Supplementary 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.

- Annually Managed Expenditure (**Resource AME**): for HMPG&TS this relates to provisions; set up to cover the future cost of leasehold dilapidations.

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets that 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 the Main Estimate and last year's outturn:

Net Spending total **Amounts sought this year** **(Supplementary Estimate 2019-20)**		**Compared to original budget this year** **(Main Estimate 2019-20)**		**Compared to final budget last year** **(Outturn 2018-19)**	
		£ m	**%**	**£m**	**%**
Resource DEL	14.655	16.871	-13%	1.625	802%
Capital DEL	5.300	2.700	96%	5.272	1%
Resource AME	4.000	-	-	-	-

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

1.4 Key drivers of spending changes since original budget this year

The net Resource DEL is lower than the original budget since we have transferred £2.6m to the Capital DEL budget. This is partially offset by an increase in Resource DEL of £384k that relates to a transfer from CPS to HMPG&TS to cover the costs of IT provision within the Attorney General's Office.

Within this, expected income, and the gross expenditure this covers have both been increased by £19m to reflect increased demand for GLD services and fee increases required to cover GLD cost pressures in terms of staff pay rises and accommodation costs.

Capital DEL has been increased by £2.6m to cover the costs of refitting the GLD HQ at 102 Petty France.

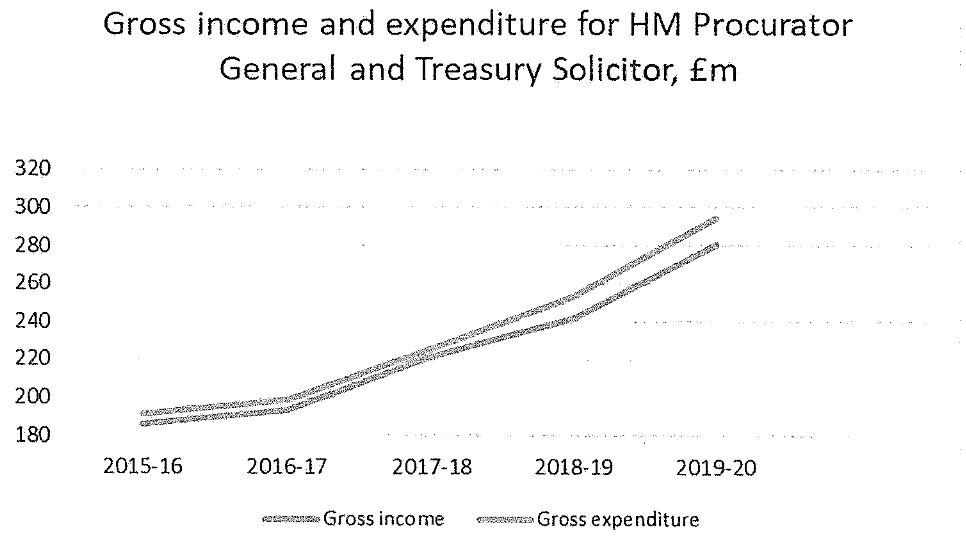
Resource AME has been sought to cover provisions for leasehold dilapidations.

1.5 New policies and programmes; ambit changes

The only change to the ambit from the HMPG&TS Main Estimate is the addition of a section on Resource AME, which refers to this funding being required to cover the cost of leasehold dilapidations.

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 the Supplementary Estimate for 2019-20. The increase in profile has resulted from the on-boarding 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.



1.7 Administration costs and efficiency plans

Administration costs have been reduced by 13% in the Supplementary Estimate compared to the Main Estimate. £2.6m has been switched to Capital DEL. This is partially offset by an in-year budget transfer from CPS of £384k.

Spending total **Amounts sought this year** **(Supplementary Estimate 2019-20)**		**Compared to original budget this year** **(Main Estimate 2019-20)**		**Compared to final budget last year** **(Outturn 2018-19)**	
		£ m	**%**	**£m**	**£ m**
Administration costs	14.355	16.571	-13%	12.210	18%
Of which					
GLD	6.783	9.383	-28%	5.141	32%
AGO	5.009	4.625	8%	4.537	10%
HMCPSI	2.563	2.563	-	2.532	1%

1.8 Funding: Spending Review and Budgets

GLD received additional funding in the Spending Review (Resource DEL and Capital DEL) 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 of £0.3m from this funding. This is ring-fenced programme Resource DEL 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 compare with the Main Estimate.

	Resource	**DEL**			
	2019-20 Supplementary Estimates budget sought	*2019-20 Main Estimates budget approved*	Change from Main Estimate		Is the change significant? see explanation, note number
subhead	£ million			%	
A GLD Administration Expenditure	286.746	270.000	16.746	6%	1
A GLD Administration Income	-279.963	-260.617	19.346	7%	1
A GLD Administration Net	6.783	9.383	-2.600	-28%	1
B AGO Administration Expenditure	5.046	4.662	0.384	8%	2
B AGO Administration Income	-0.037	-0.037	-	-	
B AGO Administration Net	5.009	4.625	0.384	8%	2
B AGO Programme Gross	0.300	0.300	-	-	
C HMCPSI Administration Expenditure	2.563	2.563	-	-	
C HMCPSI Administration Income	-	-	-	-	
C HMCPSI Administration Net	2.563	2.563	-	-	

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 in the Supplementary Estimate from the Main Estimate to reflect increased demand for legal services. As GLD operates on a full cost recovery basis for our services, these cost increases have been passed onto

our clients and therefore resulted in higher income. The net reduction in Resource DEL of £2.6m reflects a funding switch to Capital DEL.

Note 2. The AGO received an in year budget transfer of £384k from CPS in the Supplementary Estimate to cover the cost of ICT services.

Capital DEL
Capital DEL has been increased by £2.6m following a funding switch from Resource DEL to Capital DEL. This additional Capital DEL is required to cover capital costs associated with GLD's move to new premises.

Resource AME
Resource AME of £4m has been sought to cover provisions for leasehold dilapidations.

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** **(Supplementary Estimate 2019-20)**		**Compared to final budget last year.** **(Main Estimate 2019-20)**		**Compared to original budget last year** **(Outturn 2018-19)**	
		£ m	**%**	**£m**	**£ m**
Depreciation	£3.310	£3.310	-	£3.270	+1%
AGO EU Exit preparations (Programme)	£0.3m	£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 against each priority

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

Sir Jonathan Jones KCB QC (Hon)

Permanent Secretary and Treasury Solicitor

23 **January 2020**