

---

HM Procurator General and Treasury Solicitor

# Annual Report and Accounts 2017-18

For the year ended 31 March 2018

---

HM Procurator General and Treasury Solicitor

# Annual Report and Accounts 2017-18

For the year ended 31 March 2018

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 17 May 2018

**HC 978**

This is part of a series of departmental publications which, along with the Main Estimates 2017-18 and the document Public Expenditure: Statistical Analyses 2017, present the Government's outturn for 2017-18 and planned expenditure for 2018-19.



© Crown copyright 2018

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications>.

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

ISBN 978-1-5286-0368-3

CCS0518549678 05/18

Printed on paper containing 75% recycled fibre content minimum. Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office.

# Contents

<b>Performance Report</b>	<b>8</b>
<b>Overview</b>	<b>8</b>
Introduction	8
Entities within the Accounts	8
Purpose and Vision	9
Principal Activities	9
The Attorney General's Office	10
HM Crown Prosecution Service Inspectorate	11
<b>Performance Analysis</b>	<b>12</b>
Performance Measures	12
Significant events during the financial year	13
Future Development	16
Sustainability Performance	17
Complaints to the Parliamentary Ombudsman	17
Performance in responding to correspondence from the public	17
Health and Safety	18
Consultation with employees	18
2017 People Survey	18
Partnership	19
Financial Results	20
Publicity and advertising	21
Reporting Cycle	22
Events after the reporting period	22
<b>Accountability Report</b>	<b>23</b>
<b>Corporate Governance Report</b>	<b>23</b>
Directors' Report	23
Governance Statement	27
<b>Remuneration and Staff Report</b>	<b>37</b>
Remuneration Report	37
Staff Report	49
<b>Parliamentary accountability and audit report</b>	<b>58</b>
Statement of Parliamentary Supply	58
Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)	60
The Certificate and Report of the Comptroller and Auditor General to the House of Commons	69

<b>Financial statements</b>	<b>73</b>
Statement of Comprehensive Net Expenditure for the period ended 31 March 2018	73
Statement of Financial Position as at 31 March 2018	74
Statement of Cash Flows for the period ended 31 March 2018	75
Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018	76
Notes to the Accounts	77
Explanatory notes	85
<b>Annex A Sustainability Report for the year ended 31 March 2018</b>	<b>88</b>
Introduction	88
Sustainable Procurement	92

# 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 has expanded greatly and today it 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.

The financial statements on pages 73 to 87 cover all these bodies and have been prepared under an accounts direction issued in December 2017 by HM Treasury, in accordance with section 5(2) of the Government Resources and Accounts Act 2000. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives. They have been prepared in accordance with the guidance set out in the 'Government Financial Reporting Manual (FReM)'.

### Entities within the Accounts

These accounts present the consolidated results for 2017-18 of the:

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

## 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
- known throughout the legal profession for the **quality** of its legal work
- the **best** employer for its people

## Principal Activities

The principal activities of GLD 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. 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 major 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 GLD'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 GLD's clients and staff. This 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 developed. 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 and help the Government to deliver policy in the context of upholding and promoting the rule of law and perform a visible and effective role as leaders in the domestic and international legal community.

They also have superintendence responsibilities in relation to public prosecutions conducted by the 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. The Attorney General is also head of the Bar of England and Wales and exercises a leadership role in relation to the wider legal professions; he also holds the separate office of Advocate General for Northern Ireland.



## HM Crown Prosecution Service Inspectorate

The Crown Prosecution Service Inspectorate Act 2000 created the role of HM Chief Inspector of the Crown Prosecution Service. The Chief Inspector is appointed by, and reports, to the Attorney General. He also fulfils the function of Chief Executive of HM Crown Prosecution Service Inspectorate.

The purpose of the Inspectorate's work is to inspect the operation of the Crown Prosecution Service (CPS) and Serious Fraud Office (SFO) and to provide independently assessed evidence to allow others to hold those agencies to account thereby encouraging improvement.

HMCPsi's strategic objectives are:

- To deliver high quality assessments on the SFO and CPS to inform them and those who hold them to account.
- To work collaboratively with other inspectorates and develop effective working relationships in order to achieve this objective.
- To promote HMCPsi to targeted stakeholder and media audiences to widen and maintain the interest in the work of the inspectorate.
- To ensure that HMCPsi reports are well written so that they are of use to the target audience(s).
- To recruit and develop the best people so HMCPsi has a high performing workforce with the right skills and values for the job.
- To run an efficient and effective organisation that meets the best standards of a government department in order to provide value for money.

Since it was established, the Inspectorate's statutory remit has been broadened to include the SFO (ASBCP Act 2014 – section 149 commencement). HMCPsi also undertakes inspection work by invitation, notably recently with the Criminal Justice Inspection Northern Ireland (CJINI).

# Performance Analysis

## Performance Measures

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

Performance Measure	Outturn 2017-18	Outturn 2016-17
To improve our client satisfaction ratings	95% 7.43	97% 7.71
To recover from clients the full operating costs of chargeable services	Achieved	Achieved
To retain Lexcel accreditation	Achieved	Achieved

### Client Satisfaction

In GLD's annual survey of client satisfaction, 95% of its clients rated its services as 'Good' or 'Excellent', a two percentage point decrease on 2016-17. Using the satisfaction index developed last year, to get a better indication of the change in performance, GLD scored 7.43, which is a 4% decrease from last year. Given the operational context, over the past year, achieving a satisfaction rating of 95% is considered a good outcome. As ever, the survey has highlighted some issues that need to be addressed and an Action Plan will be developed in response.

### Lexcel

GLD successfully met the Lexcel standard for the litigation aspects of its business with an improved performance on last year. It was highly commended for sustaining an extremely high level of compliance and demonstrated 30 areas of best practice.

### 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 Department. As demonstrated in the accounts, GLD fully recovered its costs for the year and made a small 'accidental surplus'.

## Significant events during the financial year

### Government Legal Department

GLD maintained the high quality of its legal services to Government, including supporting work on the UK's withdrawal from the European Union, through the conduct of negotiations with the EU, the passage of the European Union (Withdrawal) Bill through Parliament and the provision of legal advice on policy development, as well as helping to deliver the rest of the Government's full legislative agenda and advising on some of the highest profile issues of the year.

It made good progress on its key corporate priorities: the Beta (private) roll-out of the new online portal for clients is due to go live for Whitehall clients later this year; preparations for piloting the use of paralegals in Advisory Divisions are in hand; it has streamlined and speeded up its recruitment processes; held a successful all-staff event in April and a Careers Week in October 2017; and work is in hand to pilot a new IT solution that will provide a gateway for all GLD client-based teams to access GLD's core systems.

By way of case studies and commentary, the GLD Annual Report and Accounts 2017-18 provides substantial details of significant events and achievements. It is available at [www.gov.uk/gld](http://www.gov.uk/gld).

### Attorney General's Office

The AGO's Business Plan sets out its priorities for 2017-18. The plan is reviewed each year based on ministerial priorities.

During the year, the AGO focused on supporting the delivery of Government policy, legislative and operational priorities, including developing policy and legislation; superintending the public prosecution authorities; delivering the Law Officers' public interest litigation and associated functions; and aiming to continuously improve its service to Government and the public.

The AGO supported the Attorney General's regular attendance and contributions to Cabinet, its Parliamentary Business and Legislation Committee, European Union Exit, Trade Domestic Preparedness, Legislation and Devolution Committee, and National Security Council (NSC). In support of the Attorney General's role at NSC, the AGO established a meeting of Legal Directors and Directors General, which sits as a permanent group within the broader NSC architecture. The purpose of this group, amongst other things, is to provide coherence amongst the Government legal community on the most sensitive legal issues that arise in the national security context in response to recommendations from the Chilcott report.

Throughout the year, the Attorney General worked with the Justice Secretary and Home Secretary to provide an effective criminal justice system for victims and the public. This includes ensuring that wider Government policy development and actions reflect an appropriate understanding of the consequences for the prosecutors and wider criminal justice system. The Department supported the Attorney General's membership of the Social Reform (Home Affairs) sub-Committee and the Criminal Justice Board, as well as a number of criminal justice inter-ministerial groups. A major focus has been on improving the number of modern

slavery prosecutions as part of supporting the Prime Minister's Taskforce on Modern Slavery. Other key areas of work include improving the response to hate crime and domestic violence; improving the experience of victims and witnesses; and supporting the creation of the new National Economic Crime Centre following on from the Prime Minister commissioned Economic Crime Project. The Attorney General also commissioned a review of disclosure arising from the project, which is due to report in Summer 2018.

The AGO provided timely, problem-solving legal and constitutional advice across all areas of the Government's work to the Law Officers. This included the response to the development of the European Union (Withdrawal) Bill, other EU Exit legislation, and ongoing EU business. AGO also works increasingly closely with the Office of the Advocate General for Scotland. The AGO works closely with the CPS and SFO, together with the Home Office, Ministry of Justice and the Department for Exiting the European Union, to consider the implications of Brexit for the prosecutors (including with the assistance of Counsel).

The Law Officers handled a wide variety of Parliamentary business in both Houses, including the regular Attorney General oral questions every six weeks. The AGO responded to 188 PQs in 2017, answering 99.5% within the deadline. The Solicitor General also supported the Government as a Bill minister leading key clauses of the EU (Withdrawal) 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.

The AGO supported the Attorney General's engagement with a number of high-profile and sensitive Government litigation cases, and the discharge of his own public interest casework functions. The AGO is managing the highest volume of unduly lenient sentence and consent casework to date and the Solicitor General regularly appears in the Court of Appeal in key unduly lenient sentencing cases. In 2017, the number of offenders who had their sentences referred to the AGO as potentially unduly lenient was 943; up from 837 in 2016. 598 cases were within the scope of the unduly lenient sentence scheme, requiring personal consideration by a Law Officer. Of these, 29% (173 in total) were referred to the Court of Appeal. Of the 173, the Court of Appeal granted leave on the merit in 90% of cases, agreed the sentence was unduly lenient in 83% of cases, and increased the sentence in 79% of cases.

The Attorney General has supported the Home Secretary to implement the extension of the unduly lenient sentence scheme to additional terrorism offences, and personally appeared in the first case in January 2018. The AGO is continuing to work with the Ministry of Justice to consider further extensions to the scheme in line with the Government's manifesto.

## HM Crown Prosecution Service Inspectorate

HM Crown Prosecution Service Inspectorate has delivered a full inspection programme of the CPS and SFO, including two joint inspections with HMI Constabulary and Fire & Rescue Services (HMICFRS).

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

- Case finalisations (23 May 2017)
- Business as usual? Transforming Summary Justice follow-up report (27 June 2017)
- Living in fear – the police and CPS response to harassment and stalking (5 July 2017) (joint inspection)
- HMCPSI Chief Inspector's Annual Report 2016-17 (11 July 2017)
- Making it Fair: The Disclosure of Unused Material in Volume Crown Court Cases (18 July 2017) (joint inspection)
- Area Assurance Inspection of CPS Thames and Chiltern (27 July 2017)
- Area Assurance Inspection of CPS North East (15 August 2017)
- HMCPSI Business Plan: 2017-18 published 22 August 2017
- Area Assurance Inspection of CPS West Midlands (3 October 2017)
- Area Assurance Inspection of CPS East of England (24 October 2017)
- Crown Prosecution Service internal fraud controls (13 November 2017)
- The CPS response to the Modern Slavery Act 2015 (14 December 2017)
- Area Assurance Inspection of CPS South East (30 January 2018)
- Area Assurance Inspection of CPS North West (27 February 2018)
- The Operation of Individual Quality Assessment in the CPS (13 March 2018)

## Future Development

### Government Legal Department

GLD's priority in 2018-19 will be to continue to provide effective legal support for the unprecedented challenge that withdrawing from the European Union presents to the Government while at the same time continuing to deliver the full range of legal services needed by Government, including support to a number of public inquiries. This will include continuing to support negotiations with the EU, drafting the Withdrawal Agreement, and advising on the UK's future relationship with the EU.

It has agreed a number of key priorities that will keep improving its legal business and GLD as a place to work. It will continue to build GLD as "One Organisation; address the continuing resourcing challenge, including through further recruitment and smarter use of the private sector; assess options for the reward and recognition of staff; and promote and support the health and wellbeing of its people. It will continue to improve and modernise ways of working and service delivery to clients, including through the use of IT and on-line services.

Further details of GLD's plans and objectives, key priorities, risks and opportunities, for 2018-19 are contained in the Government Legal Department 2018-19 Business Plan available at [www.gov.uk/gld](http://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 2018-19 Business Plan, which will be available at [www.gov.uk/ago](http://www.gov.uk/ago).

### Her Majesty's Crown Prosecution Service Inspectorate

HMCPsi will continue to provide evidence for others to hold the CPS and SFO to account in order to encourage improvement in the performance of the prosecution services. It will work with the inspected agencies to identify and promote good practice and continue to undertake a robust follow-up process.

Further details are shown in HMCPsi's 2018-19 Business Plan available at [www.justiceinspectrates.gov.uk/hmcpai](http://www.justiceinspectrates.gov.uk/hmcpai).

## **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 2017-18 to improve sustainability is provided in the Sustainability Report at Annex A (page 88).

## **Complaints to the Parliamentary Ombudsman**

One complaint relating to GLD accepted for investigation by the Parliamentary Ombudsman in 2016-17 was not upheld. There were no other cases in 2017-18.

There were no complaints to the Parliamentary Ombudsman regarding the 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. Eight formal complaints were received by the Treasury Solicitor between 1 April 2017 and 31 March 2018 and they were dealt with within the published target of 10 working days.

In the calendar year 2017, GLD received 400 FOI requests, responding to 98% within deadline, and 15 DPA requests, responding to 93% within deadline. In the same period, the AGO received over 14,500 items of correspondence from the public and responded to 210 Freedom of Interest requests, with 98% completed within the deadline.

HMCPSI received one complaint against the Inspectorate, relating to their recruitment process, which is in the process of being assessed. It received five FOI requests in 2017-18, but IT issues prevented these receiving a reply within the deadline.

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

HMCPSI has continued to complete quarterly inspections with support from its landlords. In 2017-18, it ensured that it had sufficient staff qualified as First Aid providers and Fire Marshals to enhance coverage at all times. In addition, some 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

### 2017 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 2017 Survey, GLD achieved an Engagement Index of 62%, this was slightly higher than the 2016 survey and one percentage point higher than the average for the Civil Service – with a response rate of 78%. There were significant rises in how staff feel about their career opportunities at GLD. They also feel better about the way change is managed compared to 2016. Scores around inclusion and fair treatment also rose favourably. However, the responses on pay were lower than in previous years and amongst the lowest across the Civil Service. This is perhaps understandable when the composition of the workforce is considered, with in excess of 80% being professionals, predominantly in Law, but also in HR, Finance, ICT or Communications.



The results of the Survey will be used to shape GLD policies and practices over the next year, focusing on four key areas; the development of a new GLD Story; continued development of leadership skills at all levels throughout GLD; making zero tolerance to unacceptable behaviour a reality; and work to address, as far as possible, the concerns expressed about pay and benefits, including work/life balance.

### Attorney General's Office

The AGO achieved an Engagement Index of 84%, an increase of 10 percentage points from 2016, with a response rate of 100%. The engagement result was the highest across Whitehall and is 19 points higher than the Civil Service High Performers. The AGO received increases in positive responses in most categories covered by the survey. Significant improvement was noted on leadership and managing change, organisation, team, and management; with 98% of respondents proud to tell others they work for the AGO. Staff-led discussions on the results supported the development of a paper and recommendations to the Executive Board.

### HM Crown Prosecution Service Inspectorate

HMCPsi achieved an Engagement Index of 53% (2016: 47%), with a response rate of 92%. As there was significant disengagement, the Chief Inspector consulted with all staff to 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 staff 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.

HMCPsi supports the HMCPsi Management and Staff Representative meeting with representatives of the PCS and the FDA. GLD manages the working relationship with the PCS on behalf of HMCPsi. The FDA has its own representation at local level in the Inspectorate.

## 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 £226,974k. After taking into account income of £221,539k, the net resource requirement for 2017-18 was £5,435k, £6,401k less than the sum approved by Parliament in the 2017-18 Supplementary Estimate for HM Procurator General and Treasury Solicitor.

Total operating income was £221,539k; operating income of £165,009k was generated through charges for legal services provided to clients; £48,017k from the recovery of disbursements incurred in providing legal services to clients; £3,795k was recovered from the Crown's Nominee's Account and other income of £4,718k including rent, service charges, subscription services and the recovery of costs of outward secondments was received. After taking into account costs which are met from the Vote, including the cost of the Attorney General's Office and HMCPSI, GLD met its financial objective to recover the full cost of its chargeable services.

There was capital expenditure of £1,938k against voted capital provision of £2,900k. 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.

### Comparison of Estimate and outturn

GLD underspent by £5,257k. 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 GLD undertake a formal exercise to forecast the financial outturn for the year. GLD's commitment to its clients is to ensure that they benefit promptly from better than budgeted performance; if this forecasting exercise predicts a significant surplus, GLD 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 higher time charged and secondment income and lower staff costs due to a shortfall in resources on which GLD's fixed Advisory and Commercial Law fixed fees were based. However, the forecast shortfall was more than compensated for by the level of excess hours worked by GLD staff, for the benefit of clients, including supporting the negotiations for the UK's withdrawal from the European Union and related work. Accordingly the GLD Board decided not to provide a rebate to GLD clients, nor charge additional fees for new work emerging later in the year.

The AGO overspent against budget by £564k as its accommodation move in February 2017 from 20 Victoria Street to 5-8 The Sanctuary continued to impact on its expenditure. This included final removal costs, the payment of routine costs up to 30 June 2017 on the old premises, and funds required to ensure the new premises were secure and fit for purpose. The Treasury Solicitor approved this additional expenditure as it could be covered from within the 'accidental surplus' generated by GLD and the overall voted resource limit for the Department.

HMCPSI underspent against budget by £233k due to prudent management of its budget and

some unplanned vacancies.

AME was established in the 2017-18 Supplementary Estimate to provide cover should an HMRC tax audit identify areas of error. While the visit has not been concluded, on a prudent basis, GLD made a provision of £1,525k resulting in an underspend of £1,475k.

The Department used 14% of its net cash requirement of £10,926k due to the underspends on resources and capital and movements in working capital.

Capital expenditure was underspent by £962k due to slippage of expenditure.

#### Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

£'000	2017-18	2016-17
Net Resource Outturn (Estimates)	5,435	4,828
Net Operating Expenditure (Accounts)	5,435	4,328
Resource Budget Outturn (Budget)	5,435	4,828
Of which		
Departmental Expenditure Limits	3,910	5,437
Annually Managed Expenditure	1,525	(609)

### Publicity and advertising

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

- advertising for the recruitment of Panel Counsel to the Attorney General's Panels
- advertising for the recruitment of Legal Trainees

## 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](http://www.gov.uk/gld).

The AGO Business Plan may be accessed at [www.gov.uk/ago](http://www.gov.uk/ago).

HMCPSI's Business Plan may be accessed at [www.justiceinspectors.gov.uk/hmcpsi](http://www.justiceinspectors.gov.uk/hmcpsi).

## Events after the reporting period

In accordance with the requirements of IAS10, 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.

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

**11 May 2018**

# Accountability Report

## Corporate Governance Report

### Directors' Report

#### Directors

The Governance Statement on page 27 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 is on the General Legal Services and Rail Legal Panels. She is also an Independent Non Executive at KPMG with effect from 30 April 2018. Should any issues relating to DLA Piper or KPMG UK LLP come to the GLD Board, People Committee or Change Delivery Committee she would neither see any papers or minutes nor participate in any discussion.

No other directorships or other significant interests, which may have caused a conflict with their management responsibilities, were held by any Board Members. Note 13 to the Accounts confirms that no members of the Board, including Non-Executive Directors, has any related party interests.

#### Remuneration to external 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 (2016-17: £75k).

## 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. Three incidents were reported.

**Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2017-18**

<b>Date of incident (month)</b>	<b>Nature of incident</b>	<b>Nature of data involved</b>	<b>Number of people potentially affected</b>	<b>Notification steps</b>
August 2017	Data Loss, likely to have occurred in 2014	Sensitive personal data	1	ICO notified after extensive investigation. No enforcement action.
October 2017	Inappropriate disclosure of information within the organisation	Sensitive personal data	2,000	ICO notified immediately after remedial action. No enforcement action.
March 2018	Inappropriate disclosure outside the organisation	Non-sensitive data relating to employees in another government department	2	ICO notified after unsuccessfully trying to retrieve the information. Outcome not yet known.

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 the 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 2017-18, 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 twice yearly 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

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

The C&AG also audit the Crown’s Nominee Accounts administered by the Bona Vacantia Division of the Department.

The auditors provide no further assurance or other advisory services.

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed HM Procurator General and Treasury Solicitor 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 HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the 'Government Financial Reporting Manual' have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis

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

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

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the GLD's assets, are set out in 'Managing Public Money', published by HM Treasury.

### **Statement regarding disclosure of information to the auditors**

As Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the department's auditors are aware of that information. As far as I am aware, there is no relevant audit information of which the auditors are unaware.

I also confirm that this annual report and accounts as a whole is fair, balanced and understandable, and I take personal responsibility for the judgements made to ensure that it is fair, balanced and understandable.



## **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. HM Procurator General and Treasury Solicitor leads the Department, 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 Accounting Officer of HM Procurator General and Treasury Solicitor, 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 GLD, 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.

To support me in discharging my responsibilities, there is a framework of delegated authority in place. The GLD Board also supports me. 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 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 four 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 three 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 private sector law firms and has put in a place a new General Legal Services Panel, Finance Panel and Complex Transaction Panel and Rail Panel.

## 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 2018 was as follows:

Executive members:

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

\*Leaving GLD on 31 August 2018

Non-Executive members:

- 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 Panel Member of the Competition and Markets Authority since October 2017; 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 the Workforce Development Trust 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 an Honorary Visiting Professor at the Cass Business School. He was previously Global CEO of BDO, one of the world's largest accounting firms, and prior to that Managing Partner of BDO's UK firm.

Celia Carlisle's period of office ended in September 2017. She is 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 was Chair of the GLD SCS Pay Committee.

In October 2017, Gillian Camm joined GLD as a Non-Executive Director; she resigned in November 2017 for personal reasons.

## Work of the Board and attendance

The GLD Board met 12 times between April 2017 and March 2018, with attendance as follows:

<b>Executive Members</b>	<b>Eligible to attend</b>	<b>Attended (to end March)</b>
Jonathan Jones	12	12
Peter Fish	12	11
Claire Johnston	12	12
Stephen Braviner Roman	12	12
Valerie Cain	12	8*
Nick Payne	12	12
<b>Non-Executive Members</b>		
Celia Carlisle	5	4
Oonagh Harpur	12	11
Jeremy Newman	12	12
Gillian Camm	2	2

\*Valerie Cain has been absent for personal reasons since November 2017.

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

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

## The Board's performance

GLD adheres to centrally set standards of good governance practice for government departmental boards and follows the Board Effectiveness Evaluation process, recommended in Guidance produced by the Cabinet Office.

The Board Effectiveness Evaluation for 2017-18 was carried out in January and February 2018, and comprised:

- Board members completing questionnaires, devised in line with the Guidance and reflecting the previous year's evaluation recommendations;
- Year-on-year analysis of responses;
- Independent assessment of the Board by Catherine Brown, Cabinet Office Non-Executive Director, (who observed Board dynamics and held one-to-one interviews with Board members);
- 360° feedback on the Board and its relationship with committees;
- Desk research (focusing inter alia on attendance levels, effectiveness of agenda setting and of the information flow and efficacy of the content and format of management information).

Overall, the Board was found to be effective, and GLD to be a well-run organisation. Five recommendations arising from the evaluation were presented to the Board at its March 2018 meeting, with the primary focus on the Board taking time for a discussion on the balance between its strategic and operational focus; and on improving clarity of its decision-making and communications across GLD. The implementation plan will focus on these recommendations in particular and progress will be reviewed throughout 2018-19.

## 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, in addition to the Chair, and an additional independent member, Jenny Rowe, the retired Chief Executive of the Supreme Court.

The Audit and Risk Committee met four times in 2017-18 and considered the Annual Report and Accounts for 2016-17, and the External Auditor's audit. The Committee was satisfied with the quality of the external auditor's 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.

The Committee also undertook a 'deep dive' of whistleblowing and its relationship to staff responses in successive People Surveys to bullying and harassment.

The **Performance and Client Committee** is responsible for overseeing the health of the business by monitoring the services delivered to all GLD's clients and staff. It reviews GLD's performance against standards and targets, celebrating success and identifying improvement activities, where needed. Stephen Braviner Roman, Legal Director General A, chairs this Committee. It met 10 times in 2017-18.

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. Claire Johnston, Legal Director General B, chairs this Committee. It met nine times in 2017-18.

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. Peter Fish, Legal Director General C, chairs this committee. It met six times in 2017-18.

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. Valerie Cain, People and Change Director chairs this Committee. Susanna McGibbon, Director of Litigation Group has been deputising as Chair in Valerie's absence since November 2017. It met 12 times in 2017-18.

Membership of each Committee is drawn from GLD's Strategic Leadership Group and each has one of the Non-Executive Directors as a member.

## Compliance with the Corporate Governance Code

The Corporate Governance Code for central government departments 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 provides assurance of the processes. The Risk Management Group supports the Committee in its work, 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 Committee.

Risk management is embedded at every level in the business by encouraging empowerment and delegation so that those with the local knowledge and experience can manage risks proactively, 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 monitored by the Audit and Risk Committee, and a Board member owns each key strategic risk. 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 GLD Business Plan.

## Risk Profile

The UK's withdrawal from the European Union presents a significant challenge to GLD in terms of legal demand, its ability to resource this and its reputation with our clients. The potential impact of these challenges, which also impact on GLD's ability to deliver business as usual, are recognised in the key strategic risks and mitigating actions, which are:

Strategic Risk	Mitigation
Demands placed on GLD do not match expected levels.	Strategic and annual business planning with clients to assess demand and close collaboration to ensure we can work flexibly and efficiently to meet client needs. Memoranda of Understanding (MoU) agreed with clients set out how in year demand changes will be dealt with.
The quality of GLD's work falls below the standard expected by clients, the judiciary or other key stakeholders.	Legal quality tools and processes to support delivery of excellent quality and efficient legal services to clients.
Lack of resource capacity and/or capability to deliver the service clients need.	Recruitment and retention of staff with the necessary skills and capabilities, succession planning, the effective deployment of staff, and the provision of opportunities for staff to develop their skills, knowledge and capabilities.
Clients are unwilling to pay for the legal services which GLD provides or procures because of budget pressures.	Close engagement with clients to ensure that we can respond to their budget pressures. Action to build client capability so they know when to come to GLD for advice and support and when they do not.
Clients do not believe that the legal services GLD provides or procures offer the best possible value for money.	Action to ensure that we can keep out fees and charges flat where possible. Delivery of efficiency savings and provision of management information to clients. Use of Panel Counsel that have been appointed through fair and open competition and delivery of the External Legal Services project.
Injury or harm to staff, loss of GLD or client assets, or major loss of sensitive or confidential information.	Preventative measures such as adherence to information security and health and safety policies and processes.
Significant external events have an adverse impact on our ability to deliver services to the client and/or achieve full cost recovery.	Contingency arrangements to reduce the risk of service disruption.

Further information on these risks and our response to them are set out in the GLD Business Plan for 2018-19 which is published at [www.gov.uk/gld](http://www.gov.uk/gld).



The AGO manages its strategic risks through a regular review of its risk register. Its strategic risks relate to resourcing, knowledge management, security and relationship management.

HMCPSP risks relate to governance, resourcing, and business planning. An independent review of HMCPSP'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 with the appointment of a new Grade 6 Head of Corporate Services in April 2017.

## 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. GLD is additionally working with the National Cyber Security Centre to improve cyber security resilience and is preparing for the General Data Protection Regulations.

Further detail on information risk is contained in the Directors' Report on page 23.

GLD enjoys a high level of client satisfaction and it is essential that it is able to maintain its high quality service in all 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 capacity, 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. In her absence, Nick Payne, Finance and Operations Director, has been performing this role. 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 throughout 2017-18, and has reported to the Board on a six-monthly basis. There have been no notifications of whistleblowing incidents, or near misses, in 2017-18. Attention has, therefore, focused on what more can be done to encourage potential whistleblowers to come forward and via other channels through which staff may express concerns. The Committee has reviewed bullying and harassment data from the People Survey across the business between

2014 and 2017. 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 Internal Audit. 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, which he chairs.

Directors provide an annual end of year Assurance Report highlighting any risks that crystallised during the year. The Audit and Risk Committee have reviewed these assurances and no matters of concern were raised in 2017-18.

As part of the business planning process, the Treasury Solicitor, supported by a Non Executive Director, holds Panel Reviews with his Directors General and Board Directors 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 and key priorities. From Quarter Two, it also enables consideration of potential in-year fee reductions and rebates/refunds, where an 'accidental surplus' is forecast, or increases if a deficit is forecast.

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

These processes highlighted one issue, which resulted in the denial of access to a database hosted in the cloud. This was reported to the National Cyber Security Centre and the associated remedial action and recommendations for improvements to controls have been agreed with me, as Accounting Officer.

There were no other issues of significance to report affecting the corporate health or operations of the GLD in 2017-18.

# Remuneration and Staff Report

## Remuneration Report

### Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at: [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

### Remuneration Policy

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

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

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

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

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

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

### Senior Civil Service (SCS) Pay Committee

The function of 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 2017) 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 2017-18 to those in performance Groups 1 and 2, but not to those in performance Group 3. It was for individual SCS Pay Committees to determine how the 1% was distributed in departments, and the decision by the GLD Pay Committee was to:

- move people up to a new minima of the SCS Pay Bands from 1 April, as per the Cabinet Office guidance;
- award Group 1 and Group 2 performers a flat cash amount dependent on where they sit in the pay band, with proportionately more going to those at the lower end of the scale and less for those towards the top
- address what was perceived by the Pay Committee as an anomaly by raising salaries to a 'spot rate' for Payband 1 and Payband 2 staff, in order to address the very wide gap between those at the bottom and the top of the pay ranges.

## Non-consolidated performance related pay awards

In deciding SCS non consolidated performance awards in 2017-18, the following criteria were used:

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 made a corporate impact on the team, for the client and/or the wider Department

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)

<b>Ministers</b>	<b>Salary</b>		<b>Pension Benefits (to nearest £1,000)<sup>1</sup></b>		<b>Total (to nearest £1,000)</b>	
	<b>2017-18</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2016-17</b>
The Rt Hon Jeremy Wright QC MP, Attorney General	94,450	94,450	32,000	24,000	127,000	119,000
Robert Buckland QC MP Solicitor General	57,926	57,926	16,000	15,000	74,000	73,000

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)		Performance Related Awards (£'000)		Pension Benefits (to nearest £1,000) <sup>1</sup>		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Jonathan Jones HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive	160-165	160-165	15-20	15-20	24,000	29,000	205-210	205-210
Stephen Braviner Roman Legal Director General A	120-125	120-125	15-20	-	26,000	58,000	160-165	175-180
Claire Johnston Legal Director General B	120-125	120-125	15-20	-	15,000	38,000	150-155	155-160
Peter Fish Legal Director General C	125-130	120-125	-	10-15	9,000	27,000	130-135	160-165
Valerie Cain People and Change Director	95-100	95-100	-	-	2,000	15,000	95-100	110-115
Nick Payne Finance and Operations Director	120-125	120-125	-	10-15	22,000	41,000	140-145	170-175
Kevin McGinty HM Chief Inspector of the Crown Prosecution Service Inspectorate	120-125	120-125	-	-	-15,000	18,000	105-110	135-140
Rowena Collins Rice Director General of Attorney General's Office	130-135	130-135	-	-	-2,000	28,000	130-135	160-165

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)	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Jeremy Newman	September 2018	15-20	15-20	800	1,000	15-20	15-20
Celia Carlisle	September 2017	5-10	15-20	100	200	5-10	15-20
Oonagh Harpur	September 2018	15-20	15-20	-	-	15-20	15-20
Gillian Camm	November 2017	0-5	-	-	-	0-5	-

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 (£76,011 from 1 April 2017) 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 2017-18 relate to performance in 2016-17 and the comparative awards reported for 2016-17 relate to the performance in 2015-16.



## Pay Multiples

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

The banded remuneration of the highest-paid director in the Department in the financial year 2017-18 was £180k - £185k (2016-17: £180-185k). This was 3.7 times (2016-17: 3.6 times) the median remuneration of the workforce, which was £49,526 (2016-17: £50,491).

In 2017-18, no (2016-17: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £21k-£185k (2016-17 £21k - £185k).

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

<b>Ministers</b>	<b>Accrued pension at age 65 as at 31/3/18</b>	<b>Real increase in pension at age 65</b>	<b>CETV at 31/3/18</b>	<b>CETV at 31/3/17</b>	<b>Real increase in CETV funded by taxpayer</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
The Rt Hon Jeremy Wright QC MP, Attorney General	5-10	0-2.5	111	84	12
Robert Buckland QC MP Solicitor General	0-5	0-2.5	55	40	6

### 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 31/3/18 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/18 £'000	CETV at 31/3/17 <sup>1</sup> £'000	Real increase in CETV £'000	Employer contribution to partnership pension accounts. Nearest £100
Jonathan Jones HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive	55-60 plus lump sum of 165-170	0-2.5 plus lump sum of 2.5-5	1,154	1,059	20	-
Stephen Braviner Roman Director General A	35-40 plus lump sum of 90-95	0-2.5 plus lump sum of 0	648	601	5	-
Claire Johnston Director General B	40-45 plus lump sum of 110-115	0-2.5 plus lump sum of 2.5-5	964	890	15	-
Peter Fish Director General C	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	833	772	8	-
Valerie Cain People and Change Director	60-65 plus lump sum of 110-115	0-2.5 plus lump sum of 0	1,274	1,256	1	-
Nick Payne Finance and Operations Director	55-60	0-2.5	926	866	3	-
Kevin McGinty HM Chief Inspector of the Crown Prosecution Service Inspectorate	60-65 plus lump sum of 180-185	0 plus a lump sum of 0	1,400	1,380	-15	-
Rowena Collins Rice Director General of Attorney General's Office	50-55 plus lump sum of 160-165	0-2.5 plus lump sum of 0-2.5	1,193	1,121	-2	-

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

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

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 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 two schemes, but note that part of that pension may be payable from different ages.)

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

### Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pensions Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Staff Report

### Staff costs

	2017-18				2016-17
	Permanently employed staff	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	104,938	-	152	105,090	89,290
Social security costs	11,745	-	19	11,764	9,395
Other pension costs	22,129	-		22,129	18,765
<b>Sub Total</b>	<b>138,812</b>	<b>-</b>	<b>171</b>	<b>138,983</b>	<b>117,450</b>
Agency and contracted staff	-	13,394	-	13,394	11,415
Inward secondments	-	461	-	461	242
<b>Total</b>	<b>138,812</b>	<b>13,855</b>	<b>171</b>	<b>152,838</b>	<b>129,107</b>
Less recoveries in respect of outward secondments	(1,595)	-	-	(1,595)	(1,452)
<b>Total Net Costs</b>	<b>137,217</b>	<b>13,855</b>	<b>171</b>	<b>151,243</b>	<b>127,655</b>

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](http://www.civilservice-pensions.gov.uk).

For 2017-18, employers’ contributions of £21,876k were payable to the PCSPS (2016-17: £18,524k) at one of four rates in the range of 20.0 to 24.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £253k (2016-17: £184k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2016-17: 3 to 12.5 percent) of pensionable pay. Employers also match employee contributions of up to 3% of pensionable pay. In addition, employer contributions of £nil (2016-17: £36k), 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.

No member of staff retired early on ill health grounds (2016-17: one); the total additional accrued pension liabilities in the year amounted to £nil (2016-17: £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.

	<b>2017-18</b>				<b>2016-17</b>
	<b>Number</b>				<b>Number</b>
	<b>Total</b>	<b>Permanent Staff</b>	<b>Others</b>	<b>Ministers</b>	<b>Total</b>
GLD	2,157	1,905	252	-	1,862
AGO	44	42	-	2	40
HMCPSI	25	25	-	-	28
<b>Total</b>	<b>2,226</b>	<b>1,972</b>	<b>252</b>	<b>2</b>	<b>1,930</b>

This information has been subject to audit.



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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2017-18		Number of compulsory redundancies	Number of other departures agreed	2016-17	
			Total number of exit packages by cost band				Total number of exit packages by cost band	
<£10,000	-	-	-	-	-	-	-	-
£10,000 - £25,000	-	3	3	3	-	2	2	2
£25,000 - £50,000	-	1	1	1	-	4	4	4
£50,000 - £100,000	-	1	1	1	-	3	3	3
£100,000-£150,000	-	-	-	-	-	-	-	-
£150,000-£200,000	-	1	1	1	-	-	-	-
£200,000-£250,000	-	-	-	-	-	-	-	-
£250,000-£300,000	-	-	-	-	-	-	-	-
Total number of exit packages by type	-	6	6	6	-	9	9	9
<b>Total resource cost/£</b>	-	<b>299,415</b>	<b>299,415</b>	<b>299,415</b>	-	<b>439,882</b>	<b>439,882</b>	<b>439,882</b>

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

This information has been subject to audit.

## SCS by Payband

The number of SCS staff by pay band as at 31 March 2018 was as follows:

	<b>GLD</b>	<b>AGO</b>	<b>HMCPST</b>
SCS 4	1	-	-
SCS 3	3	1	-
SCS 2	28	1	1
SCS 1 and 1A	147	3	-
<b>Total</b>	<b>179</b>	<b>5</b>	<b>1</b>

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

## Staff composition

The Department, including the AGO and HMCPST, 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 2018 was as follows:

	<b>Male</b>	<b>Female</b>
Officials as disclosed in the Remuneration Report	5	3
Non executive directors	1	1
SCS (excluding officials disclosed in the Remuneration Report)	86	91
Employees	738	1,395
<b>Total</b>	<b>830</b>	<b>1,490</b>

Note: includes GLD Board members, Director General of AGO and the Chief Inspector, HMCPST but excludes Ministers.

The proportion of black, minority and ethnic staff at SCS pay band 1 is 9.3%. The proportion of all staff is 18.2%. Levels of disabled staff are 6.5% in the SCS and 5.6% for all staff. Individuals are supported by efficient arrangements for assessments and the implementation of reasonable adjustments for those who require them.

## Recruitment practice

With resourcing being a top priority for GLD a number of key changes and initiatives have been implemented this year. Since its introduction in October 2017, our 'always-on' recruitment approach – a continuous campaign for Grade 7 lawyers, using cycles of sifts and interviews has resulted in a reduction of time from application to offer.

Other new initiatives which have been introduced, include the use of external SI drafters, specialist fixed term appointments, the use of panel firms and specialist campaigns. To improve the recruitment of support staff we have successfully trialled a new selection process, including digital soft tools and strength based applications.

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 the 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 2017 and were audited by the Civil Service Commission in February 2018. 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 2017 and 31 March 2018, 277 new members of staff were recruited to GLD, AGO and HMCPST by means of fair and open competition:

<b>Grade*</b>	<b>Number</b>	<b>Male</b>	<b>Female</b>
SCS	3	1	2
Grade 6	12	3	9
Grade 7	131	27	104
Legal Officer	50	17	33
Legal Trainee	24	13	11
SEO	3	0	3
HEO	8	2	6
EO	40	17	23
AO	6	5	1
<b>Total</b>	<b>277</b>	<b>85</b>	<b>192</b>

\*In order of seniority from the Senior Civil Service to Administration Officer.

This reflects the number of staff recruited from outside the Civil Service that have taken up post in 2017-18. The figures do not include those offered, but have yet to take up post.

During the period specified above, there were 10 exceptions to the Civil Service Commission's Recruitment Principles.

Recruitment of temporary lawyers and other professional and support 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 the recruitment agencies to supply temporary agency staff, (professional, technical and administrative).

The Treasury Solicitor has agreed to the placement of temporary lawyers, other professionals and support staff in front line posts as vacancies occur and where permanent recruitment is not appropriate. During 2017-18, GLD recruited 262 temporary staff - 170 administrators and 92 lawyers.

Sickness absence

Overall sickness absence was an average of 5.2 working days lost per person (2016-17: 5.5 days). This compares favourably with the Civil Service average of 6.8 days lost per staff year as at 30 June 2017 (most recent available figures). 65% of staff had no sickness absences.

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 consultancy spending were introduced during 2010-11. Expenditure on consultants has been kept to a minimum with spend in 2017-18 of £79k (2016-17: £7k). Spend relates to Cloud analytical services.

## 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 £13.4m (2016-17: 11.4m). Agency and contract staff accounted for 11.3% of average FTE for the year (2016-17: 10.6%). To reduce GLD's reliance on agency staff, it undertook several external recruitment campaigns resulting in 220 new legal recruits and 57 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 two categories of individual:

- In the ICT area, the GLD Board has agreed that there should be a mixed economy of permanent and temporary staff for practical business reasons. During 2017-18, 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 Contingent Labour contract, who are filling business critical posts. During 2017-18 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 2018, for more than £245 per day and that last longer than six months.**

	GLD	AGO	HMCPSI
<b>No of existing engagements as at 31 March 2018</b>	<b>50</b>	<b>-</b>	<b>-</b>
Of which			
No that have existed for less than one year at time of reporting	29	-	-
No that have existed for between one and two years at time of reporting	7	-	-
No that have existed for between two and three years at time of reporting	5	-	-
No that have existed for between three and four years at time of reporting	5	-	-
No that have existed for four or more years at time of reporting	4	-	-

**Table 2 - For all new off-payroll engagements, or those that reached 6 months in duration, between 1 April 2017 and 31 March 2018 for more than £245 per day and that last longer than six months**

	GLD	AGO	HMCPSI
No of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	29	-	-
Of which			
The number of those engagements which were assessed as caught by IR35	22	-	-
The number of those engagements which were assessed as NOT caught by IR35	7	-	-
The number that were engaged directly (via PSC contracted to department) and are on the departmental payroll	-	-	-
The number that were reassessed for consistency/ assurance purposes during the year	-	-	-
The number that saw a change to IR35 status following the consistency review	-	-	-

The majority of temporary roles in ICT (including some business analyst roles) were assessed as being out of scope/not caught by IR35. All other roles were assessed as in scope/caught by IR35, due to their nature. Therefore all temporary agency workers engaged in roles outside of ICT (unless specified), must be PAYE or PAYE via an umbrella company. All 22 detailed in the table above as caught by IR35 are PAYE or PAYE via an umbrella company.

**Table 3: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018**

	GLD	AGO	HMCPST
No of off payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	-	-	-
Total No of officials 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 (FReM) 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 2017-18

Note	Estimate			Outturn			2017-18 Voted Outturn compared with Estimate saving/ (excess)	2016-17 Outturn Total
	Voted	Non-Voted	Total	Voted	Non-Voted	Total		
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Departmental Expenditure Limit</b>								
Resource SOPS 1.1	8,836	-	8,836	3,910	-	3,910	4,926	5,437
Capital SOPS 1.2	2,900	-	2,900	1,938	-	1,938	962	1,984
<b>Annually Managed Expenditure</b>								
Resource SOPS 1.1	3,000	-	3,000	1,525	-	1,525	1,475	(609)
Capital SOPS 1.2	-	-	-	-	-	-	-	-
<b>Total Budget</b>	<b>14,736</b>	<b>-</b>	<b>14,736</b>	<b>7,373</b>	<b>-</b>	<b>7,373</b>	<b>7,363</b>	<b>6,812</b>
<b>Non-Budget</b>								
Resource	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,736</b>	<b>-</b>	<b>14,736</b>	<b>7,373</b>	<b>-</b>	<b>7,373</b>	<b>7,363</b>	<b>6,812</b>
Total Resource SOPS 1.1	11,836	-	11,836	5,435	-	5,435	6,401	4,828
Total Capital SOPS 1.2	2,900	-	2,900	1,938	-	1,938	962	1,984
<b>Total</b>	<b>14,736</b>	<b>-</b>	<b>14,736</b>	<b>7,373</b>	<b>-</b>	<b>7,373</b>	<b>7,363</b>	<b>6,812</b>



<b>Net cash requirement 2017-18</b>					
		<b>2017-18</b>		<b>2016-17</b>	
	<b>Note</b>	<b>Estimate</b>	<b>Outturn</b>	<b>Outturn compared with Estimate saving/ (excess)</b>	<b>Outturn</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net cash requirement</b>	SOPS 3	10,926	1,563	9,363	1,030
<b>Administration Costs 2017-18</b>					
		<b>2017-18 Estimate</b>	<b>2017-18 Outturn</b>	<b>Outturn compared with Estimate saving/ (excess)</b>	<b>2016-17 Outturn</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		8,836	3,910	4,926	5,437

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 Departmental Resource Accounts (Statement of Parliamentary Supply)

SOPS1. Net outturn

SOPS1.1 Analysis of net resource outturn by section

											2017-18	2016-17
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	£000		
<b>Spending in Departmental Expenditure Limit</b>												
<b>Voted</b>												
A: GLD	217,290	(221,480)	(4,190)	-	-	-	(4,190)	1,067	5,257	4,693	(2,596)	
B: AGO	5,695	(45)	5,650	-	-	-	5,650	5,086	(564)	-	5,453	
C: HMCPSI	2,465	(15)	2,450	-	-	-	2,450	2,683	233	233	2,580	
<b>Non-Voted</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Annually Managed Expenditure</b>												
<b>Voted</b>												
D: Provisions	-	-	-	1,525	-	1,525	1,525	3,000	1,475	1,475	(609)	
<b>Non-Voted</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>225,450</b>	<b>(221,540)</b>	<b>3,910</b>	<b>1,525</b>	<b>-</b>	<b>1,525</b>	<b>5,435</b>	<b>11,836</b>	<b>6,401</b>	<b>6,401</b>	<b>4,828</b>	

The variance between Estimate and Outturn is due to:

GLD underspent by £5,257k. 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 GLD undertake a formal exercise to forecast the financial outturn for the year. GLD's commitment to its clients is to ensure that they benefit promptly from better than budgeted performance; so if this forecasting exercise predicts a significant surplus, GLD 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 higher time charged and secondment income and lower staff costs due to a shortfall in resources on which GLD's fixed Advisory and Commercial Law fixed fees were based. However, the forecast shortfall was more than compensated for by the level of excess hours worked by GLD staff, for the benefit of clients, including supporting the UK's withdrawal from the European Union, and so the GLD Board decided not to provide a rebate to GLD clients, nor charge additional fees for new work emerging later in the year.

The AGO overspent against budget by £564k as its accommodation move in February 2017 from 20 Victoria Street to 5-8 The Sanctuary continued to impact on its expenditure. This included final removal costs, the payment of routine costs up to 30 June 2017 on the old premises, and funds required to ensure the new premises were secure and fit for purpose. The Treasury Solicitor approved this additional expenditure as it could be covered from within the 'accidental surplus' generated by GLD and the overall voted resource limit for the Department.

HMCPSI underspent against budget by £233k due to prudent management of its budget and some unplanned vacancies.

AME was established in the 2017-18 Supplementary Estimate to provide cover should an HMRC tax audit identify areas of error. While the visit has not been concluded, on a prudent basis, GLD made a provision of £1,525k resulting in an underspend of £1,475k.

SOPS1.2 Analysis of net capital outturn by section

						2017-18	2016-17
<b>Outturn</b>							
	<b>Gross</b>	<b>Income</b>	<b>Net</b>	<b>Net total</b>	<b>Net total outturn compared with Estimate saving/ (excess)</b>	<b>Prior-year outturn</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Spending in Departmental Expenditure Limit</b>							
<b>Voted</b>							
A: GLD	1,938	-	1,938	2,900	962	1,561	
B: AGO	-	-	-	-	-	423	
C: HMCPSI	-	-	-	-	-	-	
<b>Non-Voted</b>	-	-	-	-	-	-	
<b>Annually Managed Expenditure</b>							
<b>Voted</b>							
D: Provisions	-	-	-	-	-	-	
<b>Non-Voted</b>	-	-	-	-	-	-	
<b>Total</b>	<b>1,938</b>	<b>-</b>	<b>1,938</b>	<b>2,900</b>	<b>962</b>	<b>1,984</b>	

Capital expenditure was underspent by £962k due to slippage of expenditure.

SOPS2. Reconciliation of Net Resource Outturn to Net Operating Expenditure

		2017-18 £000	2016-17 £000
<b>Total resource outturn in Statement of Parliamentary Supply</b>	<b>Budget</b>	<b>5,435</b>	<b>4,828</b>
	<b>Non-Budget</b>	-	-
Less capitalised provision treated as Resource AME		-	(500)
<b>Net operating expenditure in Statement of Comprehensive Net Expenditure</b>		<b>5,435</b>	<b>4,328</b>

### SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

				<b>2017-18</b>
				<b>Net total outturn compared with estimate saving/ (excess) £000</b>
	<b>Note</b>	<b>Estimate £000</b>	<b>Outturn £000</b>	
<b>Resource Outturn</b>	SOPS 1.1	<b>8,836</b>	<b>5,435</b>	<b>3,401</b>
<b>Capital Outturn</b>	SOPS 1.2	<b>2,900</b>	<b>1,938</b>	<b>962</b>
<b>Accruals to cash adjustments:</b>				
Adjustments to remove non-cash items:	4			
Depreciation		(2,310)	(1,711)	(599)
Movement on provisions		-	(1,525)	1,525
Capitalised provision		-	-	-
Other non-cash		-	(161)	161
Adjustments to reflect movements in working capital balances:				
Increase/(decrease) in receivables	8	-	(808)	808
(Increase)/decrease in payables	9	1,500	(1,824)	3,324
Less movement in supply creditor	9	-	217	(217)
Use of provisions		-	2	(2)
<b>Net cash requirement</b>		<b>10,926</b>	<b>1,563</b>	<b>9,363</b>

This information has been subject to audit.

## 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

Analysis of income from services provided

An analysis of the Government Legal Department's income and associated costs is shown below. The income and expenditure disclosed relates solely to the Government Legal Department and excludes the Attorney General's Office and HM Crown Prosecution Service Inspectorate whose income is non-business in nature and immaterial. 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.

	2017-18			2016-17		
	Income £000	Full Cost £000	Surplus/ (deficit) £000	Income £000	Full Cost £000	Surplus/ (deficit) £000
<b>Income</b>						
Legal fees and charges to clients	213,294	210,413	2,881	184,564	181,346	3,218
Recovery of costs from Bona Vacantia	3,795	3,795	-	3,909	3,909	-
Other income	4,642	4,642	-	4,955	4,955	-
Voted funded costs	-	539	(539)	-	898	(898)
<b>Total (GLD)</b>	<b>221,731</b>	<b>219,389</b>	<b>2,342</b>	<b>193,428</b>	<b>191,108</b>	<b>2,320</b>

In accordance with HM Treasury's guidance a notional cost of capital charge of £325k is included for setting fees and charges and is also reflected in full cost figures for this analysis. The notional cost of capital is not recognised in the financial statements. The cost of capital charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for cash balances held with the Government Banking Service.

## Remote contingent liabilities

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

## Expenditure Tables

This information is not subject to audit.

These tables present actual expenditure for the years 2013-14 to 2017-18 and planned expenditure from 2018-19 to 2019-20. Outturn data is consistent with previous years' published accounts and plan years' information is consistent with the Spending Review settlement, and have not been adjusted for growth.

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 2017-18 are set out in the HM Procurator General and Treasury Solicitor Supplementary Estimate 2017-18. The document is available at the HM Treasury website at [www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)



**Table 1 Public Spending**

£'000	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Plan	2019-20 Plan
A GLD Administration (Net)	(2,566)	1,760	(1,519)	(2,596)	(4,190)	5,841	10,083
B AGO (Net)	4,161	4,303	4,035	5,453	5,650	3,837	3,834
C HMCPSI (Net)	2,537	2,628	2,798	2,580	2,450	2,532	2,513
D Provisions (Net)	(689)	(474)	(1,623)	(609)	1,525	-	-
<b>Total Resources</b>	<b>3,443</b>	<b>8,217</b>	<b>3,691</b>	<b>4,828</b>	<b>5,435</b>	<b>12,210</b>	<b>16,430</b>
Total DEL	4,132	8,691	5,314	5,437	3,910	12,210	16,430
Total AME	(689)	(474)	(1,623)	(609)	1,525	-	-
A GLD Administration (Net)	1,622	1,621	823	1,561	1,938	4,200	2,700
B AGO (Net)	-	12	-	423	-	-	-
C HMCPSI (Net)	-	-	-	-	-	-	-
B AGO (Net)	-	-	-	-	-	-	-
<b>Total Capital</b>	<b>1,622</b>	<b>1,633</b>	<b>823</b>	<b>1,984</b>	<b>1,938</b>	<b>4,200</b>	<b>2,700</b>

**Table 2 Administration Budgets**

£'000	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Plan	2019-20 Plan
A GLD Administration (Net)	(2,566)	1,760	(1,519)	(2,596)	(4,190)	5,841	10,083
B AGO (Net)	4,161	4,303	4,035	5,453	5,650	3,837	3,834
C HMCPSI (Net)	2,537	2,628	2,798	2,580	2,450	2,532	2,513
<b>Total Administration Budget</b>	<b>4,132</b>	<b>8,691</b>	<b>5,314</b>	<b>5,437</b>	<b>3,910</b>	<b>12,210</b>	<b>16,430</b>
Of which							
Paybill	84,033	114,040	123,886	129,107	152,838	124,807	126,005
Expenditure	56,372	66,478	67,111	69,599	72,611	69,510	74,184
Income	(136,273)	(171,827)	(185,683)	(193,269)	(221,539)	(182,107)	(183,759)

### 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 public interest casework (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 balance of GLD's operating costs are recovered from its clients. In setting GLD fixed fees and hourly rates, HM Treasury's guidance on fees and charges contained within their publication, Managing Public Money is applied.

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**  
**11 May 2018**

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

### Opinion on financial statements

I certify that I have audited the financial statements of HM Procurator General and Treasury Solicitor (“the Department”) for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2017. The financial statements comprise: the Department’s Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers’ Equity; and the related notes, including the significant accounting policies. 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 Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department’s affairs as at 31 March 2018 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 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 2018 and shows that those totals have not been exceeded; and
- the income and expenditure 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.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 ‘Audit of Financial Statements of Public Sector Entities in the United Kingdom’. My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2016. I am independent of the Department in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Responsibilities of the Accounting Officer for the financial statements

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.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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.

## Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports 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 Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

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

**16 May 2018**

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

# Financial statements

## Statement of Comprehensive Net Expenditure for the period ended 31 March 2018

		2017-18	2016-17
	Note	£000	£000
Income from sale of goods and services	5	(214,039)	(185,880)
Other operating income	5	(7,500)	(7,389)
<b>Total operating income</b>	<b>5</b>	<b>(221,539)</b>	<b>(193,269)</b>
Staff costs	3	152,838	129,107
Purchase of goods and services	4	17,999	15,202
Rentals under operating leases	4	4,789	4,941
Non cash items	4	3,397	899
Disbursements	4	47,951	47,448
<b>Total operating expenditure</b>		<b>226,974</b>	<b>197,597</b>
<b>Net operating expenditure</b>		<b>5,435</b>	<b>4,328</b>
<b>Other comprehensive net expenditure</b>			
Net (gain)/loss on revaluation of property plant and equipment		-	-
Net (gain)/loss on revaluation of intangibles		-	-
<b>Total Comprehensive Expenditure for the year</b>		<b>5,435</b>	<b>4,328</b>

All income and expenditure is derived from continuing operations.

The notes on pages 77 to 87 form part of these accounts.

## Statement of Financial Position as at 31 March 2018

	Note	31 March 2018		31 March 2017	
		£000	£000	£000	£000
<b>Non-current assets</b>					
Property, plant and equipment		3,871		3,769	
Intangible assets		159		120	
<b>Total non-current assets</b>		<b>4,030</b>		<b>3,889</b>	
<b>Current assets</b>					
Trade and other receivables	8	33,014		33,822	
Cash and cash equivalents	7	8,837		8,620	
<b>Total current assets</b>		<b>41,851</b>		<b>42,442</b>	
<b>Total assets</b>			<b>45,881</b>		<b>46,331</b>
<b>Current liabilities</b>					
Trade and other payables	9	(37,279)		(35,076)	
Provisions	10	(1,527)		(4)	
<b>Total current liabilities</b>		<b>(38,806)</b>		<b>(35,080)</b>	
<b>Non-current assets plus net current assets</b>			<b>7,075</b>		<b>11,251</b>
<b>Non-current liabilities</b>					
Trade and other payables	9	(510)		(889)	
Provisions	10	(500)		(500)	
<b>Total non-current liabilities</b>		<b>(1,010)</b>		<b>(1,389)</b>	
<b>Total assets less liabilities</b>			<b>6,065</b>		<b>9,862</b>
<b>Taxpayers' equity and other reserves</b>					
General Fund			5,646		9,443
Revaluation Reserve			419		419
<b>Total equity</b>			<b>6,065</b>		<b>9,862</b>

The notes on pages 77 to 87 form part of these accounts.

**Jonathan Jones**  
**Accounting Officer**  
**11 May 2018**



# Statement of Cash Flows for the period ended 31 March 2018

	Note	2017-18 £000	2016-17 £000
<b>Cash flows from operating activities</b>			
Net Operating Costs	2	(5,435)	(4,328)
Adjustments for non-cash transactions arising in the year	4	3,397	899
Decrease in trade and other receivables	8	808	862
Increase in trade and other payables*		959	3,705
Use of provisions		(2)	(48)
<b>Net cash outflow/(inflow) from operating activities</b>		<b>(273)</b>	<b>1,090</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,290)	(1,970)
Purchase of intangible assets		-	(150)
<b>Net cash outflow from investing activities</b>		<b>(1,290)</b>	<b>(2,120)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) – current year		1,780	7,345
Prior year cash repaid		-	-
Contingencies Fund advance		17,000	15,000
Repayment of Contingencies Fund advance		(17,000)	(15,000)
<b>Net Financing</b>		<b>1,780</b>	<b>7,345</b>
<b>Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>	<b>7</b>	<b>217</b>	<b>6,315</b>
Payments of amounts due to the Consolidated Fund		-	-
<b>Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund.</b>	<b>7</b>	<b>217</b>	<b>6,315</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7</b>	<b>8,620</b>	<b>2,305</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>8,837</b>	<b>8,620</b>

The notes on pages 77 to 87 form part of these accounts.

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

# Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Balance at 1 April 2016</b>		<b>12,666</b>	<b>419</b>	<b>13,085</b>
<b>Changes in taxpayer's equity for 2016-17</b>				
Net Parliamentary Funding – drawn down		7,345	-	7,345
Net Parliamentary Funding – deemed		2,305		2,305
Supply Payable Adjustment	9	(8,620)	-	(8,620)
Net operating cost for the year	2	(4,328)	-	(4,328)
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4	75	-	75
<b>Movements in Reserves</b>				
Transfers between reserves		-	-	-
<b>Total recognised income and expenditure for 2016-17</b>		<b>(3,223)</b>	<b>-</b>	<b>(3,223)</b>
<b>Balance at 31 March 2017</b>		<b>9,443</b>	<b>419</b>	<b>9,862</b>
<b>Changes in taxpayer's equity for 2017-18</b>				
Net Parliamentary Funding – drawn down		1,780	-	1,780
Net Parliamentary Funding – deemed		8,620		8,620
Supply payable adjustment	9	(8,837)	-	(8,837)
Comprehensive Net Expenditure for the year	2	(5,435)	-	(5,435)
<b>Non-cash adjustments:</b>				
Auditors' remuneration	4	75	-	75
<b>Movements in Reserves</b>				
Transfers between reserves		-	-	-
<b>Total recognised income and expenditure for 2017-18</b>		<b>(3,797)</b>	<b>-</b>	<b>(3,797)</b>
<b>Balance at 31 March 2018</b>		<b>5,646</b>	<b>419</b>	<b>6,065</b>

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 77 to 87 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2017-18 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 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 15. 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 (HMCPSP) 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 12 (Commitments under operating leases) are not discounted.

#### 1.8 Taxation

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

Operating income is stated net of VAT.

#### 1.9 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 14 to these Accounts.

## 1.10 IFRS issued but not yet effective

IFRS 9 Financial Instruments was issued in July 2014, effective for periods beginning on or after 1 January 2018. The new standard will be reflected in the FReM from 2018-19. It is not expected to have a material impact on the financial statements which do not contain complex financial instruments.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014, effective for periods beginning on or after 1 January 2018. The new standard will be reflected in the FReM from 2018-19. It is not considered that the recognition requirements of IFRS15 will impact on revenue recognition in the financial statements.

## 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 (HMCPSI)

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

2017-18	GLD £000	AGO £000	HMCPSI £000	Eliminations £000	Consolidated £000
<b>Income and Expenditure</b>					
<b>Revenues</b>					
Third Party	(221,510)	(14)	(15)	-	(221,539)
Inter-segment	(221)	(30)	-	251	-
<b>Total Revenues</b>	<b>(221,731)</b>	<b>(44)</b>	<b>(15)</b>	<b>251</b>	<b>(221,539)</b>
Gross Expenditure	219,064	5,696	2,214	-	226,974
Inter-segment	-	-	251	(251)	-
<b>Net Operating Cost</b>	<b>(2,667)</b>	<b>5,652</b>	<b>2,450</b>	<b>-</b>	<b>5,435</b>

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.

2016-17	GLD £000	AGO £000	HMCPSI £000	Eliminations £000	Consolidated £000
<b>Income and Expenditure</b>					
<b>Revenues</b>					
Third Party	(193,168)	(101)	-	-	(193,269)
Inter-segment	(260)	(30)	-	290	-
<b>Total Revenues</b>	<b>(193,428)</b>	<b>(131)</b>	<b>-</b>	<b>290</b>	<b>(193,269)</b>
Gross Expenditure	190,683	4,624	2,290	-	197,597
Inter-segment	-	-	290	(290)	-
<b>Net Operating Cost</b>	<b>(2,745)</b>	<b>4,493</b>	<b>2,580</b>	<b>-</b>	<b>4,328</b>

### 3. Staff Costs

Staff costs comprise:

	2017-18				2016-17
	Permanently employed staff £000	Others £000	Ministers £000	Total £000	Total £000
Wages and salaries	104,938	-	152	105,090	89,290
Social security costs	11,745	-	19	11,764	9,395
Other pension costs	22,129	-	-	22,129	18,765
<b>Sub Total</b>	<b>138,812</b>	<b>-</b>	<b>171</b>	<b>138,983</b>	<b>117,450</b>
Agency and contracted staff	-	13,394	-	13,394	11,415
Inward secondments	-	461	-	461	242
<b>Total</b>	<b>138,812</b>	<b>13,855</b>	<b>171</b>	<b>152,838</b>	<b>129,107</b>
Less recoveries in respect of outward secondments	(1,595)	-	-	(1,595)	(1,452)
<b>Total Net Costs</b>	<b>137,217</b>	<b>13,855</b>	<b>171</b>	<b>151,243</b>	<b>127,655</b>

No staff costs have been charged to capital.

#### 4. Other Expenditure

	2017-18	2016-17
	£000	£000
Disbursements	47,951	47,448
Purchase of goods and services	17,999	15,202
Rentals under operating leases	4,789	4,941
<b>Non-cash items:</b>		
Depreciation	1,295	1,427
Amortisation	416	456
Impairment	-	-
Loss on disposal of non-current assets	86	-
Increase in provisions	1,527	-
Provisions not required written back	(2)	(1,059)
Unwinding of discount	-	-
Auditors' remuneration*	75	75
<b>Total Other Expenditure</b>	<b>74,136</b>	<b>68,490</b>

\* Auditors' remuneration represents the notional external audit fees of £75k (2016-17: £75k) 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

	Note	2017-18 £000	2016-17 £000
<b>Income from sales of goods and services:</b>			
Legal fees and charges to clients		165,009	138,878
Disbursements		48,017	45,686
LION subscription		1,013	1,316
		<b>214,039</b>	<b>185,880</b>
Recovery of costs from Bona Vacantia		3,795	3,909
Recovery of secondments out	3	1,595	1,452
Rental income		1,186	1,005
Tenant service charges		582	555
Other income		342	468
		<b>7,500</b>	<b>7,389</b>
<b>Total income</b>		<b>221,539</b>	<b>193,269</b>

## 6. Financial Instruments

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

## 7. Cash and cash equivalents

	2017-18 £000	2016-17 £000
Balance at 1 April	8,620	2,305
Net change in cash and cash equivalents	217	6,315
<b>Balance at 31 March</b>	<b>8,837</b>	<b>8,620</b>

All balances were held with the Government Banking Service.



## 8. Trade receivables and other current assets

### Analysis by type

	31 March 2018 £000	31 March 2017 £000
<b>Amounts falling due within one year:</b>		
Unbilled time	5,921	6,301
Unbilled disbursements	11,282	11,627
Trade receivables	12,195	12,050
Deposits and advances	550	548
Prepayments and accrued income	3,066	3,296
	<b>33,014</b>	<b>33,822</b>

## 9. Trade payables and other current liabilities

### Analysis by type

	31 March 2018 £000	31 March 2017 £000
<b>Amounts falling due within one year:</b>		
VAT	6,834	5,933
Other taxation and social security costs	3,148	2,690
Trade payables	110	192
Other payables	842	176
Accruals and deferred income	17,508	17,465
	<b>28,442</b>	<b>26,456</b>
Amounts issued from the Consolidated Fund for Supply and not spent at year end	8,837	8,620
	<b>8,837</b>	<b>8,620</b>
Trade and other payables due after more than one year	510	889
<b>Total payables and other current liabilities</b>	<b>37,789</b>	<b>35,965</b>

## 10. Provisions for liabilities and charges

	<b>Early Retirement costs</b>	<b>Tax provision</b>	<b>Leasehold dilapidations</b>	<b>2017-18 Total</b>	<b>2016-17 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>4</b>	<b>-</b>	<b>500</b>	<b>504</b>	<b>151</b>
Provided in the year	-	1,527	-	1,527	-
Dilapidations provision capitalised	-	-	-	-	500
Provisions not required written back	(2)	-	-	(2)	(99)
Borrowing Cost (unwinding of discount)	-	-	-	-	-
	<b>2</b>	<b>1,527</b>	<b>500</b>	<b>2,029</b>	<b>552</b>
Provisions utilised in the year					
Programme Expense	(2)	-	-	(2)	(48)
	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(48)</b>
<b>Balance at 31 March</b>	<b>-</b>	<b>1,527</b>	<b>500</b>	<b>2,027</b>	<b>504</b>

### Analysis of expected timing of discounted cash flows

	<b>Early Retirement costs</b>	<b>Tax Provision</b>	<b>Leasehold dilapidations</b>	<b>2017-18 Total</b>	<b>2016-17 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	-	1,527	-	1,527	4
Later than one year and not later than five years	-	-	500	500	500
Later than five years	-	-	-	-	-
	<b>-</b>	<b>1,527</b>	<b>500</b>	<b>2,027</b>	<b>504</b>

## Explanatory notes

### 10.1 Tax Provision

HMRC has queried GLD's historic treatment of VAT on the secondment of staff. GLD believe that they have made a valid interpretation of the government VAT guidance, but discussions over the last few months of the financial year have not resolved HMRC's concerns so we have considered it reasonable to provide for the costs of accounting for this output tax retrospectively.

### 10.2 Dilapidations

A provision has been made for dilapidations obligations for the AGO's former office at 20 Victoria Street.

### 11. Contingent liabilities

There were no contingent liabilities as at 31 March 2018 (31 March 2017: £nil).

### 12. Commitments under operating leases

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

	2017-18		2016-17	
	Buildings £000	Other £000	Buildings £000	Other £000
Obligations under operating leases for the following periods comprise:				
Not later than one year	4,713	390	4,495	121
Later than one year and not later than five years	37,387	124	8,141	197
Later than five years and not later than ten years	32,858	-	57	-
	<b>74,958</b>	<b>514</b>	<b>12,693</b>	<b>318</b>

### 13. Related party transactions

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

The Crown Prosecution Service (CPS) provides IT services to AGO and HMCPSI. CPS also provided procurement services to GLD until 30th September 2017 and thereafter procurement services have been provided by the Ministry of Justice. 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.

### 14. Third party assets: client monies

Funds are required in advance from clients to enable settlement of awards for damages and contributions toward the cost of court proceedings. The Department places these funds on deposit until the final costs of a case have been calculated and settled. These are not Departmental assets, these are accounted for as funds held on behalf of third parties and as a consequence do not appear in these accounts. As at 31 March 2018, these amounted in total to £15,625k (31 March 2017: £11,408k). An analysis of the movements on these accounts is shown in the table below:

	<b>2017-18</b>	<b>2016-17</b>
	<b>£000</b>	<b>£000</b>
<b>Opening balance at 1 April</b>	<b>11,408</b>	<b>2,623</b>
Gross inflows	123,694	102,714
Gross outflows	(119,477)	(93,929)
<b>Closing balance at 31 March</b>	<b>15,625</b>	<b>11,408</b>

These balances are held with the Government Banking Service.

15. Entities within the departmental boundary

The entities within the boundary during 2017-18 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 (HMCPSI)

The Annual Report and Accounts of the Government Legal Department are published separately.

16. 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 2018

## Introduction

GLD's strategy for sustainability is to improve our performance against the Greening Government Commitments (GGC), which run to 2020, 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 5-8 The Sanctuary, London, and HMCPSI's occupation of Floor 4 of OKS.

Greenhouse gas emissions		Baseline 2009-10	2014-15	2015-16	2016-17	2017-18
Non-Financial Indicators (tCO <sub>2</sub> e)	Scope 1 and 2 emissions	2,646	2,093	1,827	1,828	1,639
	Scope 3 emissions (indirect – official business travel)	16	111	117	114	109
	Total emissions	2,808	2,204	1,944	1,942	1,748
Related Energy Consumption (KWh)	Electricity	4,411,463	3,639,016	3,157,640	3,132,544	2,709,329
	Gas	207,645	-	-	-	-
	Oil	991,178	639,277	543,417	652,192	867,035

	Expenditure on energy	395,242	408,070	344,286	352,929	331,441
Financial Indicators (£)	Expenditure on accredited offsets (e.g. GCOF)	1,489	-	-	-	-
	Expenditure on official business travel	343,057	449,298	453,962	358,629	542,987

---

### Performance commentary

---

The GGC is to reduce greenhouse emissions by at least 32% from a 2009-10 baseline

GLD headcount has increased considerably over the years, yet a 38% reduction in total GHG emissions has been achieved.

Electricity consumption figures have reduced slightly this year, and now stand at 39% below the baseline. Spending on energy has also decreased marginally, even though we have had increased oil usage. However, oil usage is still 13% below baseline this year.

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

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

---

Waste		Baseline 2009-10	2014-15	2015-16	2016-17	2017-18
	Non-Recycled	83	5	-	-	-
Non-Financial Indicators (tonnes)	Total Reused/ Recycled	101	107	120	115	126
	Energy recovery <sup>1</sup>	-	94	36	26	26
	Total waste	184	206	156	141	152
(Financial Indicators (£))	Total disposal cost	22,360	29,348	28,526	30,597	29,986

### Performance commentary

The GGC waste targets are to:

- reduce landfill to less than 10% of overall waste by 2020 compared to the 2009-10 baseline
- continue to reduce the amount of waste generated and increase the proportion of waste which is recycled
- reuse and recycle redundant ICT equipment

There has been a small increase in total waste this year, but the figure is still 18% below baseline.

100% of waste is reused/recycled or used for energy recovery compared to the baseline year when just over 50% was.

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



<b>Finite resource consumption: PAPER</b>	<b>Baseline 2009-10</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Non-Financial Indicators A4 Reams	49,443	36,498	30,440	30,645	28,891

### **Performance commentary**

The GGC is to reduce paper consumption by 50% by 2020 from a 2009-10 baseline.

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

Paper usage has decreased slightly this year, due to increased use of digital technology, and stands at 42% below baseline.

<b>Finite resource consumption: WATER</b>	<b>Baseline 2009-10</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Non-Financial Indicators (M3) Water Consumption (OKS)	8,018	8,641	8,466	8,319	8,911
Financial Indicators (£k) Water Supply and disposal costs	19,962	18,728	18,975	18,870	20,351

### **Performance commentary**

The GGC is to continue to further reduce water consumption.

Water consumption has increased this year, primarily due to a leak in the GLD building in June 2017 and having to use water to cool the building chillers during a particularly warm spell.

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

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 that it operates.

The Department promotes sustainability in procurement by:

- working closely with its suppliers – particularly in the areas of catering, cleaning and stationery, to improve sustainable processes and the use of products
- buying products and services which are less environmentally damaging; for instance, the use of “thin client” units which use less energy than conventional ‘base unit’ desktop computers
- complying with environmental legislation and regulatory requirements
- including relevant environmental conditions or criteria in specifications and tender documents, and evaluating supplier offers accordingly
- raising awareness of environmental issues within the Department, and amongst suppliers and contractors

Three of GLD’s suppliers are ISO 14001 accredited. 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 GLD’s two 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

---

CCS0518549678  
978-1-5286-0368-3