
HM Procurator General and Treasury Solicitor

Resource Accounts 2009-10

HM Procurator General and Treasury Solicitor

Resource Accounts 2009-10

For the year ended 31 March 2010

*Ordered by the House of Commons to be printed
30 June 2010*

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

© Crown Copyright 2010

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

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

ISBN: 9780102964110

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

ID 2375406 06/10 3960

Printed on paper containing 75% recycled fibre content minimum.

Contents

	Page
Annual Report	7
Statement of Accounting Officer's Responsibilities	32
Statement on Internal Control	33
The Certificate and Report of the Comptroller and Auditor General	39
 The Accounting Schedules:	
Statement of Parliamentary Supply	41
Operating Cost Statement	42
Statement of Financial Position	43
Statement of Cash Flows	44
Statement of Changes in Taxpayers' Equity	45
Statement of Operating Costs by Departmental Strategic Objectives	46
 Notes to the Departmental resource accounts	47
1. Statement of accounting policies	
2. First-time adoption of IFRS	
3. Analysis of net resource outturn by section	
4. Reconciliation of outturn to net operating cost and against Administration Budget	
5. Reconciliation of resources to cash requirement	
6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund	
7. Staff numbers and related costs	
8. Other administration costs	
9. Disbursements	
10. Income	
11. Property, plant and equipment	
12. Intangible assets	
13. Trade receivables and other current assets	
14. Cash and cash equivalents	
15. Trade payables and other current liabilities	
16. Provisions for liabilities and charges	
17. Notes to the Statement of Operating Costs by Departmental Aim and Objective	
18. Capital commitments	
19. Commitments under operating leases	
20. Other financial commitments	
21. Financial instruments	
22. Contingent liabilities	
23. Losses and special payments	
24. Related party transactions	
25. Third party assets – Client Monies	
26. Entities within the Departmental boundary	
 Annex A. Core Tables	

Annual Report

Resource Accounts: 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), Her Majesty's Crown Prosecution Service Inspectorate (HMCPPI) and residual matters of the Government Property Lawyers following its closure on 30 September 1999.

The financial statements on pages 41 to 63 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*.

Aim

The Treasury Solicitor's Departmental Strategic Objective is to:

Provide high quality legal services to enable clients to operate effectively within the law, maximise the value of legal services, minimise legal risk and achieve best legal outcomes.

TSol's primary objectives in 2009-10, as set out in the Annual Business Plan, were:

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**

The Department's objectives align with the Attorney General's vision that the Law Officers' Departments should be seen as employers of choice by staff and deliver high quality services.

Entities within the Resource Accounts

These Resource Accounts present the consolidated results for 2009-10 of:

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

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 for Northern Ireland and the Directors of the Serious Fraud Office and the Revenue and Customs Prosecutions Office.

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

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 Department are as follows:

- **Litigation and Employment Group** provides civil litigation and advisory services on employment and non-contentious commercial services to the majority of Government Departments and many other publicly funded bodies. It is one of the largest practices of its kind in the country, handling over 33,000 cases in 2009-10. Among its major areas of work are administrative law; immigration; commercial and property litigation; personal injury; employment; 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. The Group recovers the majority of its costs by billing client Departments for its time. Work undertaken by the Group in the general public interest, as opposed to on the behalf of clients, is funded through the Parliamentary Estimate.
- **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 Children, Schools and Families (DCSF) - now the Department for Education - and to a number of smaller departments, agencies and Public Bodies in England and Wales. Lawyers in these divisions advise on all aspects of the client department's work, including drafting instructions for Parliamentary Counsel, preparing statutory instruments and assisting the passage of legislation through Parliament. The costs of advisory work are recovered from the clients.

Central Advisory Division (formerly COCAD) provides legal advice to the Cabinet Office and No.10, Office of Government Commerce (OGC) buying solutions, Health and Safety Executive and the Government Equalities Office.

- **European 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. The costs of some services are recovered from clients and the remaining services are funded from the Parliamentary Estimate.
- **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 and Wales 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). The proceeds are paid annually to the Consolidated Fund after the deduction of operating costs incurred by the Treasury Solicitor's Department.
- **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. The costs of work for other Government departments are recovered from those departments. Other costs are funded from the Parliamentary Estimate.
- **Corporate Resources Directorate**, including Human Resources, Facilities Management, IT and Finance, Planning and Performance, is responsible for the provision of efficient corporate services to

TSol. The Directorate is also responsible for developing TSol's strategy and business plans and provides critical support for the Department's programme of change. The costs of Corporate Resources Directorate are apportioned across the Department's businesses with a small proportion, in support of public interest legal work, met from the Parliamentary Estimate.

The Attorney General's Office (AGO) provides high quality legal and strategic policy advice and support to the Attorney General and Solicitor General, including on questions of law arising on government bills, issues of legal policy and all major international and domestic litigation involving the government.

AGO also supports the Attorney General and Solicitor General by undertaking criminal and legal casework, such as:

- Referring unduly lenient sentences to the Court of Appeal;
- Taking action against vexatious litigants;
- Intervening in the public interest in certain charity and family law cases; and
- Appointing advocates to act for the Crown, appointing 'advocates to the court' and 'special advocates' to represent the interests of appellants in cases involving sensitive material.

The AGO also works with the Law Officers' Departments, the Home Office, the Ministry of Justice, the Office for Criminal Justice Reform and others to lead and coordinate the prosecutors' contribution to criminal justice policy and performance.

The AGO also provides the Law Officers with Private Office and Press Office support services.

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 primary role of HMCPSI is to enhance the quality of justice through independent inspection and assessment which improves the effectiveness of prosecution services, providing assurance to ministers, government and the public.

HMCPSI achieves its strategic objectives by:

- Acting as a major driver for improving performance in the prosecution authorities for whom they are responsible;
- Encouraging joined up working within the criminal justice system;
- Providing assurances to the Attorney General, Director of Public Prosecutions (DPP) and Crown Prosecution Service (CPS) Chief Executive as to the performance of the prosecuting authorities within their remit; and
- Contributing to greater value for money within the prosecution service and criminal justice system.

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

TSol: In 2009-10 Treasury Solicitor's Department has supported the government in the most sensitive, critical and complex cases – it has underpinned the response to the banking crisis, the Iraq Inquiry, MPs' expenses and the most sensitive national security cases. It has delivered the following:

Best for our Clients:

- Implemented the Business Partnership Strategy and shared lessons learned from Ministry of Justice work on reducing legal spend;
- Improved client communication and engagement to help clients avoid litigation and reduce legal costs;
- Supported Relationship Managers through client care training;
- Further developed a Private Sector Partnerships to manage demand growth; and
- Developed a proposal to pilot a fixed price agreement with one client for delivery in 2010-11.

Best for our people

- Reviewed our Employee Deal and Health and Wellbeing Strategy;
- Improved workforce planning and talent management;
- The staff appraisal system was revised to include a core competence framework which embeds Professional Skills for Government;
- Improved internal communications delivering a rise in the staff engagement index.

Best in the business

- Retained Lexcel (the Law Society's practice quality mark) accreditation;
- Commenced pilot of the Case Management System in four Litigation Teams;
- Introduced flexible working to reduce office space requirement and reduce costs;
- Maintained Cabinet Office security standards and ensured compliance with ISO27001 standard;
- Restructured Corporate Resources and streamlined processes to reduce costs, meet tighter invoice payment deadlines and deliver improved management information.

All this progress has been achieved whilst delivering world-class legal services to government.

The Treasury Solicitor's Department Annual Report and Accounts 2009-10 provides further detail of significant events. This is available at www.tsol.gov.uk.

Attorney General's Office (AGO) – the AGO had a busy and highly successful year in 2009-10. Some notable highlights delivered include:

- The successful merger of Crown Prosecution Service (CPS) and Revenue and Customs Prosecutions Office (RCPO).
- Publication on 8th May 2009 of a joint statement with the Lord Advocate and Director of Public Prosecutions and DPP NI on the handling of terrorist cases with concurrent UK jurisdiction.
- Increased awareness of pro bono.
- As part of the Attorney General's Strategy Programme, a Law Officers' Departments (LODs) Value For Money Review was undertaken.
- During 2009 the AGO also considered the sentences handed out to 369 offenders under the Unduly Lenient Sentence (ULS) arrangements. Of these 109 were referred to the Court of Appeal. Further details on the outcomes will be published on the Attorney General's Office website in due course. <http://www.attorneygeneral.gov.uk/AboutUs/uls/Pages/default.aspx>.
- Towards the latter part of the financial year, AGO has initiated a Transformation Programme in response to internal reviews and the Civil Service Engagement Survey. The programme has three core strands: efficiency, capability and partnerships. The first deliverable is for AGO to use comprehensively TSol's HR and Finance services from 1 April 2010. This reduces AGO costs and supports the shared services agenda.

HM Crown Prosecution Service Inspectorate (HMCPSI)

HMCPSI delivered a full programme of both single agency and joint inspection activity over the year.

The major inspection in terms of resource was a very significant inspection of Crown Prosecution Service (CPS) London examining performance on a borough basis. As well as individual borough reports, a pan-London report was published.

A number of CPS area inspections were undertaken and identified recommendations for improvement. As well as inspections, HMCPSI also carried out a full programme of audits on subject areas such as communication with victims and custody time limits. Again recommendations have led to the CPS responding with action plans to demonstrate how they will improve performance.

Joint inspection activity included an inspection of the handling of mentally disordered offenders and also prolific and other priority offenders.

Additionally the Inspectorate fully implemented the changes to support services, rationalising staff functions and reducing support staff numbers.

During the year HMCPsi commissioned an independent review by Dr Michael Maguire, Chief Inspector of Criminal Justice, Northern Ireland. The review was to consider how the role of the Inspectorate may need to develop in order to be fit for purpose in the context of a changing prosecution landscape and the outcome of the Attorney General's Strategic Review.

The aims and objectives for HMCPsi as set out in the annual Business Plan were confirmed as having been fully met.

A new Chief Inspector has been appointed by the Attorney General and Michael Fuller QPM took up his post on 1st April 2010.

HM Chief Inspector's Report 2009-10 provides further detail of significant events. This is available at www.hmcpsi.gov.uk.

Future Development

In 2010-11 TSol will focus on working with clients to respond to their growing and fast changing needs whilst minimising their legal risks and costs. Specifically TSol will:

- Restructure Litigation Group to deliver the benefits of both deeper specialisation and a more strategic business relationship;
- Use private sector partners to manage capacity in a cost-effective way for clients;
- Deliver an effective engagement programme to help clients reduce their exposure to litigation and help clients meet new disclosure requirements;
- Review all fee rates to deliver improved efficiencies and value for money for our clients;
- Deliver reduced accommodation costs through flexible working – target to save £1.5m per annum;
- Use improved financial processes and the benefits of the Case Management System to further establish value for money;
- Deliver keener procurement of both administrative and legal services;
- Reduce costs by sharing services where possible; and
- Pilot a fixed price agreement with one client to provide certainty on client costs.

Taking this action will enable the Department not only to continue to provide high quality legal services but also to increase flexibility and maximise the value of the services provided.

In this way we plan to make significant progress towards our aim to become **best for our clients, best for our people and best in the business**.

Further details of TSol's plans for 2010-11 are contained in the TSol 2010-11 Business Plan available at www.tsol.gov.uk.

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

Further details in AGO 2010-11 Business Plan are available at www.attorneygeneral.gov.uk.

Her Majesty's Crown Prosecution Service Inspectorate (HMCPsi)

The future inspection strategy will be developed in the light of the recommendations of the independent review of HMCPsi undertaken by Dr Michael Maguire. The inspection programme has been amended to allow for enhanced flexibility in delivery of inspections in the light of the review and the new Chief Inspector.

Further details are shown in HMCPsi's 2010-11 Business Plan available at www.hmcpsi.gov.uk.

PERFORMANCE REVIEW

This section incorporates information on environmental policy, health and safety, fairness and diversity and consultation with employees. The Law Officers' Departmental Report will not be published as a separate document in 2010.

Key Performance Indicators

As part of CSR07 we agreed the following Key Performance Indicators (KPIs) with HM Treasury (HMT):

Performance Measure	Outturn 2009-10	Outturn 2008-09
To meet client satisfaction ratings as measured by % of clients rating TSol services as 'Good' or 'Excellent' <ul style="list-style-type: none"> At least 95% for Advisory Divisions At least 95% for Litigation & Employment Division 	97% Advisory 93% Litigation 95% Overall	99% Advisory 93% Litigation 96% Overall
To recover from clients the full operating costs of chargeable services	Met	Met
To pay all undisputed supplier invoices in accordance with terms or within 10 days	51%	55% <i>From December 2008</i>
To retain Lexcel accreditation	Met	Met

These figures are not subject to Audit by the NAO

Client Service

TSol's primary method of receiving feedback is its annual client satisfaction survey. Formal and informal feedback is also received by Relationship Managers and others at all levels in TSol.

The challenging client satisfaction targets for 'Good' and 'Excellent' ratings were met overall in the latest survey. Advisory Divisions exceeded the target by 2%, while Litigation Group achieved 93%, the same as last year.

During the year, TSol introduced a new '4 years in post' policy, to address clients' concerns about staff turnover. Such concerns have not been repeated this year. While the quality of legal services scored highly this year (99% Advisory / 95% Litigation), a few responses noted a lack of consistency in the quality of legal services. Some responses suggested a link between variations in service and resource pressures in legal teams.

TSol's Business Partnership Committee is actively addressing issues raised during the annual survey.

During the year, TSol piloted a range of measures to support the annual survey. These included assessment of how effective lessons-learned and independent relationship reviews were in providing meaningful feedback from clients. Work is being taken forward, during 2010-11, to use regular reviews to receive feedback.

Prompt payment

Over the 2009-10 year, the Department paid over 51 per cent of supplier invoices within 10 working days (target 100%) and 88% within 30 days. To improve the efficiency and effectiveness of our payment process and strengthen controls the Department commenced the roll-out of a new on-line invoice scanning and authorisation process in December 2010. This has already begun to improve the efficiency of our payment process and in March 2010, 66 per cent of invoices were paid within 10 days. Further improvements are anticipated over the course of 2010-11.

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 2009-10 year, the sickness absence figures for TSol, AGO and HMCPSP as are follows:

	12 months ending 30/6/2009	12 months ending 30/9/2009	12 months ending 31/12/2009	12 months ending 31/3/2009
Average Working Days Lost (AWDL) per member of staff <i>(Civil Service comparison)</i>	6.7 (8.7)	7.0 (8.7)	7.0 (8.7)	6.7
Percentage staff with no sick leave <i>(Civil Service comparison)</i>	63% (42%)	60% (42%)	60% (42%)	57%
AWDL (EO to SCS Level) <i>(Civil Service comparison)</i>	5.7 (6.6)	5.5 (6.6)	5.4 (6.6)	5.4
AWDL (Administrative grades) <i>(Civil Service comparison)</i>	12.8 (11.1)	17.0 (11.0)	18.7 (11.0)	16.2
Days lost (short-term) <i>(Civil Service comparison)</i>	49.2% (47%)	52.6% (48%)	48.0% (48%)	51.3%
Days lost (long-term) <i>(Civil Service comparison)</i>	50.8% (53%)	47.4% (52%)	52.0% (52%)	48.7%

The Performance and Investment Committee (PIC) has taken a particular interest in absence management and has recommended a number of changes which, following negotiations with the Unions, were implemented in May 2010. This included revision of the trigger points to allow earlier intervention by managers, the introduction of clearer guidance for managers and staff, and more detailed and targeted reporting.

Performance in each Division has been reviewed at the Performance Accountability Reviews held by the Treasury Solicitor with each Director. TSol performance compares favourably with the Civil Service average.

HMCPSP review staff absence figures on a monthly basis and take any appropriate action as per the HMCPSP Staff handbook.

Value For Money

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

The Department (comprising Treasury Solicitor's Department Agency, Attorney General's Office and HM Crown Prosecution Inspectorate) is committed to savings of 3.5% of total spending per annum in real terms over the CSR period. This builds on the success of the SR04 Efficiency Programme.

All the Value for Money savings are based on a comparison between our post CSR07 baseline (excluding non cash costs) and a counterfactual, i.e. what our expected spending (excluding non cash costs such as depreciation) would have been if we had taken no action, and assuming 2.7% inflation. This equates to net cash releasing savings of £1.748m by 2010-11. TSol is also contributing to the additional £15m of savings for 2010-11 agreed collectively by the Law Officers' Departments in a shared Value for Money agreement, an update on which is published on the Attorney General Office's website: <http://www.attorneygeneral.gov.uk>. Additionally, TSol is contributing to the further £18m savings required from the Law Officers' Departments announced on 24th May 2010.

Outturn against target is as follows:

Resource DEL	2008-09 Plan	2008-09 Actual	2009-10 Plan	2009-10 Actual
	£,000	£,000	£,000	£,000
TSDA				
Baseline	3,080	2,568	3,053	930
Counterfactual	3,192	3,192	3,278	3,278
VFM savings	112	624	225	2,348
AGO				
Baseline	4,812	5,240	4,770	4,880
Counterfactual	4,987	4,987	5,122	5,122
VFM savings	175	(253)	352	242
HMCPSP				
Baseline	3,922	3,837	3,887	3,664
Counterfactual	4,064	4,064	4,174	4,174
VFM savings	142	227	287	510
Total Resource	429	598	864	3,100
VFM Savings				

The above figures are not audited by the NAO.

Savings are being achieved through a proportionate reduction in TSol's corporate costs as a result of streamlining processes, keener and collaborative procurement, maximising the use of assets and optimising accommodation use.

TSol service quality is measured by the annual client satisfaction survey where we have achieved our target of at least 95% clients rating TSol services as 'Good' or 'Excellent' overall, and by retaining our Lexcel accreditation. Lexcel is the Law Society's practice management quality mark. It promotes improved risk management leading to fewer claims or complaints and better customer service leading to increased client satisfaction.

Further value for money savings will be achieved through a TSol Corporate Resources Transformation Programme; responding to the requirements of "Next Generation HR" and "Putting the Front Line First"; delivery of the benefits of new flexible working arrangements; and keener procurement and collaboration with others.

HMCPSP reviewed support services which resulted in a revised structure, increased flexibility and reduced staffing levels. HMCPSP received a contribution to rent and rates costs from NFA during the later term of their occupancy in Old Queen Street which enhanced HMCPSP's overall savings as did reductions on general maintenance costs and on travel and subsistence due to the Inspectorate having undertaken the London Borough Assessments in the last quarter which concentrated resource in one general geographical location.

These initiatives will complement the cross Law Officers' Departments (LODs) strategy. During 2009-10 the Attorney General's Strategy Programme included a Value for Money Review across the Law Officers' Departments. The review identified potential savings through working more collaboratively and sharing services. The feasibility study into each of the potential opportunities will be completed early in 2010-11. The Law Officers' Departments' Strategic Board will then consider the outcomes and agree on which options should be pursued to increase value for money across the LODs.

Environmental Policy

The Law Officers Departments (LODs) recently published their Climate Change Plan (which incorporates the carbon reduction delivery plan and a climate change adaptation plan). The plan sets out:

- Our priorities between now and 2022 for both reducing our carbon footprint and adapting to climate change;
- How we will deliver our departmental carbon budget;

- The requirements for capacity building and skills development to support this plan.

The Climate Change Plan is available at: www.attorneygeneral.gov.uk/Publications/Pages/CriminalJusticeReports.aspx

The LODs have also reviewed the Sustainable Development Action Plan which details how we are ensuring that sustainable development considerations are embedded within policy development and operational delivery.

The LODs have continued to work towards the Sustainable Operations on the Government Estate (SOG) targets.

TSol continues to make progress against the longer term targets of the Sustainable Development In Government (SDIG) Framework by improving performance in the four main areas of delivery (energy, waste, water and recycling). We have already met the target of sourcing at least 15% of electricity from combined heat and power by 2010 and the target of reducing water consumption by 25% by 2020. TSol has also maintained its Building Research Establishment Environmental Assessment Method (BREEAM) rating of 'very good' for One Kemble Street.

The following initiatives have been adopted during the year:

- The removal of desk waste bins to encourage staff to recycle as much as possible and the introduction of a bulk shredding service.
- The introduction of default duplex printing to further reduce paper consumption.
- In partnership with the Landlord and co-tenants, we adopted measures to achieve carbon reduction. Measures already identified include reviewing of hours of operation for lighting and comfort cooling.
- Recycling toner cartridges, plastic, cans, glass and paper, purchasing environmentally friendly goods (for example recycled paper and cleaning consumables) and services (the Government Car and Despatch Agency Green Taxi service) wherever possible.
- We are currently making an application for a Display Energy Certificate (DEC).
- The introduction of flexible working will further reduce energy consumption costs. The introduction of Citrix (thin client), managed print services as well as the release of three floors should reduce our energy consumption by 20%.
- We are introducing an Environmental Management System (EMS) which will enable us to work towards a British Standard accreditation for overall building environmental performance.

AGO has a Green Champion who is responsible for updating the Office's action plan to achieve targets and improve overall sustainability. During the year AGO extended recycling to include printer and photocopier consumables. In addition gas consumption has been minimised by reducing the level of heating in non-office areas such as the stairwells.

HMCPSP also has introduced audio visual conferencing to reduce travel. Travel arrangements are checked online to ensure value for money is achieved and, if necessary, negotiations are undertaken with the relevant travel supplier.

Recycling has been extended to include glass, cans, tins, plastic and printer and photocopier consumables.

Health & Safety

TSol: The TSol Health and Safety Committee continues to work to ensure that Health and Safety issues within the Department are handled within the principles of corporate governance.

Achievements in 2009-10 include:

- Continuing to provide flu vaccination, health screening, eye testing via a mobile testing unit and GP site visit programmes for all permanent staff.
- The provision of the *Care First Employee Assistance Programme* to staff and managers in TSol.
- Review of the arrangements for carrying out workstation assessments and the provision of first aid.
- An annual evaluation of sick absence by type along with year on year comparisons to highlight any particular staff welfare issues that might need addressing and monthly reviews of accident report logs to highlight potential areas of risk and identify mitigating actions.

- Quarterly H&S Audit reports of One Kemble Street in partnership with the Trade Unions to highlight areas of concern and action proposed. Of particular note over the past 12 months has been the significant reduction in the levels of paper stored around desks and increased compliance with security procedures.
- Review of fire evacuation procedures. As a consequence of these reviews improvements have been made to exiting and re-entering the building.
- Review of the governance arrangements for Health and Safety to ensure that TSol fully meets the HSE requirements as set out in their publication "Director's Responsibilities for Health and Safety".

AGO, with the assistance of TSol, conducted a building risk assessment which highlighted potential hazards, which were addressed. AGO have introduced monthly reviews of the building to ensure any potential health and safety issues are identified and rectified promptly. Existing first aid equipment was assessed and improved. Posters were put up to encourage the 'catch it, bin it, kill it' campaign to help prevent the spread of Swine Flu. Tissues and anti-bacterial hand washes were provided. Two members of staff attended a fire awareness course to ensure AGO fire procedures were sound. AGO also regularly undertake workplace assessments at the request of their staff and for all newcomers.

HMCPsi has continued to complete quarterly inspections of the complete premises at 26-28 Old Queen Street where hazards (potential or actual) are noted and dealt with. In 2009, two staff qualified as First Aid providers to enhance coverage at all times. In addition Facilities staff received training in DSE (Display Screen Equipment – Work Station Assessment) and can now ensure that all staff in both office locations (London and York) have received an assessment.

Fairness and Diversity

As at 1 April 2009 there were 928 staff in post in TSol, AGO and HMCPsi of which 38% were male and 62% were female.

Just over 12% (113) staff were recorded as non-respondents or non-participants in the disability and ethnic origin surveys. Of those who participated in those surveys, 5% (45) declared a disability and 23% (209) were from ethnic minorities.

There were 47 substantive and temporary promotions in the period 1 April 2009 to 31 March 2010. Of those promoted 32% were male and 68% female. Of those promoted who declared their origin 65% were white and 35% were from ethnic minorities. 1 person (2%) had declared a disability.

TSol promotes equality for all regardless of gender, race, age, religion or belief, sexual orientation or disability. In 2009-10 TSol continued to perform well against both centrally and locally set targets which Departments were expected to set to meet stretching targets on the percentage of women, black and minority ethnic and disabled staff at Senior Civil Service level and the feeder grades to the SCS. Targets were also set and monitored for other grades where the diversity profile also remains strong. Progress against targets was monitored by the Diversity and Equality Group throughout the year.

The Diversity and Equality Group (chaired by the Deputy Treasury Solicitor who is also a member of the Civil Service Diversity Champion's Network) continues to play a key role at the heart of the Department, supporting and challenging our quest to promote equality for all throughout the organisation. It does this not least through guidance and participation with project teams in the conduct of Equality Impact Assessments (EIAs). For example during 2009-10 the Group supported EIAs on the Accommodation Project and the SCS Gateway process.

The Group helps to audit our recruitment processes and considers and advises both HR and the GLS on appropriate advertising media to attract the widest possible diversity profile of applicants and recruits to TSol. Acting independently of the group and of line management, TSol also has four diversity officers who support colleagues confidentially with diversity issues in a variety of situations which can include sex, sexual orientation, race or disability discrimination, or support on issues such as the Accommodation Project. Diversity training is regularly reviewed and available to all staff. TSol's Diversity Statement and statistics, Disability and Gender Equality Schemes are available at www.tsol.gov.uk.

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. The Secretariat includes diversity statistics in its twice yearly reports to the Law Officers. Over the last 12 months, the Secretariat carried out an exercise to encourage those GLS lawyers who had not returned a completed diversity form to the Secretariat to declare whether they considered themselves to have a disability in order to allow us to more effectively monitor the effect of GLS policies and practices on disabled persons.

Consultation with employees

Staff survey

TSol, HMCPsi and AGO participated in the Civil Service People Survey in 2009. The response rate of 83% was above the Civil Service average response rate. Action Plans in response to the findings are being prepared.

TSol achieved a response rate of 83%. This was significantly higher than the response rate from the last TSol survey in 2007 and was also higher than the civil service average for the 2009 people survey.

TSol has developed and implemented an action plan to focus on the key matters raised in the survey. The three key areas of focus are leadership - improving the faith employees have in senior managers, improving employee views on change and how it is managed in TSol, and seeking opportunities for employees to contribute their views. In addition the organisation will be continuing to seek to reduce incidences of unreasonable behaviour, which fell below the Civil Service average, but is still felt to be an area of significance. TSol will also be preparing for the 2010 People Survey.

AGO achieved a response rate of 74% and an engagement score of 72% which was above the Civil Service Median. Areas of focus have been identified and an action plan has been established. Some actions have already been taken with further planned throughout the year.

AGO has also refreshed its staff representative group, now known as the Staff Engagement Group (SEG) with a representative from each team. AGO was assessed against the liP standard in November 2009, and was pleased to be assessed as having met 35 out of the 39 indicators. The liP assessor recognised that the organisation had made significant improvements in many areas, and provided a focus for the coming year.

HMCPsi achieved an excellent response rate of 91% which was significantly above the Civil Service Median. The engagement score of 51% however did indicate that some work is required to raise engagement levels within HMCPsi.

Initial work has been undertaken to analyse the results of the survey and facilitated Action Workshops are currently taking place to fully identify the main concerns and areas for improvement. All members of staff who took part in the survey have been invited to the workshops. A full report of the survey and workshop findings, together with a detailed Action Plan is being prepared and a feedback session of what has been implemented is due to take place prior to the next survey.

Partnership

Overall the Department continues to have a positive working relationship with the Trade Unions. Monthly partnership meetings are held and chaired by the Deputy Treasury Solicitor. The Department and the Trade Unions have worked together proactively on a range of issues in 2009 including promoting the People Survey and participation in health and wellbeing initiatives such as the health screening exercise and flu vaccinations. There was a successful review and renewal of Partnership with the Unions during the year.

HMCPsi supports the HMCPsi Whitley Council comprising a maximum of 8 representatives (4 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).

GOVERNANCE AND ORGANISATION

Ministers

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

The Rt Hon the Baroness Scotland of Asthal QC Attorney General

Vera Baird QC MP Solicitor General

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.

Boards and Committees

The TSol Board is a small group of directors drawn from different Agency business areas – litigation, advisory work, and corporate services. It is the main decision making body and supports the Chief Executive in delivering TSol's objectives. Its members during 2009-10 were:

Paul Jenkins QC	HM Procurator General, Treasury Solicitor and Chief Executive
Valerie Cain	Business Partnership Director
Mary Esplin	HR Director
Peter Fish	Head of COCAD – now Central Advisory Division - (until 9 August 2009)
Hugh Giles	Head of Litigation and Employment
Claire Johnston	Legal Adviser to DCSF (now DfE) (appointed to the Board from 22 nd September 2009)
Stephen Parker	Legal Adviser to HM Treasury
Simon Parkes	Finance Director (until 31 August 2009) Corporate Resources Director (from 1 September 2009)
David Pearson	Deputy Treasury Solicitor (until 31 July 2009)
Jonathan Jones	Deputy Treasury Solicitor (from 10 August 2009)

In addition the TSol Board includes the following non-executive directors who see all material papers and attend Board and various Board committee meetings:

Marilynne Morgan
Niall Scott
David Crowther

Those members of the TSol Board who are permanent staff of the Agency are appointed in accordance with the Civil Service Management Code and their remuneration is determined in accordance with Cabinet Office Guidelines.

Peter Fish was appointed Director General at the Attorney General's Office in August 2009 replacing the previous Director General, Jonathan Jones. HMCPSI was headed by HM Chief Inspector, Stephen Wooler, until end March 2010, and was replaced by Michael Fuller on 1 April 2010.

Board Sub-Committees

TSol has an Audit 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. The membership of the committee, which meets at least three times a year, includes all the non-executive directors and Michael Hearty, DCSF (now DfE) Finance Director, has also served on the committee. The Director of Policy and Administration at the AGO and the HMCPSP Chief Inspector attended the Audit Committee during 2009-10.

The Business Partnership Committee is responsible for quality assuring TSol's client relationships and overseeing business development strategies. Its role includes co-ordinating effective client communications; supporting, developing and managing the network of Business Relationship Managers; monitoring and reporting on the quality of client relationships; and identifying and sharing best client care practice. It is chaired by the Deputy Treasury Solicitor and is supported by the Business Partnership Director, demonstrating the critical nature of this function to the future of TSol.

The Performance and Investment Committee (PIC), chaired by the Deputy Treasury Solicitor until July 2009 and subsequently the Director of Corporate Resources, oversees the quality of services delivered and the efficiency of operations. It monitors performance against financial, operational and resourcing targets as defined in the Business Plan and prioritises investment. The Director of Policy and Administration at the AGO also attends the PIC.

Directorships and other significant interests

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

Risk Management

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

The Audit Committee provides a challenge function to the risk management process 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.

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

Strategic risks are agreed with the TSol Board and the Audit Committee. A Board member owns each key strategic risk and risks are reviewed quarterly at Board meetings. The strategic risks and the actions to mitigate them are detailed in the Corporate and Business Plans. Our current strategic risks are:

- Failure to anticipate, understand and respond effectively to client needs for VFM services damages relationship with TSol and TSol reputation.
- Damage to TSol's reputation if things go wrong due to TSol or client management of cases.
- Loss of work from major client exposes TSol to financial risk.
- Unforeseen events (e.g. industrial action, transport strike, flu pandemic) cause TSol to under recover leading to an accounts qualification.
- Security: major loss of data irrevocably damages TSol reputation.
- Change in volume of Advisory work reduces demand for services and impacts on income and resourcing.

- Failure to recruit and retain the right people to deliver the service our client needs.
- The potential for external constraints or controls significantly limiting TSol's freedom to make decisions (e.g. the imposition of headcount controls or recruitment bans).
- The potential for a new government to substantially alter the composition of our work or the demand for our services.

AGO follow the TSol risk management framework. Risks are managed and reviewed by the AGO Management Board on a regular basis.

HMCPsi has its own risk management practice based upon that of TSol. HMCPsi reviews its risk registers quarterly.

Further information may also be obtained from www.tsol.gov.uk, www.attorneygeneral.gov.uk and www.hmcpsi.gov.uk.

Security and Business Continuity

A Security Committee in TSol oversaw business continuity and security policy and practice, including IT security and physical audits until February 2010. In February it was replaced by a Security Advisory Group to advise the Senior Information Risk Owner on key security issues and a Security Team monitors the effectiveness of security controls and identifies and resolves operational issues. TSol is compliant with the ISO 27001 standard for information security.

All TSol staff have completed the Protecting Information Level 1 training module and new starters are required to do this as part of their induction. Additionally, all Information Asset Owners have completed the Protecting Information Level 2 training module.

We have introduced an overarching business continuity strategy for TSol which aligns with BS 25999 and will launch a new disaster recovery site in 2010-11.

AGO have reviewed and revised security policies to ensure that they meet the needs of the organisation, the information handled and the requirements set down by Cabinet Office. Measures to raise security awareness are ongoing using a variety of methods including a regular feature in the office newsletter, office wide emails, guidance notes, team meetings and targeted training where required.

The AGO's Business Continuity plans have been reviewed and amended during the reporting year. The AGO has a contract in place for a Disaster Recovery site.

In 2009-10 all AGO staff have completed the Protecting Information Level 1 training module and new starters are required to do this as part of their induction. AGO have also agreed that all Information Asset Owners should complete the Protecting Information Level 2. Some IAOs have completed this training and the remaining IAOs will complete it in the first quarter of 2010-11.

HMCPsi has regularly attended the TSol Security Group meetings as well as maintained its own records of Personal Data Related incidents and other incidents. The process is supported and informed via weekly inspections (on varying days) undertaken by the Head of Corporate Services and / or the Facilities Manager. To date it has not been necessary to report any incidents.

Data Related Incidents

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions 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 2009–10**

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 has been working hard with its delivery partners to provide assurances over the management of the personal data it holds.

During 2009-10 the framework for handling data and to provide assurance over the management of information held within TSol has been further developed to include:

- The creation of a Security Team within TSol;
- Continued review and production of data handling policies, guidance and awareness training promoting best practice within TSol;
- Continuing identification of information assets, their risks including quarterly assessments of the delivery chain, and the incorporation of information risks within the risk management policy and processes, endorsed by the Information Asset Owners, and audited by the Security Team annually;
- Incident reporting system re-engineered to include a 'cradle-to-grave' system for all incidents;
- The Department is compliant with the ISO 27001:2005 standard for information security management.

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
August	Papers relating to an individual misplaced within OKS	Personal and sensitive information about an individual including name, date of birth and contact details. Additionally, medical reports, information on an incident at a school and details of an appeal were included.	One	Individual informed in writing. Cabinet Office and ICO informed by telephone and ICO followed up in writing.
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 continual improvement of its systems. There will be continued compliance with Cabinet Office guidelines and ISO 27001.			

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS IN 2009-10

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

There were no Personal Data Related Incidents at HMCPSI or AGO.

Financial Review

Resources Available

The Law Officers' Departments' settlement in the second Comprehensive Spending Review, the Government's long term fundamental review of government expenditure, was published in autumn 2007.

Approval for spending plans for 2009-10 were set out in the HM Procurator General and Treasury Solicitor Main Estimate 2009-10. This document is available on the HM Treasury web site www.hm-treasury.gov.uk.

The Department has published a CSR07 Value for Money Delivery Agreement and an Asset Management Strategy on its web site www.tsol.gov.uk.

The core tables at Annex A show the Departments' spending plans. These are not subject to NAO audit.

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 £114,703k. After taking into account £101,094k appropriated in aid, the net resource requirement for 2009-10 was £13,609k, £1,102k less than the sum approved by Parliament in the Supply Estimate for HM Procurator General and Treasury Solicitor.

Total operating income was £101,094k; operating income of £65,345k was generated through charges for legal services provided to clients; £28,967k from the recovery of disbursements incurred in providing legal services to clients; £3,945k was recovered from the Crown's Nominee's Accounts and other income of £2,837k including rent 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 £2,291k against voted capital provision of £4,000k. 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 £1,667k. £733k of this will be vired to cover the overspend at HMCPsI. Non recoverable disbursements were lower than anticipated and there was an excess of income over costs.

AGO underspent by £168k due to not proceeding with previously planned accommodation works and lower than forecast overseas travel costs and staff costs.

HMCPsI overspent by £733k due to the need to provide for significant dilapidations of a listed building.

We used 98% of our net cash requirement.

Capital expenditure was lower than the Estimate as the Department took a measured approach to its capital investment programme to ensure that it had the capacity to deliver.

Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2008-09 (1)	2009-10
	£k	£k
Net Resource outturn (Estimates)	14,848	13,609
Resource Budget outturn (Budget)	14,848	13,609
Adjustment for non-supply income (CFERS)	(271)	-
Net Operating Cost (Accounts)	14,577	13,609

(1). See note 4a of the accounts for the restatement of the 2008-09 net operating cost taking into account prior year adjustments.

Government Efficiency

A Government initiative requires a 20% reduction in Senior Civil Service (SCS) salary costs over three years. In common with other Departments we have mapped our existing SCS roles, examining critically those functions we require to deliver our business. We have sought opportunities to streamline and combine functions and consider where work may be more appropriate for other grades. This is aligned with the Government's efficiency programme. All SCS posts have been assessed on the basis of their contribution to our success, degree of complexity, and change.

As part of our 2012 Strategy TSol already has a developed approach to strategic workforce planning and the Litigation and Employment Group has been restructured to deliver deeper specialisation, more strategic business relationships with clients and reduced numbers of SCS through wider spans of command. We will be looking again at what skills and competences we want to retain to ensure that we respond to the Government's and thus our clients' business requirements. TSol's business continues to grow at 6% year on year as a result of client demand. Other business areas (Advisory and BV) have been reviewed to establish where we can make cost reductions. Corporate Services will restructure and reduce as it responds to the Government's efficiency challenge.

It is unlikely that the required 20% reduction in the cost of the SCS will be achieved through normal turnover. We will shortly begin an exercise to identify how we can achieve the necessary savings. Our aim is to avoid compulsory redundancies where possible. In order to ensure that our SCS is refreshed with new skills we need to ensure that there is still opportunity for people to progress. We are aiming to go beyond the 20% target both to allow for promotion opportunities and to provide posts for people returning from maternity leave, career breaks and loans.

Non-Current Asset Movements

There were no material non-current asset movements in the year.

Significant Remote Contingent Liabilities

The Treasury Solicitor's Department does not have any 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 the 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 1.10 to the accounts.

Events after the reporting period

On 12 May 2010 the Prime Minister, the Rt Hon David Cameron MP, appointed Rt Hon Dominic Grieve QC MP as Attorney General. Edward Garnier QC MP, was appointed Solicitor General on 13 May 2010.

There have been no events that would have a material impact on the financial statements for the year ended 31 March 2010.

Reporting Cycle

The Department's Framework Document requires the Treasury Solicitor's Department to prepare a Corporate (Three Year) Plan and an Annual Business Plan. The Annual Business Plan is submitted by the Chief Executive to the Attorney General in April and sets out the Department's priorities, objectives and annual performance targets. 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. Supplementary Estimates are 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 Departmental Resource Accounts include Attorney General's Office (AGO) and HM Crown Prosecution Inspectorate (HMCPPI). They are audited, published and laid before Parliament annually.

The Corporate Plan, Annual Business Plan, and Annual Report and Accounts may be accessed at www.tsol.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 Review Body on Senior Salaries. 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, at pay award time, 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 31 March 2010 comprised: Marilynne Morgan (Non-Executive Director) - Chair, Paul Jenkins, Simon Parkes, Hugh Giles, Patrick Kilgariff, Jonathan Jones, Peter Fish (AGO), with Mary Esplin (HR Director) acting in an advisory capacity.

The following criteria were used in 2009:

Performance Tranche

Base pay awards were differentiated according to a growth in an individual's contribution relative to their peers, measured by how well the job had been done, and assessed by demonstration of leadership competencies, skills, and behaviours identified as being important in the performance agreement, as well as by the emerging track record of delivery. This included looking at:

- Demonstrating collaborative working, to develop integrated solutions to complex problems;
- Moving away from only focusing on one's own business area;
- Demonstrating leadership behaviours and TSol values, because how one delivers is an important part of what one delivers; and
- How senior managers demonstrate appropriate role model behaviour.

Bonus

Bonus awards followed the performance group in which an individual was placed. There was scope, in exceptional circumstances, for individuals to receive a bonus that fell outside their performance group, and the following criteria were used in determining the level of the recommended bonus award:

- Whether objectives in the corporate, business and capacity parts of the common framework have been met or not, and to what degree.
- Judgements about how the objectives were achieved and in particular whether the leadership behaviours and professional skills part of the common framework have been demonstrated or not, and to what degree.

Additional consideration was also given to:

- The degree of difficulty or ease of meeting the objective in light of actual events.
- Corporate contribution e.g. acting as role model.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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 Commissioners can be found at www.civilservicecommissioners.gov.uk.

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

	2009-10		2008-09	
	Salary £	Benefits in kind	Salary £	Benefits in kind
The Rt Hon the Baroness Scotland of Asthal, QC <i>Attorney General</i>	147,360	-	149,505	-
Vera Baird QC MP <i>Solicitor General</i>	68,082 (1)	-	69,180 (2)	-

(1) the salary figure in 2009/10 was £68,273 less an overpayment for 2008-09 of £191

(2) the salary figure in 2008/9 was £68,273 plus an underpayment for 2007-08 of £716, plus an overpayment in 2008-09 of £191

	2009-10		2008-09	
Officials	Salary £000	Benefits in kind £	Salary £000	Benefits in kind £
Paul Jenkins QC <i>HM Procurator General, Treasury Solicitor and Chief Executive</i>	155 - 160	1,600 (1)	165 - 170	7,600 (1)
Jonathan Jones <i>Director General at the Attorney General's Office (to 9 August 2009) Deputy Treasury Solicitor (from 10 August 2009)</i>	145 - 150	-	150 – 155	-
David Pearson <i>Deputy Treasury Solicitor (until 31 July 2009)</i>	50 – 55 (2)	-	135 – 140	-
Stephen Parker <i>Legal Adviser to HM Treasury</i>	130 - 135	-	135 – 140	-
Hugh Giles <i>Head of Litigation Group</i>	110 – 115	-	105 – 110	-
Mary Esplin <i>Director of Human Resources</i>	70 - 75	-	65 – 70	-
Peter Fish <i>Legal Director COCAD (to 9 August 2009) Director General at the Attorney General's Office (from 10 August 2009)</i>	120 - 125	-	100 – 105	-
Valerie Cain <i>Business Partnership Director</i>	100 - 105	-	100 – 105	-
Simon Parkes <i>Finance, Planning and Performance Director (to 31 August 2009) Corporate Resources Director (from 1 September 2009)</i>	155 – 160 (3)	-	125 – 130 (4)	-
Claire Johnston <i>Legal Adviser to DCSF(now DfE) (appointed to the Board from 22nd September 2009)</i>	45 - 50 (5)	-	-	-
Stephen Wooler <i>HM Chief Inspector of the Crown Prosecution Service Inspectorate</i>	120 - 125	-	120 – 125	-

(1) The Benefit in Kind relates to the personal use of an official car in accordance with the terms of the Civil Service Management Code and associated tax liability

(2) Figure quoted is for the period 1 April 2009 to 31 July 2009

(3) Figure quoted includes the value of a season ticket for home to work travel

(4) Figure quoted is for the period 1 May 2008 to 31 March 2009. It includes the value of a season ticket for home to work travel. The full year equivalent was 140 - 145

(5) Figure quoted is for the period 22 September 2009 to 31 March 2010. The full year equivalent was 100-105

The non-executive directors were paid salaries in the following bands in 2009-10:

	Contract ends	Salary £000	Benefits in kind £
Marilynne Morgan	May 2010	15-20 (1)	- (4)
Niall Scott	April 2011	15-20 (2)	- (4)
David Crowther	April 2011	15-20 (3)	- (4)

- (1) Excluding £4,648 paid in respect of a 2008 - 2009 underpayment as disclosed in last year's Remuneration Report.
- (2) Excluding recovery of £429 in respect of a 2007 – 2009 overpayment, as disclosed in last year's Remuneration Report.
- (3) Excluding £4,571 paid in respect of a 2007 - 2008 underpayment, as disclosed in last year's Remuneration Report.
- (4) The Department's Non-Executive Directors incur travelling expenses to attend Departmental meetings. TSol is reviewing with HMRC the treatment of NED travel expenses, which may give rise to a taxable Benefit in Kind, and reimbursement to the NEDs.

Salary

'Salary' includes gross salary; performance pay or bonuses; 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 (£64,766 from 1 April 2009, £63,291 from 1 April 2008) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. For The Rt Hon the Baroness Scotland of Asthal, QC this includes an allowance paid to all Lords Ministers under section 5 of the Ministerial and Other Pensions and Salaries Act 1991. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer 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. Paul Jenkins had the use of a government car and driver for home to office travel in the circumstances provided by the Civil Service Code. The amounts involved are disclosed in the salary, allowances and taxable benefit table.

Pension Benefits

Ministers	Accrued pension at age 65 as at 31/3/10 £	Real increase in pension at age 65 £	CETV at 31/3/10 £	CETV at 31/3/09 £	Real increase in CETV £
The Rt Hon the Baroness Scotland of Asthal, QC <i>Attorney General</i>	22,819	3,286	322,138	256,895	32,918
Vera Baird QC MP <i>Solicitor General</i>	4,806	1,547	80,892	51,500	19,033

* CETV represents Cash Equivalent Transfer Value.

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (made under 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 arrangements for Ministers provide benefits on an 'average salary' basis taking account of all service as a Minister. 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 employee 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 changes in the Retail Prices Index. From 1 April 2009 members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7% of the ministerial salary.

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.

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 within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

Officials	Accrued pension at age 60 as at 31/3/10 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/10 £'000	CETV at 31/3/09* £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Paul Jenkins QC <i>HM Procurator General, Treasury Solicitor and Chief Executive</i>	60 – 65 plus lump sum 180 - 185	2.5 – 5 plus lump sum 7.5 - 10	1,292	1,162	64	-
Jonathan Jones <i>Director General at the Attorney General's Office (to 9 August 2009) Deputy Treasury Solicitor (from 10 August 2009)</i>	60 – 65 plus lump sum 185 - 190	2.5 – 5 plus lump sum 7.5 - 10	530	454	49	-

David Pearson <i>Deputy Treasury Solicitor (until 31 July 2009)</i>	45 – 50 plus lump sum 140 - 145	0 – 2.5 plus lump sum 2.5 - 5	1,115 (1)	1,073	22	-
Stephen Parker <i>Legal Advisor to HM Treasury</i>	35 – 40 plus lump sum 115 - 120	0 – 2.5 plus lump sum 5 – 7.5	757	669	44	-
Hugh Giles <i>Head of Litigation Group</i>	20 – 25 plus lump sum 65 - 70	0 – 2.5 plus lump sum 5 – 7.5	368	318	28	-
Mary Esplin <i>Director of Human Resources</i>	25 – 30 plus lump sum 75 – 80	0 – 2.5 plus lump sum 2.5 - 5	550	493	29	-
Peter Fish <i>Legal Director COCAD (until 9 August 2009) Director General at the Attorney General's Office (from 10 August 2009)</i>	40 – 45 plus lump sum 120 - 125	2.5 – 5 plus lump sum 10 - 15	397	291	86	-
Valerie Cain <i>Business Partnership Director</i>	40 – 45 plus lump sum 95 - 100	2.5 – 5 plus lump sum 0 – 2.5	899	800	46	-
Simon Parkes <i>Finance, Planning and Performance Director (to 31 August 2009)) Corporate Resources Director (from 1 September 2009)</i>	10 – 15 plus lump sum 0	2.5 – 5 plus lump sum 0	149	114	24	-
Claire Johnston <i>Legal Adviser to DCSF – now DfE -(appointed to the Board from 22 September 2009)</i>	15 – 20 plus lump sum 55 - 60	0 – 2.5 plus lump sum 2.5 - 5	354	330 (2)	17	-
Stephen Wooler <i>HM Chief Inspector of the Crown Prosecution Service Inspectorate</i>	50 – 55 plus lump sum 155 - 160	0 – 2.5 plus lump sum 5 – 7.5	1,218	1,172	46	-

* The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

(1) CETV at 31/07/2009

(2) CETV at 22/09/2009

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 changes in the Retail Prices Index. Members who joined

from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. 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' 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 in respect of 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, immediately after the scheme year end, the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for 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 www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries 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.

Paul Jenkins QC
Accounting Officer
21 June 2010

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, resource 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, the net resource outturn, resources applied to objectives, recognised gains and losses 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 Treasury Solicitor and Chief Executive as Principal Accounting Officer of the Department with responsibility for preparing the Department's accounts and for transmitting them to the Comptroller and Auditor General.

In addition, HM Chief Inspector of the Crown Prosecution Service, Stephen Wooler, was appointed as an additional Accounting Officer to be accountable for that part of the Department's accounts relating to HM Crown Prosecution Service Inspectorate and the associated assets, liabilities and cash flows. This appointment does not detract from the Treasury Solicitor's overall responsibility as Accounting Officer for the Department's accounts.

The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Managing Public Money*. Under the terms of the Accounting Officers' Memorandum, the relationship between the department's principal and additional Accounting Officer, together with their respective responsibility is set out in writing.

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives set by the Attorney General for the Treasury Solicitor's Department (TSol), the Attorney General's Office (AGO) and HM Crown Prosecution Service Inspectorate (HMCPSI) whilst safeguarding the public funds and Departmental assets for which I am personally responsible in accordance with the responsibilities assigned to me in *Managing Public Money*.

I am supported in this by the Director General of the Attorney General's Office, who is responsible for management matters in AGO. With the approval of HM Treasury, I designated the Chief Inspector of HMCPSI, Stephen Wooler, as an Additional Accounting Officer. Notwithstanding my own responsibilities as the Accounting Officer, the Chief Inspector is responsible for ensuring that in matters of propriety and regularity, HMCPSI meets the requirements of *Managing Public Money*. The Director General, AGO, provides an annual Assurance Report on AGO and the Chief Inspector provides his own Statement on Internal Control which informs this statement covering my responsibilities as the Principal Accounting Officer.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide a reasonable and not an absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Treasury Solicitor's Department for the year ended 31 March 2010 and up to the date of the approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

TSol has a Risk Management Framework which is published on its intranet which sets out the risk management responsibilities for the Board, the Audit Committee and other key committees, as well as for key roles within TSol. This Framework was updated in 2009 following an Internal Audit of the risk management process. It will be subject to annual review to ensure that it is up to date and supports the management of risk within TSol. Risk Management training was included in the In House Training Programme in February 2010.

HMCPSI has its own risk management practice based upon that of TSol. AGO have introduced a new risk management process following a recent Internal Audit with nominated risk owners/managers at Director and Deputy Director level and the Senior Management Team have received an overview of the risk management and the TSol approach. TSol, AGO and HMCPSI report on progress against the recommendations through the Audit Committee.

The legal and financial risks and challenges faced by TSol and its clients have intensified in 2009-10. TSol is working closely with its clients to respond to the changing legal and financial environment by reducing client litigation risk; focussing on those aspects of demand where it can add most value and by significant increases in efficiency. It also needs to maintain the highest professional and security standards as it deals with the growth of national security standards.

4. The risk and control framework

TSol's Risk Management Process sets out a structured process for identifying, assessing, communicating and managing risks and there is regular risk management reporting at various levels within the organisation. It also includes guidance for determining risk appetite and ensuring that controls are proportionate to the level of risk.

The TSol Board meets to review progress and define business priorities and objectives for the next financial year. As part of this event the strategic risks are identified and agreed. These strategic risks and the actions we will take to manage them are published in the TSol Business Plan. The strategic risks are owned and monitored by the Board. Management of each of the risks is delegated to a Board member. The Board and the Audit Committee reviews strategic risks on a regular basis and each year Internal Audit examine our risk management process. Actions taken as a result of the last audit as part of the 2009-10 internal audit programme include a review of our risk management framework, the introduction of a revised risk register template which captures both inherent and residual risk, a simplified risk scoring methodology and delivery of risk management training. Responsibility for risk management has also transferred from the Office of the Treasury Solicitor to the Finance, Planning and Performance Division.

The Board and Performance and Investment Committee receive a monthly performance report which contains an up to date risk register. Advice and recommendations on the handling of risks are passed from the Performance and Investment Committee as appropriate.

The PIC also oversees the Department's change programme and receives details of the programmes' major risks on a monthly basis and when appropriate will review a project or programme in more depth as a result of information in the monthly performance report.

The Business Partnership Committee manages business partnership risks. It draws matters of concern to the attention of the Business Partnership Director and other business areas and priorities its agenda and advice to the Board accordingly.

The Security Committee was responsible for establishing TSol's information security risk appetite. The context for information security has been challenging across the Public Sector and TSol has accordingly set a very low appetite for information risk. Risk is monitored through a Security Risk Register, maintained by the Security Team. Both risks and any reported incidents were discussed at each Security Committee meeting. The low appetite for risk fed through into the Committee's discussions on security matters, which tended to include discussions of even minor security breaches. Over the course of 2009-10, as the Security Team became more established, it was clear that this risked duplication without adding significantly to the control environment within TSol. Following a review of governance the Security Team now owns the TSol Security Risk Register and risks and incident log are monitored by the Security Advisory Group, which replaces the Security Committee and reinforces the personal accountability of the Senior Information Risk owner and the Accounting Officer.

Group and Divisional Heads in Litigation, Advisory, Bona Vacantia and Corporate Services operate risk registers and manage the day-to-day risks as part of delivery of their local business plan and corporate priorities. Divisional Heads draw upon the local risk registers during individual and business performance review processes.

AGO has its own Management Board. It considers management of risk at its monthly meetings by reference to its own risk register. The AGO Director Policy and Administration is a member of TSol's Performance and Investment Committee, and AGO senior officials attend the Audit Committee when required.

HMCPSP operates its own risk registers and reviews on a quarterly basis. There is one strategic register (owned by the Inspection Management Board) and three further operational risk registers owned by support services, and the two inspection teams (northern and southern). HMCPSP senior officials attend the Audit Committee when required.

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 has been working hard with its delivery partners to provide assurances over the management of the personal data it holds.

During 2009-10 the framework for handling data and to provide assurance over the management of information held within TSol has been further developed to include:

- The embedding of the Security Team within TSol;

- Continued review and production of data handling policies, guidance and awareness training promoting best practice within TSol;
- Continuing identification of information assets, their risks including quarterly assessments of the delivery chain, and the incorporation of information risks within the risk management policy and processes, endorsed by the Information Asset Owners, and audited by the Security Team annually;
- Incident reporting system re-engineered to include a 'cradle-to-grave' system for all incidents and to incorporate Cabinet Office requirements for reporting in the Annual Report and Accounts.
- The Department is compliant with the ISO 27001:2005 standard for information security management.

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.

There will be continued compliance with Cabinet Office guidelines and ISO 27001

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. The Board and the Audit Committee advise me on risk and the effectiveness of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place. The key elements of the system of internal control are set out above and contribute to my review of the system's effectiveness. The following also inform my view:

The Board - a small group of non-executive Directors and Directors drawn from different business areas - meets monthly. It is the main decision making body and supports me in delivering the Department's strategic objectives. Its sub-committees are structured to focus leadership attention on the corporate priorities of performance, business partnerships and strategic change. The Board agenda is linked to risk and all Board papers include an assessment of risks so that the Board can be sure they are discussing all of the important issues. Each year the Board conducts a self assessment and reviews the outcomes of the self assessments of its sub-committees to agree the Board's role for the next year, any changes to the current Board structure and membership and proposed changes to TSol's governance to support the delivery of the Business Plan. As a result of its last self assessment the Board agreed to improve the way it communicates on strategy and business and to improve the planning of the Board's business with members taking more an active role in shaping content and agreeing objectives.

The Business Partnership Committee oversees the Department'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 outcomes, minimise their legal risk, and maximise the value of the services they receive. It is chaired by the Deputy Treasury Solicitor and is supported by the Business Partnership Director. A review of the Committee took place in the summer of 2009 based on a self-assessment and a further review took place in January 2010 with the purpose of ensuring that the Committee is lean, strategic, able to monitor effectively and sets clear direction for relationships with clients. To achieve this both the terms of reference and membership of the committee were revised.

The Performance and Investment Committee (PIC), chaired by the Deputy Treasury Solicitor until July 2009 and subsequently the Corporate Resources Director, oversees the quality of services delivered and the efficiency of operations. It monitors performance against financial, operational and resourcing targets as defined in the Business Plan and prioritises investment.

The annual self assessment by the PIC in January 2010 confirmed that the Committee was working well but identified the need for more to be done to allow the Committee to exercise oversight of the change programme activity and that the Committee needed to engage more with stakeholders, including the Board and the Treasury Solicitor. The routine inclusion of project dashboards in the monthly performance information passed to the Committee and the briefing given to the Treasury Solicitor by the Non-Executive member of the Committee are measures designed to address these weaknesses. The Committee also concluded that some modest changes to membership would be welcome so that between them the Board, the PIC and the Business Partnership Committee would be able to clear the Business Plan and allow all of TSol's most senior staff to participate in the process. These changes will be introduced during 2010-11.

The PIC has three sub-committees: the Accommodation Programme Board; the Case Management System Project Board; and the GLS Systems Programme Board. These are responsible for ensuring that each of these programmes/project deliver within the remit of the PIC. The Accommodation Programme Board and Case Management System Project Board have both conducted self assessments confirming their effectiveness. The Case Management System Project Board suggested it could become even more effective by learning from the quality of scrutiny available at the Performance and Investment Committee while the Accommodation Programme Board identified some issues which while they have not affected the overall programme outcomes they pointed to weaknesses in the development of business cases. The Board has asked that the Post Project Evaluation clearly identifies those weaknesses so that future programmes can learn from these minor difficulties.

The Audit Committee is chaired by a non-executive Director and currently includes the other two non-executive directors and Michael Hearty, DCSF (now DfE) Finance Director, as an External Member. Representatives from the National Audit Office and Department for Communities and Local Government (DCLG) who have been contracted to provide our Internal Audit Services, are also invited to attend as are representatives of the AGO and HMCPsi. The Committee meets at least three times a year and reports to me and the Board. Its role is to examine and test the robustness of assurance mechanisms in place in respect of the Department's systems for financial control, risk and governance and make recommendations for their improvement. It also assesses internal and external audit activity, the results of that activity and the adequacy of management responses to audits. Audit Committee minutes are copied to the TSol Board and reports on Audit Committee business are made periodically at Board meetings as part of the assurance function the Committee provides to the Board. Each year the Committee conducts a self assessment of its performance and effectiveness. It was agreed that the latest results were satisfactory and well balanced; to the extent that some areas of improvement were identified these will be addressed.

The Health and Safety Committee provides a consistent co-ordinated approach to identification of Health & Safety issues as an aid to those responsible for ensuring a safe and healthy environment across TSol. Identified risks to the business are raised with the appropriate business area and, if appropriate, escalated via the Performance & Investment Committee. The Annual Health and Safety Report was presented to and approved by the PIC.

The Internal Audit work programme for 2009-10 reflected extensive discussions with senior managers, focusing on what they and Internal Audit viewed as the areas of greatest risk to the achievement of business objectives. The work programme was approved by the Audit Committee, and kept under review throughout the year to ensure that it reflected changing business risks and priorities. A review of the performance of Internal Audit against the service level agreement was undertaken during the year. It was Management and the Audit Committee's view that the internal audit arrangements were working well and that the SLA was still appropriate.

In his Annual Assurance Report, which offers an opinion on the adequacy and effectiveness of risk management, control and governance, the Head of Internal Audit gave a substantial assurance on the effectiveness and efficiency of the Department's risk management and governance arrangements but only partial assurance, albeit with an improving trend, on the efficiency and effectiveness of the control mechanisms.

I have received specific assurances on information handling from the Chair of the Audit Committee and the Senior Information Risk Owner, supported by work undertaken by Information Asset Owners and

our internal auditors who have reviewed our data handling requirements against the mandatory requirements.

I issue formal financial delegations to Directors and Divisional Heads with the requirement for an end of year Assurance Report reporting on the control systems that have been utilised to mitigate the risk to the achievement of objectives and any weaknesses identified. I have received these assurance reports for the 2009-10 year end from each Director and also each Committee Chair including the chair of the Audit Committee as required. These assurance statements have been collectively reviewed and challenged by the Audit Committee.

Monthly management accounts provide another assurance mechanism. These are produced by the fifth working day of the month and budget holders receive budget statements for their review by the tenth working day. The Board and the Performance and Investment Committee receive a monthly performance report. There is individual approval of capital expenditure projects.

I held Performance and Accountability Reviews with each of my direct reports (including the Director General of the AGO and the Chief Inspector, HMCPIS) during 2009-10, supported by the Director of Corporate Resources. These reviews focused on progress against the business plan, performance against budget and key performance indicators, and key risks to the delivery of objectives.

External assurance of standards is provided by The Law Society (the Lexcel standard), Investors in People and ISO27001. In 2009-10 our re-accreditation for Lexcel and ISO27001 was confirmed and renewed. Investors in People IIP reaccreditation was achieved in 2008-09.

The Chartered Institute of Public Finance and Accountancy Financial Management Model was used in 2008-09 to test the effectiveness of the Department's financial management in supporting the achievement of business objectives. Further progress has been made in 2009-10 in implementing improvements in the finance function. Over the course of the year we have:

- strengthened control by implementing e-purchasing and for operational invoices, invoice scanning and electronic authorisation;
- strengthened the monitoring and reporting to senior management of the delivery of TSol business plan objectives;
- brought forward the business planning processes such that the 2010-11 plan was published before 1 April 2010;
- continued to improve processes and controls that led to positive interim audit reports from the NAO; and
- increased the resources available to the procurement function.

During the year the following significant control issues have been identified:

Working Capital Management. In the second half of the year, decisions to delay the billing of certain client cases were made without sufficient consideration being given to the impact on our cashflow. This led to an unexpectedly tight year end cash position. Better management monitoring has been put in place to ensure that when a client is put on stop (e.g. no bills to be sent); this decision is communicated to, and discussed with, senior finance management and relationship managers.

Procurement Controls. Clients often instruct TSol to engage specific resources to assist on a case. Where this happens, TSol has relied on but not sought confirmation from the client that their control systems will ensure that these resources have been appropriately procured. To reduce this risk, an instruction has gone out to all TSol lawyers that where a client requests this type of arrangement, a documented authorisation from the instructing person's supervisor (at SCS level) is required.

Client Monies Account. The client monies bank account was not being reconciled promptly and old client balances were not being resolved (e.g. refunded). This bank reconciliation is now up to date and reconciled regularly and work is in hand to resolve all old balances.

Business Continuity. TSol has disaster recovery plans in place but has not fully tested its business continuity processes. Moreover, the disaster recovery location does not allow for full

connectivity to the Government Secure Intranet. These weaknesses in TSol's business continuity arrangements are being rectified and a new Disaster Recovery site will be available during the course of 2010-11.

Security awareness culture. A number of low level security breaches suggest that whilst nearly everyone in TSol has received the minimum mandatory training in information security over the course of the year, further work is required to embed a culture of security awareness.

In relation to control issues identified last year we have:

- significantly increased the amount of spend governed by collaborative procurement including use of OGC and other frameworks;
- reduced duplicate payments through improved focus and for the second-half of the year through the introduction of invoice scanning and electronic authorisation;
- continued to minimize the use of cheques for payment reducing the risk of cheque fraud;
- strengthened the controls around payroll and payroll overpayments; and
- moved NED pay onto the payroll system.

I am confident that the internal control system has been strengthened by the processes put in place to assess and manage risk, and specifically in response to the issues highlighted above.

Paul Jenkins QC
Accounting Officer
21 June 2010

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 for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, the Statement of Operating Costs by Departmental Strategic Objectives 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 the financial statements in accordance with applicable law and 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 Department; and the overall presentation of the financial statements.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 2010 and of its net cash requirement, net resource outturn, net operating cost, operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows 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 comprising the Annual Report 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 are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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.

23 June 2010

Statement of Parliamentary Supply

Summary of Resource Outturn 2009-10

		2009-10 Estimate			2009-10 Outturn				2008-09 Outturn
Note		Gross expenditure	A in A	Net Total	Gross expenditure	A in A	Net Total	Net total outturn compared with Estimate saving/ (excess)	Net Total
		£000	£000	£000	£000	£000	£000	£000	£000
Request for resources 1	3	119,711	105,000	14,711	114,703	(101,094)	13,609	1,102	14,848
Total resources	3	119,711	105,000	14,711	114,703	(101,094)	13,609	1,102	14,848

Net cash requirement 2009-10

Note		2009-10 Estimate	2009-10 Outturn		2008-09 Outturn
		Net Total	Net Total	Net total outturn compared with Estimate saving/ (excess)	Net Total
		£000	£000	£000	£000
Net cash requirement	5	18,427	18,040	387	16,270

Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Forecast 2009-10		Outturn 2009-10	
	Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Total	-	-	-	-

Explanations of variances between Estimate and Outturn are given in Note 3 and in the Management Commentary.

The notes on pages 47 to 63 form part of these accounts.

Operating Cost Statement
for the year ended 31 March 2010

	Note	Staff costs £000	Other cost £000	Income £000	2009-10 Total £000	Restated 2008-09 Total £000
Administration costs:						
Staff costs	7	61,774	-	-	61,774	57,515
Other administration costs	8	-	22,435	-	22,435	19,718
Disbursements	9	-	30,494	-	30,494	28,507
Operating income	10	-	-	(101,094)	(101,094)	(90,858)
Total administration costs		61,774	52,929	(101,094)	13,609	14,882
Net operating cost	4	61,774	52,929	(101,094)	13,609	14,882

All income and expenditure is derived from continuing operations.

The notes on pages 47 to 63 form part of these accounts.

Statement of Financial Position

As at 31 March 2010

	Note	31 March 2010		Restated 31 March 2009		Restated 1 April 2008
		£000	£000	£000	£000	£000
Non-current assets						
Property, plant and equipment	11	4,507		4,647		5,297
Intangible assets	12	1,634		798		1,086
Total non-current assets			6,141		5,445	6,383
Current assets						
Trade receivables and other current assets	13	29,922		22,068		23,842
Cash and cash equivalents	14	387		1,132		5,948
Total current assets		30,309		23,200		29,790
Total assets			36,450		28,645	36,173
Current liabilities						
Trade payables and other current liabilities	15	(14,920)		(14,086)		(23,507)
Non-current assets plus net current assets			21,530		14,559	12,666
Non-current liabilities						
Provisions for liabilities and charges	16	(3,686)		(2,272)		(2,172)
Total assets less liabilities			17,844		12,287	10,494
Taxpayers' equity						
General Fund			17,504		12,165	10,396
Revaluation Reserve			340		122	98
Total taxpayers' equity			17,844		12,287	10,494

The notes on pages 47 to 63 form part of these accounts.

Paul Jenkins QC
Accounting Officer
21 June 2010

Statement of Cash Flows
for the year ended 31 March 2010

	Note	2009-10 £000	Restated 2008-09 £000
Cash flows from operating activities			
Net Operating Costs		(13,609)	(14,882)
Adjustments for non-cash transactions arising in the year	8	4,595	3,146
(Increase)/decrease in trade and other receivables	13	(7,854)	1,774
Increase/(decrease) in trade and other payables	15	834	(9,421)
less movements in payables relating to items not passing through Operating Cost Statement		670	4,951
Use of provisions	16	(460)	(99)
Net cash outflow from operating activities		(15,824)	(14,531)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(926)	(790)
Purchase of Intangible assets	12	(1,290)	(678)
Net cash outflow from investing activities		(2,216)	(1,468)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		17,566	11,251
Net Financing		17,566	11,251
Net decrease in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		(474)	(4,748)
Amounts due to the Consolidated Fund - received in a prior year and paid over		(271)	(68)
Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund.			
		(745)	(4,816)
Cash and cash equivalents at the beginning of the period			
	14	1,132	5,948
Cash and cash equivalents at the end of the period			
	14	387	1,132

The notes on pages 47 to 63 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2010

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2008		12,795	98	12,893
Changes in Accounting Policy		(2,399)	-	(2,399)
Restated Balance at 1 April 2008		10,396	98	10,494
Changes in taxpayers' equity for 2008-09				
Net gain on revaluation of non-current assets	11&12	-	43	43
Non-cash charges: cost of capital	8	488	-	488
Non-cash charges: auditors' remuneration	8	145	-	145
Transfers between reserves		19	(19)	-
Net Operating Cost		(14,882)	-	(14,882)
Total recognised income and expenditure for 2008-09		(14,230)	24	(14,206)
Net Parliamentary Funding: Drawn Down		11,251	-	11,251
Net Parliamentary Funding: Deemed		5,880	-	5,880
Supply payable adjustment		(861)	-	(861)
CFERS repayable to the Consolidated Fund		(271)	-	(271)
Balance at 31 March 2009		12,165	122	12,287

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 1 April 2009		12,165	122	12,287
Changes in taxpayers' equity for 2009-10				
Net gain on revaluation of non-current assets	11&12	-	388	388
Non-cash charges: cost of capital	8	583	-	583
Non-cash charges: auditors' remuneration	8	155	-	155
Transfer between reserves		170	(170)	-
Net Operating Cost		(13,609)	-	(13,609)
Total recognised income and expenditure for 2009-10		(12,701)	218	(12,483)
Net Parliamentary Funding: Drawn Down		17,566	-	17,566
Net Parliamentary Funding: Deemed		861	-	861
Supply payable adjustment		(387)	-	(387)
CFERS repayable to the Consolidated Fund		-	-	-
Balance at 31 March 2010		17,504	340	17,844

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 47 to 63 form part of these accounts.

Statement of Operating Costs by Departmental Strategic Objectives

for the year ended 31 March 2010

	2009-10				Restated 2008-09			
	TSDA £000	AGO £000	HMCPST £000	Total £000	TSDA £000	AGO £000	HMCPST £000	Total £000
Gross Expenditure	104,883	5,262	4,558	114,703	95,812	6,097	3,831	105,740
Income	(101,049)	-	(45)	(101,094)	(90,857)	(1)	-	(90,858)
Net Expenditure	3,834	5,262	4,513	13,609	4,955	6,096	3,831	14,882
Total Assets	17,375	1,302	(833)	17,844	10,964	1,262	61	12,287

The Departments' objectives were as follows:

Objective 1: TSDA - To provide high quality legal services to enable clients to operate effectively within the law, maximise the value of legal services, minimise legal risk and achieve best legal outcomes.

Objective 2: AGO - To provide high quality legal and strategic policy advice and support to the Attorney General and Solicitor General including on questions of law arising on government Bills, issues of legal policy and all major international and domestic litigation involving the government. AGO also supports the Attorney General and Solicitor General by undertaking criminal and legal casework.

Objective 3: HMCPST - To enhance the quality of justice through independent inspection and assessment which improves the effectiveness of prosecution services, providing assurance to ministers, government and the public.

The notes on pages 47 to 63 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 2009-10 *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.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare two additional primary statements: the *Statement of Parliamentary Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement and the *Statement of Operating Cost by Departmental Strategic Objectives* and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

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 26.

1.3 Property, plant and equipment

Assets are carried at 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 *Price Index Numbers for Current Cost Accounting: MM17* (Source: <http://www.statistics.gov.uk>).

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 | 10 years |
| • Furniture, Fittings and Equipment | 3 or 10 years |
| • Computer Equipment | 3 or 4 years |

1.5 Intangible Assets

Purchased and internally developed software, purchased software licences and website costs are capitalised as intangible assets at cost and thereafter restated using *Price Index Numbers for Current Cost Accounting: MM17* (Source: <http://www.statistics.gov.uk>).

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 3 to 5 years
- Software licences 3 to 5 years
- Website Costs 5 years

1.6 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 Fees and Charges Guide to achieve full cost recovery of chargeable services.

Work in progress is recognised as operating income as incurred. This represents unbilled time charges and disbursements which are valued at cost based on the appropriate charge-out rates for the financial year in which the work was undertaken and the actual cost of disbursements.

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 Accounts, rental income, recovery of costs for recruitment and training services provided to other government departments. Income of the Bona Vacantia Division is not included but reported separately in the Crown's Nominee Accounts.

1.7 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.

1.8 Administration and Programme Income and Expenditure

Administration expenditure reflects the cost of running the Department. The Department's main administration costs relate to staff costs and accommodation. In addition to its administration costs, 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 and European Litigation which are funded from the Estimate.

The classification of expenditure and income as administration or programme follows the definition of administration costs set out in *Managing Public Money* by HM Treasury.

1.9 Capital Charge

A charge, reflecting the cost of capital utilised by the Department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 percent) on the average carrying amount of all assets less liabilities, except for cash balances with the Office of the Paymaster General (OPG), where the charge is £nil.

1.10 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.

1.11 Early Departure Costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when early retirements are agreed with the individuals concerned and are binding on the Department. The Department may, in certain circumstances, settle all or some of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote.

1.12 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.

1.13 Operating Leases

Operating lease rentals are charged to the operating cost statement in equal amounts over the lease term from the date of occupation. Future payments as disclosed in Note 19 (Commitments under operating leases) are not discounted.

1.14 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. It also needs to provide for the cost of the lease of the building previously occupied by the Government Property Lawyers Agency that is significantly in excess of the rents that the Department is able to achieve by sub-letting the building. Provision has been made for the net costs of this onerous contract in accordance with IAS 37 (see Note 16.2). 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 2.2 per cent in real terms.

1.15 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.

1.16 Third Party Assets

The Department holds various funds on behalf of its clients. These relate to ongoing legal processes. They are treated as off-balance sheet items and movements in totals are disclosed in Note 25 to these accounts.

2. FIRST TIME ADOPTION OF IFRS

Taxpayers' equity at 31 March 2009 under UK GAAP

Adjustments for:

Leases IAS 17 (1)

Accrued holiday pay IAS 19 (2)

Taxpayers' equity at 1 April 2009 under IFRS

General Fund £000	Revaluation Reserve £000
14,869	122
(1,402)	-
(1,302)	-
12,165	122

Net operating cost for 2008-09 under UK GAAP

Adjustments for:

Leases IAS 17 (1)

Accrued holiday pay IAS 19 (2)

Net operating cost for 2008-09 under IFRS

£000
14,577
392
(87)
14,882

Notes

1. Under UK GAAP the accrued benefit of the rent free period for the leases for One Kemble Street and 20 Victoria Street had been spread over the term of the lease, from date of occupation to next rent review date. Under IFRS, the accrued benefit is spread from date of occupation to the lease end date.

2. Under IAS19 Employee Benefits all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been derived from the HR system (Trent) as at 31 March 2010.

2. In addition IT development and software (£375k), website costs (£35k) and intangible assets under construction (£271k) have been reclassified from Plant, Property and Equipment to Intangible Assets. This restatement does not impact on taxpayer's equity or the operating costs.

3. In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in Spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

3. ANALYSIS OF NET RESOURCE OUTTURN BY SECTION

Request for resources 1:	2009-10						2009-10	2008-09
	Outturn						Estimate	
							Net total outturn compared with Estimate saving/ (excess) £000	Prior-year outturn £000
	Admin £000	Other current £000	Grants £000	Gross Resource expenditure £000	A in A £000	Net total £000	Net total £000	
A: TSDA Administration	104,883	-	-	104,883	(101,049)	3,834	5,501	4,930
B: AGO Administration	5,262	-	-	5,262	-	5,262	5,430	6,061
C: HMCPSI Administration	4,558	-	-	4,558	(45)	4,513	3,780	3,857
Resource outturn	114,703	-	-	114,703	(101,094)	13,609	14,711	14,848

The variance between Estimate and Outturn is due to:

- A. *TSDA Administration* - underspent by £1,667K. £733K of this will be vired to cover the overspend at HMCPSI. Non recoverable disbursements were lower than anticipated and there was an excess of income over costs
- B. *AGO Administration* – underspent by £168K due to not proceeding with previously planned accommodation works and lower than forecast overseas travel costs and staff costs.
- C. *HMCPSI Administration* – overspent by £733K due to the need to provide for significant dilapidations of a listed building.

Key to Request for Resource and Sections:

Request for Resource 1. Providing comprehensive and competitive legal services to government departments and publicly funded bodies.

Functions:

TSDA - To provide high quality legal services to enable clients to operate effectively within the law, maximise the value of legal services, minimise legal risk and achieve best legal outcomes.

AGO - To provide high quality legal and strategic policy advice and support to the Attorney General and Solicitor General including on questions of law arising on government Bills, issues of legal policy and all major international and domestic litigation involving the government. AGO also supports the Attorney General and Solicitor General by undertaking criminal and legal casework.

HMCPSI - To enhance the quality of justice through independent inspection and assessment which improves the effectiveness of prosecution services, providing assurance to ministers, government and the public.

4. RECONCILIATION OF OUTTURN TO NET OPERATING COST AND AGAINST ADMINISTRATION BUDGET

4a. Reconciliation of net resource outturn to net operating cost

			2009-10 Outturn compared with Estimate £000	2008-09 Outturn £000
	Note	Outturn £000	Estimate £000	
Net resource outturn	3	13,609	14,711	14,848
Prior Period Adjustments		-	-	305
Non-supply income (CFERs)		-	-	(271)
Net operating cost		13,609	14,711	14,882

4b. Outturn against final Administration Budget

	2009-10		Restated 2008-09
	Budget £000	Outturn £000	Outturn £000
Gross Administration Budget	119,711	114,703	105,469
Income allowable against the Administration Budget	(105,000)	(101,094)	(90,587)
Net Outturn against final Administration Budget	14,711	13,609	14,882

5. RECONCILIATION OF RESOURCES TO CASH REQUIREMENT

			2009-10
	Note	Estimate £000	Outturn £000
Resource Outturn	3	14,711	13,609
Capital			
Acquisition of non-current assets	11 & 12	4,000	2,291
Non-operating A in A		-	-
Accruals Adjustments			
Non-cash items	8	(2,284)	(4,595)
Changes in working capital other than cash		2,000	6,275
Use of provisions	16	-	460
Net cash requirement		18,427	18,040

The net cash requirement was not fully utilised.

6. RECONCILIATION OF INCOME RECORDED WITHIN THE OPERATING COST STATEMENT TO OPERATING INCOME PAYABLE TO THE CONSOLIDATED FUND

	Note	2009-10 £000	Restated 2008-09 £000
Operating income	10	101,094	90,858
Income authorised to be appropriated-in-aid		(101,094)	(90,587)
Operating income payable to the Consolidated Fund		-	271

7. STAFF NUMBERS AND RELATED COSTS

7.1 Staff costs

		2009-10				Restated 2008-09
		Permanently employed staff £000	Others £000	Ministers £000	Total £000	Total £000
Staff costs comprise:	Note					
Wages and salaries		42,273	-	215	42,488	38,044
Social security costs		3,399	-	24	3,423	3,298
Other pension costs		8,609	-	-	8,609	8,359
Sub Total		54,281	-	239	54,520	49,701
Agency and contracted staff		-	6,747	-	6,747	6,939
Inward secondments		-	507	-	507	875
Total *		54,281	7,254	239	61,774	57,515
Less recoveries in respect of outward secondments	10	(1,346)	-	-	(1,346)	(1,655)
Total Net Costs		52,935	7,254	239	60,428	55,860

* All salary costs have been charged to the Operating Cost Statement.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Treasury Solicitor's Department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation www.civilservice-pensions.gov.uk.

For 2009-10, employers' contributions of £8,525,596 were payable to the PCSPS (2008-09: £8,288,443) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010-11, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 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 £83,019 (2008-09: £68,038) 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% (2008-09: 3% to 12.5%) of pensionable pay. Employers also match employee contributions of up to 3% of pensionable pay. In addition, employer contributions of £nil (2008-09: £2,957), 0.8% 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 balance sheet date were nil. Contributions prepaid at that date were nil.

Three staff retired early on ill health grounds (2008-09: Two); the total additional accrued pension liabilities in the year amounted to £nil (2008-09: £nil).

7.2 Average number of persons employed

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

Objectives	2009-10				Restated 2008-09
	Number				Number
	Total	Permanent Staff	Others	Ministers	Total
Objective 1 – TSDA	973	809	164	-	915
Objective 2 – AGO	54	50	2	2	53
Objective 3 – HMCPSI	43	43	-	-	47
Staff engaged on capital projects	-	-	-	-	-
Total	1,070	902	166	2	1,015

8. OTHER ADMINISTRATION COSTS

	Note	2009-10 £000	Restated 2008-09 £000
Rentals under operating leases			
Hire of plant and machinery		145	77
Other operating leases		4,557	4,550
		4,702	4,627
Non-cash items			
Depreciation and amortisation	11 & 12	1,601	1,811
Downward revaluation of non-current assets	11 & 12	-	472
Loss on disposal of non-current assets	11 & 12	382	31
Increase in provision for early departure costs	16	634	346
Increase/(decrease) in closure costs provision	16	390	(147)
Provision for dilapidations	16	850	-
Cost of capital charge		583	488
Auditors' remuneration*		155	145
		4,595	3,146
Other expenditure			
Accommodation		1,881	1,580
Rates and maintenance		1,870	1,730
Library information services		1,460	1,394
Utilities and cleaning		659	544
Consultants		314	1,537
Professional programme and technical services**		828	-
Recruitment		505	562
Training		704	817
Communications		503	417
IT maintenance		1,273	827
Publications		250	326
Travel and subsistence		529	665
Translation costs		160	239
Postal services		230	239
Stationery		256	343
Records management		235	179
Early departure costs		762	148
Other expenditure		1,460	860
		13,879	12,407
		23,176	20,180
Less utilisation of provision	16	(741)	(462)
		22,435	19,718

* Auditors' remuneration includes the notional audit fees of £100k (2008-09: £105k) for the Department Resource Account, and Treasury Solicitor's Department Agency Account, plus £55k (2008-09: £40k) for the Crown's Nominee Accounts. This included fees of £9k (2008-09: £9k) for audit work relating to the transition to International Financial Reporting Standards (IFRS). There was no auditor remuneration for non-audit work.

** Professional Programme and Technical Services are additional classifications which were reported in consultancy in 2008-09.

9. DISBURSEMENTS

	Note	2009-10 £000	2008-09 £000
Recoverable from client departments	10	28,967	26,837
Funding from Supply		1,527	1,670
Gross expenditure		30,494	28,507

10. INCOME

10a. Analysis of operating income by classification and activity

	Note	2009-10 £000	Restated 2008-09 £000
Request for resources 1			
Legal fees and charges to clients		65,345	56,940
Bona Vacantia		3,945	3,839
Rent: other government bodies		400	431
Recovery of secondments out	7	1,346	1,655
Other income		1,372	1,248
Cost awarded to the Department		-	271
		72,408	64,384
Less utilisation of provision	16	(281)	(363)
Total operating income		72,127	64,021
Disbursements	9	28,967	26,837
Total income		101,094	90,858

10b. Analysis of income from services provided

An analysis of the Treasury Solicitor's Department Agency's income and associated costs are 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 Fees and Charges Guide. This analysis is not for IFRS 8 purposes. Disbursements are recovered at cost.

	2009-10			Restated 2008-09		
	Income £000	Full Cost £000	Surplus/ (deficit) £000	Income £000	Full Cost £000	Surplus/ (deficit) £000
Administration income:						
Legal fees and charges to clients	65,345	63,921	1,424	56,940	56,456	484
Disbursements	28,967	28,967	-	26,837	26,837	-
Bona Vacantia	3,945	3,945	-	3,839	3,839	-
Other income	2,792	2,792	-	3,241	3,241	-
Non-chargeable work	-	5,258	(5,258)	-	5,439	(5,439)
Total (TSDA)	101,049*	104,883	(3,834)	90,857**	95,812***	(4,955)

The net operating cost of £3,834k mainly comprises the cost of work deemed to be non-chargeable (£5,258k) net of income (£1,424k) and is funded from Supply.

* excludes receipts for HM Crown Prosecution Service Inspectorate.

** excludes Consolidated Fund Extra Receipts for the Attorney General's Office.

*** 2008-09 restated figures include £295k relating to the transitional adjustment for IFRS. For the purposes of this restated analysis, an adjustment has been apportioned to Legal fees and charges to clients £269k and non-chargeable work £26k.

11. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction £000	Leasehold improvements £000	Computer network £000	Furniture and fittings £000	2009-10 Total £000
Cost or Valuation					
At 1 April 2009	-	2,262	2,757	2,749	7,768
Additions	343	-	407	352	1,102
Disposals	-	-	(90)	(567)	(657)
Revaluations	-	28	437	28	493
At 31 March 2010	343	2,290	3,511	2,562	8,706
Depreciation					
At 1 April 2009	-	412	1,771	938	3,121
Charge in year	-	229	631	286	1,146
Disposals	-	-	(80)	(251)	(331)
Revaluations	-	14	239	10	263
At 31 March 2010	-	655	2,561	983	4,199
Net book value at 31 March 2010	343	1,635	950	1,579	4,507
	Assets under construction £000	Leasehold improvements £000	Computer network £000	Furniture and fittings £000	2009-10 Total £000
Asset Financing					
Owned	343	1,635	950	1,579	4,507
Finance Leased	-	-	-	-	-
At 31 March 2010	343	1,635	950	1,579	4,507
	Assets under construction £000	Leasehold improvements £000	Computer network £000	Furniture and fittings £000	Restated 2008-09 Total £000
Cost or Valuation					
At 1 April 2008	-	2,694	2,100	2,661	7,455
Additions	-	39	776	42	857
Disposals	-	-	(75)	(11)	(86)
Revaluations	-	(471)	(44)	57	(458)
At 31 March 2009	-	2,262	2,757	2,749	7,768
Depreciation					
At 1 April 2008	-	225	1,274	659	2,158
Charge in year	-	226	575	269	1,070
Disposals	-	-	(51)	(4)	(55)
Revaluations	-	(39)	(27)	14	(52)
At 31 March 2009	-	412	1,771	938	3,121
Net book value at 31 March 2009	-	1,850	986	1,811	4,647
Net book value at 31 March 2008	-	2,469	826	2,002	5,297

Reconciliation of cash flows to property, plant and equipment additions

	Note	2009-10 £000	Restated 2008-09 £000
Property, plant and equipment additions	11	1,102	857
Movement in accruals for property, plant and equipment		(176)	(67)
Cash flows for property, plant and equipment		926	790

12. INTANGIBLE ASSETS

	Assets under construction £000	Development IT Software £000	Software licences £000	Website costs £000	2009-10 Total £000
Costs or Valuation					
At 1 April 2009	281	2,579	577	36	3,473
Additions	1,027	105	57	-	1,189
Disposals	-	(621)	(535)	-	(1,156)
Reclassification	(281)	271	10	-	-
Revaluation	-	416	18	6	440
At 31 March 2010	1,027	2,750	127	42	3,946
Amortisation					
At 1 April 2009	-	2,138	536	1	2,675
Charge in year	-	407	40	8	455
Disposals	-	(565)	(535)	-	(1,100)
Revaluation	-	281	1	-	282
At 31 March 2010	-	2,261	42	9	2,312
Net book value at 31 March 2010	1,027	489	85	33	1,634
					Restated
	Assets under construction £000	Development IT Software £000	Software licences £000	Website costs £000	2008-09 Total £000
Costs or Valuation					
At 1 April 2008	-	2,514	545	-	3,059
Additions	281	115	43	37	476
Disposals	-	-	-	-	-
Revaluation	-	(50)	(11)	(1)	(62)
At 31 March 2009	281	2,579	577	36	3,473
Amortisation					
At 1 April 2008	-	1,537	436	-	1,973
Charge in year	-	631	109	1	741
Disposals	-	-	-	-	-
Revaluation	-	(30)	(9)	-	(39)
At 31 March 2009	-	2,138	536	1	2,675
Net book value at 31 March 2009	281	441	41	35	798
Net book value at 31 March 2008	-	977	109	-	1,086

Reconciliation of cash flows to intangible asset additions

	Note	2009-10 £000	Restated 2008-09 £000
Intangible asset additions	12	1,189	476
Movement in accruals for intangible assets		101	202
Cash flows for intangible assets		1,290	678

13. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

13a. Analysis by type

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Amounts falling due in one year:			
Unbilled time	5,255	5,212	4,274
Unbilled disbursements	6,959	6,258	9,478
Trade receivables	14,536	6,424	7,178
Deposits and advances	218	222	192
Other receivables	1	80	104
Prepayments and accrued income	2,953	3,872	2,616
	29,922	22,068	23,842

The Department has no debtors falling due after more than one year. Included within debtors is £nil (2008-09: £nil) that will be due to the Consolidated Fund once the debts are collected.

13b. Intra-government balances

	31 March 2010 Amounts falling due within one year £000	Restated 31 March 2009 Amounts falling due within one year £000	Restated 1 April 2008 Amounts falling due within one year £000
Balances with other central government bodies	26,813	18,982	21,421
Balances with local authorities	289	252	240
Balances with NHS Trusts	-	-	-
Balances with public corporations and trading funds	73	1,101	854
<i>Sub total: intra-government balances</i>	<i>27,175</i>	<i>20,335</i>	<i>22,515</i>
Balances with bodies external to government	2,747	1,733	1,327
Total debtors	29,922	22,068	23,842

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

14. CASH AND CASH EQUIVALENTS

	2009-10 £000	2008-09 £000
Balance at 1 April	1,132	5,948
Net change in cash balances	(745)	(4,816)
Balance at 31 March	387	1,132
The following balances at 31 March were held at:		
Office of HM Paymaster General	387	1,131
Commercial banks and in hand	-	1
Balance at 31 March	387	1,132

15. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

15a. Analysis by type

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Amounts falling due within one year			
VAT	2,508	1,401	1,690
Trade payables	65	123	985
Other taxation and social security costs	1,201	1,134	1,042
Other payables	421	328	1,385
Accruals	8,837	9,486	12,004
Deferred income	1,501	482	453
	14,533	12,954	17,559
Amounts issued from the Consolidated Fund for Supply and not spent at year end	387	861	5,880
Consolidated Fund Extra Receipts received due to be paid to the Consolidated Fund	-	271	68
	387	1,132	5,948
	14,920	14,086	23,507

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

15b. Intra-government balances

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
Amounts falling due within one year	£000	£000	£000
Balances with other central government bodies	4,594	4,145	10,495
Balances with local authorities	-	-	-
Balances with NHS Trusts	-	-	-
Balances with public corporations and trading funds	1,588	1,756	1,955
<i>Subtotal: intra-government balances</i>	<i>6,182</i>	<i>5,901</i>	<i>12,450</i>
Balances with bodies external to government	8,738	8,185	11,057
Total payables and other liabilities	14,920	14,086	23,507

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).

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Early Retirement costs £000	GPL Closure costs £000	HMCPSP Leasehold dilapidations £000	2009-10 Total £000	2008-09 Total £000
Balance at 1 April	556	1,716	-	2,272	2,172
Provided in the year	634	526	850	2,010	346
Provisions not required written back	-	(136)	-	(136)	(147)
	1,190	2,106	850	4,146	2,371
Provisions utilised in the year					
Other administration costs	(367)	(409)	-	(776)	(502)
Operating income	-	281	-	281	363
Unwinding of discount	-	35	-	35	40
	(367)	(93)	-	(460)	(99)
Balance at 31 March	823	2,013	850	3,686	2,272

Analysis of expected timing of discounted cash flows

	Early Retirement costs £000	GPL Closure costs £000	HMCPSP Leasehold Dilapidations £000	2009-10 Total £000
In the remainder of the Spending Review period to 2011	134	134	850	1,118
Between 2012 and 2016	687	1,879	-	2,566
Between 2017 and 2021	2	-	-	2
Thereafter	-	-	-	-
	823	2,013	850	3,686

Explanatory Notes

16.1 Provision for early retirement and pension commitments

The Department meets 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. The Department provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments; these are not discounted. The provision is written off to the Operating Cost Statement, as and when the liabilities materialise.

16.2 Provision for GPL closure costs

The Government Property Lawyers Department (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 Agency took over the liabilities and provisions, that the GPLA liabilities should not impact on the operating results of the Agency.

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 2.2 per cent in real terms (2008-09: 2.2 per cent).

16.3 HMCPSI Provision for Dilapidations

HMCPSI occupy a listed building. The current lease ends in September 2011. Provision has been made for the estimated cost of significant dilapidations on the building to leave it in an operational condition when it is vacated in accordance with the terms of the lease. The estimated payments are not discounted.

17. NOTES TO THE STATEMENT OF OPERATING COSTS BY DEPARTMENTAL AIM AND OBJECTIVE

Programme grants and other current expenditure have been allocated as follows:

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Request for resources 1:			
Objective 1. TSDA administration	104,883	95,812	91,984
Objective 2. AGO administration	5,262	6,097	6,750
Objective 3. HMCPSI administration	4,558	3,831	3,824
	114,703	105,740	102,558

Capital Employed by Departmental Aim and Objective:

The Department's capital is employed exclusively for administration purposes. Its distribution among objectives is therefore not markedly different from the proportion of the related gross administration cost. Capital Employed has therefore been allocated to objectives in accordance with the Department's normal management accounting practices.

	31 March 2010 £000	Restated 31 March 2009 £000	Restated 1 April 2008 £000
Request for resources 1:			
Objective 1. TSDA administration	17,375	10,964	8,671
Objective 2. AGO administration	1,302	1,262	1,756
Objective 3. HMCPSI administration	(833)	61	67
	17,844	12,287	10,494

18. CAPITAL COMMITMENTS

Contracted capital commitments at 31 March not otherwise included in these financial statements.

	2009-10 £000	Restated 2008-09 £000
Plant, property and equipment	-	-
Intangible assets	186	-
	186	-

The Department has signed a contract for a new case management system to be fully implemented in 2010-11.

In 2008-09 £187k was disclosed under the heading of Capital Commitments. For 2009-10 this comparative figure has been restated and disclosed under Note 20: Other Financial Commitments, to align with 2009-10 FReM definitions.

19. COMMITMENTS UNDER OPERATING LEASES

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

	2009-10		2008-09	
	Buildings £000	Other £000	Buildings £000	Other £000
Not later than one year	4,726	123	4,726	61
Later than one year but not more than five years	18,155	199	18,036	13
Expiry thereafter	17,333	-	22,168	-
	40,214	322	44,930	74

20. OTHER FINANCIAL COMMITMENTS

The Department has entered into a non-cancellable contract (which is not a lease or PFI contract) for an integrated HR and payroll database system. The payments to which the Department is committed, analysed by the period during which the commitment expires are as follows.

	2009-10 £000	Restated 2008-09 £000
Expiry within one year	62	62
Expiry after one year but not more than five years	62	125
Expiry thereafter	-	-
	124	187

21. 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.

22. CONTINGENT LIABILITIES

22.1 Contingent liabilities disclosed under IAS 37

There were no contingent liabilities as at 31 March 2010 (31 March 2009: £nil).

22.2 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 2010 (31 March 2009: £nil).

23. LOSSES AND SPECIAL PAYMENTS

There are no material losses and special payments that need to be reported in accordance with *Managing Public Money*. Those that have arisen have been in the normal course of business.

24. RELATED PARTY TRANSACTIONS

The Department, through its Agency, has had a significant number of material transactions with other government departments and public agencies. These include HM Treasury, the United Kingdom Border Agency, the Ministry of Defence, the Ministry of Justice, the Department for Business, Innovation and Skills, the Home Office, the National Offender Management Service, the Department for Transport, the Department for Communities and Local Government, and HM Revenue and Customs. 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 accommodation, as well as 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.

25. THIRD PARTY ASSETS - CLIENT MONIES

The Department has a custodial role to ensure the safekeeping of client monies. As at 31 March 2010, these amounted in total to £6,208,012 (31 March 2009: £5,843,292). An analysis of the movements on these accounts is shown in the table below:

	2009-10	2008-09
	£000	£000
Opening balance at 1 April	5,843	8,815
Gross inflows	62,807	54,860
Gross outflows	(62,442)	(57,832)
Closing balance at 31 March	6,208	5,843

26. ENTITIES WITHIN THE DEPARTMENTAL BOUNDARY

The entities within the boundary during 2009-10 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.

Annex A CORE TABLES (Not subject to NAO Audit)

TABLE 1

Total Departmental Spending (£000)

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans	2011-12 Plans	2012-13 Plans
<u>Resource Budget</u>									
<i>Resource DEL</i>									
HM Procurator General and Treasury Solicitor	13,856	7,893	7,903	13,686	13,890	11,152	12,945	-	-
Total Resource Budget DEL	13,856	7,893	7,903	13,686	13,890	11,152	12,945	-	-
<i>Resource AME</i>									
HM Procurator General and Treasury Solicitor	277	155	294	-19	199	1,874	-	-	-
Total Resource Budget AME	277	155	294	-19	199	1,874	-	-	-
Total Resource Budget	14,133	8,048	8,197	13,705	14,089	13,026	12,945	-	-
<i>Of Which: Depreciation</i>	3,539	1,227	1,723	2,137	2,283	1,601	1,676	-	-
<u>Capital Budget</u>									
<i>Capital DEL</i>									
HM Procurator General and Treasury Solicitor	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-
Total Capital Budget DEL	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-
<i>Capital AME</i>									
Total Capital Budget AME	-	-	-	-	-	-	-	-	-
Total Capital Budget	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-

Total departmental spending*

HM Procurator General and Treasury Solicitor

	12,898	-22,304	8,835	14,190	13,139	13,716	14,879	-	-
Total departmental spending*	12,898	-22,304	8,835	14,190	13,139	13,716	14,879	-	-
<i>Of which</i>									
Total DEL	12,621	-22,459	8,541	14,209	12,940	11,842	14,879	-	-
Total AME	277	155	294	-19	199	1,874	-	-	-

* Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital DEL less depreciation in DEL, and total AME is the sum of the resource budget AME and capital budget AME less depreciation in AME.

TABLE 2

Resource budget DEL and AME (£000)

Resource DEL**HM Procurator General and Treasury Solicitor***Of which:*

Treasury Solicitor's Department

Attorney General's Office

HM Crown Prosecution Service Inspectorate

Total Resource Budget DEL*Of which: **

Pay

Procurement

Current grants and subsidies to the public sector and abroad

Current grants to local authorities

Depreciation

Resource AME**HM Procurator General and Treasury Solicitor***Of which:*

Treasury Solicitor's Department

HM Crown Prosecution Service Inspectorate

Total Resource Budget AME*Of which: **

Pay

Procurement

Current grants and subsidies to the public sector and abroad

Current grants to local authorities

Depreciation

Total resource budget

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans	2011-12 Plans	2012-13 Plans
HM Procurator General and Treasury Solicitor	13,856	7,893	7,903	13,686	13,890	11,152	12,945	-	-
<i>Of which:</i>									
Treasury Solicitor's Department	6,641	1,802	3,179	3,264	4,024	2,261	4,784	-	-
Attorney General's Office	3,909	2,356	1,124	6,645	6,011	5,214	4,477	-	-
HM Crown Prosecution Service Inspectorate	3,306	3,735	3,600	3,777	3,855	3,677	3,684	-	-
Total Resource Budget DEL	13,856	7,893	7,903	13,686	13,890	11,152	12,945	-	-
<i>Of which: *</i>									
Pay	34,706	38,100	41,057	44,960	49,009	53,681	-	-	-
Procurement	43,966	38,603	46,577	54,749	55,118	58,565	-	-	-
Current grants and subsidies to the public sector and abroad	-	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	3,539	1,227	1,723	2,137	2,283	1,601	1,676	-	-
HM Procurator General and Treasury Solicitor	277	155	294	-19	199	1,874	-	-	-
<i>Of which:</i>									
Treasury Solicitor's Department	277	155	294	-19	199	1024	-	-	-
HM Crown Prosecution Service Inspectorate	-	-	-	-	-	850	-	-	-
Total Resource Budget AME	277	155	294	-19	199	1,874	-	-	-
<i>Of which: *</i>									
Pay	-	-	-	-	-	-	-	-	-
Procurement	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the public sector and abroad	-	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-
Total resource budget	14,133	8,048	8,197	13,705	14,089	13,026	12,945	-	-

**The economic category breakdown of resource budgets only shows the main categories, so may not sum to the total. The breakdown may even exceed the total where further income scores in resource budgets.*

TABLE 3

Capital budget DEL and AME (£000)

	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans	2011-12 Plans	2012-13 Plans
<u>Capital DEL</u>									
HM Procurator General and Treasury Solicitor	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-
<i>Of which:</i>									
Treasury Solicitor's Department	2,290	-29,195	916	942	1,249	2,281	3,510	-	-
Attorney General's Office	14	70	1,445	1,680	84	10	100	-	-
Total Capital Budget DEL	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales*	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
Net lending to private sector	-	-	-	-	-	-	-	-	-
Capital support to public corporations	-	-	-	-	-	-	-	-	-
Capital support to local authorities**	-	-	-	-	-	-	-	-	-
<u>Capital AME</u>									
Total capital Budget AME	-	-	-	-	-	-	-	-	-
<u>Total capital budget</u>	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales*	2,304	-29,125	2,361	2,622	1,333	2,291	3,610	-	-
Less depreciation***	3,539	1,227	1,723	2,137	2,283	1,601	1,676	-	-
Net capital expenditure on tangible fixed assets	-1,235	-30,352	638	485	-950	690	1,934	-	-

* Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

** This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

*** Included in Resource Budget.

TABLE 4

TREASURY SOLICITORS DEPARTMENT: CAPITAL EMPLOYED (£000)									
	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 Outturn	2009-10 Outturn	2010-11 plans	2011-12 plans	
<i>Assets and liabilities on the Statement on Financial Position at end of year:</i>									
Assets									
Non current assets									
Intangible	590	658	469	109	51	1,634	-	-	
Property, Plant and Equipment	28,268	4,807	5,561	6,274	5,394	4,507	-	-	
<i>of which:</i>									
Freehold Land and Buildings	25,808	-	-	-	-	-	-	-	
Leasehold Land and Buildings	538	-	-	2,469	1,850	-	-	-	
Development Under Construction	1,046	239	1,459	-	271	1,370	-	-	
Development in use	52	1,291	1,266	444	66	162	-	-	
Computer Network	783	1,270	893	1,359	1,396	407	-	-	
Fixtures and Fittings	41	2,007	1,943	2,002	1,811	352	-	-	
Current assets	18,090	19,559	24,148	29,790	22,580	30,309	-	-	
Liabilities									
Current liabilities	-8,978	-10,759	-12,629	-21,108	-10,762	-14,920	-	-	
Provisions for liabilities and charges	-3,123	-3,250	-2,533	-2,172	-2,272	-3,686	-	-	
Capital employed within main department	34,847	11,015	15,016	12,893	14,991	17,844	-	-	
NDPB net assets	-	-	-	-	-	-	-	-	
Total capital employed in dept'l group	34,847	11,015	15,016	12,893	14,991	17,844	-	-	

TABLE 5

Administration Costs (£000)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans	Plans
Administration expenditure									
Paybill	34,706	38,100	41,057	44,960	49,009	53,681	-	-	-
Other	43,966	38,603	46,577	54,729	55,118	58,565	-	-	-
Total Administration expenditure	78,672	76,703	87,634	99,689	104,127	112,246	117,945	-	-
Administrative Income	-64,816	-68,810	-79,731	-86,003	-90,237	-101,094	-105,000	-	-
Total Administration budget	13,856	7,893	7,903	13,686	13,890	11,152	12,945	-	-
Analysis by activity									
HM Procurator General and Treasury Solicitor	13,856	7,893	7,903	13,686	13,890	11,152	12,945	-	-
Total Administration budget	13,856	7,893	7,903	13,686	13,890	11,152	12,945	-	-

TABLE 6

Staff Numbers

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Total TSol								
CS FTE	741	731	748	783	833	904	-	-
Overtime *	3	3	3	2	2	3	-	-
Casuals **	119	136	166	182	182	166	-	-
Total	863	870	917	967	1,017	1,073		
TSDA								
CS FTE	652	641	659	688	741	809	-	-
Overtime	1	1	1	1	1	2	-	-
Casuals	113	129	158	170	174	164	-	-
Total	766	771	818	859	916	975	-	-
AGO								
CS FTE ***	43	46	46	49	46	52	-	-
Overtime	2	2	2	1	1	1	-	-
Casuals	4	5	7	11	7	2	-	-
Total	49	53	55	61	54	55	-	-
HMCPSI								
CS FTE	46	44	43	46	46	43	-	-
Overtime	-	-	-	-	-	-	-	-
Casuals	2	2	1	1	1	-	-	-
Total	48	46	44	47	47	43	-	-

*The methodology for calculating overtime has changed since the 2008 Departmental Report.

** Agency staff have now been included in the 'Casual' figures.

*** Includes Ministers



information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, telephone, fax and email

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/general enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

Email: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/general enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other accredited agents

Customers can also order publications from:

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Telephone orders/general enquiries: 028 9023 8451

Fax orders: 028 9023 5401

ISBN 978-0-10-296411-0



9 780102 964110