU Referendum and its outcome, as well as on the delivery of the rest of the government's very full legislative and policy agenda.

It has made good progress with the key priorities it established in support of its objectives. It has: created the Statutory Instrument Hub to take on 20% of SI drafting and to act as a 'centre of excellence'; established the Advisory Best Value Project, with the aim of improving the value for money of its service to advisory clients; made progress with the development of its digital approach to client engagement and knowledge management; through GLD Anywhere, is looking to provide flexible, accessible, and more modern IT and workplaces that support flexible working; made further investment in its Case Management System; worked with clients and the Crown Commercial Service (CSS) towards delivering a reduction in high cost external legal services through more effective procurement and contract/supplier management; embedded its approach to Career Pathways; and developed a refreshed Diversity and Inclusion Action Plan.

By way of case studies and commentary, the GLD Annual Report and Accounts 2016-17 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 2016-17. This was reviewed and refocused in the light of the planning impact of the EU Referendum result in June.

During the year, the AGO has been focused on supporting the delivery of government policy, legislative and operational priorities, including the delivery of and response to the EU Referendum; superintending the public prosecution authorities and supporting the continuing development of GLD in a restructured Whitehall landscape; delivering the Law Officers' public interest litigation and associated functions; and addressing the continuing consequences for AGO of the 2015 Spending Review.

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 the new priorities of the incoming administration in the summer to deliver and make a success of Brexit and to reposition the UK as a global leader outside the EU. The AGO worked closely with the Office of the Advocate General for Scotland to support the Attorney General's leadership and advocacy on behalf of the government in the Miller litigation on the power to notify intention to exit the EU under Art.50 of the Treaty of European Union: the most significant UK constitutional case in a generation.

The AGO supported the Attorney General's regular attendance at, and contributions to, cabinet, and at its Parliamentary Business and Legislation Committee and European Union Exit and Trade Committee. The Attorney General was also made a full member of the National Security Council (NSC), demonstrating the importance attached to ensuring legal considerations inform the broader strategic discussions of the NSC at all stages. The AGO has supported that role, including through establishing and leading new official-level structures for that purpose. The AGO also took the opportunity of successfully defending a challenge under the Freedom of Information Act to establish a modern restatement of the Law Officers' Convention as a keystone of collective cabinet responsibility and the Rule of Law.

In December 2016, the Attorney General addressed the UN Security Council in New York at a discussion on accountability for the crimes of Daesh. He also led an international law seminar on the concept of 'imminence' in self defence as it applies to the UK's ability to defend itself against contemporary threats from non-state actors, and subsequently delivered a speech on this topic in London: recognised as making a significant contribution to the understanding of international law in this field and welcomed by key allies.

The AGO also actively supported the new administration's justice policy priorities by working closely with the Cabinet Office and Home Office on its anti-corruption strategy, asset recovery policy, economic crime review and on modern slavery, ensuring the CPS and SFO contributed strongly.

The Law Officers have handled a wide variety of Parliamentary business in both Houses. The Solicitor General led the Investigatory Powers Bill through its Commons stages. He also responded for the Government in Westminster Hall debates on the funding of the CPS and the work of the SFO.

In 2016, the number of offenders who had their sentences referred to the AGO as potentially unduly lenient was 837; up from 713 in 2015. 555 cases were within the scope of the Unduly Lenient Sentence (ULS) scheme and therefore, required personal consideration by a Law Officer. Of these, 34% (190 in total) were referred to the Court of Appeal, an increase on the 28% from 2015.

Of the 190, the Court of Appeal granted leave on the merit in 91% of cases, agreed the sentence was unduly lenient in 79% of cases, and increased the sentence in 74% of cases. It replaced a non-custodial sentence with custody in 30 cases, substituted a life sentence for a determinate sentence in 2 cases, and made a finding of 'dangerousness' and imposed an extended sentence in 7 cases. The most significant increase of the year was a case of historic sexual offending, heard on 9 February 2017, in which the sentence was increased from 3 years 6 months to 12 years imprisonment. The Attorney General is working with the Home Secretary to implement an extension of the unduly lenient sentence scheme to additional terrorism offences, and work is continuing with the Ministry of Justice to consider further extensions to the scheme.

The AGO continues to keep all its case working systems under review, and this year successfully introduced paralegal staff for the first time into a new structure designed to maximise the effectiveness of its available resource. It successfully completed an accommodation move in February 2017 (together with IT and security improvements), a key part of meeting its Spending Review commitment to deliver savings of 8%. The AGO also maintained its position in the 2016 Civil Service People Survey as the one of the highest-scoring departments in Whitehall for its staff engagement.

HM Crown Prosecution Service Inspectorate

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

The following reports, which are available at www.justiceinspectors.gov.uk/hmcpsi/our-reports were published this year:

- SFO governance arrangements (May 2016)
- Area Assurance Inspection of CPS South West (June 2016)
- Area Assurance Inspection of CPS Cymru-Wales (August 2016)
- Area Assurance Inspection of CPS East Midlands (November 2016)
- Better Case Management (November 2016)
- Area Assurance Inspection of CPS Wessex (December 2016)
- Area Assurance Inspection of CPS Yorkshire and Humberside (February 2017)

Delivering justice in a digital age (a joint inspection with HM Inspectorate of Constabulary) was published in April 2016 at www.justiceinspectors.gov.uk/cji/inspections.

The Area Assurance Programme (AAP), which was piloted last year, has been implemented and is being well received by the CPS and other interested stakeholders.

By way of commentary HM Chief Inspector's Report 2016-17 provides further details of significant events. This is available at www.justiceinspectors.gov.uk/hmcpsi.

Future development

Government Legal Department

Preparing to exit the European Union will be the single biggest challenge for government in 2017-18. GLD's priority will be to ensure that it provides effective legal support for this unprecedented challenge, while continuing to deliver the full range of legal services needed by government. The demands this will place upon GLD will require even greater agility in planning and the use of resources.

In order to meet this challenge, it has agreed a number of key priorities that will keep improving its legal business and GLD as a place to work. Further details of GLD's plans and objectives, key priorities, risks and opportunities, for 2017-18 are contained in the Government Legal Department 2017-18 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 also continue to improve partnership working, build capability and ensure increased efficiency for the Office and the Law Officers' Departments as a whole.

Further details are contained in the AGO 2017-18 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 CPS and 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 wider criminal justice system (CJS) as a whole, whilst ensuring a high quality service is still delivered in this difficult economic climate.

Further details are shown in HMCPsi's 2017-18 Business Plan available at www.justiceinspectors.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 2016-17 to improve sustainability is provided in the Sustainability Report at Annex A (page 66).

Complaints to the Parliamentary Ombudsman

There were 3 complaints relating to GLD accepted for investigation by the Parliamentary Ombudsman; 1 was not upheld, 1 was upheld in part and 1 is being investigated. The complaint which was partly upheld related to the handling of a bona vacantia matter. GLD has since apologised to the claimant and made some changes to its procedures in cases involving land.

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 correspondence from members of the public since it conducts the majority of its business with other government departments. When it does receive such correspondence it normally relates to the way cases have been handled or people feeling they were treated unfairly. Ten formal complaints were received by the Treasury Solicitor between 1 April 2016 and 31 March 2017 and they were dealt with within the published target of 10 working days.

In the calendar year 2016, AGO received 18,000 items of correspondence from the public.

HMCPsi received no items of correspondence relating to complaints against the Crown Prosecution Service.

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
- training for Mental Health First Aiders

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

HMCPSI has continued to complete quarterly inspections with support from its landlords. In 2016-17, 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

2016 People Survey

Government Legal Department

The annual People Survey is a key measure of GLD's success in delivering its vision to be the best for its people. In the 2016 Survey, GLD achieved an Engagement Index of 62% - this was 2 points higher than last year and 2% higher than the average for the Civil Service – with a response rate of 77%. The results of the Survey will be used to shape GLD policies and practices over the next year.

Attorney General's Office

AGO achieved an Engagement Index of 74, with a response rate of 95%. This is the same as last year's engagement index and it is 10 points higher than the Civil Service High Performers. Overall the AGO, had the highest index of all participating departments.

HM Crown Prosecution Service Inspectorate

HMCPPI achieved an Engagement Index of 47% (2015: 67%), with a response rate of 85%. As there was significant disengagement, the Chief Inspector consulted with all staff and employed the services of ACAS to help identify areas where improvement could be made most effectively. This work has been continued throughout the year. Following interviews with all staff individually, plans on how to move forward have been made, including the delivery of workshops to identify problems and issues raised by all employees and suggest ways of moving forward to improve staff engagement. A full report has been produced and discussed at the Inspectorate Strategy and Operations Management Boards.

Partnership

GLD has continued to maintain a positive working relationship with the Trade Unions (First Division Association and Public and Commercial Services). 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.

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

HMCPPI supports the HMCPPI Management and Staff Representative meeting comprising a maximum of 6 representatives (3 each for the management side and the Union side). A Service Level Agreement with GLD confirmed that, for HMCPPI PCS members, pay negotiations will be undertaken by GLD's union representatives. However, FDA has its own representation at branch i.e. local level, in HMCPPI.

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 £197,597k. After taking into account income of £193,269k, the net resource requirement for 2016-17 was £4,828k, £3,952k less than the sum approved by Parliament in the 2016-17 Supplementary Estimate for HM Procurator General and Treasury Solicitor.

Total operating income was £193,269k; operating income of £138,878k was generated through charges for legal services provided to clients; £45,686k from the recovery of disbursements incurred in providing legal services to clients; £3,909k was recovered from the Crown's Nominee's Account and other income of £4,796k 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 HMCPPI, GLD met its financial objective to recover the full cost of its chargeable services.

There was capital expenditure of £1,984k against voted capital provision of £2,200k. 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 its IT infrastructure and creating a modern, flexible workplace. There was also capital expenditure associated with the Attorney General's accommodation move.

Comparison of Estimate and outturn

GLD underspent by £3,886k. GLD operates largely on a demand led, full cost recovery basis. Fee rates are set in accordance with HM Treasury guidance published in '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 support costs and extraordinary receipts.

The AGO overspent by £1,235k due to additional costs associated with its accommodation move. This additional expenditure was approved by the Treasury Solicitor as it could be covered from within the accidental surplus generated by GLD and the overall voted resource limit for the department.

HMCPSI underspent by £192k due to lower staff, accommodation, travel and subsistence and other costs.

AME provisions underspent by £1,109k due to a change in accounting treatment.

The department used 10% of its net cash requirement. This reflects the underspend against DEL, adjusted for non cash movements, and movements in working capital (increase in payables and a decrease in debt)

Capital expenditure was lower than the Estimate due to slippage of expenditure into 2017-18.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

£000	2016-17	2015-16
Net Resource Outturn (Estimates)	4,828	3,691
Net Operating Cost (Accounts)	4,328	3,691
Resource Budget Outturn (Budget)	4,828	3,691
<i>of which</i>		
<i>Departmental Expenditure Limits</i>	<i>5,437</i>	<i>5,314</i>
<i>Annually Managed Expenditure</i>	<i>(609)</i>	<i>(1,623)</i>

Reporting cycle

The GLD Annual Business Plan is submitted by the Treasury Solicitor 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 is measured.

The department's statutory authority to consume resources and spend the cash that finances its spending plans comes from the annual Main Estimate. This 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 for additional resources and/or cash as revisions to the Main Estimate.

The Annual Report and Accounts covering the department's work for the preceding year is published by the end of June each year and is laid before Parliament as a House of Commons paper. This includes information on the department's financial performance and against its Business Plan objectives and the performance measures agreed with HM Treasury.

The HM Procurator General and Treasury Solicitor Annual Report and Accounts are for the department which consolidates the accounts of GLD, AGO and HMCPSI.

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.justiceinspectrates.gov.uk/hmcpsi.

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 2017. The Accounting Officer authorised these accounts for issue on 20 June 2017.

Jonathan Jones
Accounting Officer
12 June 2017

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 the employer's contribution are determined from time to time by the Government Actuary and advised by HM Treasury.

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

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

Register of interests

Oonagh Harpur, provides consultancy services and advice from time to time to the main governance board of international law firm, DLA Piper, whose UK practice has been bidding for the new External Legal Service Panel. Because of the potential conflict of interest, she has removed herself from all discussion at the Change Delivery Committee and the Board relating to the panel procurement and all the papers/minutes she has received have been redacted accordingly.

No other 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-Executive Directors, 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 fee for the departmental audit was £75k (2015-16: £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 was reported.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner’s Office in 2016-17

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
April 2016	Loss of personal data	The breach involved the loss of an individual’s passport, council tax account and other birth and marriage certificates sent in support of the claim by a relative to be entitled to share in an estate administered by the Bona Vacantia Division (BV) on behalf of the Crown’s Nominee.	1	After extensive and ultimately fruitless searches, the incident was notified to the ICO. Following a number of exchanges of correspondence on the subject, the ICO confirmed in October 2016 that no regulatory action would be taken, although some recommendations were made in relation to BV’s document handling processes. These recommendations have all been implemented.

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 2016-17, 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 and Data Protection’ e-learning courses
- ongoing review of information assets and their associated risks, including assessments of the third party delivery chain, and the incorporation of information risks within the risk management policy and processes
- maintaining certification against the ISO 27001:3013 information security standard. The department also adheres to the current PSN Code of Connection and Cabinet Office Security Policy Framework requirements

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

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

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

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

In addition, the principal Accounting Officer has appointed HM Chief Inspector, 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 GLD'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 (TSol)) is a Non-Ministerial Department and was established as an Executive Agency on 1 April 1996. It has no policy responsibility. Ministerial responsibility lies with the Attorney General. The department is led by HM Procurator General and Treasury Solicitor, in the role of Permanent Secretary and 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

Accounting Officer System Statement

As Chief Executive and Accounting Officer of GLD, I am accountable to the Attorney General and responsible for the management of GLD. As Accounting Officer, I am personally responsible for safeguarding the public funds for which I have been given charge under the name of the HM Procurator General and Treasury Solicitor Estimate. This includes responsibility for financial matters at the AGO and HMCPsi. To help me ensure I am fulfilling my responsibilities as an Accounting Officer, this Governance Statement also describes the accountability system in place, and the relationship between GLD, the AGO and HMCPsi, which are all funded by the HM Procurator General and Treasury Solicitor Estimate.

To support me in discharging my responsibilities, there is a framework of delegated authority in place. I am also supported by the GLD Board. Management matters in the AGO 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. In accordance with 'Managing Public Money', this relationship is set out in writing. The Director General, AGO and the Chief Inspector HMCPsi 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 to provide assurance on the practices of the CPS and SFO.

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

The department enters into contracts with third party suppliers in the normal course of business. There are no significant contracts. GLD administers the Attorney General's Panel Counsel. The Attorney General maintains 4 panels of junior counsel to undertake civil and EU work for all government departments. There is also a Public International Law Panel to undertake such work on behalf of government. These are in addition to any standing counsel and the First Treasury Counsel, James Eadie QC. There are 3 London panels (an A panel for senior juniors, a B panel for middle juniors, a C panel for junior juniors) and a regional panel. The size of each panel is determined by need. All government departments and agencies of government departments must use the panels.

Working with the Crown Commercial Service, GLD has also reviewed how external legal services are purchased from commercial law firms, and has put in a place a new General Legal Services Panel. Finance and Complex Transaction Panels will be implemented in 2017-18.

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 2017 was as follows:

Executive members:

- Jonathan Jones, HM Procurator General and Treasury Solicitor
- Stephen Braviner Roman, Director General A
- Claire Johnston, Director General B
- Peter Fish, 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 was also elected to the London Council of the Confederation of British Industry in March 2016. 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 GLD's 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 Chairman of Wisdom of the Crowd and a member of Walgreen Boots Alliance panel on sustainability. She advises a number of boards of professional and financial services firms (including DLA Piper) and is a senior adviser 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 and Chair of the Audit and Finance Committee of the Social Investment Business Group, and its parent charity, the Social Business Foundation, since 2013; a member of the Board of Social and Sustainable Capital LLP since February 2017; and Chair of Skills for Health and for Justice since April 2017. He was Chair of the Single Source Regulations Office from 2014 to 2016, and of the Audit Commission from October 2012 until its closure on 31 March 2015. He is a 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 10 times during 2016-17 with attendance as follows:

Executive members	Attendance
Jonathan Jones	9/10
Peter Fish	8/10
Claire Johnston	9/10
Stephen Braviner Roman	10/10
Valerie Cain	10/10
Nick Payne	10/10
Non executive members	
Celia Carlisle	10/10
Oonagh Harpur	10/10
Jeremy Newman	10/10

Its work covers the 5 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 capability to deliver and to plan and meet current and future needs
- results focus – the Board agrees the annual Business Plan and monitors and steers performance against the plan
- management information – the Board receives a monthly Performance Report containing clear consistent and comparable performance information to drive improvements

The Board's performance

GLD adheres to centrally set standards of good governance practice for government departmental boards and follows the 3 stage board effectiveness evaluation process recommended in guidance produced by the Cabinet Office.

Questionnaires were sent to members of the Board (and its Committees) in February 2017 based on the Cabinet Office guidance and the recommendations arising out of the 2015-16 effectiveness evaluation process. The evaluation process consisted of desk research focusing inter alia on attendance levels, effectiveness of agenda setting and of the information flow between the Board and Committees, and efficacy of the content and format of management information. The process continues as recommendations arising from the evaluation are being put to the Board.

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, Jenny Rowe, the retired Chief Executive of the Supreme Court.

The Audit and Risk Committee met 4 times in 2016-17 and considered the preparation of, and External Auditors audit of, the Annual Report and Accounts for 2015-16. The Committee was satisfied with the quality of the external auditors work and their approach to their responsibilities.

The Committee also considered the findings contained in management letters and reports prepared by the Head of Internal Audit based on an Audit Plan agreed in advance by the Committee and monitored the implementation of audit recommendations.

The **Audit and Risk Committee** was satisfied that assurances provided by the various internal audit reports met the requirements of the Board and the Accounting Officer.

At the end of the year, the Audit and Risk Committee conducted an effectiveness evaluation. Whilst performance in many areas remained unchanged from the previous year, the areas for improvement included reviewing terms of reference annually, keeping members informed of key matters between meetings and considering how the end of meeting evaluations can be improved.

The **Performance and Client Committee** is responsible for overseeing the health of the business by monitoring the services delivered to all our clients and staff. 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 9 times in 2016-17.

The **People Committee** is responsible for ensuring GLD has arrangements in place to recruit, retain, develop, organise and deploy our people of all grades and roles to meet the objectives of the organisation. This Committee is chaired by Claire Johnston, Legal Director General B. It met 10 times in 2016-17.

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 department. This Committee is chaired by Peter Fish, Legal Director General C. It met 5 times in 2016-17.

The **Change Delivery Committee** manages change activities 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 11 times in 2016-17.

Membership of each Committee is drawn from GLD's Senior Leadership Team and has a Non-Executive Director appointed to each.

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 Directors.

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 department's risk management arrangements, including deep dive reviews, and Internal Audit reviews and assurance of the processes. The Committee is supported in its work by the Risk Management Group, with membership drawn from Divisional Risk Managers. Its role is to share and promote best practice, share lessons learned, encourage networking, promote risk improvement, provide additional challenge and report periodically to the ARC.

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 by the GLD Board and assured by 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 monthly to the Performance and Client Committee and the Board. The strategic risks and the actions to mitigate them are detailed in the department's Business Plan.

Risk profile

The UK's exit from the European Union and the forthcoming general election will determine the government's future programme and the level of legal support required from GLD by its clients. The potential impacts of these are already recognised in GLD'S key strategic risks, which 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 its clients and/or achieve full cost recovery

Further information on these risks and GLD's response to them are set out in the GLD Business Plan for 2017-18 which will be published at www.gov.uk/gld.

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 governance, resourcing and the loss of corporate knowledge, and the impact of budget pressures. An independent review of HMCPsi's senior management team highlighted that there was no longer a need for an SCS Deputy Chief Inspector and that corporate governance and data management should be strengthened through the appointment of a senior manager, with Whitehall experience, to oversee these areas. These recommendations were implemented.

Security and business continuity

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

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

Further information on information risk is contained in the Directors' Report on page 15.

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 continuity 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.

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 assuring GLD's processes and reviewing whistleblowing numbers and cases, and the lessons to be learned from them.

The Audit and Risk Committee has considered quarterly reports on whistleblowing from the Director of People and Change throughout 2016-17, and has reported up to the Board on a 6-monthly basis. There have been no notifications of whistleblowing incidents, or near misses, in 2016-17. Attention has, therefore, focused on what more can be done to encourage potential whistleblowers' to come forward and on other channels through which staff may express concerns. The Audit and Risk Committee has reviewed bullying and harassment data from the People Survey across the business between 2014 and 2016. This identified areas within the business where bullying and harassment appears to be unacceptably high. The Committee has shared this information with the Executive Team with a request that they advise how they intend to respond to these findings.

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. In his opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control

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 and no matters of concern were raised in 2016-17.

As part of the business planning process the Treasury Solicitor holds Panel Reviews with his Directors General to review performance against the current year's 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. From quarter two, it also enables consideration of potential in-year fee reductions and rebates/refunds, where a surplus is forecast, or increases if a deficit is forecast.

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

I am satisfied that these processes have highlighted no issues of significance to the corporate health or operations of GLD in 2016-17.

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 2016) 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, Head of HR, acting in an advisory capacity.

Consolidated awards (salary increase)

There was 1% of the SCS paybill available for distribution in 2016-17 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 and Group 2 performers a £500 increase to salary
- address what was perceived by the Pay Committee as an anomaly in terms of those who had been in their grade for some time being on or near the bottom of their pay scale

Non-consolidated performance related pay awards

In deciding SCS non consolidated performance awards in 2015-16, 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 2015-16:

- 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 1 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		Total	
	(£)		(to nearest £1,000)¹		(to nearest £1,000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
The Rt Hon Jeremy Wright QC MP <i>Attorney General</i>	94,450	94,450	24,000	27,000	119,000	121,000
Robert Buckland QC MP <i>Solicitor General</i>	57,926	57,926	15,000	17,000	73,000	75,000

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.

Single total figure of remuneration

Officials	Salary (£000)		Bonus Payments (£000)		Pension Benefits (to nearest £1,000) ¹		Total (£000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	Jonathan Jones <i>HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive</i>	160- 165	160- 165	15-20 –	–	29,000 57,000	57,000 29,000	205- 210
Stephen Braviner Roman <i>Legal Director General A</i>	120- 125	115- 120	–	–	58,000 64,000	64,000 58,000	175- 180	180- 185
Claire Johnston <i>Legal Director General B</i>	120- 125	115- 120	–	15-20	38,000 82,000	82,000 38,000	155- 160	210- 215
Peter Fish <i>Legal Director General C</i>	120- 125	120- 125	10-15	–	27,000 29,000	29,000 27,000	160- 165	150- 155
Valerie Cain <i>People and Change Director</i>	95- 100	95- 100	–	10- 15	15,000 43,000	43,000 15,000	110- 115	150- 155
Nick Payne <i>Finance and Operations Director</i>	120- 125	120- 125	10-15	–	41,000 54,000	54,000 41,000	170- 175	170- 175
Kevin McGinty <i>HM Chief Inspector of the Crown Prosecution Service Inspectorate</i>	120- 125	120- 125	–	–	18,000 377,000	377,000 18,000	135- 140	495- 500
Rowena Collins Rice <i>Director General of Attorney General's Office</i>	130- 135	130- 135	–	15- 20	28,000 37,000	37,000 28,000	160- 165	180- 185

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. 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)	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
		Jeremy Newman	September 2018	15-20	15-20	1,000	600
Celia Carlisle	September 2017	15-20	15-20	200	200	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 (£74,000 from 8 May 2015, £74,962 from 1 April 2016) 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.

Performance Related Awards

Performance related pay awards (non-consolidated) are based on an individual's performance over the year and are moderated as part of the SCS appraisal process. As the timing of the appraisal process does not allow us to accrue for individual bonuses relating to 2016-17 performance, the awards reported in 2016-17 relate to performance in 2015-16 and the comparative awards reported for 2015-16 relate to the performance in 2014-15.

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 GLD in the financial year 2016-17 was £180k - £185k (2015-16: £160-165k). This was 3.6 times (2015-16: 3.23 times) the median remuneration of the workforce, which was £50,491 (2015-16: £49,991).

In 2016-17, no (2015-16: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £21k-£185k (2015-16 £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	Real	CETV at	CETV at	Real
	pension at age 65 as at 31/3/17	increase in pension at age 65	31/3/17	31/3/16	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	84	64	7
Robert Buckland QC MP <i>Solicitor General</i>	0-5	0-2.5	40	27	5

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 pension age as at 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/17	CETV at 31/3/16¹	Real increase in CETV	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>	50-55 plus a lump sum of 155-160	0-2.5 plus a lump sum of 5-7.5	1,059	986	24	-
Stephen Braviner Roman <i>Director General A</i>	35-40 plus a lump sum of 90-95	2.5-5 plus a lump sum of 0-2.5	601	544	29	-
Claire Johnston <i>Director General B</i>	40-45 plus lump sum of 105-110	0-2.5 plus a lump sum of 5-7.5	890	817	35	-
Peter Fish <i>Director General C</i>	35-40 plus a lump sum of 105-110	0-2.5 plus a lump sum of 5-7.5	772	712	25	-
Valerie Cain <i>People and Change Director</i>	60-65 plus a lump sum of 105-110	0-2.5 plus a lump sum of 0	1,256	1,248	13	-
Nick Payne <i>Finance and Operations Director</i>	55-60	2.5-5	866	810	18	-
Kevin McGinty <i>HM Chief Inspector of the Crown Prosecution Service Inspectorate</i>	55-60 plus a lump sum of 175-180	0-2.5 plus a lump sum of 5-7.5	1,380	1,290	18	-
Rowena Collins Rice <i>Director General of Attorney General's Office</i>	50-55 plus a lump sum of 155-160	0-2.5 plus a lump sum of 2.5-5	1,121	1,048	25	-

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

2. 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 4 sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the 2 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 3 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 8% and 14.75% (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 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**,

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 2 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

	2016-17				2015-16
	Permanently employed staff	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	89,138	–	152	89,290	88,149
Social security costs	9,376	–	19	9,395	7,578
Other pension costs	18,765	–	–	18,765	18,667
Sub total	117,279	–	171	117,450	114,394
Agency and contracted staff	–	11,415	–	11,415	9,234
Inward secondments	–	242	–	242	258
Total	117,279	11,657	171	129,107	123,886
Less recoveries in respect of outward secondments	(1,452)	–	–	(1,452)	(1,592)
Total net costs	115,827	11,657	171	127,655	122,294

No staff costs have been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) – known as ‘alpha’ are unfunded multi-employer defined benefit scheme but GLD 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 2016-17, employers’ contributions of £18,524k were payable to the PCSPS (2015-16: £18,544k) at 1 of 4 rates in the range of 20 to 24.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every 4 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 £184k (2015-16: £123k) were paid to 1 or more of the panel of 3 appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2015-16: 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 £36k (2015-16: £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 (2015-16: 1); the total additional accrued pension liabilities in the year amounted to £nil (2015-16: £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.

	2016-17				2015-16
	Total	Permanent staff	Others	Number Ministers	Number Total
GLD	1,862	1,657	205	-	1,838
AGO	40	38	-	2	40
HMCPSI	28	28	-	-	32
Total	1,930	1,723	205	2	1,910

This information has been subject to audit.

Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	2016-17			2015-16		
	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	-	4	4	-	-	-
£50,000 – £100,000	-	3	3	-	-	-
£100,000 – £150,000	-	-	-	-	-	-
£150,000 – £200,000	-	-	-	-	-	-
£200,000 – £250,000	-	-	-	-	-	-
£250,000 – £300,000	-	-	-	-	-	-
Total number of exit packages by type	-	9	9	-	2	2
Total resource cost/£	-	439,882	439,882	-	34,229	34,229

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	1	–	–
SCS 3	3	1	–
SCS 2	25	1	1
SCS 1 and 1A	122	2	1
Total	151	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 SCS level and in feeder grades to the SCS, in particular.

The gender breakdown of our headcount as at 31 March 2017 was as follows:

	Male	Female
Officials as disclosed in the Remuneration Report	5	3
Non executive directors	1	2
SCS (excluding officials disclosed in the Remuneration Report)	74	73
Employees	655	1,189
Total	735	1,267

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 8.8%. The proportion of total staff is 16.4%. Levels of disabled staff (5.7% of the SCS and 4.5% 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.

Recruitment practice

The department (including AGO and HMCPST) 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 GLD's Diversity and Equality Group on a regular basis.

Systems are subject to internal review. GLD completed an on-line assessment on compliance with the Civil Service Commission's recruitment principles in April 2016 and were audited by the Civil Service Commission in January 2017. The result was that GLD was compliant.

A freeze on external recruitment into the Civil Service has been in place since May 2010. This freeze does not apply to existing Civil Servants. Frontline staff, which includes civil litigation staff, are exempt. The Treasury Solicitor has delegated authority from the Attorney General to approve external recruitment to 'business critical posts'. Between 1 April 2016 and 31 March 2017, 145 new members of staff were recruited to GLD, AGO and HMCPST by means of fair and open competition:

Grade	Number	Male	Female	Ethnic minority	Disabled
Grade 6	1	1	0	0	0
Grade 7	73	22	51	13	3
Legal Officer	27	10	17	5	2
Legal Trainee	16	5	11	1	0
SEO	1	0	1	0	0
EO	24	9	15	11	1
AO	3	2	1	1	0
Total	145	49	96	31	6

During the period specified above, there were 8 exceptions to the Civil Service Commission's Recruitment Principles.

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 the Crown Commercial Service (CCS).

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

Following a review of how central government procures contingent labour, in 2013 CCS introduced a framework for departments with contingent labour requirements. The framework was designed to make savings and provide benefits such as; the use of 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 2016-17, GLD recruited 174 temporary staff - 125 administrators and 49 lawyers.

Sickness absence

Overall sickness absence was an average of 5.5 working days lost per person (2015-16: 5.1 days). This compares favourably with the Civil Service average of 7.1 days lost per staff year as at 30 September 2016 (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 2016-17 of £7k (2015-16: £26k). Spend relates to the cost of professional advice provided to HMCPSI.

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 £11.4m (2015-16: £9.2m). Agency and contract staff accounted for 10.6% of average FTE for the year (2015-16: 9.2%). To reduce GLD's reliance on agency staff, it undertook several external recruitment campaigns resulting in 117 new legal recruits and 28 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 high paid and/or senior off-payroll engagements.

For GLD, these engagements are principally made up of 2 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 2016-17, 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 2016-17 GLD ran a number of external recruitment exercises to bring in permanent staff, and to consequentially reduce the dependency on temporary agency legal staff.

Details are as follows:

Table 1: For all off-payroll engagements as of 31 March 2017, for more than £220 per day and that last longer than 6 months

	GLD	AGO	HMCP	PSI
No of existing engagements as at 31 March 2017	88	–	–	–
<i>Of which</i>				
No that have existed for less than 1 year at time of reporting	48	–	–	–
No that have existed for between 1 and 2 years at time of reporting	19	–	–	–
No that have existed for between 2 and 3 years at time of reporting	9	–	–	–
No that have existed for between 3 and 4 years at time of reporting	3	–	–	–
No that have existed for 4 or more years at time of reporting	9	–	–	–

Table 2: For all new off-payroll engagements or those that reached 6 months in duration, between 1 April 2016 and 31 March 2017 for more than £220 per day and that last longer than 6 months

	GLD	AGO	HMCP	PSI
No of new engagements, or those that reached 6 months in duration, between 1 April 2016 and 31 March 2017	48	–	–	–
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	48	–	–	–
No for whom assurance has been requested	48	–	–	–
<i>Of which</i>				
No for whom assurance has been received	37	–	–	–
No for whom assurance has not been received	11	–	–	–
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.

The 11 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 2016 and 31 March 2017

	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

Parliamentary accountability and audit report

Statement of Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires HM Procurator General and Treasury Solicitor 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 2016-17

		2016-17			2015-16		
		Estimate	Outturn		Voted	Outturn	
			Voted	Non-Voted	Total	Outturn	Outturn
		£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit							
Resource	SOPS 1.1	8,280	–	8,280	5,437	–	5,437
Capital	SOPS 1.2	2,200	–	2,200	1,984	–	1,984
Annually Managed Expenditure							
Resource	SOPS 1.1	500	–	500	(609)	–	(609)
Capital	SOPS 1.2	–	–	–	–	–	–
Total budget		10,980	–	10,980	6,812	–	6,812
Non-budget							
Resource		–	–	–	–	–	–
Total		10,980	–	10,980	6,812	–	6,812
Total Resource	SOPS 1.1	8,780	–	8,780	4,828	–	4,828
Total Capital	SOPS 1.2	2,200	–	2,200	1,984	–	1,984
Total		10,980	–	10,980	6,812	–	6,812

Net cash requirement 2016-17

		2016-17	2016-17		2015-16
	Note	Estimate	Outturn	Outturn compared with Estimate saving/ (excess)	Outturn
		£000	£000	£000	£000
Net cash requirement	SOPS 2	9,650	1,030	8,620	6,978
Administration costs 2016-17		2016-17	2016-17		2015-16
		£000	£000		£000
		8,280	5,437	2,843	5,314

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

							2016-17			2015-16
Outturn							Estimate			
Administration			Programme			Total	Net total	Net total outturn compared with Estimate saving/ (excess)	Net total compared with Estimate adjusted for virements	Prior-year outturn
Gross	Income	Net	Gross	Income	Net					
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Spending in Departmental Expenditure Limit										
Voted										
A: GLD	190,542	(193,138)	(2,596)	-	-	(2,596)	1,290	3,886	2,651	(1,519)
B: AGO	5,584	(131)	5,453	-	-	5,453	4,218	(1,235)	-	4,035
C: HMCPSI	2,580	-	2,580	-	-	2,580	2,772	192	192	2,798
Non-Voted	-	-	-	-	-	-	-	-	-	-
Annually Managed Expenditure										
Voted										
D: Provisions	-	-	-	(609)	-	(609)	500	1,109	1,109	(1,623)
Non-Voted	-	-	-	-	-	-	-	-	-	-
Total	198,706	(193,269)	5,437	(609)	-	(609)	4,828	8,780	3,952	3,952
										3,691

The variance between Estimate and Outturn is due to:

GLD underspent by £3,886k. GLD operates largely on a demand led, full cost recovery basis. Fee rates are set in accordance with HM Treasury guidance published in '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 support costs and extraordinary receipts.

The AGO overspent by £1,235k due to additional costs associated with its accommodation move. This additional expenditure was approved by the Treasury Solicitor as it could be covered from within the accidental surplus generated by GLDA and the overall voted resource limit for the department.

HMCPSI underspent by £192k due to lower staff, accommodation, travel and subsistence and other costs.

AME provisions underspent by £1,109k due to a change in accounting treatment.

The department used 10% of its net cash requirement. This reflects the underspend against DEL, adjusted for non cash movements, and movements in working capital (increase in payables and a decrease in debt).

SOPS1.2 Analysis of net capital outturn by section

			2016-17			2015-16	
Outturn			Estimate				
Gross Income	Net		Net total	Net total	Net total	Prior-year	
			total	outturn	outturn	outturn	
			compared	compared	compared		
			with	with	with		
			Estimate	Estimate	Estimate		
			saving/	saving/	adjusted		
			(excess)	(excess)	for		
					virements		
£000	£000	£000	£000	£000	£000	£000	
Spending in Departmental Expenditure Limit							
Voted							
A: GLD	1,561	–	1,561	1,900	339	216	823
B: AGO	423	–	423	300	(123)	–	–
C: HMCPSI	–	–	–	–	–	–	–
Non-Voted							
	–	–	–	–	–	–	–
Annually Managed Expenditure							
Voted							
D: Provisions	–	–	–	–	–	–	–
Non-Voted							
	–	–	–	–	–	–	–
Total	1,984		1,984	2,200	216	216	823

Capital expenditure was lower than the Estimate due to slippage of expenditure into 2017-18.

SOPS2. Reconciliation of Net Resource Outturn to Net Operating Expenditure

		2016-17	2015-16
		£000	£000
Total resource outturn in Statement of Parliamentary Supply	Budget	4,828	3,691
	Non-Budget	–	–
Less capitalised provision treated as Resource AME		(500)	–
Net operating expenditure in Statement of Comprehensive Net Expenditure		4,328	3,691

SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	2016-17 Net total outturn compared with estimate saving/ (excess)
		£000	£000	£000
Resource outturn	SOPS 1.1	8,780	4,828	3,952
Capital outturn	SOPS 1.2	2,200	1,984	216
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
	4			
Depreciation		(2,330)	(1,883)	(447)
Movement on provisions		(500)	1,059	(1,559)
Capitalised provision		–	(500)	500
Other non cash		–	(75)	75
<i>Adjustments to reflect movements in working capital balances:</i>				
Increase/(decrease) in receivables	9	–	(862)	862
(Increase)/decrease in payables	10	1,500	(9,884)	11,384
Less movement in supply creditor	10	–	6,315	(6,315)
Use of provisions		–	48	(48)
Cash to repay to HMT				
Net cash requirement		9,650	1,030	8,620

Expenditure tables

This information is not subject to audit.

These tables present actual expenditure for the years 2011-12 to 2016-17 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	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Plan	2018-19 Plan	2019-20 Plan
Resources								
Spending in Departmental Expenditure Limits								
A GLD Administration (Net)	(2,707)	(2,566)	1,760	(1,519)	(2,596)	1,767	5,841	10,083
B AGO (Net)	4,241	4,161	4,303	4,035	5,453	3,860	3,837	3,834
C HMCPSI (Net)	2,832	2,537	2,628	2,798	2,580	2,683	2,532	2,513
Spending in Annually Managed Expenditure								
D Provisions (Net)	1,417	(689)	(474)	(1,623)	(609)	-	-	-
Total Resources	5,783	3,443	8,217	3,691	4,828	8,310	12,210	16,430
Total DEL	4,366	4,132	8,691	5,314	5,437	8,310	12,210	16,430
Total AME	1,417	(689)	(474)	(1,623)	(609)	-	-	-
Capital								
Spending in Departmental Expenditure Limits								
A GLD Administration (Net)	1,102	1,622	1,621	823	1,561	2,900	4,200	2,700
B AGO (Net)	88	-	12	-	423	-	-	-
C HMCPSI (Net)	14	-	-	-	-	-	-	-
Spending in Annually Managed Expenditure								
B AGO (Net)	63	-	-	-	-	-	-	-
Total Capital	1,267	1,622	1,633	823	1,984	2,900	4,200	2,700

Table 2 Administration Budgets

£000	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Outturn	Plan	Plan	Plan
A GLD Administration (Net)	(2,707)	(2,566)	1,760	(1,519)	(2,596)	1,767	5,841	10,083
B AGO (Net)	4,241	4,161	4,303	4,035	5,453	3,860	3,837	3,834
C HMCPSI (Net)	2,832	2,537	2,628	2,798	2,580	2,683	2,532	2,513
Total Administration Budget	4,366	4,132	8,691	5,314	5,437	8,310	12,210	16,430
<i>Of which</i>								
<i>Paybill</i>	66,517	84,033	114,040	123,886	129,107	124,030	124,807	126,005
<i>Expenditure</i>	48,419	56,372	66,478	67,111	69,599	64,915	69,510	74,184
<i>Income</i>	(110,570)	(136,273)	(171,827)	(185,683)	(193,269)	(180,635)	(182,107)	(183,759)

Losses and special payments

HMT's publication '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 GLD'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.

	2016-17			2015-16		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Income						
Legal fees and charges to clients	184,564	181,346	3,218	176,762	171,749	5,013
Recovery of costs from Bona Vacantia	3,909	3,909	-	3,710	3,710	-
Other income	4,955	4,955	-	4,776	4,776	-
Non-chargeable work	-	898	(898)	-	1,316	(1,316)
Total (GLD)	193,428	191,108	2,320	185,248	181,551	3,697

In accordance with HM Treasury's guidance a notional cost of capital charge £425k 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 GLD and excludes AGO and HMCPSI.

Remote contingent liabilities

The department has no contingent liabilities that need to be disclosed under Parliamentary Reporting requirements.

Long term expenditure trends

This information is not subject to audit.

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 the AGO and HMCPSI. The Spending Review 2015 provided additional funding for GLD from 2018-19 for its future relocation of its Head Office, 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 the fit out costs to TW3 standards in the new building.

Jonathan Jones
Accounting Officer
12 June 2017

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 2017 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2017 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 2017 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

20 June 2017

Financial statements

Statement of comprehensive net expenditure

for the period ended 31 March 2017

		2016-17	2015-16
	Note	£000	£000
Income from sale of goods and services	5	(185,880)	(177,808)
Other operating income	5	(7,389)	(7,764)
Total operating income		(193,269)	(185,572)
Staff costs	3	129,107	123,886
Purchase of goods and services	4	15,202	14,544
Rentals under operating leases	4	4,941	6,305
Non-cash costs	4	899	1,404
Disbursements	4	47,448	43,124
Total operating expenditure		197,597	189,263
Net operating income		4,328	3,691
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		4,238	3,691

All income and expenditure is derived from continuing operations.

The notes on pages 58 to 65 form part of these accounts.

Statement of financial position

as at 31 March 2017

		31 March 2017		31 March 2016	
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment		3,769		2,713	
Intangible assets		120		576	
Total non-current assets		3,889		3,289	
Current assets					
Trade and other receivables	9	33,822		34,684	
Cash and cash equivalents	8	8,620		2,305	
Total current assets		42,442		36,989	
Total assets			46,331		40,278
Current liabilities					
Trade and other payables	10	(35,706)		(24,899)	
Provisions		(4)		(1,108)	
Total current liabilities		(35,080)		(26,007)	
Non-current assets plus net current assets			11,251		14,271
Non-current liabilities					
Trade and other payables	10	(889)		(1,182)	
Provisions		(500)		(4)	
Total non-current liabilities		(1,389)		(1,186)	
Total assets less liabilities			9,862		13,085
Taxpayers' equity and other reserves					
General Fund			9,443		12,666
Revaluation Reserve			419		419
Total equity			9,862		13,085

The notes on pages 58 to 65 form part of these accounts.

Jonathan Jones
Accounting Officer
12 June 2017

Statement of cash flows

for the period ended 31 March 2017

		2016-17	2015-16
	Note	£000	£000
Cash flows from operating activities			
Net operatings costs		(4,328)	(3,691)
Adjustments for non-cash transactions arising in the year	4	899	1,404
Decrease in trade and other receivables	9	862	(4,304)
Increase in trade and other payables*	10	3,705	994
Use of provisions		(48)	(709)
Net cash outflow/(inflow) from operating activities		1,090	(6,306)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,970)	(445)
Purchase of intangible assets		(150)	(227)
Net cash outflow from investing activities		(2,120)	(672)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		7,345	4,000
Prior year cash repaid		–	(3,211)
From the Contingencies Fund		15,000	–
Payment back to the Contingencies Fund		(15,000)	–
Net financing		7,345	789
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	8	6,315	(6,189)
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	6,315	(6,189)
Cash and cash equivalents at the beginning of the period	8	2,305	8,494
Cash and cash equivalents at the end of the period	8	8,620	2,305

The notes on pages 58 to 65 form part of these accounts.

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

Statement of changes in taxpayers' equity

for the period ended 31 March 2017

		General Fund	Revaluation Reserve	Total Reserves
	Note	£000	£000	£000
Balance at 1 April 2015		9,293	422	9,715
Changes in taxpayers' 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)
Net operating cost for the year		(3,691)	–	(3,691)
Non-cash adjustments:				
Auditors' remuneration	4	83	–	83
Movements in Reserves				
Transfer 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
Changes in taxpayers' equity for 2016-17				
Net Parliamentary Funding – drawn down		7,345	–	7,345
Net Parliamentary Funding: deemed		2,305	–	2,305
Supply payable adjustment	10	(8,620)	–	(8,620)
Comprehensive net expenditure for the year		(4,328)	–	(4,328)
Non-cash adjustments:				
Auditors' remuneration	4	75	–	75
Movements in Reserves				
Transfer between Reserves		–	–	–
Total recognised income and expenditure for 2016-17		(3,223)	–	(3,223)
Balance at 31 March 2017		9,443	419	9,862

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 58 to 65 form part of these accounts.

Notes to the accounts

1. *Statement of accounting policies*

The financial statements have been prepared in accordance with the 2016-17 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 department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the 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 (GLD). The Attorney General's Office (AGO) and HM Crown Prosecution Service Inspectorate (HMCPPI) 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 GLD 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 GLD 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 Income 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 3 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.

2016-17	GLD £000	AGO £000	HMCPPI £000	Eliminations £000	Consolidated £000
Income and expenditure					
Revenues					
Third party	(193,168)	(101)	–	–	(193,269)
Inter-segment	(260)	(30)	–	290	–
Total revenues	(193,428)	(131)	–	290	(193,269)
Gross expenditure	190,683	4,624	2,290	–	197,597
Inter-segment	–	–	290	(290)	–
Net operating cost	(2,745)	4,493	2,580	–	4,328

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.

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

3. Staff costs

	2016-17			2015-16	
	Permanently employed staff	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	89,138	–	152	89,290	88,149
Social security costs	9,376	–	19	9,395	7,578
Other pension costs	18,765	–		18,765	18,667
Sub total	117,279	–	171	117,450	114,394
Agency and contracted staff	–	11,415	–	11,415	9,234
Inward secondments	–	242	–	242	258
Total	117,279	11,657	171	129,107	123,886
Less recoveries in respect of outward secondments	(1,452)	–	–	(1,452)	(1,592)
Total net costs	115,827	11,657	171	127,655	122,294

No staff costs have been charged to capital.

4. Other expenditure

	2016-17	2015-16
	£000	£000
Disbursements	47,448	43,124
Purchase of goods and services	15,202	14,544
Rentals under operating leases	4,941	6,305
Non-cash items:		
Depreciation	1,427	1,702
Amortisation	456	533
Provisions not required written back	(1,059)	(868)
Unwinding of discount	–	(46)
Auditors' remuneration ¹	75	83
Total other expenditure	68,490	65,377

¹ Auditors' remuneration represents the notional external audit fees of £75k (2015-16: £83k) 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

	2016-17	2015-16
	£000	£000
Income from sales of goods and services:		
Legal fees and charges to clients	138,878	135,224
Disbursement income	45,686	41,538
LION Subscription	1,316	1,046
	185,880	177,808
Recovery of costs Bona Vacantia	3,909	3,710
Recovery of secondments out	1,452	1,592
Rental income	1,005	1,226
Tenant service charges	555	841
Other income	468	395
	7,389	7,764
Total income	193,269	185,572

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.

	2016-17		2015-16	
	Buildings £000	Other £000	Buildings £000	Other £000
Obligations under operating leases for the following periods comprise:				
Not later than 1 year	4,495	121	4,928	305
Later than 1 year and not later than 5 years	8,141	197	11,571	381
Later than 5 years	57	-	-	-
	12,693	318	16,499	686

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*

	2016-17	2015-16
	£000	£000
Balance at 1 April	2,305	8,494
Net change in cash and cash equivalents	6,315	(6,189)
Balance at 31 March	8,620	2,305

All balances were held with the Government Banking Service.

9. *Trade receivables and other current assets*

Analysis by type

	31 March 2017	31 March 2016
	£000	£000
Amounts falling due within 1 year:		
Unbilled time	6,301	6,267
Unbilled disbursements	11,627	9,954
Trade receivables	12,050	14,429
Deposits and advances	548	577
Prepayments and accrued income	3,296	3,457
	33,822	34,684

10. Trade payables and other current liabilities

Analysis by type

	31 March 2017	31 March 2016
	£000	£000
Amounts falling due within 1 year:		
VAT	5,933	5,467
Other taxation and social security costs	2,690	2,347
Trade payables	192	49
Other payables	176	367
Accruals and deferred income	17,465	14,364
	26,456	22,594
Amounts issued from the Consolidated Fund for Supply and not spent at year end	8,620	2,305
	8,620	2,305
Trade and other payables due after more than 1 year	889	1,182
Total payables and other current liabilities	35,965	26,081

11. Contingent liabilities

There were no contingent liabilities as at 31 March 2017 (31 March 2016: £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 procurement services to GLD. Jeremy Newman is a Non-Executive Director of GLD and Chair of its Audit and Risk Committee and a Non-Executive Director and Chair of the Audit and Risk Committee of CPS.

None of the other board members, key managerial staff or other related parties has undertaken any material transactions with the GLD during the year.

Board members' remuneration is disclosed in the Remuneration Report

13. *Third party assets: client monies*

Funds are required in advance from clients to enable settlement of awards for damages and contributions toward the cost of court proceedings. The department places these funds on deposit until the final costs of a case have been calculated and settled. These are not departmental assets, as the funds are held on behalf of third parties and as a consequence do not appear in these accounts. As at 31 March 2017, these amounted in total to £11,408k (31 March 2016: £2,623k). An analysis of the movements on these accounts is shown in the below:

	2016-17	2015-16
	£000	£000
Opening balance at 1 April	2,623	6,394
Gross inflows	102,714	110,611
Gross outflows	(93,929)	(114,382)
Closing balance at 31 March	11,408	2,623

These balances are held with the Government Banking Service.

14. *Entities within the departmental boundary*

The entities within the boundary during 2016-17 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 2017

Introduction

GLD's strategy for sustainability is to improve its performance against the Greening Government Commitments (GGC), which ran 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 from February 2017, 5-8 The Sanctuary, London, and HMCPSI's occupation of Floor 4 of OKS.

Greenhouse gas emissions		Baseline				
		2009-10	2013-14	2014-15	2015-16	2016-17
Non-financial indicators (tCO ₂ e)	Scope 1 and 2 emissions	2,646	1,939	2,093	1,827	1,828
	Scope 3 emissions (indirect – official business travel)	16	103	111	117	114
	Total emissions	2,808	2,042	2,204	1,944	1,942
Related energy consumption (KWh)	Electricity	4,411,463	3,646,166	3,639,016	3,157,640	3,132,544
	Gas	207,645	–	–	–	–
	Oil	991,178	671,862	639,277	543,417	652,192
Financial indicators (£)	Expenditure on energy	395,242	407,384	408,070	344,286	352,929
	Expenditure on accredited offsets (e.g. GCOF)	1,489	42	–	–	–
	Expenditure on official business travel	343,057	368,768	449,298	453,962	358,629

Performance commentary

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

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

Overall energy consumption (KWh) is 33% lower than baseline. Expenditure on energy has increased since last year due to the cooler winter.

The main challenge on energy reduction is that GLD and HMCPSI have no control over the use of oil to heat and electricity to cool One Kemble Street which are both the responsibility of the superior landlord, the Civil Aviation Authority. GLD is continuing to work with contractors and the landlord over the use of new technology and initiatives to reduce the carbon footprint. In particular, it is maintaining pressure on the landlord to take a more proactive approach to sustainability in the building as a whole.

Expenditure on official travel (rail and air) has decreased by 21% since 2015-16. HMCPSI has access to video conferencing facilities to reduce travel to and from meetings in and in particular between London and York where it has a small space in a CPS office.

Waste		Baseline				
		2009-10	2013-14	2014-15	2015-16	2016-17
Non-financial indicators (tonnes)	Non-recycled	83	3	5	–	–
	Total reused/recycled	101	105	107	120	115
	Energy recovery ¹	–	69	94	36	26
	Total waste	184	177	206	156	141
Financial indicators (£) Total disposal cost		22,360	28,517	29,348	28,526	30,597

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 further decrease in our total waste this year which is now 24% below baseline. 100% of waste is now reused/recycled or used for energy recovery compared to the baseline year when this figures was 55%.

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	2016-17
Non-financial indicators A4 reams	49,443	35,655	36,498	30,440	30,645

Performance commentary

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

Paper usage has increased slightly this year, potentially reflecting increased activity trends, but remains 38% below baseline.

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

HMCPsi has been committed to moving to a paperless office for some time and has 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 hard copies 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 significant reductions in the amount of paper HMCPsi use compared to baseline.

Finite resource consumption: water		Baseline				
		2009-10	2013-14	2014-15	2015-16	2016-17
Non-financial indicators (m ³)	Water consumption	8,018	7,186	8,641	8,466	8,319
Financial indicators (£k)	Water supply and disposal costs	19,962	13,131	18,728	18,975	18,870

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).

Overall water consumption has decreased since last year but is still 4% above baseline.

GLD water consumption is affected by the provision of 2 cafés in the building which are used by GLD and non-GLD staff.

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

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.

The overall procurement strategy principally includes the use of Crown Commercial Service framework contracts and the department 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, the use of ‘thin client’ units which use less energy than conventional ‘base unit’ desktop computers
- complying with environmental legislation and regulatory requirements
- including relevant environmental conditions or criteria in specifications and tender documents, and evaluating supplier offers accordingly
- raising awareness of environmental issues within the department, and amongst suppliers and contractors

GLD has 3 ISO 14001 accredited suppliers: Its:

- off-site storage provider has won the Green Fleet award for their efforts to reduce the environmental impact of their transport fleet
- catering provider is also certified Carbon Neutral. All the disposable containers and cups used within its 2 cafes are environmentally responsible to reduce waste associated impacts on the business
- print service provider complies with the WEEE (Waste Electrical and Electronic Equipment) regulations for disposal of equipment

ISBN 978-1-4741-4571-8



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