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# **Crown Prosecution Service**

## **Resource Accounts 2001–02**

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# **Crown Prosecution Service Resource Accounts 2001–02**

**(For the year ended 31 March 2002)**

*Ordered by the House of Commons to be printed  
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## Contents

	Page
Annual Report	3
Statement of Accounting Officer's Responsibilities	10
Statement on Internal Control	11
Certificate and Report of the Comptroller and Auditor General	13
The Accounting Schedules:	
Schedule 1—Summary of Resource Outturn 2001–02	15
Schedule 2—Operating Cost Statement	17
Schedule 3—Balance Sheet	18
Schedule 4—Cash Flow Statement	19
Schedule 5—Resources by Departmental Aim and Objectives	20
Notes to the Departmental Resource Accounts	21

## Annual Report

### Introduction

The Accounts report the resources that have been consumed working to deliver the Department's aim and objectives. This report has been prepared in accordance with the guidance set out in HM Treasury's Resource Accounting Manual (RAM).

### Nature of the Department's business

The Crown Prosecution Service (CPS) is a Government Department funded by Vote from Parliament and was set up in 1986. It is the principal prosecution service dealing with criminal cases investigated by the police in England and Wales. We are responsible for advising the police on cases for possible prosecution, reviewing cases submitted by the police, preparing cases for court and the presentation of cases at court. The role of the Service is to prosecute cases firmly, fairly and effectively, when there is sufficient evidence to provide a realistic prospect of conviction and when it is in the public interest to do so. The CPS is headed by the Director of Public Prosecutions and employs over 6,000 staff. The Director is superintended by the Attorney General, Lord Goldsmith QC, who is accountable to Parliament for the Service. The CPS is organised into 42 geographical Areas each headed by a Chief Crown Prosecutor with a direct line of accountability to the Director of Public Prosecutions. The CPS plays a pivotal role in the Criminal Justice System (CJS) and works in partnership with the Home Office, responsible for the police, and the Lord Chancellor's Department, responsible for the courts, to deliver the Government's CJS objectives and meet Public Service Agreement targets.

### Aim and Objectives

The CPS aim is:

To contribute to the reduction both of crime and the fear of crime and to increased public confidence in the criminal justice system by fair and independent review of cases and by firm, fair, and effective prosecution at court.

The objectives are:

- to deal with prosecution cases in a timely and efficient manner in partnership with other agencies;
- to ensure that the charges proceeded with are appropriate to the evidence and to the seriousness of the offending by the consistent, fair and independent review of cases in accordance with the Code for Crown Prosecutors;
- to enable the courts to reach just decisions by fairly, thoroughly and firmly presenting prosecution cases, rigorously testing defence cases, and scrupulously complying with the duties of disclosure;
- to meet the needs of victims and witnesses within the criminal justice system, in co-operation with other criminal justice agencies.

The objectives and their associated costs for 2001-02 are set out in Schedule 5 of the Accounts.

### Principal Activities

In 2001-02 we dealt with more than 1.35 million cases in the Magistrates' courts and around 115,000 cases in the Crown Court.

The role of the CPS is to prosecute criminal cases fairly and effectively by:

- advising the police on cases for possible prosecution;
- reviewing cases submitted by the police;
- preparing cases for the Magistrates' courts and the Crown Court;
- presenting cases at court and instructing private sector advocates where appropriate;
- working with others to improve the effectiveness and efficiency of the criminal justice system.

Before proceeding with a prosecution, Crown Prosecutors must first review each case against the Code for Crown Prosecutors. The Code is designed to make sure everyone knows the principles the CPS applies when carrying out its work and the tests used to determine whether there should be a prosecution. The tests are:

- whether there is enough evidence to provide a realistic prospect of conviction against each defendant on each charge and, if so,
- whether a prosecution is needed in the public interest.

The Director is under a statutory duty to publish the Code for Crown Prosecutors. During the year, the Code was revised in the light of the Human Rights Act 1998 and other key criminal justice developments. The fourth edition of the Code was published in October 2000.

#### Events since the end of the financial year

- (a) In response to the Glidewell report and the increased investment by the police in resources to handle organised and serious crime, the CPS recognised the need to provide a co-ordinated response to the National Crime Squad (NCS) and proposed that the Casework Directorate should become the gateway for all NCS cases.

As much of the work undertaken by NCS Western Area is generated in the West Midlands Area, Birmingham was chosen as the most suitable location for the new CPS Branch. Although operational since November 2001, the Birmingham Branch was formally opened by the Attorney General on 11 March 2002. In conjunction with the NCS, the Birmingham Branch is piloting arrangements for becoming a gateway for all NCS work. Results of that pilot will establish an accord with NCS for dealing with their cases nationally and will be rolled out with effect from 1 October 2002.

- (b) The CPS is committed, together with our criminal justice partners to provide the fullest possible support to victims and witnesses. The CPS has accepted the responsibility for communicating decisions direct to victims, rather than through the police.

A national scheme where the CPS provides the victim with an explanation for our decision to discontinue their case, or alter the charges substantially, was rolled out from April 2001 following a successful pilot scheme in seven CPS Areas in 2000-01. The CPS aims to complete the national implementation by October 2002. The scheme also involves offering to meet the victim in cases involving child abuse, sexual offences or racially aggravated offences, giving as much detail as is permissible within legal constraints and confidentiality.

- (c) The CPS has successfully completed the first stage of its programme to modernise the IT, electronic communications systems and the office environment of sites across the CPS. We have also gained Government Secure Intranet (GSI) accreditation and accreditation to the Police National Network. All staff included in the first stage of modernisation are on GSI.

As part of the second stage of modernisation the CPS has formed a new partnership between the Service and Logica plc, a private sector supplier, in the form of a Private Finance Initiative (PFI) contract signed on 31 December 2001. This is known as the Compass project, which commenced on 1 April 2002 to provide an essential strategic component of the joined up approach to the CJS. The contract runs for ten years and is worth over £200 million. Compass will provide case management support through an electronic prosecution case file, with the development of the case management system during 2002 and subsequent rollout starting in 2003. The case management system will bring efficiency gains across the Criminal Justice System and improve the working practices and relations of both the CPS and the police. There is a detailed benefits delivery strategy that will ensure that savings are achieved and efficiencies recognised.

A CPS prototype intranet service was developed in 2001-02 as part of the CPS *online* Project. We have worked with the Compass supplier to develop new web services from Spring 2002.

## Departmental Report

The CPS departmental report is presented to Parliament as part of the Law Officers' Departments – Departmental Report. The report for 2001-02 was published in May 2002.

The coverage of the report includes the following main elements:

- progress on delivering public services, including departmental objectives, Public Service Agreements, modernising government and the departmental investment strategy;
- recent developments in the CPS, including reorganisation and other new legislative and working practice initiatives;
- an analysis of cash expenditure over the previous five years and the cash plans for the next three years;
- CPS performance and achievements.

A supplementary performance information report for 2001-02 will be published in November 2002. The main emphasis of this report will be the latest outturn against PSA targets.

## Management

The Head of the Crown Prosecution Service is the Director of Public Prosecutions whose appointment is made by the Cabinet Office for a five year period and may be terminated by giving 6 months' notice in writing. Sir David Calvert-Smith QC was appointed the Director of Public Prosecutions in November 1998. The Director is supported by the Chief Executive whose appointment is held under a permanent contract that may only be terminated as laid down in the Civil Service Management Code. The previous Chief Executive, Mark Addison, left the department in July 2001. His permanent replacement is Richard Foster who took up his appointment on 1 January 2002. In the interim John Halliday stood in as Chief Executive on a temporary basis. The Chief Executive has responsibility for finance, human resources, performance management, IT and business and administrative processes thus allowing the Director to concentrate on prosecution and legal processes.

The Director and Chief Executive are supported by the Crown Prosecution Service Board. The objectives of the Board are to provide leadership, to set direction and to review progress. Individual members are corporately responsible for decisions taken by the Board.

## CPS Board

The members of the CPS Board during the year were as follows:

Sir David Calvert-Smith	Director of Public Prosecutions
Mark Addison	Chief Executive (to 1 July 01)
John Halliday	Acting Chief Executive (from 1 July to 31 December 01)
Richard Foster	Chief Executive (from 1 January 02)
John Graham	Director, Finance
Chris Newell	Director, Casework
Garry Patten	Director, Policy
Lonny Carey	Director, Business Information Systems
Indi Seehra	Director, Human Resources (to 28 February 02)
Rohan Collier	Head of Equality and Diversity
Lyn Salisbury	Head of Communication Division (to 7 December 01)
Sue Cunningham	Head of Communication Division (from 21 January 02)
Jackie Wilson	Head of Strategic Planning Unit
Peter Boeuf	Chief Crown Prosecutor, London (to 27 March 02)
David Blundell	Chief Crown Prosecutor, West Midlands
Dickie Dickenson	Chief Crown Prosecutor, Lancashire
Bob Marshall	Chief Crown Prosecutor, Humberside
Simon Rowlands	Chief Crown Prosecutor, Dyfed-Powys
Roger Daw	Chief Crown Prosecutor, Hampshire & Isle of Wight
John Revell	Chief Crown Prosecutor, Dorset
Alison Kerr	Chief Crown Prosecutor, Lincolnshire

Jeff Corrighan  
Charles Ingham  
Mike Pitt  
Sukhvinder Stubbs

Chief Crown Prosecutor, Durham  
Chief Crown Prosecutor, Hertfordshire  
Non-executive Director (to 19 December 01)  
Non-executive Director (to 1 January 02)

Membership of the Board comprises The Director, Chief Executive, the five Headquarters' functional Directors, Chief Crown Prosecutor for London, and nine other Chief Crown Prosecutors, each representing a group of Areas based on the Government Offices for Regions, and Wales, known as family groups. The Heads of Communication, Diversity and Strategic Planning also sit on the Board. The nine Chief Crown Prosecutors are appointed on a rotation basis.

From January 2000 until January 2002 the Board had the benefit of two non-executive directors who brought with them invaluable experience from outside the Civil Service and legal profession. Three new non-executive directors will join the Board in June 2002. They are Judith Hunt OBE, Chair of Camden and Islington Health Authority and independent consultant, Anjali Arya, independent management and training consultant and Iain Herbertson, Managing Director of Manpower plc.

In January 2002 the CPS entered into a long-term partnership arrangement with Logica plc for the provision of IT services with the award of the Compass contract. In order to reflect and support effective joint working and shared risk management between the Service and the Compass service provider, Anthony Cole of Logica plc joined the Board as an observer in June 2002.

In April and October each year Chief Crown Prosecutors, Area Business Managers, and key managers in Headquarters meet together to debate strategic issues and key operational problems.

The appointment and termination of staff who are members of the CPS Board, excluding the Acting Chief Executive and two non-executive directors who are not employed by the CPS, is undertaken in accordance with the Civil Service Management Code. Where appropriate their remuneration, details of which can be found in Note 2 to the Accounts, is determined by reference to the Senior Salaries Review Body.

## Operating and Financial Review

### Operating Review

#### CPS Strategic Themes for 2001-04

The CPS Strategic Plan for 2001-04 set out a clear vision and way forward for the Service, to enable us to become the sort of organisation we want to become, and to play the role we want to play in the Criminal Justice System. The strategy is based upon five themes:

- **Performance:** to create an organisation which constantly improves its performance and thus its contribution to the CJS and the communities it serves
- **Public confidence and staff pride:** to achieve a significant increase in public confidence and understanding in the CPS
- **Professionalism:** to increase the professionalism of all staff and the Crown Prosecution Service as a whole
- **Partnerships:** to ensure the CPS plays a full and influential part in the criminal justice system
- **People:** to create an organisation whose workforce is competent and confident, positive and committed, flexible, open to change, valued and representative of the communities we serve

#### CPS Priorities For 2001-02

Our Business Plan for 2001-02 set out our priorities for the year, and focused delivery against the strategic themes. During the year, we worked with our partners in the Criminal Justice System to deliver on the Government's pledge to halve the time from arrest to sentence or other disposal for persistent young offenders from 142 days to 71 days by March 2002. By September 2001, the target had been met. The time had been reduced to 70 days.

The problems of attrition and persistent offenders, highlighted in the Government White Paper "Criminal Justice: *The Way Ahead*", and in the Government's Manifesto, have been given the highest Ministerial priority. The Government set targets for 100,000 more cases to be brought to justice in 2003-04 than in 1999-2000, and for doubling the chance of a persistent offender being caught and brought to justice by 2011. Because the number of crimes brought to justice fell between 1999-2000 and 2000-01, a gap of 180,000 needs to be bridged by 2003-04.

The Government introduced a street crime initiative to tackle a 32% increase in street crime at a time when recorded crime generally has decreased. This initiative has become the major priority for the immediate future. It aims to reduce street crime through concerted action across Government including the criminal justice agencies, health, welfare and education. The role of the criminal justice agencies is to raise the likelihood of offenders responsible for street crime being brought to justice. For these purposes, street crime is taken to involve offences of robbery, snatch thefts, carjacking and unlawful possession of a firearm. The initiative is focused on the 10 Areas across England and Wales where 82% of all street crimes take place. We have played a leading role at national and local levels to develop the CJS response to this initiative, including local inter-agency protocols. The protocols include a CPS premium service with the police to raise the quality of investigations and prosecutions. This involves the adoption of best and streamlined practice by nominated experienced lawyers and caseworkers to provide early and pre-charge advice to the police and a more robust approach to prosecutions. We worked closely with the police to develop pilot schemes in a number of CPS/police Areas to test the practicalities of routine pre-charge advice and responsibility for charging being assumed by the Service. These charging pilots follow the proposals in Lord Justice Auld's Review of the Criminal Courts in England and Wales, for the Service to become more involved in cases at the outset to reduce unnecessary discontinuances, adjournments and unsuccessful outcomes. Early indications are that the pilot schemes are leading to a decline in the number of weak cases being charged, an increase in the number of strong cases, and to declining late discontinuances; and, importantly, the procedure has improved working relationships between CPS lawyers and police.

Other key developments have included progress towards establishing our Casework Directorate as the gateway for all cases received from the National Crime Squad, including the establishment of a third site in Birmingham for the Casework Directorate.

Further detailed information on performance, including comparisons with achievements in previous years, can be found in the Attorney General's 2001-02 Annual Report on the CPS, published in July 2002.

### Financial Review

The CPS net Request for Resources (RfR), as voted by Parliament, for the period to 31 March 2002 was £408 million. Our outturn on expenditure as shown in Schedule 1 of the 2001-02 Accounts was £407 million.

Note 7 of the Accounts analyses expenditure within the Departmental Expenditure Limit (DEL) and Annually Managed Expenditure Limit (AME) by the Department's two functions; Administration and Crown prosecutions and legal services.

Administration represents the costs of running the Department and includes staff salaries, including those of CPS Lawyers who act as advocates in court, other staff related expenditure, accommodation and related costs, IT support and non-cash costs such as depreciation. Overall the CPS outturn was £320 million compared to net provision of £313 million. The difference was caused by two main factors. The Department managed to achieve economies in the costs of the Connect programme, which provided desktop IT and associated training to all CPS staff and some other associated costs were less than forecast by external suppliers. Consequently the budgetary provision was not fully utilised in year and the outturn against the DEL control total was £14.6 million less than estimated. Conversely, the transfer of all CPS IT assets to Logica on 31 March 2002 at the commencement of the Compass contract resulted in a significant net impairment of £14.6 million to their value. The value of the assets on transfer was determined through the contract negotiation process and formed part of the final business case for Compass, which achieved a positive Office of Government Commerce (OGC) Gateway Review report and the proposed PFI arrangement was accepted by the Treasury as representing good value for money for the Department. Agreement on the treatment of transferred assets was obtained relatively late in the negotiations and could not be anticipated at the time of the Spending Review 2000 (SR2000) Settlement when funding decisions were made. The impairment, together with depreciation costs, resulted in an Annually Managed Expenditure outturn of £36 million against provision of £15.3 million.

Note 16 of the Accounts compares outturn against provision within the administration costs control regime. The CPS has a single administration costs limit and the outturn was £285.4 million compared with provision of £304.2 million. The reasons for the difference of £18.8 million are as given above together with the fact that the Departmental Unallocated Provision of £5 million was not utilised.

Crown prosecutions and legal services cover the direct costs of taking cases to court. Most of the expenditure is associated with the costs of the more serious cases, which are heard in the Crown Court and comprise the costs of employing barristers as advocates, reimbursing the costs of prosecution witnesses who attend court, and a number of other less significant costs associated with the prosecution process. Over time the rates paid to defence and prosecution counsel have diverged. The Lord Chancellor and the Attorney General agreed that in order to achieve equality of arms there should be broad parity of fees for each case. A new mechanism for the payment of prosecution counsel was devised, the Graduated Fees Scheme, and new higher rates for the majority of cases agreed with the Bar Council. The Scheme was originally intended to be implemented from April 2001 but negotiations took longer than anticipated and the Scheme started in October 2001. Additional funding had been secured in SR2000 to cover the increased costs for the CPS. The deferment of the Scheme consequently resulted in an outturn £7.5 million less than net provision of £87 million. Over £29 million of CPS provision for Programme Costs is provided by way of costs awarded against defendants and collected by the Magistrates' courts on our behalf.

The government provided significant capital investment in the CPS in 2001-02 both through the SR2000 settlement and the Capital Modernisation Fund (CMF). Over £11 million of new money was made available for investment in IT infrastructure through the Connect programme. This enabled the department to provide every member of staff with access to modern office automation and, in doing so, lay the foundations of interconnectivity with the other criminal justice organisations. The CMF provided £3 million to support further work to meet the Glidewell agenda of collocation of CPS with police, facilitating joint administration of prosecution cases, and these funds were invested in the CPS estate. In all the department spent a total of £21 million on the purchase of fixed assets and outturn was equal to budget. The CMF will provide a further £10 million in 2002-04 to support the creation of collocated Criminal Justice Units (CJUs) and Trial Units (TUs). The Glidewell agenda, investment in IT through capital purchases and the PFI arrangement with Logica, will enable the CPS to develop more efficient working practices and better communications. The closer relationship with police will help ensure that advice is available early in the progress of a case reducing the number of ineffective cases. As at 31 March 2002 42 collocated CJUs and 53 TUs had been established. There are firm plans for a further 89 CJUs and 20 TUs to be established – some during 2002-03, and some during the SR2002 Spending Review period. Chief Crown Prosecutors will be investing savings from CJUs into TUs, delivering locally on the Service's shift towards more serious casework.

The Department's net cash requirement outturn was £384 million against an estimate of £413 million. The difference resulted from the aggregate underspends on cash transactions and the additional non-cash costs associated with the impairment of assets as described above, details of which are given in note 3 to the accounts.

As part of the 2000 Spending Review plans, the Treasury created a criminal justice reserve worth £100 million in 2001-02 and £525 million over the three years up to 2003-04. The reserve was set aside to provide funding for unforeseen pressures and trilaterally agreed new initiatives. The Attorney General, the Home Secretary and the Lord Chancellor must all agree to the use of the reserve and the release of funding has also to be agreed by the Treasury. Ministers agreed to invest an additional £30.4 million from the reserve in 2001-02 and an additional £61 million in 2002-03, in order to speed up the reform of the Service. The investment will enable the Service to direct additional resources to the more serious cases, bringing more robbery offences to justice, provide better support for victims and to implement the recommendations of Speaking Up For Justice.

The new resource budget for 2002-03, including Criminal Justice System reserve funding, is £441 million compared to £392 million in 2001-02.

### **Training and Development**

During the year we recruited and trained internal Investors in People assessors to assist in a programme of post-recognition assessments of some Areas and Directorates in Headquarters, and an assessment of CPS London, leading to corporate recognition of the Investors in People quality standard for training and development of staff.

All but one Area and all Directorates in Headquarters, are recognised as meeting the Investors in People Quality Standards.

We continued to build up leadership, management and professional skill levels, and to invest in more training and development programmes in pursuit of excellence as a Service. During 2001-02, we continued to place emphasis on management training to meet the needs arising from our radical structural change programme, and the findings of the Sylvia Denman Report and those of the Commission for Racial Equality.

The Board has endorsed a three-year management development strategy and work has begun on its implementation. As part of the strategy, 20 CPS managers are currently enrolled for post-graduate diplomas in Leadership and Management with Leeds Metropolitan University.

Members of the first intake of the relaunched legal trainee scheme are close to completing their training contracts. Plans are in hand to extend the scheme into a comprehensive law scholarship programme.

### **Equal Opportunities**

The CPS issued an equality statement in August 1999 which outlined its commitment: 'the CPS values everybody's contribution and believes that the CPS' success and its future depend on the quality of service that we provide and on gaining the trust of the community we serve. If everyone is to feel valued and we are to help individuals give their best, our goal must be to create and sustain a working environment that is fair to all and free from discrimination, harassment, victimisation and bullying'. The CPS is also committed to ensuring that prosecution decisions are free from bias or discrimination and that all defendants, victims and witnesses are treated fairly and with respect.

Following the publication of the preliminary report by Sylvia Denman on race within the CPS in May 2000, the CPS has undertaken a series of actions. A small strategic Equality and Diversity Unit has been set up. Employment targets were set for race, gender and disability in April 2000, diversity training of all CPS staff started in January 2001, national diversity events on disability, race and gender were run between December 2000 and March 2001. During the year the CPS has started to put in place all the elements needed to successfully tackle institutional racism.

### **Payment of Suppliers and Witnesses**

The CPS has adopted the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890) and remains committed to paying bills in accordance with agreed contractual conditions, or, where no such conditions exist, within 30 days of receipt of goods or services or the presentation of a valid invoice, whichever is the later. The CPS also seeks to pay all expenses to prosecution witnesses within 10 working days of receipt of a correctly completed claim form.

In 2001-02 the CPS settled 96% of undisputed invoices within 30 days of receipt and 98% of witness claims within 10 days.

### **Auditors**

This year's Resource Accounts have been audited by the National Audit Office on behalf of the Comptroller and Auditor General.

*Sir David Calvert-Smith QC*  
Accounting Officer

26 September 2002

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, the department is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by the department during the year.

The resource 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.

HM Treasury has appointed the Director of Public Prosecutions as Accounting Officer of the department, and the Chief Executive as an Additional Accounting Officer, with responsibility for preparing the department's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the accounts, the Accounting Officer is required to comply with the *Resource Accounting Manual* prepared by HM Treasury, and in particular to:

- observe 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 Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on the going concern basis.

The responsibilities of the Accounting Officers, including their 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 *Government Accounting*.

## Statement on Internal Control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of departmental policies, aims and objectives, set by the department's Ministers, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of departmental policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The procedures designed to identify the principal risks were introduced in 2000-01 and revised during the current year. I plan to have the revised procedures in place to manage these risks more robustly by 31 March 2003. This takes account of the time needed to fully embed the processes that the department has determined should be established.

The CPS has a hierarchical management structure. A Chief Executive (CE), the CPS Board and Directors of the five Headquarter Directorates support me in managing the CPS. The CPS is organised into geographical Areas each headed by a Chief Crown Prosecutor (CCP) with a direct line of accountability to me for legal decisions and casework and to the Chief Executive, in the first instance, for the efficient, economic and effective management of their Areas. Three of the five Directors report directly to the Chief Executive. The Director, Casework and the Director, Policy report directly to me. The CPS Board is supported in turn by the Resources and Planning Group who oversee the financial and business performance of the Areas and HQ Directorates.

During the year, through a series of workshops and training, risk management has been incorporated more fully into the corporate planning and decision-making process. I have established a risk sub-group of the CPS Board. This identified the department's key priorities and risks and identified appropriate countermeasures for managing the significant risks. The sub-group has reported its findings and recommendations regularly to the CPS Board for formal acceptance and approval. The approved key priorities, risks and countermeasures have been sent to all relevant staff.

From December 2002 the CPS Board will receive regular reports on the effectiveness of the countermeasures on the main risks to its key priorities.

The risk management policy established in 2000-01 will be reviewed and revised during the year and reissued to all staff.

The CPS has held risk management workshops at Area level and has introduced risk management into Area business plans for 2002-03. Each Area is responsible for delivery against its business plan including the management of its key risks. Performance against Area corporate targets is measured and reviewed quarterly by the Resources and Performance Group, which is responsible for reviewing performance on behalf of the CCP, CE and the CPS Board, and for identifying adverse performance and for instigating appropriate remedial action.

In addition to the actions mentioned above, in the coming year the department plans to:

- introduce a programme of risk awareness training;
- establish a system of key performance and risk indicators;
- develop and maintain risk registers at Corporate, Area and Directorate level; and
- introduce risk into the business planning of Directorates.

The department has an Internal Audit Unit, which operates to standards defined in the Government Internal Audit Manual. They submit regular reports to the Audit Committee which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the department's system of internal control together with recommendations for improvement.

From 2002-03 the Audit Committee will receive three reports a year on the effectiveness of the internal control system. The CPS Board receives periodic reports from the chairman of the Audit

Committee concerning internal control. To date the Chief Executive has chaired the Audit Committee but from 2002-03 one of the Board's non-executive directors will assume the role.

I verify that by the beginning of financial year 2003-04 all development work will be complete and the required processes will be in place for CPS to produce a full Statement on Internal Control that will meet the recommendations of the Turnbull report and Treasury guidance.

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. In particular, at the end of the year each CCP/ HQ Director completes a certificate of assurance. The certificates include a statement on the level of assurance achieved throughout the year by the Area/Directorate against key elements of the internal control system. The Internal Audit Unit validate the certificates. From 2002-03 these certificates will be amended to take account of risks identified in the business planning process.

In addition my view is informed by comments made by the National Audit Office in the annual management letter that follows the certification audit of the CPS accounts and other relevant reports.

### **Costs Awards**

The CPS receives awards of costs made against convicted defendants at the discretion of the judge or magistrates. Magistrates' courts are responsible for recording, enforcing and collecting these costs, forwarding collected monies to the CPS and, under delegated authority, for writing off awards where the amount outstanding is less than £100.

The CPS therefore relies on Magistrates' courts internal financial controls and the monitoring of those controls by the Lord Chancellor's Department internal audit, external audit and the Magistrates' Court Service Inspectorate.

We have achieved significant improvements in the management of accounting for the collection of cost awards and will be striving for further improvements through our continuing work with the Magistrates' courts who are responsible for collection of cost awards to the CPS.

### **Counsel Fees**

I have recognised the need to improve CPS quality assurance systems to ensure that existing financial controls on fees paid to counsel are properly exercised and recorded. With effect from October 2001 we have introduced a revised fee structure for payments to counsel that will greatly simplify the negotiation and payment process and thereby substantially reduce risk in this area.

*Sir David Calvert-Smith QC*  
Accounting Officer

26 September 2002

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

I certify that I have audited the financial statements on pages 15 to 39 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 21 to 23.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 10, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether 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. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Crown Prosecution Service has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Accounts, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 11 and 12 reflects the Crown Prosecution Service's compliance with Treasury's guidance Corporate Governance: Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

### Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Crown Prosecution Service in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Crown Prosecution Service's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, 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. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Crown Prosecution Service at 31 March 2002 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- 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.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

Date 14 October 2002

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

## SCHEDULE 1

Summary of Resource Outturn 2001–02  
for the year ended 31 March 2001

2000–01

	Estimate			Outturn			Net total outturn compared with Estimate saving/ (excess)	Prior-year Outturn
	Gross expenditure 1	A in A 2	NET TOTAL 3	Gross Expenditure 4	A in A 5	NET TOTAL 6		
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1 (Notes 5 and 7)	438,670	30,950	407,720	437,882	30,950	406,932	788	341,322
<b>TOTAL RESOURCES</b>	<b>438,670</b>	<b>30,950</b>	<b>407,720</b>	<b>437,882</b>	<b>30,950</b>	<b>406,932</b>	<b>788</b>	<b>341,322</b>
NON OPERATING COST A in A	—	—	—	—	—	—	—	—
<b>NET CASH REQUIREMENT</b>	<b>—</b>	<b>—</b>	<b>412,846</b>	<b>—</b>	<b>—</b>	<b>383,888</b>	<b>28,958</b>	<b>330,045</b>

## Reconciliation of resources to net cash requirement

	Note	£000	£000	£000
<b>Net total resources</b>		<b>407,720</b>		<b>406,932</b>
<b>Capital:</b>				<b>788</b>
Acquisition of fixed assets	9	21,019		21,043
Investments		—		—
<b>Non-operating A in A</b>				
<b>Accruals adjustments:</b>				
Non cash items	3 and 4	(14,923)		(36,483)
Movements in working capital other than cash	10	(500)		(9,046)
Changes in creditors falling due after more than one year		—		—
Use of provisions	14	(470)		1,442
<b>Net cash requirement (Schedule 4)</b>		<b>412,846</b>		<b>383,888</b>
				<b>28,958</b>

Explanation of the variation between the Estimate and outturn (net total resources):

(i) Net total outturn was £0.788 million less than the Estimate, representing 0.19% of net provision. The difference results from the achievement of economies in the CPS Connect infrastructure project offset by increased costs arising from the impairment of assets transferred to the CPS PFI IT partner.

Explanation of the variation between Estimate net cash requirement and outturn (net cash requirement):

(i) The outturn net cash requirement was £28.958 million less than the Estimate, representing 7% of net provision. The reasons are similar to those given above. Non-cash transactions relating to the impairment of assets and early retirement provision were greater than anticipated and savings were made during the roll out in cash transactions relating to the Connect IT infrastructure project.

[Continued overleaf]

The notes on pages 21 to 39 form part of these accounts.

### Analysis 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 shown in italics):

	Note	2001-02 Forecast		2001-02 Outturn	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts – excess A in A	5	500	—	1,004	125
Non-operating income and receipts – excess A in A		—	—	—	—
<b>Subtotal</b>		<b>500</b>	<b>—</b>	<b>1,004</b>	<b>125</b>
Other operating income and receipts not classified as A in A	5	—	—	300	301
Other non-operating income and receipts not classified as A in A		—	—	—	—
Other amounts collectable on behalf of the Consolidated Fund		—	—	—	—
Excess cash surrendered to the Consolidated Fund		—	—	—	—
<b>Total (a)</b>		<b>500</b>	<b>—</b>	<b>1,304</b>	<b>426</b>

#### Actual outturn – resources:

Request for resources 1: Actual amount net resources outturn £406,932,294.94. Actual amount of savings in resources over Estimate £787,705.06.

#### Actual outturn – cash:

Net cash requirement: Outturn net requirement £383,888,436.15 which is £28,957,563.85 less than Estimate.

(a) The actual receipts were £425,769.15. These are surrenderable to the Consolidated Fund.

#### Adjustments as a result of implementing resource-based Supply:

The opening balance of amounts due to the Consolidated Fund has been adjusted to bring it into line with the amount assessed as due at 31 March 2001 on the basis of the 2000-01 Appropriation Accounts rather than on the basis of what was recorded as due in the department's 2000-01 Resource Accounts. Whereas the latter reflected the accounting conventions adopted for resource-based Supply, this was for illustrative purposes, and the amount actually due was assessed on the basis of the former. This is a transitional adjustment because Resource-based Supply was implemented in 2001-02. The amount of the adjustment is a decrease of £7,580,000 in the opening creditor balance. The corresponding adjustment is to the General Fund. Because the 2000-01 resource accounts followed the accounting conventions for resource-based Supply, comparative figures for 2000-01 have not been restated, the effect on the current and preceding years have not been disclosed, and the adjustment has not been included in the Statement of Recognised Gains and Losses.

## SCHEDULE 2

**Operating Cost Statement**

for the year ended 31 March 2002

	Note	2001–02		2000–01	
		£000	£000	£000	£000
<b>Administration costs:</b>					
Staff costs	2		200,892		167,749
Other administration costs (including in 2001-02 an exceptional impairment loss on sale of IT assets of £22,104,403.81 less PFI prepayment of £7,510,233.28)	3		120,826		84,777
<b>Gross administration costs</b>			<b>321,718</b>		<b>252,526</b>
Less: Operating income	5		(2,146)		(4,112)
<b>Net administration costs</b>			<b>319,572</b>		<b>248,414</b>
<b>Programme costs:</b>					
Expenditure	4	116,164		113,726	
Less: income	5	(30,108)		(29,380)	
<b>Net programme costs</b>	4		<b>86,056</b>		<b>84,346</b>
<b>Net operating cost</b>	7		<b>405,628</b>		<b>332,760</b>
<b>Net resource outturn</b>	6		<b>406,932</b>		<b>341,322</b>

All income and expenditure are derived from continuing operations.

**Statement of Recognised Gains and Losses**

for the year ended 31 March 2002

	Note	2001–02	2000–01
		£000	£000
Net gain on revaluation of tangible fixed assets	15	109	94
<b>Recognised gains and losses for the financial year</b>		<b>109</b>	<b>94</b>

The notes on pages 21 to 39 form part of these accounts.

## SCHEDULE 3

**Balance Sheet**

as at 31 March 2002

	Note	31 March 2002		31 March 2001	
		£000	£000	£000	£000
<b>Fixed assets:</b>					
Tangible assets	8		<b>12,094</b>		<b>19,874</b>
<b>Debtors falling due after more than one year</b>	11		<b>6,765</b>		—
<b>Current assets:</b>					
Debtors	11	35,982		35,754	
Cash at bank and in hand	12	30,382		4,669	
		<u>66,364</u>		<u>40,423</u>	
<b>Creditors (amounts falling due within one year)*</b>	13	<u>(63,478)</u>		<u>(30,627)</u>	
<b>Net current assets</b>			<b><u>2,886</u></b>		<b><u>9,796</u></b>
<b>Total assets less current liabilities</b>			<b>21,745</b>		<b>29,670</b>
<b>Provisions for liabilities and charges</b>	14		<b><u>(13,055)</u></b>		<b><u>(8,460)</u></b>
			<b><u>8,690</u></b>		<b><u>21,210</u></b>
<b>Taxpayers' equity</b>					
General fund*	17		7,616		20,157
Revaluation reserve	15		1,074		978
Donated asset reserve	15		—		75
			<u>8,690</u>		<u>21,210</u>

\*See note at foot of Schedule 1

Sir David Calvert-Smith QC  
Accounting Officer

26 September 2002

The notes on pages 21 to 39 form part of these accounts.

## SCHEDULE 4

## Cash Flow Statement

for the year ended 31 March 2002

	2001–02	2000–01
	£000	£000
<b>Net cash outflow from operating activities (a)</b>	<b>(362,537)</b>	<b>(316,079)</b>
<b>Capital expenditure and financial investment (b)</b>	<b>(21,043)</b>	<b>(12,984)</b>
<b>Payments of amounts due to the Consolidated Fund</b>	<b>(5,872)</b>	<b>(4,963)</b>
<b>Financing (c)</b>	<b>412,846</b>	<b>353,327</b>
<b>Increase/(decrease) in cash in the period</b>	<b>23,394</b>	<b>19,301</b>

## Notes:

- (a) See the table below giving a reconciliation of operating cost to operating cash flows.  
 (b) See the table below giving an analysis of capital expenditure and financial investment.  
 (c) See the table below giving an analysis of financing and a reconciliation to the net cash requirement.

## Reconciliation of operating cost to operating cash flows

	2001–02	2000–01
Note	£000	£000
<b>Net operating cost</b>	<b>405,628</b>	<b>332,760</b>
<b>Adjustments for:</b>		
Non cash items	3 and 4 (36,483)	(9,498)
Movements in working capital other than cash	10 (8,050)	(8,542)
Use of provisions	14 1,442	1,359
<b>Net cash outflow from operating activities</b>	<b>362,537</b>	<b>316,079</b>

## Analysis of capital expenditure and financial investment

	2001–02	2000–01
Note	£000	£000
Tangible fixed-asset additions	8 21,043	12,984
<b>Net cash outflow from investing activities</b>	<b>21,043</b>	<b>12,984</b>

## Analysis of financing, and reconciliation to the net cash requirement

	2001–02	2000–01
Note	£000	£000
From the Consolidated Fund (Supply) – current year (a)	412,846	348,228
Add: Consolidated Fund (Supply) – prior year	—	5,099
<b>Net financing</b>	<b>412,846</b>	<b>353,327</b>
<b>Increase in cash</b>	<b>12 (23,394)</b>	<b>(19,301)</b>
<b>Net cash flows other than financing</b>	<b>389,452</b>	<b>334,026</b>
<b>Adjustments for payments and receipts not related to Supply:</b>		
Add: current year CFER not paid over	13 93	7
current Surplus A in A not paid over	13 1,004	812
Less: prior year CFER paid over	13 (7)	(7)
prior year Surplus A in A paid over	13 (812)	(2,271)
prior year surplus paid over	13 (4,846)	(2,522)
transitional adjustment	10 (996)	—
<b>Net cash requirement (Schedule 1)</b>	<b>383,888</b>	<b>330,045</b>

(a) Amount of grant actually issued to support the net cash requirement = £412,846,000.00.

## SCHEDULE 5

**Resources by Departmental Aim and Objectives**

for the year ended 31 March 2002

**Aim:**

To contribute to the reduction both of crime and the fear of crime and to increased public confidence in the criminal justice system by fair and independent review of cases and by firm, fair and effective presentation at court.

The aim is consistent with the wider aims of the criminal justice system.

**Objectives**

Dealing with prosecution cases in a timely and efficient manner in partnership with other agencies:

	2001-02			2000-01		
	<u>Gross</u>	<u>Income</u>	<u>Net</u>	<u>Gross</u>	<u>Income</u>	<u>Net</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Objective 1</b>						
To ensure that the charges proceeded with are appropriate to the evidence and to the seriousness of the offending by the consistent, fair and independent review of cases in accordance with the Code for Crown Prosecutors	91,707	(8,986)	82,721	69,099	(8,942)	60,157
<b>Objective 2</b>						
To enable the courts to reach just decisions by fairly, thoroughly and firmly presenting prosecution cases, rigorously testing defence cases, and scrupulously complying with the duties of disclosure	322,492	(21,629)	300,863	277,019	(22,842)	254,177
<b>Objective 3</b>						
To meet the needs of victims and witnesses in the criminal justice system, in co-operation with other criminal justice agencies	23,683	(1,639)	22,044	20,134	(1,708)	18,426
<b>Net operating costs</b>	<b><u>437,882</u></b>	<b><u>(32,254)</u></b>	<b><u>405,628</u></b>	<b><u>366,252</u></b>	<b><u>(33,492)</u></b>	<b><u>332,760</u></b>

See Note 24

## Notes to the Departmental Resource Accounts

### 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2001-02 *Resource Accounting Manual (RAM)* issued by HM Treasury. The accounting policies contained in the *RAM* follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the *RAM* permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the department for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs.

#### 1.2 Basis of Consolidation

The CPS has no agencies or other bodies that may form part of a CPS departmental group.

#### 1.3 Tangible Fixed Assets

Title to the freehold land and buildings shown in the accounts is held as follows:

- (a) property on the departmental estate, title to which is held by the CPS;
- (b) property held by the Department of Environment in the name of the Secretary of State.

Freehold land and buildings are revalued using professional valuations every five years, and during intervening years, by annual indexation up to the year-end. The indices used are supplied by the Investment Property Databank.

Other tangible fixed assets are revalued annually by indexation up to the year-end using Price Index Numbers for Current Cost Accounting, published by the Office of National Statistics.

Costs of bought-in services incurred in preparation for the implementation of IT projects are capitalised. Internal costs incurred on the same projects are not capitalised where the work can only be carried out by in-house staff.

The minimum level for capitalisation of a tangible fixed asset is £3,000. However, as the CPS has a significant volume of computer hardware and furniture and fittings that individually fall below this value, expenditure on such assets is capitalised on a pooled basis and is written off over the relevant standard life.

#### 1.4 Depreciation

Freehold land is not depreciated. Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives. Lives are normally in the following ranges:

Freehold buildings	20 to 50 years
Equipment and computers	4 to 10 years

#### 1.5 Donated Assets

Donated tangible fixed assets are capitalised at their valuation on receipt, and this value is credited to the donated assets reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to the operating cost statement. Donated assets are revalued, depreciated and impaired in the same way as other fixed assets.

## Notes to the Departmental Resource Accounts (*continued*)

### 1.6 Operating Income

Operating income is income which relates directly to the operating activities of the department, and consists of administration and programme income. It includes not only income appropriated in aid of the Estimate but also income to the Consolidated Fund, which in accordance with *RAM* is treated as operating income. Operating income is stated net of VAT.

#### *Administration Income*

Administration income principally comprises rental income from other Government Departments in jointly occupied buildings, commercial sub-tenants and Non Departmental Public Bodies. In accordance with *RAM* rental income received from other Government Departments is netted off against expenditure.

#### *Programme Income*

The CPS receives awards of costs made against convicted defendants at the discretion of the judge or magistrates. Magistrates' courts are responsible for recording, enforcing and collecting these costs; forwarding collected monies to the CPS and, under delegated authority, for writing-off awards where the amount outstanding is less than £100.

A provision for bad debts was introduced in 2000-01. The provision was based on the value of write offs for each court weighted on past debt collection performance, but in 2001-02 this has been amended to reflect the actual level of writes off recorded for the year.

In order to account for cost awards, the CPS uses returns submitted by the courts in respect of cash collected, transfers to and from other courts, amounts written off and cost awards outstanding. The costs reflect the cost of the prosecution but for administrative purposes are recorded against programme costs only. Cost award receipts are apportioned across each of the objectives in Schedule 5.

### 1.7 Administration and Programme Costs

The Operating Cost Statement is analysed between administration and programme costs. Costs are stated inclusive of VAT.

#### *Administration Costs*

Administration costs reflect the costs of running the department. These include both those administrative costs controlled under the administration cost-control regime during the RAB 1 implementation phase (through the Departmental Expenditure Limits) and those which are in the Annually Managed Expenditure (capital charges other than those on Civil Estate and all other non-cash items), together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

#### *Programme Costs*

Programme costs reflect non-administration costs being the external cost of prosecution including the employment of counsel and compensation paid to witnesses for costs incurred through their attendance at court. Following conclusion of a Prosecution case, payments to counsel may take considerable time to negotiate. Although a revised fee structure for payments to counsel has been introduced, and is expected to reduce the number of such instances, this had not occurred by year-end. Consequently it is not possible to ascertain the actual amount owed at year-end until many months later. In view of this the department has introduced a method of estimating counsel fees outstanding for inclusion in these accounts.

## Notes to the Departmental Resource Accounts (*continued*)

### 1.8 Capital Charge

A charge, reflecting the cost of capital utilised by the department, is included in operating costs. The charge is calculated at the government's standard rate of 6 per cent in real terms on the average carrying amount of all assets less liabilities, except for:

- (a) cash balances with the Office of the Paymaster General and donated assets where the charge is nil; and
- (b) liabilities for amounts surrendered to the Consolidated Fund for which no credit against the charge is allowed.

### 1.9 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). This is a defined benefit scheme and is non-contributory and unfunded. The CPS 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.

### 1.10 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 the early retirement programme has been announced and is binding on the department. The department may, in certain circumstances, settle some or all 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. The provision and the prepayment are stated separately. The provision for early retirement costs is to be adjusted each year to take account of the proportion of the financial benefit (i.e. the interest receivable) derived by the department from making payment in advance see note 14.

### 1.11 Operating Leases

Rentals due under operating leases are charged to the Operating Cost Statement over the lease term on a straight line basis, or on the basis of actual rentals payable where this fairly reflects the usage. Future payments, disclosed at Note 19, "Commitments under Operating Leases", are not discounted.

### 1.12 Private Finance Initiative (PFI) Transactions

The CPS signed a contract entering into a PFI transaction on 31 December 2001 for a 10 year period commencing 1 April 2002. This has been accounted for in accordance with Technical Note No.1 (Revised), entitled *How to account for PFI Transactions*, as required by the *RAM*. The balance of risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost. The CPS has transferred all IT assets to the PFI operator with effect from 1 April 2002. A prepayment for their fair value is recognised and amortised over the life of the PFI contract.

Notes to the Departmental Resource Accounts (*continued*)

## 2. Staff Numbers and Costs

(a) Staff costs consists of:

	Note	2001-02		2000-01	
		£000	£000	£000	£000
Wages and salaries			161,521		137,700
Social security costs			11,940		10,242
Other pension costs			23,033		19,522
Early retirement costs in year		5,706		1,511	
Less: provision used in year	14	(1,442)		(1,359)	
			4,264		152
Staff welfare and other personnel costs			134		133
			<b>200,892</b>		<b>167,749</b>

The PCSPS is an unfunded multi-employer defined benefit scheme but the Crown Prosecution Service is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 1999. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2001-02, normal employers' contributions of £23,033,376 were paid to the PCSPS (2000-01: £19,521,698) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

(b) The average number of whole-time equivalent persons employed (including senior management) during the year was as follows:

	2001-02	2000-01
	Number	Number
Objective 1 work	1,748	1,572
Objective 2 work	4,182	3,959
Objective 3 work	312	291
	<b>6,242</b>	<b>5,822</b>

Notes to the Departmental Resource Accounts (*continued*)

(c) The salary and pension entitlements of members of the CPS Board were as follows:

2001–02 figures in bold. 2000–01 figures in italic.

Name and title	Age	Salary (as defined below)	Real increase in pension at age 60	Total accrued pension at age 60 at 31 March 2002	Date started	Date left
	Years	£000	£000	£000		
Sir David Calvert-Smith <i>Director of Public Prosecutions</i>	<b>56</b> <i>55</i>	<b>130–135</b> <i>125–130</i>	<b>(See note on page 26)</b>			
Mark Addison <i>Chief Executive</i>	<b>51</b> <i>50</i>	<b>100–105</b> <i>100–105</i>		<b>0.0–2.5</b> <i>2.5–5.0</i>	<b>25–30</b> <i>25–30</i>	
John Halliday (a) <i>Acting Chief Executive</i>	<b>N/a</b> <i>N/a</i>	<b>N/a</b> <i>N/a</i>	<b>N/a</b> <i>N/a</i>	<b>N/a</b> <i>N/a</i>	<b>01/07/01</b>	<b>31/12/01</b>
Richard Foster <i>Chief Executive</i>	<b>52</b> <i>N/a</i>	<b>90–95</b> <i>N/a</i>	<b>0.0–2.5</b> <i>N/a</i>	<b>25–30</b> <i>N/a</i>	<b>01/01/02</b>	
Lonny Carey <i>Director BIS</i>	<b>43</b> <i>42</i>	<b>60–65</b> <i>50–55</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>00–05</b> <i>00–05</i>		
John Graham <i>Director Finance</i>	<b>50</b> <i>49</i>	<b>70–75</b> <i>65–70</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>20–25</b> <i>20–25</i>		
Chris Newell <i>Director Casework</i>	<b>51</b> <i>50</i>	<b>85–90</b> <i>80–85</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>25–30</b> <i>25–30</i>		
Garry Patten <i>Director Policy</i>	<b>52</b> <i>51</i>	<b>80–85</b> <i>75–80</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>20–25</b> <i>15–20</i>		
Indi Seehra <i>Director, Human Resources</i>	<b>39</b> <i>38</i>	<b>85–90</b> <i>80–85</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>00–05</b> <i>00–05</i>		<b>28/02/02</b>
Dr Rohan Collier (b) <i>Equality and Diversity</i>		<b>60–65</b> <i>60–65</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>00–05</b> <i>00–05</i>	<i>01/08/00</i>	
Sue Cunningham <i>Communication Division</i>	<b>55</b> <i>N/a</i>	<b>50–55</b> <i>N/a</i>	<b>0.0–2.5</b> <i>N/a</i>	<b>00–05</b> <i>N/a</i>	<b>21/01/02</b>	
Jackie Wilson <i>Strategic Planning Unit</i>	<b>59</b> <i>58</i>	<b>60–65</b> <i>55–60</i>	<b>2.5–5.0</b> <i>0.0–2.5</i>	<b>20–25</b> <i>15–20</i>	<i>01/04/00</i>	
Peter Boeuf <i>CCP, London</i>	<b>54</b> <i>53</i>	<b>80–85</b> <i>75–80</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>25–30</b> <i>20–25</i>		<i>27/03/02</i>
David Blundell <i>CCP, West Midlands</i>	<b>56</b> <i>55</i>	<b>70–75</b> <i>60–65</i>	<b>2.5–5.0</b> <i>0.0–2.5</i>	<b>25–30</b> <i>20–25</i>	<i>01/04/00</i>	
Dickie Dickenson <i>CCP, Lancashire</i>	<b>58</b> <i>57</i>	<b>65–70</b> <i>65–70</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>30–35</b> <i>30–35</i>	<i>01/04/00</i>	
Bob Marshall <i>CCP, Humberside</i>	<b>48</b> <i>47</i>	<b>60–65</b> <i>55–60</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>15–20</b> <i>15–20</i>	<i>01/04/00</i>	
Simon Rowlands <i>CCP, Dyfed-Powys</i>	<b>50</b> <i>49</i>	<b>55–60</b> <i>50–55</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>15–20</b> <i>15–20</i>	<i>01/04/00</i>	
Roger Daw <i>CCP, Hamps &amp; Isle of Wight</i>	<b>43</b> <i>N/a</i>	<b>75–80</b> <i>N/a</i>	<b>0.0–2.5</b> <i>N/a</i>	<b>15–20</b> <i>N/a</i>	<b>01/04/01</b>	
John Revell <i>CCP, Dorset</i>	<b>54</b> <i>N/a</i>	<b>55–60</b> <i>N/a</i>	<b>0.0–2.5</b> <i>N/a</i>	<b>20–25</b> <i>N/a</i>	<b>01/04/01</b>	
Alison Kerr <i>CCP, Lincolnshire</i>	<b>53</b> <i>N/a</i>	<b>55–60</b> <i>N/a</i>	<b>0.0–2.5</b> <i>N/a</i>	<b>15–20</b> <i>N/a</i>	<b>01/04/01</b>	
Jeff Corrighan <i>CCP, Durham</i>	<b>50</b> <i>N/a</i>	<b>55–60</b> <i>N/a</i>	<b>2.5–5.0</b> <i>N/a</i>	<b>15–20</b> <i>N/a</i>	<b>01/04/01</b>	
Charles Ingham <i>CCP, Hertfordshire</i>	<b>54</b> <i>N/a</i>	<b>65–70</b> <i>N/a</i>	<b>0.0–2.5</b> <i>N/a</i>	<b>15–20</b> <i>N/a</i>	<b>01/04/01</b>	
Lyn Salisbury <i>Communication Division</i>	<b>54</b> <i>53</i>	<b>50–55</b> <i>50–55</i>	<b>0.0–2.5</b> <i>0.0–2.5</i>	<b>15–20</b> <i>15–20</i>		<b>07/12/01</b>
Andrew Cresswell <i>CCP, Devon and Cornwall</i>	<b>N/a</b> <i>47</i>	<b>N/a</b> <i>55–60</i>	<b>N/a</b> <i>0.0–2.5</i>	<b>N/a</b> <i>15–20</i>		<b>01/04/01</b>
Sandie Hebblethwaite <i>CCP, Surrey</i>	<b>N/a</b> <i>37</i>	<b>N/a</b> <i>45–50</i>	<b>N/a</b> <i>0.0–2.5</i>	<b>N/a</b> <i>5–10</i>		<b>01/04/01</b>

Notes to the Departmental Resource Accounts (*continued*)2001–02 figures in bold. 2000–01 figures in *italic*.

Name and title	Age	Salary (as defined below)	Real increase in pension at age 60	Total accrued pension at age 60 at 31 March 2002	Date started	Date left
	Years	£000	£000	£000		
Peter Lewis <i>CCP, Nottinghamshire</i>	<b>N/a</b> <i>44</i>	<b>N/a</b> <i>60–65</i>	<b>N/a</b> <i>0.0–2.5</i>	<b>N/a</b> <i>15–20</i>		<b>01/04/01</b>
Nicola Reasbeck <i>CCP, Northumbria</i>	<b>N/a</b> <i>45</i>	<b>N/a</b> <i>65–70</i>	<b>N/a</b> <i>0.0–2.5</i>	<b>N/a</b> <i>15–20</i>		<b>01/04/01</b>
Monica Townsend <i>CCP, Bedfordshire</i>	<b>N/a</b> <i>39</i>	<b>N/a</b> <i>50–55</i>	<b>N/a</b> <i>0.0–2.5</i>	<b>N/a</b> <i>5–10</i>		<b>01/04/01</b>
Mike Pitt (c) <i>Non-executive Director</i>	<b>53</b> <i>52</i>	<b>0–5</b> <i>0–5</i>	<b>N/a</b> <i>N/a</i>	<b>N/a</b> <i>N/a</i>		<b>19/12/01</b>
Sukhvinder Stubbs (c) & (d) <i>Non-executive Director</i>	<b>39</b> <i>38</i>	<b>0–5</b> <i>0–5</i>	<b>N/a</b> <i>N/a</i>	<b>N/a</b> <i>N/a</i>		<b>01/01/02</b>

- (a) Interim Chief Executive employed on a part-time non-pensionable contract at a daily rate of £540 plus expenses.  
 (b) Consent to disclosure of age withheld.  
 (c) Non-executive Directors receive an annual fee of £5,000 as remuneration for sitting on the board.  
 (d) Restated age for 2000–01.

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme which provides benefits on a "final salary" basis at a normal retirement age of 60, although some ex-local authority staff employed by the CPS have preserved rights to a retirement age of 65. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings.

Pensions increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

The Director of Public Prosecutions is expected to have an individually tailored contributory pension which has yet to be finalised.

Salaries include gross salaries, reserved rights to London Weighting or London allowances, recruitment and retention allowances. Employees received no benefits in kind during the year.

Notes to the Departmental Resource Accounts (*continued*)

## 3. Other administration costs

	Note	2001–02		2000–01	
		£000	£000	£000	£000
<b>Rental under operating leases:</b>					
Hire of office equipment		1,644		1,354	
Accommodation leases		20,877		24,229	
			22,521		25,583
<b>Non cash items:</b>					
Auditor's remuneration		60		80	
Depreciation		6,328		4,954	
Loss on revaluation		187		1,286	
Loss on disposal of equipment and computers		238		—	
Impairment of computers before PFI prepayment and sale	20	22,104		—	
Transfer from donated asset reserve		—		(31)	
Cost of capital charge (Administration)		469		1,351	
Early retirement provision provided in year	14	6,258		372	
Unwinding of discount in early retirement provision	14	386		417	
Interest receivable, net of annual offset	14	(11)		(12)	
			36,019		8,417
PFI prepayment	20		(7,510)		—
Travel and subsistence			5,603		4,698
Professional charges			8,403		3,267
Temporary staff			12,401		6,822
Other expenditure			43,389		35,990
			<b>120,826</b>		<b>84,777</b>

(a) There has been no auditor's remuneration for non-audit work.

## 4. Net Programme Costs

	Note	2001–02		2000–01	
		£000	£000	£000	£000
Advocacy fees		93,290		94,196	
Witness expenses		12,481		11,726	
Costs awarded against CPS		466		311	
Other external programme costs		2,941		1,531	
Cost award change in bad debt provision		2,963		—	
Costs awarded to CPS written off	25	3,559		4,881	
			115,700		112,645
<b>Non cash items:</b>					
Bad debt provision 2000–01	14	—		596	
Cost of capital charge (Programme)		464		485	
			464		1,081
			<b>116,164</b>		<b>113,726</b>
Less: income			(30,108)		(29,380)
			<b>86,056</b>		<b>84,346</b>

## Notes to the Departmental Resource Accounts (continued)

## 5. Income and appropriations in aid

## Operating income

Operating income not appropriated-in-aid (i.e. transferred to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see Note 6). In 2001–02, all operating income not classified as A in A was within public expenditure.

	2001–02			
	Resource outturn		Operating Cost Statement	
	Netted-off gross expenditure in sub-head	Appropriated in aid	Payable to Consolidated Fund	Income included in Operating Cost Statement
	£000	£000	£000	£000
Operating income analysed by classification and activity is as follows:				
<b>Administration income:</b>				
Rental receivable from external tenants	—	1,646	196	1,842
Rental receivable from other departments	2,653	—	—	—
Consolidated Fund Extra Receipts	—	—	300	300
Other	—	4	—	4
	<b>2,653</b>	<b>1,650</b>	<b>496</b>	<b>2,146</b>
<b>Programme income:</b>				
Costs awarded to the CPS	—	29,300	808	30,108
	<b>2,653</b>	<b>30,950</b>	<b>1,304</b>	<b>32,254</b>

	2000–01			
	Resource outturn		Operating Cost Statement	
	Netted-off gross expenditure in sub-head	Appropriated in aid	Payable to Consolidated Fund	Income included in Operating Cost Statement
	£000	£000	£000	£000
Operating income analysed by classification and activity is as follows:				
<b>Administration income:</b>				
Rent receivable from external tenants	—	830	734	1,564
Rent receivable from other departments	—	2,371	—	2,371
Consolidated Fund Extra Receipts	—	—	170	170
Other	—	7	—	7
	<b>—</b>	<b>3,208</b>	<b>904</b>	<b>4,112</b>
<b>Programme income:</b>				
Costs awarded to the CPS	—	21,722	7,658	29,380
	<b>—</b>	<b>24,930</b>	<b>8,562</b>	<b>33,492</b>

Notes to the Departmental Resource Accounts (*continued*)

## 6. Reconciliation of net operating cost to control total and net resource outturn

		<u>2001–02</u>	<u>2000–01</u>
	Note	£000	£000
<b>Net operating cost (Note a)</b>		405,628	332,760
Add: operating income not classified as A in A but within public expenditure	5	<u>1,304</u>	<u>8,562</u>
<b>Net resource outturn (Note a)</b>		<u><b>406,932</b></u>	<u><b>341,322</b></u>

Note:

(a) Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the department's Supply Estimate. The outturn against the Estimate is shown in the Summary of Resource Outturn (Schedule 1).

Notes to the Departmental Resource Accounts (*continued*)

## 7. Analysis of net resource outturn by function and reconciliation to Operating Cost Statement

2001–02								<i>Net Total Outturn Compared with Estimate</i>
<i>Administration</i>	<i>Programme</i>	<i>Other current</i>	<i>Gross resource expenditure</i>	<i>A in A</i>	<i>Net total</i>	<i>Estimate</i>		
£000	£000	£000	£000	£000	£000	£000		
<b>Request for Resources 1</b>								
Administration	321,718	—	—	321,718	(1,650)	320,068	313,385	(6,683)
Crown prosecutions and legal services	—	116,164	—	116,164	(29,300)	86,864	94,335	7,471
<b>Total</b>	<b>321,718</b>	<b>116,164</b>	<b>—</b>	<b>437,882</b>	<b>(30,950)</b>	<b>406,932</b>	<b>407,720</b>	<b>788</b>
<b>Resource Outturn</b>	<b>321,718</b>	<b>116,164</b>	<b>—</b>	<b>437,882</b>	<b>(30,950)</b>	<b>406,932</b>	<b>407,720</b>	<b>788</b>
<b>Reconciliation to Operating Cost Statement</b>								
Non-A in A operating income				—	(1,304)	(1,304)		
<b>Gross Operating Expenditure</b>				<b>437,882</b>	<b>—</b>	<b>—</b>		
<b>Operating Income</b>				<b>—</b>	<b>(32,254)</b>	<b>—</b>		
<b>Net Operating Cost</b>				<b>—</b>	<b>—</b>	<b>405,628</b>		
2000–01								<i>Net Total Outturn Compared with Estimate</i>
<i>Administration</i>	<i>Programme</i>	<i>Other current</i>	<i>Gross resource expenditure</i>	<i>A in A</i>	<i>Net total</i>	<i>Estimate</i>		
£000	£000	£000	£000	£000	£000	£000		
<b>Request for Resources 1</b>								
Administration	252,526	—	—	252,526	(3,208)	249,318	255,003	5,685
Crown prosecution and legal services	—	113,726	—	113,726	(21,722)	92,004	83,938	(8,066)
<b>Total</b>	<b>252,526</b>	<b>113,726</b>	<b>—</b>	<b>366,252</b>	<b>(24,930)</b>	<b>341,322</b>	<b>338,941</b>	<b>(2,381)</b>
<b>Resource Outturn</b>	<b>252,526</b>	<b>113,726</b>	<b>—</b>	<b>366,252</b>	<b>(24,930)</b>	<b>341,322</b>	<b>338,941</b>	<b>(2,381)</b>
<b>Reconciliation to Operating Cost Statement</b>								
Non-A in A operating income				—	(8,562)	(8,562)		
<b>Gross Operating Expenditure</b>				<b>366,252</b>	<b>—</b>	<b>—</b>		
<b>Operating Income</b>				<b>—</b>	<b>(33,492)</b>	<b>—</b>		
<b>Net Operating Cost</b>				<b>—</b>	<b>—</b>	<b>332,760</b>		

Functions represent the disaggregation of requests for control purposes and parliamentary approval. They may not correspond to departmental objectives, which in turn reflect a disaggregation of departmental aims for the management of activities. (For analysis of A in A, see Note 5).

Notes to the Departmental Resource Accounts (*continued*)

## 8. Tangible fixed assets

	Freehold Land and Buildings	Equipment and Computers	Total
	£000	£000	£000
<b>Cost or Valuation</b>			
At 1 April 2001	3,986	26,374	30,360
Additions	–	21,043	21,043
Disposals	–	(1,899)	(1,899)
Revaluation	89	(29,840)	(29,751)
<b>At 31 March 2002</b>	<b>4,075</b>	<b>15,678</b>	<b>19,753</b>
<b>Depreciation</b>			
At 1 April 2001	85	10,401	10,486
Charged for the year	85	6,283	6,368
Diposals	–	(1,658)	(1,658)
Revaluation	2	(7,539)	(7,537)
<b>At 31 March 2002</b>	<b>172</b>	<b>7,487</b>	<b>7,659</b>
<b>Net Book Value:</b>			
<b>At 31 March 2002</b>	<b>3,903</b>	<b>8,191</b>	<b>12,094</b>
<b>At 1 April 2001</b>	<b>3,901</b>	<b>15,973</b>	<b>19,874</b>

Of the total net revaluation of Equipment and Computers, £22,291,000 relates to IT, excluding donated assets, of which an impairment of £22,104,000 (*see note 20*) and a net downward revaluation of £187,000 were charged to the Operating Cost Statement. Donated assets with a net book value after revaluation of £35,000 have also been impaired to £nil: The cost of impairment has been charged directly to the Donated Asset Reserve.

Freehold land and buildings were valued on 31 March 2000 at £3,845,000 on the basis of existing use value by an external firm of Chartered Surveyors, Donaldsons. The valuations were carried out in accordance with Statement of Asset Valuation Practice no 4. This is equivalent to the Royal Institute of Chartered Surveyors (RICS) Practice Standard no 4.

The Accounting Officer is not aware of any material changes in the carrying value of freehold land and buildings and therefore there have been no interim valuations, other than indexation, since 31 March 2000. Other tangible assets are revalued on the basis of latest available indices.

Notes to the Departmental Resource Accounts (*continued*)

## 9. Analysis of capital expenditure, financial investment and associated A in A

	2001–02			
	Capital expenditure	Loans, etc.	A in A	Net total
	£000	£000	£000	£000
Request for resources 1	21,043	—	—	21,043
<b>Total</b>	<b>21,043</b>	<b>—</b>	<b>—</b>	<b>21,043</b>

	2000–01			
	Capital expenditure	Loans, etc.	A in A	Net total
	£000	£000	£000	£000
Request for resources 1	12,984	—	—	12,984
<b>Total</b>	<b>12,984</b>	<b>—</b>	<b>—</b>	<b>12,984</b>

## 10. Movements in working capital other than cash

	Note	2001–02	2000–01
		£000	£000
Increase/(Decrease) in debtors	11	6,993	(8,834)
(Increase)/Decrease in creditors	13	(15,043)	292
<b>Net increase in working capital other than cash</b>		<b>(8,050)</b>	<b>(8,542)</b>
Adjustments:			
Transitional adjustment, being adjustments for outstanding balances relating to the department's Appropriation Accounts for 2000-01		(996)	—
<b>Working capital movement recognised in Schedule 1</b>		<b>(9,046)</b>	<b>(8,542)</b>

These figures exclude amounts due to and from the Consolidated Fund.

Notes to the Departmental Resource Accounts (*continued*)

## 11. Debtors

	2001–02	2000–01
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade debtors	22,992	23,973
Deposits and advances	248	239
Other debtors	44	131
Prepayments and accrued Income	12,698	11,411
Amounts due from the Consolidated Fund in respect of supply	—	—
	<b>35,982</b>	<b>35,754</b>
<b>Amounts falling due after more than one year:</b>		
Prepayments	6,765	—
	<b>42,747</b>	<b>35,754</b>

Included within trade debtors is £71k (2000–01: £Nil) that will be due to the Consolidated Fund once the debts are collected.

## 12. Cash at bank and in hand

	2001–02	2000–01
	£000	£000
Balance at 1 April 2001	4,669	(14,632)
Net cash inflow*	25,713	19,301
<b>Balance at 31 March 2002</b>	<b>30,382</b>	<b>4,669</b>
<b>The following balances at 31 March are held at:</b>		
Office of HM Paymaster General	30,282	4,545
Commercial banks and cash in hand	100	124
	<b>30,382</b>	<b>4,669</b>
<b>The balance at 31 March comprises:</b>		
Cash due to be paid to the Consolidated Fund:		
Amounts issued from the Consolidated Fund for supply but not spent at year end	29,956	4,846
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	426	819
Other:		
Less: Appropriation Account balances 2000-01	—	(996)
	<b>30,382</b>	<b>4,669</b>

\*The difference between the net cash inflow and the increase in cash (Schedule 4) is the adjustment of debtors for cost awards of £2,319k (see note 17).

Notes to the Departmental Resource Accounts (*continued*)

## 13. Creditors

	2001-02		2000-01	
	£000	£000	£000	£000
<b>Amounts falling due within one year:</b>				
VAT		—		63
Trade creditors		14,932		3,970
Accruals and deferred income		17,493		13,349
<b>Balances payable to the Consolidated Fund:</b>				
Amounts issued from the Consolidated Fund for supply but not spent at year end	29,956		4,846	
Surplus appropriations in aid (Cash)	—		812	
Surplus appropriations in aid (Resource)	1,004		7,580	
Consolidated Fund Extra Receipts	93		7	
		31,053		13,245
		<b>63,478</b>		<b>30,627</b>

See note at foot of Schedule 1

## 14. Provisions for liabilities and charges

	Note	Early retirement and pension commitments	
		£000	£000
Balance at 1 April 2001			7,864
New provision	3	6,258	
Unwinding of discount	3	386	
Interest receivable	3	(21)	
Annual offset	3	10	
Provision used in year	2	(1,442)	
Increase in provision			5,191
<b>Balance at 31 March 2002</b>			<b>13,055</b>

See note 1

Notes to the Departmental Resource Accounts (*continued*)

## 15. Reserves

	<b>Revaluation reserve</b>
	<u>£000</u>
Balance at 1 April 2001	978
Transferred to general fund in respect of realised element of revaluation reserve	(13)
Arising on revaluation during the year (net)	109
<b>Balance at 31 March 2002</b>	<b><u>1,074</u></b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	<b>Donated asset reserve</b>
	<u>£000</u>
Balance at 1 April 2001	75
Depreciation net of revaluation	(40)
Impairment (note 20)	(35)
<b>Balance at 31 March 2002</b>	<b><u>—</u></b>

The donated asset reserve reflects the net book value of computer assets donated to the department.

## 16. Administration cost limits

The outturn within the administration costs control regime shown against individual administration cost limits is as follows:

	2001–02		2000–01	
	Outturn	Limits	Outturn	Limits
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Request for resources <sup>1</sup> (Net Limit)	285,370	304,241	244,112	249,057
	<b><u>285,370</u></b>	<b><u>304,241</u></b>	<b><u>244,112</u></b>	<b><u>249,057</u></b>

Notes to the Departmental Resource Accounts (*continued*)

## 17. Reconciliation of net operating cost to changes in general fund

	Note	2001-02		2000-01	
		£000	£000	£000	£000
Net operating cost for the year (Schedule 2)			(405,628)		(332,760)
Surplus appropriations in aid payable to Consolidated Fund	5		(1,004)		(8,392)
Income not appropriated in aid payable to Consolidated Fund	5		(300)		(170)
			<u>(406,932)</u>		<u>(341,322)</u>
Net parliamentary funding			412,846		348,228
Consolidated Fund creditor for cash unspent	13		(29,956)		(4,846)
Transfer to general fund of realised element of revaluation reserve	15		13		31
Non-cash charges:					
Cost of capital charge (net)	3 and 4	933		1,836	
Auditors' remuneration	3	60		80	
			<u>993</u>		<u>1,916</u>
<b>Net increases in General Fund</b>			<b>(23,036)</b>		<b>4,007</b>
General Fund balance brought forward		20,157		9,044	
Transitional adjustments*		7,580		—	
General Fund at 1 April 2001			<u>27,737</u>		<u>9,044</u>
			4,701		13,051
Surplus accrued income not surrendered due to cash funding			—		7,049
Adjustments to assets			—		57
Adjustment to cost award debtors**			2,319		—
Adjustment to bad debt provision			596		—
<b>General fund at 31 March 2002</b> (Schedule 3)			<b><u>7,616</u></b>		<b><u>20,157</u></b>

\* See note at foot of Schedule 1.

\*\* Adjustment due because debtors were estimated in 2000-01.

Notes to the Departmental Resource Accounts (*continued*)

## 18. Capital Commitments

	2001–02	2000–01
	£000	£000
Contracted capital commitments at 31 March 2002 for which no provision has been made which relate to costs to be incurred in relation to the implementation of Criminal Justice Units funded through the Capital Modernisation Fund.	60	2,235

## 19. Commitments under operating leases

	2001–02		2000–01	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
At 31 March 2002 the department was committed to making the following payments in the next year in respect of operating leases expiring:				
within one year	680	174	1,300	37
between two to five years	3,743	3,646	2,374	235
after five years	18,725	—	16,085	2,718
	<u>23,148</u>	<u>3,820</u>	<u>19,759</u>	<u>2,990</u>

## 20. Commitments under PFI contracts

The department has entered into the following PFI contract.

*Off balance sheet*

Information, Communications and Technology (ICT) managed service

The department's ICT service is provided from a managed service contract with a term of 10 years from 1 April 2002. Under the terms of the contract CPS ICT assets will be transferred to the contractor with effect from 1 April 2002. A prepayment has been established for the fair value of the ICT assets to be transferred (£7,510,233.28) and the assets have been impaired to a nil value as at 31 March 2002.

## Future commitments

In respect of off-balance-sheet PFI payments to which the department are committed during 2002–03, analysed by the period during which the commitment expires, is as follows.

	2001–02	2000–01
	£000	£000
Expiry:		
within one year	—	—
between two to five years	—	—
six to ten years	13,045	—
	<u>13,045</u>	<u>—</u>

## 21. Financial commitments

There were no financial commitments other than the PFI contract disclosed above as at 31 March 2002, and 31 March 2001.

## Notes to the Departmental Resource Accounts (continued)

### 22. Contingent Liabilities

As at 31 March 2002 the CPS was involved in 25 Employment Tribunal cases. Two cases have since resulted in settlements totalling £113,533 but it is not possible to estimate the financial effect of the remaining cases. The CPS was also involved in a number of personal injury claims. 15 cases are still in the process of negotiation; these may result in settlements totalling £444,710 including costs. It is not possible to estimate the financial effect of the 7 remaining personal injury claims.

In addition, the CPS was also involved in negotiation of costs relating to dilapidation charges. 4 claims have been submitted by Landlords and are still in the process of negotiation; it is estimated that these may result in settlements totalling £50,750. A further 7 claims are expected with a possible settlement estimated as £1,956,000.

### 23. Related party transactions

The CPS has close working relationships with all agencies within the criminal justice system and particularly the Courts (see note 1.6). The Courts are regarded as related parties with which the Department has had material transactions, being mainly costs awarded by the Courts to the CPS (see notes 5 and 11) less amounts written off (see note 4).

In response to the recommendations of the Glidewell review the CPS and the Police are seeking to combine the administration of case files through the collocation of Criminal Justice Units. In addition the CPS has had a number of transactions with other Government bodies.

None of the Board members, key managerial staff or other related parties has undertaken any material transactions with the CPS during the year.

### 24. Notes to Schedule 5

Salary costs, administration costs, costs awards against the CPS and income are allocated to the objectives based on timings derived from the CPS Activity Based Cost system. Expenditure relating to Advocacy fees has been attributed to objective 2. Witness expenses have been attributed to objectives 2 and 3.

The CPS's capital is employed exclusively for administration purposes. Its distribution amongst objectives is therefore not markedly different from the proportion of the related gross administration cost.

### 25. Losses and Special Payments

Included within the Operating Cost Statement are losses and special payments as follows:

	<u>2001-02</u>	<u>2000-01</u>
	£000	£000
<b>Losses</b>		
<b>Total (63,607 cases)</b>	3,591	4,918
These losses include 63,513 cases relating to costs awarded to the CPS totalling £3.5 million (Note 4) of which the Magistrates' Courts, who are responsible for collecting costs awarded to the CPS, wrote off 61,526 cases with a value of £3 million under their delegated powers, and the CPS authorised a further write off of £0.5 million comprising 1,987 cases.		
<b>Special Payments</b>		
<b>Total (38 cases)</b>	482	262

Included in special payments is one case for a personal injury claim that exceeded £100,000 (£107,150).

## Notes to the Departmental Resource Accounts *(continued)*

### 26. Financial Instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, the CPS is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The department has no power to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

#### Liquidity risk

The department's net revenue resource and capital requirements are financed by resources voted annually by Parliament. The CPS is not therefore exposed to liquidity risks.

#### Interest-rate and Foreign currency risk

The department has no material deposits, and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate or currency risk.

#### Fair values

Set out below is a comparison by category of book values and fair values of the department's financial assets and liabilities as at 31 March 2002.

	<u>Book Value</u>	<u>Fair Value</u>	<u>Basis of fair valuation</u>
	£000	£000	
<b>Primary financial instruments</b>			
<b>Financial assets:</b>			
Cash at bank and in hand	30,382	30,382	
<b>Financial liabilities:</b>			
Provisions	(13,055)	(13,055)	Note a

Note:

(a) Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 6 per cent in real terms.



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