

Main Estimates memorandum (2019-20) for HM Procurator General and Treasury Solicitor

1 Overview

1.1 Objectives

The Estimate for HM Procurator General and Treasury Solicitor (HMPG&TS) provides for the expenditure and income of the Government Legal Department (GLD), the Attorney General's Office (AGO) and HM Crown Prosecution Service Inspectorate (HMCPSI).

GLD is a non-ministerial government department and its predecessor (the Treasury Solicitor's Department) was established as an Executive Agency on 1 April 1996. It has no policy responsibility. Ministerial responsibility lies with the Attorney General. GLD provides high quality legal services to most Whitehall Departments and to more than a hundred other government and public bodies. It applies its combined legal professional skills to provide consistently excellent legal services, drawing on its unique perspective of the law across the legal landscape of government.

The AGO is a specialist ministerial department serving the Attorney General and the Solicitor General (the Law Officers) across the full range of their functions. The Law Officers are the Government's chief legal advisers and help the Government to deliver policy in the context of upholding the rule of law and perform a visible and effective role as leaders in the domestic and international legal community. They also have superintendence responsibilities in relation to the public prosecutions conducted by the Crown Prosecution Service and the Serious Fraud Office.

The purpose of HMCPSI is to inspect the operation of the Crown Prosecution Service and the Serious Fraud Office and to provide independently assessed evidence to allow others to hold these agencies to account thereby encouraging improvement. The Chief Inspector, who also fulfils the role of Chief Executive, has been appointed as Accounting Officer for HMCPSI.

1.2 Spending controls

HMPG&TS's net spending is broken down into a several different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit (**Resource DEL**) - this limit is to fund the public interest casework of GLD and AGO both in terms of time spent and disbursements, and dual tenancy costs arising from GLD's Head Office move, the administration costs of AGO and HMCPSI, and the programme cost of the AGO's essential preparations for exiting the EU. The balance of GLD's operating costs, including the cost of legal disbursements, are recovered from client departments.
- Capital Departmental Expenditure Limit (**Capital DEL**): - investment in capital equipment such as ICT and furniture and fittings, including expenditure arising from GLD's Head Office move.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require HMPG&TS to pay out cash in year.

1.3 Comparison of net spending totals sought

The table below shows how the net spending totals sought for HMPG&TS compares with last year:

Spending total Amounts sought this year (Main Estimate 2019-20)		Compared to final budget last year (Supplementary Estimate 2018-19)		Compared to original budget last year (Main Estimate 2018-19)	
		£ m	%	£m	%
Resource DEL	16.871	11.154	51%	12.210	38%
Capital DEL	2.700	5.700	-53%	4.200	-36%

A breakdown of spending and income within the net total is shown in section 2.1.

1.4 Key drivers of spending changes since last year

The net Resource DEL has increased from last year because it includes provision for lease overlap and other costs associated with the move to new office accommodation as part of the Government's Estates Strategy and the lease on GLD's principal building expiring in 2019-20.

Within this, expected income, and the gross expenditure this covers, are both expected to rise. Income reflects demand for GLD legal services, plus increases in GLD rates in 2019-20 to meet a number of cost pressures. This is the first time hourly rates for Litigation and other mainly transactional work have increased since 2008 which, with two fee reductions and rebates made, equated to a c50% real term reduction. While for Advisory services (charged on a fixed fee basis), GLD has delivered a c16% baseline (i.e. like for like) reduction in the last two Spending Review Periods. The cost pressures in 2019-20 include: the cost of the proposed new pay structure for GLD lawyers, an increase in employers' pension contributions to the Civil Service Schemes following the last valuation, the cost of GLD's new accommodation (which is more expensive than its current building), and investment in corporate services. Further detail is given in section 2.1

The net capital DEL proposed is 36% less than last year's original budget.

1.5 New policies and programmes; ambit changes

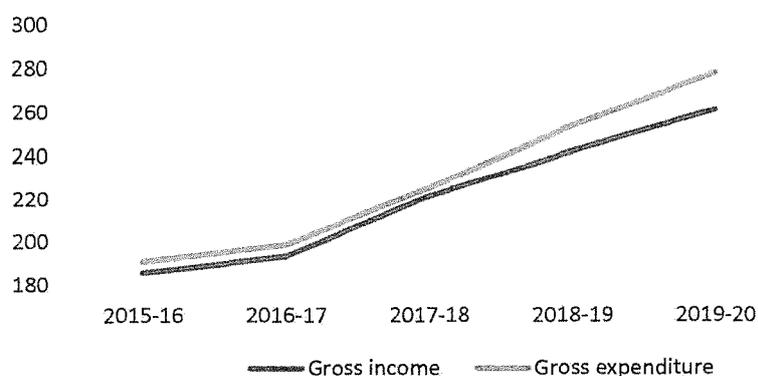
There have been minor changes to the ambit. The main change is the inclusion of the AGO programme spend relating to essential preparations for exiting the EU.

1.6 Spending and income trends

The charts below show overall Resource DEL spending and income trends for the last five years, and plans presented in Estimates for 2019-20. The increase in profile has resulted from the onboarding

of previously devolved legal teams into GLD under the Sharing Legal Services programme, and more recent growth in demand for GLD's legal services from client departments.

Gross income and expenditure for HM Procurator General and Treasury Solicitor, £m



1.7 Administration costs and efficiency plans

Administration costs are set to increase by 49% in 2019-20 compared to last year's final budget.

Spending total Amounts sought this year (Main Estimate 2019-20)		Compared to final budget last year. (Supplementary Estimate 2018-19)		Compared to original budget last year (Main Estimate 2018-19)	
		£ m	%	£m	%
Administration costs	16.571	11.154	+49%	12.210	+36%
<i>Of which</i>					
GLD	9.383	3.641	+158%	5.141	+83%
AGO	4.625	4.981	-7%	4.537	+2%
HMCPSI	2.563	2.532	+1%	2.532	+1%

1.8 Funding: Spending Review and Budgets

GLD received additional funding in the Spending Review (RDEL and CDEL) to cover preparations for its move to a new Head Office, including dual tenancy costs associated with the move.

Most of GLD's funding is from income from client departments.

1.9 Other funding announcements

In the 2017 Autumn budget, the Chancellor announced £3bn to fund departments' and Devolved Administrations' essential preparations for leaving the European Union. In February 2019 the AGO received an allocation £0.3m from this funding. This is ring fenced programme RDEL specifically for EU Exit preparations, and is for 2019-20 only.

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

2 Spending and income detail

2.1 Explanations of changes in spending and income

Resource DEL

The table below shows how spending plans for Resource DEL in 2019-20 compare with 2018-19.

subhead	Resource DEL		Change from last year		Is the change significant? see explanation, note number
	<i>This year (2019-20 Main Estimates budget sought)</i>	<i>Last year (2018-19 Supplementary Estimates budget approved)</i>			
	£ million			%	
A GLD Administration Expenditure	270.000	245.711	24.289	10%	1
A GLD Administration Income	-260.617	-242.070	18.547	8%	1
A GLD Administration Net	9.383	3.641	5.742	+63%	1
B AGO Administration Expenditure	4.662	5.018	0.356	-7%	2
B AGO Administration Income	-0.037	-0.037	-	-	
B AGO Administration Net	4.625	4.981	0.356	-7%	2
B AGO Programme Gross	0.300	-	0.300	-	3
C HMCPSI Administration Expenditure	2.563	2.532	0.031	1%	
C HMCPSI Administration Income	-	-	-	-	
C HMCPSI Administration Net	2.563	2.532	0.031	1%	

Note 1. Most of GLD's costs are recovered from clients, but there is a small element of funding from the Vote for public interest work, and costs associated with GLD's Head Office move, including the cost of the lease overlap and dilapidations in 2019-20. Gross expenditure has increased to reflect the cost of the new lease, increased pension costs, costs of a new pay structure for lawyers, and investment in corporate services. As GLD operates on a full cost recovery basis for our services, these cost increases have been passed onto our clients.

Note 2. The AGO received an in year budget transfer of £444k from CPS in 2018-19 to cover the cost of ICT services. In 2019-20, it received additional Admin RDEL funding of £91k for additional pension costs.

Note 3. The AGO have received programme funding in 2019-20 for EU exit preparations.

2.3 Ring fenced budgets

Within the totals, the following elements are ring fenced, i.e. savings in these budgets may not be used to fund pressures on other budgets:

Resource DEL

Ring fenced budgets Amounts sought this year (Main Estimate 2019-20)		Compared to final budget last year. (Supplementary Estimate 2018-19)		Compared to original budget last year (Main Estimate 2018-19)	
		£ m	%	£m	£ m
Depreciation	£3.310	£3.270	+1%	£3.270	+1%
AGO EU Exit preparations	£0.3m	-	-	-	-

3. Priorities and performance

3.1 How spending relates to objectives

Expenditure in each subhead supports the objectives of the relevant entity (GLD, AGO, HMCPSI). These may be found in the published statements and Business Plans on each entity's website.

3.2 Measures of performance

GLD's performance measures, agreed with HM Treasury for 2019-20, reflect its continued commitment to maintain its high professional standards as well as delivering excellent client satisfaction.

The measures are:

- to improve its client satisfaction rating(s)
- to maintain Lexcel (the Law Society's Practice Standard) accreditation
- to recover from clients the full operating costs of chargeable services

4. Other information

4.1 Additional specific information required by the select committee

No additional information has been requested by the Justice Committee

5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.



Jonathan Jones QC (Hon)

Permanent Secretary and Treasury Solicitor

9th May 2019