



Government
Legal Department



ANNUAL REPORT AND ACCOUNTS 2018-19





Government
Legal Department

Government Legal Department
Annual Report and Accounts 2018-19
For the year ended 31 March 2019

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

About this Annual Report and Accounts

This document integrates performance and financial data to help readers gain a better understanding of the work of the Government Legal Department (GLD). It covers the activities of the GLD from 1 April 2018 to 31 March 2019 and is split into three main sections:

- The **Performance Report** includes a summary of progress achieved in 2018-19 in delivering our key priorities and meeting key performance measures (the Overview) followed by a fuller review of the achievement of our objectives (the Performance Analysis).
- The **Accountability Report** is further split into three sub sections and includes:
 - a **Corporate Governance Report**, which includes the Directors' Report, the Statement of Accounting Officer's responsibilities and a Governance Statement;
 - a **Remuneration and Staff Report**, which includes pay and benefits received by executive and non-executive Board members and details of staff numbers and costs; and
 - a **Parliamentary Accountability and Audit Report**, which includes a copy of the Audit Certificate and Report made to the House of Commons by the Comptroller and Auditor General setting out his opinion on the financial statements.
- The **Financial Statements** show GLD's income and expenditure for the financial year, the financial position of GLD as at 31 March 2019, and additional information designed to help readers understand these results.

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Chief Executive's report



This has been an extremely interesting and busy year for the Government Legal Department. That looks sure to continue.

Our core purpose remains as vitally important as ever - to help the government govern well, within the rule of law. This year, with the support of three new non- executive directors who joined the GLD Board, we launched a refreshed Vision - to be:

- An outstanding legal organisation, committed to the highest standards of service and professionalism, and
- A brilliant place to work, where we can all thrive and fulfil our potential

Our legal work spans the breadth of issues happening across the UK and global agenda, from supporting the government through the negotiations for the UK's withdrawal from the European Union to dealing with the Salisbury nerve agent attack.

These and other high profile cases are highlighted in this report and showcase our unique ability to work collectively across GLD to respond quickly to major issues and changing priorities. GLD teams have provided

a huge range of advice on policy issues, decisions and projects to support our clients across government, as well as working on vast quantities of primary and secondary legislation. Our litigators have spent around 813,500 hours on litigation work, up by 5.3%, and took on 24,000 new cases.

We remain committed to achieving the best outcomes for our clients, in the context of increased demand for our legal service, requiring new and flexible ways of responding. Work around EU Exit continues to place huge demands on many parts of GLD. In November we stepped up our EU contingency planning with a Taskforce to allow flexible deployment of our resources as government prepared for the possibility of a No Deal Exit.

Pressure on resources continues. Our continuous recruitment campaign results in shorter recruitment times from application to offer and has helped us recruit 185 lawyers in one year. We have made increased use of external resources, as well as paralegals.

In response to the challenges of working across multiple sites on different IT systems, we have rolled out of the Core Services Portal which enables our client based teams to access GLD

corporate services and systems online.

Our gld.digital website, which offers legal advice and information online to our clients, is now available to 24 ministerial departments and 18 agencies, with 1,300 user accounts and around 150 being added each month.

We are pleased with, but not complacent about, our People Survey results. Most themes are up slightly or unchanged this year. Our overall engagement figure has remained at 63% for the second year and is 1 point higher than the Civil Service average. However, the figure for pay and benefits is down 2 points to 15%, almost the lowest across the Civil Service. We have therefore been working on proposals to improve pay, which is proving a significant limiting factor on both recruitment and retention.

We have kept mental health and wellbeing, particularly mental health, high up on the agenda with the launch of our 2018-19 Health and Wellbeing Action Plan and guidance for managers. We have also rolled out Wellbeing Confident Leaders training to all senior managers in GLD. Ensuring our people are thriving in the work place has become of greater significance this year as the challenges we face have grown in volume, complexity and uncertainty.

We are proud of our continued efforts and achievements in our aim to become a truly diverse and inclusive employer. Our declaration rates have increased to 80% for ethnic origin and 62% for sexual orientation. Based on these declaration rates we have increased representation of BAME and disabled colleagues in the SCS, by two percentage points to 11% and 10% respectively.

We have 10 vibrant and engaged diversity networks in GLD and, in part through their hard work and constructive challenge, we are proud to have been recognised for our inclusive culture by organisations including: Stonewall,

the Social Mobility Index and Business in the Community as a Best Employer for Race Equality. And GLD also won the Law Society Diversity and Inclusion Award 2018.

In all this, we have maintained our excellent levels of service – in our annual client satisfaction survey, 96% rated our services ‘good’ or ‘excellent’, up 1 point on last year.

This annual report and accounts gives an opportunity to reflect on these and many other achievements over a successful and exceptionally challenging year.



Jonathan Jones QC (Hon)
Treasury Solicitor

Performance Report

Performance Overview

Who we are

The Government Legal Department (GLD) is a non-ministerial government department providing legal services to the majority of government departments and other publicly funded bodies in England and Wales. Its predecessor, the Treasury Solicitor's Department, was established as an executive agency on 1 April 1996.

We are currently one of the largest legal organisations in the country, with around 2,500 staff, of whom the vast majority (c1,850) are lawyers and paralegals based in more than 20 locations.

Our responsibilities include:

- legal support for the UK's withdrawal from the European Union, including through the conduct of negotiations with the EU, the passage of the European Union (Withdrawal) Act through Parliament, drafting the EU Withdrawal Agreement and preparation of the EU Withdrawal Agreement Bill, and supporting work on No Deal contingency planning, and preparations for Phase 2 negotiations for the Future Economic and Security Partnerships
- advising ministers and policymakers on domestic, public and private law, trade policy, international law and human rights
- providing litigation services to government departments and public bodies, covering public and private law issues
- providing legal services to support public inquiries
- drafting statutory instruments and other subordinate legislation

- preparing instructions for bills to be drafted by Parliamentary Counsel and advising ministers and policy administrators during the passage of bills through Parliament
- advising the Cabinet Office and Her Majesty's Treasury on cross Civil Service wide employment issues and policies, as well as dealing with individual employment issues, including in the Employment Tribunal
- supporting complex government procurement transactions and dispute resolution
- collecting, managing and disposing of bona vacantia (ownerless personal and corporate property and other assets) on behalf of the Crown's Nominee

The Government Legal Secretariat supports the Treasury Solicitor in his role as the professional Head of the Government Legal Profession.

GLD also provides support to the Attorney General's Office, which provides legal and policy advice to the Attorney General and the Solicitor General (the Law Officers), and HM Crown Prosecution Service Inspectorate (HMCPISI), the independent inspectorate of the Crown Prosecution Service.

The financial statements at pages 64 to 80 relate to activity carried out by the GLD in the year 2018-19 and are prepared under a direction issued in March 2019 by HM Treasury, in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

Core Purpose and Vision

We help the Government to govern well, within the rule of law.

Our vision is to be:

- An outstanding legal organisation, committed to the highest standards of service and professionalism
- A brilliant place to work, where we can all thrive and fulfil our potential

Achieving this vision means:

- Everyone, whatever their role, taking pride in what we do and performing to the highest possible standards
- Demonstrating and building on our unique range of legal knowledge, expertise and understanding of government
- Delivering value for money legal services to clients
- Working together to achieve the best results
- Investing in the high-quality skills, tools and infrastructure we need
- Continually seeking opportunities to improve and innovate, including through new technology and smarter ways of working

For our people in particular it also means:

- Giving clear leadership and direction, continually developing the skills of leadership and management across the organisation
- Providing unrivalled opportunities for interesting, varied, high-quality, challenging work and careers in a professional environment
- Being an inclusive, engaging and motivating employer, valuing the diversity of our people, the range of talent and experience they bring

- Listening to our people and giving everyone the opportunity to challenge and contribute their ideas
- Ensuring our people are fairly rewarded for the work they do
- Proudly celebrating and rewarding our successes and achievements

Our Strategy

The Board developed a Strategy in 2015 that focused on what needed to be done to ensure our growing department was fit to face the challenges of the four years to 2019. This was refreshed, in March 2018, to reflect events since 2015, including continued austerity, greater cross-government working and shared services, continued high levels of demand for legal services and a greater expectation that we would work in different ways, including more remote working. The Referendum result and the decision to leave the EU then added a significant new challenge, as the scale and nature of the legal workload began to crystallise.

In order to meet this challenge, the priorities we set ourselves in 2018-19, to keep improving our legal business and GLD as a great place to work were:

- Responding to the resourcing challenge arising from the increased demand for our legal services, particularly on EU Exit work, including through further recruitment and, where appropriate, smarter use of the private sector
- Developing options to improve recognition and reward so that we can attract and retain high calibre staff to meet the increased demand for our services
- Continuing to build GLD as 'One Organisation', strengthening our collective leadership role, realising the benefits for our people and our clients, and tirelessly championing the brilliant work we do
- Promoting and supporting the health and wellbeing of our people
- Continuing to improve and modernise the way we work and how we provide services to clients, including through use of IT and on-line services

The Board has been developing our future strategy for 2019-24. In doing, so it has

refreshed our Core Purpose and vision, with a focus on the future. By 2024 we will:

- Improve our leadership at all levels by developing and embedding a leadership framework with clear standards linked to progression and retention, with a shared expectation, confidence and accountability
- Be recognised across the Civil Service, and externally, as a leading employer in relation to diversity and inclusion and wellbeing
- Put in place an improved offer to attract, retain, reward and develop the talented people we need to be an outstanding organisation
- Increase our numbers outside London whilst operating as a fully integrated department, connected across our many sites within and outside London and exploiting the opportunities technology provides to enhance the working experience of our staff and the quality of our service for clients
- Enhance the capability and capacity of our staff through the operation of a fully integrated digital KM system accessible to all throughout GLD, an enhanced training offer through the use of digital delivery platforms alongside traditional techniques and the further development of GLD Digital
- Professionalise and modernise all aspects of our service, both corporate and legal services, using a 'fail fast / learn quickly' approach to encourage innovation

Elements of this we will achieve quickly whilst some may take the full lifecycle of the strategy. Throughout this period, we will need to continually professionalise across all parts of the department, innovating to improve the quality and efficiency of all our work. Alongside this, success will only be possible with investment in our individual and collective leadership capability, at all levels of the organisation, visibly demonstrating the Civil Service Leadership Statement and our departmental Values.

EU Exit



Lawyers from across many parts of GLD have been closely involved in advising on all aspects of the process of EU Exit and its domestic implementation. DExEU Legal Advisers (DExEULA), advising DExEU and the Cabinet Office Europe Unit have played a central and co-ordinating role.

This has included participating in the negotiation of the EU Withdrawal Agreement, which was agreed in principle in November 2018. In the latter stages of these negotiations, extensive work was required, in particular, on the implications of the Northern Ireland backstop and the arrangements for settling disputes between the UK and the EU, including the role of the Court of Justice of the European Union (CJEU). Since November, the team has been supporting the Government's efforts to secure approval of the Agreement by Parliament through the so-called 'Meaningful Vote'. DExEULA has also worked with Parliamentary Counsel to prepare the primary legislation to give effect to the Agreement in UK law.

In parallel with these efforts to support a deal, GLD has played a key part in the cross-Whitehall preparations to ensure that the UK is ready for the possibility of a No Deal exit. DExEULA led the EU (Withdrawal) Act 2018 through Parliament in June 2018. This major piece of legislation establishes a new constitutional framework in the UK once EU law ceases to apply. As part of the UK's No Deal preparations, DExEULA have coordinated the work of lawyers across Government on one of the most ambitious legislative programmes ever undertaken. By the end of March 2019, more than 500 statutory instruments will have been adopted to preserve the functioning of the UK statute book on Exit Day.

What we do

Our principal activities are delivered as follows:



Advisory Divisions provide legal advice to ministers and officials of all central government departments, other than the Foreign and Commonwealth Office (FCO) 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 supporting public inquiries. Its work often raises questions of constitutional importance. It instructs private-sector barristers and solicitors to undertake work on cases where this approach represents good value for public funds and is appropriate to do so.



Employment Group is one of the largest employment law practices in the country. It handles all the Government's employment litigation and the vast majority of its employment advisory work. The Group undertakes the full range of employment litigation from unfair dismissal to large-scale equal pay and pensions cases. In addition to advising departments, the Group also advises the Cabinet Office and Civil Service Employee Policy Unit on major cross Civil Service employment issues of the day.



Commercial Law Group is 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 Strategy, People and Culture Divisions

are responsible for developing the Department's strategy and plans and leading and co-ordinating programmes of activity across the Department to deliver cost effective legal and support services that address the needs of our clients and staff. This 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 Secretariat advises and supports the Treasury Solicitor in his role as professional Head of the Government Legal Profession 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.

How we are funded

We are funded almost entirely through the fees we charge clients for legal services. Approval to make capital investment and spend the income generated each year is obtained through the Parliamentary Supply process and allocated in the HM Procurator General and Treasury Solicitor Main Estimate (available on the HM Treasury website www.gov.uk/government/organisations/hm-treasury).

The table below provides a more detailed analysis of how we fund our work. As agreed with HM Treasury, we do not seek to make a surplus, although accidental surpluses may arise. The charging regime for 2018-19 reflects the mutual relationship we have with our clients.

Group/Division	Funding
Advisory	Fixed fees. A small proportion of work is charged at hourly rates
Litigation	Primarily hourly rates to client departments. A small proportion of general public interest work is funded from the Parliamentary Estimate
Employment	A mix of fixed fees and hourly rates, depending on the nature of the work
Commercial	A mix of fixed fees and hourly rates, depending on the nature of the work
Bona Vacantia	Costs are funded from the proceeds of bona vacantia
Corporate Services*	Recovered by the charges for our legal service to our clients

*Corporate Services includes Finance and Operations, Strategy, People and Culture, and the Government Legal Services Secretariat.

Risk

In carrying out its activities, GLD is exposed to a number of risks. GLD has a risk management framework in place to ensure that all key risks to the delivery of legal services to our clients and the achievement of our objectives are identified. Further information on our specific risks and our risk management is included in the Governance Statement from page 38.

Performance Measures

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

Client Satisfaction		
To improve our client satisfaction rating(s)	2018-19	2017-18
% Good or Excellent	96%	95%
Straight line method (Excellent: 10, Good: 5, Acceptable: 0, Poor: -5, Unacceptable: -10)	7.50	7.43

Our aim is to improve our ratings in our annual survey of client satisfaction. Overall we achieved a marginal improvement. Given the challenging operational context, over the past year, achieving a satisfaction rating of 96% Good or Excellent is a welcome outcome, and testament to the hard work of our staff. However, there are two areas where we need to do more: keeping our clients informed of progress and understanding their business. These results have fed into our Client Care Plan for 2019-20, the objectives of which are to strengthen client relationships, improve client capability and share best practice in client care.

Lexcel

To maintain Lexcel accreditation	2018-19	2017-18
	Achieved	Achieved

Our litigators across Litigation, Employment and Commercial Law Groups again successfully met the Lexcel standard, with an improved performance on last year. We met the standard with no areas of non-compliance and demonstrated 33 areas of best practice.

Recovery of operating costs

To recover from clients the full operating cost of chargeable services	2018-19	2017-18
	Achieved	Achieved

We are primarily funded from the fees charged to clients for our legal services. Our fee rates are set in accordance with HM Treasury's publication - Managing Public Money - and are designed to recover the costs incurred by the organisation. Performance is monitored throughout the year, and on a quarterly basis, we undertake a formal exercise to forecast the financial outturn for the year. Our commitment to our clients is to ensure that they benefit promptly from better than budgeted financial performance; if this forecasting exercise predicts a significant surplus, we evaluate the underlying reasons and assess whether a fee reduction or rebate should be made in-year. This year, we provided a rebate of £2.0m to our biggest litigation clients whilst holding in reserve funds to pay for more expensive external legal resources, if needed, to resource legal work connected with our withdrawal from the EU.

Delivery of our Key Priorities

Key priority	Progress	Commentary
Responding to the resourcing challenge arising from the increased demand for our legal services, particularly on EU Exit work, including through further recruitment and, where appropriate, smarter use of the private sector	Continuing	<p>This has continued to be a challenge. In response to resource pressures, we adopted a continuous approach to the recruitment of Grade 7 lawyers called 'Always-on' and we reduced the speed of recruitment. There have also been specialist recruitment campaigns for fixed term appointments, targeting specialist skills and experience, generally from outside the Civil Service, and our Annual Resourcing Cycle (development and promotion rounds for Grade 6 and 7 lawyers).</p> <p>We are making increased use of paralegals, as well as external resources, including panel law firms, panel counsel, secondees, and external drafters. Our reliance on the use of temporary staff by our expert services increased, as we targeted the deployment of resources to our advisory legal services.</p> <p>An EU Taskforce was set up to plan our resources as government prepared for the possibility of a No Deal Exit from the EU and to ensure an agile response to shifting demands. This resulted in the temporary redeployment of over 60 staff to meet critical demand for legal services.</p>
Developing options to improve recognition and reward so that we can attract and retain high calibre staff to meet the increased demand for our services	Subject to approval	<p>A business case for market facing pay and in-grade pay progression for lawyers has been prepared and will be presented to the Cabinet Office and HM Treasury for approval.</p> <p>We have also revised our overtime policy to better compensate our staff for the excess hours worked to deliver their exceptionally heavy workloads.</p>

Key priority	Progress	Commentary
Continuing to build GLD as 'One Organisation', strengthening our collective leadership role, realising the benefits for our people and our clients, and tirelessly championing the brilliant work we do	In progress and design	There was a 12 percentage point drop to 35% to the question 'GLD feels like one organisation' in the 2018 People Survey. More work is required to further build a unified GLD culture and leadership capability, which are seen as key drivers of success in this area. A programme to build this capability, with a view to improving the overall performance of GLD, is being scoped. A successful All Staff Event, with the theme 'Creating Connections' was held in November 2018 and a GLD Connect event was delivered in May 2018.
Promoting and supporting the health and wellbeing of our people.	Action for 2018-19 completed	The GLD Health and Wellbeing Action Plan was launched in November. It is structured around the five Civil Service Health and Wellbeing priorities. This captures the actions being taken across GLD towards creating a fully inclusive culture that allows everyone to thrive at work. Our refreshed Diversity and Inclusion Strategy will be launched in April 2019 and, in line with the Civil Service Diversity Strategy, targets for the flow of disabled and ethnic minority staff have been agreed to improve levels of representation in the SCS.

Key priority	Progress	Commentary
Continuing to improve and modernise the way we work and how we provide services to clients, including through use of ICT and on-line services	The Change Portfolio consists of various programmes and projects, all of which are at different stages. Some work on modernising the way we work has been delayed or deferred, due to other operational priorities, to 2019-20	<p>The GLD Change Delivery Committee reviewed the projects within the Change Portfolio in August, amid concerns that we might not be able to accommodate the impact of these alongside the pressures of EU Exit and increased demand for legal services. This agreed that GLD's move to its new head office at 102 Petty France should take priority with three other projects prioritised: the Core Services Portal; Time Recording Solution; and HR Service Improvements.</p> <p>Preparations for our move to 102 Petty France, are progressing well and we are preparing for occupation from July 2019. The Core Services Portal, which enables GLD co-located teams to access GLD's corporate systems from their host departments' infrastructure has been successfully deployed to all GLD teams within scope of the project, except one Division. This is an important milestone towards building a unified department and feeling more connected across the whole of GLD.</p> <p>The provision of an online Time Recording Solution for Advisory is currently being piloted. Once a minimum viable produced is confirmed, preparations for a full roll out will commence.</p> <p>The HR Service Improvement Project, to improve our HR processes and efficiency, was completed.</p> <p>Work continued on other projects, with the launch of an improved version of gld. digital, our online legal service for our clients and the development of a single digital Knowledge Management platform for our staff. The Digital Office Solutions project aims to reduce our reliance on paper and its storage to make us a more flexible, efficient and digital organisation.</p>

Trade



EU Exit has consequences for the UK in the World Trade Organisation (WTO). most notably moving from the current situation where the European Commission acts for the UK in the WTO to the UK acting independently. Two projects in this regard are to replace the European Union's Goods and Services Schedules (which set out commitments to other WTO Members) with UK-only schedules, and for the UK to join the Government Procurement Agreement (GPA) in our own right.

GLD lawyers, led by our team in DIT Legal Advisers, have been working to prepare and present new UK Goods and Services Schedules for certification in the WTO. This has been a cross-GLD project, joining up with lawyers from Defra, DExEU, HM Treasury, and the Cabinet Office, as well as FCO lawyers in post in Geneva and Brussels, and HMRC. In addition to direct engagement with WTO Members (in consultation with the EU Commission and the WTO Secretariat), the work had a significant domestic element, including: the clearing of submissions to Ministers, cross Whitehall write rounds, Written Ministerial Statements in Parliament and Parliamentary Bills.

The Bills set up various aspects of the UK's new trade regime by providing powers to make changes to domestic procurement law, raise tariff revenues, enforce Tariff Rate Quotas, and deal with tariffs that will not be reflected in our WTO Goods Schedule, e.g. applied tariffs and duty waivers. Our preparations have also included drafting secondary legislation to give effect to the above.

As well as preparing the UK's WTO Schedules, GLD Lawyers assisted DIT and the Crown Commercial Service with the UK's application to join the GPA. We provided advice on the terms of the UK's access to the WTO public procurement market and the preparation of the UK-only GPA Schedule, which identifies the list of public bodies covered. The UK has now been invited to join the GPA in its own right.

Our work was undertaken against the backdrop of international and domestic scrutiny, but also with the need to balance the EU Exit negotiations with direct engagement with other WTO members.

Financial Performance

Income

Total operating income (excluding disbursement income) for the year was £195.6m (2017-18: £173.7m), an increase of 12.6%.

Our income from legal fees and charges to clients increased this year to reflect demand for our services including additional income from advice related to EU Exit, Inquiries work and Employment Tribunal work.

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

Expenditure

Our administration costs (excluding disbursements) this year were £183.9m (2017-18: £171.3m), an increase of 7.4%. Staff costs represent 89% of non-disbursement expenditure and have increased in line with the increased demand for our legal services. The ratio of staff costs to legal fees and charges income is 87%, and to total operating expenditure is 70%.

Staff numbers have increased by 10% and delegated staff received an average pay award of 1.5%. We continue to employ agency and contract staff where there is a need for specialist skills, such as within ICT, where for practical business reasons the GLD Board has agreed there should be a mixed economy of permanent and contract staff to provide some flexibility to cope with changes in demand. We also employ agency staff in lieu of recruitment, to support our resourcing where we have not been able to attract as many permanent staff as required to deliver our work. Spend this year was £18.1m (2017-18: £13.4m).

Agency and contract staff accounted for 15.4% of average staff count for the year (2017-18: 12%). We have undertaken several external recruitment campaigns with the aim of reducing our reliance on agency staff and our looking at our attraction and retention strategy, which is challenging where the salary offered is less attractive than other government departments/sectors.

There was a marginal increase in non-staff costs. These costs mainly related to accommodation and back office services.

Non-cash costs decreased by £3m due to the write back of the provision created last year to cover potential tax liabilities arising from a HMRC inspection.

Expenditure on legal disbursements varies from year to year depending on the number, type and complexity of cases. The majority of this expenditure is passed on directly to clients. Total disbursement expenditure remained at 2017-18 levels, although there was a decrease in case related disbursements and an increase in those that related to our fixed fee work, reflecting the use of external resources where in house resources were not available.

Operating Surplus

The net operating income for the year was £7.1m (2017-18: £2.7m).

Capital Expenditure

Net capital investment was £5m.

In addition to the annual cycle of replenishing furniture, fittings and ICT equipment, the main investment this year has been in preparation for equipping and furnishing our new head office building at 102 Petty France.

Financial Position

The capital employed is £13.9m at 31 March 2019 comprising total assets of £50.9m (non-current assets of £6.8m, trade and other receivables of £34.6m, and cash of £9.5m); and current and non-current liabilities of £37.0m (trade and other payables). Further details are in the Notes to the Accounts.

Cash flow and debtors are both closely monitored throughout the year to ensure that we have sufficient cash to meet our liabilities and pay our creditors promptly; we rely on receipts from our clients for the bulk of our cash flow. We ended the year with cash of £9.5m (2017-18: £8.8m) and a trade receivables balance of £15.5m (2017-18: £12.2m).

Looking to the future

In 2019-20, our priority will be to provide effective legal support for the continuing preparations for withdrawal from the European Union. This will include continuing to support negotiations, and advising on the UK's future relationship with the EU. At the same time we will continue to deliver a wide range of legal services needed by government through our client facing advisory divisions and our centralised expert services – commercial, employment, litigation and SI drafting, including support to a number of public inquiries. We will also pilot a Property Law Hub.

We will continue to build a diverse and inclusive organisation that can attract, reward, retain, and develop the best talent; develop our leadership capability; and build on our expertise to ensure we have high calibre professional skills which reflect the changing needs of government. We will continue to improve and modernise the way we work, harnessing the benefits of new technology, to provide the best support for our people and our client, and look for opportunities to expand and create new offices where that would enhance our service

Our strategic aims will be underpinned by clear, measurable objectives, set out in our Business Plan.

Government Legal Department and the Heathrow Expansion Judicial Review



In June 2018, the Airports National Policy Statement, setting out the need for a new Northwest Runway at Heathrow Airport, was endorsed by a majority of 296 in the House of Commons. The new policy attracted numerous claims for judicial review, including by local authorities, the Mayor of London, environmental groups and a rival scheme promoter.

These claims were fully expected, and advisory lawyers in DfT Legal Advisers had worked closely with Litigation Team B5 to prepare for them. Knowing that legal challenges would be fast-paced, our expert litigators had contracted in advance for the provision of an eDisclosure platform, and oversaw the review of over 800,000 documents by over 40 outsourced, legally qualified reviewers, in the largest ever public law eDisclosure exercise. Both teams assisted in preparing over 800 pages of witness evidence and 2,000 pages of exhibits.

The hearing, in March 2019, featured a live relay to an additional court room, daily publication of a full live transcript, and live tweeting during the case. In addition to environmental and competition law challenges, key issues included the intensity of review by the Court, where Parliament has approved policy, and the admissibility of Parliamentary material. The High

Court handed down its judgements on 1 May 2019 dismissing all the claims.

The case has been a model of joint working, not only with expert policy colleagues, but between GLD advisory and litigation lawyers, including those who advise other interested departments. This ensured a comprehensive range of knowledge across public law, EU environmental law, planning legislation and litigation. We also worked with a team of expert counsel and commercial legal partners to obtain specialist advice, where needed. These close links were invaluable in enabling rapid clearance of arguments across Government, and clearly demonstrate the benefits of a joined up legal service.

The Heathrow JR in figures

12 The number of claimants who challenged the policy	816 The number of pages of witness statements for the Government	260,000 + The number of Air Traffic Movements a year that the new runway should be capable of providing	2026 The date when Heathrow Airport plan to have the new runway operational
296 The House of Commons majority for the policy	2,130 The number of pages of documents exhibited by the Government	800,000 + The number of documents reviewed, in the largest ever public law disclosure exercise	2030 The date when the Government considers the new capacity is needed

Performance Analysis

Trusted to deliver consistently excellent and value for money services

The Performance and Client Committee (PCC) has been monitoring the delivery of actions to ensure that we build on our partnership with clients, demonstrate to them the benefits of the services we provide and that we identify new ways of working that reduce cost, add value and maintain quality.

Client partnership

There has been a continuing focus on building a partnership with clients this year by, for example, ensuring all Relationship Managers have local plans to promote gld.digital, developing Relationship Managers' use of management information with clients, delivering client care training for all new joiners in their first six months, building client capability through legal awareness training and continuing to share best practice through the Relationship Managers' Forum, the Client Care Toolkit and the new Innovation Network.

We have started to produce innovative e-training materials for clients this year, hosted on gld.digital, including a short animation on Consultation produced in-house by one of our legal teams and the Digital Team. The Client Care Toolkit is promoted at all client care training events and materials such as the Client Care Principles and handover templates are shared with new joiners.

We continue to build client capability by developing our partnership with the key professions, Civil Service Learning (CSL) and the Leadership Academy. The relationship with the policy profession is well established both locally within departments and centrally via CSL. We continue to provide quarterly sessions on working with lawyers as part of the Civil Service wide fast-stream basecamp; and within divisions, many have similar slots on in-house

departmental basecamps. At the request of the Head of Learning for the Policy Profession we are organising a bespoke session on gld.digital, aiming for this to be cascaded through their networks. We are also using the Equality Centre of Excellence to deliver session(s) on Public Sector Equality Duty to the policy profession. This enables us to support a wide range of colleagues across the Civil Service and avoids any time spent by GLD colleagues in the associated administration arrangements. In the last year we have delivered three sessions on working with lawyers via the Leadership Academy, targeting SCS members who are new to the Civil Service or new to working with lawyers. This programme is under review for this year following poor levels of attendance.

We have begun work on developing similar relationships with the Operational Delivery Profession (the largest in the Civil Service) and the Commercial Profession. Sessions on working with lawyers, targeted to meet the needs of those particular professions (such as what is important for a commercial specialist to know about working with lawyers) are in the design stage and will be delivered in the next financial year.

Demonstrate the benefits of our services to our clients

GLD's Management Information (MI) Strategy and Approach was approved by the Board in June 2018. The Strategy is focused on ensuring that we have effective data capability which will enhance our reputation, contribute to improvements in efficiency and aid the quality of the service we provide. The Strategy's priorities are on GLD having the right resources and systems to provide timely and reliable MI, as well as developing a culture in which data is valued. At the heart of the Strategy is the concept of 'core data' - data which is of most value to GLD, its clients and stakeholders.

Work during 2018-19 to implement the MI Strategy made good progress in identifying our core data, but work was paused in October 2018 in order to prioritise other GLD Change projects. It is anticipated that work will resume in 2019-20, starting with testing our proposed core data model.

Once a proposal on core data has been published internally, the intention is to engage further with clients. In the meantime, we continue to provide them with regular and ad hoc MI.

Other work has been done to raise the awareness of the importance of data and MI, including induction for all new staff as part of Client Care training (attended by 420 people) and a session on MI at the November 2018 Relationship Managers Forum meeting to share best practice on MI and to help Relationship Managers and senior leaders look for opportunities to promote the benefits of MI wherever possible.

New ways of working

Our expectation this year was that we would need to use third party/private sector resources to meet the challenge arising from increased demand for our advisory legal services, and in particular on EU Exit work. Discussions were held across GLD to identify the opportunities for bringing in the private sector. We identified best practice, lessons learned and ways to get round barriers encountered historically, and shared this across Divisions. We are also piloting how best to bring in the private sector to take on work historically delivered by government lawyers through the procurement of three firms to take on pensions advisory work in 2019-20.

The Innovation Network was launched in September 2018 to share best practice and innovation in a more systematic way, so as to avoid reinventing wheels and to build a culture of continuous improvement. The Network comprises 30 people from across all parts of

GLD and operates by sharing ideas and requests on a virtual noticeboard accessible from the Intranet. Its remit includes identifying different approaches to how we deliver our legal services and wider practice in relation to client care. In its first six months, the Network has already generated over 60 ideas and requests.

Key Performance Indicator for being trusted to deliver

The Client Satisfaction Survey is the key metric for performance. We achieved a marginal improvement in our annual survey, details of which are in the Overview.

Known for the quality of our legal work

The Legal Quality Committee (LQC) monitors the quality of our legal service provision to make sure we are delivering the highest possible quality to our clients, and to provide assurance to the GLD Board. It also provides strategic direction for, and oversight of, initiatives to improve legal capability and quality across the Department.

A particular focus this year has been on raising capability through legal training and induction. LQC has overseen the work of the People Development Team to revamp and relaunch the Annual Legal Training Programme which brings a more strategic approach to meeting the Department's legal training needs, whilst also responding in an agile way to immediate needs – such as more 'bite sized training' on topical issues. It has provided strategic steers to the Core Curriculum Project which successfully piloted a suite of digital training hosted on a Learning Management system. And it has taken forward work to improve induction for new lawyers by refining the Introductory Course for Lawyers and putting together a clearer and more accessible set of legal induction materials for new starters.

A second key area of focus for LQC and the Legal Quality Team has been the continued development of our legal knowledge tools and processes. This has included significant support for gld.digital, our online service for clients, and for the project to deliver an electronic Knowledge Management system (eKM) for lawyers. The focus has been on developing the system and on managing and auditing existing KM in preparation for migrating to a new system next year. The Legal Quality team has also continued work with KM champions and Centres of Excellence on supporting current KM initiatives and sharing best practice, including a particular focus on developing and making available EU Exit related content.

Other highlights include:

- Refreshing and relaunching our Legal Risk guidance. Although feedback from the Client Satisfaction Survey and our Quality Assurance panels confirms the guidance is well embedded, part of our continuous improvement is to ensure new lawyers are skilled in how and when to apply it. We have refreshed the guidance to take into account the increasing importance of advising on international law issues. The accompanying training materials have been updated and will be rolled out next year
- Developing new guidance and training on 'Being an Effective Government Lawyer', building on the existing 'Being an Effective Advisory Lawyer' (BEAL) materials which have proved highly successful since their introduction in 2016. This work will continue into next year
- The appointment of a Director of Knowledge who will take up a new strategic role leading our legal knowledge activities and resources from June 2019

Key performance indicator for quality

Lexcel is the key metric for performance. We met the standard. Further details are in the Overview.

GLD support for Salisbury response and recovery



On 4 March 2018, an attempt to murder Sergei and Yulia Skripal took place in Salisbury. It involved using Novichok, a military-grade nerve agent. It resulted in the poisoning of DS Bailey, and later on the poisoning of Charley Rowley and the death of Dawn Sturgess. It also resulted in extensive contamination of property¹. GLD provided legal support to many of the Government departments involved in the emergency response and recovery work. (For security reasons only some of the work can be publicised.)

During the emergency phase, Home Office Legal Advisers (HOLA) advised on whether blood samples could be taken from the seriously-ill Skripals, so that the Organisation for the Prohibition on Chemical Weapons (OPCW) could independently verify that they had been poisoned by Novichok. With GLD litigation colleagues, an order permitting this was obtained urgently from the Court of Protection in time for the OPCW visit.

In the recovery phase, Defra Legal Advisers (DLA) provided legal support to Defra, which oversaw the clean-up work². DLA helped Defra in navigating the legal issues which arose in securing and decontaminating the affected properties. Lawyers worked with Wiltshire Council to draw up a framework for an agreed strategy, and agreements to enable the decontamination and subsequent return of properties to owners and businesses.

GLD's Commercial Law Group advised in respect of the urgent procurement of private contractors for hazardous waste disposal and HOLA helped prepare primary legislation enacting a stop and search power for potential spies at ports in response to the attack.

¹ <https://www.gov.uk/government/news/novichok-nerve-agent-use-in-salisbury-uk-government-response>.

² <https://www.gov.uk/government/news/clean-up-work-underway-in-salisbury-in-next-phase-of-recovery>.

Being the best employer for our people

The People Committee monitors the actions relating to a number of people related key priorities (building a unified organisation, resourcing, reward and recognition, and health and wellbeing) as well as actions to improve career development opportunities and providing inspiring, confident and empowering leadership.

Progress on a number of these are reflected in the section on key priorities.

Career development

Our legal training programme supports our people in their professional development, as does our annual resourcing cycle of development moves and promotion exercises. This is well established for our lawyers, but it is still early days for those staff who are not part of an established Civil Service function. A priority for the coming year will be the development of a career pathway for our business management staff.

We support our staff who apply to cross-government accelerated development programmes (Future Leaders Scheme, Senior Leaders Scheme and the High Potential Development Scheme), with ongoing work to stretch the alumni from these programmes, and continuous development.

Leadership

Our focus on developing effective leadership, a commitment arising from the 2017 People Survey, has included investment in two leadership programmes: a Grade 6 Development Programme (for all staff in grade) and Gateway into Leadership (for those showing potential for roles in the Senior Civil Service). The Grade 6 Development Programme, which was successfully piloted in 2018-19, will be launched in April 2019 and will be rolled out

over two years. All Grade 6 staff are expected to attend, providing them with the opportunity to develop their skills under two overarching modules: Confident Leadership and Leading and Inspiring in Challenging Situations. The Gateway into Leadership programme seeks to ensure that GLD has resilient leaders who can inspire confidence, identify talent and champion diversity. It has been delivered twice, as a pilot, with recruitment into the next cohort planned for next year. It aims to provide participants with the opportunity to explore their leadership skills to support progression into Deputy Director roles. It includes three modules: Inspiring Leadership, Engaging and Empowering Leadership, and Leading into the Future; and requires participants to seek 360 degree feedback, undertake coaching and participate in action research groups.

There have been mandatory workshops for the SCS. Wellbeing Confident Leaders, is a Civil Service wide initiative supported by Jonathan Jones in his role as the Civil Service Health and Wellbeing Champion, to give everyone in the SCS the skills to better equip them to lead on wellbeing in their teams. There is a clear expectation that all in the SCS will undertake this training. And in another Civil Service wide training exercise for the SCS, we have rolled out new Micro behaviours Awareness training, which encourages people to be more inclusive, appreciative and respectful in the small things they say and do, and to do less of what might exclude, undermine or disempower others.

We have created a bespoke induction pack for new members of the Senior Civil Service. The pack supports a new welcome event for Deputy Directors, which aims to celebrate and assist their transition into their new role, and sets out our expectations of their role as senior leaders in GLD.

The new GLD Basics in Management programme for line managers replaces the Good Manager Programme (GMP). It brings together a wide range of learning and

development to help our staff broaden their understanding of key policies and processes, gain understanding in their roles, promote wellbeing and resilience, and increase awareness of diversity issues.

We have also organised a series of bi-monthly leadership talks, called Leading Insights, which encourage candid reflection and discussion on leadership by senior leaders from across the Civil Service.

Further work to improve leadership behaviours will be a key priority for 2019-20.

Key performance indicator for best for our people

The annual People Survey is the key metric for performance. We achieved an Engagement Index of 63%, maintaining our score from 2017. Further details appear below.

Diversity and Inclusion

GLD shares the Civil Service vision of being recognised as the UK's most inclusive employer, whilst 'we value and respect each other' continues to be one of our three values. To reflect the importance we place on these, we have refreshed our Diversity and Inclusion Strategy, which builds on the good work already carried out and also contributes to the GLD vision. This will be launched in Spring 2019.

Our senior leaders have been role modelling the emphasis that GLD's vision places on 'creating a brilliant place to work where everyone can thrive'. Seven directors have roles as champions for the diversity networks, whilst others are active chairs and members of our diversity networks and groups.

There are ten diversity networks in GLD, where our people share experiences and support GLD to build a really strong culture of collaboration, inclusion and improvement. Through their work this year, GLD has been recognised by Stonewall, the Social Mobility Index and Business in the Community as a Best Employer for Race Equality, as well as winning the Law Society Diversity and Inclusion Award. They also hosted a number of very successful events during the year, including an 'Equalitea' hosted by our Gender Equality Network in July 2018 to celebrate 100 years of women having the right to vote; a fantastic programme of events organised by our Race Network during October's Black History Month to celebrate the achievements of our ethnically diverse communities across GLD, and marked the significant events in diversity and race relations in the UK, including the 70th anniversary of Windrush and the 50th anniversary of the Race Relations Act.

EU General Data Protection Regulation



Effective, modern data protection laws both protect individuals and enable businesses to operate across international borders. GLD Legal Advisers advising DCMS, Home Office and other departments have worked closely together, to modernise the UK's data protection regime, in the shifting landscape of EU Exit.

The EU General Data Protection Regulation (GDPR) creates a single, modern legal framework for data protection in Europe. It updates the rights of data subjects to make them easier to exercise and to ensure they continue to be relevant in an increasingly digital economy and society. It provides for the free flow of personal data within the EU and sets conditions for the transfer of personal data to non-EU countries. The Data Protection Act 2018 implements the GDPR into UK law, and exercises some agreed modifications to make the GDPR work for the benefit of the UK, in areas such as academic research, financial services and child protection. The Act also regulates the processing of other general data, law enforcement data, and national security data, in compliance with other appropriate international standards.

When the UK leaves the EU, the GDPR will be removed from UK law. GLD lawyers have drafted legislation under the EU Withdrawal Act to write the GDPR into UK law, with necessary changes to tailor its provisions for the UK. This means that UK personal data will continue to benefit from the protections in the GDPR, and UK businesses will continue to be able to transfer personal data across the UK's international borders.

Health and Wellbeing

Supporting employees' health and wellbeing and taking a positive, preventative approach to ensure people are thriving in the workplace became even more significant this year. GLD has supported staff to manage and improve individual and team resilience as the challenges presented by our work, including on EU Exit, have increased anxiety and stress related to the ambiguity, complexity and uncertainty of our clients' work programmes.

GLD produced its first Health and Wellbeing Action Plan, which was based on the findings from the Mental Health Support Sense Check, a recommendation from the government's 'Thriving at Work' report. The Plan was made available to staff in November 2018 and has been used to capture and share good practice across our Divisions and Groups. It also highlights the resilience and wellbeing resources for individuals, teams and managers, which were released in January 2019 on the EU Exit Section of Civil Service Learning. A GLD Wellbeing event held in February 2019 gave staff another opportunity to reflect on the contents of the Action Plan and suggest additional activities they would like GLD to take.

Chief Executive Jonathan Jones is committed to his role of Civil Service Health and Wellbeing Champion, supporting events and publishing regular articles and blogs. This included an article in November 2018 that looked back on the progress the Civil Service had made one year on from the publication of the Stevenson/Farmer 'Thriving at Work' report on mental health standards and the challenges still ahead.

Since November 2018, GLD has been delivering the Civil Service leading-edge Wellbeing Confident Leaders training, to equip all SCS with the knowledge and tools to make sure wellbeing is even more of a central part of our planning, decision-making, communications and change management. These training sessions have been so well

received that GLD is now planning for the wider roll out to all GLD staff. A pilot session was run by BEIS Legal Advisers at their staff wellbeing event in March 2019.

Frances Nash, Director DWP Legal Advisers, continued in the role as GLD Wellbeing and Disability Champion. Over the year, she actively promoted health and wellbeing initiatives and signposted support and guidance to staff, such as the Employee Assistance Programme, Civil Service line manager guidance on mental health, and the Mental Health First Aiders network, which has now grown from 16 to 22 members. GLD has been committed to various national events, including Mental Health Awareness Week in May 2018, World Mental Health Day in October 2018, and Time to Talk in February 2019. These events have been used to share personal stories, providing useful tips that support everyone to manage good mental health and wellbeing.

People Engagement

The annual People Survey is a key measure of our success in delivering GLD's vision to be the 'best employer for our people'. In the 2018 Survey, we achieved an Engagement Index of 63%, maintaining our score from the 2017 Survey, and one point above the average for the Civil Service. The response rate for 2018 was 77%, down one point on 2017.

We saw one percentage point increases in each of the engagement themes related to 'My work' (80%), 'Organisational objectives and purpose' (79%) and 'My manager' (72%). Four of the nine engagement themes remained unchanged from 2017; 'My team' (81%), 'Inclusion and fair treatment' (82%), 'Resources and workload' (73%) and 'Leadership and managing change' (50%). 'Learning and development' (64%) and 'Pay and benefits' (15%) both saw two percentage point decreases on last year.

The Action Plan launched in response to the People Survey focuses on three main areas:

Leadership and managing change, to provide staff with a clearer understanding of GLD's vision; corporate initiatives and change projects; communications that support the effective dissemination of information by all GLD managers; and addressing staff concerns about pay and benefits.

Partnership

GLD has continued to maintain a positive working relationship with the Trade Unions (FDA and PCS). Human Resources regularly meet the unions on an informal basis to discuss a range of issues that have an impact on union members, and there are also regular formal Partnership meetings, which include representatives from across GLD, 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.

Celebrating our success

Two GLD lawyers won prestigious accolades at the Bar Council Employed Bar Awards. Katherine Willerton, from DExEU Legal Advisers was named 'Employed Barrister of the year' for her work on the European Union (Withdrawal) Bill. Aoife Drudy, who works in Home Office Legal Advisers, won the award for 'Outstanding achievement by a public service barrister'. She has been the lead lawyer advising the Northern Ireland Office on the EU Exit negotiations and led on the technical discussions with the EU Commission and the Northern Ireland Office. A third GLD lawyer, Jonathan Orde, was one of the finalists in the 'Young employed barrister of the year', for his contribution to increasing advocacy opportunities in GLD.

Aneela Aslam, one of the first apprentices in our CILEx Graduate Fast-track apprenticeship scheme, was recognised as 'Advanced Apprentice of the Year' by Damar Training.

Members of the Rail Commercial Contracts

and Procurement Team at DfT Legal Advisers, working on the West Coast Partnership rail franchise completion, were named as In-House Infrastructure Team of the Year by the Legal 500. They were recognised for their work on a ground breaking Invitation to Tender and accompanying suite of contractual documents, which established a new model of private and public sector relationships.

The GLD Employee Choice awards celebrated the great work and dedication of teams and individuals from across the department. There were nine categories with over 130 nominations, which reflected the breadth of the contributions made by our people and our core values, from leadership to innovation and inclusion. The Permanent Secretary's Special Award went to Pauline Brown, for her work inspiring and encouraging the next generation of Government Finance Professionals, with more than 70% of the junior staff in the GLD Finance Division studying for a professional accountancy qualification.

Community and social matters

Our Pro Bono and Volunteering Network has continued to support and encourage pro bono and volunteering activity within GLD, including awareness of GLD's policy of allowing staff to spend six days a year undertaking volunteering activity (subject to business need).

In particular, the Network held a Summer Fete, where GLD staff and the organisations for whom they work were able to speak to colleagues about pro bono and volunteering opportunities. Attendance was high, and the event was well received.

The Network has also launched the Local Volunteer Champions (LVCs) initiative. LVCs have been recruited at Divisional level across GLD tasked with providing support to the Network at a local level, thereby helping to embed pro bono and volunteering activity into GLD's culture.

Throughout the year, GLD staff have continued to support a wide range of volunteering and pro bono activity: trainee lawyers again attended Pimlico Academy as part of the 'Legal Experts in Schools' programme, and were joined by Solicitor General, Robert Buckland QC; we have helped with the Supreme Court debate days; lawyers from our Leeds office carried out mock interviews with Year 11 pupils at a local school; and the Commercial Law Group volunteered at a foodbank in South London.

All of this activity not only strengthens the aims of the Pro Bono and Volunteering Network, but also exemplifies GLD Values and the importance we place on public service generally.

Sustainability

All departments are required to report their performance against the Greening Government Commitments (GGC). GLD's sustainability performance can be found at Annex A (page 81).

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. Lucy Frazer QC MP replaced Robert Buckland QC MP as Solicitor General on 9 May 2019.

Jonathan Jones QC (Hon)

Accounting Officer

10 May 2019

Regulation of Claims Management Companies



Claims Management Companies (CMCs) are firms which provide advice, representation and other services in relation to the making of compensation claims. Though the number of CMCs has fallen over the past five years, last year, the turnover of CMCs increased to over £750m. Many claimants find the services of a CMC convenient in navigating legal procedure and dealing with the administration involved in making a claim.

However, despite regulation by the Claims Management Regulation Unit (a division of the Ministry of Justice), there is significant evidence of continued malpractice in the sector, including poor value for money, nuisance practices and misrepresentation. In a recent survey, 76% of the public surveyed reported that they did not have confidence to tell the truth to their customers.

At Spring Budget in 2016, the Chancellor, recognising that a well-functioning CMC market provides vital support to consumers, announced that the Government would accept the recommendation of an independent review to transfer regulation to the Financial Conduct Authority (FCA), chosen for its expertise and existing range of enforcement powers. Lawyers in HM Treasury Legal Advisers worked

closely with colleagues across the Government Legal Department, the Office of Parliamentary Counsel, and the FCA, to draft the Financial Guidance and Claims Act 2018, and complex secondary regulations which strengthened the regulation of CMCs to enhance consumer protection and professionalism in the sector. That legislation not only transferred regulation to the FCA, but extended regulation to CMCs in Scotland for the first time, allowing consumers across Great Britain to benefit from the FCA's supervisory and enforcement powers in this sector. Apart from the regulation of CMCs, the legislation also contains new law allowing for a 'breathing space', providing indebted individuals with protection from their creditors.

Accountability Report

Corporate Governance Report

Directors' Report

Directors

The Governance Statement on page 38 includes the composition of the GLD Board.

Register of interests

Oonagh Harpur, one of our non-executive Directors until September 2018, was an Independent Non Executive at KPMG with effect from 30 April 2018. Should any issues relating to 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 15 to the Accounts confirms that no members of the Board, including Non-Executive Directors, has any related party interests.

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. Two incidents were reported.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner’s Office in 2018-19

Date of Incident	Nature of Incident	Nature of data involved	Number of people potentially affected	Notification steps
August 2018	Inadvertent disclosure	Special Category data	1	ICO notified. Investigation conducted and no further action taken
March 2019	Un-redacted personal data sent in error	Personal data	18	ICO notified. Investigation in progress

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

Statement on Information Risk

We hold personal data relating to our employees and keep data owned by other government departments in relation to our role as the government’s principal legal advisers. We continue to work with delivery partners and third parties to manage effectively the risk of any loss of personal data held by these other bodies.

During 2018-19, the framework for handling data and to provide assurance over the management of information we hold 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; and

- maintaining certification against the ISO 27001:3013 information security standard. We also adhere to the current PSN Code of Connection, recently published Cabinet Office Security Standards, and Cabinet Office Security Policy Framework requirements.

Audit

The GLD’s Accounts are audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General.

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

The auditors provide no further assurance or other advisory services.

Remuneration to auditors for non audit work

We did not pay any remuneration to the NAO for non-audit work. The notional audit fee for the GLD audit was £65k (2017-18: £55k).

Statement of Accounting Officer's Responsibilities

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

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the 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 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 Treasury Solicitor and Chief Executive as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department'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 GLD'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) is a Non-Ministerial Department and was established as an Executive Agency on 1 April 1996. Ministerial responsibility lies with the Attorney General. The Department is led by HM Procurator General and Treasury Solicitor, in the role of Chief Executive.

Ministers

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

- The Rt Hon Jeremy Wright QC, MP, Attorney General until 9 July 2018
- The Rt Hon Geoffrey Cox QC MP, Attorney General from 10 July 2018
- Robert Buckland QC, MP, Solicitor General

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

Board and Sub 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 its governance, and managing relations with key stakeholders.

Membership of the GLD Board as at 31 March 2019 was as follows:

Executive members:

Jonathan Jones	HM Procurator General and Treasury Solicitor
Stephen Braviner	Legal Director General A Roman
Susanna McGibbon	Legal Director General B
Peter Fish	Legal Director General C
Anna Sanders	Strategy, People and Culture Director
Nick Payne	Finance and Operations Director

Non-Executive members:

Catherine Berney took up her appointment as People and Change lead NED, on 15 October 2018. Catherine is a qualified organisational psychologist and solicitor, with a background in private practice and international finance. She has held a previous NED role for Arts Inform, an organisation that seeks to build links between the creative and cultural industries and the London schools system, in addition to chairing a local community association. Catherine leads a consultancy firm and brings considerable experience to GLD in leadership, strategic direction, communications and talent development.

Erica Handling joined GLD on 29 October 2018, as lead NED for Legal Quality. Erica is currently General Counsel for Europe, Middle

East and Africa at BlackRock. She is also a Trustee of Working Chance (Charity). Erica brings invaluable experience and expertise to GLD having worked as head of large legal departments in private practice and in-house (where she introduced a range of procedural and technological efficiencies). Her previous roles have included General Counsel at Barclays and Head of Securities and Structured Finance at Ashurst LLP.

Tom Taylor is Chair of the Audit & Risk Committee and Lead Director for Performance. He took up his appointment on 24 September 2018. He is a dual qualified accountant who has worked in the energy, health, education, water, agriculture, environment and manufacturing sectors of the economy. He has more than 27 years' experience working at Board level in the public, private and third sectors as a Chair, Non-Executive Director, Chief Executive, Finance Director and Commercial Director. Tom currently holds a number of roles in various government departments. He is Chair of the NHS Counter Fraud Authority, a Non-Executive Board Member for the Northern Ireland Government Department of Finance (where he is Chair of NI Statistics and Research Agency Audit and Risk Committee and a Member of the Departmental Audit and Risk Committee) and also an Independent Member of Her Majesty's Revenue & Customs Audit and Risk Committee. From 2015 – 2018, Tom was Wales Chair for the Consumer Council for Water - the Consumer Watchdog for over three million residents of Wales and Herefordshire. From 2012 – 2018, Tom was a Non-Executive Director for the English Education Regulator, the Office of Qualifications and Examinations Regulation (where he was Chair of the Finance Committee and a member of the Enforcement Committee).

Work of the Board and attendance

The Board met 13 times between April 2018 and March 2019, with attendance as follows:

Executive Members	Eligible to attend	Attended (to end March)
Jonathan Jones	13	13
Peter Fish	13	10
Claire Johnston ¹	5	5
Susanna McGibbon	8	8
Stephen Braviner Roman	13	12
Valerie Cain ²	10	6
Anna Sanders ³	10	10
Nick Payne	13	13
Non-Executive Members		
Catherine Berney	6	6
Erica Handling	5	5
Tom Taylor	8	8
Oonagh Harpur ⁴	5	5
Jeremy Newman ⁴	5	4

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

¹ Claire Johnston resigned from the Civil Service, on 31 August 2018.

² Valerie Cain retired from the Civil Service on 30 November 2018.

³ Anna Sanders took up an interim appointment as Director of People and Change on 25 June 2018 and was subsequently appointed Director of Strategy, People and Culture on 18 December 2018.

⁴ The periods of office of Jeremy Newman and Oonagh Harpur ended in September 2018.

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.

A light touch Board Effectiveness Evaluation for 2018-19 was carried out in April 2019 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; and
- 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).

The process continues as recommendations arising from the evaluation are being put to the Board.

Board Sub-committees

GLD has an Audit and Risk Committee with an independent, Non-Executive Chair, Tom Taylor⁵. 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 Director⁶, 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 2018-19. It considered the Annual Report and Accounts for 2017-18, and the External Auditors' opinion. The Committee was satisfied with the quality of the external auditors work and their

approach to their responsibilities.

The Committee also considered the findings contained in management letters and reports prepared by the Head of Internal Audit based on an Internal Audit Plan agreed in advance by the Committee and monitored the implementation of internal 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 considered the GLD position on fraud, risk management and security.

The **Performance and Client Committee** is responsible for overseeing the health of the GLD by monitoring the services delivered to all our clients and staff. It reviews GLD's performance against standards and targets, celebrating success and identifying improvement activities, where needed. This Committee is chaired by Stephen Braviner Roman, Legal Director General A. It met 10 times in 2018-19. The Committee oversaw the implementation and delivery of a Client Care Plan resulting from the annual Client Satisfaction Survey and monitored the functioning of new ways of working, including several pilots such as the Property Law Hub. The Committee also supported the Board in providing assurance on the annual budgeting and forecasting process.

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 GLD. This Committee is chaired by Susanna McGibbon, Legal Director General B⁷. It met 10 times in 2018-19. The Committee considered a range of strategic issues including resourcing, talent development, performance management, staff wellbeing and diversity and inclusion. The Committee oversaw development of the Action Plan in response to

⁵Tom Taylor replaced Jeremy Newman in September 2018.

⁶ Erica Handling from November 2018.

⁷ Claire Johnston until July 2018.

the Department's annual People Survey and commissioned a Taskforce to oversee GLD's EU Exit Contingency planning.

The **Legal Quality Committee** looks at the quality of GLD's legal service provision to make sure it is delivering the highest possible quality to its clients. It champions improvements in quality and provides a forum to share best practice across the Department. This committee is chaired by Peter Fish, Legal Director General C. It met 6 times in 2018-19. The Committee oversaw the Government Legal Training Programme and the Department's Knowledge Management activity and regularly reviewed data on the quality of the Department's legal work.

The **Change Delivery Committee** manages change activities in GLD by taking the long term corporate strategy and policies and turning them into programmes and projects with defined outcomes. This Committee is chaired by Anna Sanders⁸, Strategy, People and Culture Director. It met 12 times in 2018-19.

Membership of each Committee is drawn from GLD's Strategic Leadership Group and each has one of the Non-Executive Directors as a member (Tom Taylor – Performance and Client Committee, Catherine Berney – People Committee, and Erica Handling – Legal Quality Committee).

Governance Review

A review of GLD's governance structure commenced in January 2019 and is ongoing. Its aim is to identify whether the current governance structure continues to be appropriate for GLD, and the most effective means of delivering good governance and GLD's strategic priorities. The outcome and recommendations following the review, including a revised governance structure, will align with and support implementation and delivery of GLD's Strategy for 2019-24.

⁸Susanna McGibbon until August 2018.

Compliance with the Corporate Governance Code for central government departments

The Corporate Governance Code relevant to central government and accompanying Protocol apply primarily to ministerial departments. This means that the key provisions relating to the 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), Tom Taylor 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, Internal Audit reviews and the assurance of processes. The Committee is supported in its work by the Risk Management Group, with membership drawn from Divisional Risk Managers. Its role is to share and promote best practice, share lessons learned, encourage networking, promote risk improvement, and to provide additional challenge and report periodically to the Committee.

Risk management is embedded at every level in the Department by encouraging empowerment and delegation so that risks can be managed proactively by those with the local knowledge and experience, and who are held accountable for the effective management of those risks.

The process is to identify and evaluate a risk, determine an appropriate response and actively manage the response to ensure that GLD's exposure is limited to an acceptable level.

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

Risk Profile

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

Strategic Risk	Mitigation
Demands placed on GLD do not match expected levels.	Strategic and business planning with clients to assess demand, with regular monitoring of case and client mix, and close collaboration to ensure we can work flexibly and efficiently to meet client needs. Service Level Agreements/MoUs agreed with clients, which 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.	Our primary focus is on effective line management, a strong culture of sharing legal knowledge and raising capability through effective legal training and induction, as well as the continued development of legal knowledge tools and quality policies and procedures.
We cannot provide or procure sufficient resource capacity and/or capability to deliver the service clients need.	Recruitment and retention of staff with the necessary skills and capabilities, workforce planning and our annual Resourcing Cycle, including the effective deployment of staff, and the provision of opportunities for staff to develop their skills, knowledge and capabilities. Improving the employment offer. Focusing on diversity and inclusion. Promotion of Apprenticeships and the use of paralegals.
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, including the redeployment of staff, and use of different delivery options. Action to build client capability, through awareness training, so they know when to come to GLD for advice and support and when they don't.
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 our fees and charges as low as practicable. Delivery of efficiency savings, productivity gains, and provision of management information to clients. Use of Panel Counsel and Law Panel firms, which have been appointed through fair and open competition. Client capability building.
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.
A cyber-attack (malicious attempt to damage, disrupt or gain unauthorised access to GLD computer systems, networks or devices, via cyber means) has an adverse impact on our ability to deliver services to the client and/or achieve full cost recover.	Internet Access Policy and blocked access: secure e mail exchange with Panel Counsel; penetration testing; anti-virus and anti-malware; security patching applied regularly; daily backups with tapes stored offsite; intruder detection systems and protective monitoring systems.

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. We are additionally working with the National Cyber Security Centre to improve cyber security resilience and have implemented the General Data Protection Regulations (GDPR). All staff have completed a mandatory Data Protection course in order to embed the new requirements of the GDPR and the subsequently revised Data Protection Act.

Further detail on information risk is contained in the Directors' Report on page 35.

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 the GLD Head 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, for the period 1 April 2018 to 24 June 2018. On 25 June 2018, Anna Sanders assumed the role of Director of People and Change (interim), and since 18 December 2018, was appointed Director of Strategy, People and Culture (formerly People and Change) therefore, for the period 25 June 2018 to 31 March 2019, Anna has been the Board member with responsibility for whistleblowing in GLD. She works with the Audit and Risk Committee, which has been given the role of assuring GLD's processes and reviewing whistleblowing numbers and cases, and the lessons to be learned from them.

The Audit and Risk Committee has considered quarterly reports on whistleblowing from the Director of Strategy, People and Culture throughout 2018-19, and has reported to the Board on a six-monthly basis. There has been one notification in 2018-19, before which there had not been any since whistleblowing arrangements were introduced in GLD. The Board and the then Chair of ARC (Jeremy Newman) were notified of the incident and kept informed throughout the subsequent investigation. A final report was signed-off by Jeremy Newman as outgoing Audit and Risk Committee Chair on 27 September 2018, which Tom Taylor, the incoming Chair, endorsed at the next Committee meeting in November 2018.

Attention has continued to focus on what more can be done to encourage potential whistleblowers to come forward and via other channels through which staff may express concerns. The Audit and Risk Committee has reviewed bullying and harassment data from the People Survey across the Department between 2014 and 2018. This identified areas

within the Department where bullying and harassment appears to be unacceptably high. The Committee has shared this information with the Executive Team with a request that they advise how they intend to respond to these findings.

Effectiveness of the risk management and governance framework

Assurance is provided, inter alia, by the work of the Internal Auditors. In his Annual Assurance Report, which offers an opinion on the adequacy and effectiveness of risk management, control and governance, the Head of Internal Audit gave a moderate level of assurance. In his opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

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

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

As part of the business planning process, the Treasury Solicitor holds Panel Reviews with his Directors General to review performance against the current year's Business Plan objectives, and to challenge their bids for resources.

At the end of each quarter, GLD conducts a formal forecasting exercise. Directors are asked to review their resourcing priorities and relevant income and expenditure against budget and to forecast their year-end position. This information enables the Performance and Client Committee and the Board to identify areas of concern and, if necessary, to review and

consider the allocation of resources in meeting GLD objectives. From quarter two, it also enables consideration of potential in-year fee reductions and rebates/refunds, where a surplus is forecast, or increases if a deficit is forecast.

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

These process highlighted no issues of significance to the corporate health or operations of the GLD in 2018-19.

Remuneration and staff report

Remuneration Report

Service Contracts

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

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

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

Remuneration Policy

The 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; and
- the government's inflation target.

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

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

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

Senior Civil Service (SCS) Pay Committee

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

The SCS Pay Committee at the relevant time (June - August 2018) comprised: Oonagh Harper – Non Executive Director and Chair, Jonathan Jones, Peter Fish, Claire Johnston,

Stephen Braviner Roman, Rowena Collins Rice, and Susanna McGibbon, with Selina Dundas, Head of HR Policy and Pay, acting in an advisory capacity.

Consolidated awards (salary increase)

There was 1% of the SCS paybill available for distribution in 2018-19 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; and
- 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

An end of year non-consolidated amount was available for jobholders who were assessed as top performers in the 2017-18 performance year. To decide on performance ratings, 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; and
- 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%).

In-year non-consolidated awards were made for a maximum of 10% of the SCS cadre, using the overall budget for non-consolidated SCS payments. The criteria used to award these were:

- Exceptional demonstration of GLD Values and collaborative approaches taken to contribute to 'One organisation';
- Outstanding contribution to the delivery of a key priority objective;
- Outstanding demonstration of a high quality service to clients;
- Achieving significant cost-effectiveness improvements in specific areas, for example, in terms of advisory or digital delivery; and
- Showing innovation in the way work is delivered or suggesting new ways of working to add value, reduce cost and improve/maintain quality.

Note: SCS jobholders who were awarded both an in year payment and end of year payment had their total non-consolidated payments for the year capped at the amount for the annual performance award.

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.

Single total figure of remuneration								
Officials	Salary (£000)		Performance Related Awards (£000)		Pension Benefits (to nearest £1,000) ¹		Total (£000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Jonathan Jones								
HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive	165-170	160-165	15-20	15-20	56,000	24,000	240-245	205-210
Stephen Braviner Roman								
Legal Director General A	120-125	120-125	10-15	15-20	41,000	38,000	175-180	175-180
Claire Johnston								
Legal Director General B until 31 August 2018	50-55 ²	120-125	-	15-20	2,000	15,000	50-55	150-155

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 The figures quoted are for the period 1 April to 31 August 2018. The full year equivalent was £120-£125k.

Officials	Salary (£000)		Performance Related Awards (£000)		Pension Benefits (to nearest £1,000)		Total (£000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Susanna McGibbon								
Legal Director General B from 1 September 2018	70-75 ³	-	10-15	-	72,000	-	155-160	-
Peter Fish								
Legal Director General C	125-130	125-130	10-15	-	13,000	9,000	150-155	130-135
Valerie Cain								
People and Change Director until 30 November 2018	75-80 ⁴	95-100	-	-	40,000	2,000	115-120	95-100
Anna Sanders								
Interim People and Change Director from 25 June. Director of Strategy, People and Culture from 18 December 2018	70-75 ⁵	-	10-15	-	61,000	-	140-145	-
Nick Payne								
Finance and Operations Director	120-125	120-125	-	-	54,000	22,000	175-180	140-145

³ The figures quoted are for the period 1 September to 31 March 2019. The full year equivalent was £120 - £125k.

⁴ The figures quoted are for the period 1 April to 30 November 2018. The full year equivalent was £95-£100k.

⁵ The figures quoted are for the period 25 June to 31 March 2019. The full year equivalent was £95-£100k.

⁶ 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)	
		2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Jeremy Newman	September 2018	5-10	15-20	500	800	5-10	15-20
Oonagh Harpur	September 2018	5-10	15-20	100	-	5-10	15-20
Catherine Berney	October 2021	5-10	-	-	-	5-10	-
Erica Handling	October 2021	5-10	-	-	-	5-10	-
Thomas Taylor	September 2021	10-15	-	200	-	10-15	-

The Department's Non-Executive Directors necessarily incur travelling and other expenses to attend departmental meetings. The tax liability arising on their reimbursement by GLD is met by GLD and is shown in the table above as a benefit in kind.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the Department and thus recorded in these Accounts.

Benefits in kind

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

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 2018-19 performance, the awards reported in 2018-19 relate to performance in 2017-18 and the comparative awards reported for 2017-18 relate to the performance in 2016-17.

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 2018-19 was £185k - £190k (2017-18: £180-185k). This was 3.8 times (2017-18: 3.7 times) the median remuneration of the workforce, which was £49,729 (2017-18: £49,526).

In 2018-19 no (2017-18: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £22.5k-£190k (2017-18 £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

Officials	Accrued pension at pension age as at 31/03/19 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/19 £000	CETV at 31/03/18 ¹ £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 175-180	2.5-5 plus lump sum of 7.5-10	1,331	1,154	54	-
Stephen Braviner- Roman Legal Director General A	40-45 plus lump sum of 95-100	2.5-5 plus lump sum of 0	767	658	19	-
Claire Johnston Legal Director General B until 31 August 2018	40-45 plus lump sum of 115-120	0-2.5 plus lump sum of 0-2.5	982	964	2	-
Susanna McGibbon Legal Director General B from 1 September 2018	40-45 plus lump sum of 95-100	2.5-5 plus lump sum of 5-7.5	757	627	53	-
Peter Fish Legal Director General C	35-40 plus lump sum of 115-120	0-2.5 plus lump sum of 2.5-5	931	833	13	-
Valerie Cain People and Change Director until 30 November 2018	65-70 plus lump sum of 110-115	0-2.5 plus lump sum of 0-2.5	1,326	1,274	36	-
Anna Sanders Interim People and Change Director from 25 June. Director of Strategy, People and Culture from 18 December 2018	20-25	2.5-5	261	191	34	-
Nick Payne Finance and Operations Director	60-65	2.5-5	1,079	926	33	-

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

² Non Executive Directors do not receive pension entitlement from GLD.

Civil Service Pensions

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

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

	2018-19		2017-18	
	Permanently employed staff £000	Others £000	Total £000	Total £000
Wages and salaries	109,439	-	109,439	101,572
Social security costs	12,096	-	12,096	11,365
Other pension costs	23,047	-	23,047	21,437
Sub Total	144,582	-	144,582	134,374
Agency and contracted staff	-	18,119	18,119	13,380
Inward Secondments	-	414	414	301
Total	144,582	18,533	163,115	148,055
Less recoveries in respect of outward secondments	(1,278)	-	(1,278)	(1,595)
Total Net Costs	143,304	18,533	161,837	146,460

No staff costs have been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as 'alpha' are unfunded multi-employer defined benefit schemes but the 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 resource accounts of the Cabinet Office: Civil Superannuation www.civilservicepensionscheme.org.uk.

For 2018-19, employers' contributions of £22,732k were payable to the PCSPS (2017-18: £21,187k) 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 are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £315k (2017-18: £250k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8 to 14.75 per cent (2017-18: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions of up to 3% of pensionable pay. In addition, employer contributions of £12k (2017-18: £nil), 0.5 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension

providers at the reporting date were £nil.
Contributions prepaid at that date were £nil.

One member of staff retired early on ill health grounds (2017-18: none); the total additional accrued pension liabilities in the year amounted to £nil (2017-18: £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.

			2018-19 Number	2017-18 Number
	Total	Permanent Staff	Others	Total
GLD	2,362	1,998	364	2,157

This information has been subject to audit.

Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	2018-19			2017-18		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	2	2	-	2	2
£25,000 - £50,000	-	-	-	-	1	1
£50,000 - £100,000	-	-	-	-	1	1
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
£200,000-£250,000	-	-	-	-	-	-
£250,000-£300,000	-	-	-	-	-	-
Total number of exit packages by type	-	2	2	-	4	4
Total resource cost/£	-	30,803	30,803	-	136,276	136,276

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

This information has been subject to audit.

SCS by Payband

The number of SCS staff by SCS pay band in GLD as at 31 March 2019 was as follows:

	GLD
SCS 4	1
SCS 3	3
SCS 2	27
SCS 1 and 1A	157
Total	188

Staff Composition

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

We are 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. GLD is a Level 3 Disability Confident Leader and has an active Wellbeing and Disability Network.

The gender breakdown of our headcount as at 31 March 2019 was as follows:

	Male	Female
Officials as disclosed in the Remuneration Report	4	2
Non executive directors	1	2
SCS (excluding officials disclosed in the Remuneration Report)	89	93
Employees	740	1,356
Total	834	1,453

The proportion of black, minority and ethnic staff (based on those who have self-declared) at SCS is 8.5% (2017:18: 6.9%). The proportion of all staff is 20.4%. Levels of disabled staff (based on those who have self-declared) are 7.5% in the SCS (2017:18: 7.9%) and 6.6% for all staff. Individuals are supported by efficient arrangements for assessments and the implementation of reasonable adjustments for those who require them.

Sickness Absence

Overall sickness absence was an average of 5.7 working days lost per staff year (2017-18: 5.3 days). This compares favourably with the Civil Service average of 6.9 days lost per staff year as at 31 March 2018 (most recent available figures). 66% 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 2018-19 of £101k (2017-18: £79k). Spend relates to work to develop a new pay framework for GLD, and leadership transformation work.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

Table 1: Relevant Union Officials

Total number of employees who were relevant union officials between 1 April 2018 and March 2019.

	2018-19 No.
Employees who were relevant union officials during the relevant period	25
Full-time equivalent number	24.29

Table 2: Percentage of time spent on facility time

For employees who were relevant union officials employed between 1 April 2018 and March 2019, percentage of their working hours spent on facility time.

	2018-19 No.
0%	6
1% - 50%	18
51% - 99%	1
100%	0

Table 3: Percentage of pay bill spent on facility time

For employees who were relevant union officials employed between 1 April 2018 and March 2019, percentage of pay bill spent on facility time.

	2018-19
The total cost of facility time (£000)	58.33
The total annual pay bill for Government Legal Department (£000)	143,718
The percentage of total pay bill spend on facility time (%)	0.04%

Table 4: Paid trade union activities

For employees who were relevant union officials employed between 1 April 2018 and March 2019, percentage of time spent on paid trade union activities.

	2018-19
Time spent on paid trade union activities as a percentage of total paid of facility time hours (%)	0

Parliamentary Accountability and Audit Report

This information has been subject to audit.

Losses and Special Payments

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

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

Fees and Charges

An analysis of the Department's income and associated costs is shown below. Charges for the provision of legal services and administration services to the 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.

In accordance with HM Treasury's guidance a notional cost of capital charge of £386k (2017-18: £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 percent) on the average carrying amount of all assets less liabilities, except for cash balances with the Government Banking Service, where the charge is £nil.

	2018-19			2017-18		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
	£000	£000	£000	£000	£000	£000
Income						
Legal fees and charges to clients	229,532	222,405	7,127	213,294	210,413	2,881
Recovery of costs from Bona Vacantia	3,943	3,943	-	3,795	3,795	-
Other income	4,275	4,275	-	4,642	4,642	-
Non-chargeable work	-	394	(394)	-	539	(539)
Total (GLD)	237,750	231,017	6,733	221,731	219,389	2,342

Remote Contingent Liabilities

GLD has no contingent liabilities that need to be disclosed under Parliamentary reporting requirements.

Long term expenditure trends

This information is not subject to audit.

Our planned net expenditure as agreed with HM Treasury is as follows. This covers the costs that are not recovered from our clients, but which are met from the Parliamentary Estimate.

£000	2019-20
DEL Resource	9,383
DEL Capital	2,700

The Departmental Expenditure Limit (DEL) Resource funding in 2019-20 is to cover the costs of public interest casework (Letters of Request and Vesting Orders in Chancery) and the relocation of our Head Office in 2019 with dual running costs, at the end of our lease on One Kemble Street, as part of the Government Estate Strategy.

The DEL Capital funding allows us to invest in improving and developing systems to support our operations and to meet our accommodation requirements.

Funding beyond 2019-20 will be determined by the next Spending Review.

Jonathan Jones QC (Hon)

Accounting Officer

10 May 2019

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 the Government Legal Department (GLD) for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Net Income, Financial Position, Cash Flows, Changes in Reserves; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the 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 GLD's affairs as at 31 March 2019 and of the net operating income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder

Opinion on regularity

In my opinion, in all material respects 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 GLD 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.

Conclusions relating to going concern

I am required to 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 GLD's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. 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. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as 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 GLD's 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 GLD's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- 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

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 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 Chief Executive as 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 entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements

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 21 May 2019
Comptroller and Auditor General

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

Statement of Comprehensive Net Income for the period ended 31 March 2019

		2018-19	2017-18
	Note	£000	£000
Income from sale of goods and services	5	(230,521)	(214,307)
Other operating income	5	(7,229)	(7,424)
Total operating income		(237,750)	(221,731)
Staff costs	2	163,115	148,055
Purchase of goods and services	3	16,148	15,736
Rentals under operating leases	3	4,482	4,295
Non-cash costs	3	115	3,186
Disbursements	4	46,771	47,792
Total operating expenditure		230,631	219,064
Net operating income		(7,119)	(2,667)
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of property plant and equipment		-	-
Net (gain)/loss on revaluation of intangibles		-	-
Total Comprehensive Income for the year		(7,119)	(2,667)

All income and expenditure is derived from continuing operations.

The notes on pages 68 to 80 form part of these accounts.

Statement of Financial Position as at 31 March 2019

	Note	31 March 2019		31 March 2018	
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	6	5,668		3,106	
Intangible assets	7	1,148		161	
Total non-current assets		6,816		3,267	
Current assets					
Trade and other receivables	9	34,642		32,921	
Cash and cash equivalents	10	9,481		8,837	
Total current assets		44,123		41,758	
Total assets			50,939		45,025
Current liabilities					
Trade and other payables	11	(36,980)		(35,007)	
Provisions	12	-		(1,527)	
Total current liabilities			(36,980)		(36,534)
Non-current assets plus net current assets			13,959		8,491
Non-current liabilities					
Trade and other payables	11	-		(390)	
Provisions	12	-		-	
Total non-current liabilities			-		(390)
Total assets less liabilities			13,959		8,101
Taxpayers' equity					
General Fund			13,623		7,765
Revaluation Reserve			336		336
Total Taxpayers' equity			13,959		8,101

The notes on pages 68 to 80 form part of these accounts.

Jonathan Jones QC (Hon)
Accounting Officer
10 May 2019

Statement of Cash Flows for the period ended 31 March 2019

		2018-19	2017-18
	Note	£000	£000
Cash flows from operating activities			
Net Operating Income		7,119	2,667
Adjustments for non-cash transactions arising in the year	3	115	3,186
Decrease in trade and other receivables	9	(1,721)	899
(Decrease) in trade and other payables*	11	(141)	(343)
Use of provisions		-	(2)
Net cash inflow from operating activities		5,372	6,407
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(3,344)	(1,290)
Purchase of intangible assets	7	(702)	-
Net cash outflow from investing activities		(4,046)	(1,290)
Cash flows from financing activities			
Net financing		(682)	(4,900)
Net financing		(682)	(4,900)
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	10	644	217
Amounts due to the Consolidated Fund - received in a prior year and paid over		-	-
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	10	644	217
Cash and cash equivalents at the beginning of the period	10	8,837	8,620
Cash and cash equivalents at the end of the period	10	9,481	8,837

*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.

The notes on pages 68 to 80 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the period ended 31 March 2019

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2017		10,160	336	10,496
Changes in taxpayers' equity for 2017-18				
Net Financing		(4,900)	-	(4,900)
Net Parliamentary Funding: deemed		8,620	-	8,620
Supply payable adjustment	11	(8,837)	-	(8,837)
Comprehensive Net Income for the year		2,667	-	2,667
Non-cash adjustments:				
Auditors' remuneration	3	55	-	55
Movements in Reserves				
Net gain on revaluation of plant, property and equipment		-	-	-
Net gain on revaluation of intangible assets		-	-	-
Transfer between reserves		-	-	-
Total recognised income and expenditure for 2017-18		(2,395)	-	(2,395)
Balance at 31 March 2018		7,765	336	8,101
Changes in taxpayers' equity for 2018-19				
Net Financing		(682)	-	(682)
Net Parliamentary Funding: deemed		8,837	-	8,837
Supply payable adjustment	11	(9,481)	-	(9,481)
Comprehensive Net Income for the year		7,119	-	7,119
Non-cash adjustments:				
Auditors' remuneration	3	65	-	65
Movements in Reserves				
Net gain on revaluation of plant, property and equipment		-	-	-
Net gain on revaluation of intangible assets		-	-	-
Transfer between reserves		-	-	-
Total recognised income and expenditure for 2018-19		5,858	-	5,858
Balance at 31 March 2019		13,623	336	13,959

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

The notes on pages 68 to 80 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Government Legal Department (GLD) for the purpose of giving a true and fair view has been selected. The particular policies adopted by GLD are described below. They have been applied consistently in dealing with items considered material in relation to the Accounts.

1.1 Accounting convention

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

1.2 Income

Income relates directly to the operating activities of the Department. It principally comprises fees and charges for legal services provided during the year by GLD to the other central government departments, agencies and arm's length bodies and recovery of disbursements incurred on their behalf. Fees and charges are set in accordance with HM Treasury's guidance set out in Managing Public Money.

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

This income has been recognised as follows in line with IFRS 15 principles:

- Fees for legal services which are charged as a fixed annual fee for the service provided in that year have been recognised in full for that financial year on the basis that when the year comes to an end the service has been fully provided
- Fees for legal services which are charged on an hourly basis for provision of advice/casework have been recognised in line with the hours recorded by staff on chargeable work
- Fees charged to recover costs incurred by GLD where it has been agreed that these will be passed straight onto customers are recognised in line with when those costs have been recognised by GLD

In practice there has been no change in recognition from the policy followed under IAS18.

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.

1.3 Property, plant and equipment

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

1.4 Depreciation

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

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

Asset lives are normally within the following ranges:

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

1.5 Intangible Assets

Purchased and internally developed software, purchased software licences and website costs are capitalised as intangible assets and are valued at depreciated historic cost as a proxy for fair value. The need for revaluation is reconsidered on an annual basis.

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

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

1.6 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.

1.7 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 dependents' 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.

1.8 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.

1.9 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 13 (Commitments under operating leases) are not discounted.

1.10 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.

1.11 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 16 to these accounts.

1.12 IFRS issued but not yet effective

IFRS 16 Leases is effective for periods beginning on or after 1 January 2019. The new standard will be implemented a year later from 1 April 2020 for government departments and reflected in the FReM from 2020-21. It is expected to have a material impact on the financial statements, which do currently contain significant lease liabilities.

2. Staff Costs

			2018-19	2017-18
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	109,439	-	109,439	101,572
Social security costs	12,096	-	12,096	11,365
Other pension costs	23,047	-	23,047	21,437
Sub Total	144,582	-	144,582	134,374
Agency and contracted staff	-	18,119	18,119	13,380
Inward Secondments	-	414	414	301
Total	144,582	18,533	163,115	148,055
Less recoveries in respect of outward secondments	(1,278)	-	(1,278)	(1,595)
Total Net Costs	143,304	18,533	161,837	146,460

No staff costs have been charged to capital.

3. Other Expenditure

	2018-19 £000	2017-18 £000
Rentals under operating leases		
Hire of plant and machinery	280	262
Other operating leases	4,202	4,033
	4,482	4,295
Non-cash items		
Depreciation	1,239	1,190
Amortisation	338	416
Increase in provisions	-	1,527
Provisions not required written back	(1,527)	(2)
External auditors' remuneration*	65	55
	115	3,186
Purchase of goods and services		
Accommodation	4,251	5,048
IT and communications costs	2,840	2,578
Library information services	2,192	2,226
Recruitment	1,734	1,709
Training	1,341	994
Professional and external HR services	792	676
Travel and subsistence	620	597
Records management	317	161
Postal services	287	264
Welfare supplies and consumables	177	145
Stationery	145	168
Office machines and consumables	126	111
Consultancy	101	79
Publications	75	84
Other	1,150	896
	16,148	15,736
Total Other Expenditure	20,745	23,217

* External auditors' remuneration represents the notional audit fees of £65k (2017-18: £55k) for the Government Legal Department Account. There was no auditor remuneration for non-audit work.

4. Disbursements

	2018-19	2017-18
	£000	£000
Recoverable from client departments	42,130	45,935
Funded from Supply	216	470
Disbursements recovered from fixed fees	4,425	1,387
Gross expenditure	46,771	47,792

5. Income

	2018-19	2017-18
	£000	£000
Income from sales of goods and services:		
Legal fees and charges to clients	187,402	165,277
Disbursement income	42,130	48,017
LION Subscription	989	1,013
	230,521	214,307
Other operating income:		
Recovery of costs Bona Vacantia	3,943	3,795
Recovery of secondments out	1,278	1,595
Rental income	1,031	1,097
Tenant service charges	637	576
Other income	340	361
	7,229	7,424
Total Income	237,750	221,731

6. Property, plant and equipment

	Assets under construction £000	Leasehold improvements £000	IT Network £000	Furniture and Fittings £000	2018-19 Total £000
Cost or Valuation					
At 1 April 2018	527	660	8,750	2,970	12,907
Additions	229	-	3,165	862	4,256
Reclassification	(527)	-	72	-	(455)
At 31 March 2019	229	660	11,987	3,832	16,708
Depreciation					
At 1 April 2018	-	479	7,053	2,269	9,801
Charge in year	-	83	1,019	137	1,239
At 31 March 2019	-	562	8,072	2,406	11,040
Carrying amount at 31 March 2019	229	98	3,915	1,426	5,668
Asset Financing					
Owned	229	98	3,915	1,426	5,668
Finance Leased	-	-	-	-	-
At 31 March 2019	229	98	3,915	1,426	5,668

	Assets under construction £000	Leasehold improvements £000	IT Network £000	Furniture and Fittings £000	2017-18 Total £000
Cost or Valuation					
At 1 April 2017	527	660	7,265	2,517	10,969
Additions	-	-	1,485	453	1,938
At 31 March 2018	527	660	8,750	2,970	12,907
Depreciation					
At 1 April 2017	-	395	6,069	2,148	8,612
Charge in year	-	84	985	121	1,190
Disposals	-	-	(1)	-	(1)
At 31 March 2018	-	479	7,053	2,269	9,801
Carrying amount at 31 March 2018	527	181	1,697	701	3,106
Carrying amount at 31 March 2017	982	341	907	629	2,859

	2018-19 £000	2017-18 £000
Property, plant and equipment additions	4,256	1,938
Movement in accruals for PPE	(912)	(648)
Cash flows for property, plant and equipment	3,344	1,290

7. Intangible assets

	Assets under construction £000	Development IT Software £000	Software licences £000	Website costs £000	2018-19 Total £000
Cost or Valuation					
At 1 April 2018	26	4,065	1,957	590	6,638
Additions	-	-	870	-	870
Reclassification	(25)	-	480	-	455
At 31 March 2019	1	4,065	3,307	590	7,963
Amortisation					
At 1 April 2018	-	4,065	1,822	590	6,477
Charge in year	-	-	338	-	338
At 31 March 2019	-	4,065	2,160	590	6,815
Carrying amount at 31 March 2019	1	-	1,147	-	1,148

	Assets under construction £000	Development IT Software £000	Software licences £000	Website costs £000	2017-18 Total £000
Costs or Valuation					
At 1 April 2017	(37)	3,994	2,091	590	6,638
Reclassification	63	71	(134)	-	-
At 31 March 2018	26	4,065	1,957	590	6,638
Amortisation					
At 1 April 2017	-	4,063	1,526	472	6,061
Charge in year	-	2	296	118	416
At 31 March 2018	-	4,065	1,822	590	6,477
Carrying amount at 31 March 2018	26	-	135	-	161
Carrying amount at 31 March 2017	15	10	313	236	574

	2018-19 £000	2017-18 £000
Intangible asset additions	870	-
Movement in accruals for IA	(168)	-
Cash flows for intangible assets	702	-

8. 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. The requirements of IFRS 9: Financial Instruments have been considered; however, changes from IAS 39 are not considered to be applicable or material in the case of the Department, so no change has been made to the presentation or disclosures in the financial statements.

9. Trade receivables and other current assets

Analysis by type

	31 March 2019 £000	31 March 2018 £000
Amounts falling due within one year:		
Unbilled time	5,586	5,921
Unbilled disbursements	10,007	11,282
Trade receivables	15,494	12,195
Deposits and advances	583	552
Prepayments and accrued income	2,972	2,971
	34,642	32,921

10. Cash and cash equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	8,837	8,620
Net change in cash and cash equivalents	644	217
Balance at 31 March	9,481	8,837

All balances were held with the Government Banking Service.

11. Trade payables and other current liabilities

Analysis by type

	31 March 2019	31 March 2018
	£000	£000
Amounts falling due within one year:		
VAT	5,968	6,834
Other taxation and social security costs	3,456	3,148
Trade payables	150	110
Other payables	1,340	842
Accruals and deferred income	16,585	15,236
	27,499	26,170
Amounts issued from the Consolidated Fund for Supply and not spent at year end	9,481	8,837
	9,481	8,837
Amounts falling due after more than one year	-	390
Total payables and other current liabilities	36,980	35,397

12. Provisions for liabilities and charges

	2018-19	2017-18
	Total	Total
	£000	£000
Balance at 1 April	1,527	4
Provided in the year	(1,527)	1,527
Provisions not required written back	-	(2)
	-	1,529
Provisions utilised in the year	-	(2)
	-	(2)
Balance at 31 March	-	1,527

Analysis of expected timing of discounted cash flows

	2018-19	2017-18
	Total	Total
	£000	£000
Not later than one year	-	1,527
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	1,527

Explanatory notes

12.1 Tax Provision

HMRC considered that GLD had incorrectly treated VAT on secondment income in 2017-18 and therefore in line with accounting standards we provided for the potential underpayment of VAT. In 2018-19 we successfully challenged their interpretation and wrote back the provision.

13. Commitments under operating leases

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

	2018-19		2017-18	
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Obligations under operating leases for the following periods comprise:				
Not later than one year	12,352	1,292	4,394	294
Later than one year and not later than five years	43,032	620	36,679	124
Later than five years	45,300	-	32,858	-
	100,684	1,912	73,931	418

14. Contingent liabilities

There were no contingent liabilities as at 31 March 2019 (31 March 2018: £nil).

15. 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.

The Crown Prosecution Service (CPS) provides IT services to AGO and HMCPSI. Jeremy Newman was a Non-Executive Director of GLD and Chair of its Audit and Risk Committee up to September 2018 and a Non-Executive Director and Chair of the Audit and Risk Committee of CPS. GLD provides legal services to HMRC. Tom Taylor, Non-Executive Director of GLD and Chair of its Audit and Risk Committee is an independent Member of HMRC's Audit and Risk Committee.

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

16. Third party assets: Client Monies

Funds are required in advance from clients to enable settlement of awards for damages and contributions toward the cost of court proceedings. The Department places these funds on deposit until the final costs of a case have been calculated and settled. These are not departmental assets, as the funds are held on behalf of third parties and as a consequence do not appear in these Accounts. As at 31 March 2019, these amounted in total to £11,278k (31 March 2018: £15,625k). An analysis of the movements on these funds is shown in the below:

	2018-19	2017-18
	£000	£000
Opening balance at 1 April	15,625	11,408
Gross inflows	159,784	123,694
Gross outflows	(164,131)	(119,477)
Closing balance at 31 March	11,278	15,625

These balances are held with the Government Banking Service.

17. 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. Lucy Frazer QC MP replaced Robert Buckland QC MP as Solicitor General on 9 May 2019.

Annex A Sustainability Report for the year ended 31 March 2019

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

Performance against each of the minimum reporting areas (data for previous three years and against performance measures (GGC for central government)).

Greenhouse gas emissions		Baseline				
		2009-10	2015-16	2016-17	2017-18	2018-19
Non-Financial Indicators (tCO ₂ e)	Scope 1 and 2 emissions	2,411	1,636	1,642	1,562	1,555
	Scope 3 emissions (indirect – official business travel)	123	98	90	104	149
	Total emissions	2,534	1,734	1,732	1,666	1,704
Related Energy Consumption (KWh)	Electricity	4,024,487	2,830,994	2,800,089	2,572,766	2,615,646
	Oil	991,179	528,257	633,052	826,235	688,232
Financial Indicators (£)	Expenditure on energy	349,825	302,303	307,129	306,133	568,725
	Expenditure on accredited offsets (e.g. GCOF)	1,270	Nil	Nil	Nil	Nil
	Expenditure on official business travel	136,724	419,588	315,602	494,053	605,029

Performance commentary

The GGC is to:

- Reduce greenhouse emissions by at least 32% from a 2009-10 baseline

Overall emissions (tCO₂e) have risen this year, due to increased air travel as a result of work related to EU Exit. However, they are still 33% below baseline.

Electricity consumption remained stable, but oil consumption fell during the year. Overall costs for energy have risen significantly over the year due to increases in supply costs. This was most in evidence at our disaster recovery site, where costs rose 30% after the first review in three years.

Waste		Baseline 2009-10	2015-16	2016-17	2017-18	2018-19
	Non-Recycled	76	0	0	0	0
Non-Financial Indicators (tonnes)	Total Reused/ Recycled	90	104	100	105	88
	Energy recovery ¹	-	35	25	25	25
	Total waste	166	139	125	130	113
Financial Indicators (£)	Total disposal cost	17,616	26,212	27,507	28,606	24,877

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

GLD continues to use a 'zero to landfill' waste disposal company.

Overall waste is now more than 30% below baseline and all waste is either recycled or sent for energy recovery.

All ICT kit is recycled following approved disposal methods.

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

Finite resource consumption: Paper	Baseline				
	2009-10	2015-16	2016-17	2017-18	2018-19
Non-Financial Indicators A4 Reams	47,665	29,375	29,625	27,881	31,365

Performance commentary

Performance Commentary

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

Paper consumption has increased this year, and stands at 34% below baseline. Projects are underway to reduce paper usage in conjunction with GLD's move to new premises in 2019-20.

Finite resource consumption: Water		Baseline				
		2009-10	2015-16	2016-17	2017-18	2018-19
Non-Financial Indicators (M3)	Water Consumption (OKS)	6,466	7,082	6,962	7,683	6,895
Financial Indicators (£k)	Water Supply and disposal costs	13,848	16,013	15,869	17,511	15,759

Performance commentary

- The GGC is to continue to reduce water consumption.

Water consumption has reduced this year, even though more staff now work in GLD. Water user per FTE is now more than 30% below baseline.

Sustainable procurement

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

Our overall procurement strategy principally includes the use of Crown Commercial Service framework contracts and we are subject to the Sustainability Policy which it operates.

GLD promotes sustainability in procurement by:

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

Three of our suppliers are ISO 14001 accredited:

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

The contractor, Interserve Paragon, who is delivering works for GLD at 102 Petty France under the PFI arrangement with our landlord, the Ministry of Justice, operates a group-wide sustainability programme, SustainAbilities, committing them to sustainable methods of construction and minimising environmental impacts from their activities. Interserve Paragon are members of Build UK, which sets a minimum requirement of environmental knowledge for all those working on UKCG sites, including employees of supply chain subcontractors.

Interserve is committed to reducing waste associated with design and construction activities through:

- designing out waste principles
- efficient materials procurement and management
- efficient construction techniques
- implementation of the waste hierarchy throughout the project life-span

Glossary

AGO	Attorney General's Office
BEIS	Department for Business, Energy and Industrial Strategy
CETV	Cash Equivalent Transfer Value
CILEx	The Chartered Institute of Legal Executives
CMC	Claims Management Companies
CSOPS	Civil Servant and Other Pension Scheme
Defra	Department for the Environment, Food and Rural Affairs
DExEU	Department for Exiting the European Union
DfT	Department for Transport
DI	Department for International Trade
DWP	Department for Work and Pension
FCA	Financial Conduct Authority
FCO	Foreign and Commonwealth Office
FDA	First Division Association
FTE	Full Time Equivalent
GCOG	Government Carbon Offsetting Facility
GDPR	General Data Protection Regulations
GHG	Greenhouse Gas
GPA	Government Procurement Agreement
HMCPsi	Her Majesty's Crown Prosecution Service Inspectorate
HMRC	Her Majesty's Revenue and Customs
HMT	Her Majesty's Treasury
HR	Human Resources
ICO	Information Commissioner's Office
ICT	Information, communication and technology
KM	Knowledge Management
Lexcel	Law Society's Practice Quality Mark
LQC	Legal Quality Committee
MOD	Ministry of Defence
MoJ	Ministry of Justice
NAO	National Audit Office
OKS	One Kemble Street
PC	People Committee
PCS	Public and Commercial Services Union
PCC	Performance and Client Committee
PFI	Private Finance Initiative
PSCPS	Principal Civil Service Pension Scheme
SCS	Senior Civil Service
SI	Statutory Instrument
SSRB	Senior Salaries Review Body
WEEE	Waste Electrical and Electronic Equipment
WTO	World Trade Organisation

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