
HM Procurator General and Treasury Solicitor

Annual Report and Accounts 2018-19

For the year ended 31 March 2019

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This is part of a series of departmental publications which, along with the Main Estimates 2019-20 and the document Public Expenditure: Statistical Analyses 2018, present the Government's outturn for 2018-19 and planned expenditure for 2019-20.



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Performance Report

Overview

Introduction

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

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

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

The financial statements on pages 74 to 90 cover all these bodies and have been prepared under an accounts direction issued in March 2019 by HM Treasury, in accordance with section 5(2) of the Government Resources and Accounts Act 2000. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives. They have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual (FReM).

Entities within the Accounts

These accounts present the consolidated results for 2018-19 of the:

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

Purpose and Vision

GLD's purpose is to help the government to govern well, within the rule of law.

GLD's vision for 2019-2024 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 fulfill our potential**

Principal Activities

The principal activities of GLD are as follows:

- **Advisory Divisions** provide legal advice to ministers and officials of all central government departments, other than the Foreign and Commonwealth Office and HM Revenue and Customs, and to a number of smaller departments, agencies and public bodies in England and Wales.
- **Litigation Group** provides civil litigation services to government departments, agencies and a number of other publicly funded bodies. It is one of the largest practices of its kind in the country. Among its major areas of work are: administrative law; immigration; personal injury; planning; and charity matters. The Group also plays a major role in public inquiries. Its work often raises questions of constitutional importance. It instructs private-sector barristers and solicitors to undertake work on cases where it is appropriate to do so.
- **Employment Group** is one of the largest employment law practices in the country. It handles all the government's employment litigation and the vast majority of its employment advisory work. The Group undertakes the full range of employment litigation from unfair dismissal to large scale equal pay and pensions cases. In addition to advising departments, the Group also advises the Cabinet Office and Civil Service Employee Policy Unit on major cross Civil Service employment issues of the day.
- **Commercial Law Group** 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 People and Change Divisions** are responsible for developing GLD's strategy and plans and leading and co-ordinating programmes of activity across the Department to deliver cost effective legal and support services that address the needs of GLD's clients and staff. This includes the provision of corporate services covering governance and strategy, communications and engagement, finance, planning and performance, human resources, procurement, facilities management, security, information and communications technology (ICT), business assurance and resilience, and library and records management services.
- **Bona Vacantia Division** on behalf of the Crown's Nominee, the Division administers the estates of people who die intestate and without relatives entitled to inherit and collects the assets of dissolved companies and failed trusts in England, Wales and Northern Ireland, except in the Duchies of Cornwall and Lancaster. The costs of the Division are recovered from the estates and assets it administers. The proceeds of bona vacantia are accounted for in the Crown's Nominee

Accounts and separately notified to Parliament as prescribed in the Treasury Solicitor (Crown's Nominee) Rules 1997 (SI.1997/2870).

- **Government Legal Service Secretariat** advises and supports the Treasury Solicitor in his role as professional Head of the Government Legal 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.

The Attorney General's Office

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

The Law Officers are the Government's chief legal advisers, helping the Government to deliver policy in the context of upholding and promoting the rule of law and performing a visible and effective role as leaders in the domestic and international legal community.

They also have sponsorship responsibilities in relation to public prosecutions conducted by the Crown Prosecution Service (CPS) and the Serious Fraud Office (SFO). They take a close interest in any matters of criminal justice policy and practice bearing on the role of the prosecutors. In addition, they perform a range of civil and criminal law litigation functions exercisable in the public interest, including referring sentences which may be unduly lenient to the Court of Appeal, bringing proceedings for contempt of court, and making applications for fresh inquests. The Attorney General is ministerial head of the government legal profession and, alongside the CPS and SFO, is answerable in Parliament for the operations of the Government Legal Department. The Attorney General is also head of the Bar of England and Wales and exercises a leadership role in relation to the wider legal professions; he also holds the separate office of Advocate General for Northern Ireland.

The AGO's Business Plan sets out its priorities for 2018-19 and is published on gov.uk. The plan is reviewed each year based on ministerial priorities, and business requirements. Following the departure of the Rt Hon Jeremy Wright QC MP as Attorney General and the appointment of the Rt Hon Geoffrey Cox QC MP in succession in July 2018, the AGO's objectives were refocused to reflect:

- the new Attorney General's distinctive role in Brexit;
- our international law practice; and
- the modernisation of the sponsorship relationships with the CPS, SFO and HMCPsI.

HM Crown Prosecution Service Inspectorate

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

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

HMCPsi's strategic objectives are:

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

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

Performance Analysis

Performance Measures

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

Performance Measure	Outturn 2018-19	Outturn 2017-18
To improve client satisfaction ratings:		
% Good or Excellent	96%	95%
Straight line method (Excellent: 10, Good: 5, Acceptable: 0, Poor: -5, Unacceptable: -10)	7.50	7.43
To recover from clients the full operating costs of chargeable services	Achieved	Achieved
To retain Lexcel accreditation	Achieved	Achieved

Client Satisfaction

In GLD's annual survey of client satisfaction, 96% of its clients rated its services as 'Good' or 'Excellent', a marginal improvement on 2017-18. Using the satisfaction index developed to get a better indication of the change in performance, GLD scored 7.50, which is a 0.9% increase from last year. Given the operational context, over the past year, achieving a satisfaction rating of 96% is considered a welcome outcome. However, there are two areas where more needs to be done: keeping GLD's clients informed of progress and understanding their business. These results have fed into the GLD 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

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

Full cost recovery

GLD is primarily funded from the fees charged to clients for its legal services. Its fee rates are set in accordance with HM Treasury's publication - Managing Public Money - and are designed to recover the costs incurred by the Department. Performance is monitored throughout the year, and on a quarterly basis, GLD undertake a formal exercise to forecast the financial outturn for the year. GLD's commitment to its clients is to ensure that they benefit promptly from better than budgeted financial performance; if this forecasting exercise predicts a significant surplus, GLD evaluate the underlying reasons and assess whether a fee reduction or rebate should be made in-year. This year, GLD provided a rebate of £2.0m to its 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.

Significant events during the financial year

Government Legal Department

GLD maintained the high quality of its legal services to Government, playing a central role in advising on all aspects of the process of EU Exit and its domestic implementation, including participation in the negotiation of the EU Withdrawal Agreement which was agreed in principle in November 2018, as well as helping to deliver the rest of the Government's full legislative agenda and advising on some of the highest profile issues of the year.

It launched its refreshed Core purpose and vision, to guide delivery of excellent legal services at the heart of government with strong leadership at all levels, and has been developing its new business strategy for 2019-24.

Progress with the delivery of key priorities has been mixed. Resourcing has continued to be a challenge despite the level of recruitment activity, and increased use of paralegals as well as external legal resources. An EU Taskforce was set up to plan resource needs as government prepared for the possibility of a No Deal Exit from the EU and to ensure an agile response to shifting demands. A business case for market facing pay and in grade pay progression for lawyers has been prepared and will be presented to the Cabinet Officer and HM Treasury for approval. Planned actions to promote and support the health and wellbeing of its people, including the launch of its Health and Wellbeing Action plan, were completed. A successful All Staff Event was held but more needs to be done to make GLD feel like one organisation, including building leadership capability and a unified GLD culture. A programme to build this capability is being scoped. Also pressures of EU Exit and increased demand for legal services means that some work on modernising the way we work has been delayed or deferred to 2019-20. Our priority project is our move from One Kemble Street to 102 Petty France, Westminster in 2019, and preparations for this are progressing well.

By way of case studies and commentary, the GLD Annual Report and Accounts 2018-19 provides substantial details of significant events and achievements. It is available at www.gov.uk/gld.

Attorney General's Office

The AGO supported the Attorney General on Brexit policy, legislation, and negotiations. The minister presented two major Parliamentary speeches and undertook a number of overseas visits. The AGO supported the Law Officers to provide timely, problem-solving legal and constitutional advice on Brexit-related issues across all areas of the Government's work. On the wider international side, the Law Officers dealt with legal issues in the areas of trade, security and foreign policy. The Solicitor General led the counsel team and presented the UK's opening speech to the International Court of Justice in The Hague in litigation relating to the sovereignty of the Chagos Islands.

A new Director of Public Prosecutions and a new Director of the SFO took up post this year and the AGO worked with the new Directors on modernising the sponsorship relationships. New Framework Agreements and Memorandums of Understanding are in place to clarify roles and responsibilities and provide strengthened support for each other's accountabilities: with the Attorney General chairing new Ministerial Strategic Boards to provide strategic support and oversight.

AGO provided high quality support across all the Law Officers' core functions. The Law Officers accomplished a wide variety of Parliamentary business in both Houses, including departmental oral questions every six weeks. The Solicitor General led on key clauses of the EU (Withdrawal) Bill through its Commons stages, and responded for the Government in two Westminster Hall debates. Working closely with the Office of the Advocate General for Scotland, the AGO scrutinised 48 Bills in 2018, supporting the Law Officers' role in the Parliamentary Business and Legislation (PBL) Committee and working with departments to find solutions to legal difficulties in proposed legislation. In 2018 the AGO responded to 179 PQs, answering 89% within the deadline; 328 MP letters, answering 82% within the deadline; and 748 Cabinet write rounds.

The AGO managed a record number of potentially unduly lenient sentence cases, for the first time exceeding a thousand in one year (1,066 in 2018, up from 943 in 2017). Of those, 665 cases were within the scope of the unduly lenient sentence scheme, requiring personal consideration by a Law Officer, and 140 were referred to the Court of Appeal. The Court of Appeal granted leave on the merits in 87% of these cases, agreed the sentence was unduly lenient in 78%, and increased the sentence in 71%. AGO also dealt with a number of complex and high-profile contempt cases.

The Law Officers continued more generally to work closely with the Justice Secretary, the Home Secretary and the senior judiciary to deliver an effective criminal justice system for victims and the public, and to ensure that wider Government programmes reflect a clear understanding of the work of prosecutors. AGO supported the Attorney General's membership of the Social Reform (Home Affairs) Sub-Committee of Cabinet and the Criminal Justice Board, as well as a number of criminal justice Inter-Ministerial Groups. A major focus has been on economic crime and illicit finance: the Attorney General is a member of the newly created Economic Crime Strategic Board and the prosecutors are also supporting the creation of the National Economic Crime Centre. Other key areas of focus include improving the response to domestic violence, modern slavery and knife crime.

The Attorney General published a review of disclosure in criminal proceedings in November 2018 in response to serious public concerns. The report set out a range of measures to drive culture change and improve performance across the criminal justice system. The AGO is chairing a Criminal Justice Board sub-committee focused on disclosure. In March, the AGO also published its response to the Attorney General's call for evidence on the impact of social media on the administration of justice.

HM Crown Prosecution Service Inspectorate

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

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

- Inspection of CPS Special Crime and Counter Terrorism Division (Feb 19)
- Inspection of CPS International Justice and Organised Crime Division (Jan 19)
- Victim Liaison Units: letters sent to the public by the CPS (Nov 18)
- Area Assurance Inspection of CPS London South (Oct 18)
- Area Assurance Inspection of CPS London North (Oct 18)
- Joint Inspection of the Handling of Cases Involving Disability Hate Crime (Oct 18)
- HMCPSI Business Plan 2018-19
- CJI Business Plan 2018-19
- HMCPSI Chief Inspector's Annual Report 2017-18 (Jul 18)
- CPS Mersey-Cheshire Area Assurance Inspection (Apr 18)
- Findings of the Area Assurance Programme in 2016-17 and 2017-18 (Jul 18)

Future Development

Government Legal Department

GLD's priority in 2019-20 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 it will continue to deliver a wide range of legal services needed by government through its client facing advisory divisions and its centralised expert services – commercial, employment, litigation and SI drafting, including support to a number of public inquiries. GLD will also pilot a Property Law Hub.

The GLD Board has been developing GLD's future strategy for 2019-24. In doing so it has refreshed the GLD Core Purpose and vision, with a focus on the future. By 2024 GLD will:

- Improve its 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 it needs to be an outstanding organisation
- Increase its numbers outside London whilst operating as a fully integrated department, connected across its many sites within and outside London and exploiting the opportunities technology provides to enhance the working experience of its staff and the quality of its service for clients
- Enhance the capability and capacity of its 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 its 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, GLD will need to continually professionalise across all parts of the department, innovating to improve the quality and efficiency of all its work. Alongside this, success will only be possible with investment in its individual and collective leadership capability, at all levels of the organisation, visibly demonstrating the Civil Service Leadership Statement and its departmental Values.

These strategic aims will be underpinned by clear, measurable objectives, which will be set out in the Government Legal Department 2019-20 Business Plan - to be available at www.gov.uk/gld.

Attorney General's Office

The AGO will continue to provide a range of high quality legal and strategic policy advice and casework in support of the Law Officers. The AGO will also continue to improve partnership working, build capability and ensure increased efficiency for the Office and the Law Officers' Departments as a whole.

Further details will be contained in the AGO 2019-20 Business Plan, which will be available at www.gov.uk/ago.

Her Majesty's Crown Prosecution Service Inspectorate

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

Further details are shown in HMCPsi's 2019-20 Business Plan, to be available at www.justiceinspectorates.gov.uk/hmcpai.

Sustainability Performance

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

A summary of the Department's performance and action taken in 2018-19 to improve sustainability is provided in the Sustainability Report at Annex A (page 91).

Complaints to the Parliamentary Ombudsman

There were no complaints to the Parliamentary Ombudsman regarding GLD, the AGO or HMCPsi.

Performance in responding to correspondence from the public

GLD does not normally receive correspondence from members of the public since it conducts the majority of its business with other government departments. When it does receive such correspondence, it normally relates to the way cases have been handled or people feeling they were treated unfairly. Six formal complaints were received by the Treasury Solicitor between 1 April 2018 and 31 March 2019 and they were dealt with within the published target of 10 working days.

In the calendar year 2018, GLD received 257 FOI requests, responding to 96% within the deadline. In the same period, the AGO responded to 223 Freedom of Interest requests, with 97% within the deadline.

HMCPsi does not normally receive correspondence from members of the public as its business relates entirely to the inspection of the CPS and SFO. Any letters received tend to be complaints about those two services that fall to be dealt with by the CPS or SFO themselves. It received four Freedom of Interest requests, and they were all dealt within the deadline.

Health and Safety

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

- a Health and Wellbeing Action Plan
- delivery of Wellbeing Confident Leaders training
- an annual flu jab programme
- biennial health screening check ups
- monthly GP surgeries at its One Kemble Street premises
- health and safety assessments of work stations and further ergonomic/disability assessments if needed
- access to an employee assistance counselling service
- a health and wellbeing portal, Health Matters, which provides access to information, support and advice on a range of topics to help staff look after their health in work and at home
- training for Mental Health First Aiders
- a commitment to various national events, including Mental Health Awareness Week, World Mental Health Day and Time to Talk

The AGO applies the GLD approach to identifying and handling health and safety issues within the Department. AGO has qualified fire marshals, first aid providers and display screen equipment assessors on site to support the health and wellbeing of staff. The health and counselling services which GLD provides are also available to AGO staff.

HMCPSP has continued to complete quarterly inspections with support from its landlords. In 2018-19, it ensured that it had sufficient staff qualified as First Aid providers and Fire Marshals to enhance coverage at all times. In addition, some support staff received training in DSE (Display Screen Equipment) – Work Station Assessment to ensure that all employees in both its office locations (London and York) can receive a preliminary assessment. Where necessary, employees have been provided with professional assessments to ensure their wellbeing, and new equipment has been purchased and installed where the assessments identified a need.

Consultation with employees

2018 People Survey

Government Legal Department

The annual People Survey is a key measure of GLD's success in delivering its vision to be the best for its people. In the 2018 Survey, GLD achieved an Engagement Index of 63%, this was slightly higher than the 2017 survey and one percentage point higher than the average for the Civil Service, with a response rate of 77%, down one percentage point on 2017.

The organisation saw a one percentage increase 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.

Attorney General's Office

AGO achieves through its people. In the 2018 Civil Service People Survey, AGO achieved an Engagement Index of 86%, with a response rate of 94%. This is an increase of two percentage points from 2017, following on from the 10 percentage point increase in that year. The engagement result was the highest across Whitehall and is 19 points higher than Civil Service High Performers. The AGO received increases in positive responses in most categories covered by the survey with particular improvement noted on 'Leadership and managing change', and 'My manager'; with 100% of respondents stating they would recommend the AGO as a great place to work. Following staff-led discussions on the results, the Executive Board approved recommendations to support continuous improvement across the office.

HM Crown Prosecution Service Inspectorate

HMCPSI achieved an Engagement Index of 69% (2017: 53%), with a response rate of 72%. The increase in the Engagement Index was the biggest of all participating organisations, with the Index being 3% above the Civil Service High Performers which meant that HMCPSI is in the high performing organisation category.

The biggest improvements were achieved in 'Leadership and managing change' and 'Inclusion and fair treatment' although the latter is below the Civil Service average so there is still some way to go.

A small group was commissioned to look at the results and produce an action plan before the end of the calendar year (2018). Everyone had an opportunity to feed into this process, and a comprehensive action plan was produced as a result.

Partnership

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

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

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

Financial Results

In delivering its wide range of legal services to its clients, legal and strategic policy advice and support to the Law Officers, and inspection and assessment of prosecution services, the Department spent £237,705k. After taking into account income of £237,607k, the net resource requirement for 2018-19 was £98k, £11,056k less than the sum approved by Parliament in the 2018-19 Supplementary Estimate for HM Procurator General and Treasury Solicitor.

Total operating income was £237,607k; operating income of £187,470k was generated through charges for legal services provided to clients; £42,130k from the recovery of disbursements incurred in providing legal services to clients; £3,943k was recovered from the Crown's Nominee's Account and other income of £4,064k including rent, service charges, subscription services and the recovery of costs of outward secondments was received. After taking into account costs which are met from the Vote, including the cost of the Attorney General's Office and HMCPsI, GLD met its financial objective to recover the full cost of its chargeable services.

There was capital expenditure of £5,272k against voted capital provision of £5,700k. 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 GLD's new head office building at 102 Petty France. AGO invested in sound proofing of its building.

Comparison of Estimate and outturn

GLD underspent by £10,760k, this includes £1,527k in AME for the release of a tax provision. GLD operates largely on a demand led, full cost recovery basis. Fee rates are set in accordance with HM Treasury guidance published in Managing Public Money and are designed to recover the direct costs incurred by the organisation. Throughout the year, performance is monitored and on a quarterly basis GLD undertake a formal exercise to forecast the financial outturn for the year. GLD's commitment to its clients is to ensure that they benefit promptly from better than budgeted performance; if this forecasting exercise predicts a significant surplus, GLD evaluate the underlying reasons and assess whether a fee reduction or rebate/refund should be made in-year. The surplus made is due to a combination of higher income, arising from unbudgeted Inquiry work and the increased volume of Tribunal work, and lower staff costs due to a shortfall in resources on which GLD's Advisory and Commercial Law fixed fees were based. This underspend was held in reserve to pay for more expensive

external resources, if needed, to resource legal work connected with the UK's withdrawal from the EU. The GLD Board decided not to provide a rebate to GLD's Advisory clients, nor charge additional fees for new work emerging later in the year but it did rebate £2m in hourly fees to its biggest litigation clients.

The AGO spent its budget in full, with a small overspend of £27k, arising from higher staff costs, increased costs arising from the higher usage and charges for the Government Car Service, and higher service charges. There were some offsetting underspends against budget but not sufficient to eliminate the small overspend.

HMCPsI underspent against budget by £323k, due to prudent management of its budget and some unplanned vacancies.

The Department used 37% of its net cash requirement of £15,084k, due to the underspends on resources and capital, and movements in working capital.

The Capital budget was increased by £1,500k in the Supplementary Estimate, however it was only possible to utilise £1,100k of this, resulting in an underspend of £428k.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

£000	2018-19	2017-18
Net Resource Outturn (Estimates)	98	5,435
Net Operating Expenditure (Accounts)	98	5,435
Resource Budget Outturn (Budget)	98	5,435
Of which		
Departmental Expenditure Limits	1,625	3,910
Annually Managed Expenditure	(1,527)	1,525

Publicity and advertising

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

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

Reporting Cycle

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

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

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

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

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

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

HMCPSI's Business Plan may be accessed at www.justiceinspectorates.gov.uk/hmcpsi.

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

Accountability Report

Corporate Governance Report

Directors' Report

Directors

The Governance Statement on page 27 includes the ministerial titles and names of ministers who had responsibility for the Department for the year, the name of the permanent Head of the Department and the composition of the GLD Board. Management matters in the AGO are the responsibility of the Director General and HMCPSP is led by the Chief Inspector, who also fulfils the function of Chief Executive.

Pension Liabilities

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

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

Details of pension arrangements can be found in the Remuneration Report and Note 1.8 to the accounts.

Register of interests

Oonagh Harpur, a GLD non-executive director 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 (month)	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 have been no other protected personal data related incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but which have to be recorded by the Department.

Statement on Information Risk

GLD holds personal data relating to GLD employees and keeps data owned by other government departments in relation to its role as the principal legal adviser to government. It continues 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 held within GLD has included:

- continued review and production of data handling policies, guidance and awareness training promoting best practice within GLD, including the mandatory completion by all staff of the Civil Service Learning – 'Responsible for Information' and 'Data Protection' e-learning courses;
- ongoing review of information assets and their associated risks, including twice yearly assessments of the third party delivery chain, and the incorporation of information risks within the risk management policy and processes; and

- maintaining certification against the ISO 27001:2013 Information Security Standard. It also adheres to the current PSN Code of Connection, recently published Cabinet Office Security Standards and Cabinet Office Security Policy Framework requirements.

Audit

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

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

The auditors provide no further assurance or other advisory services.

Remuneration to external auditors for non audit work

GLD did not pay any remuneration to the NAO for non-audit work. The notional audit fee for the Departmental audit was £75k (2017-18: 75k).

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed HM Procurator General and Treasury Solicitor to prepare, for each financial year, Accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

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

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

Statement regarding disclosure of information to the auditors

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

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

Governance Statement

The Office of the Solicitor for the affairs of Her Majesty's Treasury (the Treasury Solicitor) was incorporated as a corporation sole by the Treasury Solicitor Act 1876.

The Government Legal Department (GLD) is a Non-Ministerial Department and was established as an Executive Agency on 1 April 1996. Ministerial responsibility lies with the Attorney General. HM Procurator General and Treasury Solicitor leads the Department, in the role of Permanent Secretary and Chief Executive. In addition to being responsible for all financial activity within GLD, the Treasury Solicitor is also responsible for financial matters at the Attorney General's Office (AGO) and Her Majesty's Crown Prosecution Service Inspectorate (HMCPsi).

Ministers

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

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

Accounting Officer System Statement

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

To support me in discharging my responsibilities, there is a framework of delegated authority in place. The GLD Board also supports me. Management matters in the AGO are the responsibility of the Director General (Rowena Collins Rice) and HMCPsi is led by the Chief Inspector (Kevin McGinty), who also fulfils the function of Chief Executive. The Chief Inspector has been appointed as Accounting Officer for HMCPsi. In accordance with Managing Public Money, this relationship is set out in writing. The Director General, AGO and the Chief Inspector HMCPsi meet me regularly and each provides an annual assurance report. The AGO Director General and AGO officials meet the Law Officers regularly to provide high quality legal and strategic policy advice and support. The HMCPsi Chief Inspector meets regularly with the Law Officers to provide assurance on the practices of the CPS and SFO.

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

The Department enters into contracts with third party suppliers in the normal course of business. There are no significant contracts. GLD administers the Attorney General's Panel Counsel. The Attorney General maintains four panels of junior counsel to undertake civil and EU work for all government departments. There is also a Public International Law Panel to undertake such work on behalf of government. These are in addition to any standing counsel and the First Treasury Counsel, James Eadie

QC. There are three London Panels (an A Panel for senior juniors, a B Panel for middle juniors, a C Panel for junior juniors) and a regional Panel. The size of each Panel is determined by need. All government departments and agencies of government departments must use the Panels.

Working with the Crown Commercial Service, GLD has also reviewed how external legal services are purchased from private sector law firms and has put in a place a new General Legal Services Panel, Finance Panel and Complex Transaction Panel and Rail Panel.

GLD 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 Roman Legal Director General A
- 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 GLD Board and attendance

The GLD 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

The work of the GLD Board 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;

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.

- 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; and
- management information – the Board receives a monthly Performance Report containing clear, consistent and comparable performance information.

The GLD 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 completed 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;
- 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.

GLD 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 and 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.

⁵ Tom Taylor replaced Jeremy Newman from September 2018.

⁶ Erica Handling from November 2018.

The Committee also considered the GLD position on fraud, risk management and security. Both the AGO and HMCPsI are subject to the oversight of the Committee.

The **Performance and Client Committee** is responsible for overseeing the health of the GLD business by monitoring the services delivered to all GLD's clients and staff. It reviews GLD's performance against standards and targets, celebrating success and identifying improvement activities, where needed. 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 GLD people of all grades and roles to meet the objectives of the Department. 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 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).

⁷ Claire Johnston until July 2018.

⁸ Susanna McGibbon until August 2018.

GLD 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.

Compliance with the Corporate Governance Code

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 GLD 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 for GLD, AGO and HMCPSI, and for each GLD Group and Division. The GLD Board identifies and determines its risk appetite and monitors and manages GLD's 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 Audit and Risk 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.

GLD's 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

For GLD, the UK's withdrawal from the European Union presents a significant challenge in terms of legal demand, its ability to resource this and its reputation with its clients. The potential impact of these challenges, which also impact on its ability to deliver business as usual, are recognised in its 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.	The 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.
GLD 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 an 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 GLD 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 GLD can keep its 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.

Strategic Risk	Mitigation
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 GLD's 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 GLD's ability to deliver services to the client and/or achieve full cost recovery.	Internet Access Policy and blocked access: secure email 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.

The AGO manages its strategic risks through a regular review of its risk register. Its strategic risks relate to resourcing and capacity, knowledge management, security, and protection of the Law Officers' interests. Mitigations include: securing additional resources from HM Treasury for EU Exit related work in 2019-20; increased building security, with longer terms measures being considered; action to strengthen processes around document handling; and the maintenance of strong networks with other government departments to ensure early sight of emerging issues in which the Law Officers may have an interest.

The risks which HMCPSI recognised this year related to staff engagement, the focus of its inspection programme and core inspection skills. Action has been taken to mitigate these including reviewing the inspection programme, post Area Assurance Programme, to ensure the right level of coverage, and creation of a Stakeholder Advisory Board, to consult with CPS, SFO and AGO about the programme, and the topics of inspection. A programme of core refresher training for all inspectors has been developed, and has commenced, with plans to develop a more effective and managed process in 2019-20.

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 23.

GLD enjoys a high level of client satisfaction and it is essential that it is able to maintain its high quality service in all circumstances. Business continuity is assured through the maintenance of an ISO22301 aligned business continuity management system and a comprehensive suite of recovery plans.

Incident management exercises are carried out and GLD's disaster recovery facilities are tested on a regular basis. The GLD disaster recovery site has remote access capacity, resilience and security, which reduces the risk of service disruption should its 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 THE Audit and Risk Committee (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 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 GLD between 2014 and 2018. This identified areas within GLD 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.

GLD Directors, the Director General of the AGO, and the Chief Inspector, HMCPSI, provide an annual end of year Assurance Report to the Treasury Solicitor 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. The Treasury Solicitor also holds annual Accountability Reviews with the Director General of the AGO, and the Chief Inspector, HMCPSI, to review in-year progress against objectives, financial management and the delivery of VFM, and to seek assurance on internal control and other governance matters.

At the end of each quarter, GLD conducts a formal forecasting exercise. GLD Directors, the Director General of the AGO, and the Chief Inspector, HMCPSI, are asked to review their resourcing position 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 GLD's litigation standards is provided by the Law Society (the Lexcel Standard), and of information systems management by Lloyd's Register Quality Assurance Ltd ISO27001.

These process highlighted no issues of significance to the corporate health or operations of the Department 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 pay bill 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.

Remuneration (salary, benefits-in-kind and pensions)

Ministers	Salary		Pension Benefits (to nearest £1,000) ¹		Total (to nearest £1,000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
The Rt Hon Jeremy Wright QC MP, Attorney General until 9 July 2018	25,898	94,450	3,000	32,000	29,000	127,000
The Rt Hon Geoffrey Cox QC MP, Attorney General from 10 July 2018	68,552	-	18,000	-	87,000	-
Robert Buckland QC MP, Solicitor General	57,926	57,926	13,000	16,000	71,000	74,000

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.

Single total figure of remuneration								
Officials	Salary (£000)		Performance Related Awards (£000)		Pension Benefits (to nearest £1,000)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
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

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
Kevin McGinty HM Chief Inspector of the Crown Prosecution Service Inspectorate	120-125	120-125	-	-	-8,000	-15,000	110-115	105-110
Rowena Collins Rice Director General of Attorney General's Office	130-135	130-135	-	-	8,000	-2,000	140-145	130-135

¹The 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.

²The figures quoted are for the period 1 April to 31 August 2018. The full year equivalent was £120-£125k.

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

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

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

⁶No 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. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£77,379 from 1 April 2018) and various allowances to which they are entitled are borne centrally.

Benefits in kind

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

Performance Related Awards

Performance related pay awards (non-consolidated) are based on an individual's performance over the year and are moderated as part of the SCS appraisal process. As the timing of the appraisal process does not allow us to accrue for individual bonuses relating to 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

Ministers	Accrued pension at age 65 as at 31/3/19	Real increase in pension at age 65	CETV at 31/3/19 ²	CETV at 31/3/18 ¹	Real increase in CETV funded by taxpayer
	£000	£000	£000	£000	£000
The Rt Hon Jeremy Wright QC MP, Attorney General until 9 July 2018	10-15	0-2.5	127	123	-
The Rt Hon Geoffrey Cox QC MP, Attorney General from 10 July 2018	0-5	0-2.5	21	-	13
Robert Buckland QC MP Solicitor General	5-10	0-2.5	75	60	6

¹ Start date is 31 March 2018 unless the Minister was appointed to the Department during the year.

² End date is 31 March 2019 unless the Minister left the Department during the year.

Ministerial pensions

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

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

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

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

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

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Officials	Accrued pension at age as at 31/3/19 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/19 £000	CETV at 31/3/18¹ £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 Director General A	40-45 plus lump sum of 95-100	2.5-5 plus lump sum of 0	767	658	19	-
Claire Johnston 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 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	-

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.

Officials	Accrued pension at age as at 31/3/19 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/3/19 £000	CETV at 31/3/18 ¹ £000	Real increase in CETV £000	Employer contribution to partnership pension accounts Nearest £100
Nick Payne Finance and Operations Director	60-65	2.5-5	1,079	926	33	-
Kevin McGinty HM Chief Inspector of the Crown Prosecution Service Inspectorate	60-65 plus lump sum of 185-190	0-2.5 plus a lump sum of 0-2.5	1,468	1,400	-8	-
Rowena Collins Rice Director General of Attorney General's Office	55-60 plus lump sum of 170-175	0-2.5 plus lump sum of 0-2.5	1,324	1,193	8	-

Civil Service Pensions

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

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

for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

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

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

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	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	112,653	-	152	112,805	105,090
Social security costs	12,462	-	19	12,481	11,764
Other pension costs	23,736	-	-	23,736	22,129
Sub Total	148,851	-	171	149,022	138,983
Agency and contracted staff	-	18,184	-	18,184	13,394
Inward secondments	-	702	-	702	461
Total	148,851	18,886	171	167,908	152,838
Less recoveries in respect of outward secondments	(1,278)	-	-	(1,278)	(1,595)
Total Net Costs	147,573	18,886	171	166,630	151,243

No staff costs have been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) – known as ‘alpha’ are unfunded multi-employer defined benefit schemes but GLD is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservicepensionscheme.org.uk.

For 2018-19, employers’ contributions of £23,421k were payable to the PCSPS (2017-18: £21,876k) at one of four rates in the range of 20.0 to 24.5 percent 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: £253k) 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 percent) 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	Ministers	Total
TSDA	2,362	1,998	364	-	2,157
AGO	46	39	5	2	44
HMCPSI	23	22	1	-	25
Total	2,431	2,059	370	2	2,226

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	-	3	3
£25,000 - £50,000	-	-	-	-	1	1
£50,000 - £100,000	-	-	-	-	1	1
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	1	1
£200,000 - £250,000	-	-	-	-	-	-
£250,000 - £300,000	-	-	-	-	-	-
Total number of exit packages by type	-	2	2	-	6	6
Total resource cost/£	-	30,803	30,803	-	299,415	299,415

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

This information has been subject to audit.

SCS by Payband

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

	GLD	AGO	HMCPsi
SCS 4	1	0	0
SCS 3	3	1	0
SCS 2	27	1	1
SCS 1 and 1A	157	3	0
Total	188	5	1

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

Staff composition

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

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

	Male	Female
Officials as disclosed in the Remuneration Report	5	3
Non executive directors	1	2
SCS (excluding officials disclosed in the Remuneration Report)	91	95
Employees	761	1,394
Total	858	1,494

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

The proportion of black, minority and ethnic staff (based on those who have self-declared) at SCS is 8.8% (2017-18: 7.2%). The proportion of all staff is 20.1%. Levels of disabled staff (based on those who have self-declared) are 7.2% in the SCS (2017-18: 7.3%) 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.

Recruitment practice

Resourcing has continued to be a top priority for GLD this financial year, with a number of improvements being made to existing practices, alongside the continued implementation of new initiatives.

The largest change for GLD has been the implementation of Success Profiles, a new Civil Service-wide recruitment framework, replacing the competency method of assessment. Over 600 colleagues have attended the Success Profiles training session so far. Attendance is mandatory for colleagues wishing to manage vacancies, and sit on sift and interview panels. The training also heavily focuses on compliance, along with diversity and inclusion. This is to ensure there is no discrimination at sift or interview, and to provide greater awareness about ways to ensure that candidates are assessed fairly and consistently. Further guidance and a webinar have also been published for those looking to apply for roles across the Civil Service.

The Grade 7 external 'always-on' campaign, launched in October 2017, has continued to recruit lawyers across all divisions of GLD using monthly cycles of sift and interviews. There has been a review of the 'always-on' campaign and processes, to further reduce the time taken between candidates applying and being issued an offer of employment.

Commercial Law Group (CLGp) have also adopted the 'always-on' approach to recruitment, for a three month campaign, to fill a number of Grade 7 vacancies across the Group.

Various initiatives including the use of external SI drafters, specialist fixed term appointments, the use of external panel firms, and specialist campaigns have continued to provide resource to GLD this year. A paralegal fixed term appointment scheme has also been piloted, with those narrowly missing the benchmark for Legal Trainee scheme providing resource to numerous divisions across the Department.

The Department (including AGO and HMCPSI) is bound by the Civil Service Commission's recruitment principles, whereby candidates must be appointed in order of merit, after fair and open competition. GLD is subject to annual review from the Civil Service Commission, along with providing quarterly recruitment and diversity figures. The Department is also responsible for providing these figures on behalf of AGO and HMCPSI. The Department's annual audit is due to take place in March 2019. In autumn 2018, GLD was awarded a 'good rating' by the Commission – the highest possible rating to achieve. The Department's systems and processes are also subject to continuous internal review.

Disability adjustments are provided at all stages of the recruitment process, and the Department also operates the Guaranteed Interview Scheme (GIS) for candidates that meet the basic criteria. Candidates invited to interview under GIS are contacted to determine whether any reasonable adjustments are required.

Between 1 April 2018 and 31 March 2019, 264 new members of staff were recruited to GLD, AGO and HMCPsI by means of fair and open competition:

Grade*	Number	Female	Male
SCS	2	1	1
Grade 6	5	4	1
Grade 7	114	89	25
Legal Officer	49	28	21
Legal Trainee	26	13	13
SEO	3	3	0
HEO	4	2	2
EO	26	13	13
AO	35	23	12
Total	264	176	88

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

This reflects the number of staff recruited from outside the Civil Service that have taken up post in 2018-19. The figures do not include those offered, but have yet to take up post.

During the period specified above, there were 19 exceptions to the Civil Service Commission's Recruitment Principles.

Recruitment of temporary lawyers and other professional and support staff

In June 2018, GLD procured a new contract with Alexander Mann Solutions to recruit contingent labour via the Public Sector Resourcing framework introduced by the Crown Commercial Services (CCS). Contingent labour forms part of common goods and services as defined by the Public Expenditure Committee.

Following a review of how central government procures contingent labour, in 2018 CCS procured a new framework for departments with contingent labour requirements. The framework is designed to make savings and provide benefits such as: the use of common technology, managed rate cards with clearly defined HMG business rules, and standard contractual terms and conditions throughout the supply chain.

Under the terms of this agreement, Alexander Mann Solutions represents the interface between GLD and the recruitment agencies to supply temporary agency workers (professional, technical, and administrative).

The Treasury Solicitor has agreed to the placement of temporary lawyers, other professionals, and support staff in front line posts as vacancies occur and where permanent recruitment is not appropriate. During 2018-2019, the Department (including AGO and HMCPsI) recruited 293 temporary members of staff – 164 administrators and 129 lawyers.

Sickness absence

Overall sickness absence (including AGO and HMCPsi) was an average of 5.7 working days lost per person (2017-18: 5.2 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). 67% 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.

Expenditure on contingent labour

Agency and contract staff are employed within GLD for operational reasons and where there is a need for specialist skills, such as within ICT, where for practical business reasons, the GLD Board has agreed there should be a mixed economy of permanent and contract staff to provide some flexibility to cope with changes in demand. Agency workers are also used to support resourcing where GLD has not been able to attract as many permanent legal staff as is required to manage its business. GLD is looking at its attraction and retention strategy, this is however challenging where salary offered is less attractive than at other government departments/sectors. Total spend this year was £18.1m (2017-18: 13.4m). Agency and contract staff accounted for 15.6% of average FTE for the year (2017-18: 11.3%). To reduce GLD's reliance on agency staff, it undertook several external recruitment campaigns resulting in 264 new members of staff.

High paid off-payroll appointments

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

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

- In the ICT area, the GLD Board has agreed that there should be a mixed economy of permanent and temporary staff for practical business reasons. During 2018-19, GLD had a number of temporary agency ICT staff on a short term basis (between 6 and 9 months) to undertake specific IT tasks, in addition to some who are there for longer periods
- Temporary agency lawyers, via the Contingent Labour contract, who are filling business critical posts. During 2018-19, GLD ran a number of external recruitment exercises to bring in permanent staff, and to consequentially reduce the dependency on temporary agency legal staff

Details are as follows:

Table 1: For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last longer than six months

	GLD	AGO	HMCPSI
No of existing engagements as at 31 March 2019	50	-	-
Of which			
No that have existed for less than one year at time of reporting	23	-	-
No that have existed for between one and two years at time of reporting	7	-	-
No that have existed for between two and three years at time of reporting	9	-	-
No that have existed for between three and four years at time of reporting	3	-	-
No that have existed for four or more years at time of reporting	8	-	-

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019 for more than £245 per day and that last longer than six months

	GLD	AGO	HMCPSI
No of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	23	-	-
Of which			
The number of those engagements which were assessed as caught by IR35	22	-	-
The number of those engagements which were assessed as NOT caught by IR35	1	-	-
The number that were engaged directly (via PSC contracted to department) and are on the departmental payroll	-	-	-
The number that were reassessed for consistency/assurance purposes during the year	-	-	-
The number that saw a change to IR35 status following the consistency review	-	-	-

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

Table 3: For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019

	GLD	AGO	HMCPSI
No of off payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	-	-	-
Total No of officials on payroll and off payroll that have been deemed "board members and/or senior officials with significant financial responsibility" during the financial year.	8	1	1

Parliamentary accountability and audit report

Statement of Parliamentary Supply

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

Summary of Resource and Capital Outturn 2018-19

		Estimate			Outturn			2018-19 Voted Outturn compared with Estimate saving/ (excess)	2017-18 Outturn
Note		Voted	Non -Voted	Total	Voted	Non -Voted	Total		Total
		£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit									
Resource	SOPS 1.1	11,154	-	11,154	1,625	-	1,625	9,529	3,910
Capital	SOPS 1.2	5,700	-	5,700	5,272	-	5,272	428	1,938
Annually Managed Expenditure									
Resource	SOPS 1.1	-	-	-	(1,527)	-	(1,527)	1,527	1,525
Capital	SOPS 1.2	-	-	-	-	-	-	-	-
Total Budget		16,854	-	16,854	5,370	-	5,370	11,484	7,373
Non-Budget									
Resource		-	-	-	-	-	-	-	-
Total		16,854	-	16,854	5,370	-	5,370	11,484	7,373
Total Resource	SOPS 1.1	11,154	-	11,154	98	-	98	11,056	5,435
Total Capital	SOPS 1.2	5,700	-	5,700	5,272	-	5,272	428	1,938
Total		16,854	-	16,854	5,370	-	5,370	11,484	7,373

Net cash requirement 2018-19					
2018-19			2018-19		2017-18
			Outturn compared with Estimate saving/ (excess)		
Note	Estimate		Outturn		Outturn
	£000		£000	£000	£000
Net cash requirement	SOPS 3	15,084	5,603	9,481	1,563
Administration Costs 2018-19		2018-19 Estimate	2018-19 Outturn	Outturn compared with Estimate saving/ (excess)	2017-18 Outturn
		£000	£000	£000	£000
SOPS 1.1		11,154	1,625	9,529	3,910

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

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

Notes to the Departmental Resource Accounts (Statement of Parliamentary Supply)

SOPS1. Net outturn

SOPS1.1 Analysis of net resource outturn by section

2018-19											2017-18
Outturn							Estimate				
Administration				Programme			Total	Net total	Net total outturn compared with Estimate saving/ (excess)	Net total compared with Estimate adjusted for virements	Prior-year outturn
Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit Voted											
A: GLD	231,870	(237,462)	(5,592)	-	-	-	(5,592)	3,641	9,233	9,233	(4,190)
B: AGO	5,153	(145)	5,008	-	-	-	5,008	4,981	(27)	-	5,650
C: HMCPSI	2,209	-	2,209	-	-	-	2,209	2,532	323	296	2,450
Non-Voted	-	-	-	-	-	-	-	-	-	-	-
Annually Managed Expenditure Voted											
D: Provisions	-	-	-	(1,527)	-	(1,527)	(1,527)	-	1,527	1,527	1,525
Non-Voted	-	-	-	-	-	-	-	-	-	-	-
Total	239,232	(237,607)	1,625	(1,527)	-	(1,527)	98	11,154	11,056	11,056	5,435

The variance between Estimate and Outturn is due to:

GLD underspent by £10,760k, this includes £1,527k in AME for the release of a tax provision. GLD operates largely on a demand led, full cost recovery basis. Fee rates are set in accordance with HM Treasury guidance published in Managing Public Money and are designed to recover the direct costs incurred by the organisation. Throughout the year, performance is monitored and on a quarterly basis GLD undertake a formal exercise to forecast the financial outturn for the year. GLD's commitment to its clients is to ensure that they benefit promptly from better than budgeted performance; if this forecasting exercise predicts a significant surplus, GLD evaluate the underlying reasons and assess whether a fee reduction or rebate/refund should be made in-year. The surplus made is due to a combination of higher income, arising from unbudgeted Inquiry work and the increased volume of Tribunal work, and lower staff costs due to a shortfall in resources on which GLD's Advisory and Commercial Law fixed fees were based. This underspend was held in reserve to pay for more expensive external resources, if needed, to resource legal work connected with the UK's withdrawal from the EU. The GLD Board decided not to provide a rebate to GLD's Advisory clients, nor charge additional fees for new work emerging later in the year, but it did rebate £2m in hourly fees to its biggest litigation clients.

The AGO spent its budget in full, with a small overspend of £27k, arising from higher staff costs, increased costs arising from the higher usage and charges for the Government Car Service, and higher service charges. There were some offsetting underspends against budget, but not sufficient to eliminate the small overspend.

HMCPSP underspent against budget by £323k, due to prudent management of its budget and some unplanned vacancies.

AME was established in the 2017-18 Supplementary Estimate to provide cover for potential tax liabilities from a HMRC tax audit. This was not required, and the provision was written back in 2018-19.

SOPS1.2 Analysis of net capital outturn by section

						2018-19	2017-18
Outturn			Estimate				
	Gross £000	Income £000	Net £000	Net total £000	Net total outturn compared with Estimate saving/ (excess) £000	Net total outturn compared with Estimate adjusted for virements £000	Prior- year outturn £000
Spending in Departmental Expenditure Limit							
Voted							
A: GLD	5,126	-	5,126	5,700	574	428	1,938
B: AGO	146	-	146	-	(146)	-	-
C: HMCPSI	-	-	-	-	-	-	-
Non-Voted	-	-	-	-	-	-	-
Annually Managed Expenditure							
Voted							
D: Provisions	-	-	-	-	-	-	-
Non-Voted	-	-	-	-	-	-	-
Total	5,272	-	5,272	5,700	428	428	1,938

Capital expenditure was underspent by £428k. The original budget was £4,200k but this was increased by £1,500k in the 2018-19 Supplementary Estimate to cover costs associated with the GLD Head Office move. In the event, we only managed to spend £1,100k of the increase.

SOPS2. Reconciliation of Net Resource Outturn to Net Operating Expenditure

		2018-19	2017-18
		£000	£000
Total resource outturn in Statement of Parliamentary Supply	Budget	98	5,435
	Non-Budget	-	-
Net operating expenditure in Statement of Comprehensive Net Expenditure		98	5,435

SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

				2018-19 Net total outturn compared with estimate saving/ (excess) £000
	Note	Estimate £000	Outturn £000	
Resource Outturn	SOPS 1.1	11,154	98	11,056
Capital Outturn	SOPS 1.2	5,700	5,272	428
Accruals to cash adjustments:				
Adjustments to remove non-cash items:	4			
Depreciation		(3,270)	(1,692)	(1,578)
Movement on provisions		-	1,527	(1,527)
Other non-cash		-	(75)	75
Adjustments to reflect movements in working capital balances:				
Increase/(decrease) in receivables	9	-	1,634	(1,634)
(Increase)/decrease in payables	11	1,500	(1,805)	3,305
Less movement in supply creditor	11	-	644	(644)
Use of provisions		-	-	-
Net Cash Requirement		15,084	5,603	9,481

Losses and special payments

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

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

Fees and Charges

Analysis of income from services provided

An analysis of the Government Legal Department's income and associated costs is shown below. The income and expenditure disclosed relates solely to the Government Legal Department and excludes the Attorney General's Office and HM Crown Prosecution Service Inspectorate whose income is non-business in nature and immaterial. Charges for the provision of legal services and administration services to Bona Vacantia Division are set to recover full costs in accordance with HM Treasury's guidance on fees and charges set out in Managing Public Money. This analysis is not for IFRS 8 purposes.

	2018-19			2017-18		
	Income £000	Full Cost £000	Surplus/ (deficit) £000	Income £000	Full Cost £000	Surplus/ (deficit) £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	-
Voted funded costs	-	394	(394)	-	539	(539)
Total (GLD)	237,750	231,017	6,733	221,731	219,389	2,342

In accordance with HM Treasury's guidance a notional cost of capital charge £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 recognized in the financial statements. The cost of capital charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for cash balances held with the Government Banking Service.

Remote contingent liabilities

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

Expenditure Tables

This information is not subject to audit.

These tables present actual expenditure for the years 2014-15 to 2018-19 and planned expenditure for 2019-20. Outturn data is consistent with previous years' published accounts and plan years' information is consistent with the Spending Review settlement, adjusted for growth.

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

Approval for the spending plans for 2018-19 are set out in the HM Procurator General and Treasury Solicitor Supplementary Estimate 2018-19. The document is available at the HM Treasury website at www.gov.uk/government/organisations/hm-treasury.

Table 1: Public Spending

£000	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Plan
A GLD Administration (Net)	1,760	(1,519)	(2,596)	(4,190)	(5,592)	9,383
B AGO (Net)	4,303	4,035	5,453	5,650	5,008	4,925
C HMCPSI (Net)	2,628	2,798	2,580	2,450	2,209	2,563
D Provisions (Net)	(474)	(1,623)	(609)	1,525	(1,527)	-
Total Resources	8,217	3,691	4,828	5,435	98	16,871
Total DEL	8,691	5,314	5,437	3,910	1,625	16,871
Total AME	(474)	(1,623)	(609)	1,525	(1,527)	-
A GLD Administration (Net)	1,621	823	1,561	1,938	5,126	2,700
B AGO (Net)	12	-	423	-	146	-
C HMCPSI (Net)	-	-	-	-	-	-
Total Capital DEL	1,633	823	1,984	1,938	5,272	2,700

Table 2: Administration Budgets

£000	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Plan
A GLD Administration (Net)	1,760	(1,519)	(2,596)	(4,190)	(5,592)	9,383
B AGO (Net)	4,303	4,035	5,453	5,650	5,008	4,625
C HMCPSI (Net)	2,628	2,798	2,580	2,450	2,209	2,563
Total Administration Budget	8,691	5,314	5,437	3,910	1,625	16,571
Of which						
Staff Costs	114,040	123,886	129,107	152,838	167,908	182,921
Other Expenditure	66,478	67,111	69,599	72,611	71,324	94,304
Income	(171,827)	(185,683)	(193,269)	(221,539)	(237,607)	(260,654)

Long term expenditure trends

This information is not subject to audit.

Planned net expenditure as agreed with HM Treasury is set out in the Expenditure Tables. The Departmental Expenditure Limit (DEL) Resource funding is to cover the costs of public interest casework (time and disbursements) and the costs of the AGO and HMCPSI. The Spending Review 2015 provided additional funding for GLD from 2018-19 for its future relocation of its Head Office, at the end of its lease on One Kemble Street, as part of the Government Estate Strategy. The balance of GLD's operating costs are recovered from its clients. In setting GLD fixed fees and hourly rates, HM Treasury's guidance on fees and charges contained within their publication, Managing Public Money is applied. In the 2017 Autumn budget, the Chancellor announced £3bn to fund departments' and Devolved Administrations' essential preparations for leaving the European Union. In February 2019, the AGO received an allocation £0.3m from this funding. This is ring fenced Programme RDEL, specifically for EU Exit preparations, and is for 2019-20 only.

HMT also provided additional DEL cover in 2019-20 of £0.141m, for AGO and HMCPSI, to support additional pressures associated with the increased cost of employers' pension contributions, following the recent revaluation of Civil Service Pension schemes.

The DEL Capital funding allows GLD to invest in improving and developing systems to support its business and meet its accommodation needs. Spending Review 2015 provided for additional funding to enable for the investment in technology as a result of the relocation and to align with the Government Digital Strategy, as well as to meet the fit out costs to TW3 standards of its new building.

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 HM Procurator General and Treasury Solicitor and of its Departmental Group for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2017. The financial statements comprise: the Department's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's and affairs as at 31 March 2019 and of the Department's net operating expenditure and for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2019 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

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

Conclusions relating to going concern

We are 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 Department'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 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 Department'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.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

Other Information

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

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse 23 May 2019
Comptroller and Auditor General

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

Financial statements

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

		2018-19	2017-18
	Note	£000	£000
Income from sale of goods and services	5	(230,589)	(214,039)
Other operating income	5	(7,018)	(7,500)
Total operating income	5	(237,607)	(221,539)
Staff costs	3	167,908	152,838
Purchase of goods and services	4	17,705	17,999
Rentals under operating leases	4	4,786	4,789
Non cash items	4	240	3,397
Disbursements	4	47,066	47,951
Total operating expenditure		237,705	226,974
Net operating expenditure		98	5,435
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of property plant and equipment		-	-
Net (gain)/loss on revaluation of intangibles		-	-
Total Comprehensive Expenditure for the year		98	5,435

All income and expenditure is derived from continuing operations.

The notes on pages 78 to 90 form part of these accounts.

Statement of Financial Position as at 31 March 2019

		31 March 2019		31 March 2018	
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	6	6,464		3,871	
Intangible assets	7	1,146		159	
Total non-current assets		7,610		4,030	
Current assets					
Trade and other receivables	9	34,648		33,014	
Cash and cash equivalents	10	9,481		8,837	
Total current assets		44,129		41,851	
Total assets			51,739		45,881
Current liabilities					
Trade and other payables	11	(39,594)		(37,279)	
Provisions	12	-		(1,527)	
Total current liabilities		(39,594)		(38,806)	
Non-current assets plus net current assets			12,145		7,075
Non-current liabilities					
Trade and other payables	11	-		(510)	
Provisions	12	(500)		(500)	
Total non-current liabilities			(500)		(1,010)
Total assets less liabilities			11,645		6,065
Taxpayers' equity and other reserves					
General Fund			11,226		5,646
Revaluation Reserve			419		419
Total equity			11,645		6,065

The notes on pages 78 to 90 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

	Note	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net Operating Expenditure	2	(98)	(5,435)
Adjustments for non-cash transactions arising in the year	4	240	3,397
Increase in trade and other receivables	9	(1,634)	808
Increase in trade and other payables*	11	81	959
Use of provisions		-	(2)
Net cash outflow/(inflow) from operating activities		(1,411)	(273)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(3,490)	(1,290)
Purchase of intangible assets	7	(702)	-
Net cash outflow from investing activities		(4,192)	(1,290)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		6,247	1,780
Prior year cash repaid		-	-
Contingencies Fund advance		17,000	17,000
Repayment of Contingencies Fund advance		(17,000)	(17,000)
Net Financing		6,247	1,780
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	10	644	217
Payments of amounts due to the Consolidated Fund		-	-
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	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 78 to 90 form part of these accounts.

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

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2017		9,443	419	9,862
Changes in taxpayer's equity for 2017-18				
Net Parliamentary Funding – drawn down		1,780	-	1,780
Net Parliamentary Funding – deemed		8,620		8,620
Supply Payable Adjustment	11	(8,837)	-	(8,837)
Net operating cost for the year	2	(5,435)	-	(5,435)
Non-cash adjustments:				
Auditors' remuneration	4	75	-	75
Movements in Reserves				
Transfers between reserves		-	-	-
Total recognised income and expenditure for 2017-18		(3,797)	-	(3,797)
Balance at 31 March 2018		5,646	419	6,065
Changes in taxpayer's equity for 2018-19				
Net Parliamentary Funding – drawn down		6,247	-	6,247
Net Parliamentary Funding – deemed		8,837	-	8,837
Supply payable adjustment	11	(9,481)	-	(9,481)
Comprehensive Net Expenditure for the year	2	(98)	-	(98)
Non-cash adjustments:				
Auditors' remuneration	4	75	-	75
Movements in Reserves				
Transfers between reserves		-	-	-
Total recognised income and expenditure for 2018-19		5,580	-	5,580
Balance at 31 March 2019		11,226	419	11,645

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

The notes on pages 78 to 90 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 Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the Accounts.

1.1 Accounting convention

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

1.2 Basis of consolidation

The Accounts comprise a consolidation of those entities that fall within the Departmental boundary as defined by the FReM. Transactions between entities included in the consolidation are eliminated. A list of all entities within the Departmental boundary is given at Note 17. There is no “parent” department and separate financial statements are prepared for the Government Legal Department (GLD). The Attorney General’s Office (AGO) and HM Crown Prosecution Service Inspectorate (HMCPsi) are not required to produce financial statements; therefore only a group SOCNE and SOFP are produced.

1.3 Income

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

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

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.

1.4 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.

1.5 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 |

1.6 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 |

1.7 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.

1.8 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.9 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.

1.10 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 14 (Commitments under operating leases) are not discounted.

1.11 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.

1.12 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.

1.13 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. Statement of operating costs by operating segment

The Department's reportable segments are as follows:

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

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

2018-19	GLD £000	AGO £000	HMCPPI £000	Eliminations £000	Consolidated £000
Income and Expenditure					
Revenues					
Third Party	(237,491)	(116)	-	-	(237,607)
Inter-segment	(259)	(30)	-	289	-
Total Revenues	(237,750)	(146)	-	289	(237,607)
Gross Expenditure	230,631	5,154	1,920	-	237,705
Inter-segment	-	-	289	(289)	-
Net Operating Cost	(7,119)	5,008	2,209	-	98

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

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

3. Staff Costs

Staff costs comprise:

	2018-19				2017-18
	Permanently employed staff £000	Others £000	Ministers £000	Total £000	Total £000
Wages and salaries	112,653	-	152	112,805	105,090
Social security costs	12,462	-	19	12,481	11,764
Other pension costs	23,736	-	-	23,736	22,129
Sub Total	148,851	-	171	149,022	138,983
Agency and contracted staff	-	18,184	-	18,184	13,394
Inward secondments	-	702	-	702	461
Total	148,851	18,886	171	167,908	152,838
Less recoveries in respect of outward secondments	(1,278)	-	-	(1,278)	(1,595)
Total Net Costs	147,573	18,886	171	166,630	151,243

No staff costs have been charged to capital.

4. Other Expenditure

	2018-19 £000	2017-18 £000
Total Other Expenditure	£000	£000
Disbursements	47,066	47,951
Purchase of goods and services	17,705	17,999
Rentals under operating leases	4,786	4,789
Non-cash items:		
Depreciation	1,354	1,295
Amortisation	338	416
Loss on disposal of non-current assets	-	86
Increase in provisions	-	1,527
Provisions not required written back	(1,527)	(2)
External auditors' remuneration*	75	75
Total Other Expenditure	69,797	74,136

*External auditors' remuneration represents the notional audit fees of £75k (2017-18: £75k) for the Departmental Resource Account, and Government Legal Department Account. There was no auditor remuneration for non-audit work.

5. Income

Analysis of income by classification and activity

	Note	2018-19 £000	2017-18 £000
Income from sales of goods and services:			
Legal fees and charges to clients		187,470	165,009
Disbursements		42,130	48,017
LION subscription		989	1,013
		230,589	214,039
Recovery of costs from Bona Vacantia		3,943	3,795
Recovery of secondments out		1,278	1,595
Rental income		1,031	1,186
Tenant service charges		540	582
Other income		226	342
		7,018	7,500
Total income		237,607	221,539

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	1,563	8,683	3,154	13,927
Additions	229	-	3,165	1,008	4,402
Finance Leased	(527)	-	72	-	(455)
At 31 March 2019	229	1,563	11,920	4,162	17,874
Depreciation					
At 1 April 2018	-	635	7,065	2,356	10,056
Charge in year	-	182	1,019	153	1,354
At 31 March 2019	-	817	8,084	2,509	11,410
Carrying amount at 31 March 2019	229	746	3,836	1,653	6,464
Asset Financing					
Owned	229	746	3,836	1,653	6,464
Finance Leased	-	-	-	-	-
At 31 March 2019	229	746	3,836	1,653	6,464

	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	3,939	7,340	2,911	14,807
Additions	-	-	1,485	453	1,938
Disposals	-	(2,376)	(221)	(210)	(2,807)
Revaluations	-	-	(11)	-	(11)
At 31 March 2018	527	1,563	8,683	3,154	13,927
Depreciation					
At 1 April 2017	-	2,843	6,228	2,422	11,493
Charge in year	-	168	987	140	1,295
Disposals	-	(2,376)	(142)	(206)	(2,724)
Revaluations	-	-	(8)	-	(8)
At 31 March 2018	-	635	7,065	2,356	10,056
Carrying amount at 31 March 2018	527	928	1,618	798	3,871
Carrying amount at 31 March 2017	343	540	1,466	364	2,713

	2018-19 £000	2017-18 £000
Property, plant and equipment additions	4,402	1,938
Movement in accruals for PPE	(912)	(648)
Cash flows for property, plant and equipment	3,490	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	4,063	1,965	590	6,644
Additions	-	-	870	-	870
Reclassification	(25)	2	478		455
At 31 March 2019	1	4,065	3,313	590	7,969
Amortisation					
At 1 April 2018	-	4,065	1,830	590	6,485
Charge in year	-	-	338	-	338
At 31 March 2019	-	4,065	2,168	590	6,823
Carrying amount at 31 March 2019	1	-	1,145	-	1,146
	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)	3,993	2,136	590	6,682
Disposals	-	(1)	(37)	-	(38)
Reclassification	63	71	(134)	-	-
At 31 March 2018	26	4,063	1,965	590	6,644
Amortisation					
At 1 April 2017	-	4,064	1,571	472	6,107
Charge in year	-	2	296	118	416
Disposals	-	(1)	(37)	-	(38)
At 31 March 2018	-	4,065	1,830	590	6,485
Carrying amount at 31 March 2018	26	(2)	135	-	159
Carrying amount at 31 March 2017	16	10	313	237	576

	2018-19 £000	2017-18 £000
Intangible asset additions	870	-
Movements 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	582	550
Prepayments and accrued income	2,979	3,066
	34,648	33,014

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 £000	31 March 2018 £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	1,341	842
Accruals and deferred income	19,198	17,508
	30,113	28,442
Amounts issued from the Consolidated Fund for Supply and not spent at year end	9,481	8,837
	9,481	8,837
Trade and other payables due after more than one year	-	510
Total payables and other current liabilities	39,594	37,789

12. Provisions for liabilities and charges

	Tax provision £000	Leasehold dilapidations £000	2018-19 Total £000	2017-18 Total £000
Balance at 1 April	1,527	500	2,027	504
Provided in the year	-	-	-	1,527
Dilapidations provision capitalised	-	-	-	-
Provisions not required written back	(1,527)	-	(1,527)	(2)
Borrowing Cost (unwinding of discount)	-	-	-	-
	-	500	500	2,029
Provisions utilised in the year				
Programme Expense	-	-	-	(2)
	-	-	-	(2)
Balance at 31 March	-	500	500	2,207

	2018-19 Total £000	2017-18 Total £000
Not later than one year	-	1,527
Later than one year and not later than five years	500	500
Later than five years and not later than ten years	-	-
	500	2,027

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.

12.2 Dilapidations

A provision has been made for dilapidations obligations for the AGO's current office.

13. Contingent liabilities

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

14. 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 £000	Other £000	Buildings £000	Other £000
Obligations under operating leases for the following periods comprise:				
Not later than one year	12,619	1,340	4,713	390
Later than one year and not later than five years	43,365	676	37,387	124
Later than five years and not later than ten years	45,300	-	32,858	-
	101,284	2,016	74,958	514

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 (see Annual Report).

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 until September 2018, and 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 the Department 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, these are accounted for as funds held on behalf of third parties and as a consequence do not appear in the 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 table 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. Entities within the departmental boundary

The entities within the boundary during 2018-19 were as follows:

Supply-financed agencies:

Government Legal Department (GLD)

Non-Executive Non-Departmental Public Bodies:

None

Other entities:

Attorney General's Office (AGO)

HM Crown Prosecution Service Inspectorate (HMCPPI)

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

18. 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 GLD's central London Head Office occupation of Floors 5-12 and 15 of One Kemble Street (OKS), and its disaster recovery site at Southern House in Croydon, and HMCPSI's occupation of Floor 4 of OKS. AGO occupies shared accommodation in 5-8 The Sanctuary, London and it is not possible to separately identify their energy or water consumption or recycling of waste.

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	2,646	1,827	1,828	1,639	1,598
	Scope 3 emissions (indirect – official business travel)	16	117	114	109	153
	Total emissions	2,808	1,944	1,942	1,748	1,751
Related Energy Consumption (KWh)	Electricity	4,411,463	3,157,640	3,132,544	2,709,329	2,688,442
	Gas	207,645	-	-	-	-
	Oil	991,178	543,417	652,192	867,035	707,433
Financial Indicators (£)	Expenditure on energy	395,242	344,286	352,929	331,441	584,592
	Expenditure on accredited offsets (e.g. GCOF)	1,489	-	-	-	-
	Expenditure on official business travel	343,057	453,962	358,629	542,987	692,811

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 38% 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 the GLD disaster recovery site, where costs rose 30% after the first review in three years.

Expenditure on official travel has risen. This is reflective of the increased size of the organisation, our wider geographical spread and increases in fares and increased air travel as a result of work related to EU Exit.

Waste		Baseline 2009-10	2015-16	2016-17	2017-18	2018-19
Non-Financial Indicators (tonnes)	Non-Recycled	83	-	-	-	-
	Total Reused/Recycled	101	120	115	126	90
	Energy recovery ⁹	-	36	26	26	26
	Total waste	184	156	141	152	116
(Financial Indicators (£))	Total disposal cost	22,360	28,526	30,597	29,986	26,195

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

Overall waste is now more than 37% below baseline and all waste is either recycled or sent for energy recovery

All GLD's ICT kit is recycled following approved disposal methods.

⁹ 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	49,443	30,440	30,645	28,891	32,100

Performance commentary

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

Paper usage has increased this year, and stands at 35% 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)	8,018	8,466	8,319	8,911	7,087
Financial Indicators (£k)	Water Supply and disposal costs	19,962	18,975	18,870	20,351	16,242

Performance commentary

The GGC is to continue to further 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.

The overall procurement strategy principally includes the use of Crown Commercial Service framework contracts and the Department is subject to the Sustainability Policy that it operates.

The Department promotes sustainability in procurement by:

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

Three of GLD’s suppliers are ISO 14001 accredited. Its:

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

The contractor, Interserve Paragon, who is delivering works for GLD at 102 Petty France under the PFI arrangement with its 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

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