



Government
Legal Department

Annual Report and Accounts 2017-18





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For the year ended 31 March 2018

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

About this Annual Report and Accounts

This document integrates performance and financial data to help readers gain a better understanding of the work of the Government Legal Department. It covers the activities of the GLD from 1 April 2017 to 31 March 2018 and is split into three main sections:

- The Performance Report includes a summary of progress achieved in 2017-18 in delivering our key priorities and meeting key performance measures (the Overview) followed by a fuller review of the achievement of our objectives (the Performance Analysis)
- The Accountability Report is further split into three sub sections and includes:
 - a Corporate Governance Report which includes the Directors' Report, the Statement of Accounting Officer's responsibilities and a Governance Statement;
 - a Remuneration and Staffing Report; including pay and benefits received by executive and non-executive Board members and details of staff numbers and costs;
 - and a Parliamentary Accountability and Audit Report which includes a copy of the audit certificate and report made to Parliament by the head of the National Audit Officer setting out his opinion on the financial statements.
- The Financial Statements show GLD's income and expenditure for the financial year, the financial position of GLD as at 31 March 2018, and additional information designed to help readers understand these results.

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Chief Executive's report to the Attorney General



The past year has been another particularly busy one for the Government Legal Department. We continued to support the government through the negotiations for the UK's withdrawal from the European Union, as well as helping to deliver the rest of the government's agenda. Our legal work, some of which is highlighted in this report, covered issues as varied as the complex legal issues surrounding the regulation of activities in space; contingency planning in the period leading up to and immediately following the insolvency of Carillion; producing slim-line, user-friendly contracts to make public sector work more accessible to smaller companies; support for the Grenfell Inquiry; and the European Union (Withdrawal) Bill, which has involved a major collective effort by GLD teams, co-ordinated by DExEU Legal Advisers. Once again our litigators have been busy: throughout the year we spent around 767,310 hours on litigation work, and took on 27,106 new cases.

The year saw further development of the Government Legal Department, with the opening of a regional centre in Leeds to meet the growing need to deliver legal services to our clients in the north. Reflecting this, and the increasing demand for legal advice to government across the board, we introduced a continuous recruitment campaign, which has resulted in our application to offer time reducing from 15 to 3-5 weeks. We also introduced the GLD Legal Apprenticeship Scheme and Business Administration apprenticeships. We are close to rolling out a new online portal to help further streamline our service to clients, while we have begun work to connect all our client-based teams with the headquarters' ICT services through an internal portal. To support our people better, we launched a 'Call it out' campaign which aims to create a culture in which everyone in GLD can address, handle and move on from instances of inappropriate behaviour, and introduced Mental Health First Aiders, who have helped keep mental health on the agenda throughout the year.

We remain committed to achieving the best outcome for our clients. Although 95% of them rated our service as 'good' or 'excellent' in our annual client survey, this was a decrease of 2 points on last year's performance score. While this should be set in the context of a significant increase in demand for our services, we are putting in place an action plan to address issues that were highlighted in the responses.

We were pleased with our results from the Civil Service People Survey. Our staff engagement index was 62%, 1% higher than the civil service average. We were particularly pleased that the work of our diversity networks and Diversity and Inclusion Group, and all they have achieved, was reflected in our high positive score, 82%, for 'Inclusion and Fair Treatment' - a three point rise on last year's survey, six points better than the Civil Service average and two points higher than the Civil Service High Performers.

In the coming year, we will continue to build 'one GLD', strengthening our collective leadership and tirelessly championing the work that we do, and the value that we bring, to ensure that we are capable of responding to new issues and challenges as they arise, as we help the government to govern well, within the rule of law.



Jonathan Jones
Treasury Solicitor

Performance Report

Performance Overview

Who we are

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

We are currently one of the largest legal organisations in the country, with around 2,200 staff, of whom the vast majority (c1,600) are lawyers and paralegals based in more than 20 locations.

Our responsibilities include:

- legal support for the UK's withdrawal from the European Union, including through the conduct of negotiations with the EU, the passage of the European Union (Withdrawal) Bill through Parliament, drafting the Withdrawal Agreement, and supporting work on an Implementation Period and the UK's future relationship with the EU
- advising ministers and policymakers on domestic, public and private law, international law and human rights
- providing litigation services to government departments and public bodies, covering public and private law issues
- providing legal services to support public inquiries
- drafting statutory instruments and other subordinate legislation
- preparing instructions for bills to be

drafted by Parliamentary Counsel and advising ministers and policy administrators during the passage of bills through Parliament

- advising the Civil Service on the terms and conditions of government employees
- collecting, managing and disposing of **bona vacantia** (ownerless personal and corporate property and other assets) in England, Wales and Northern Ireland, on behalf of the Crown's Nominee

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

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

The financial statements at pages 66 to 81 relate to activity carried out by the GLD in the year 2017-18 and are prepared under a direction issued in December 2017 by HM Treasury, in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

Core Purpose and Vision

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

Our vision is to be

We will

Trusted by government to provide consistently excellent and value for money services

Provide consistently excellent, efficient and value for money services so government departments want to come to us to meet their legal needs
Add value as a result of providing government legal services from one department
Commit to achieving the best outcome for government, for clients and the public purse
Demonstrate our unique knowledge and understanding of government and public law and specialist expertise including litigation, employment and commercial law
Be proactive and anticipate client needs

Known throughout the legal profession for the **quality** of our legal work

Focus on quality and continuous improvement and strive for excellence in all we do
Build strong relationships with the legal profession and the judiciary
Be a role model and pioneer in the leadership of professions

The **best employer** for our people

Provide unrivalled opportunities for interesting, varied, high quality, challenging work in a professional environment
Value individuals and support them to fulfil their potential
Be an inclusive and open organisation and involve our people in how it is run
Provide a work/life balance that meets individual and business needs

Our Strategy for 2015 and beyond (updated March 2018)

The Board developed our Strategy in 2015 by looking at what needed to be done to ensure our growing department was fit to face the challenges of the four years to 2019. This Strategy supports our Core Purpose and Vision. We have now refreshed our Strategy to reflect events since 2015, some anticipated and others unforeseen.

We anticipated that austerity would continue, cross-government working and shared services would be an increasing feature of government, that there would continue to be a high level of demand for legal services and a greater expectation that we work in different ways, including more remote working. The referendum result and the decision to leave the EU then added a significant new challenge, as the scale and nature of the legal workload began to crystallise.

The work we did to create GLD as a unified legal department has put us in a good position. Everyone in the department has contributed to that. We know the benefits we expect GLD to deliver - improved, consistent quality of legal services; more efficient deployment of legal resources; improved careers, job satisfaction and professionalism; improved knowledge sharing; flexibility and resilience; savings and efficiency - and we have made good progress in shaping our organisation to deliver them. Our goal now is to ensure that the Core Purpose and Vision become a reality. To achieve this, we will:

Work

- continue to meet government's core legal needs, including those associated with leaving the EU and new areas of demand, especially international trade
- deliver excellent quality and efficient legal services to our clients
- offer centralised expert services - commercial, employment, litigation and SI drafting - and look at opportunities for others
- demonstrate and improve the value for money of our services
- continue to drive up the quality and consistency of our legal work through continuous improvement
- develop stronger relationships with external legal providers who can be effective partners in meeting growing demand, especially our panel firms and panel counsel
- move to modern flexible working environments, including outside central London

Clients

- remain the principal provider of legal services to Whitehall ministerial departments, able to understand the demand from government as a whole and deploy staff to priority work
- only act for clients beyond our core client base of Whitehall ministerial departments where we have the capacity and capability to do so without compromising the service to our core client base and when it is the best solution for the government as a whole
- support clients to achieve and improve value for money in their legal spend and, where we are not able to meet all government's legal needs ourselves, help clients make effective and efficient use of external legal providers
- build on our good reputation for high levels of client satisfaction, demonstrating the worth of our unified department and the value of the outcomes clients get for their fees
- help clients to build their capability to support better decision-making and reduce their call on us, including by providing digital on-line services
- strengthen our engagement with clients, building on our successful relationship management arrangements and helping them plan and prioritise their growing workloads
- find innovative and more efficient ways to work, while maintaining quality and reducing costs to clients, including developing our professional support, paralegal and business management functions
- ensure that heads of expert services and relationship managers work closely

together to deliver a joined up, coherent and complete team service to the client

People

- continue our commitment to be the best employer for our people
- value and promote diversity and equality of opportunity within our organisation
- set the tone in a friendly, collegiate and supportive work environment because our values and the health and wellbeing of our people matter to us
- help all our staff to develop their careers whatever their grade and discipline
- offer a full career for government lawyers within our organisation with a range of interesting and rewarding work, much of which cannot be found with any other employer
- ensure that other professionals and specialists in our organisation will benefit from the expansion of shared services across the civil service
- be more proactive in helping our staff to take advantage of these greater opportunities
- support work/life balance, which is an important component of our offer
- support managers, staff and teams as we embrace more remote working

We will be developing our new strategy for the period after 2019.

Carillion



GLD legal teams were heavily involved in contingency planning in the period both leading up to and immediately following the insolvency of Carillion. The issues raised a range of complex legal matters and required input from a large number of legal teams across GLD, but in particular from Cabinet Office Legal Advisors (COLA), Commercial Law Group and Employment Group. It involved close liaison with those advising the Official Receiver as well as supporting various cross Whitehall Project teams.

COLA were involved in advising on the legal issues relating to the Cabinet Office's monitoring of Carillion as a strategic supplier to government and in the provision of information to parliamentary committees and the National Audit Office.

Following the insolvency, GLD provided the legal advice necessary to ensure that essential services could continue seamlessly. For example, MoJ needed to ensure that facility management services vital to the security of the prison service were fully

protected. This involved the creation of a Gov Co to take on staff previously employed by Carillion. In this connection, GLD's MoJ Legal Advisers, Commercial Law, and Employment Groups worked on a range of matters including the terms of the Business Transfer, staff transfers, employee relations, continuity of service, pensions, and senior appointments to the Gov Co. In total, some 1,000 Carillion staff moved to the Gov Co as a result. Also the Commercial Law Group teams working with Ministry of Defence (MOD) and DfT advised on complex step-in arrangements and contract change notices for Special Purpose Vehicles and other joint venture contracts for their clients. Other essential work strands remain ongoing.

The work on Carillion demonstrates lawyers from across GLD working together, supporting departments in delivering political and operational imperatives.

What we do

Our principal activities are delivered as follows:



Advisory Divisions provide legal advice to ministers and officials of all central government departments, other than the Foreign and Commonwealth Office (FCO) and HM Revenue and Customs, and to a number of smaller departments, agencies and public bodies in England and Wales.



Litigation Group provides civil litigation services to government departments, agencies and a number of other publicly funded bodies. It is one of the largest practices of its kind in the country. Among its major areas of work are: administrative law; immigration; personal injury; planning; and charity matters. The Group also plays a major role in supporting public inquiries. Its work often raises questions of constitutional importance. It instructs private-sector barristers and solicitors to undertake work on cases where this approach represents good value for public funds and is appropriate to do so.



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



Commercial Law Group was created in June 2014, bringing together all central government's commercial advisory and litigation lawyers into a single dedicated unit. It includes a specialist commercial litigation and dispute resolution team and it also supports individual departments in their commercial arrangements. Its lawyers can expect to be involved in some of the most high profile, complex and far-reaching commercial issues in government.



The Finance and Operations, and People and Change Divisions are responsible for developing the Department's strategy and plans and leading and co-ordinating programmes of activity across the Department to deliver cost effective legal and support services that address the needs of our clients and staff. This includes the provision of corporate services covering governance and strategy, communications and engagement, finance, planning and performance, human resources, procurement, facilities management, security, information and communications technology (ICT), business assurance and resilience, and library and records management services.



Bona Vacantia Division. On behalf of the Crown's Nominee, the Division administers the estates of people who die intestate and without relatives entitled to inherit, and collects the assets of dissolved companies and failed trusts in England, Wales and Northern Ireland, except in the Duchies of Cornwall and Lancaster. The costs of the Division are recovered from the estates and assets it administers. The proceeds of **bona vacantia** are accounted for in the Crown's Nominee Accounts and separately notified to Parliament as prescribed in the Treasury Solicitor (Crown's Nominee) Rules 1997 (SI.1997/2870).



Government Legal Service

Secretariat advises and supports the Treasury Solicitor in his role as professional Head of the Government Legal Service and works with government departments to ensure lawyers of the right quality and experience are recruited, retained and developed. It also liaises with the Law Society and Bar Council on matters affecting the legal profession

How we are funded

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

The table below provides a more detailed analysis of how we fund our work. As agreed with HM Treasury, we do not seek to make a surplus. The charging regime for 2017-18 reflects the mutual relationship we have with our clients.

Group/Division	Funding
Advisory	Fixed fees. A small proportion of work is charged at hourly rates.
Litigation	Primarily hourly rates to client departments. A small proportion of general public interest work is funded from the Parliamentary Estimate.
Employment	A mix of fixed fees and hourly rates, depending on the nature of the work.

Group/Division	Funding
Commercial	A mix of fixed fees and hourly rates, depending on the nature of the work.
Bona Vacantia	Costs are funded from the proceeds of bona vacantia .
Corporate Services*	Recovered by the charges for our legal service to our clients.

*Corporate Services includes Finance and Operations, People and Change, Government Legal Services Secretariat, Digital, and the Legal Quality Team.

Risk

In carrying out its activities, GLD is exposed to a number of risks. GLD has a risk management framework in place to ensure that all key risks to the delivery of legal services to our clients and the achievement of our objectives are identified. Further information on our specific risks and our risk management is in the Governance Statement from page 40.

HMT Performance Measures

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

Client Satisfaction		
	2017-18	2016-17
To improve our client satisfaction rating(s)	95% 7.43	97% 7.71

Our aim was to improve our ratings in our annual survey of client satisfaction, and while 95% of our clients rated our services as good or excellent this was a two-percentage point reduction on last year. Using the performance score developed in 2016-17, to give a better indication of the change in performance, we scored 7.43, a 4% decrease from last year. This should be seen against the context of a significant increase in demand for our services and pressure on our staff. As ever, the survey has highlighted some issues that need to be addressed and an Action Plan will be developed in response.

Lexcel

	2017-18	2016-17
To maintain Lexcel accreditation	Achieved	Achieved

Our litigators across Litigation, Employment and Commercial Law Groups again successfully met the Lexcel standard, with an improved performance on last year. We were highly commended for sustaining an extremely high level of compliance and demonstrated 30 areas of best practice.

Recovery of operating costs

	2017-18	2016-17
To recover from clients the full operating cost of chargeable services	Achieved	Achieved

We are primarily funded from the fees charged to clients for legal services. Our fee rates are set in accordance with HM Treasury's publication - 'Managing Public Money'- and are designed to recover the costs incurred by the organisation. Throughout the year, performance is monitored and on a quarterly basis, we undertake a formal exercise to forecast the financial outturn for the year. Our commitment to our clients is to ensure that they benefit promptly from better than budgeted financial performance; if this forecasting exercise predicts a significant surplus, we evaluate the underlying reasons and assess whether a fee reduction or rebate should be made in-year. In the event, GLD over performed against this forecast, due to a combination of higher time charged and secondment income and lower staff costs due to a shortfall in resources on which GLD's fixed Advisory and Commercial Law fixed fees were based. However, the forecast shortfall was more than compensated for by the level of excess hours worked by GLD staff, for the benefit of clients, including supporting the negotiations for the UK's withdrawal from the European Union and related work. Accordingly the GLD Board decided not to provide a rebate to GLD clients, nor charge additional fees for new work emerging later in the year.

Delivery of our Key Priorities

Key priority	Progress	Commentary
Development and implementation of Digital Project Beta – to deliver high quality digital based knowledge management for our people and the provision of information and services to clients online	Implementation	The Beta (Private) roll out of our new online portal for clients is due to go live for Whitehall clients in Spring 2018. Work on a new digital knowledge management system was paused to allow a phased approach to delivery, but is envisaged to be released in mid 2018.
Initiating Project Nirvana – to introduce a time recording solution for advisory work by April 2018 and to explore a proposition to manage all our legal matters on a single business systems platform	In design	A Time Recording Solution Proof-of-Concept has taken place. Although it will not be possible to fully deploy the solution to all Advisory Divisions by April, the ambition remains to pilot and then deploy to all, with phased delivery through Summer 2018.
Continuing to improve the quality and cost-effectiveness of our advisory services to support a 10% efficiency productivity gain in the delivery of these services across GLD from April 2018, including by completing Phase 2 of our Advisory Best Value Project	Implementation	Preparations for piloting the use of paralegals in Advisory Divisions are in hand, including arrangements for measuring the pilots' success. A Business Management Conference was held in October and a number of working groups are taking forward the actions arising. Each Directorate is reviewing their business management structures.
Increasing the speed and resilience of our recruitment, development move and induction processes – to meet the increased demand for our services, including Brexit work, while providing the best career and development opportunities for our people	Implementation	The demand for external recruitment has increased significantly since the EU Referendum. Whilst managing this demand, our HR Resourcing team has made significant improvements through streamlining recruitment processes and increasing efficiency overall. A continuous campaign using cycles of sifts and interviews has resulted in our application to offer time reducing from 15 to 3-5 weeks.

Key priority	Progress	Commentary
Embedding an inclusive culture that builds on our Values	Implementation	A successful All Staff Event was held in April 2017 and a Careers Week was held in October, which included the 'Big Day' - two half-day mini staff events.
Making early preparations for our Head Office relocation – by rolling out GLD Anywhere and piloting Office Digitisation and The Way We Work (TW3)* solutions to develop new ways of working	Implementation	<p>Work is progressing against the approved Accommodation and Technology Delivery Plans. Our new office in Lateral building, Leeds, opened as a Hub on 18 December and TW3 has been implemented on the 7th, 5th and 12th floors of One Kemble Street (OKS). Project governance, more detailed planning and early procurements are being effected for our Head Office relocation in 2019.</p> <p>Good progress has been made with implementing some elements of GLD Anywhere using Office 365.</p>

*TW3 is a Cabinet Office led cross-departmental programme which aims to create better working environments for staff, with modern workplaces enabling flexible working, substantially improved IT tools and streamlining security requirements.

Financial Performance

Income

Total operating income (excluding disbursement income) for the year was £173.7m (2016-17: £147.7m), an increase of 17.6%.

Our income from legal fees and charges to clients increased this year as it includes a full year's income for the Department for International Trade (DIT) and Department for Business, Energy and Industrial Strategy (BEIS) Legal Advisory teams that transferred into GLD on 1 January 2017, and 1 April 2017 respectively and additional income from advice related to EU withdrawal.

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

Expenditure

Our administration costs (excluding disbursements) this year were £171.3m (2016-17:£143.2m), an increase of 19.6%. Staff costs represent 86% of non-disbursement expenditure and have increased in line with the additional staff transferred and recruited this year and increased demand for legal services. The ratio of staff costs to legal fees and charges income is 90%, and to total operating expenditure is 68%.

Staff numbers have increased by 15.8% and staff received an average pay award of 1%. We continue to employ agency and contract staff where there is a need for specialist skills, such as within ICT, where for practical business reasons the GLD Board has agreed there should be a mixed economy

of permanent and contract staff to provide some flexibility to cope with changes in demand. We also employ agency staff in lieu of recruitment. Spend this year was £13.4m (2016-17: £11.4m). Agency and contract staff accounted for 11.6% of average staff count for the year (2016-17: 11%). We have undertaken several external recruitment campaigns with the aim of reducing our reliance on agency staff.

Non-staff costs are mainly related to accommodation and back office services. These increased by £2,827k, due to a rate rebate in 2016-17, and increases in staff related costs, including recruitment, training, travel and subsistence, increased accommodation costs, and increased ICT costs.

Non-cash costs increased by £1,575k due to increases in provisions to cover any potential tax liabilities that may arise from a HMRC inspection.

Expenditure on legal disbursements varies from year to year depending on the number, type and complexity of cases. The majority of this expenditure is passed on directly to clients. It increased by less than 1% compared to 2016-17.

Operating income

The net operating income for the year was £2.7m (2016-17: £2.7m).

Capital Expenditure

Capital investment was £1.9m. The main investment was in maintaining the IT infrastructure, and in creating a modern, flexible workplace.

Financial Position

The capital employed is £8.1m at 31 March 2018 comprising total assets of £45.0m (non current assets of £3.3m, trade and other receivables of £32.9m, and cash of £8.8m); and current and non-current liabilities of £36.9m (trade and other payables). Further details are in the Notes to the Accounts.

Cash flow and debtors are both closely monitored throughout the year to ensure that we have sufficient cash to meet our liabilities and pay our creditors promptly; we rely on receipts from our clients for the bulk of our cash flow. We ended the year with cash of £8.8m (2016-17: £8.6m) and a trade receivables of £12.2m (2016-17: £12.1m).

Looking to the future

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

We will continue to build GLD as 'One Organisation', strengthening our collective leadership and tirelessly championing the work that we do, and the value that we bring, and ensure that we are capable of responding to new issues or challenges as they arise. We will address the continuing resourcing challenge, including through further recruitment and smarter use of the private sector, and look at options for reward and recognition, as well as promoting and supporting the health and wellbeing of our people. We will continue to improve and modernise the way we work and how we provide services to clients, including through use of IT and on-line services.

Our specific objectives, key priorities and associated risks and opportunities, for 2018-19 are included in our Business Plan that is published at www.gov.uk/gld.

Brexit



Lawyers across GLD are working together on legal aspects of the UK's withdrawal from the EU. Lawyers have played a significant part in both negotiations in Brussels and the legislative process in Parliament, which has required close coordination and cooperation between legal teams.

The work is overseen by DExEU Legal Advisers, a team of about 40 lawyers that provides advice to both DExEU and the Cabinet Office Europe Unit. The team has drawn extensively on the expertise of GLD's other teams of legal advisers, based in departments across Whitehall.

Lawyers took part in phase 1 of the negotiations in 2017 that led to publication of a joint report between the EU and the UK setting out the matters on which agreement had been reached. GLD lawyers were involved in discussions about aspects of the joint report, including the rights of EU and UK citizens, the financial settlement, and the wide variety of technical issues arising from the UK's separation from the EU.

During phase 2 of the negotiations, GLD lawyers have played a leading part in negotiating the detailed legal text of the EU-UK Withdrawal Agreement, including the provisions on the 'Implementation Period' and those giving effect to the political agreement in the joint report. GLD lawyers have also given advice to ministers and policy colleagues about technical aspects of the Article 50 process.

At the same time, GLD lawyers have played a major part in the passage of the European Union (Withdrawal) Bill, the domestic legislation that will make the changes to the UK's statute book required by the UK's withdrawal from the EU. Work on the Bill has again required close cooperation with lawyers across government, as well as with ministers responsible for taking the Bill through Parliament. Members have tabled a record number of amendments, and DExEU Legal Advisers have worked closely with policy colleagues to analyse and advise on the effects of each one.

As the withdrawal process continues, GLD lawyers will continue to be closely involved in agreeing the UK's future relationship with the EU, including support and advice throughout the negotiations in Brussels.

Performance Analysis

Trusted to deliver consistently excellent and value for money services

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

Client partnership

The Client Care Toolkit was developed by the Relationship Managers' Forum Steering Group to help our Relationship Managers build their client relationships and deliver local client care plans. It pulls together work, ideas and best practice from across GLD, to support a consistent approach.

A programme of events was held in our Client Week, in February 2018, to provide an opportunity to reflect on what we can do to identify with our clients' needs, looking at all aspects of our client relationships and how and why we do what we do for our clients. In addition to a series of local events, two flagship events were held:

- Client Care - provided an opportunity for our people to hear from experienced lawyers about our role as lawyers in government
- Understanding our Clients - saw three senior clients talking about their priorities and how we can support them in achieving their goals

Benefits of our services

Relationship Managers were also provided with training by the Management Information Hub to give them a better understanding of the information available to our clients, and to raise their awareness of the work of the Hub and how it can help them respond to client requests for information.

New ways of working

We continue to seek to identify and encourage new ways of working. Innovation is encouraged and rewarded, and information on the local initiatives taken by our Directors is shared with a view to wider adoption.

Key Performance Indicator for being trusted to deliver

The Client Satisfaction Survey is the key metric for performance, details of which are in the Overview.

Known for the quality of our legal work

The Legal Quality Committee (LQC) monitors the quality of our legal service provision to make sure we are delivering the highest possible quality to our clients. It champions improvements in quality and provides a forum to share best practice across GLD. The key initiatives it has overseen this year have been the:

- Subscription Services Project, which successfully raised awareness, and increased the usage, of the online services available to assist in the delivery of our legal work.
- Quality Assurance Framework for Advisory Divisions. This light touch framework has continued to bed in and new Divisions (DIT, BEIS and the Department for Exiting the European Union (DExEU) Legal Advisors) joining GLD this year have been brought into the process. Following a review of its operation, some themes have emerged which will be reflected in our 'Being an Effective Advisory Lawyer' guidance and training to ensure greater compliance with quality criteria.
- Digital Core Curriculum Project, which aims to deliver a core curriculum of mandatory baseline legal training for all GLD lawyers, to drive up capability and support the legal quality agenda. Two online modules were piloted and evaluated. The project is now moving onto the next phase, which consists of the staged development of further elements of the core curriculum delivered via a Learning Management System.
- steps taken to improve our offer in relation to legal training and induction to respond to the changes in workload and an increase in numbers of new joiners. These include professionalising

our Legal Training Steering Committee structures and developing capability in the annual training programme in areas such as withdrawing from the European Union, International, Trade and European Law, and Data Protection. We have delivered more 'Introductory Course for Lawyers' sessions to cater for increased demand as part of induction. In relation to statutory instruments, a more targeted training programme has been developed depending on different levels of experience. Central SI guidance related to withdrawing from the European Union was produced and there has been some training and assistance for the policy profession in relation to explanatory memoranda.

- work with Parliamentary Counsel and the Cabinet Office to refresh the Primary Legislation Working Group and use of LION as a platform to increase our sharing of knowledge relating to the development of primary legislation.

The annual Knowledge Management (KM) benchmarking exercise gives the LQC a GLD-wide picture of KM to allow it to understand the maturity of our KM as a whole and to make recommendations for action at a GLD-wide level to address any concerns. Whilst withdrawing from the European Union has brought significant pressures, in many ways it has also acted as a catalyst for valuable and effective cross-team knowledge sharing. This can only be enhanced by developing a single digital KM platform to replace the multiple local systems in place and this is one of our priorities for 2018.

Key performance indicator for quality

Lexcel is the key metric for performance, details of which are in the Overview.

Being the best employer for our people

The People Committee monitors the actions relating to building a unified Department with a 'One Organisation' culture based on our core values, improving career development opportunities and providing inspiring, confident and empowering leadership.

A unified Department

Our All Staff event - GLD 2017: Work and Wellbeing - was held in April. The inaugural GLD awards were one of the highlights of the event. These awards were created to recognise the outstanding work that goes on routinely in GLD. There were seven categories altogether, which reflected the breadth of contributions made by our people and our core values, from leadership to innovation to inclusion.

Our values are important and are at the heart of the Government Legal Department. They reflect our ambition to be 'One Organisation' highlighting the importance of working together and finding new ways to do things. They were celebrated in Values Week in September, which involved a range of imaginative events.

One GLD: working together:

- We value and respect each other
- We embrace new ideas and collaborate
- We take pride in the high standards of our service

The 'Call it out' campaign was launched with the aim of creating a culture in which everyone in GLD can address, handle and move on from instances of inappropriate behaviour. Our Appropriate Behaviour Champions under the Culture and Behaviour

strands of the People Strategy devised the campaign. A tool kit was released with various resources to help people think about how to handle difficult or sensitive situations.

Career development

The GLD Legal Apprenticeship Scheme was launched in August 2017, with an initial intake of 20 apprentices. The Scheme offers two types of apprenticeship: a Paralegal Apprenticeship (requiring no previous legal experience or qualifications) leading to a Certificate or Diploma in Law and Practice and a CILEx Apprenticeship leading to qualification as a CILEx Fellow (Chartered Legal Executive Lawyer) and eligibility for GLD Lawyer posts. An external training provider, Damar Training, through a combination of lectures, workshops, delivers training and webinars and apprentices spend 20% of their normal working week on training and development.

We also teamed up with the Crown Prosecution Service to launch a recruitment campaign for non-legal Business Administration apprenticeships. Beginning with just a few apprentices, the plan is to expand the scheme to take on between 15 to 20 Administrative Officer level apprentices. At the end of 12 to 15 months, the apprentices will receive a Business Administrator level 3 apprenticeship (equivalent to 2 A level passes). After this point, they can remain in a permanent AO post or apply for other jobs within GLD or the wider civil service.

We also continue to run our legal trainee programme to build a pipeline of talent for GLD and support our long-term resourcing strategy. A number of our trainees took some time out of their training seats for secondments with the devolved administration legal teams, gaining an in depth knowledge of devolved legal work. Two trainees also undertook short

placements as Judicial Assistants at the High Court, Chancery Division, providing an opportunity to sit through a full trial and then assist the judge in preparing their judgement.

Nearly 1,000 people participated in Careers Week in October, which had 'enrichment' as its theme. There were 25 separate sessions ranging from specific skills and competences, development moves, exploring leadership and enriching your career outside GLD, to wellbeing, mindfulness and advice to carers.

We opened a regional centre in Leeds, as part of our ongoing corporate vision to make the most of the potential of our existing regional presence, to take advantage of the growing pool of professional talent based in the North of England, and to meet the increasing need to deliver legal services to our clients in the North. Our Employment and Commercial Law Groups have led the move, and by bringing together all our teams into one building in Leeds we will be able to offer more opportunities for our people to develop their careers as well as tapping into a new source of legal capability.

Leadership

We made good progress on a coherent leadership development offer for our staff. The Gateway into Leadership programme, run in partnership with Civil Service Learning, is for lawyers who have the potential to join the Senior Civil Service and work as a senior lawyer and leader within GLD, while the Expert to Leaders programme, run in partnership with an external provider, is for staff who are not necessarily aiming for a SCS role at this stage of their career, but who want to develop their core leadership skills. The Good Manager Programme, for people new to management, has also continued.

There is more to be done to promote consistently excellent leadership behaviour by all our SCS but our reconstituted Strategic Leadership Group will provide a framework for taking this forward in 2018-19. The proposal for a mandatory change management module is no longer being pursued and instead we will direct the SCS to relevant Civil Service Learning Leadership Academy modules.

Key performance indicator for best for our people

The annual People Survey is the key metric for performance, details of which appear below.

Diversity and inclusion

We share and promote the civil service vision of being recognised as the UK's most inclusive employer. We support a number of lively and well-run staff networks where our people share experiences and support GLD to become the most inclusive it can be. Six of our directors act as champions for the networks. These have hosted a number of very successful events during the year, including events to mark Black History Month, National Inclusion Week, International Men's Day, National Holocaust Memorial Day and International Women's Day. Our Race and Social Mobility Networks organised an open day for 30 students from two London Academies as part of the BLD Foundation's 'Today's Children, Tomorrow's Lawyers' programme. Many of the students came from backgrounds under-represented in the legal profession, and the aim was to encourage them to aspire to a career in law.

The Social Mobility Network also hosted a session called 'Getting the Most from your Career', which featured the benefits of mentoring, and how this can particularly help those from economically disadvantaged backgrounds. We also achieved 'Disability Confident Leader' status and for the first time we took part in the Stonewall Workplace Equality Index. We will continue to challenge ourselves against external benchmarks for diversity and inclusion.

Our Diversity and Inclusion Group was nominated for a LexisNexis Award, with the citation recognising our ambitious action plan, which aims to drive opportunities for entry and advancement in the legal profession for those from under-represented groups.

The work of our networks and our Diversity and Inclusion Group, and all they have achieved, is reflected in our high positive score, 82%, for 'Inclusion and Fair Treatment', in the 2017 People Survey. This represents a three point rise on last year's survey, is six points better than the Civil Service average and two points higher than the Civil Service High Performers. 85% of our people agreed that GLD is committed to diversity and inclusion in the workplace.

Charlie Gard Appeal



A number of GLD legal teams worked together to play an important and useful part in the appeal by the parents of Charlie Gard against the lower courts' decision that it would not be in their child's best interest to allow him to be taken to the US for experimental treatment, and their subsequent application to the European Court of Human Rights. The government had no role in relation to the question of what was in the baby's best interests, but the case also gave rise to unprecedented issues of public and constitutional law, such as the extent to which domestic court proceedings should be stayed pending the outcome of proceedings before an international court. GLD was invited by the Supreme Court to become involved, and we ensured that the issues were fully considered by all parties and the Court.

GLD lawyers were initially contacted one day before the first Supreme Court hearing on 8 June, and the final judgment in the proceedings was given on 24 July. The period between these dates involved

intense collaboration between GLD's teams based at the Ministry of Justice, the Department of Health and Social Care and in its Litigation Group, as well as with the Foreign and Commonwealth Office. Our actions were all taken against the backdrop of close international scrutiny, but also with continuous awareness of and respect for the very difficult dilemma facing the baby's family and the doctors treating him.

Health and Wellbeing

Our Directors have shown strong leadership and role-modelled engagement from the top of the organisation in furthering the Wellbeing agenda. Frances Nash, Director, DWP Legal Advisers, and Wellbeing and Disability Champion, and Naomi Mallick, Director, Ministry of Justice (MoJ) Legal Advisers, and one of our first ever 16 trained Mental Health First Aiders, presented to the Strategic Leadership Group on the importance of mental health first aid and the wellbeing agenda. The tenet of their presentation centred on moving towards a culture of more open conversations between managers and staff and not just in cases of mental ill health. This message of encouraging a culture of openness and empathy was reinforced by Directors and the Mental Health First Aiders at our SCS Conference in February 2018.

We have undertaken a number of initiatives in the Wellbeing and Mental Health space over the past year. There was a dedicated 'Wellbeing Zone' in the marketplace at our GLD 2017: Work and Wellbeing All Staff Event and a number of events focusing on wellbeing and mental health. We conducted an International Men's Day event 'Men and Mental Health' in November 2017, a Christmas communications campaign on the importance of talking about mental health, and a campaign for National Time to Talk Day on 1 February 2018. Plans are in place to mark National Mental Health Awareness week in May 2018.

Formally launched with a welcome and networking event on 10 October 2017 - World Mental Health Day - our Mental Health First Aiders have undertaken ambassadorial duties, speaking to their teams on the importance of mental health and wellbeing. We had two speakers on the subject at the Whitehall Industry Group's Diversity and Inclusion Conference on 16 November 2017.

Permanent Secretary, Jonathan Jones, has also continued in his role as Wellbeing Champion for the Civil Service, taking part in events and initiatives across government, including a recent Breakfast Briefing on Mental Health with Nigel Jones for the Whitehall Industry Group.

We also carried out a Mental Health Support Sense Check, a recommendation from the government's 'Thriving at Work' report. We audited our activities against 11 key areas, which Jonathan Jones signed off. We will produce our own Mental Health Action Plan, to be sponsored and supported by the Strategic Leadership Group.

“ I became a Mental Health First Aider in September 2017 as one of GLD’s first cohort of sixteen. The first step was to attend two days of training run by MHFA England. Our course tutor was engaging and committed – she was open about her own mental health issues and how she had learned to cope with them. The atmosphere on the course was correspondingly frank: some of the course material was distressing, but this was balanced by the many stories of people coming through even the worst times and regaining their confidence and sense of purpose.

“ Since the training, Mental Health First Aiders have spread the word at events across the GLD and outside, including a discussion on World Mental Health Day, a panel Q&A on men and mental health hosted by the Gender Equality Network, and a presentation at the Whitehall and Industry Group’s Diversity & Inclusion Conference.

“ We will be working on increasing communication on mental health issues between OKS-based and client-located teams, and between GLD teams and the departments where they are based, many of which have their own MHFA programmes.

“ I have been approached regularly since being trained, both by managers looking for resources on specific ways to help a team member, and by colleagues for confidential chats. However, one of the most important things we can all do together is to keep mental health on the agenda, and above all to keep talking about it.”

Sam Grutchfield, DWP Legal Advisers

People Engagement

The annual People Survey is a key measure of our success in delivering our vision to be the best employer for our people. In the 2017 Survey, we achieved an Engagement Index of 62% - this was slightly higher than the 2016 survey and 1 point higher than the average for the Civil Service - with a response rate of 78%.

There were significant rises in how staff feel about their career opportunities at GLD and that they feel better about the way change is managed compared to 2016. Scores around inclusion and fair treatment also rose favourably. However, the responses on pay were lower than in previous years and amongst the lowest across the Civil Service. This is perhaps understandable when the composition of the workforce is considered, with in excess of 80% being professionals, predominantly in law but also in HR, Finance, ICT or Communication.

We have considered what the results mean and what actions we need to take, which could make a real difference in making GLD a great place to work. Our Action Plan will concentrate on four key areas where we believe we can take new action, which will really make a difference. We will develop a new GLD Story; we will continue to develop leadership skills at all levels throughout GLD; we will make a reality of our zero tolerance to unacceptable behaviour; and we will work to address, as far as we can, the concerns expressed about pay and benefits, including work/life balance.

Partnership

GLD has continued to maintain a positive working relationship with the Trade Unions (FDA and PCS). Human Resources regularly meet the unions on an informal basis to discuss a range of issues that have an impact on union members, and there are also regular formal Partnership meetings which include representatives from across the business, and departmental and national union representatives. Business managers are also encouraged to meet trade union colleagues at an early stage where resourcing levels or workloads may be changing.

Celebrating our success

David Browitt won the award for 'Outstanding achievement by a public service barrister' for his work when he was in the Department for Transport (DfT) Legal Advisers Team and the first ever 'Young employed barrister of the year' was confirmed as Matthew Johnston (Home Office Legal Advisers) at the inaugural Bar Council Employed Bar Awards ceremony in June 2017.

The 'Young employed barrister of the year' award is for a barrister with under 7 years' practice. The judges praised Matthew's clarity, calmness, objectivity and expertise in his work, and his understanding of ministerial priorities.

The award for 'Outstanding achievement by a public service barrister' was open to the CPS, GLD, local government and public service defenders. The judges noted David's clear leadership, energy and guidance in his work, his team working and his fine legal judgment.

Nick Olley, Director, Department for Transport Legal Advisers until December 2017 was awarded the Legal 500 'Public

Sector Individual of the Year' award for 2017. The Legal 500 Awards identify the best in-house counsel, law firms and sets. They are selected through in-depth research carried out across the whole UK legal sector, including 90,000 client interviews.

Our Commercial Law Group, with the Crown Commercial Service, were runners up in the Civil Service Commercial Award for the delivery of the External Legal Services Project, which fundamentally changed the way we procure and manage external law firms across central government. Our Communications team were winners of the Government Communication Services' campaign of the month in November for their 'Around the world in 30 days' campaign to promote the People Survey and achieve a completion rate of above 65% by the end of October and an improvement in the Engagement Index score compared to 2016. The 'around the world in 30 days' concept meant that the more people who completed the survey the further we were around the world.

Space Industry Act 2018



The UK space industry is a British success story, a growing sector which continues to pioneer new technologies from satellites and instruments to new applications and services. There is, however, one area in which our space sector cannot currently prosper: launch, a market worth £25 billion over the next 20 years. The Space Industry Act 2018 breaks down this barrier to growth by making provision to enable spaceflight activities to be carried out from the UK for the first time. This would include launching small satellites into orbit and permitting manned sub-orbital flights for scientific experiments and space tourism.

In particular, the Act will modernise the legislative framework for the regulation of activities in space, which originate from, or are controlled from the UK. It will also regulate the creation and operation of spaceports in the UK.

Lawyers have had to deal with a series of complex issues, made more difficult by novel and untested technologies anticipated to be operated from the UK, for which the UK has very limited knowledge and experience. This includes the anticipation of complex scenarios that required an entirely new thought process, which prompted a series of what if questions such as: ‘What if a rocket goes away from the earth but not into orbit?’

‘What if a spaceplane goes off course?’ The Act enjoyed cross-party support and had a relatively smooth passage through both Houses of Parliament. There were some passionate debates in the Lords on issues around the liabilities of operators when carrying out spaceflight activities, and on so-called ‘Henry VIII’ powers (to use regulations to amend Acts of Parliament). Lawyers worked with policy colleagues in preparing letters of explanation and various concessions including the removal of the Henry VIII powers, which resulted in the smooth passage of the Bill.

The project was led by one full-time and one part-time lawyer from DfT Legal Advisers and one lawyer from BEIS Legal Advisers with additional lawyers also contributing, especially in the early stages, who used flexible working methods and technology to provide officials and ministers with a first class service. The Bill received Royal Assent on 15 March 2018.

The Space Industry Act is a framework Act which includes over 100 provisions containing delegated powers. The implementation programme is already underway and our focus now moves to using those delegated powers to put in place the regulatory framework by drafting secondary legislation to come into force by mid-2020.

Community and social matters

Our Pro Bono and Volunteer network launched its Pro Bono Strategy as part of National Pro Bono Week 2017. As a founding signatory to the Law Society's pro bono charter, we are committed to developing a pro bono strategy, to support and encourage pro bono activity across the organisation. The new strategy demonstrates our ongoing commitment to the pro bono work carried out by our lawyers.

The strategy aims to develop a strong pro bono culture, supporting the work already carried out and helping our people to get involved with pro bono work. The strategy also aims to increase awareness of the opportunities and benefits of getting involved in pro bono work.

All our first year Legal Trainees took part in the 'Lawyers in schools' programme run by the Citizenship Foundation (CF), which is designed to raise young people's awareness and understanding of the law and their role as citizens in a democratic society. The CF helped us establish a partnership with Pimlico Academy, a highly successful non-selective state secondary school of 1,200 pupils, with 75% of students receiving free school meals. Following a training session provided by CF, our trainees each helped to deliver at least one workshop to pupils aged 14-15, on topics including applying the law, human rights, and the role of social media in the law. The Solicitor General Robert Buckland QC MP joined them as a volunteer for one session, which the trainees and students really appreciated.

Sustainability

All departments are required to report their performance against the Greening Government Commitments (GGC). GLD's sustainability performance can be found at Annex A (page 82).

Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are none to report.

Jonathan Jones
Accounting Officer

11 May 2018

Accountability Report

Corporate Governance Report

Directors' Report

Directors

The Governance Statement on page 40 includes the composition of the GLD Board.

Register of interests

Oonagh Harpur, provides consultancy services and advice from time to time to the main governance board of international law firm, DLA Piper, whose UK practice is on the General Legal Services and Rail Legal Panels. She is also an Independent Non Executive at KPMG with effect from 30 April 2018. Should any issues relating to DLA Piper or KPMG UK LLP come to the GLD Board, People Committee or Change Delivery Committee she would neither see any papers or minutes nor participate in any discussion.

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

Personal data related incidents

All government departments are required to publish information about any serious personal data related incidents, which have to be reported to the Information Commissioner. Three incidents were reported.

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

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

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

Statement on Information Risk

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

During 2017-18, the framework for handling data and to provide assurance over the management of information we hold has included:

- continued review and production of data handling policies, guidance and awareness training promoting best practice within GLD, including the mandatory completion by all staff of the Civil Service Learning – ‘Responsible for Information’ and ‘Data Protection’ e-learning courses
- ongoing review of information assets and their associated risks, including twice yearly assessments of the third party delivery chain, and the incorporation of information risks within the risk management policy and processes
- maintaining certification against the ISO 27001:2013 information security standard. We also adhere to the current PSN Code of Connection and Cabinet Office Security Policy Framework requirements

Audit

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

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

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

Remuneration to external auditors for non audit work

We did not pay any remuneration to the NAO for non-audit work. The notional audit fee for the GLD audit was £55k (2016-17: £55k).

Statement of Accounting Officer's Responsibilities

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

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

Statement regarding disclosure of information to the auditors

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

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

Governance Statement

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

The Government Legal Department (GLD) (formerly the Treasury Solicitor's Department (TSol)) 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 Chief Executive.

Ministers

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

- The Rt Hon Jeremy Wright QC, MP, Attorney General
- Robert Buckland QC, MP, Solicitor General

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

Board and Committees

The GLD Board is the main decision-making body and supports the Chief Executive in providing leadership of GLD, framing the overall strategic direction and overseeing its delivery, managing the overall performance of the organisation and governance and managing relations with key stakeholders.

Membership of the GLD Board as at 31 March 2018 was as follows:

Executive members:

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

*Leaving GLD on 31 August 2018

Non-Executive members:

Oonagh Harpur (appointed September 2013, renewed July 2015) – Non-Executive Director and Senior Advisor to Boards on corporate strategy, reputation and governance. She is Chairman of Wisdom of the Crowd and a member of Walgreen Boots Alliance panel on sustainability. She advises a number of boards of professional and financial services firms (including DLA Piper) and is a senior adviser to Tomorrow's Company and Blueprint for Better Business. Previous roles include Partnership Secretary at Linklaters LLP 2002 to 2011; CEO at Enterprise Insight 2000 to 2002; CEO at HUB Initiative, Institute of Directors 1997 to 2000; Principal Executive at Berwin Leighton, 1988 to 1994.

Jeremy Newman (appointed September 2013, renewed July 2015) – A Chartered Accountant and Chair of the GLD Audit and Risk Committee. He is a Non-Executive and Chair of the Audit and Risk Committee of the Crown Prosecution Service since 2012; a Panel Member of the Competition and Markets Authority since October 2017; a Non-Executive Director and Chair of the Audit and Finance Committee of the Social Investment Business Group, and its parent charity, the Social Business Foundation, since 2013; a member of the Board of Social and Sustainable Capital LLP since February 2017; and Chair of the Workforce Development Trust since April 2017. He was Chair of the Single Source Regulations Office from 2014 to 2016, and of the Audit Commission from October 2012 until its closure on 31 March 2015. He is an Honorary Visiting Professor at the Cass Business School. He was previously Global CEO of BDO, one of the world's largest accounting firms, and prior to that Managing Partner of BDO's UK firm.

Celia Carlisle's period of office ended in September 2017. She is a consultant who has spent most of the last 20 years in commercial roles working on major infrastructure projects and is currently General Counsel to the Thames Tideway Tunnel Ltd, having been appointed in January 2015. She was also elected to the London Council of the Confederation of British Industry in March 2016. Previous roles include General Counsel at the Olympic Delivery Authority 2006 to 2012; Director at Jarvis PLC 2001 to 2004; Senior Counsel at Edison Capital 1999 to 2001. She was Chair of the GLD SCS Pay Committee.

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

Work of the Board and attendance

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

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

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

Its work covers the 5 main areas expected by the Corporate Governance Code:

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

The Board's performance

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

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

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

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

Board Sub-committees

GLD has an **Audit and Risk Committee** with an independent, Non-Executive Chair, Jeremy Newman. The Committee supports the Accounting Officer by monitoring and reviewing the Department's risk, control and governance processes, and the associated assurance processes including external and internal audit. The membership of the Committee includes one Non-Executive Director¹, in addition to the Chair, and an additional independent member, Jenny Rowe, the retired Chief Executive of the Supreme Court.

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

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

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

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

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

The **People Committee** is responsible for ensuring GLD has arrangements in place to recruit, retain, develop, organise and deploy our people of all grades and roles to meet the objectives of the organisation. Claire Johnston, Legal Director General B, chairs this Committee. It met nine times in 2017-18.

The **Legal Quality Committee** looks at the quality of GLD's legal service provision to make sure it is delivering the highest possible quality to its clients. It champions improvements in quality and provides a forum to share best practice across the Department. Peter Fish, Legal Director General C, chairs this committee. It met six times in 2017-18.

The **Change Delivery Committee** manages change activities in GLD by taking the long-term corporate strategy and policies and turning them into programmes and projects with defined outcomes. Valerie Cain, People and Change Director chairs this Committee. Susanna McGibbon, Director of Litigation Group has been deputising as Chair in Valerie's absence since November 2017. It met 12 times in 2017-18.

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

¹Celia Carlisle until September 2017; Gillian Camm was appointed to ARC in October 2017 but she only attended one ARC meeting in November 2017 before her resignation from the Board.

Compliance with the Corporate Governance Code for central government departments

The Corporate Governance Code for central government departments and accompanying Protocol apply primarily to ministerial departments. This means that the key provisions relating to composition of boards do not apply to GLD; specifically the involvement of ministers and the requirement to have roughly equal numbers of ministers, senior civil servants, and Non-Executive Directors (NEDs).

Although GLD is not required to have a 'lead NED' (whose role is one of supporting the Secretary of State in his or her role as Chair of the Board), Jeremy Newman has been appointed as deputy chair of the Board and the remaining Lead NED functions have been shared between all of the Non-Executive Directors.

Risk Management

Risk management is carried out in accordance with HM Treasury risk management guidance. Regular risk reviews are undertaken and risk registers are maintained corporately and for each Group and Division. The GLD Board identifies and determines the appropriate risk appetite and monitors and manages key strategic risks.

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

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

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

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

Risk Profile

The UK's withdrawal from the European Union presents a significant challenge in terms of legal demand, our ability to resource this and our reputation with our clients.

The potential impact of these challenges, which also impact on our ability to deliver business as usual, are recognised in our key strategic risks and mitigating actions, which are:

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

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

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 are preparing for the General Data Protection Regulations.

Further detail on information risk is contained in the Directors' Report on page 36.

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 our central London office be unavailable.

Whistleblowing

Following recommendations from the Public Accounts Committee on the need for departments to strengthen their handling of whistleblowing, Valerie Cain, People and Change Director, was appointed as Board member with overall responsibility for whistleblowing in GLD. In her absence, Nick Payne, Finance and Operations Director, has been performing this role. She works closely with the Nominated Officers for whistleblowing in GLD and with the Audit and Risk Committee, which has been given the role of assuring GLD's processes and reviewing whistleblowing numbers and cases, and the lessons to be learned from them.

The Audit and Risk Committee has considered quarterly reports on whistleblowing throughout 2017-18, and has reported to the Board on a six-monthly basis². There have been no notifications of whistleblowing incidents, or near misses, in 2017-18. Attention has, therefore, focused on what more can be done to encourage potential whistle-blowers to come forward and via other channels through which staff may express concerns. The Committee has reviewed bullying and harassment data from the People Survey across the business between 2014 and 2017. This identified areas within the business where bullying and harassment appears to be unacceptably high. The Committee has shared this information with the Executive Team with a request that they advise how they intend to respond to these findings.

Effectiveness of the risk management and governance framework

Assurance is provided, inter alia, by the work of Internal Auditor. 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.

The Senior Information Risk Owner, Nick Payne, Finance and Operations Director, supported by the Security Team and the work of the Security Advisory Group, which he chairs, provide assurance on information handling.

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

As part of the business planning process, the Treasury Solicitor, supported by a Non Executive Director, holds Panel Reviews with his Directors General and Board Directors to review performance against the current year's Business Plan objectives, and to challenge their bids for resources and proposed client fees for the following year.

² Save in March 2018, when the Finance and Operations Director made reports to both ARC and the Board.

At the end of each quarter, GLD conducts a formal forecasting exercise. Directors are asked to review their income and expenditure against budget and to forecast their year-end position. This information enables the Performance and Client Committee and the Board to identify areas of concern and, if necessary, to review and consider the allocation of resources in meeting GLD objectives and key priorities. From Quarter Two, it also enables consideration of potential in-year fee reductions and rebates/refunds, where an 'accidental surplus' is forecast, or increases if a deficit is forecast.

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

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

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

Remuneration and staff report

Remuneration Report

Service Contracts

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

Unless otherwise stated below, the officials covered by this Report hold appointments that 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
- 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 GLD'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 in GLD at the relevant time (April to July 2017) comprised: Celia Carlisle – Non-Executive Director and Chair, Jonathan Jones, Peter Fish, Claire Johnston, Stephen Braviner Roman, Rowena Collins-Rice (Director General AGO), and Susanna McGibbon, with Mark Burch, Head of HR, acting in an advisory capacity.

Consolidated awards (salary increase)

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

- move people up to the new minima of the SCS Pay Bands from 1 April, as per the Cabinet Office guidance
- award Group 1 and Group 2 performers a £500 increase to salary
- address what was perceived by the Pay Committee as an anomaly by raising salaries to a 'spot rate' for Pay Band 1 and Pay Band 2, in order to address the very wide gap between those at the bottom and the top of the pay ranges

Non-consolidated performance related pay awards

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

Jobholders were ranked and assigned to a performance group relative to their peers, as follows:

- Group 1 – top 25%
- Group 2 – next 65%
- Group 3 – bottom 10%

The assessment of performance against objectives included:

- the leadership behaviours exhibited in the achievement of objectives
- an assessment of the management of resources
- the degree to which the jobholder made a corporate impact on the team, for the client and/or the wider Department

Non-consolidated performance related pay awards were awarded to those achieving Performance Group 1 (the top 25%).

Remuneration (including salary) and pension entitlements

This information has been subject to audit.

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. Board members) of the Department.

Single total figure of remuneration								
Officials	Salary (£'000)		Performance Related Awards (£'000)		Pension Benefits (to nearest £1,000) ¹		Total (£'000)	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Jonathan Jones HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive	160-165	160-165	15-20	15-20	24,000	29,000	205-210	205-210
Stephen Braviner Roman Legal Director General A	120-125	120-125	15-20	-	26,000	58,000	160-165	175-180
Claire Johnston Legal Director General B	120-125	120-125	15-20	-	15,000	38,000	150-155	155-160
Peter Fish Legal Director General C	125-130	120-125	-	10-15	9,000	27,000	130-135	160-165
Valerie Cain People and Change Director	95-100	95-100	-	-	2,000	15,000	95-100	110-115
Nick Payne Finance and Operations Director	120-125	120-125	-	10-15	22,000	41,000	140-145	170-175

(1) The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights. Where prior year figures have changed this is due to a retrospective update to salary data.

(2) No Directors were in receipt of any benefits in kind.

The Non-Executive Directors were paid salaries in the following bands:

	Contract end	Salary £'000		Benefits-in-kind (to nearest £100)		Total (£'000)	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Jeremy Newman	September 2018	15-20	15-20	800	1,000	15-20	15-20
Celia Carlisle	September 2017	5-10	15-20	100	200	5-10	15-20
Oonagh Harpur	September 2018	15-20	15-20	-	-	15-20	15-20
Gillian Camm	November 2017	0-5	-	-	-	0-5	-

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

Salary

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

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 2017-18 performance, the awards reported in 2017-18 relate to performance in 2016-17 and the comparative awards reported for 2016-17 relate to the performance in 2015-16.

Pay Multiples

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

The banded remuneration of the highest-paid director in the GLD in the financial year 2017-18 was £180k - £185k (2016-17: £180-185k). This was 3.7 times (2016-17: 3.6 times) the median remuneration of the workforce, which was £49,679 (2016-17: £50,491).

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

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value (CETV) of pensions.

Pension Benefits

Officials	Accrued pension at pension age as at 31/3/18 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/18 £'000	CETV at 31/3/17 £'000	Real increase in CETV £'000	Employer contribution to partnership pension accounts to the nearest £100
Jonathan Jones HM Procurator General, Treasury Solicitor, Permanent Secretary and Chief Executive	55-60 plus a lump sum of 165-170	0-2.5 plus a lump sum of 2.5-5	1,154	1,059	20	-
Stephen Braviner Roman Legal Director General A	35-40 plus a lump sum of 90-95	0-2.5 plus a lump sum of 0	648	601	5	-
Claire Johnston Legal Director General B	40-45 plus a lump sum of 110-115	0-2.5 plus a lump sum of 2.5-5	964	890	15	-
Peter Fish Legal Director General C	35-40 plus a lump sum of 110-115	0-2.5 plus a lump sum of 0-2.5	833	772	8	-
Valerie Cain People and Change Director	60-65 plus a lump sum of 110-115	0-2.5 plus a lump sum of 0	1,274	1,256	1	-
Nick Payne Finance and Operations Director	55-60	0-2.5	926	866	3	-

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

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

Civil Service Pensions

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

			2017-18	2016-17
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	101,572	-	101,572	85,795
Social security costs	11,365	-	11,365	8,974
Other pension costs	21,437	-	21,437	18,043
Sub Total	134,374	-	134,374	112,812
Agency and contracted staff	-	13,380	13,380	11,408
Inward Secondments	-	301	301	204
Total	134,374	13,681	148,055	124,424
Less recoveries in respect of outward secondments	(1,595)	-	(1,595)	(1,452)
Total Net Costs	132,779	13,681	146,460	122,972

No staff costs have been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) - known as 'alpha' are unfunded multi-employer defined benefit schemes but the GLD is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the Annual Report and Accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk.

For 2017-18, employers' contributions of £21,187k were payable to the PCSPS (2016-17: £17,801k) at one of four rates in the range of 20.0 to 24.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £250k (2016-17: £183k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2016-17: 3 to 12.5 percent) of pensionable pay. Employers also match employee contributions of up to 3% of pensionable pay. In addition, employer contributions of £nil (2016-17: £36k), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

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

This information has been subject to audit.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

	2017-18 Number			2016-17 Number
	Total	Permanent Staff		Total
GLD	2,157	1,905	252	1,862
Total	2,157	1,905	252	1,862

This information has been subject to audit.

Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	2017-18			2016-17		
	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	-	-	-
£25,000 - £50,000	-	1	1	-	3	3
£50,000 - £100,000	-	1	1	-	2	2
£100,000-£150,000	-	-	-	-	-	-
£150,000-£200,000	-	-	-	-	-	-
£200,000-£250,000	-	-	-	-	-	-
£250,000-£300,000	-	-	-	-	-	-
Total number of exit packages by type	-	4	4	-	5	5
Total resource cost/£	-	136,276	136,276	-	312,881	312,881

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

Ill-health retirement costs are met by the pension scheme and are not included in the table.

This information has been subject to audit.

SCS by Payband

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

	GLD
SCS 4	1
SCS 3	3
SCS 2	28
SCS 1 and 1A	147
Total	179

Staff Composition

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

We are bound by the Civil Service Commission's recruitment principles on fair and open competition and selection on merit. Disability adjustments are provided at all stages of the recruitment process. All interviews are trained in GLD's recruitment policy, processes and procedures, which covers, amongst other things, diversity issues to ensure no discrimination at the sift or interview and to indicate appropriate questions which may be asked about disability issues. GLD is a level 3 Disability Confident Leader and has an active Wellbeing and Disability Network.

The gender breakdown of our headcount as at 31 March 2018 was as follows:

	Male	Female
Officials as disclosed in the Remuneration Report	4	2
Non executive directors	1	1
SCS (excluding officials disclosed in the Remuneration Report)	84	89
Employees	721	1,349
Total	810	1,441

The proportion of black, minority and ethnic staff at SCS pay band 1 is 8.8%. The proportion of all staff is 18.4%. Levels of disabled staff are 6.1% in the SCS and 5.6% for all staff. Individuals are supported by efficient arrangements for assessments and the implementation of reasonable adjustments for those who require them.

Sickness Absence

Overall sickness absence was an average of 5.3 working days lost per person (2016-17: 5.0 days). This compares favourably with the Civil Service average of 6.8 days lost per staff year as at 30 June 2017 (most recent available figures). 65% of staff had no sickness absences.

Managers are encouraged to actively manage sickness absence in their area, ensuring that people are supported during any illness, and that any underlying causes are identified and addressed, where possible, through workplace adjustments.

Expenditure on consultancy

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

Parliamentary Accountability and Audit Report

This information has been subject to audit.

Losses and Special Payments

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

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

Fees and Charges

An analysis of the Department's income and associated costs is shown below. Charges for the provision of legal services and administration services to the Bona Vacantia Division are set to recover full costs in accordance with HM Treasury's guidance on fees and charges set out in 'Managing Public Money'. This analysis is not for IFRS 8 purposes.

In accordance with HM Treasury's guidance a notional cost of capital charge of £325k is included for setting fees and charges and is also reflected in full cost figures for this analysis. The notional cost of capital is not recognised in the financial statements.

The cost of capital charge is calculated at the real rate set by HM Treasury (currently 3.5 percent) on the average carrying amount of all assets less liabilities, except for cash balances with the Government Banking Service, where the charge is £nil.

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

Remote Contingent Liabilities

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

Long term expenditure trends

This information is not subject to audit.

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

	2018-19	2019-20
DEL Resource	5,841	10,083
DEL Capital	4,200	2,700

The Departmental Expenditure Limit (DEL) Resource funding is to cover the costs of casework on behalf of the Attorney General (time and disbursements). The Spending Review 2015 provided additional funding for GLD from 2018-19 for its future relocation of its Head Office, at the end of its lease on One Kemble Street, as part of the Government Estate Strategy.

The DEL Capital funding allows us to invest in improving and developing systems to support our business. Spending Review 2015 provided for additional funding to enable the investment in technology as a result of the relocation and to align with the Government Digital Strategy, as well as to meet fit out costs to TW3 standards, which we are currently piloting.

Jonathan Jones
Accounting Officer

11 May 2018

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

Opinion on financial statements

I certify that I have audited the financial statements of the Government Legal Department (GLD) for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the 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 GLD's affairs as at 31 March 2018 and of the net operating income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Treasury Solicitor as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse 16 May 2018
Comptroller and Auditor General

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

Statement of Comprehensive Net Income for the period ended 31 March 2018

		2017-18	2016-17
	Note	£000	£000
Income from sale of goods and services	5	(214,307)	(185,880)
Other operating income	5	(7,424)	(7,548)
Total operating income		(221,731)	(193,428)
Staff costs	2	148,055	124,424
Purchase of goods and services	3	15,736	13,024
Rentals under operating leases	3	4,295	4,180
Non-cash costs	3	3,186	1,611
Disbursements	4	47,792	47,444
Total operating expenditure		219,064	190,683
Net operating income		(2,667)	(2,745)
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of property plant and equipment		-	-
Net (gain)/loss on revaluation of intangibles		-	-
Total Comprehensive Income for the year		(2,667)	(2,745)

All income and expenditure is derived from continuing operations.
The notes on pages 71 to 81 form part of these accounts.

Statement of Financial Position as at 31 March 2018

	31 March 2018		31 March 2017		
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment		3,106		2,813	
Intangible assets		161		118	
Total non-current assets		3,267		2,931	
Current assets					
Trade and other receivables	7	32,921		33,820	
Cash and cash equivalents	8	8,837		8,620	
Total current assets		41,758		42,440	
Total assets			45,025		45,371
Current liabilities					
Trade and other payables	9	(35,007)		(33,982)	
Provisions	10	(1,527)		(4)	
Total current liabilities		(36,534)		(33,986)	
Non-current assets plus net current assets			8,491		11,385
Non-current liabilities					
Trade and other payables	9	(390)		(889)	
Provisions		-		-	
Total non-current liabilities		(390)		(889)	
Total assets less liabilities			8,101		10,496
Taxpayers' equity					
General Fund			7,765		10,160
Revaluation Reserve			336		336
Total Taxpayers' equity			8,101		10,496

The notes on pages 71 to 81 form part of these accounts.

Jonathan Jones
Accounting Officer

11 May 2018

Statement of Cash Flows for the period ended 31 March 2018

	Note	2017-18 £000	2016-17 £000
Cash flows from operating activities			
Net Operating Income		2,667	2,745
Adjustments for non-cash transactions arising in the year	3	3,186	1,611
Decrease in trade and other receivables	7	899	619
(Decrease) in trade and other payables*		(343)	2,871
Use of provisions		(2)	(48)
Net cash inflow from operating activities		6,407	7,798
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,290)	(1,548)
Purchase of intangible assets		-	(150)
Net cash outflow from investing activities		(1,290)	(1,698)
Cash flows from financing activities			
Net financing		(4,900)	215
Net financing		(4,900)	215
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
	8	217	6,315
Amounts due to the Consolidated Fund - received in a prior year and paid over		-	-
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	8	217	6,315
Cash and cash equivalents at the beginning of the period	8	8,620	2,305
Cash and cash equivalents at the end of the period	8	8,837	8,620

The notes on pages 71 to 81 form part of these accounts.

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

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

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2016		13,460	336	13,796
Changes in taxpayers' equity for 2016-17				
Net Financing		215	-	215
Net Parliamentary Funding: deemed		2,305	-	2,305
Supply payable adjustment	9	(8,620)	-	(8,620)
Comprehensive Net Expenditure for the year		2,745	-	2,745
Non-cash adjustments:				
Auditors' remuneration	3	55	-	55
Movements in Reserves				
Net gain on revaluation of plant, property and equipment		-	-	-
Net gain on revaluation of intangible assets		-	-	-
Transfer between reserves		-	-	-
Total recognised income and expenditure for 2016-17		(3,300)	-	(3,300)
Balance at 31 March 2017		10,160	336	10,496

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Changes in taxpayers' equity for 2017-18				
Net Financing		(4,900)	-	(4,900)
Net Parliamentary Funding: deemed		8,620	-	8,620
Supply payable adjustment	9	(8,837)	-	(8,837)
Comprehensive Net Income for the year		2,667	-	2,667
Non-cash adjustments:				
Auditors' remuneration	3	55	-	55
Movements in Reserves				
Transfer between reserves		-	-	-
Total recognised income and expenditure for 2017-18		(2,395)	-	(2,395)
Balance at 31 March 2018		7,765	336	8,101

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

The notes on pages 71 to 81 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2017-18 'Government Financial Reporting Manual (FReM)' issued by HM Treasury. The accounting policies contained in the 'FReM' apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the 'FReM' permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Government Legal Department (GLD) for the purpose of giving a true and fair view has been selected. The particular policies adopted by GLD are described below. They have been applied consistently in dealing with items considered material in relation to the Accounts.

1.1 Accounting convention

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

1.2 Income

Income relates directly to the operating activities of the Department. It principally comprises fees and charges for legal services provided during the year by GLD to the other central government departments, agencies and 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, recovery of costs for recruitment and training services provided to other government departments.

Work in progress is recognised as operating income as incurred. This represents unbilled time charges which are valued at the appropriate rate, for the financial year in which the work was undertaken and the accrued cost of disbursements.

1.3 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.

1.4 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.

1.5 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.

1.6 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 11 (Commitments under operating leases) are not discounted.

1.7 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.

1.8 Third Party Assets

The Department holds various funds on behalf of its clients. These relate to ongoing legal processes. These balances are not recognised in the Statement of Financial Position but are disclosed in Note 14 to these accounts.

1.9 IFRS issued but not yet effective

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

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

2. Staff Costs

			2017-18	2016-17
	Permanently employed staff	Others	Total	Total
	£000	£000	£000	£000
Wages and salaries	101,572	-	101,572	85,795
Social security costs	11,365	-	11,365	8,974
Other pension costs	21,437	-	21,437	18,043
Sub Total	134,374	-	134,374	112,812
Agency and contracted staff	-	13,380	13,380	11,408
Inward Secondments	-	301	301	204
Total	134,374	13,681	148,055	124,424
Less recoveries in respect of outward secondments	(1,595)	-	(1,595)	(1,452)
Total Net Costs	132,779	13,681	146,460	122,972

No staff costs have been charged to capital.

3. Other Expenditure

	2017-18	2016-17
	£000	£000
Rentals under operating leases		
Hire of plant and machinery	262	211
Other operating leases	4,033	3,969
	4,295	4,180
Non-cash items		
Depreciation	1,190	1,199
Amortisation	416	456
Increase in provisions	1,527	-
Provisions not required written back	(2)	(99)
Auditors' remuneration*	55	55
	3,186	1,611
Purchase of goods and services		
Accommodation	5,048	4,307
IT and communications costs	2,578	1,908
Library information services	2,226	2,075
Recruitment	1,709	937
Training	994	630
Professional and external HR services	676	534
Travel and subsistence	597	368
Postal services	264	244
Stationery	168	229
Records management	161	214
Welfare supplies and consumables	145	165
Early departure costs	127	330
Office machines and consumables	111	171
Publications	84	147
Other	848	765
	15,736	13,024
Total Other Expenditure	23,217	18,815

* Auditors' remuneration represents the notional external audit fees of £55k (2016-17: £55k) for the Government Legal Department Account. There was no auditor remuneration for non-audit work.

4. Disbursements

	2017-18	2016-17
	£000	£000
Recoverable from client departments	45,935	45,686
Funded from Supply	470	626
Disbursements recovered from fixed fees	1,387	1,132
Gross expenditure	47,792	47,444

5. Income

	Note	2017-18	2016-17
		£000	£000
Income from sales of goods and services:			
Legal fees and charges to clients		165,277	138,878
Disbursement income		48,017	45,686
LION Subscription		1,013	1,316
		214,307	185,880
Other operating income:			
Recovery of costs Bona Vacantia		3,795	3,909
Recovery of secondments out	2	1,595	1,452
Rental income		1,097	1,091
Tenant service charges		576	601
Other income		361	495
		7,424	7,548
Total Income		221,731	193,428

6. Financial instruments

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

7. Trade receivables and other current assets

Analysis by type

	31 March 2018	31 March 2017
	£000	£000
Amounts falling due within one year:		
Unbilled time	5,921	6,301
Unbilled disbursements	11,282	11,627
Trade receivables	12,195	12,050
Deposits and advances	552	549
Prepayments and accrued income	2,971	3,293
	32,921	33,820

8. Cash and cash equivalents

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

All balances were held with the Government Banking Service.

9. Trade payables and other current liabilities

Analysis by type

	31 March 2018	31 March 2017
	£000	£000
Amounts falling due within one year:		
VAT	6,834	5,971
Other taxation and social security costs	3,148	2,690
Trade payables	110	194
Other payables	842	170
Accruals and deferred income	15,236	16,337
	26,170	25,362
Amounts issued from the Consolidated Fund for Supply and not spent at year end	8,837	8,620
	8,837	8,620
Amounts falling due after more than one year	390	889
Total payables and other current liabilities	35,397	34,871

10. Provisions for liabilities and charges

	Early Retirement costs £000	Tax provision £000	2017-18 Total £000	2016-17 Total £000
Balance at 1 April	4	-	4	151
Provided in the year	-	1,527	1,527	-
Provisions not required written back	(2)	-	(2)	(99)
	2	1,527	1,529	52
Provisions utilised in the year	(2)	-	(2)	(48)
	(2)	-	(2)	(48)
Balance at 31 March	-	1,527	1,527	4

Analysis of expected timing of discounted cash flows				
	Early Retirement costs £000	Tax Provision £000	2017-18 Total £000	2016-17 Total £000
Not later than one year	-	1,527	1,527	4
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	1,527	1,527	4

Explanatory notes

10.1 Tax Provision

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

11. Commitments under operating leases

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

	2017-18		2016-17	
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Obligations under operating leases for the following periods comprise:				
Not later than one year	4,394	294	4,229	121
Later than one year and not later than five years	36,679	124	7,342	197
Later than five years	32,858	-	-	-
	73,931	418	11,571	318

12. Contingent liabilities

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

13. Related party transactions

The Department has had a significant number of material transactions with other government departments and public agencies since the nature of the Department's business is to provide legal services to central government.

The Treasury Solicitor, by virtue of the Treasury Solicitor Act 1876, is also the Crown's Nominee.

The Crown Prosecution Service (CPS) provides IT services to AGO and HMCPSI. CPS also provided procurement services to GLD until 30th September 2017 and thereafter procurement services have been provided by the Ministry of Justice. Jeremy Newman is a Non-Executive Director of GLD and Chair of its Audit and Risk Committee and a Non-Executive Director and Chair of the Audit and Risk Committee of CPS.

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

14. Third party assets: client monies

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

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

These balances are held with the Government Banking Service.

15. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There are none to report.

Annex A Sustainability Report for the year ended 31 March 2018

Introduction

GLD's strategy for sustainability is to improve our performance against the Greening Government Commitments (GGC), which run to 2020, with a 2009-10 baseline, wherever possible.

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

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

Greenhouse gas emissions		Baseline 2009-10	2014-15	2015-16	2016-17	2017-18
Non-Financial Indicators (tCO ₂ e)	Scope 1 and 2 emissions	2,411	1,918	1,636	1,642	1,562
	Scope 3 emissions (indirect – official business travel)	123	93	98	90	104
	Total emissions	2,534	2,012	1,734	1,732	1,666
Related Energy Consumption (KWh)	Electricity	4,024,487	3,317,771	2,830,994	2,800,089	2,572,766
	Oil	991,179	624,512	528,257	633,052	826,235
Financial Indicators (£)	Expenditure on energy	349,825	364,118	302,303	307,129	306,133
	Expenditure on accredited offsets (e.g. GCOF)	1,270	Nil	Nil	Nil	Nil
	Expenditure on official business travel	136,724	392,579	419,588	315,602	494,053

Performance commentary

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

Our headcount has increased considerably over the years, yet we have achieved a 35% reduction in total GHG emissions.

Electricity consumption figures have reduced slightly this year, and now stand at 36% below our baseline. Spending on energy has also decreased marginally, even though we have had increased oil usage. However, our oil usage is still 17% below baseline this year.

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

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

Waste		Baseline 2009-10	2014-15	2015-16	2016-17	2017-18
Non-Financial Indicators (tonnes)	Non-Recycled	76	5	0	0	0
	Total Reused/Recycled	90	93	104	100	105
	Energy recovery ³	-	88	35	25	25
	Total waste	166	186	139	125	130
Financial Indicators (£)	Total disposal cost	17,616	26,028	26,212	27,507	28,606

³ Energy recovery is the energy generated from residual waste after recycling has taken place. This is now part of GGC reporting. The waste is burnt to produce electricity and this is put back into the National Grid.

Performance commentary

The GGC waste targets are to:

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

There has been a small increase in our total waste this year, but the figure is still 20% below baseline.

100% of waste is reused/recycled or used for energy recovery compared to the baseline year when just over 50% was. The 100% figure is due to our disposal contract that avoids any waste going to landfill. Waste per FTE is 45% below baseline.

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

Finite resource consumption: Paper	Baseline				
	2009-10	2014-15	2015-16	2016-17	2017-18
Non-Financial Indicators A4 Reams	47,665	35,320	29,375	29,625	27,881

Performance commentary

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

The paper which we currently use is recycled and is used to create closed loop paper. We do not ourselves use closed loop paper, due to issues with the print quality and increased printer maintenance.

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

Finite resource consumption: WATER		Baseline				
		2009-10	2014-15	2015-16	2016-17	2017-18

Non-Financial Indicators (M3)	Water Consumption (OKS)	6,466	7,361	7,082	6,962	7,683
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Financial Indicators (£k)	Water Supply and disposal costs	13,848	16,777	16,013	15,869	17,511
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Performance commentary

The GGC is to continue to reduce water consumption.

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

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

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

Sustainable procurement

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

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

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 our suppliers are ISO 14001 accredited:

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

Glossary

AGO	Attorney General's Office
AO	Administrative Officer
BEIS	Department for Business, Energy and Industrial Strategy
CCS	Crown Commercial Service
CDC	Change Delivery Committee
CETV	Cash Equivalent Transfer Value
COLA	Cabinet Office Legal Advisers
CPS	Crown Prosecution Service
CSOPS	Civil Servant and Other Pension Scheme
DExEU	Department for Exiting the European Union
DfT	Department for Transport
DIT	Department for International Trade
DWP	Department for Work and Pension
FCO	Foreign and Commonwealth Office
FTE	Full Time Equivalent
GCOG	Government Carbon Offsetting Facility
GHG	Greenhouse Gas
GLSS	Government Legal Service Secretaria
HMCPSI	Her Majesty's Crown Prosecution Service Inspectorate
HMRC	Her Majesty's Revenue and Customs
HR	Human Resources
ICO	Information Commissioner's Office
ICT	Information, communication and technology
KM	Knowledge Management
Lexcel	Law Society's Practice Quality Mark
LQC	Legal Quality Committee
MOD	Ministry of Defence
MoJ	Ministry of Justice
NAO	National Audit Office
O365	Office 365
OKS	One Kemble Street
PC	People Committee
PCC	Performance and Client Committee
PSCPS	Principal Civil Service Pension Scheme
SCS	Senior Civil Service
SI	Statutory Instrument
SSRB	Senior Salaries Review Body
TW3	The Way We Work
WEEE	Waste Electrical and Electronic Equipment

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