

# Supplementary Estimates memorandum (2023-24) 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 (HMCPPI).

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. GLD is predominantly funded by fees charged to clients on a full cost recovery basis; with Supply making up only a small proportion of its total funding.

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 Director General for the AGO has been appointed as Accounting Officer for AGO.

The purpose of HMCPPI 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 HMCPPI.

### 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, the administration costs of AGO and HMCPPI, and the programme cost of the AGO's continuing work on 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, and leasehold improvements and capitalisation of leases under IFRS 16 accounting rules.

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

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<br>Amounts sought this year<br>(Supplementary Estimate 2023-24) |        | Compared to original<br>budget this year<br>(Main Estimate 2023-24) |              | Compared to final budget<br>last year<br>(Outturn 2022-23) |              |
|------------------------------------------------------------------------------------|--------|---------------------------------------------------------------------|--------------|------------------------------------------------------------|--------------|
|                                                                                    |        | £ m                                                                 | Change<br>£m | £m                                                         | Change<br>£m |
| Resource DEL                                                                       | 10.798 | 11.703                                                              | -0.905       | -2.293                                                     | 13.091       |
| Capital DEL                                                                        | 5.100  | 2.000                                                               | 3.100        | 2.985                                                      | 2.115        |
| Resource AME                                                                       | 0.500  | -                                                                   | 0.500        | 0.334                                                      | 0.166        |

A breakdown of spending and income within the net total is shown in section 1.7 and 2.1.

### 1.4 Key drivers of spending changes since original budget this year

The net Resource DEL is less than the original budget mainly due to the transfer of £0.9m of budget from resource DEL to capital DEL to fund investment in ICT assets and changes to IFRS 16 leases.

The net Capital DEL is higher than the original budget mainly due to £2.2m required to cover new and revised leases which are capitalised in line with IFRS 16 accounting rules and the £0.9m transfer of budget from RDEL to fund investment in ICT assets and changes to IFRS 16 leases.

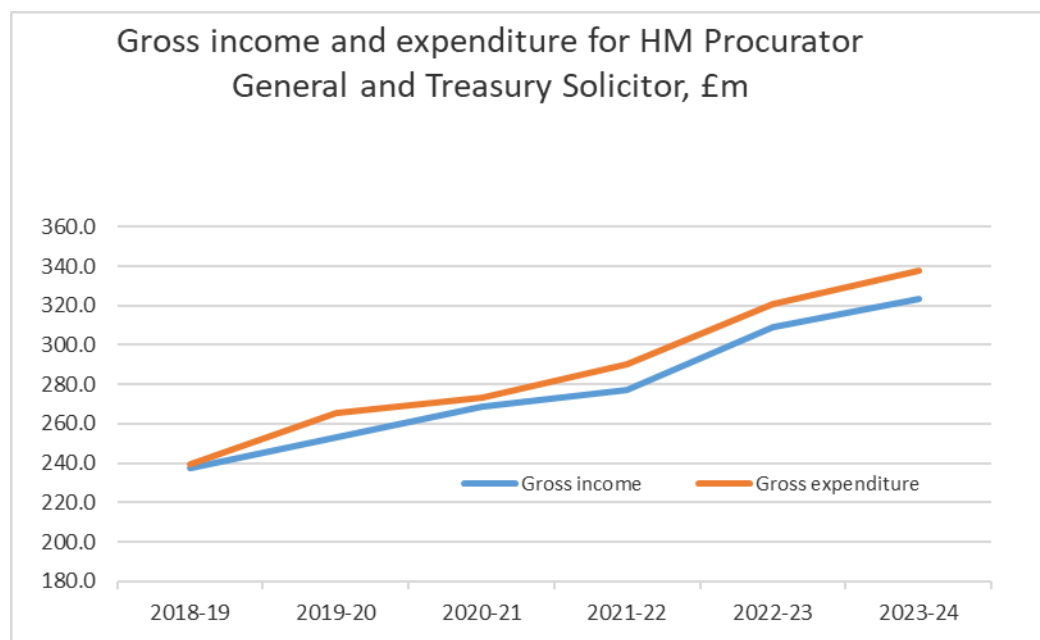
£500k of Resource AME has been sought to cover creation of and revaluation of provisions to cover potential litigation liabilities.

### 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 potential litigation liabilities.

## 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 2023-24. 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 decreased in the Supplementary Estimate compared to the Main Estimate.

| Spending total<br>Amounts sought this year<br>(Supplementary Estimate 2023-24) |        | Compared to original budget this year<br>(Main Estimate 2023-24) |           | Compared to final budget last year<br>(Outturn 2022-23) |        |
|--------------------------------------------------------------------------------|--------|------------------------------------------------------------------|-----------|---------------------------------------------------------|--------|
|                                                                                |        | £ m                                                              | Change £m | £m                                                      | %      |
| Administration costs                                                           | 10.533 | 11.438                                                           | -0.905    | -2.590                                                  | 13.123 |
| <i>Of which</i>                                                                |        |                                                                  |           |                                                         |        |
| GLD                                                                            | 1.280  | 2.180                                                            | -0.900    | -11.127                                                 | 12.407 |
| AGO                                                                            | 6.183  | 6.188                                                            | -0.005    | 5.769                                                   | 0.414  |
| HMCPST                                                                         | 3.070  | 3.070                                                            | -         | 2.768                                                   | 0.302  |

GLD's gross administration costs of £326m are predominantly funded by fees charged to clients. Fees are set to fully recover the costs of the legal service but as these are based on forecasts of future income and costs, accidental surpluses or deficits will arise. Given the significant level of GLD

income and costs, a small surplus may have a significant impact on the overall Outturn. The negative GLD Outturn in 2022-23 reflects a surplus arising in that year.

## 1.8 Funding: Spending Review and Budgets

In the 2021 Spending Review, covering the budget for the financial years 2022-23, 2023-24 and 2024-25, AGO secured funding of £0.2m to continue to support work on EU Exit. HMCPSI reduced their budget against baseline by £0.18m in 2022-23, £0.13m in 2023-24 and £0.07m in 2024-25. An allocation adjustment of £0.2m for each of the three years of the Spending Review was also provided to AGO and HMCPSI to support changes in pay and national insurance contributions.

Resource and capital DEL budgets have been adjusted to reflect the budgeting impact of the adoption of the IFRS 16 leasing accounting standard.

## 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                                             |                              |              | Is the change significant?<br><br>see explanation, note number |
|----------------------------------------|--------------------------------------------------------|-------------------------------------------------|------------------------------|--------------|----------------------------------------------------------------|
|                                        | 2023-24<br>Supplementary<br>Estimates budget<br>sought | 2023-24 Main<br>Estimates<br>budget<br>approved | Change from Main<br>Estimate |              |                                                                |
| Subhead                                | £ million                                              |                                                 |                              |              | %                                                              |
| A GLD Administration Expenditure       | 324.980                                                | 325.880                                         | -0.900                       | -0.3%        |                                                                |
| A GLD Administration Income            | -323.700                                               | -323.700                                        | -                            | -            |                                                                |
| <b>A GLD Administration Net</b>        | <b>1.280</b>                                           | <b>2.180</b>                                    | <b>-0.900</b>                | <b>-41%</b>  | <b>1</b>                                                       |
| B AGO Administration Expenditure       | 6.183                                                  | 6.188                                           | -0.005                       | -0.1%        |                                                                |
| <b>B AGO Administration Net</b>        | <b>6.183</b>                                           | <b>6.188</b>                                    | <b>-0.005</b>                | <b>-0.1%</b> |                                                                |
| <b>B AGO Programme Gross</b>           | <b>0.265</b>                                           | <b>0.265</b>                                    | -                            | -            |                                                                |
| C HMCPSI<br>Administration Expenditure | 3.070                                                  | 3.070                                           | -                            | -            |                                                                |
| <b>C HMCPSI Administration Net</b>     | <b>3.070</b>                                           | <b>3.070</b>                                    | -                            | -            |                                                                |

Note 1. The reduction in Resource DEL reflects a transfer of £0.9m to Capital DEL to fund investment in ICT assets and changes to IFRS 16 leases.

#### Resource AME

Resource AME of £0.5m has been sought to cover provisions for potential litigation liabilities.

## 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

| <b>Ring fenced budgets</b><br><b>Amounts sought this year</b><br><b>(Supplementary Estimate 2023-24) £m</b> |        | <b>Compared to final budget this year.</b><br><b>(Main Estimate 2023-24)</b> |          | <b>Compared to budget last year</b><br><b>(Outturn 2022-23)</b> |          |
|-------------------------------------------------------------------------------------------------------------|--------|------------------------------------------------------------------------------|----------|-----------------------------------------------------------------|----------|
|                                                                                                             |        |                                                                              |          |                                                                 |          |
|                                                                                                             |        | <b>£ m</b>                                                                   | <b>%</b> | <b>£m</b>                                                       | <b>%</b> |
| Depreciation                                                                                                | 12.025 | 12.025                                                                       | -        | 10.402                                                          | 16%      |
| AGO EU Exit support (Programme)                                                                             | 0.265  | 0.265                                                                        | -        | 0.297                                                           | -11%     |

## 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 2023-24, reflect its continued commitment to maintain its high professional standards as well as delivering excellent client satisfaction.

The measures are:

- 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.

A handwritten signature in black ink, appearing to read 'Susanna J', followed by a long horizontal flourish.

**Susanna McGibbon**

**Permanent Secretary and Treasury Solicitor**

**27<sup>th</sup> February 2024**