HM Procurator General and Treasury Solicitor

Annual Report and Accounts 2012-13

For the year ended 31 March 2013

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

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

Annual Report and Accounts presented to the House of Lords by Command of Her Majesty

Ordered by the House of Commons to be printed on 16 May 2013

HC 2 **LONDON: The Stationery Office** **£14.75**

This is part of a series of departmental publications which, along with the Main Estimates 2013-14 and the document Public Expenditure: Statistical Analyses 2013, present the Government's outturn for 2012-13 and planned expenditure for 2013-14

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You can download this publication from
www.tsol.gov.uk

ISBN: 9780102982572

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2555414 05/13

Printed on paper containing 75% recycled fibre content minimum

Contents

Annual Report

HM Procurator General and Treasury Solicitor

Introduction

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

The Treasury Solicitor's Department (TSol) was established as an executive agency on 1 April 1996.

In addition to being responsible for all financial activity within the Department, the Treasury Solicitor is responsible for financial matters at the Attorney General's Office (formerly Legal Secretariat to the Law Officers) and Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI).

The financial statements on pages 56 to 86 cover all these bodies and have been prepared under an accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives. They have been prepared in accordance with the guidance set out in the *Government Financial Reporting Manual* (FReM).

Purpose

TSol's purpose, as set out in the 2012-13 Business Plan, is:

To be the leading provider of legal services to Government:

- *We enable Government to operate effectively within the rule of law.*
- *We provide, procure and manage professional, high quality and best value legal services.*

We will deliver our purpose by making sure we are the:

- **best for our clients**
- **best for our people**
- **best in the business**

Entities within the Accounts

These Accounts present the consolidated results for 2012-13 of:

- Treasury Solicitor's Department Agency (TSol or TSDA)
- Attorney General's Office (AGO)
- HM Crown Prosecution Service Inspectorate (HMCPSI)

The Law Officers and the Law Officers' Departments

The Attorney General and the Solicitor General are the Government's Law Officers.

The Law Officers have a statutory duty to superintend the Director of Public Prosecutions for England and Wales and the Director of the Serious Fraud Office. The Attorney General holds the office of Advocate General for Northern Ireland.

The Law Officers are also Ministers responsible for the Treasury Solicitor's Department, HM Crown Prosecution Service Inspectorate and have oversight of the Government Legal Service (GLS).

In furtherance of the superintendence function, the Attorney General has a shared responsibility, with the Home Secretary and Secretary of State for Justice, for the effectiveness and performance of the Criminal Justice System.

On occasion - where it does not conflict with their government role - the Law Officers advise Parliament on procedural questions, matters of standards and privileges and on the meaning and effect of proposed legislation.

Management commentary

Principal activities

The principal activities of the Treasury Solicitor's Department are as follows:

- **Litigation Group** provides civil litigation services to the majority of government departments and many other publicly funded bodies, as well as providing legal advice on employment and non-contentious commercial matters. It is one of the largest practices of its kind in the country, handling more than 36,400 cases in 2012-13 (34,500 in 2011-12). Among its major areas of work are: administrative law; immigration; commercial and property litigation; personal injury; planning; and charity matters. The Group also plays a major role in public inquiries. Its work often raises questions of constitutional importance. It instructs private-sector barristers and solicitors to undertake work on cases where it is appropriate to do so.
- **Employment Group** was created on 1 April 2011 to bring all TSol's employment lawyers, both litigation and advisory, into a single dedicated unit. It is now one of the largest employment law practices in the country and shows TSol taking the lead on the Government's commitment to greater use of shared services.
- **Advisory Divisions** provide legal advice to Ministers and officials of HM Treasury, the Cabinet Office, the Department for Culture, Media and Sport (DCMS), the Department for Education, Defra - and to a number of smaller departments, agencies and public bodies in England and Wales. The General Counsel Commercial is Head of Legal Profession for commercial legal services in Government, responsible for advising ERG on cross-departmental or high value commercial projects and reviewing arrangements for the provision of commercial legal advice to Government, including the organisation of the Government's commercial law function.
- **Cabinet Office European Law Division** co-ordinates the advice given by legal advisers to various government departments on questions of Community law and conducts all litigation on behalf of the government in the European Court of Justice.

- **Bona Vacantia Division** administers the estates of persons 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 Head of the Government Legal Service and works with government departments to ensure lawyers of the right quality and experience are recruited, retained and have their careers properly managed. It also liaises with the Law Society and Bar Council on matters affecting the legal profession.
- **Client and Corporate Resources Group** is responsible for leading and co-ordinating work across TSol to ensure that we meet clients' needs with cost-effective and value for money legal and other services; for leading and co-ordinating programmes of effective engagement and communication internally and for clients, and the provision of the central services required to support the rest of the business including Finance, Human Resources, Facilities Management, Information and Communications Technology (ICT) and Library Services.

The Attorney General's Office (AGO) aims to provide high quality legal and strategic policy advice and support to the Attorney General and the Solicitor General (the Law Officers) in their functions.

The Attorney General is:

- Chief Legal Adviser to the Crown;
- A Minister of the Crown with responsibility for superintending the prosecuting departments; and
- Responsible for a number of independent public interest functions.

The Attorney General also holds the separate office of Advocate General for Northern Ireland.

HM Crown Prosecution Service Inspectorate (HMCPSI) is an independent statutory body which was established on 1st October 2000 by the Crown Prosecution Service Inspectorate Act 2000. The Chief Inspector is appointed by and reports to the Attorney General. He also fulfils the function of a Chief Executive. The purpose of the Inspectorate's work is to enhance the quality of justice and make an assessment of prosecution services so as to improve their efficiency, effectiveness and fairness. It produces reports that provide assurance to Ministers, Government and the public on the standard of the service delivered.

HMCPSI achieves its strategic objectives by:

- assisting the CPS to improve the quality of service it offers the public;
- highlighting CPS work where poor performance represents a risk to the public or to the reputation of the CPS;
- actively participating in joint inspections in order to identify opportunities for increased efficiency and improved outcomes;
- being flexible so that work can be undertaken at short notice if necessary; and
- carrying out effective scrutiny of the work of the CPS in order to give assurance to the Attorney General and the public.

Since it was established, the Inspectorate's statutory remit has been broadened to include the Revenue and Customs Prosecutions Office which is now part of the Crown Prosecution Service. HMCPSI also undertakes work in Northern Ireland on a delegated basis at the request of the Chief Inspector of Criminal Justice for Northern Ireland in accordance with his powers under the Justice (Northern Ireland) Act 2002. Other work is also undertaken on a non-statutory basis.

Significant events during the financial year

Treasury Solicitor's Department (Tsol)

TSol's focus in 2012-13 was on tackling the first year of its "Building on Success" strategy, in particular the opportunities open to TSol to provide a wider range of services to a wider range of clients through the shared services agenda and our commitment to our clients and our people. This was given added impetus with the publication of the Civil Service Reform Plan and the subsequent plan for greater sharing of legal services. A new programme of mergers of legal teams was initiated in 2012-13 starting with the litigation and employment services to the Department for Work and Pensions and Department of Health, and legal services to the Department of Communities and Local Government effective from 1 April 2013. A programme has been set up to manage the significant agenda of change involving in merging with a further 6 Whitehall legal teams and to develop a new organisation capable of delivering all the benefits sharing legal services should bring.

In addition TSol has:

- Reduced Litigation and Employment hourly rates by 2% from 1 December 2012 reflecting the efficiencies obtained from growing our shared legal service and keeping a tight rein on our costs. This brings the total reduction in these hourly rates to 7% since 1 April 2011 delivering significant savings to our client departments.
- Reviewed its governance and implemented a new governance model in January 2013 to further streamline decision making.
- Published a new People Strategy and a new Career Development Strategy to help its people understand their career development opportunities and how to access them.
- Published a new Business Partnership Strategy which provides the framework for working more effectively with existing and potential business partners over the three years to 2015 so that they and the public purse benefit from TSol's shared legal services.
- Taken on more clients, including the Government Digital Service, BRB Residual Body Ltd, High Speed 2 Limited and the Sea Fish Industry Authority,
- Appointed more Client Relationship Managers and deputies and implemented a training programme for them.
- Extended its Legal Trainee Scheme; 3 successful internal candidates started as Legal Trainees in September 2012 and 13 external trainees will start in 2013 with a further 4 in 2014. We hope to recruit more in 2013.

The Treasury Solicitor's Department Annual Report and Accounts 2012-13 provides substantial details of significant events and achievements. It is available at www.tsol.gov.uk

Attorney General's Office (AGO)

The AGO's Business Plan set out its vision and priorities for 2012-13.

The Office continued to support the Attorney General in providing advice on a wide range of complex and sensitive issues in the context of his role as the Government's legal adviser and in superintending the prosecuting Departments. Significant events during the financial year include the following.

- The Law Officers have appeared in person in 9 Unduly Lenient Sentence (ULS) cases. Notable cases include:
  - Channer (Rochane) and Monteiro (Ruben) for rape of a child under 13. Sentence increased from 40 months to seven and half years. (The Attorney General presented this case).
  - Ahmadzai Khan (Adam) for a series of serious offences during the London riots including robbery, violent disorder, burglary and criminal damage. Sentence increased from 48 months in a young offenders' institution to 7 years. (The Attorney General presented this case).
  - Wijtvliet (Everadus), Lewis (David) and Vriezen (Henrik) two linked cases of drug smuggling. Sentences increased from 13 to 20 years, 9 to 13 years and 3½ years to 6 years. (Former Solicitor General, Sir Edward Garnier, presented this case).
  - Downes (Robert) for possession of firearms. The sentence was increased from 12 months suspended to 5 years imprisonment.
- Statistics on all of the cases AGO considered under the unduly lenient sentences arrangements in 2012 will be published on the Attorney General's Office website in due course.

  https://www.gov.uk/government/publications?departments%5B%5D=attorney-generals-office&publication_filter_option=statistics
- Following the Report of the Independent Panel (chaired by the Bishop of Liverpool, the Panel Report was published in September 2012) into the causes of the Hillsborough disaster, and the Prime Minister's apology (in the House of Commons) to the victims of Hillsborough for the injustices they had suffered (the original disaster and the various enquiries over the years that had failed them and failed to establish the truth as to what occurred), the Attorney General stated that he would consider applying to the High Court for an order to quash the original 96 inquest verdicts and for new inquests to be held.

  The Panel Report was 400 pages long and the background material was voluminous. AGO instructed A Panel Counsel to assist the Attorney in his consideration of the Report.

  On 16 October the Attorney told the House of Commons that he had decided to apply to the Court for fresh inquests and that he would prepare and make the necessary application to the Court as soon as he could.

  A team from the AGO, assisted by lawyers from TSOL and Counsel worked, during November and early December 2012, to put together the required application and to consult with the many interested parties and the families of the deceased.

  On 10 December the Attorney General's application for fresh inquests was issued in the High Court.

  The High Court listed the matter, for a hearing, on 19 December. The Attorney General presented the application to the Court personally on 19 December and the Court agreed to his application, quashing the original 96 inquests and ordering that new inquests be held.

- The Attorney General acts in cases of contempt in his role of Guardian of the Public Interest. This role is performed independently of government and the CPS. In 2012 this Office received a total of 143 contempt referrals from a variety of sources including the judiciary, members of the public, lawyers, and the CPS.

  In 2012 the Attorney instituted contempt proceedings in a number of cases:

  - Stephen Pardon – a juror who contacted one of the defendants in a case he had tried and told him about the jury's deliberations. This was in breach of S.8 of the Contempt of Court Act 1981. The Attorney instituted contempt proceedings against Mr Pardon who admitted his contempt. He was sentenced to 4 months imprisonment.
  - Norman Scarth – This 87 year old war veteran, filmed proceedings in the Magistrates Court when he appeared as a defendant, he then posted the footage on Youtube. This was in contravention of S.9 of the Contempt of Court Act 1981. This was not the first time Mr Scarth had committed this form of contempt. In 2011 he had filmed proceedings in the Court of Appeal and was sent a warning letter advising that he not repeat this behaviour. Also in 2011 he had been sent to prison for a similar contempt committed in the Crown Court. Given his repeated misconduct, contempt proceedings were therefore commenced. Mr Scarth disputed the allegation and a contempt hearing was held on 23 January, 2013. Mr Scarth did not attend and the hearing proceeded in his absence. The contempt was proved and Mr Scarth sentenced to 28 days imprisonment, suspended for 12 months.
  - Venables – In early 2013, with the approach of the 20th anniversary of the abduction and murder of Jamie Bulger, a number of individuals posted online photographs which purported to show how the killers Venables and Thompson now look. This was in breach of an injunction which prohibits such publications, such breaches represent a contempt. This Office, working in conjunction with NOMS, the MoJ and police facilitated the removal from the internet of many of the offending images. A number of the individuals responsible for posting the material have been identified and the Attorney has so far instituted contempt proceedings against two of those responsible.

Not all referrals result in proceedings being instituted. Frequently complaints of contempt reveal criminal offences which have been committed and such cases will be referred to the appropriate police force for investigation and action. In several cases involving contempts on the internet, whilst no proceedings have been commenced, steps have been taken to arrange for the removal of contemptuous material from websites and social media sites.

The contempt team has also assisted over the last year with the Law Commission's review of the law of contempt – attending meetings with the Commission and assisting with requests for information.

In July 2012, the Attorney attended a 'Quintet' meeting in Sydney, with the Attorneys General of Australia, Canada, New Zealand and the USA, to discuss issues of joint concern. On 24 October 2012, he gave oral evidence to the House of Commons Justice Select Committee on his work. The Attorney dealt with a number of issues relating to the superintendence of the prosecuting Departments. For instance, in a Written Ministerial Statement on 4 December 2012, he announced his intention to extend the statutory power of HM Crown Prosecution Service Inspectorate to inspection of the Serious Fraud Office. The Law Officers continued to contribute, from the prosecution standpoint, to the development of Government policy on the criminal law and the criminal justice system (as set out, for instance, in the July 2012 White Paper, 'Swift and Sure Justice: The Government's Plans for Reform of the Criminal Justice System'). They did this through correspondence with colleagues, and participation in meetings such as those of the Inter-Ministerial Group on Violence Against Women and Girls, of which the Solicitor General is a Member.

HM Crown Prosecution Service Inspectorate (HMCPSI)

HMCPSI had a full programme of inspection activity over the year consisting of three large ongoing or long-term projects: Annual Casework Examination Programme, Serious Fraud Office, South Wales case review, alongside several pilot inspections.

HMCPSI has carried out full area inspections in Crown Prosecution Service (CPS) Mersey-Cheshire and CPS North-East Area, and a follow-up inspection of CPS Nottinghamshire to assess progress made in implementing recommendations of the full inspections. A programme of audits on topics such as discharged committals and warrants handling has been carried out, leading to recommendations for improvement.

Thematic inspections include a review of performance and assurance of CPS Headquarters, a follow-up of the report on custody time-limits and a review of disclosure in cases involving rape/sexual assault.

Joint inspection activity, with other Criminal Justice System inspectorates, has included reviews of the Experience of Young Victims and Witnesses in the Criminal Justice System, restorative justice and disability hate crime.

HM Chief Inspector's Report 2012-2013 provides further details of significant events. This is available at www.hmcpsi.gov.uk

Future development

Treasury Solicitor's Department (TSol)

The main theme for 2013-14 will be implementing the plan for shared legal services while delivering its commitment to its clients and its people.

Specific objectives for 2013-14 are to:

- Deliver the Civil Service Reform Plan commitments on sharing legal services.
- Contribute to the delivery of the broader Civil Service Reform Plan
- Provide best quality legal services for clients demonstrating best value for money
- Provide a working environment which supports its people on training and career development to ensure TSol attracts and retains the right staff to meet client needs

Further details of TSol's plans and objectives for 2013-14 are contained in the TSol 2013-14 Business Plan available at www.tsol.gov.uk

Attorney General's Office (AGO)

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

Further details are contained in the AGO 2013-14 Business Plan, which will be available at www.gov.uk/ago

Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI)

The continuing environment of financial constraint demands attention to identifying real cost savings within the inspectorate, the Crown Prosecution Service (CPS) and the criminal justice system (CJS). Our inspection work is focussed on improving the work of the CPS and providing assurance to the Attorney General and the Justice Committee, as well as assessing value for money and identifying clearly where financial savings can be made. The inspectorate will assist the CPS and wider CJS to deliver more for less. During the coming year we will again undertake a significant project to examine CPS casework (Annual Casework Examination Programme – ACEP). This programme allows us to set a baseline of national performance and also gives the Attorney General and the public an assessment of performance across a range of key indicators. This approach to inspection allows us to identify good performance more readily and results in the more apparent sharing of good practice. We remain committed to undertaking/producing high quality inspections/reports.

HMCPSI's five priorities are to:

- Assist the CPS to improve the quality of service it offers to the public, and examine the efficiency with which work is undertaken;
- Capture and highlight CPS areas, or aspects of work, where poor performance represents a risk to the public or to the reputation of the CPS or the Criminal Justice System;
- Actively participate and manage joint inspections to identify opportunities for efficiency and improved outcomes;
- Be flexible to enable work to be undertaken at short notice if necessary, or as requested by Ministers; and
- Be robust enough to enable HMCPSI to report and give assurance to the Attorney General.

Further details are shown in HMCPSI's 2013-14 Business Plan available at www.hmcpsi.gov.uk

Performance review

Performance measures

TSol agreed the following Performance Measures with HM Treasury (HMT):

Performance Measure	Outturn 2011-12	Outturn 2012-13
To meet client satisfaction ratings [as measured by % of clients rating TSol services as 'Good' or 'Excellent']	97% Advisory 96% Litigation 95% Employment 97% Overall	96% Advisory 98% Litigation 96% Employment 96% Overall
To recover from clients the full operating costs of chargeable services	Met	Met
To retain Lexcel accreditation	Met	Met

These figures are not subject to Audit by the NAO

Client satisfaction

TSol's formal means of measuring client satisfaction is by an annual survey. This is supported by formal and informal feedback to Relationship Managers and supplemented by six-month sampling and periodic in-depth review of the key client relationships by a non-executive director. The Operations Committee has reviewed the findings from the survey and, as part of its role to monitor the relationships with clients, discussed the issues raised. Divisional Heads, together with Team Leaders and Relationship Managers, will take forward any client care work raised by the survey returns and follow up comments made about our service. Relationship Managers for our key clients report quarterly to the Operations Committee on actions taken. Relationships with other major clients are kept under review by the Client and Corporate Resources Director and reviewed formally every six months by the Operations Committee following discussions with all Relationship Managers.

Lexcel

Lexcel is the Law Society's Practice Quality mark. In 2012-13 the Litigation and Employment Groups were successfully reassessed and reaccredited.

Sickness absence

TSol formally submits quarterly sickness absence figures to the Cabinet Office for publication, and additionally makes them available to staff and the general public by publishing them on the TSol Intranet and Internet sites.

For the 2012-13 year, the sickness absence figures for TSol, AGO and HMCPSI are as follows:

	12 months ending 30/6/2012	12 months ending 30/9/2012	12 months ending 31/12/2012	12 months ending 31/3/2013
Average Working Days Lost (AWDL) per member of staff	6.5	6.7	6.8	7.1
Percentage of staff with no sick leave	49%	50%	52%	51%
AWDL (EO to SCS Level)	5.9	6.0	6.0	6.3
AWDL (Administrative grades)	11.9	12.9	14.6	14.5
Short- term days lost – % of Total Days lost	49.9%	47.8%	46.8%	44.6%
Long-term days lost – % of Total Days lost	50.1%	52.2%	53.2%	55.4%

The above figures are not subject to audit by the NAO. The figures for the 12 months ending 31 March 2013 are estimates only. Final figures will be confirmed to the Cabinet Office and published on the TSol website in July 2013.

TSol manage sickness absence by providing team leaders with all sickness absence information for their staff on a quarterly basis. Trigger letters are issued regarding the number of incidences of sickness absence and/or the number of days taken by staff, and cases are regularly referred to Occupational Health for advice and any reasonable adjustments that are required to be put in place. Long term sickness absence is discussed each month at a case management conference that is attended by a member of the Board to ensure that any actions taken are robust but fair to the individual. Whilst the number of average days lost per person is still showing an increase, TSol's performance is better than the Civil Service average.

AGO TSol HR advise AGO when absence trigger dates have been reached so line managers can take appropriate action. Absence data is provided and reviewed on a monthly basis and escalated to the AGO Executive Board when appropriate. Any further action would be taken after consultation with TSol.

HMCPSI reviews staff absence figures on a monthly basis and takes any appropriate action in accordance with the HMCPSI Staff handbook.

Efficiency

TSol is committed to minimising client costs through improvements in efficiency without compromising first class service.

Efficiencies this year have come from greater sharing of legal services which has allowed overheads to be shared more widely; efficiencies in our case handling and utilisation of staff; and by looking for new ways to deliver work. A shared service for procurement with the CPS has been implemented and TSol are part of a shared communication service with the AGO and HMCPSI.

This has brought direct benefits to TSol's clients as these efficiencies allowed a further 2% reduction in the hourly charge out rates from 1 December 2012, this is on top of the 5% reduction from 1 April 2011. TSol are committed to maintaining these reduced rates until March 2015.

The Attorney General's Office has continued to build on the savings it has found in previous years by maintaining efficiencies and continuing to support shared services and work with other government departments to achieve this. The AGO continued to share its premises with the Office for Budget Responsibility which has helped the AGO share costs on rent, maintenance, utilities and infrastructure.

A shared service for procurement advice and services has been introduced covering the AGO, CPS, TSol and HMCPSI. The AGO are looking to use this to identify further areas where savings can be found on contracts and benefit by greater awareness of contracts that are already in place with other government departments.

HMCPSI continues to concentrate on cost-reduction measures whilst enhancing performance. This has been achieved by implementing a significant office-based inspection programme (ACEP) that involves the reading of over 2,700 CPS files from across all its operational areas. The analysis of this will enable HMCPSI to focus future inspection activity on specific issues and areas, which will in turn enable the CPS to improve its efficiency and performance.

Sustainability performance

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

A summary of the Department's performance and action taken in 2012-13 to improve sustainability is provided in the Sustainability Report at Annex A (page 36).

Health and Safety

The **TSol** Health and Safety Advisory Group continues to work to provide a consistent co-ordinated approach to identification of Health and Safety issues within the Department to ensure they are handled within the principles of corporate governance.

Activities in 2012-13 included:

- Health and Safety audits on all TSol floors and basement areas in One Kemble Street and Southern House and delivery of related actions to reduce risk.
- 2012 Annual Fire Risk Assessment and General Risk Assessment.
- Review of practical manual handling training provision.
- Review of health and safety policy and fire evacuation procedures.
- Development of a communications plan to help to maintain staff awareness.
- Development of a new Health and Safety Dashboard which is presented to the Operations Committee and the Board each quarter.

The **AGO** Health and Safety representative is a member of the TSol Health and Safety Advisory Group. The AGO applies the TSol approach to identifying and handling of Health and Safety issues within the Department.

Achievements in 2012-13 include:

- Health and Safety audit carried out under facilities and maintenance contract
- Monthly Health and Safety assessments carried out on all AGO floors and basement areas.
- 2012 Annual Fire Risk Assessment and General Risk Assessment.
- Required Annual Fire Evacuation.
- Updated guidance to staff and tenants on Health and Safety.

HMCPSI has continued to complete quarterly inspections with support from our landlords. In 2012-13 we ensured that we had sufficient staff qualified as First Aid providers and fire marshals to enhance coverage at all times. In addition Facilities staff have received training in DSE (Display Screen Equipment – Work Station Assessment) and can now ensure that all employees in both office locations (London and York) have received an assessment.

Fairness and Diversity

The Department, including AGO and HMCPSI, promotes equality for all regardless of gender, gender reassignment, race, age, religion or belief, sexual orientation, marriage and civil partnership, pregnancy and maternity or disability. The Treasury Solicitor is the Civil Service Diversity Champion and sits on the Board of the Minority Ethnic Talent Association (META).

The Department continues to perform well against both centrally and locally set targets which are intended to achieve and maintain a strong profile of women, black and minority ethnic (BME) and disabled staff at Senior Civil Service (SCS) level and in feeder grades to the SCS, in particular. As at 31 March 2013 53.1% of our SCS (including TSol, AGO and HMCPSI) are women. The proportion of BME (black and minority ethnic) staff at SCS Pay Band 1 is 16.7% whilst 4.5%

are disabled. Disabled staff are supported by efficient arrangements for assessments and the implementation of reasonable adjustments for those staff and potential recruits who require them, including through membership of the Cross Departmental Adjustments Team.

TSol's Diversity and Equality Group (chaired by the Deputy Treasury Solicitor) continues to play a key role in TSol, supporting and challenging our quest to promote equality for all throughout the organisation and in support of our obligations under the Equality Act 2010, including the development of diversity objectives to meet the Specific Duty of the Act. The Group helps other parts of the business to ensure that Equality and Diversity are embedded in all of TSol's projects and policy making.

The Government Legal Service (GLS) Secretariat monitors the diversity position at GLS level using data produced by GLS external recruitment provider (TMP) and the GLS Database.

TSol's Diversity Statement and information on TSol's diversity profile and gender pay gap are available at www.tsol.gov.uk.

HMCPSI remains committed to performing well against both centrally and locally set targets which are intended to achieve and maintain a strong profile of women, black and minority ethnic and disabled staff at Senior Civil Service (SCS) level and in feeder grades to the SCS, in particular.

HMCPSI's Diversity and Equality Group continues to play a key role in HMCPSI, supporting and challenging its quest to promote equality for all throughout the organisation and in support of its obligations under the Equality Act 2010, including the development of diversity objectives to meet the Specific Duty of the Act. The Group helps to ensure that Equality and Diversity are embedded in all of HMCPSI's inspections, projects and policy making.

Recruitment practice

The Department (including AGO and HMCPSI) is bound by the Civil Service Commission's recruitment principles on fair and open competition and selection on merit. We provide disability adjustments at all stages of the recruitment process. All interviewers are trained in TSol interview board policy, 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. We operate the Guaranteed Interview Scheme (GIS) for candidates who meet the basic criteria. The position is monitored by the TSol Diversity Group on a regular basis.

Systems are subject to internal review and TSol and AGO were last audited on behalf of the Civil Service Commission in 2012. TSol completed an on-line self-assessment on compliance with the Civil Service Commission's recruitment principles in April 2012. The feedback was that TSol was compliant.

A freeze on external recruitment into the Civil Service has been in place since May 2010. This freeze does not apply to existing Civil Servants. Frontline staff, which includes civil litigation staff, are exempt. The Treasury Solicitor has delegated authority from the Attorney General to approve external recruitment to "business critical posts." Between 1 April 2012 and 31 March 2013, 31 new members of staff were recruited to TSol, AGO and HMCPSI by means of fair and open competition.

Grade	Number	Male	Female	Ethnic Minority	Disabled
Grade 7	15	4	11		
Legal Officer	4	2	2	1	
Legal Trainee	10	7	3	1	2
HEO	2	1	1		
Total	**31**	**14**	**17**	**2**	**2**

During the period specified above, there were 4 exceptions to the Civil Service Commission Recruitment Principles (3 reinstatements and 1 fixed term appointment).

Recruitment of temporary lawyers and administrative staff

TSol extended the 'Access Agreement' to the contract between the Department of Work and Pensions (DWP) and Capita for the recruitment of professional and technical temporary staff. Under the terms of this contract, Capita represents the interface between TSol and recruitment agencies to supply temporary lawyers. For administrative staff, TSol continues to use Kelly Services to supply administrative temporary staff.

The Permanent Secretary has agreed to the placement of temporary lawyers and administrators in front line posts as vacancies occur and where permanent recruitment is not appropriate. During 2012-13, TSol recruited 111 temporary people – 58 administrators and 53 lawyers.

Consultation with employees

People survey

TSol, HMCPSI and AGO participated in the Civil Service People Survey which took place in October 2012.

TSol achieved a response rate of 75% and an engagement score of 60%. The 2012 survey showed improvements in some of the areas where we had taken action, including perceptions of career development opportunities and Pay and Reward in particular.

AGO achieved a response rate of 91% and an engagement score of 81%. This was the highest engagement score of the participating organisations and the third year in succession when the AGO achieved this. To continue to maintain the high level of engagement, the AGO Staff Engagement Group is consulting with colleagues across AGO in order to produce a list of recommendations for consideration by the Executive Board.

AGO continues to support its staff representative group, known as the Staff Engagement Group (SEG), with a representative from each team.

HMCPSI achieved a response rate of 82%. The engagement score was 51%, down 1% on last year's score (52%). A full report has been produced and discussed at the Inspectorate Management Board. Plans on how to move forwards have been made, which include the production of an action plan and the creation of a staff working group.

Partnership

TSol has continued to maintain a positive working relationship with the Trade Unions. Human Resources meet the unions on an informal basis every month to discuss a range of issues that have an impact on union members, and there are also formal monthly Partnership meetings. The formal meetings include representatives from the business. In 2012, Human Resources held negotiations with the trade unions on the pay award following the pay freeze of the previous two years. Additionally there have been regular meetings with the trade unions to discuss the implementation and issues arising out of the Shared Legal Services agenda, and the implementation of the Civil Service Reform terms and conditions review.

TSol manage the working relationship with the Trade Unions on behalf of AGO.

HMCPSI supports the HMCPSI Whitley Council comprising a maximum of eight representatives (four each for the management side and the Union side). A Service Level Agreement with TSol confirmed that, for HMCPSI Public and Commercial Services Union (PCS) members, pay negotiations will be undertaken by the TSol union representatives. However the First Division Association (FDA) has its own representation at branch (i.e. local level) in HMCPSI.

Complaints to the Parliamentary Ombudsman

There were no complaints to the Parliamentary Ombudsman regarding TSol, AGO or HMCPSI.

Performance in responding to correspondence from the public

The Treasury Solicitor's Department does not normally receive enquiries from members of the public since it conducts the majority of its business with other government departments. The complaints it does receive normally relate to the way cases have been handled or people feeling they have been treated unfairly.

Four formal complaints were received between 1 April 2012 and 31 March 2013 and were dealt with within the published target of 10 working days

In the calendar year 2012 AGO received 2,132 items of correspondence from the public. 99% were dealt with within 20 working days.

HMCPSI received three items of correspondence relating to complaints against the Crown Prosecution Service. Responses were made within 20 days.

Transparency

TSol is supporting greater transparency by publishing online:

- Details of individual payment transactions over £25k each month.
- Details of GPC transactions over £500 each month.
- Workforce Management Information – paybill and non-paybill costs and workforce numbers each month.
- In year and end of year non-consolidated performance related pay awards made in 2011-12.
- Disclosure of expenses and hospitality received by the Treasury Solicitor, Deputy Treasury Solicitor, and Director General AGO and non-executive directors.
- Organisation charts for TSol, AGO and HMCPSI, showing salary details (in £5,000 bands) for staff in grades SCS Pay Band 2 and above.
- TSol's submission to the 23 May 2012 review of tax arrangements of public sector appointees

Details are available at www.tsol.gov.uk and www.data.gov.uk (where required).

Additionally details of all new contracts and tender documents for contracts over £10k are published on the Business Link "Contracts Finder" website www.gov.uk/contracts-finder

We comply fully with our obligations under Freedom of Information and Data Protection legislation.

Financial Review

Resources Available

The Department's planned expenditure over the spending review period as agreed with HM Treasury is as follows:

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000
DEL Administration	11,476	11,050	10,488	9,334
DEL Capital	1,800	1,800	1,800	1,800
Resource Annually Managed Expenditure	500	1,700	-	-
Capital Annually Managed Expenditure	-	500	-	-

The Departmental Expenditure Limit (DEL) administration spending is to cover the cost of the Attorney General's casework (time and disbursements), the Government Legal Service (GLS) Secretariat, and the administration costs of AGO and HMCPSI. In 2012-13 the Department participated in HM Treasury's Budget Exchange Mechanism which allows a 2% reduction in Resource DEL to be carried forward to 2013-14.

The DEL capital funding of £1.8m allows us to invest in improving and developing systems to support our business. In 2012-13 there has been investment in the upgrade of the TSol accounting system, in the TSol billing system and office operating systems and equipment.

Core Tables

The Core Tables are required to be included by HM Treasury and are based on the outline guidance issued by HM Treasury.

Outturn data is consistent with previous years' published accounts and plan years' information is consistent with our Spending Review settlement, adjusted for the Budget Exchange between 2012-13 and 2013-14 and the reductions to 2013-14 and 2014-15 announced in the 2012 Autumn Statement.

Table 1 is a summary of the public spending by the Department and this is supplemented by Table 2 which shows the 2012-13 outturn information compared to the original and final budgetary control limits. The variances between the 2012-13 net resource outturn and budget are explained in the comparison of Estimate and Outturn in this Financial Review Section.

The staff numbers in Table 5 are consistent with the numbers disclosed in Note 5.2.

Approval for our spending plans for 2013-14 are set out in the HM Procurator General and Treasury Solicitor Main Estimate 2013-14. The document is available at the HM Treasury website at www.hm-treasury.gov.uk

Table 1: Public Spending

£'000	**2008-09 Outturn**	**2009-10 Outturn**	**2010-11 Outturn**	**2011-12 Outturn**	**2012-13 Outturn**	**2013-14 Plan**	**2014-15 Plan**
Resources							
Spending in Departmental Expenditure Limits							
A TSDA Administration (Net)	4,123	3,270	513	(1,543)	(2,707)	2,829	2,069
B AGO (Net)	6,011	5,262	4,580	4,322	4,241	4,477	4,306
C HMCPSI (Net)	3,855	3,663	3,360	3,525	2,832	3,182	2,958
Spending in Annually Managed Expenditure							
D Provisions (Net)	100	1,414	(596)	(672)	1,417	-	-
Total Resources	**14,089**	**13,609**	**7,857**	**5,632**	**5,783**	**10,488**	**9,334**
Total DEL	13,989	12,195	8,453	6,304	4,366	10,488	9,334
Total AME	100	1,414	(596)	(672)	1,417	-	-
Capital							
Spending in Departmental Expenditure Limits							
A TSDA Administration (Net)	1,249	2,281	2,581	929	1,102	1,700	1,700
B AGO (Net)	84	10	-	9	88	100	100
C HMCPSI (Net)	-	-	68	18	14	-	-
Spending in Annually Managed Expenditure							
D Provisions (Net)	-	-	-	-	63	-	-
Total Capital	**1,333**	**2,291**	**2,649**	**956**	**1,267**	**1,800**	**1,800**

Table 2: Public Spending Control

£'000	2012-13 Outturn	2012-13 Original Budgetary Control Limits	2012-13 Final Budgetary Control Limits
Spending in Departmental Expenditure Limits £'000			
A TSDA Administration			
Gross Administration Expenditure	107,425	115,140	122,930
Administration income	(110,132)	(111,764)	(119,622)
Net Administration	(2,707)	3,376	3,308
Gross Capital	1,106	1,700	1,700
Capital income	(4)	-	-
Net Capital	1,102	1,700	1,700
B Attorney General's Office			
Gross Administration Expenditure	4,643	4,878	4,788
Administration income	(402)	(378)	(378)
Net Administration	4,241	4,500	4,410
Gross Capital	88	100	100
C HM Crown Prosecution Inspectorate			
Gross Administration Expenditure	2,868	3,400	3,332
Administration income	(36)	-	-
Net Administration	2,832	3,400	3,332
Gross Capital	**14**	**-**	**-**
Total Spending in DEL			
Resource	**4,366**	**11,276**	**11,050**
Capital	**1,204**	**1,800**	**1,800**
Spending in Annually Managed Expenditure £'000			
D Provisions			
Gross Programme Resources	1,192	700	1,700
Programme Income	225	-	-
Net Programme	1,417	700	1,700
Capital provisions	63	-	500
Total Spending in AME	**1,480**	**700**	**2,200**
Total for Estimate	**7,050**	**13,776**	**15,050**
of which			
Voted	7,050	13,776	15,050
Non Voted	-	-	-

Table 3: Capital Employed

£'000	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Assets and liabilities on the Statement of Financial Position at end of year:							
Assets							
Non Current Assets							
Intangible Assets	798	1,634	2,011	2,039	1,816	3,323	3,323
Property, Plant and Equipment (PPE)	4,647	4,507	4,619	3,679	3,758	5,995	5,995
of which							
Leasehold improvements	*1,850*	*1,635*	*1,837*	*1,647*	*1,444*	*2,684*	*2,684*
PPE Assets under Construction	*-*	*343*	*74*	*7*	*308*	*11*	*11*
IT and Network	*986*	*950*	*1,387*	*937*	*1,086*	*1,527*	*1,527*
Furniture, Fittings and equipment	*1,811*	*1,579*	*1,321*	*1,088*	*920*	*1,773*	*1,773*
Investments	0	0	0	0	0	0	0
Current Assets	23,200	30,309	29,009	30,782	29,478	28,651	29,741
Liabilities							
Payable (< 1 year)	(11,382)	(14,920)	(19,907)	(24,122)	(21,826)	(14,975)	(15,574)
Payable (> 1 year)	0	0	0	0	0	0	0
Provisions	(2,272)	(3,686)	(3,090)	(1,892)	(3,394)	(2,260)	(2,258)
Capital Employed	14,991	17,844	12,642	10,846	9,832	20,734	21,227

Table 4: Administration Budgets

£'000	2008-09 Outturn	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn	2013-14 Plans	2014-15 Plans
Spending in Departmental Expenditure Limits							
Resources							
A TSDA Administration (Net)	4,123	3,270	513	(1,543)	(2,707)	2,829	2,069
B AGO (Net)	6,011	5,262	4,580	4,322	4,241	4,477	4,306
C HMCPSI (Net)	3,855	3,663	3,360	3,525	2,832	3,182	2,958
Total Administration Budget	13,989	12,195	8,453	6,304	4,366	10,488	9,333
of which							
Paybill	*57,602*	*61,774*	*58,273*	*61,893*	*66,517*	*93,824*	*93,167*
Expenditure	*47,607*	*51,796*	*51,671*	*55,613*	*48,419*	*60,664*	*60,166*
Income	*(91,220)*	*(101,376)*	*(101,491)*	*(111,202)*	*(110,570)*	*(144,000)*	*(144,000)*

Table 5: Staff in Post

	2009-10 Outturn	2010-11 Outturn	2011-12 Outturn	2012-13 Outturn
Payroll staff [1]	902	938	975	1,002
Non-payroll staff [2]	171	95	91	123
of which				
Contingent Labour	170	95	91	123
Consultants [3]	1	0	0	0

[1] *Excludes Ministers*

[2] *Includes specialist contractors who are not included in agency staff numbers*

[3] *Based on annual spend and average daily rates*

Financial results

In delivering its wide range of legal services to its clients, legal and strategic policy advice and support to the Law Officers, and inspection and assessment of prosecution services, the Department spent £116,128k. After taking into account income of £110,345k, the net resource requirement for 2012-13 was £5,783k, £6,967k less than the sum approved by Parliament in the 2012-13 Supplementary Estimate for HM Procurator General and Treasury Solicitor.

Total operating income was £110,345k; operating income of £73,656k was generated through charges for legal services provided to clients; £28,410k from the recovery of disbursements incurred in providing legal services to clients; £3,775k was recovered from the Crown's Nominee's Accounts and other income of £4,504k including rent, service charges, subscription services and recovery of costs of outward secondments was received. After taking into account costs which are met from the Vote, including the cost of the Attorney General's Office and HMCPSI, TSol met its financial objective to recover the full cost of its chargeable services.

There was capital expenditure of £1,267k against voted capital provision of £2,300k. The Department's strategy is to invest in improving and developing its systems to support its business. In doing so it takes a measured approach to its capital investment programme to ensure that it has the capacity to deliver it.

Comparison of Estimate and outturn

TSol underspent by £6,015k. Tsol operates largely on a demand led full cost recovery basis. During 2012-13 income for provision of legal services was higher than budget due to increased utilisation of staff; unbudgeted income from the Leveson Inquiry and income arising from additional staff (to mitigate potential disruption arising from the Jubilee and the Olympics). Expenditure was lower than budget due to lower staff costs than originally budgeted for despite increased capacity in our Litigation teams (reflecting changes in the mix between permanent and temporary staff), savings in administrative costs and lower depreciation. Key administrative savings were in respect of project staff, training and communications. Depreciation was lower due to the level of capital spend and the timing of capital additions being brought into use. Our fees are set to achieve full cost recovery based on forecasts of future throughput and our cost base which is a mix of fixed and variable costs. Where productivity outperforms forecast or efficiencies are achieved in the cost base we revisit our fees periodically and have reduced litigation fees by two percent from December 2012.

AGO outturn was very close to Estimate.

HMCPSI underspent by £500k due to a reducing cost base that anticipates further budget reductions across the rest of the CSR period.

AME provisions underspent by £283k.

The Department used 43% of its net cash requirement in line with the DEL underspend.

Capital expenditure was lower than the Estimate. **TSDA** underspent by £598k on Capital DEL as it took a measured approach to its capital investment programme to ensure that it had the capacity to deliver. £14k of this underspend will be vired to cover the HMCPSI overspend. **HMCPSI** incurred unbudgeted spend on furniture for a new meeting room, and video conferencing equipment which will reduce their travel and subsistence expenditure. **AGO** outturn was close to budget. Costs charged to Capital AME were less than Estimate as at the time of the Supplementary Estimate there was uncertainty about the split between resource and capitalised provisions.

Reconciliation of resource expenditure between estimates, accounts and budgets

£'000	2011-12	2012-13
Net Resource Outturn (Estimates)	**5,632**	**5,783**
Net Operating Cost (Accounts)	**5,632**	**5,783**
Resource Budget Outturn (Budget)	**5,632**	**5,783**
of which		
Departmental Expenditure Limits	*6,304*	*4,366*
Annually Managed Expenditure	*(672)*	*1,417*

Publicity and advertising

During the year TSol applied the required controls in granting exemptions from the freeze on new advertising and marketing spend in three areas:

- advertising for the recruitment of Panel Counsel to the Attorney General's London panels, and to the Regional Panel;
- advertising for the recruitment of employment lawyers;
- advertising for recruitment to the Government Legal Service Legal Trainee Scheme.

Sponsorship

The Department did not undertake or receive any sponsorship in the year ended 31 March 2013.

Spending on consultants and contingent labour

Controls on spending on consultancy were introduced during 2010-11. Expenditure on consultants has been kept to a minimum with spend in 2012-13 of £11k compared to £43k in 2011-12. Spend relates to two accommodation related consultancies and the cost of professional advice provided to HMCPSI by Professor Stephen Shute. The spend has been reported to the Cabinet Office on a monthly basis. In addition TSol has employed professional, programme and technical service staff, incurring spend of £251k in 2012-13 (£635k in 2011-12). This spend largely related to the implementation of billing via the Case Management System.

We continue to employ temporary staff where it is of operational necessity. Agency staff expenditure was £5,248k in 2012-13 (£3,589k in 2011-12).

Monthly workforce management information – numbers and costs – has been provided to the Cabinet Office throughout the year and published on the TSol website.

Payment of suppliers

The Department is committed to adhering to the Late Payment of Commercial Debts (Interest) Act 1998, by paying all invoices not in dispute within agreed contractual provisions or within 30 days of the presentation of a valid invoice (or delivery, if later).

In May 2010 the Government introduced a 5 day target for SME (small and medium sized enterprise) suppliers to receive payment. As a small Government Department, this requirement does not apply to TSol. Using the benefits of new technology and eliminating costly paperwork the Department has been able to pay 80% (84% 2011-12) of all undisputed invoices within 10 days of receipt in line with the commitment to promptly pay all suppliers. Based on year end balances it takes the Department 0.5 days to pay its suppliers.

SCS by payband

The number of SCS staff by SCS pay band as at 31 March 2013 is as follows:

	TSol	AGO	HMCPSI
SCS Pay Band 3	1	1	-
SCS Pay Band 2	13	1	-
SCS Pay Band 1A	1	1	-
SCS Pay Band 1	57	3	1
Total	**72**	**6**	**1**

In addition, there is also the Chief Inspector of HMCPSI who is a Public Appointment (equivalent to SCS Pay Band 2).

Review of Tax Arrangements of Public Sector Appointees

As part of the *Review of Tax Arrangements of Public Sector Appointees* published by the Chief Secretary to the Treasury on 23 May 2012, Departments published information in relation to the number of off payroll engagements – at a cost of over £58,200 per annum – that were in place on 31 January 2012. Departments are now required to present two sets of data in relation to off payroll engagements in place as at 31 January 2012 and all new off payroll engagements between 23 August and 31 March for more than £220 per day and more than six months. This is as follows:

	TSol	AGO	HMCPSI
Number in place on 31 January 2012	17	0	0
of which			
Number that have since come onto the organisation's payroll	0	0	0
of which			
Number that have since been renegotiated/re-engaged to include contractual clauses allowing the department to seek assurance as to their tax obligations	13	0	0
Number that have not been successfully re-negotiated, and therefore continue without contractual clauses allowing the department to seek assurance as to their tax obligations	0	0	0
Number that have come to an end	4	0	0
Total	**17**	0	**0**

	TSol	AGO	HMCPSI
Number of new engagements	0	0	0
of which			
The number of new engagements which include contractual clauses giving the department the right to request assurance in relation to income tax and NI obligations	0	0	0
of which			
Number for whom assurance has been requested and received	0	0	0
Number for whom assurance has been requested and not been received	0	0	0
Number that have been terminated as a result of assurance not being received	0	0	0
Total	**0**	**0**	**0**

Significant remote contingent liabilities

The Treasury Solicitor's Department has no contingent liabilities that need to be disclosed under Parliamentary reporting requirements.

Pensions

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

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

Further information can be found in the Remuneration Report and Note 1.12 to the accounts.

Events after the reporting period

There have been no events since the reporting period that would have a material impact on the financial statements for the year ended 31 March 2013. The accounts were authorised for issue on the same date as the certificate of the Comptroller and Auditor General to the House of Commons.

Reporting cycle

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

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

The Annual Report and Accounts covering the Department's work for the preceding year is published each year. This includes information on the Department's performance against business plan targets. The Annual Report and audited Accounts are laid before Parliament as a House of Commons paper.

The HM Procurator General and Treasury Solicitor Annual Report and Accounts also include Attorney General's Office (AGO) and HM Crown Prosecution Inspectorate (HMCPSI). They are audited, published and laid before Parliament annually.

The TSol Annual Business Plan, and both Annual Reports and Accounts may be accessed at www.tsol.gov.uk

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

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

Audit

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

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware.

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

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

Departmental Remuneration Report

Remuneration Policy

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

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

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

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

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

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

Senior Civil Service (SCS) Pay Committee

The function of TSol's SCS Pay Committee is to determine TSol'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, and to make final pay decisions.

The SCS Pay Committee in TSol at the relevant time (April to July 2012) comprised: Marilynne Morgan - external chair, Paul Jenkins, Hugh Giles, Jonathan Jones, Claire Johnston and Peter Fish (AGO) with Mary Esplin acting in an advisory capacity.

There were no consolidated pay awards made by the SCS Pay Committee to SCS members in 2012 as TSol was in the third year of the pay freeze for the SCS.

In deciding non consolidated performance awards in 2012 the following criteria were used:

Performance tranche

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

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

The assessment of performance against objectives included:

- the leadership behaviours exhibited in the achievement of objectives
- an assessment of the management of resources
- the degree to which the jobholder fostered an ethos of volunteering in their teams and/or the wider department.

In addition, the following conditions applied for performance group distribution in 2011-12:

- If an individual did not meet an individual finance/efficiency objective then they were not marked higher than Group 2.
- An individual was only awarded the Group 1 performance mark if they exceeded at least one finance/efficiency objective.

Non-consolidated performance related pay awards

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

Service contracts

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

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

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

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board members) of the Department. This information has been subject to audit.

Remuneration (salary and payments in kind):

Ministers	2012-13		2011-12	
	Claimed Salary	Benefits in kind	Salary	Benefits in kind
	£	(to nearest £100)	£	(to nearest £100)
The Rt Hon Dominic Grieve QC MP *Attorney General*	68,827	–	68,827	–
Sir Edward Garnier QC MP *Solicitor General (until 4 September 2012)*	25,345 [1]	–	59,248	–
Oliver Heald MP *Solicitor General (from 5 September 2012)*	33,903 [2]	–	–	–

[1] Figure quoted is for the period 1 April to 4 September 2012. The full year claimed equivalent salary is £59,248, with an entitled salary of £69,491

[2] Figure quoted is for the period 5 September 2012 to 31 March 2013. The full year equivalent is £59,248, with an entitled salary of £69,491

Officials	2012–13			2011–12		
	Salary	Non consolidated performance related pay awards	Benefits in kind (to nearest £100)	Salary	Non consolidated performance related pay awards	Benefits in kind (to nearest £100)
	£000	£000	£	£000	£000	£
Sir Paul Jenkins KCB QC *HM Procurator General, Treasury Solicitor and Chief Executive*	155 – 160	–	–	155 – 160	15 – 20	–
Jonathan Jones *Deputy Treasury Solicitor (until 30 September 2012)*	65–70 [2]	10 – 15	–	130 – 135	10 – 15	–
Peter Fish *Deputy Treasury Solicitor (from 19 November 2012)*	40–45 [3]	–	–	–	–	–
Stephen Parker *Divisional Legal Director*	115 – 120	–	–	115 – 120	–	–
Hugh Giles *Head of Litigation Group (until 2 December 2012)*	65 – 70 [4]	10 – 15	–	95 – 100	5 – 10	–
Susanna McGibbon *Head of Litigation Group (from 3 December 2012)*	30 – 35 [5]	–	–	–	–	–
Mary Esplin *Director of Human Resources (until 31 January 2013)*	55 – 60 [6]	–	–	65 – 70	5 – 10	–
Valerie Cain *Client and Corporate Resources Director*	90 – 95	–	–	90 – 95	–	–

Claire Johnston *Divisional Legal Director*	80 – 85 [7]	5 – 10	–	85 – 90	5 – 10	–
Anne McGaughrin *Divisional Legal Director (from 1 September 2011)*	90 – 95	10 – 15	–	50 – 55 [1]	–	–
Tim Hurdle *Finance Director*	90 – 95	5 – 10	–	90–95	–	–
Michael Fuller QPM *HM Chief Inspector of the Crown Prosecution Service Inspectorate*	150 – 155 [8]	–	–	150 – 155	–	–
Peter Fish *Director General of Attorney General's Office (until 18 November 2012)*	75 – 80 [9]	–	–	120 – 125	10 – 15	–
Rowena Collins-Rice *Director General of Attorney General's Office (from 1 January 2013)*	30 – 35 [10]	–	–	–	–	–

[1] *Figure quoted is for the period 1 September 2011 to 31 March 2012 – the full year equivalent is 90-95k*
[2] *Figure quoted is for the period 1 April 2012 to 30 September 2012 – the full year equivalent is 130-135k*
[3] *Figure quoted is for the period 19 November 2012 to 31 March 2013 – the full year equivalent is 120-125k*
[4] *Figure quoted is for the period 1 April 2012 to 2 December 2012 – the full year equivalent is 95-100k*
[5] *Figure quoted is for the period 3 December 2012 to 31 March 2013 – the full year equivalent is 100 – 105k*
[6] *Figure quoted is for the period 1 April 2012 to 31 January 2013 – the full year equivalent is 65-70k*
[7] *This represents 0.92 of a full time equivalent as the individual works part time*
[8] *Michael Fuller is not a member of the SCS but is a Public Appointment on a salary of £150k*
[9] *Figure quoted is for the period 1 April 2012 to 18 November 2012 – the full year equivalent is 120-125k*
[10] *Figure quoted is for the period 1 January to 31 March 2013 – the full year equivalent is 125-130k*

The non-executive directors were paid salaries in the following bands:

	Contract end	**2012-13**		**2011-12**	
		Salary	**Benefits in kind**	**Salary**	**Benefits in kind**
		£000	**(to nearest £100)**	**£000**	**(to nearest £100)**
Niall Scott	April 2013	**15 – 20**	**5,500**	**15 – 20**	**5,500**
David Crowther	February 2014	**15 – 20**	**1,500**	**15 – 20**	**1,100**

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

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£65,738 from 1 April 2010) and various allowances to which they are entitled are borne centrally.

Benefits in kind

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

Non consolidated performance related pay awards

Non consolidated performance related pay awards are based on performance levels attained and are made as part of the appraisal process. The awards reported in 2012-13 relate to performance in 2011-12 and the comparative awards reported for 2011-12 relate to the performance in 2010-11.

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 Treasury Solicitor's Department in the financial year 2012-13 was £155-160k (2011-12: £170-175k).This was about 3.32 times (2011-12: about 3.6 times) the median remuneration of the workforce, which was £48,254 (2011-12: £47,776).

In 2012-13, no employees (2011-12: none) received remuneration in excess of the highest-paid director. Remuneration ranged from £21k to £160k (2011-12 £20k to £155k). 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 of pensions.

The highest paid director received a consolidated pay increase during the 2012-13 year, but not a non-consolidated performance related award. In 2011-12 no consolidated pay increase was made although a non-consolidated performance related award was paid. The increase in the median remuneration of the workforce in 2012-13 reflected the 1% pay award made to staff at Grade 6 and below in 2012. The SCS (other than the highest paid director) did not receive a consolidated pay award in 2012-13 as this was the last year of their three year pay freeze, however a number did receive non-consolidated pay awards.

Pension Benefits

Ministers	Accrued pension at age 65 as at 31/3/13	Real increase in pension at age 65	CETV at 31/3/13	CETV at 31/3/12	Real increase in CETV funded by taxpayer
	£'000	£'000	£'000	£'000	£'000
The Rt Hon Dominic Grieve QC MP *Attorney General*	0 – 5	0 – 2.5	70	43	16
Sir Edward Garnier QC MP *Solicitor General* *(until 4 September 2012)*	0 – 5	0 – 2.5	57	46	7
Oliver Heald MP *Solicitor General* *(from 5 September (2012)*	0 – 5	0 – 2.5	32	18	9

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of member contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from Ministerial office from age 65. Pensions are re-valued annually in line with Pensions Increase legislation. From 1 April 2013 members pay contributions of 7.9% and 16.7% depending on their level of seniority and chosen accrual rate. The contribution rates are planned to increase in April 2014, subject to consultation.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

In line with reforms to other public service pension schemes, it is intended to reform the Ministerial Pension Scheme in 2015.

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Officials	Accrued pension at pension age as at 31/3/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/13	CETV at 31/3/12	Real increase in CETV [1]	Employer contribution to partnership pension accounts to the nearest £100
	£'000	£'000	£'000	£'000	£'000	
Sir Paul Jenkins KCB QC *HM Procurator General, Treasury Solicitor and Chief Executive*	65 – 70 plus lump sum of 200 – 205	0 – 2.5 plus lump sum of 2.5 – 5	1,471	1,371	22	–
Jonathan Jones *Deputy Treasury Solicitor (until 30 September 2012)*	35 – 40 plus lump sum of 110 – 115	0 – 2.5 plus lump sum of 2.5 – 5	661	619	14	–
Peter Fish *Deputy Treasury Solicitor (from 19 November 2012)*	25 – 30 plus lump sum of 85 – 90	0 – 2.5 plus lump sum of 0 – 2.5	526	516 [3]	4	–
Stephen Parker *Divisional Legal Director*	45 – 50 plus lump sum of 140 – 145	0 – 2.5 plus lump sum of 0 – 2.5	949	892	4	–
Hugh Giles *Head of Litigation Group (until 2 December 2012)*	25 – 30 plus lump sum of 75 – 80	(0 – 2.5) plus lump sum of (0 – 2.5)	439	413	(5)	–
Susanna McGibbon *Head of Litigation Group (from 3 December 2012)*	20 – 25 plus lump sum of 70 – 75	0 – 2.5 plus lump sum of 0 – 2.5	495	479	11	–
Mary Esplin *Director of Human Resources (until 31 January 2013)*	25 – 30 plus lump sum of 85 – 90	0 – 2.5 plus lump sum of 0 – 2.5	617	585	0	–
Valerie Cain *Client and Corporate Resources Director*	50 – 55 plus lump sum of 100 – 105	2.5 – 5 plus lump sum of 2.5 – 5	1,116	1,000	58	–
Claire Johnston *Divisional Legal Director*	25 – 30 plus lump sum of 80 – 85	2.5 – 5 plus lump sum of 10 - 15	509	398	2	–
Anne McGaughrin *Divisional Legal Director*	35 – 40 plus lump sum of 110 – 115	0 – 2.5 plus lump sum of 5 – 7.5	786	698	35	–
Tim Hurdle *Finance Director*	15-20	0-2.5	225	188	21	–
Michael Fuller [2] *HM Chief Inspector of the Crown Prosecution Service Inspectorate*	–	–	–	–	–	–

Peter Fish *Director General of Attorney General's Office* *(until 18 November 2012)*	25 – 30 plus lump sum of 80 – 85	0 – 2.5 plus lump sum of 0 – 2.5	516 [3]	485	7	–
Rowena Collins-Rice *Director General of Attorney General's Office* *(from 7 January 2013)*	45 – 50 plus lump sum of 135 – 140	0 – 2.5 plus lump sum of 0 – 2.5	820	814	2	–

[1] Where the real increase in CETV is negative this is because, taking account of inflation, the CETV funded by the employer has decreased in real terms.

[2] Michael Fuller is not a Civil Servant but a Public Appointment, and was appointed on a non-pensionable contract with a salary of £150,000.

[3] CETV as at 18/11/12

NEDs do not receive pension entitlement from TSol

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). 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** and **nuvos** are increased annually in line with Pensions Increase legislation. 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 1.5% and 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions will apply from 1 April 2013. 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. 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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 0.8% 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** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx

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.

Sir Paul Jenkins KCB QC
Accounting Officer

9 May 2013

Annex A

Sustainability Report for the year ended 31 March 2013

Purpose and scope

This report shows the Department's sustainability performance as required by HM Treasury's Financial Reporting Manual.

The scope of the report is the Department's performance (including AGO and HMCPSI) against the Greening Government Commitments (GGC) which run to 2015 with a 2009-10 baseline wherever possible.

The buildings included in this report are:

One Kemble Street, London, WC2B 4TS

TSol sublets Floors 4 to 15 of One Kemble Street from the Civil Aviation Authority. It has sublet three of these floors, from 2010-11. The main challenge for TSol on energy reduction is that it has no control over the use of oil to heat and cool the building. Nevertheless, initiatives such as replacing older catering equipment with new eco-friendly models and more energy efficient printing and copying devices have contributed to maintaining our improved performance in energy consumption even with increases in staffing levels. TSol has actively encouraged the most efficient use of the Building Management System controlled by our landlord by contributing to the cost of an upgrade to the system in March 2012 which was to enable the most energy efficient control of the comfort cooling system in use in the building. We installed new high specification safety and security film to 469 windows in 2012 which is also designed to minimise solar gain. These improvements have also contributed to maximising our energy efficiency in a building not designed with energy sustainability in mind.

Part 16th Floor Southern House, Wellesley Grove, Croydon, Surrey, CR9 1DY
(this was not included in previous reports)

TSol also rents part of the 16th floor of Southern House as a disaster recovery site and live data centre. The site is not occupied on a day to day basis as it is part of the organisation's disaster recovery plan.

However the server systems form part of the TSol network and are running live. The site was occupied during the Olympic period to support the commitment to reduce travel in central London. Although most of the floor activities are captured in the service charge we now have limited energy usage data for this year made available by the landlord, which indicates around 68,000 of electricity kwh used on average per month largely generated by the operation of our ICT systems.

20 Victoria Street, London, SW1H 0NF

This building is occupied by the Attorney General's Office. The building has eight floors, one lift and externally, a car parking space for one car and a bicycle rack. AGO rents the building from a private landlord and the lease ends in 2016. Two floors are sub-let to the Office for Budget Responsibility. The data in this report does not include OBR's energy data. The floors in the building have an air heating/cooling system. The stairwells and hallways are currently unheated. AGO staff switch heating, lighting and office machinery on when they arrive at work and switch off on leaving.

Buildings not included in this report:

Riverside Chambers, Castle Street, Taunton, Somerset, TA1 4AP

TSol is the landlord for Riverside Chambers, Taunton This lease transferred to TSol in 1999 when what was the Government Property Lawyers were disbanded. TSol has never occupied any part of the building. The lease runs until 2016 without a break clause and TSol currently sub lets 53% of the building to a mixture of public and private sector organisations. The majority occupier is currently CPS. The rest is vacant. Following guidance from the sustainability reporting unit, HM Treasury has advised that Taunton should not be included in TSol's performance figures. Prior year figures (including the baseline) have now been adjusted accordingly.

Governance and strategy

The Law Officers' Departments (LODs) Sustainable Development Steering Group is chaired by the CPS Finance Director. The CPS is secretariat of this group and represents the LODs on any relevant sustainable development committees and leads and co-ordinates activity across the LODs. TSol has appointed a co-ordinator from its Support Services Centre to liaise with and report performance each quarter to the LODs' Sustainability Manager.

The Department's strategy is to work with the LODs to meet GGC targets by reducing carbon emissions in our offices and by reducing business travel wherever possible. The Department has set yearly targets for each GGC measure to increase the immediacy.

A Dashboard system has been introduced which enables us to report sustainability information accurately and in a timely manner. It is intended that this dashboard will be presented to the new Operations Committee on a quarterly basis.

The Department works closely with its suppliers and sustainability is a standing agenda item at all quarterly contract review meetings to look for new initiatives which can enhance our performance and improve sustainability.

Summary of performance[1]

Greenhouse gas emissions (GHG)

		Baseline 2009-10	2010-11	2011-12	2012-13
Non-Financial Indicators (tCO_2e)	Scope 1 and 2 emissions[2]	2,595	2,295	1,924	2,029
	Scope 3 emissions (indirect – official business travel)	162	62	90	102
	Total emissions	1,942	1,651	1,386	2,131
Other Non-Financial Indicators	Number of domestic flights[3]	–	250	160	146
Related Energy Consumption (KWh)	Electricity[4]	4,411,463	3,907,622	3,432,175	3,411,715
	Gas	207,645	149,545	2,413	–
	Oil	991,178	840,457	642,689	946,110
Financial Indicators (£)	Expenditure on energy	395,242	301,474	245,208	351,306
	Expenditure on accredited offsets (e.g. GCOF)	1,489	2,055	26	167
	Expenditure on official business travel[5]	483,834	473,055	428,959	319,029

[1] Data for 2012-13 is estimated where information for the final quarter is not available.

[2] Each year a different basis has been used for calculating tCO_2e. The previous year's figures have been retained and include this year's figures calculated using this year's template. This is taken from the Defra document – GHG – conversion factors (PB137732012).

[3] The baseline year used is 2009-10 as figures for 2009-10 were not made available by our previous travel supplier.

[4] The figures for electricity consumption have been adjusted from previous years to take account of the inclusion of common areas in the OKS building in addition to the TSol demise. The baseline year has also been recalculated to include the acquisition of our DR recovery site in accordance with Annex J of the Defra guidance on reporting GHG emissions (PB13309 2009).

[5] Government Car and Despatch Agency (GCDA) emissions and expenditure have been excluded as these are reported by GCDA.

Targets and narrative

The GGC are that by 2015, the Government will:

- Reduce greenhouse gas emissions by 25% from a 2009-10 baseline and all ministerial HQs to publish online real time energy use information.
- Reduce domestic business travel flights by 20% by 2015 from 2009-10 baseline.

TSol has achieved a 23% reduction in total GHG emissions. Three floors were sub let in 2010-11. Electricity consumption figures remain consistent with last year and have been recalculated as the changes made this year to our figures meet the significance threshold outlined in Annex J of the Defra guidance on reporting GHG emissions (PB13309 2009).This allows us to recalculate our baseline figures as TSol has acquired an additional facility namely our DR site in Croydon which significantly affects our calculations. Oil usage is still 7% below baseline but has significantly increased since last year due in the main to the severe, sustained winter. We have however asked for an explanation of the increased oil consumption figures from our landlord. The Café facilities on the 6th and 15th floors are extensively used by up to 400 non-TSol staff in the building, resulting in additional electricity consumption. The Café facilities also include an extensive hospitality service provided by one of our sub-tenants to its clients.

The number of domestic flights has reduced by 52% from the 2010-11 baseline.

Other actions include:

- Installation of new, more energy efficient, printers with enhanced sleep functions for out of hours use.
- Procurement and installation of a new, more eco-friendly, dishwasher into our Café. We have purchased one with a Drain Heat Recovery Unit and fully enclosed hood which will save approx 9kw-10kw per day on our energy consumption by reusing existing heat within the system.
- Closer working arrangements with contractors (see procurement) and landlord over the use of new technology and initiatives to reduce our carbon footprint.
- We are applying increasing pressure on our landlord to take a more proactive approach to sustainability in their building. (see narrative under Water below)

Switching off measures adopted by AGO, in particular relating to water heaters/coolers, air heating and cooling systems and the gas boiler) have reduced AGO's energy consumption by 27% since 2009-10. In addition a daily patrol by the security guards reports on any lights or heating which has been left on in empty rooms. Lights on stairwells are switched off overnight.

AGO meet the requirement for all ministerial HQs to publish online real time energy use information. The information is published at: https://www.gov.uk/government/organisations/attorney-generals-office/about/our-energy-use

As a sub tenant of TSol at One Kemble Street HMCPSI support all of TSol's initiatives to reduce estate related carbon emissions. Action to reduce travel related emissions include greater use of video conferencing.

Waste

		Baseline 2009–10	2010–11	2011-12	2012-13
Non-Financial Indicators (tonnes)	Non-Recycled	83	37	6	3
	Total Reused/Recycled	101	127	140	85
	Energy recovery	–	–	–	53
	Total waste	184	164	146	141
Financial Indicators (£)	Total disposal cost	22,360	67,572	82,114	34,937

Targets and narrative

The GGC are that by 2015: the Government will reduce waste generated by 25% from a 2009-10 baseline:

- Government will go to market with a requirement for "closed loop" recycled paper in 2011, subject to approval from the Government's Procurement Executive Board.
- Ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled.

TSol's total waste has already reduced by 23% but we continue to work with our service providers to reduce the total further by 2015. The reduction of waste disposal costs since last year has occurred as a result of a change of contracted supplier.

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.

The replacement of paper towels with hand driers in the toilets will reduce the amount of waste generated balanced against a possible increase in electricity consumption.

TSol trialled the use of closed loop paper when it was introduced however it created significant printer and copier performance problems and we had to withdraw its use. We are in the process of introducing new printers and copiers and initial tests with the closed loop paper have proved positive. We expect to move to using closed loop paper in the copiers and printers on the floors in the new financial year. We are still testing the Banner closed loop paper in our new Print Room which is going live in April 2013. However the paper which we currently use is recycled and used to create closed loop paper. Recycling bins are placed on all floors.

TSol's policy and practice, is to recycle all redundant IT equipment using Waste Electrical and Electronic Equipment (WEEE) approved suppliers HMCPSI IT equipment is provided by the Crown Prosecution Service (CPS) who adopt the same policy,

AGO has recently implemented the closed loop paper system, reusing shredded waste paper. Co-mingled waste (including glass and plastic bottles, tins, aerosols, paper and cardboard) is collected and recycled. Energy is recovered from any residual waste that cannot be recycled. Waste collection data has also improved this year indicating that actual volumes of waste are lower than previously estimated.

Finite resource consumption: PAPER

	Baseline 2009–10	2010–11	2011-12	2012-13
Non-Financial Indicators A4 Reams[1]	48,893	45,321	38,163	29,484

[1] Information last year incorrectly reported the number of boxes rather than the number of reams for TSol.

Targets and narrative

The GGC are that by 2015 the Government will achieve a 10% cut in paper use in 2011-12. The Department achieved a 23% reduction against the 2009-10 baseline.

Initiatives to reduce unnecessary printing have been introduced in **TSol** such as e-fax and the increased use of electronic transmission of documents, and the introduction of the case management system has resulted in less printing.

There was a significant reduction in paper use during the Olympic Period (June to September 2012).

The TSol infra service desk system reduces the requirement for paper records to be held for service desk requests.

AGO encourages staff to use double sided printing where possible. With the implementation of the closed loop paper system a new paper policy has reduced the types of paper purchased for office use.

HMCPSI is committed to moving to a paperless office, with the introduction of technology in preference to printing out papers for the work of HMCPSI Inspections. Behaviour change is also being encouraged with a “think before you print” scheme and double sided printing is encouraged wherever practical.

Finite resource consumption: WATER

		Baseline 2009–10	2010–11	2011-12	2012-13
Non-Financial Indicators (m^3)	Water Consumption[1]	8,018	7,454	7,422	6,283
	m^3 per FTE	8.82	8.64	8.89	7.50
Financial indicators (£k)	Water Supply and disposal costs	16,962	12,156	21,457	12,580

[1] 2011-12 water consumption has been updated.

Targets and narrative

The GGC are that by 2015 the Government will reduce water consumption from a 2009-10 baseline, with reports on water use against best practice benchmarks (ie 4 m^3 per FTE).

TSol's water consumption has reduced by 15% from baseline.

TSol has expressed concerns to the Landlord about the water consumption across the whole estate including the areas that TSol occupy. During the year there have been problems with hand basin flooding and blocked drainage stacks. TSol is working closely with the landlords to monitor usage and the recent upgrade of toilet facilities has reduced the number of reported blockages from 73 in January 2013 to 32 in February 2013.

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

Toilet and catering facilities which impact upon water consumption have been upgraded to further improve TSol's performance in this area. Installation of new sensor taps in the toilets and changes made to the cisterns will reduce the need for double flushing. It is hoped that this will lead to reductions in water usage in coming years.

In addition the procurement and installation of a new, more eco-friendly, dishwasher into TSol's staff restaurant should reduce water consumption and chemical usage by 15%.

TSol's water supply and disposal costs are recharged by the landlord from the water supply company.

AGO's water consumption has reduced significantly since 2011-12 largely as a result of fixing problems with running water in the toilets. Usage has reduced by 17% since 2009-10 which reflects reduced staff numbers.

As a sub tenant of TSol at One Kemble Street, HMCPSI supports all of TSol's initiatives to reduce water consumption in the building.

Procurement

The GGC are to ensure procurement of sustainable and efficient products whilst reducing the impact of the supply chain. This includes embedding efficient procurement practices and improving and publishing data on supply chain impact.

TSol's overall procurement strategy includes the use of framework contracts under the Government Procurement Unit (GPU) and we are subject to the Sustainability Policy which it operates. This year we have made increasing use of frameworks and centrally managed contracts where all suppliers have agreed to abide by the GPU sustainability policy.

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;
- Buying less environmentally damaging products and services;
- Complying with environmental legislation and regulatory requirements;
- Including relevant environmental conditions or criteria in specification and tender documents, and evaluating supplier offers accordingly; and
- Raising awareness of environmental issues within the Department, and amongst suppliers and contractors.

TSol's off-site storage provider has won the Green Fleet award for their efforts to reduce the environmental impact of their transport fleet. It is an ISO 14001 accredited organisation.

TSol's catering provider is also an ISO14001 accredited organisation and is certified Carbon Neutral. All the disposable containers and cups used within Café 15 and Café 6 are environmentally responsible to reduce waste associated impacts on the business.

TSol ensured that when it procured its new cleaning services contract mid-year that a Government Framework was used and that the successful supplier was able to meet all our requirements for sustainability.

Biodiversity and adaptation plans

The Department is not required to have a biodiversity plan as the sites in question are in city centres or street front buildings.

Climate change adaption

TSol is committed to limiting the extent to which it contributes to climate change. Reduction measures are designed to do this by reducing carbon dioxide emissions from energy use and transport. To support us in this we have engaged with the building security service provided to ensure that their use of facilities reflects energy conservation and lighting reduction during off-peak hours.

Future activities

In 2013-14 TSol is implementing a new print room service which will deliver significant savings to TSol clients. The initial review of print charges has estimated that over £400K of savings to clients could potentially be made in the first year of operation.

All the equipment used will meet ISO 14001 requirements. While direct paper usage by TSol will increase as a result of print room operations this will be offset by a reduction in paper usage by external print suppliers.

There will be a corresponding reduction to zero from the current estimate of 200 deliveries per year from our external print services. This will reduce the carbon footprint by removing the supply chain associated with these deliveries.

TSol is introducing a “TSol Green Team” to reinforce good behaviour on sustainability: representatives from across TSol will act as Sustainability Champions and help identify areas where TSol can improve its green credentials.

The OKS Landlord is installing light switches which turn off during periods of inactivity and is considering more economical lighting in the TSol Café.

Statement of Accounting Officer's responsibilities

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

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

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

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

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

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

Governance Statement

Governance framework

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 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. The Department is led by HM Procurator General and Treasury Solicitor (currently Sir Paul Jenkins KCB QC), in the role of Chief Executive. In addition to being responsible for all financial activity within TSol the Treasury Solicitor is also responsible for financial matters at the Attorney General's Office (AGO) and Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI).

Ministers

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

- The Rt Hon Dominic Grieve QC MP, Attorney General
- Sir Edward Garnier QC MP, Solicitor General (until 4 September 2012)
- Oliver Heald MP, Solicitor General (from 5 September 2012)

The Treasury Solicitor, as Chief Executive and Accounting Officer of TSol, is accountable to the Attorney General and responsible for the management of TSol. He is supported in delivering his responsibilities by the TSol Board. Management matters in the Attorney General's Office are the responsibility of the Director General (Peter Fish until November 2012 and Rowena Collins Rice from January 2013) and HMCPSI is led by the Chief Inspector (Mike Fuller QPM) who also fulfils the function of a Chief Executive. The Chief Inspector has been appointed as Accounting Officer for HMCPSI. The Director General, AGO and the Chief Inspector meet regularly with the Treasury Solicitor and each provides an annual assurance report in relation to their systems of internal control and financial management.

The AGO Director General and AGO officials meet the Law Officers regularly to provide high quality legal and strategic policy advice and support.

The HMCPSI Chief Inspector meets regularly with the Law Officers.

Board and committees

The TSol Board comprises a small group of directors drawn from different business areas – litigation, advisory work and corporate resources. It is the main decision-making body and supports the Chief Executive in providing leadership of TSol, 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 TSol Board as at 31 March 2013 was as follows:

Executive members:

• Sir Paul Jenkins KCB QC	HM Procurator General, Treasury Solicitor and Chief Executive (Chair)
• Peter Fish	Deputy Treasury Solicitor
• Valerie Cain	Client and Corporate Resources Director

- Susanna McGibbon — Head of Litigation Group
- Stephen Parker — Divisional Legal Director
- Anne McGaughrin — Divisional Legal Director
- Claire Johnston — Divisional Legal Director
- Tim Hurdle — Finance Director

Non Executive members:

- David Crowther - A Chartered Accountant, and a NED and Audit and Risk Committee Chair of Treasury Solicitor's Department since 2008; until May 2012 also Senior Independent Director and Chair of Audit Committee of TT electronics plc. Formerly a NED of the Financial Ombudsman Service; a member of the Professional Oversight Board, part of Financial Reporting Council with oversight of the accountancy and actuarial professions; and a senior partner of PricewaterhouseCoopers LLP.
- Niall Scott - A solicitor and director of three companies, a Public Interest Member of the Council of The Institute of Chartered Accountants of Scotland and a director of four not-for-profit organisations. Prior to developing a portfolio of appointments, he was a partner in a UK Top 50 law firm where he held the posts of Chairman and Managing Partner.

During 2012-13 Board membership changed due to some members leaving TSol. Jonathan Jones was replaced by Peter Fish as Deputy Treasury Solicitor; Hugh Giles was replaced by Susanna McGibbon as Head of Litigation Group and Mary Esplin HR Director left the Department.

Work of the Board and attendance

The Board met eight times during 2012-13 with attendance as follows:

Executive Members	Attendance
Sir Paul Jenkins	7/8
Jonathan Jones	2/3
Peter Fish	4/4
Hugh Giles	4/5
Susanna McGibbon	3/3
Claire Johnston	7/8
Anne McGaughrin	7/8
Stephen Parker	5/8
Valerie Cain	8/8
Mary Esplin	7/7
Tim Hurdle	8/8
Non Executive Members	
David Crowther	8/8
Niall Scott	6/8

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

- Strategy – setting the vision.
- Commercial Focus – scrutinising the allocation of resources to achieve plans; ensuring controls are in place to manage risk and evaluation of the Board.
- Talented People – the Board has a People Strategy to help ensure that TSol has the capability to deliver and to plan and meet current and future needs.

- Results Focus – the Board agrees the annual business plan and monitors and steers performance against the plan.
- Management Information – the Board receives a Monthly Performance Report containing clear consistent and comparable performance information to drive improvements. In 2011-12 the information in this report was reviewed by Internal Audit who confirmed that it was robust, reliable and accurate and could be agreed to underlying supporting records.

Board sub-committees

TSol has an Audit and Risk Committee with an independent, non-executive Chair, David Crowther. 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 both the non-executive directors and an additional external member, Paul Coombs. Paul is a qualified accountant, is a Director of VOSA and was previously Director of Finance and Planning for the Audit Commission. The Audit and Risk Committee met four times in 2012-13. In addition to providing the Treasury Solicitor, as Accounting Officer with assurance over the preparation and audit of the Annual Report and Accounts for 2011-12 the Committee considered the findings contained in 14 substantive reports prepared by the Head of Internal Audit based on an audit programme agreed in advance by the Committee and monitored the implementation of audit recommendations. These reports covered a range of issues including the review of evidence supporting the Accounting Officer Pensions Certificate; the security policy framework; preparedness for ISO 27001 accreditation; third party and delivery partner risk management arrangements; TSol's risk management arrangements; the merger of Defra Legal with TSol; knowledge management; client monies; time recording and billing; use of the Case Management System; and the security of BV assets in addition to regular annual reviews of key financial, ICT and HR controls, evidence supporting the Governance Statement and regular updates on the work of the Security Team. During the year business area reviews were introduced to allow the Committee to discuss risks and particular issues with individual Heads of Group/Division. The Attorney General's Office and HMCPSI are both subject to the oversight of the TSol Audit and Risk Committee.

Following a review of governance the Board took a decision to streamline corporate decision making below Board level by replacing three existing sub committees with a single Operations Committee, chaired by the Deputy Treasury Solicitor, responsible for oversight of the day to day operational management for all aspects of the business, for monitoring performance against TSol objectives and managing departmental risk and issues. The new model was introduced in February 2013 and the Operations Committee met twice in 2012-13. The three sub committees that it replaced, which were all chaired by the Deputy Treasury Solicitor and met for the last time in January 2013, were:

- The Business Partnership Committee, which was responsible for overseeing TSol's business partnership strategy to ensure that TSol works closely, effectively and in partnership with all key and major clients to achieve the best legal outcome, minimise their legal risk and maximise the value of the services they receive.
- The Performance and Investment Committee which was responsible for overseeing the performance of TSol against its Business Plan to ensure the delivery of high value services in an efficient manner. It also prioritised investment and ensured performance was not disrupted by change activities.
- The People Committee, which was responsible for overseeing workforce planning and deployment, motivation and reward, learning and development and HR policies. It monitored delivery of TSol's People Strategy and assessed the impact of, and devised strategies to deal with, people related initiatives.

Board Members' interests

No directorships or other significant interests which may have caused a conflict with their management responsibilities were held by Board Members.

The Board's performance

In 2012-13 the Board undertook the second stage of a three stage effectiveness evaluation process in line with guidance issued by the Cabinet Office in order to meet the requirement for inputs from the Accounting Officer and the Board to the annual governance statement. This includes the requirement for the Board to undertake an assessment of its own effectiveness.

The review involved:

- A report on progress in implementing the recommendations agreed following the stage one effectiveness review last year;
- A report on progress in implementing the recommendations from the review of governance in TSol in 2012-13;
- Analysis of the type of decisions made by the Board in 2012-13;
- A discussion based on a set of questions drawn from best practice Board room behaviour.

The Board was content with the way that it was operating in line with its terms of reference with no need for significant change. The Board identified and agreed some recommendations to further improve its performance.

Compliance with the Corporate Governance Code

The Corporate Governance Code (and accompanying Protocol) apply primarily to Ministerial departments. This means that the key provisions relating to composition of boards do not apply to TSol, specifically the involvement of Ministers and the requirement to have roughly equal numbers of Ministers, senior civil servants, and Non Executive Directors (NEDs). In addition, TSol is not required to have a "Lead NED" (who is to have the role of "supporting the Secretary of State in his or her role as Chair of the Board").

A full governance review was undertaken by the Board to align TSol's governance to the delivery of the new "Building on Success" strategy and the Civil Service Reform Plans recommendations on Sharing Legal Services. This review took into account the good practice in the Corporate Governance code, where appropriate for a small non-ministerial department. The Board agreed to implement recommendations from the review of governance.

Our risk profile

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

The Audit and Risk Committee provides a challenge function to the risk management arrangements and Internal Audit reviews and assures the processes.

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

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

A Risk Improvement Group, which is not part of the governance structure, meets regularly to share best practice, promote risk improvement and raise awareness, share risk lessons learned and provide additional challenge to risk registers. Improvements this year include a clearly defined risk appetite statement which was accepted by the Audit and Risk Committee prior to going to the Board for final approval and work to ensure greater consistency in risk descriptions, scoring and controls at divisional level.

Strategic risks are agreed with the TSol Board and the Audit and Risk Committee. Each key strategic risk is owned by a Board member. The risks and action to mitigate them are reported monthly to the Operations Committee (and before that the Performance and Investment Committee) and the Board and risks are reviewed quarterly at Board meetings. The strategic risks and the actions to mitigate them are detailed in the Business Plan.

Risk profile

TSol's current key strategic risks are:

- Serious damage to TSol's reputation as a result of major loss of data or enforcement action by the Information Commissioner.
- A failure to anticipate, understand and respond effectively to client needs for value for money services leading to damaged relationship or damage to TSol's reputation.
- Damage to TSol's reputation if things go wrong due to TSol or client management of cases or failure in the management of client relationships.
- The lack of resource capacity and/or capability to deliver the service that clients need.
- Failure to deliver the Government's commitment to greater sharing of legal services.
- The cost of public interest work exceeding the budget.
- Unforeseen events (eg industrial action, transport strike, pandemic flu) that would have an adverse impact on our ability to deliver the service our clients need or would cause TSol to under recover leading to an accounts qualification or would cause TSol to suffer loss.
- The loss of a major client or other reductions in demand for our services which would expose TSol to financial risk.

AGO and HMCPSI follow the TSol risk management framework. Risks are reviewed quarterly.

AGO risks include:

- Unforeseen events (e.g. industrial action, transport strike, loss of access to 20 Victoria Street, pandemic flu) that would have an adverse impact on our ability to support the Law Officers' functions
- That the costs of public interest work will exceed the budget
- A failure to recruit and retain the right people to meet our business objectives

HMCPSI strategic risks include:

- Loss of corporate knowledge/ability to deliver services due to the absence or departure of key members of HMCPSI
- Failure to manage resources efficiently or lack of strategic capability
- Loss or unauthorised disclosure of information

Security and business continuity

Client data security remains critical and is assured by TSol's adherence to Cabinet Office Security Standards, maintaining ISO 27001 certification and Government Secure Intranet (GSI) accreditation.

TSol is currently migrating to the new Public Sector Network, with its application being audited by CESG, the Government's National Technical Authority for information assurance. We will also be implementing the new Government Security Classifications Policy recently announced by the Cabinet Office, as well as working with them on the wider security transformation agenda.

TSol enjoys a high level of client satisfaction and it is essential that we are able to maintain our normal quality service whatever the circumstances. Business continuity is assured through maintenance of a business continuity management system and its comprehensive suite of recovery plans. These plans were used to form the basis of TSol's approach to maintaining business as usual during the 2012 Olympics.

Our disaster recovery site has remote access capacity, resilience and security which reduces the risk of service disruption should One Kemble Street be unavailable. The disaster recovery site was used during The Olympic and Paralympics period and played a key role as part of TSol's commitment to positively change its commuting, business travel and logistics arrangements by 50% during the period of 21 July to 9 September 2012.

Lapses of data security

The following tables show the required data in the format required by the Cabinet Office.

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with an exemption contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's office in 2012-13

Statement on information risk

TSol holds personal data relating to TSol employees and keeps data owned by other government departments in relation to its role as solicitor to government. It continues to work with delivery partners and third parties to effectively manage the risk of loss of personal data held by these other bodies.

During 2012-13 the framework for handling data and to provide assurance over the management of information held within TSol has included:

- Continued review and production of data handling policies, guidance and awareness training promoting best practice within TSol including completion by all staff of level 1 and level 2 of the Cabinet Office's Protecting information e-learning course.
- Continuing review of information assets and their associated risks, including quarterly assessments of the third party delivery chain, and the incorporation of information risks within the risk management policy and processes. Assurance is provided by the Information Asset Owners, and audited by the Security Team annually.
- The Department is certified to the ISO 27001:2005 standard for information security management and adheres to Cabinet Office security requirements.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
May 2012 (not reported until August 2012)	Loss of documents from outside secured government premises	Personal data	Two	None
July 2012	Unauthorised disclosure	Personal data	Two	Individuals notified in person
May 2012 (not reported until August)	Unauthorised disclosure	Personal data	Two	None
December 2012	Unauthorised disclosure	Personal data	One	None
Further action on information risk	The Department will continue to monitor and assess its information risks in order to identify and address any weaknesses and ensure continuous improvement of its systems. A review of guidance around handling protectively marked material was carried out, which concluded that TSol's policies comply with Cabinet Office guidelines. As a result, guidance and training materials have been updated and reissued to all relevant staff.			

Table 2: Summary of other protected personal data related incidents in 2012-13

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department, are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

There will be continued compliance with Cabinet Office guidelines and ISO27001.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	NIL
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	NIL
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	NIL
IV	Unauthorised disclosure	NIL
V	Other	NIL

Effectiveness of our risk management

Assurance is provided, inter alia, by the work of the Internal Auditors. In his Annual Assurance Report, the Head of Internal Audit provides a reassuring opinion on the adequacy and effectiveness of risk management, control and governance.

Assurance on information handling is provided by the Senior Information Risk Owner supported by the Security Team and the Security Advisory Group.

Directors provide an annual end of year Assurance Report reporting on the control systems they have used to mitigate the risk to the achievement of objectives and any weaknesses identified. Such assurances are also provided by the Chair of each key Governance Committee. These assurances have been reviewed by the Audit and Risk Committee.

The Treasury Solicitor receives a mid year summary of Directors' Performance Accountability Review Reports. These focus on progress against the business plan, performance against budget and key performance indicators, and key risks to the delivery of objectives. Meetings are held with specific directors to address issues which emerge from these reports.

At the end of each quarter we conduct a formal forecasting exercise. Directors are asked to review their spend against budget and forecast their year end position. This information enables the Operations Committee (and before that the Performance and Investment Committee) and the Board to identify areas of concern and if necessary review and consider the allocation of resources in meeting our objectives.

In 2011-12 we undertook self assessment reviews of the risk of financial loss in all the funds flow processes in TSol – Procurement, Payroll, Expenses, Sales, Client Monies and Bona Vacantia – and a self assessment of our organisational capability to manage the risks of financial loss.

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

These processes have highlighted no issues which are significant to the welfare of TSol.

Sir Paul Jenkins KCB QC
Accounting Officer

9 May 2013

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

I certify that I have audited the financial statements of the HM Procurator General and Treasury Solicitor ('the Department') for the year ended 31 March 2013 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. I have also audited the Statement of Parliamentary Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the in 'Management Commentary', 'Financial Review' and the Governance Statement to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2013 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the

purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2013 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in 'Management Commentary', 'Financial Review' and the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration 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.

Amyas C E Morse
Comptroller and Auditor General

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

13 May 2013

Statement of Parliamentary Supply

Summary of resource and capital outturn 2012-13

								2012-13	2011-12
				Estimate			Outturn	Voted Outturn compared with Estimate saving/(excess)	Outturn
	Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total		Total
		£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit									
Resource	2.1	11,050	–	11,050	4,366	–	4,366	6,684	6,304
Capital	2.2	1,800	–	1,800	1,204	–	1,204	596	956
Annually Managed Expenditure									
Resource	2.1	1,700	–	1,700	1,417	–	1,417	283	(672)
Capital	2.2	500	–	500	63	–	63	437	–
Total Budget		**15,050**	**–**	**15,050**	**7,050**	**–**	**7,050**	**8,000**	**6,588**
Non-Budget									
Resource		–	–	–	–	–	–	–	–
Total		**15,050**	**–**	**15,050**	**7,050**	**–**	**7,050**	**8,000**	**6,588**
Total Resource	2.1	12,750	–	12,750	5,783	–	5,783	6,967	5,632
Total Capital	2.2	2,300	–	2,300	1,267	–	1,267	1,033	956
Total		**15,050**	**–**	**15,050**	**7,050**	**–**	**7,050**	**8,000**	**6,588**

Net cash requirement 2012-13

	Note	2012-13 Estimate	2012-13 Outturn	Outturn compared with Estimate saving/(excess)	2011-12 Outturn
		£000	£000	£000	£000
Net cash requirement	4	**10,920**	**4,669**	**6,251**	**3,340**

Administration costs 2012-13

	Note	2012-13 Estimate	2012-13 Outturn	Outturn compared with Estimate saving/(excess)	2011-12 Outturn
		£000	£000	£000	£000
Total administration costs	3.2	**11,050**	**4,366**	**6,684**	**6,304**

The notes on pages 61 to 86 form part of these accounts.

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

Explanations of variance against Estimate and Outturn are given in Note 2 and in the Management Commentary.

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

		2012-13	2011-12
	Note	£000	£000
Administration costs			
Staff costs	5	66,517	61,893
Other costs	6	19,703	18,555
Disbursements	8	29,908	36,200
Income	9	(110,345)	(111,016)
Net Operating Costs	3	**5,783**	**5,632**
Total expenditure		116,128	116,648
Total income		(110,345)	(111,016)
Net Operating Costs		**5,783**	**5,632**

Other Comprehensive Income

	2012-13	2011-12
	£000	£000
Net (gain) on:		
- revaluation of property, plant and equipment	(180)	(43)
- revaluation of intangibles	(192)	(5)
Total Comprehensive Net Expenditure	**5,411**	**5,584**

All income and expenditure is derived from continuing operations.

The notes on pages 61 to 86 form part of these accounts.

Statement of Financial Position
as at 31 March 2013

		31 March 2013		31 March 2012	
	Note	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	10	3,758		3,679	
Intangible assets	11	1,816		2,039	
Total non-current assets		**5,574**		**5,718**	
Current assets					
Trade and other receivables	12	23,227		22,572	
Cash and cash equivalents	13	6,251		8,210	
Total current assets		**29,478**		**30,782**	
Total assets			**35,052**		**36,500**
Current liabilities					
Trade and other payables	14	(21,322)		(23,596)	
Provisions	15	(504)		(526)	
Total current liabilities			**(21,826)**		**(24,122)**
Non-current assets plus net current assets			**13,226**		**12,378**
Non-current liabilities					
Provisions	15		(3,394)		(1,892)
Total non-current liabilities			**(3,394)**		**(1,892)**
Total assets less liabilities			**9,832**		**10,486**
Taxpayers' equity and other reserves					
General Fund			9,399		10,320
Revaluation Reserve			433		166
Total equity			**9,832**		**10,486**

The notes on pages 61 to 86 form part of these accounts.

Sir Paul Jenkins KCB QC
Accounting Officer

9 May 2013

Statement of Cash Flows
for the period ended 31 March 2013

	Note	2012-13	2011-12
		£000	£000
Cash flows from operating activities			
Net Operating Costs		(5,783)	(5,632)
Adjustments for non-cash transactions arising in the year	6	3,837	2,453
(Increase) in trade and other receivables	12	(655)	(2,298)
Decrease in trade and other payables	14	(2,274)	3,689
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		2,021	553
Use of provisions	15	(545)	(1,056)
Net cash outflow/(inflow) from operating activities		**(3,399)**	**(2,291)**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(1,042)	(352)
Purchase of intangible assets	11	(228)	(697)
Net cash outflow from investing activities		**(1,270)**	**(1,049)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		2,710	2,815
Net Financing		**2,710**	**2,815**
Net (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	13	**(1,959)**	**(525)**
Payments of amounts due to the Consolidated Fund		–	–
Net (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	13	**(1,959)**	**(525)**
Cash and cash equivalents at the beginning of the period	13	**8,210**	**8,735**
Cash and cash equivalents at the end of the period	13	**6,251**	**8,210**

The notes on pages 61 to 86 form part of these accounts.

Statement of Changes in Taxpayers' Equity
for the period ended 31 March 2013

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 1 April 2011		**12,460**	**182**	**12,642**
Changes in taxpayer's equity for 2011-12				
Net Parliamentary Funding – drawn down		2,815	–	2,815
Net Parliamentary Funding – deemed		8,735	–	8,735
Supply Payable Adjustment	14	(8,210)	–	(8,210)
Net operating costs for the year		(5,632)	–	(5,632)
Non-cash adjustments:				
Auditors' remuneration	6	88	–	88
Movements in Reserves				
Net loss on revaluation of property, plant and equipment		–	43	43
Net loss on revaluation of intangibles		–	5	5
Transfers between reserves		64	(64)	–
Total recognised income and expenditure for 2011-12		**(2,140)**	**(16)**	**(2,156)**
Balance at 31 March 2012		**10,320**	**166**	**10,486**
Changes in taxpayer's equity for 2012-13				
Net Parliamentary Funding – drawn down		2,710	–	2,710
Net Parliamentary Funding – deemed		8,210	–	8,210
Supply payable adjustment	14	(6,251)	–	(6,251)
Net operating costs for the year		(5,783)	–	(5,783)
Non-cash adjustments:				
Auditors' remuneration	6	88	–	88
Movements in Reserves				
Net gain on revaluation of property, plant and equipment		–	180	180
Net gain on revaluation of intangibles		–	192	192
Transfers between reserves		105	(105)	–
Total recognised income and expenditure for 2012-13		**(921)**	**267**	**(654)**
Balance at 31 March 2013		**9,399**	**433**	**9,832**

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

The notes on pages 61 to 86 form part of these accounts.

Notes to the Departmental Resource Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2012-13 *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 Treasury Solicitor's Department for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Treasury Solicitor's Department are described below. They have been applied consistently in dealing with items considered material in relation to the Accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare an additional primary statement: the *Statement of Parliamentary Supply* and supporting notes to show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

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

1.2 Basis of consolidation

The accounts comprise a consolidation of the non-agency parts of the department and those entities that fall within the departmental boundary as defined by the *FReM*. Transactions between entities included in the consolidation are eliminated. A list of all entities within the departmental boundary is given at Note 25.

1.3 Property, plant and equipment

Assets are carried at estimated fair value. Expenditure on plant, property and equipment over £5,000 is capitalised on an individual or group basis. On initial recognition they are measured at cost including any costs (such as installation) directly attributable to bringing them into working condition and thereafter restated using *Producer Price Indices: MM22* sourced from: http://www.statistics.gov.uk. (Up to December 2011, published as *Price Index Numbers for Current Cost Accounting: MM17*).

1.4 Depreciation

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

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

Asset lives are normally within the following ranges:

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

1.5 Intangible assets

Purchased and internally developed software, purchased software licences and website costs are capitalised as intangible assets. These are restated to current value each year by the use of *Producer Price Indices: MM22* sourced from: http://www.statistics.gov.uk. (Up to December 2011, published as *Price Index Numbers for Current Cost Accounting: MM17*).

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

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

1.6 Impairments

Property, plant and equipment and intangible assets are subject to an annual impairment review, if there are any indicators of such impairments arising. Any impairment will be recognised as required by IAS 36 Impairment of Assets and accounted for as set out in the *FReM*.

1.7 Revaluation reserve

The unrealised element of the Revaluation Reserve is disclosed in the Statement of Financial Position. Realised elements are transferred from the reserve to the General Fund. Downward revaluations are charged to the existing balance brought forward for that particular asset. If there is no previous balance, the charge is expensed in-year and disclosed in the Statement of Comprehensive Net Expenditure.

1.8 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 the Treasury Solicitor's Department on a full-cost basis to clients external to the Department (central government departments, agencies and NDPBs) and recovery of disbursements incurred on their behalf. Charge-out rates are set in accordance with HM Treasury's guidance on fees and charges set out in *Managing Public Money* to achieve full cost recovery of chargeable services.

In addition, it includes other income such as charges for the administration costs of the Bona Vacantia Division which are recovered from the Crown's Nominee Account, rental income and service charge, recovery of costs for recruitment and training services provided to other government departments.

Income realised from Bona Vacantia assets is not included but reported separately in the Crown's Nominee Account.

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

The unbilled and accrued disbursements at the year-end have been estimated based upon time taken to submit invoices for work carried out in prior years, modelling the expected disbursements for 2012-13 to the same pattern.

1.9 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling at the date of each transaction.

1.10 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.

1.11 Administration and programme income and expenditure

All expenditure in the Statement of Comprehensive Net Expenditure is presented as administration expenditure.

In the Statement of Parliamentary Supply expenditure has been analysed between administration and programme income and expenditure in accordance with the Estimates Manual and HM Treasury's *Consolidated Budgeting Guidance 2012-13*.

Administration expenditure reflects the cost of running the Department. The Department's main administration costs relate to staff costs and accommodation. In addition, the Department also incurs substantial costs on legal disbursements. These are usually recharged to clients, except for certain costs incurred on behalf of the Attorney General's cases which are funded from the Estimate. Programme expenditure for the purposes of the Statement of Parliamentary Supply relates solely to provision movements.

1.12 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.

1.13 Early departure costs

Under the previous Civil Service Compensation Scheme (in place until 22 December 2010) the Department was required to meet the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date.

Under the new Civil Service Compensation Scheme the Department pays over a lump sum to PCSPS to cover these costs in full following agreement of the departure rather than on an ongoing basis and therefore these transactions are expensed when they occur rather than being recognised as provisions.

The provision recognised for early retirement therefore reflects costs associated with staff who retired before the transition to the new Civil Service Compensation Scheme. The Department provided for these payments in full when the early retirement programme became binding by establishing a provision for the estimated future payments; these have not been discounted. The provision is written off to the Statement of Comprehensive Net Expenditure, as and when the liabilities materialise.

1.14 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.

1.15 Operating leases

Operating lease rentals are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term from the date of occupation. Future payments as disclosed in Note 18 (Commitments under operating leases) are not discounted.

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury's discount rate of minus 1.8 per cent in real terms for short term provisions (applied to cash flows expected to be incurred up to 5 years from the Statement of Financial Position date) and minus 1 per cent in real terms for medium term provisions (applied to cash flows expected to be incurred between 5 and 10 years from the Statement of Financial Position date).

Provision is made for the cost of obligations arising under onerous contracts and for the estimated costs of dilapidation repairs. The estimated costs of removing capitalised leasehold improvements are provided and capitalised, such expenditure being amortised over the term of the lease.

1.17 Taxation

The Department is exempt from Income and Corporation Tax by way of its Crown exemption.

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

Operating income is subject to and stated net of VAT.

1.18 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 24 to these accounts.

1.19 Impending application of newly issued accounting standards not yet effective

The Department provides disclosure in Note 26 that it has not yet applied a new accounting standard, and known or reasonable estimatable information relevant to assessing the possible impact that initial application of the new standard will have on the Department's financial statements.

2. Analysis of outturn by section

2.1 Analysis of net resource outturn by section

									2012-13	2011-12
	Outturn							Estimate		
	Administration			Programme			Total			
	Gross	Income	Net	Gross	Income	Net		Net total	Net total outturn compared with Estimate saving	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit										
Voted										
A: TSDA	107,425	(110,132)	(2,707)	–	–	–	(2,707)	3,308	6,015	(1,543)
B: AGO	4,643	(402)	4,241	–	–	–	4,241	4,410	169	4,322
C: HMCPSI	2,868	(36)	2,832	–	–	–	2,832	3,332	500	3,525
Non-Voted	–	–	–	–	–	–	–	–	–	–
Annually Managed Expenditure										
Voted										
D: Provisions	–	–	–	1,192	225	1,417	1,417	1,700	283	(672)
Non-Voted	–	–	–	–	–	–	–	–	–	–
Total	**114,936**	**(110,570)**	**4,366**	**1,192**	**225**	**1,417**	**5,783**	**12,750**	**6,967**	**5,632**

The variance between Estimate and Outturn is due to:

TSol underspent by £6,015k. Tsol operates largely on a demand led full cost recovery basis. During 2012-13 income for provision of legal services was higher than budget due to increased utilisation of staff; unbudgeted income from the Leveson Inquiry and income arising from additional staff (to mitigate potential disruption arising from the Jubilee and the Olympics). Expenditure was lower than budget due to lower staff costs than originally budgeted for despite increased capacity in our Litigation teams (reflecting changes in the mix between permanent and temporary staff), savings in administrative costs and lower depreciation. Key administrative savings were in respect of project staff, training and communications. Depreciation was lower due to the level of capital spend and the timing of capital additions being brought into use. Our fees are set to achieve full cost recovery based on forecasts of future throughput and our cost base which is a mix of fixed and variable costs. Where productivity outperforms forecast or efficiencies are achieved in the cost base we revisit our fees periodically and have reduced litigation fees by two percent from December 2012.

AGO outturn was very close to Estimate.

HMCPSI underspent by £500k due to a reducing cost base that anticipates further budget reductions across the rest of the CSR period.

AME provisions underspent by £283k.

No virements have been required for Resource Outturn.

2.2 Analysis of net capital outturn by section

							2012-13	2011-12
	Outturn				Estimate		
	Gross	Income	Net	Net total	Net total outturn compared with Estimate saving / (excess)	Net total compared to Estimate adjusted for virements	Prior year outturn
	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure Limit							
Voted							
A: TSDA	1,106	(4)	1,102	1,700	598	584	929
B: AGO	88	-	88	100	12	12	9
C: HMCPSI	14	-	14	-	(14)	-	18
Non-Voted	-	-	-	-	-	-	-
Annually Managed Expenditure							
Voted							
D: Provisions	63	-	63	500	437	437	-
Non-Voted	-	-	-	-	-	-	-
Total	**1,271**	**(4)**	**1,267**	**2,300**	**1,033**	**1,033**	**956**

The variance between Estimate and Outturn is due to:

Capital expenditure was lower than the Estimate. **TSDA** underspent by £598k on Capital DEL as it took a measured approach to its capital investment programme to ensure that it had the capacity to deliver. £14k of this underspend will be vired to cover the HMCPSI overspend. **HMCPSI** incurred unbudgeted spend on furniture for a new meeting room, and video conferencing equipment which will reduce their travel and subsistence expenditure. **AGO** outturn was close to budget. Costs charged to Capital AME were less than Estimate as at the time of the Supplementary Estimate there was uncertainty about the split between resource and capitalised provisions.

3. Reconciliation of outturn to net operating cost and against administration budget

3.1 Reconciliation of net resource outturn to net operating cost

		Note	2012-13 Outturn £000	2011-12 Outturn £000
Total resource outturn in Statement of Parliamentary Supply	Budget	2.1	5,783	5,632
	Non-Budget		-	-
Prior Period Adjustments			-	-
Net operating cost in Statement of Comprehensive Net Expenditure			**5,783**	**5,632**

3.2 Outturn against final Administration Budget and Administration net operating cost

	2012-13 £000	2011-12 £000
Estimate – Administration Cost Limit	**11,050**	**11,476**
Outturn - Gross Administration Costs	114,936	117,506
Outturn - Gross Income relating to administration costs	(110,570)	(111,202)
Outturn - Net administration costs	**4,366**	**6,304**
Reconciliation to operating cost		
Plus AME recognised in the Statement of Comprehensive Net Expenditure as administration cost but in the Statement of Parliamentary Supply as Programme	1,962	384
Less: provisions utilised (transfer from Programme)	(545)	(1,056)
Net Operating Costs	**5,783**	**5,632**

4. Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	2012-13 Net total outturn compared with estimate saving/ (excess)
		£000	£000	£000
Resource outturn	**2.1**	**12,750**	**5,783**	**6,967**
Capital outturn	**2.2**	**2,300**	**1,267**	**1,033**
Adjustments to remove non cash items:	**6&7**			
Depreciation and amortisation		(2,800)	(1,783)	(1,017)
Supported capital expenditure (revenue)		-	4	(4)
Movement on provisions		(1,700)	(1,962)	262
Other non cash		(130)	(92)	(38)
Capitalised provision		-	(63)	63
Adjustments to reflect movements in working capital balances:				
Increase/(decrease) in receivables	12	-	655	(655)
(Increase)/decrease in payables	14	500	2,274	(1,774)
Less movement in supply creditor	14	-	(1,959)	1,959
Use of provisions	15	-	545	(545)
Net cash requirement		**10,920**	**4,669**	**6,251**

The net cash requirement was not fully utilised.

5. Staff numbers and related costs

5.1 Staff costs comprise:

					2012-13	2011-12
		Permanently employed staff	Others	Ministers	Total	Total
	Note	£000	£000	£000	£000	£000
Wages and salaries		47,227	-	143	47,370	45,051
Social security costs		3,942	-	13	3,955	3,770
Other pension costs		9,675	-	(1)	9,674	9,266
Subtotal		**60,844**	**-**	**155**	**60,999**	**58,087**
Agency and contracted staff		-	5,248	-	5,248	3,589
Inward secondments		-	270	-	270	217
Total		**60,844**	**5,518**	**155**	**66,517**	**61,893**
Less recoveries in respect of outward secondments	9	(1,138)	-	-	(1,138)	(1,180)
Total Net Costs		**59,706**	**5,518**	**155**	**65,379**	**60,713**

No staff costs have been charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Treasury Solicitor's Department Agency is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the Annual Report and Accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk

For 2012-13, employers' contributions of £9,589,613 were payable to the PCSPS (2011-12: £9,180,146) at one of four rates in the range of 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £84,612 (2011-12: £85,537) 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 (2011-12: 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 (2011-12: £nil), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

No staff retired early on ill health grounds (2011-12: Nil); the total additional accrued pension liabilities in the year amounted to £nil (2011-12: £nil).

5.2 Average number of persons employed

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

	2012-13				2011-12
	Number				Number
	Total	Permanent Staff	Others	Ministers	Total
TSDA	1,046	927	119	–	987
AGO	44	40	2	2	40
HMCPSI	35	35	–	–	38
Total	**1,125**	**1,002**	**121**	**2**	**1,065**

No staff costs were capitalised in 2012-13.

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

	2012-13			2011-12		
Exit package cost band	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	–	–	–	–	3	3
£25,000 – £50,000	–	1	1	–	2	2
£50,000 – £100,000	–	1	1	–	1	1
£100,000 – £150,000	–	1	1	–	–	–
£150,000 – £200,000	–	4	4	–	–	–
£200,000 – £250,000	–	–	–	–	–	–
£250,000 – £300,000	–	1	1	–	–	–
Total number of exit packages by type	**–**	**8**	**8**	**–**	**6**	**6**
Total resource cost/£	**–**	**1,191,993**	**1,191,993**	**–**	**230,964**	**230,964**

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.

6. Other administration costs

	Note	2012-13	2011-12
		£000	**£000**
Rentals under operating leases			
Hire of plant and machinery		192	154
Other operating leases		4,827	4,966
		5,019	**5,120**
Non-cash items			
Depreciation	10	1,206	1,209
Amortisation	11	577	610
Loss on disposal of non-current assets	10 & 11	4	65
Impairment of non-current assets	10 & 11	-	97
Auditors' remuneration [1]		88	88
		1,875	**2,069**
Other expenditure			
Rates		2,023	1,760
Accommodation		1,893	2,504
Library information services		1,464	1,521
Early departure costs [2]		1,316	406
IT maintenance and consumables		854	1,253
Travel and subsistence		416	443
IT network services		327	117
Recruitment		326	243
Utilities and cleaning		312	223
Postal services		296	283
Training		256	382
Professional programme and technical services		251	635
Stationery		231	180
Records management		224	227
Publications		199	274
Office machines and consumables		145	188
Accommodation maintenance		134	319
External HR Services		133	125
Welfare supplies and consumables		105	71
Subscription fees		90	82
Internal Audit		63	59
Communications		53	446
Consultants		11	43
Translation costs		–	3
Other expenditure		495	437
		11,617	**12,224**
Subtotal		**18,511**	**19,413**
Movement on provisions		1,962	384
Utilisation of provisions		(770)	(1,242)
Total other administration costs		**19,703**	**18,555**

[1] Auditors' remuneration represents the notional audit fees of £88k (2011-12: £88k) for the Departmental Resource Account, and Treasury Solicitor's Department Agency Account. There was no auditor remuneration for non-audit work.

[2] Early departure costs include civil service and other compensation schemes – exit packages, as reported in Note 5.3 and amounts arising and payable to the PCSPS over the period between early departure and normal retirement date. (See Note 15).

7. Annually managed expenditure

	Note	2012-13	2011-12
		£000	£000
Non-cash items	6		
Increase in provision for early departure costs	15	20	167
Increase/(decrease) in GPL closure provision	15	(174)	384
Increase/(decrease) in provision for dilapidations	15	2,051	(196)
Borrowing Costs (unwinding of discount) on closure GPL provision	15	65	29
		1,962	**384**
Utilisation of provisions			
Utilisation of provision: early departure costs	15	(200)	(134)
Utilisation of provision: GPL closure expense	15	(570)	(454)
Utilisation of provision: GPL closure income	15	225	186
Utilisation of provision: dilapidations	15	-	(654)
Total Resource AME Outturn		**1,417**	**(672)**
Provisions capitalised	15	63	-
Total Capital AME Outturn		**63**	**-**

8. Disbursements

	Note	2012-13	2011-12
		£000	£000
Recoverable from clients	9	28,410	34,525
Funded from Supply		910	1,170
Disbursements recovered from fixed fees		588	505
Gross expenditure		**29,908**	**36,200**

9. Income

9.1 Analysis of income by classification and activity

	Note	2012-13 £000	2011-12 £000
Legal fees and charges to clients		73,656	67,724
Recovery of costs from Bona Vacantia		3,775	3,741
Recovery of secondments out	5.1	1,138	1,180
Rent: other government bodies		1,213	1,421
Rent: non-government bodies		39	21
Tenant service charges		872	990
LION subscriptions		1,103	989
Other income		364	611
Total operating income		**82,160**	**76,677**
Disbursements	8	28,410	34,525
Total administration income		**110,570**	**111,202**
Less utilisation of provision	7	(225)	(186)
Total income		**110,345**	**111,016**

9.2 Analysis of income from services provided

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

			2012-13			2011-12
	Income £000	Full Cost £000	Surplus/ (deficit) £000	Income £000	Full Cost £000	Surplus/ (deficit) £000
Income						
Legal fees and charges to clients	73,656	70,117	3,539	67,724	64,102	3,622
Disbursements	28,410	28,410	–	34,525	34,525	–
Recovery of costs from Bona Vacantia	3,775	3,775	–	3,741	3,741	–
Other income	4,066	4,066	–	4,629	4,629	–
Non-chargeable work	–	2,201	(2,201)	–	2,639	(2,639)
Total (TSDA)	**109,907**	**108,569**	**1,338**	**110,619**	**109,636**	**983**

In accordance with HM Treasury's guidance a notional cost of capital charge £84k is included for setting fees and charges and is also reflected in full cost figures for this analysis. The notional cost of capital is not recognised in the financial statements. The cost of capital charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent) on the average carrying amount of all assets less liabilities, except for cash balances with the Government banking service, where the charge is £nil.

The income and expenditure disclosed relates solely to the Treasury Solicitors Department Agency and excludes the Attorney General's Office and HM Crown Prosecution Service Inspectorate

10. Property, plant and equipment

	PPE Assets under construction	Leasehold improvements	Information technology and network	Furniture, fittings and equipment	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 April 2012	**7**	**2,833**	**4,135**	**2,403**	**9,378**
Additions	308	14	668	56	1,046
Capitalised Provision		63	-	-	63
Disposals	-	-	(263)	(2)	(265)
Reclassification	(7)	-	7	-	-
Revaluations	-	49	562	42	653
At 31 March 2013	**308**	**2,959**	**5,109**	**2,499**	**10,875**
Depreciation					
At 1 April 2012	**-**	**1,186**	**3,198**	**1,315**	**5,699**
Charged in year	-	308	655	243	1,206
Disposals	-	-	(259)	(2)	(261)
Revaluations	-	21	429	23	473
At 31 March 2013	**-**	**1,515**	**4,023**	**1,579**	**7,117**
Carrying amount at 31 March 2013	**308**	**1,444**	**1,086**	**920**	**3,758**
Cost or Valuation					
At 1 April 2011	**74**	**2,743**	**4,301**	**2,519**	**9,637**
Additions	7	61	215	34	317
Disposals	-	-	(400)	(178)	(578)
Reclassification	(74)	(6)	14	66	-
Impairment	-	-	-	(72)	(72)
Revaluations	-	35	5	34	74
At 31 March 2012	**7**	**2,833**	**4,135**	**2,403**	**9,378**
Depreciation					
At 1 April 2011	**-**	**906**	**2,914**	**1,198**	**5,018**
Charged in year	-	278	668	263	1,209
Disposals	-	-	(397)	(116)	(513)
Reclassification	-	(10)	10	-	-
Impairment	-	-	-	(46)	(46)
Revaluations	-	12	3	16	31
At 31 March 2012	**-**	**1,186**	**3,198**	**1,315**	**5,699**
Carrying amount at 31 March 2012	**7**	**1,647**	**937**	**1,088**	**3,679**
Carrying amount at 31 March 2011	**74**	**1,837**	**1,387**	**1,321**	**4,619**

Reconciliation of cash flows to property, plant and equipment additions

	2012-13	2011-12
	£000	£000
Property, plant and equipment additions	1,046	317
Movement in accruals for property, plant and equipment	(4)	35
Cash flows for property, plant and equipment	**1,042**	**352**

All the assets are fully owned.

11. Intangible assets

	Intangible Assets under construction	Development IT Software	Software licences	Website costs	Total
	£000	**£000**	**£000**	**£000**	**£000**
Cost or Valuation					
At 1 April 2012	**597**	**3,746**	**732**	**39**	**5,114**
Additions	112	16	34	-	162
Disposals	-	(90)	-	-	(90)
Reclassification	(67)	67	-	-	-
Revaluation	-	508	100	5	613
At 31 March 2013	**642**	**4,247**	**866**	**44**	**5,799**
Amortisation					
At 1 April 2012	**-**	**2,762**	**289**	**24**	**3,075**
Charged in year	-	413	155	9	577
Disposals	-	(90)	-	-	(90)
Revaluation	-	378	40	3	421
At 31 March 2013	-	**3,463**	**484**	**36**	**3,983**
Carrying amount at 31 March 2013	**642**	**784**	**382**	**8**	**1,816**
Cost or Valuation					
At 1 April 2011	**239**	**3,594**	**603**	**39**	**4,475**
Additions	497	125	82	-	704
Disposals	-	-	-	-	-
Reclassification	(68)	23	45	-	-
Impairment	(71)	(1)	-	-	(72)
Revaluation	-	5	2	-	7
At 31 March 2012	**597**	**3,746**	**732**	**39**	**5,114**
Amortisation					
At 1 April 2011	**-**	**2,312**	**136**	**16**	**2,464**
Charged in year	-	449	153	8	610
Disposals	-	-	-	-	-
Impairment	-	(1)	-	-	(1)
Revaluation	-	2	-	-	2
At 31 March 2012	-	**2,762**	**289**	**24**	**3,075**
Carrying amount at 31 March 2012	**597**	**984**	**443**	**15**	**2,039**
Carrying amount at 31 March 2011	**239**	**1,282**	**467**	**23**	**2,011**

Reconciliation of cash flows to intangible asset additions

	2012-13	2011-12
	£000	**£000**
Intangible asset additions	162	704
Movement in accruals for intangible assets	66	(7)
Cash flows for intangible assets	**228**	**697**

All the assets are fully owned.

12. Trade receivables and other current assets

12.1 Analysis by type

	31 March 2013	31 March 2012
	£000	**£000**
Amounts falling due within one year:		
Unbilled time	4,631	4,973
Unbilled disbursements	8,901	8,724
Trade receivables	5,640	4,777
Deposits and advances	296	286
Prepayments and accrued income	3,742	3,802
	23,210	**22,562**
Amounts falling due after more than one year:		
Prepayments and accrued income	17	10
Total receivables and other current assets	**23,227**	**22,572**

12.2 Intra–government balances

	31 March 2013	31 March 2012
	£000	**£000**
Amounts falling due within one year:		
Balances with other central government bodies	20,349	20,152
Balances with local authorities	210	45
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	1,528	1,185
Sub total: intra-government balances	**22,087**	**21,382**
Balances with bodies external to government	1,123	1,180
Subtotal	**23,210**	**22,562**
Amounts falling due after more than one year:		
Balances with bodies external to government	17	10
Total receivables and other current assets	**23,227**	**22,572**

This Note provides an analysis of the amounts owed to the Department by different groups of public sector bodies and bodies external to government.

13. Cash and cash equivalents

	2012-13	2011-12
	£000	**£000**
Balance at 1 April	**8,210**	**8,735**
Net change in cash and cash equivalents	(1,959)	(525)
Balance at 31 March	**6,251**	**8,210**

All balances were held with the Government Banking Service.

14. Trade payables and other current liabilities

14.1 Analysis by type

	31 March 2013	31 March 2012
	£000	**£000**
Amounts falling due within one year:		
VAT	2,749	2,695
Other taxation and social security costs	1,429	1,314
Trade payables	71	122
Other payables	127	189
Accruals	10,557	10,559
Deferred income	138	507
	15,071	**15,386**
Amounts issued from the Consolidated Fund for Supply and not spent at year end	6,251	8,210
	6,251	**8,210**
Total payables and other current liabilities	**21,322**	**23,596**

The Department has no creditors falling due after more than one year.

14.2 Intra–government balances

	31 March 2013	31 March 2012
	£000	**£000**
Amounts falling due within one year:		
Balances with other central government bodies	11,813	12,975
Balances with local authorities	1	2
Balances with NHS Trusts	-	-
Balances with public corporations and trading funds	1,167	1,549
Subtotal: intra-government balances	**12,981**	**14,526**
Balances with bodies external to government	8,341	9,070
Total payables and other current liabilities	**21,322**	**23,596**

This Note provides an analysis of the amounts owed by the Department to different groups of public sector bodies and bodies external to government (external suppliers).

15. Provisions for liabilities and charges

	Note	Early retirement costs	GPLA closure costs	Leasehold dilapidations	2012-13 Total	2011-12 Total
		£000	£000	£000	£000	£000
Balance at 1 April		**665**	**1,753**	**-**	**2,418**	**3,090**
Provided in the year	7	20	-	2,051	2,071	551
Capitalised dilapidations	10	-	-	63	63	-
Provisions not required written back	7	-	(174)	-	(174)	(196)
Unwinding of discount	7	-	65	-	65	29
		685	**1,644**	**2,114**	**4,443**	**3,474**
Provisions utilised in the year						
Programme costs	7	(200)	(570)	-	(770)	(1,242)
Programme income	9	-	225	-	225	186
		(200)	**(345)**	**-**	**(545)**	**(1,056)**
Balance at 31 March		**485**	**1,299**	**2,114**	**3,898**	**2,418**

Analysis of expected timing of discounted cash flows

	Early retirement costs	GPLA closure costs	Leasehold dilapidations	2012-13 Total	2011-12 Total
	£000	£000	£000	£000	£000
Not later than one year	193	311	-	504	526
Later than one year and not later than five years	292	988	922	2,202	1,890
Later than five years	-	-	1,192	1,192	2
	485	**1,299**	**2,114**	**3,898**	**2,418**

Explanatory notes

15.1 Provision for early retirement and pension commitments

The provision recognised for early retirement reflects costs associated with staff who retired before the transition to the new Civil Service Compensation Scheme. The Department provided for these payments in full when the early retirement programme became binding by establishing a provision for the estimated future payments; these have not been discounted. The provision is written off to the Statement of Comprehensive Net Expenditure, as and when the liabilities materialise.

15.2 Provision for GPLA closure costs

The Government Property Lawyers Agency (GPLA) closed with effect from September 1999. At that time, a provision was made for the costs of closure.

In 2000, the remaining assets and liabilities of the GPLA were amalgamated with the assets and liabilities of Treasury Solicitor's Department Agency. The balance of the provision is for the ongoing lease costs of the building that GPLA occupied. The GPLA signed a 25-year fixed term lease on the building, which covered the period up to 25 March 2016. The offices have been sublet to a number of government bodies for a proportion of the lease term at current market rents. Provision has been made in respect of this onerous contract as allowed under IAS 37, for the unoccupied areas of the building or where an under lease term expires prior to the over lease end-date and reflects the agreement at the point at which the Department took over the liabilities and provisions, that the GPLA liabilities should not impact on the operating results of the Department.

This provision is calculated by reference to the estimated risk-adjusted net cash flows, discounted for the effect of the time value of money, using the Treasury discount rate of minus 1.8 per cent in real terms (2011-12: 2.2 per cent).

15.3 Provision for dilapidations

Following a review of our leasehold estate a provision has been made for dilapidations obligations under the Department's leases. These obligations are to remove the leasehold improvements and return the properties at the end of the leases to their original state. The estimated costs of removing capitalised leasehold improvements are provided and capitalised, such expenditure being amortised over the term of the lease. The valuation of the liability falls within typical industry ranges for dilapidations settlements of £5 to £20 per square foot. If the provision were to be increased to the top end of this range the liability would increase by approximately £1.1m. If the provision were to be decreased to the lower end of this range the liability would fall by approximately £1.3m.

This provision is calculated by reference to the estimated risk-adjusted net cash flows, discounted for the effect of the time value of money, using the Treasury discount rate of minus 1.8 per cent in real terms for cash flows occurring within 5 years and minus 1 per cent in real terms for cash flows occurring between five and ten years of the reporting date.

16. Segmental reporting

The Department's reportable segments are as follows:

- Treasury Solicitor's Department Agency (TSDA)
- Attorney General's Office (AGO)
- HM Crown Prosecution Service Inspectorate (HMCPSI)

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

2012-13	**TSDA**	**AGO**	**HMCPSI**	**Consolidated**
	£000	£000	£000	£000
Income and Expenditure				
Revenues				
Third Party	(109,672)	(372)	(36)	(110,080)
Inter-segment	(235)	(30)	-	(265)
Total Revenues	**(109,907)**	**(402)**	**(36)**	**(110,345)**
Gross Expenditure	108,485	4,775	2,603	115,863
Inter-segment	-	-	265	265
Net Operating Cost	**(1,422)**	**4,373**	**2,832**	**5,783**
Capital Expenditure				
Acquisitions	1,106	88	14	1,208
Assets and Liabilities				
Current Assets	29,030	184	264	29,478
Current Liabilities	(21,167)	(325)	(334)	(21,826)

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

2011-12	**TSDA**	**AGO**	**HMCPSI**	**Consolidated**
	£000	£000	£000	£000
Income and Expenditure				
Revenues				
Third Party	(110,377)	(392)	(5)	(110,774)
Inter-segment	(242)	-	-	(242)
Total Revenues	**(110,619)**	**(392)**	**(5)**	**(111,016)**
Gross Expenditure	109,254	4,708	2,444	116,406
Inter-segment	-	6	236	242
Net Operating Cost	**(1,365)**	**4,322**	**2,675**	**5,632**
Capital Expenditure				
Acquisitions	994	9	18	1,021
Assets and Liabilities				
Current Assets	30,102	390	290	30,782
Current Liabilities	(23,040)	(731)	(351)	(24,122)

17. Capital commitments

There were no contracted capital commitments at 31 March 2013 not otherwise included in these financial statements.

18. Commitments under operating leases

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

		2012-13		2011-12
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Obligations under operating leases for the following periods comprise:				
Not later than one year	4,870	384	4,863	273
Later than one year and not later than five years	18,361	601	18,776	446
Later than five years	6,686	-	10,538	-
	29,917	**985**	**34,177**	**719**

18.2 Total future minimum sublease payments expected to be received under non-cancellable subleases are given for each of the following periods.

		2012-13		2011-12
	Buildings	Other	Buildings	Other
	£000	£000	£000	£000
Payments expected to be received under subleases for the following periods comprise:				
Not later than one year	1,132	-	1,093	-
Later than one year and not later than five years	3,498	-	3,524	-
Later than five years	1,252	-	2,087	-
	5,882	**-**	**6,704**	**-**

19. Other financial commitments

The Department has not entered into non–cancellable contracts (which are not leases, PFI contracts or other service concession arrangements).

20. 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.

21. Contingent liabilities

21.1 Contingent liabilities disclosed under IAS 37

There were no contingent liabilities as at 31 March 2013 (31 March 2012: £nil).

21.2 Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes.

The Department has not entered into quantifiable or unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort as at 31 March 2013 (31 March 2012: £nil).

22. Losses and special payments

Managing Public Money requires a statement showing losses and special payments by value and by type to be shown where they exceed £250k in total, and those individually that exceed £250k.

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

23. Related-party transactions

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

The Crown Prosecution Service (CPS) provides IT and hardware and network support services to the HM Crown Prosecution Service Inspectorate (HMCPSI). The services are provided in order for HMCPSI to fulfill its monitoring role in relation to the CPS. The services are provided to HMCPSI free of charge in accordance with a protocol signed on 10 and 11 April 2003.

None of the board members, key managerial staff or other related parties has undertaken any material transactions with the Treasury Solicitor's Department during the year.

Board members remuneration is disclosed in the Remuneration Report.

24. Third-party assets: client monies

Funds are required in advance from clients to enable settlement of awards for damages and contributions toward the cost of court proceedings. The Department places these funds on deposit until the final costs of a case have been calculated and settled. These are not departmental assets, these are accounted for as funds held on behalf of third parties and as a consequence do not appear in the these accounts. As at 31 March 2013, these amounted in total to £7,209,903 (31 March 2012: £8,242,882). An analysis of the movements on these accounts is shown in the table below:

	2012-13	2011-12
	£000	£000
Opening balance at 1 April	**8,243**	**7,396**
Gross inflows	123,292	74,085
Gross outflows	(124,325)	(73,238)
Closing balance at 31 March	**7,210**	**8,243**

The balances are held with the Government Banking Service.

25. Entities within the departmental boundary

The entities within the boundary during 2012-13 were as follows:

Supply-financed agencies:
Treasury Solicitor's Department Agency (TSDA)

Non-Executive Non-Departmental Public Bodies:
None

Other entities:
Attorney General's Office (AGO)
HM Crown Prosecution Service Inspectorate (HMCPSI)

The annual report and accounts of the Treasury Solicitor's Department Agency are published separately.

26. Impending application on newly issued accounting standards not yet effective

The Department has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable. References to 'new IFRSs' includes new Interpretations and any new amendments to IFRSs and Interpretations. It has been determined that the following new IFRSs are relevant to the Department, but will have no significant impact on the Department's financial statements.

New IFRSs

IAS 1 – Presentation of financial statements
IAS 19 – Post-employment benefits
IFRS 13 – Fair Value Measurement

27. 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.

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ISBN 978-0-10-298257-2

9 780102 982572