

# **Crown Prosecution Service**

## **Resource Accounts 2003-04**

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# **Crown Prosecution Service Resource Accounts 2003 - 04**

**(For the year ended 31 March 2004)**

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## Contents

	Page
Foreword	3
Statement of Accounting Officer's Responsibilities	18
Statement on Internal Control	19
Certificate and Report of the Comptroller and Auditor General	24
The Accounting Schedules:	
Schedule 1 – Summary of Resource Outturn 2003-04	26
Schedule 2 – Operating Cost Statement	28
Schedule 3 – Balance Sheet	29
Schedule 4 – Cash Flow Statement	30
Schedule 5 – Resources by Departmental Aim and Objectives	31
Notes to the Departmental Resource Accounts	32

## Foreword

### 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.

The CPS is responsible for advising the police in England and Wales 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 criminal 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 so to do.

The Code for Crown Prosecutors (the Code) is central to the core business of prosecuting. Before proceeding with a prosecution, prosecutors must first review each case against the Code, which provides guidance on the general principles to be applied in every case. It is also a public statement of policy on the principles the Service applies when carrying out its work.

### Organisation

The Service is headed by the Director of Public Prosecutions (DPP). Ken Macdonald QC succeeded Sir David Calvert-Smith QC as Director with effect from 3 November 2003. The Director is superintended by the Attorney General who is accountable to Parliament for the Service. The Chief Executive is Richard Foster, who is responsible for human resources, finance, business information systems, and business development, allowing the Director to concentrate on prosecution and legal issues. The Director is required, under the Prosecution of Offences Act 1985, to present each year to the Attorney General an Annual Report on the activities of the CPS. The Director's Annual Report for 2003-04 was presented to Parliament on 15 July 2004.

The CPS has 42 Areas across England and Wales matching police force boundaries. Each Area is headed by a Chief Crown Prosecutor who is responsible for the delivery of a high quality prosecution service to his or her local community. Each Chief Crown Prosecutor is supported by an Area Business Manager, and their respective roles mirror, at a local level, the division of responsibilities between the DPP and the Chief Executive. Administrative support to the Areas is provided through a network of 10 Service Centres each responsible for providing effective services to a 'family group' of Areas.

## Aim

The CPS works in partnership with the police, courts, the Home Office, the Department for Constitutional Affairs and other agencies throughout the Criminal Justice System to reduce crime and the fear of crime and their social and economic costs; to dispense justice fairly and efficiently and to promote confidence in the rule of law.

The Crown Prosecution Service's overall aim, which reflects the Government's priorities for the criminal justice system, is to:

***Deliver a high quality prosecution service that brings offenders to justice, helps reduce both crime and the fear of crime and thereby promotes public confidence in the rule of law, through the consistent, fair and independent review of cases and through their fair, thorough and firm presentation at court.***

## People

Overall the CPS has 7,832 staff with over 94% engaged in local delivery or essential support for frontline services. These include over 2,500 frontline prosecutors, 200 designated caseworkers and 3,600 legal caseworkers and casework support staff. The CPS has 529 prosecutors able to advocate on Crown Court cases and in the Higher Courts and 254 Designated Caseworkers to present cases in magistrates' courts. The remaining 6% of staff work in Headquarters in London or York.

## Principal Activities

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. The fourth edition of the Code was published in October 2000.

The CPS is a public authority for the purposes of the Human Rights Act 1998. In carrying out their role, Crown Prosecutors must apply the principles of the European Convention on Human Rights in accordance with the Act.

In 2003-04, we dealt with 1.57 million cases in the magistrates' courts, an increase of 13,000 cases compared to the previous year. Of all cases proceeding to a hearing in the magistrates' courts in 2003-04 98.1% resulted in a conviction. Of all magistrates' court cases that were finalised last year 78.9% resulted in a conviction, this latter figure takes into account all cases that did not proceed for a variety of reasons.

In the Crown Court in 2003-04, we dealt with 126,000 cases, around the same number as in the previous year. Of all cases proceeding to a hearing in the Crown Court during the year, 89.9% resulted in a conviction and of all Crown Court cases finalised 74.6% resulted in a conviction.

### **Events Since the End of the Financial Year**

#### **Comprehensive Spending Review**

On 12 July 2004 the Government announced its spending plans for the next three years from 2005-06 to 2007-08. The Government maintained its commitment to improving the performance of the Criminal Justice System and agreed to provide additional funding in 2006-07 and 2007-08 of £38m and £75m; and exceptionally the CPS will be receiving additional funds from the Criminal Justice System Reserve during 2005-06 to ensure that we can continue with the roll-out of the statutory charging scheme. This is important, not least for ensuring that Prosecutors are where they should be, at the centre of the criminal justice system, but also in delivering efficiencies across the Criminal Justice System as a whole.

#### **Charging**

Lord Justice Auld's Review of the Criminal Courts, in October 2001 recommended that the CPS should take over responsibility for the decision to charge in all but minor cases. Following the evaluation of a number of charging pilot schemes that were introduced in 2002, all CPS Areas were committed to provide a shadow charging scheme in conjunction with local police partners, by December 2003. By the end of 2003, all Areas had met this target and a total of 231 schemes were in place. During 2004 further roll-out will continue, with an emphasis on the 13 CJS priority Areas. These 13 Areas were the first migrated to the Statutory Charging Scheme from May 2004, followed by a staged transition to the Statutory Scheme in other Areas.

#### **CPS Direct**

The Statutory Charging Scheme came into force from April 2004. In order to provide this service to the police at weekends and between the hours of 5pm and 9am a remote telephone-based advice scheme called "CPS Direct" has been developed. CPS Direct enables lawyers to work from their own home to provide out-of-hours advice to the police through advanced IT and telephony links. The scheme was tested in three CPS Areas between September and December 2003 and 5,000 advices were given over the duration of the pilot scheme. Following a successful evaluation the scheme is to be made available for all the 13 CJS priority Areas in early 2004 followed by roll-out to the remaining Areas.

### **Improving the Service to Vulnerable or Intimidated Witnesses**

The CPS has continued to work closely with the Home Office and others to implement the package of measures proposed in the report *Speaking up for Justice*, many of which were contained in part II of the Youth Justice and Criminal Evidence Act 1999. These include greater protection for rape victims, utilising video recorded statements for children under 17 and vulnerable adults, and TV links for children under 17, vulnerable adult witnesses and intimidated witnesses. Pilot projects on the use of intermediaries for vulnerable witnesses commenced in February 2004 and will be fully evaluated prior to national roll-out.

### **Victim and Witness Care Project: 'No Witness: No Justice'**

In March 2003, the Prime Minister and the Attorney General commissioned a partnership of the Prime Minister's Office of Public Services Reform, the Crown Prosecution Service, the Association of Chief Police Officers and the Home Office to undertake a victim and witness care project. The victim and witness care project aims to provide a more consumer-focused service to victims and witnesses and to transform their experience of the criminal justice system by meeting their individual needs for information and support. This should enable more witnesses to give evidence, reduce the rate of ineffective trials through improved witness attendance at court, increase victim/witness satisfaction, and as a result contribute to improving public confidence and narrowing the justice gap. Five pilot sites (Gwent, West Midlands, Essex, North Wales and South Yorkshire) have been established to test the new services and are currently being evaluated. The Treasury Invest to Save Scheme has committed £27 million to support national implementation of the new and enhanced victim and witness services, subject to positive evaluation of the pilots.

### **Tackling Anti-Social Behaviour**

In November 2003 the Prime Minister launched the Home Office Action Plan on Tackling Anti-Social Behaviour and a national multi-agency project is taking forward a joined up approach to tackling anti-social behaviour. The CPS has appointed 12 specialist Prosecutors in 'hot spot' Areas to concentrate on prosecuting anti-social behaviour and low level disorder offences, support local authorities in the application of and in enforcing any breaches of those orders. The expert Prosecutors will also be working with local Crime Reduction Partnership groups and with local communities to establish local projects that seek to reduce anti-social behaviour. Good practice from the hot spot Areas will inform work on a Community Justice Centre planned for Merseyside.

### **Secure eMail**

The CPS has also worked with other Criminal Justice Organisations and local criminal justice practitioners to develop the use of the new Criminal Justice secure eMail network. The CJS has moved over 100 information exchanges from post and fax to e-mail as a result, with a further 500 expected to follow in 2004-05.

### **Departmental Report**

The CPS departmental report is presented to Parliament as part of the Law Officers' Departments – Departmental Report. The report for 2003-04 was published in May 2004.

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 expenditure over the previous five years and the expenditure plans for the next three years;
- CPS performance and achievements.

A supplementary performance information report for 2003–04 will be published in November 2004. The main emphasis of this report will be the latest outturn against PSA targets.

## **Operating and Financial Review**

### **Operating Review**

#### **CPS Strategic Themes for 2003–06**

The CPS published a new Strategic Plan for 2003–06. The plan focuses on how to deliver the Public Service Agreement targets which represent the Government's key objectives in criminal justice, and the basis on which funding for the Service is provided.

The plan reflects the way that the Service is gearing its efforts to make sure that it delivers improved performance. For the first time, the Service's priorities and targets will be shaped around the priorities that Ministers have agreed should be jointly shared between the CPS, the Home Office and the Department for Constitutional Affairs in order to improve the performance of the criminal justice system as a whole. The role of the CPS in this is of critical importance. Of all the organisations that play a part in the criminal justice system, it is the only one that is involved at every stage from investigation through to sentence, and changes that are planned for its role in the Criminal Justice Act 2003 will help the CPS to enlarge the contribution that it can make.

In pursuit of the effective delivery of justice the Government has set challenging targets for the Criminal Justice System for the next three years. They were published in a Public Service Agreement in July 2002. They are to:

- Improve the delivery of justice by increasing the number of crimes for which an offender is brought to justice, to 1.2million by 2005–06; with an improvement in all CJS areas, a greater increase in the worst performing areas and a reduction in the proportion of ineffective trials.
- Improve the level of public confidence in the Criminal Justice System, including increasing that of ethnic minority communities, and increasing year on year the satisfaction of victims and witnesses, whilst respecting the rights of defendants.

The CPS will work together with its partners in the Criminal Justice System to deliver on these. To reflect this, two of the targets were also published in the Public Service Agreement for the Service. There is also a third shared target. It is to:

- Increase value for money from the criminal justice system by 3% a year.

The Attorney General shares responsibility for the delivery of these targets with the Home Secretary and Lord Chancellor. This plan shows the part the Service intends to play to deliver these shared targets.

### **Justice for All**

The Criminal Justice Bill, currently in passage through Parliament, sets out a far reaching reform programme for the Criminal Justice System in England and Wales. It is aimed at supporting the Criminal Justice System in delivering its targets by removing the worst obstacles, transforming practices to enable better service and to refocus criminal justice on fighting and reducing crime, while maintaining a fair balance between the prosecution and defence, delivering justice on behalf of the community.

The victims who suffer most from crime will be at the heart of the system. And witnesses, without whom criminal justice could not function, will be protected and respected.

Critical to the reform programme is close partnership working between the CPS and the police on structured early legal advice to the police, and the CPS assuming responsibility for charge.

### **Focus on Delivery**

The Glidewell review which reported in 1998 and the 2000 Spending Review (SR2000) have placed the Service in the position where it is now:

- getting the right organisational structures in place
- increasing lawyer numbers
- achieving more equality of arms with the defence
- clearer accountabilities
- using improved performance management arrangements.

This means that at the start of this planning period the Service is poised to become more outward facing and more outcome focused. By being so we can make a substantial contribution to delivery of the Public Service Agreement targets.

### **Priorities**

Our policy priority of much closer involvement in the 'front end' of the criminal justice process is essential. Working in close partnership with the police on early advice and charging will produce the best possible casework for presentation to the court. This means developing in each of the 42 CPS Areas more of a prosecution team approach with the police through the ethos adopted in the street crime initiative and in the

charging pilots. This involved prosecutors becoming involved earlier in the case and investigators continuing their involvement until completion of the case, while at the same time protecting the professional independence of decision making for both the investigator and the prosecutor.

The move to charging and the need to develop innovative but practicable solutions to provide out-of-hours advice will bring the most far-reaching changes ever faced by the Service, presenting a significant challenge. But the outcome will also be significant – a more effective prosecution process that will narrow the justice gap substantially, reinforce confidence between the police and the CPS and the provision of a highly professional service to victims and witnesses of crime and to local communities – a prosecution process which remains fair and transparent in terms of decisions and how they are made, one that respects the rights of defendants.

Other issues for priority treatment include:

- rebalancing the criminal justice system towards the needs of victims and witnesses by the Service assuming greater responsibility for victim and witness care – currently 30,000 cases do not proceed because of witness non-attendance. The programme includes:
  - ◆ in January 2003 a pilot started in CPS West Midlands of a whole system approach to victim and witness management putting in place best in class witness care – the CPS will be accountable for victim and witness handling within the criminal justice system, providing a single point of contact, working closely with the police, courts, Victim Support and the Witness Service to inform the bid for the 2004 spending review, with a view to roll out nationally
  - ◆ pilot victim and witness support bureau services as part of the charging programme – research and consultation on pre-charge and/or pre-trial interviewing of witnesses by the prosecutor in appropriate cases – evaluation by December 2004
- working with the Department for Constitutional Affairs on more effective listing arrangements – such as a basic appointments system that must be honoured unless very exceptional circumstances occur and block bookings for our cases in the magistrates' courts and Crown Court – thus transforming our ability to prosecute effectively and efficiently.

Bringing these priorities to fruition will be a major contribution to meeting the Public Service Agreement targets.

### **Narrowing the Justice Gap and Reducing Ineffective Trials**

The Government has set narrowing the justice gap as the priority for the first year of this spending review period 2003-04, with a target of 5% improvement in that year. Improving the delivery of justice by increasing the number of crimes for which an offender is brought to justice is known as narrowing the justice gap. The justice gap is the difference between the number of offences recorded and the number for which an offender receives either a caution, a conviction or has the offence taken into consideration by a court. Narrowing the justice gap will help reduce crime, demonstrate that the criminal justice system is effective and improve public confidence.

The CPS are party to the criminal justice taskforce setting the framework within which this target can be delivered locally. Ministers have agreed with the taskforce advice that the problem needs to be tackled in three ways:

- targeting particular types of offences, such as in the street crime initiative. In 10 Areas across the country we are providing a premium service to street robbery, carjacking and similar offences, leading to less discontinuance and more successful prosecutions of these cases.

Premium service focuses on a heightened interface between ourselves and the police to underpin the highest standard of case preparation and progression by experienced investigators and experienced teams of prosecutors and caseworkers

- targeting particular types of offender, for example persistent offenders. From 3 February 2003 the premium service described above was extended to persistent offenders
- eliminating the underlying weaknesses in the criminal justice process that cause cases to fail. The reform programme set out in the Criminal Justice Bill addresses the underlying weaknesses in the criminal justice process.

Chief Crown Prosecutors will be working with their criminal justice counterparts to assess how and at what rate ineffective trials should be reduced. They will be instrumental in developing with their partners effective local strategies to identify what action they can take to address the underlying causes of ineffective trials, and propose shared, challenging targets. The targets will be delivered through robust joint performance management frameworks, locally.

### **Improving Public Confidence**

The CPS is also party to the Criminal Justice System taskforce setting the framework within which this target can be delivered locally.

Many crimes go unreported because of lack of confidence in the criminal justice system – the CPS, together with our partners, have to reverse this trend. The reforms set out in the Criminal Justice Bill and delivery of the narrowing the justice gap target will go some way to do this.

Improving public confidence specifically includes increasing that of minority ethnic communities, and increasing the satisfaction of victims and witnesses, whilst respecting the rights of defendants.

The CPS is focused clearly on activities which it believes will help to contribute to delivery of this target. The approach is based on national standards and co-ordination of policy but, importantly, allows each Chief Crown Prosecutor the necessary flexibility to deliver a service that meets the needs of local communities and local conditions.

There are five elements to the approach:

- improving services to victims and witnesses of crime
- respecting the rights of defendants
- focusing more on community engagement, particularly minority ethnic communities
- communicating better – media, publicity, public relations, internal communications
- helping the courts to restrain the assets of those involved in serious and acquisitive crime.

## Value for Money

The CPS are working with colleagues in the Home Office and Department for Constitutional Affairs to agree a set of measures in pursuit of this target. For the CPS this will involve:

- reduction in the unit cost of dealing with recordable crime through more effective deployment of Designated Caseworkers
- improvement in performance following implementation of the charging provisions through reduced discontinuance, more early guilty pleas and fewer adjournments
- improvement in performance in terms of timeliness and quality following implementation of the Initial Case Management System followed by the Full Case Management System as part of COMPASS, our IT strategic programme, being taken forward in partnership with LogicaCMG.

## Summary of Performance

### Cases for Advice and Prosecution

Caseload for the CPS has continued to increase. The number of defendant cases sent to the CPS by the police during 2003–04 rose to 1.57 million, an increase of 9.9% compared with 2002–03. This increase reflects the impact of prosecutors assuming responsibility for the decision to charge in all but the minor cases. Over 2003–04, prosecutors gave advice on prosecution and charge in 195,000 cases, a three-fold increase on 2002–03.

### Case Results

During 2003–04, over one million defendants were convicted in magistrates' courts and almost 73,000 defendants were convicted in the Crown Court. The CPS made a substantial contribution to the Criminal Justice System's target to narrow the justice gap although only the more serious offences fall within the scope of this measure. The percentage of cases discontinued continues to fall, from 16.2% in 2001–02, to 15.5% in 2002–03 and now to 13.8% in 2003–04. 98% of cases proceeding to a hearing in magistrates' courts and 90% of such cases in the Crown Court resulted in a conviction. Unsuccessful outcomes in magistrates' courts fell from 23.2% of all outcomes in 2002–03 to 21.1% in 2003–04, a reduction of 9.1%. Unsuccessful outcomes fell from 25.5% of all Crown Court outcomes in 2002–03 to 25.4% in 2003–04, a reduction of 0.3%.

The Proceeds of Crime Act 2002 (POCA) received Royal Assent on 31 July 2002. Legal guidance has been issued and a nationwide network of Area lawyer and caseworker champions has been created and trained to deal with POCA issues. These champions have in turn trained colleagues in their Areas. National conferences have been held to assist in identifying potential POCA issues and to share good practice. Up to January 2004, the CPS had been granted 66 Confiscation Orders to the value of £700,000 and 45 Restraint Orders in respect of assets of £6 million. The Service is at the forefront of a multi-agency approach to asset recovery and has played the leading role in the formation of a Receivers' Panel. The Panel members act as receivers in cases on behalf of the CPS, Customs and Excise and the Asset Recovery Agency (ARA).

### **Delivery of Public Service Agreement Targets**

Latest available figures show 1,104,539 offences were brought to justice in the year ending December 2003. The proportion of ineffective trials in the Crown Court has reduced from the 24% baseline to 17.8%, for the quarter ending April 2004, an improvement of 6.2%. For the magistrates' courts, the proportion of ineffective trials has reduced from 31% to 27.1% for the quarter ending April 2004, an improvement of 3.9%. The British Crime Survey for the year to December 2003 shows 40% of the public believe the CJS is effective in bringing people to justice, a 1% increase on year ending March 2003. The CPS is taking a leading and influential role in Local Criminal Justice Boards. Chief Crown Prosecutors chaired half of the 42 Local Criminal Justice Boards in 2003–04.

### **CPS Reform**

Each CPS Area has worked with local police colleagues to introduce non-statutory 'shadow' charging arrangements, in advance of statutory provision in the Criminal Justice Act. These arrangements are being supported by 'CPS Direct', a telephone based service offering police an out-of-hours advice and charging service. The CPS in partnership with the police has successfully piloted 'No Witness: No Justice' victim and witness care arrangements. The partnership has been awarded £27million from the Government's Invest to Save initiative to support national implementation of the scheme.

The CPS is working with the Department for Constitutional Affairs on effective trial management pilots, where victims and witnesses as customers of the court know in reasonable time when cases will be heard and can be confident that arrangements will not be changed. Plans are being developed for the roll-out of these effective trial management arrangements across England and Wales.

The COMPASS Case Management System is now fully functional in all 42 Areas with over 7,000 staff trained in using the system. At the end of April 2004 there were over one million cases registered on the system.

The CPS has developed, in partnership with external training providers, a leadership and management development programme – Transform – for our managers. All Area Business Managers and the first tranche of Unit Heads have completed initial training as a start to equipping them with more effective leadership and management skills.

Further detailed information on performance, including comparisons with achievements in previous years, can be found in the Attorney General's 2003–04 Annual Report on the CPS, published in July 2004.

The CPS' Strategic Plan for 2003–06 together with the Corporate Business Plan for 2004–05 focus on how to deliver the PSA targets and are available on the CPS website: [www.cps.gov.uk](http://www.cps.gov.uk).

### **Financial Review**

The CPS net Request for Resources (RfR), as voted by Parliament, for the period to 31 March 2004 was £528 million. Our outturn on expenditure as shown in Schedule 1 of the 2003–04 Accounts was £518 million.

Note 9 of the Accounts analyses expenditure within the Departmental Expenditure Limit (DEL) 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 £397 million compared to net provision of £409 million.

The remaining unused provision of £12 million represents administration costs and was held, in part, to ensure that there was capacity to offset an anticipated excess on expenditure on Crown prosecutions, which is explained below.

Note 7 of the Accounts compares outturn against provision within the tightly defined administration costs limit control regime. The CPS has a single administration costs limit and the outturn was £397 million compared with provision of £409 million. The reasons for the difference of £12 million are as given above.

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 had 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. The concept of broad parity has created some upward pressure on the fees the CPS pays for the longer, more complex cases that are outside the scheme. Over 40% of Crown Court cases involved indictable-only offences – the most serious cases of all – compared with 33% in 2000–01 and only 18.2% in 1991–92. The result of these pressures is that expenditure on programme costs exceeded provision by £1.7 million. This excess is offset by the under spend on administration costs. 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 Capital Modernisation Fund (CMF) provided a further £5 million of capital funding in 2003–04 to support the continuing work to meet the Glidewell agenda of collocation of the CPS with police, facilitating joint administration of prosecution cases. The Glidewell agenda, investment in IT through the PFI arrangement with LogicaCMG, 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. By 31 March 2004, 92 collocated Criminal Justice Units were operating in 35 Areas, handling about 55% of CPS business in magistrates' courts. In addition, 43 Trial Units that include a police presence will be operating in 29 Areas, handling about 53% of Crown Court business.

Chief Crown Prosecutors will be investing savings from CJUs into TUs, delivering locally on the Service's shift towards more serious casework. Some of the individual projects in the programme of works faced unforeseen complications, which led to slippage of the completion dates. As a result £1 million of the 2003–04 funding will carry forward into 2004–05.

In all the Department spent a total of £7.4 million on the purchase of fixed assets and outturn was £1.6 million less than the budget.

The Department's net cash requirement outturn was £528 million against an estimate of £531 million. The difference resulted from some of the aggregate underspends on cash transactions.

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 £76 million from the reserve in 2003–04 in order to speed up the reform of the Service. The investment has enabled the Service to direct additional resources to the more serious cases, bring more robbery offences to justice, provide better support for victims and to implement the recommendations of Speaking Up For Justice.

For 2004–05 the CPS will receive an additional £19 million resource from the Treasury to continue its modernisation programme and improve performance. Of this increase £6 million is held jointly with CJIT and will be invested in developing the full electronic case management system with LogicaCMG. The Home Office has agreed to provide funding of £6 million to support the Department's work on implementing the measures of the Proceeds of Crime Act.

### 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. Ken Macdonald QC was appointed the Director of Public Prosecutions in November 2003. 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. Richard Foster was appointed as Chief Executive on 7 January 2002. 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 at 31 March 2004 were as follows:

Ken Macdonald QC	Director of Public Prosecutions
Richard Foster	Chief Executive
John Graham	Director, Finance
Chris Newell	Director, Casework
Philip Geering	Director, Policy
Garry Patten	Serious Organised Crime Agency
Peter Lewis	Director, Business Development Directorate
Claire Hamon	Director, Business Information Systems
Angela O'Connor	Director, Human Resources
Seamus Taylor	Head of Equality and Diversity

Sue Cunningham	Head of Communication Division
David Archer	Chief Crown Prosecutor, Avon & Somerset
Richard Crowley	Chief Crown Prosecutor, Cambridgeshire
Martin Howard	Chief Crown Prosecutor, Leicestershire
Dru Sharpling	Chief Crown Prosecutor, London
Elizabeth Howe	Chief Crown Prosecutor, Kent
Barry Hughes	Chief Crown Prosecutor, Cheshire
Mark Lynn	Chief Crown Prosecutor, Warwickshire
Judith Walker	Chief Crown Prosecutor, South Yorkshire
David Magson	Chief Crown Prosecutor, Cleveland
Chris Woolley	Chief Crown Prosecutor, Gwent
Judith Hunt	Non-executive Director
Anjali Arya	Non-executive Director
Philip Oliver	Non-executive Director

Membership of the Board comprises The Director, Chief Executive, the six 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 the Serious Organised Crime Agency also sit on the Board. The nine Chief Crown Prosecutors are appointed on a rotation basis. Three non-executive directors also sit on the Board.

In January 2002 the CPS entered into a long-term partnership arrangement with LogicaCMG 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, Jim McKenna of LogicaCMG plc has sat on the Board as an observer since October 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 three 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. CPS Board members do not hold any company directorships or have any significant interests that conflict with their management responsibilities.

### **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".

## **Representative Workforce**

The CPS has exceeded Civil Service recruitment targets with 13.9% of staff from black and minority ethnic (BME) communities, 66.4% of permanent staff are female and 4.4% disabled. This compares well with a benchmark of 7.6% BME, 51.8% of permanent staff female and 3.7% disabled in the Civil Service comparison (2002). The CPS has over 1,500 staff taking the opportunity to work part-time.

## **An Equal and Diverse Prosecution Service**

The CPS is transforming its reputation to be a beacon employer and prosecutor on equality and diversity issues. The Year One Review of the CPS Race Equality Scheme was published in May 2003 and impact assessments conducted on key functions of CPS business identified in the first year of the scheme. The Commission for Racial Equality has commended this scheme and the consultation that underpinned it as an example of good practice. The National Audit Office is using the CPS as an equality and diversity case study, in the light of our increasing cooperation and consultation with external stakeholders and local communities.

## **Equality and Diversity Awards**

In February 2004, the CPS held its second Equality and Diversity Recognition Awards event in Liverpool. Awards were given to those who had developed innovative projects in employment, policy or casework. 42 entries were made and 200 people attended the event. Winners included the Speaking Up For Justice Implementation Team within Policy Directorate in York for their commitment to successfully implementing Speaking Up For Justice and providing a fairer hearing for vulnerable people and CPS South Wales for a unique approach to combating racism. The Area devised a fictional case which students followed from arrest to prosecution. A video of the event has been distributed to schools around Wales.

## **Employee Consultation and Providing Information to Employees**

The CPS has continued in its strategy of communicating to staff both formally and informally. The main focus for the promulgation of business information is via a newsletter "Inform" which is published weekly, in paper and on line format. This information is supplemented by a bi-monthly publication of CPS News, which also goes to an audience beyond the CPS. Areas and HQ Directorates produce similar publications providing staff with news and information from a more local perspective.

Staff are informed about items of change via team meetings and by newsletters circulated by individual project owners. Informal and formal consultations take place with the Trade Unions over changes that will affect staff. The Human Resources Directorate also keep the unions informed of HR policy changes and other initiatives that may impact upon their members.

The CPS intranet home page provides a portal to a number of themed areas as well as an online bulletin board, which is used to discuss a variety of business and social subjects. In March 2004 the CPS carried out its latest staff survey, which was completed on line backed up by printed media for staff away on maternity leave or on a career break as well as other specialist media for people with disabilities.

Other business information is provided both on the intranet and in paper format. Documents such as the Personnel Management Manual, provide information on HR Policy procedures and are maintained in both formats, but are gradually being replaced by a series of booklets and on line guides, which are published as policy is reviewed. Other manuals and standard forms are also published on the intranet.

### **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 5 working days of receipt of a correctly completed claim form.

In 2003–04 the CPS settled 80.5% of undisputed invoices within 30 days of receipt and 96.0% of witness claims within 5 days. The CPS paid £3,591.19 with respect to interest paid under the Late Payment of Commercial Debts (Interest) Act 1988.

### **Auditors**

This year's Resource Accounts have been audited by the National Audit Office on behalf of the Comptroller and Auditor General. No further audit services were received aside from that of Statutory Audit by the NAO.

**Ken Macdonald QC**  
Accounting Officer

1 September 2004

## 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

### Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of CPS policies, aims and objectives, 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*.

A Chief Executive, the CPS Board and Directors of the six Headquarters Directorates support me in managing the CPS and its key risks. The CPS is organised into geographical Areas each headed by a Chief Crown Prosecutor with a direct line of accountability to me for legal decisions and casework, and, in the first instance, to the Chief Executive for the delivery of CPS objectives and PSA targets, and for managing local risks.

The CPS is an independent part of the criminal justice system under ministerial superintendence by the Attorney General. I regularly meet the Attorney General to discuss progress in the implementation, including the issues and risks, of key government policy initiatives. Representatives of the Attorney General's other departments are involved in the continuous development of the risk management process and monitoring the management of CPS corporate risks as members of the CPS Strategic Planning Group, a sub-group of the Board that assists the Board to discharge its risk management responsibilities.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the CPS for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to Handle Risk

The CPS Board is responsible for ensuring that appropriate risk management arrangements exist and for ensuring that corporate risks are properly managed.

It has approved a risk management policy and framework (described below). It is supported by the Strategic Planning Group, a Board level Risk Management Champion and, from November 2003, a Risk Improvement Manager who is responsible for advising the Board on the most suitable approach for embedding risk management across the Service.

The Strategic Planning Group includes members of the CPS Board and this provides Board level involvement in identifying, assessing and reviewing the progress of management of corporate risks. All corporate risk owners are Board level managers.

With the Chief Executive, I personally take part in quarterly performance review meetings of 8 – 12 key Areas chosen on a risk based review of written submissions made by Areas. These include consideration of any key challenges or risks that the Area has identified in the short to medium term that may impact performance.

In 2003–04, risk–training workshops were provided to all Chief Crown Prosecutors and business managers and written guidance on how to develop an effective risk register was circulated to business managers. In addition, a small number of Areas commissioned risk awareness training for their management teams. At the end of 2003–04, as a part of the department’s risk management development programme, further training seminars were made available to all CPS managers involved in the risk management process.

HM Crown Prosecution Service Inspectorate published planning guidance in December 2002 that contained a section on how to integrate risk management into the planning process. That was available to all Areas for the 2003–04 planning round.

The Joint Standing Committee on Good Practice (with HM Crown Prosecution Service Inspectorate) promulgates good practice advice for casework and operational processes. In 2003–04 its outputs were limited. For 2004–05 a good practice network is planned based on local centres of risk management excellence and an e–based learning and good practice resource.

### **The Risk and Control Framework**

All risk management activity is aligned to the corporate aims, objectives and service priorities and is applied to strategic corporate risks, Area operational risks and key business change programmes. For 2003–04 the focus for corporate and Area risks was the delivery of the PSA Targets. The priority risk areas addressed were:

- internal communication;
- partnership arrangements across the CJS;
- human resources capacity and capability.

Risk identification and analysis forms part of the departmental strategic planning, business planning and investment/project appraisal procedures. Corporate, Area and HQ Directorate Business plans are constructed in tandem with the relevant risk registers.

The CPS Board is responsible for ensuring that the department’s risk management arrangements are reliable and CPS corporate risks are properly managed. It is supported in this by the Strategic Planning Group (a sub–group of the Board), whose role is to oversee the production of the corporate risk register for the Board’s approval; review the risk register throughout the year to ensure that the risks remain relevant and are being properly managed; and to commission and direct the work to maintain and develop CPS risk management arrangements.

In 2003–04 the Strategic Planning Group reviewed the progress of the actions planned to manage the CPS corporate risks on four occasions on the basis of risk review workshops led by Board level corporate risk owners and information obtained by Strategic Planning & Change Division, who until the appointment of the Risk Improvement Manager were responsible for administering the corporate risk management process.

The CPS Board approves the corporate risk register and during the year it is informed of any key risks that are not managed effectively. The Board received reports from the programme Boards of the key change initiatives (Charging, Case Management System, etc) on the progress of managing the key risks and issues identified within the programme management regime.

Managers and staff at all levels have a responsibility to identify, evaluate, manage or report risks. The Director, Chief Executive and the Board encourage innovation and taking opportunities to further the interests of the CPS and the achievement of its objectives. The CPS risk tolerance range and the acceptable parameters for risk taking by managers are outlined in the CPS risk policy and strategy document.

The Board requires Areas and HQ Directorates to maintain:

- a risk register detailing priority by likelihood and impact and ownership;
- a risk management action plan;
- evidence of regular review and monitoring.

Area risk registers were reviewed in the year and a report highlighting the common themes and risks was prepared for the Strategic Planning Group. The Strategic Planning Group determined that no issues needed to be escalated to the corporate risk register.

### **Review of Effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Strategic Planning Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The department has an internal audit function, which operates to the 'Government Internal Audit Standards'. They submit regular reports to the Audit Committee, including a report from the Head of Internal Audit giving an independent opinion on the adequacy and effectiveness of the department's system of internal control that includes recommendations for improvement.

The Audit Committee meetings include reports on the effectiveness of the internal control system by the Head of Internal Audit. The Risk Improvement Manager also reports to the Audit Committee to provide an assurance on the effectiveness of the department's risk management arrangements and the management of corporate risks. In 2003-04 one of the CPS Board's non-executives assumed the Chair of the Audit Committee.

At the end of the year each Chief Crown Prosecutor and 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 aspects of the business. They specifically provide an assurance on the effectiveness of local systems to identify and manage the principal risks to the delivery of the Public Service Agreement targets. The internal audit unit reviews all certificates for consistency with HM Crown

Prosecution Service Inspectorate reports and other known performance information, and further validates a sample by visits to the Areas and HQ Directorates.

The Resources and Planning Group was set up as a sub-group of the CPS Board to advise on the distribution of funding to CPS Areas and effective methods of performance monitoring. It is also responsible for identifying performance problems and for instigating appropriate remedial action. The Resources and Planning Group measured and reviewed Area performance against corporate targets each quarter in 2003–04. During the year the CPS corporate governance arrangements were expanded by the introduction of the Chief Executive's Group with executive responsibility for driving the necessary performance improvements and business changes. The Resources and Performance Group now reports to the Chief Executive's Group.

Information Technology is a key enabler for the achievement of the Criminal Justice System and CPS strategic objectives. A programme board, in partnership with LogicaCMG our strategic information technology partner, oversees our information technology programme.

In addition HM Crown Prosecution Service Inspectorate undertake a programme of reviews of Area and HQ casework and management systems to promote efficiency and effectiveness, and carry out thematic reviews to promote good practice. In 2003–04 they visited and published reports on roughly half of the 42 CPS Areas.

The Strategic Planning Group is responsible for reviewing the effectiveness of departmental planning and risk management arrangements. It receives reports from Strategic Planning & Change Division and, from November 2003, the Risk Improvement Manager. In 2003–04 a review of the risk management arrangements was carried out by Strategic Planning & Change Division to inform the report to the Prime Minister by HM Treasury Risk Support Team. In December 2003, the Risk Improvement Manager carried out a review to confirm that risk management processes were in place and operating effectively, and to determine whether they meet latest best practice and the standards set out in HM Treasury guidance. The Strategic Planning Group accepted the report recommendations; these form the basis of the risk management development programme for the end of 2003–04 and into 2004–05.

The key areas for development were:

- improving the definition of the risk management framework – this was achieved by the end of 2003–04 by the publication on the CPS intranet of a revised risk management policy and a new CPS 'Practical Guide';
- enabling everyone to meet their risk management responsibilities by providing accessible integrated training, support and guidance – this has been achieved in part by the provision of the extended practical guide, the delivery of training to a range of managers across the department. In 2004–05, this will be further enhanced by plans to embed risk management into the standing management training programme and the development of an e-learning resource.

As part of the programme and project 'Centre of Excellence' development initiative, in 2003–04 CPS reviewed its departmental Programme and Project Management arrangements and produced an improvement plan for 2004–05. This includes producing programme and project management best practice guidance, a training programme and an improved system to address cross programme and project risks.

**Significant Internal Control Issues**

I have no significant internal control issues, as defined in *Government Accounting, Chapter 21*, to report for 2003–04.

In 2002–03 I reported 4 significant internal control issues:

**Risk**

I am satisfied that processes introduced for 2003–04 to evaluate the effectiveness with which corporate risks are managed have addressed the significant control issue identified in 2002–03. The risk management development programme initiated by the Risk Improvement Manager has promoted further improvement in the year and for 2004–05.

**Management of Change**

The problems experienced in developing arrangements designed to ensure that the interdependencies between projects are identified and managed have been addressed in the year by focusing on the key change programmes – Charging and CMS. Arrangements have been put in place to manage these major projects. Progress, driven by the Centre of Excellence programme and project management improvement plan, continues to be made to develop more integrated change management arrangements.

**Cost Awards**

Magistrates' courts are responsible for recording, enforcing and collecting costs awarded to the CPS, for remitting collected monies, and for writing off outstanding balances less than £100. In 2002–03 I was unable to reconcile monies due, collected, written off and outstanding. For 2003–04 the CPS obtained much more complete information from the magistrates' courts and I am satisfied that this was not a significant internal control issue in the year. The CPS still relies on magistrates' courts internal financial controls and the monitoring of those controls by the Department for Constitutional Affairs internal audit function, their external auditors and the HM Magistrates' Courts Service Inspectorate. We will continue to develop the information and assurance provided by the Department for Constitutional Affairs and the Magistrates' Courts Service in 2004–05.

**Counsel Fees**

In 2002–03 I recognised the need to improve CPS quality assurance systems to ensure that existing financial controls over fees paid to counsel are properly exercised and recorded. Throughout 2003–04 Resources and Performance Division have reviewed Area compliance with financial controls and undertaken compliance enforcement visits to the high risk Areas identified. Resources and Performance Division are the part of HQ responsible for setting policy and providing guidance on business relations with external service providers, including the Bar. There has been significant work done to reduce the level of outstanding fees in the year. This work will continue through 2004–05, and, although there are still improvements to be made, I am satisfied that this is no longer a significant internal control issue.

**Ken Macdonald QC**

Accounting Officer

1 September 2004

## 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 26 to 56 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 32 to 35.

### Respective responsibilities of the Accounting Officer and Auditor

As described on page 18, 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 I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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 Foreword 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 Internal Control on pages 19 to 23 reflects the Crown Prosecution Service's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Crown Prosecution Service's corporate governance procedures or its risk and control procedures.

### 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 2004 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**

**9 September 2004**

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

**SCHEDULE 1****Summary of Resource Outturn 2003-04 (£000s)**

	2003-04			2003-04			Net total outturn compared with Estimate saving/ (excess)	2002-03
	Estimate			Outturn				
	Gross Expenditure	A in A	NET TOTAL	Gross Expenditure	A in A	NET TOTAL		Prior-year outturn
Request for Resources 1 (Notes 6, 9 and 30)	559,185	30,950	528,235	549,199	30,950	518,249	9,986	454,137
Total resources	559,185	30,950	528,235	549,199	30,950	518,249	9,986	454,137
Non-operating cost A in A	-	-	-	-	-	-	-	-
Net cash requirement	-	-	531,499	-	-	527,985	3,514	446,192

**Summary of income payable to the Consolidated Fund**

(In addition to appropriations in aid, the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in italics and figures in £000s)).

	Note	Forecast 2003-04		Outturn 2003-04	
		Income	Receipts	Income	Receipts
Total	5	-	-	5,732	2,838

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

- (i) Net total outturn was £9.986 million less than the Estimate, representing 1.89% of net provision. In setting future expenditure plans the CPS maintains a 1% contingency. The remaining difference reflects some slight slippage in recruitment plans to support the department's reform programme.

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

- (i) The outturn net cash requirement was £3.5 million less than the Estimate, representing 0.66% of provision. The difference is a result of underspends on cash transactions.

The notes on pages 32 to 56 form part of these accounts.

## Reconciliation of resources to net cash requirement (£000s)

	<i>Note</i>	<b>Estimate</b>	<b>Outturn</b>	<b>Net total outturn compared with Estimate: saving/ (excess)</b>
<b>Net total resources</b>		<b>528,235</b>	<b>518,249</b>	<b>9,986</b>
Capital:				
Acquisition of fixed assets	10 and 11	9,000	7,370	1,630
Investments		–	–	–
Non-operating A in A:				
Proceeds of fixed asset disposals		–	–	–
Accruals adjustments:				
Non-cash items	4a	(6,909)	(4,422)	(2,487)
Changes in working capital other than cash	12	(500)	4,179	(4,679)
Changes in creditors falling due after more than one year	15	–	–	–
Use of provision	16	<u>1,673</u>	<u>2,609</u>	<u>(936)</u>
<b>Net cash requirement (Schedule 4)</b>		<b><u>531,499</u></b>	<b><u>527,985</u></b>	<b><u>3,514</u></b>

The notes on pages 32 to 56 form part of these accounts.

**SCHEDULE 2****Operating Cost Statement**

for the year ended 31 March 2004 (£000s)

	<i>Note</i>	<u>2003-04</u>	<u>2002-03</u>
<b>Administration costs:</b>			
Staff costs	2	279,870	231,052
Non-staff administration costs	3	<u>119,373</u>	<u>108,658</u>
<b>Gross administration costs</b>		<b>399,243</b>	<b>339,710</b>
Operating income	6	<u>(2,570)</u>	<u>(2,354)</u>
<b>Net administration costs</b>		<b>396,673</b>	<b>337,356</b>
<b>Programme costs</b>			
Expenditure	4	149,956	145,462
Less: income	6	<u>(34,112)</u>	<u>(31,224)</u>
<b>Net programme costs</b>	4	<b><u>115,844</u></b>	<b><u>114,238</u></b>
<b>Net operating cost</b>	8 and 9	<b><u>512,517</u></b>	<b><u>451,594</u></b>
<b>Net resource outturn</b>	8	<b><u>518,249</u></b>	<b><u>454,137</u></b>

All income and expenditure are derived from continuing operations.

**Statement of Recognised Gains and Losses**

for the year ended 31 March 2004 (£000s)

	<i>Note</i>	<u>2003-04</u>	<u>2002-03</u>
Net gain/(loss) on revaluation of tangible fixed assets	18	203	(19)
<b>Total recognised gains and losses for the financial year</b>		<b><u>203</u></b>	<b><u>(19)</u></b>

The notes on pages 32 to 56 form part of these accounts.

**SCHEDULE 3****Balance Sheet**

as at 31 March 2004 (£000s)

	<i>Note</i>	<u>31 March 2004</u>	<u>31 March 2003</u>
<b>Fixed assets:</b>			
Tangible assets	11	20,898	15,678
<b>Debtors falling due after more than one year</b>	13	5,259	6,073
<b>Current assets:</b>			
Debtors	13	45,004	40,308
Cash at bank and in hand	14	<u>5,835</u>	<u>20,848</u>
		50,839	61,156
<b>Creditors (amounts falling due within one year)</b>	15	<u>(53,278)</u>	<u>(68,588)</u>
<b>Net current liabilities</b>		<u>(2,439)</u>	<u>(7,432)</u>
<b>Total assets less current liabilities</b>		23,718	14,319
<b>Provisions for liabilities and charges</b>	16	<u>(11,114)</u>	<u>(12,112)</u>
		<u>12,604</u>	<u>2,207</u>
<b>Taxpayers' equity</b>			
General fund	17	11,467	1,246
Revaluation reserve	18	<u>1,137</u>	<u>961</u>
		<u>12,604</u>	<u>2,207</u>

**Ken Macdonald QC**  
Accounting Officer

1 September 2004

The notes on pages 32 to 56 form part of these accounts.

**SCHEDULE 4****Cash Flow Statement**

for the year ended 31 March 2004 (£000s)

	<u>2003-04</u>	<u>2002-03</u>
Net cash outflow from operating activities (a)	(517,778)	(440,416)
Capital expenditure and financial investment (b)	(7,370)	(5,528)
Payments of amounts due to the Consolidated Fund	(1,524)	(664)
Financing (c)	<u>511,659</u>	<u>437,074</u>
(Decrease) in cash in the period	<u>(15,013)</u>	<u>(9,534)</u>

*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**

	<i>Note</i>	<u>2003-04</u>	<u>2002-03</u>
<b>Net operating cost</b>		<b>512,517</b>	<b>451,594</b>
Adjustments for non-cash transactions	4a	(4,422)	(3,971)
Adjustments for movements in working capital other than cash	12	7,074	(9,712)
Use of provisions	16	<u>2,609</u>	<u>2,505</u>
<b>Net cash outflow from operating activities</b>		<b><u>517,778</u></b>	<b><u>440,416</u></b>

**Analysis of capital expenditure and financial investment**

	<i>Note</i>	<u>2003-04</u>	<u>2002-03</u>
Tangible fixed asset additions	11	<u>7,370</u>	<u>5,528</u>
<b>Net cash outflow from investing activities</b>		<b><u>7,370</u></b>	<b><u>5,528</u></b>

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

	<i>Note</i>	<u>2003-04</u>	<u>2002-03</u>
From the Consolidated Fund (Supply) – current year (a)		<u>511,659</u>	<u>437,074</u>
<b>Net financing</b>		<b><u>511,659</u></b>	<b><u>437,074</u></b>
<b>Decrease in cash</b>	14	<u>15,013</u>	<u>9,534</u>
<b>Net cash flows other than financing</b>		<b><u>526,672</u></b>	<b><u>446,608</u></b>

**Adjustments for payments and receipts not related to Supply:**

Amounts due to the Consolidated Fund – received in a prior-year and paid over		(1,008)	(218)
Amounts due to the Consolidated Fund – received and not paid over	14	2,321	1,008
Adjustment for CFER debtors		–	<u>(1,206)</u>
<b>Net cash requirement (Schedule 1)</b>		<b><u>527,985</u></b>	<b><u>446,192</u></b>

(a) Amount of grant actually issued to support the net cash requirement = £511,659,017.55.

The notes on pages 32 to 56 form part of these accounts.

## SCHEDULE 5

### Resources by Departmental Aim and Objectives

for the year ended 31 March 2004 (£000s)

Aim:

To deliver a high quality prosecution service that brings offenders to justice, helps reduce both crime and the fear of crime and thereby promotes public confidence in the rule of law, through the consistent, fair and independent review of cases and through their fair, thorough and firm presentation at court.

	<u>Gross</u>	<u>2003-04 Income</u>	<u>Net</u>
Objective	549,199	(36,682)	512,517
<b>Net operating costs</b>	<b><u>549,199</u></b>	<b><u>(36,682)</u></b>	<b><u>512,517</u></b>

During 2003-04 the Aim of the CPS remained as previously stated. However, as part of the outcome of the SR 2002 spending review the Service's three objectives were amalgamated into a single overarching objective:

**To ensure the effective delivery of justice.**

### Resources by Departmental Aim and Objectives

for the year ended 31 March 2003 (£000s)

Aim:

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

	<u>Gross</u>	<u>2002-03 Income</u>	<u>Net</u>
Objective 1	79,275	(7,723)	71,552
Objective 2	381,583	(24,176)	357,407
Objective 3	24,314	(1,679)	22,635
<b>Net operating costs</b>	<b><u>485,172</u></b>	<b><u>(33,578)</u></b>	<b><u>451,594</u></b>

The department's objectives were as follows:

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

**Objective 1** – 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.

**Objective 2** – 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.

**Objective 3** – To meet the needs of victims and witnesses in the criminal justice system, in co-operation with other criminal justice agencies.

See Note 19

The notes on pages 32 to 56 form part of these accounts.

## Notes to the Departmental Resource Accounts

### 1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2003–04 *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 department's accounting policies 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

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. With effect from 1 April 2002 all expenditure on tangible fixed assets of £500 or over is capitalised. On initial recognition they are measured at cost including any costs such as installation directly attributable to bringing them into working condition.

All tangible fixed assets are restated to current value each year. Land and buildings are restated to current value using professional valuations in accordance with FRS15 every five years and in the intervening years by the use of published indices appropriate to the type of land or building. The indices used are supplied by the Investment Property Databank.

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, Food and Rural Affairs in the name of the Secretary of State.

Other tangible fixed assets are restated to current value 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.

## 1.4 Depreciation

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. No depreciation is provided on freehold land since it has an unlimited useful life. Asset lives are normally in the following ranges:

Freehold land and buildings	20 to 50 years
Furniture and fittings	3 to 10 years
Information technology	4 years

## 1.5 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.

Bad debts are provided for as a percentage of programme debtors.

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 income is included in the objective in Schedule 5.

## 1.6 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 administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost-control 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. Where a Prosecution case is expected to last 25 days or less, payments are made to counsel using a revised fee structure, with a target of payment within 10 days of the case concluding. Cases expected to last in excess of 25 days are excluded from this system and payments to counsel for these cases may take considerable time to negotiate. It is not possible to ascertain the actual amount owed on these cases at year-end until some months later. In view of this the department estimates such counsel fees outstanding for inclusion in these accounts.

The classification of expenditure and income as administration or as programme follows the definition of administration costs set by HM Treasury.

### **1.7 Capital Charge**

A charge, reflecting the cost of capital utilised by the department, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) 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 to be surrendered to the Consolidated Fund for which no credit against the charge is allowed.

### **1.8 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is detailed in Note 2. This is a defined benefit scheme and is unfunded and non-contributory except in respect of dependants' benefits. 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. In respect of the defined contribution schemes, the department recognises the contributions payable for the year.

### **1.9 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 21, "Commitments under Operating Leases", are not discounted.

### **1.10 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, therefore the PFI payments are recorded as an operating cost. The CPS 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.

### 1.11 Provisions

The department provides for the legal or constructive obligations which are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury (currently 3.5%).

### 1.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with FRS12, the department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

- items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by Departmental Minute prior to the Department entering into the arrangement;
- all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *RAM* to be noted in the resource accounts.

### 1.13 Value Added Tax

Most of the activities of the department are outside the scope of VAT and, in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged, the amounts are stated net of VAT.

## 2. Staff Numbers and related costs

(a) Staff costs for officials of the department (including staff on secondment or loan and agency or temporary staff) consist of:

	<u>2003-04</u>	<u>2002-03</u>
	<i>£000</i>	<i>£000</i>
Wages and salaries	209,511	191,979
Social security costs	16,411	12,965
Other pension costs	29,327	25,925
Agency, temporary and contract staff costs	<u>24,477</u>	<u>–</u>
<b>Sub total</b>	<b>279,726</b>	<b>230,869</b>
Inward secondments	<u>144</u>	<u>234</u>
<b>Total</b>	<b>279,870</b>	<b>231,103</b>
Less recoveries in respect of outward secondments	<u>(249)</u>	<u>–</u>
<b>Total net costs*</b>	<b><u>279,621</u></b>	<b><u>231,103</u></b>

\*Of the total in 2002-03, £51k was charged to capital.

The Principal Civil Service Pension Scheme (PCSPS) of which most of the department's employees are members 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 2003 and 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 2003-04, employers' contributions of £29,280,803 were payable to the PCSPS (2002-03: £25,925,157) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates will remain the same next year, subject to revalorisation of the salary bands, but will increase from 2005-06. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and they reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership account, a stakeholder pension with an employer contribution. Employer's contributions of £43,230 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £3,087, 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £Nil.  
Contributions prepaid at that date were £Nil.

(b) The average number of whole-time equivalent persons employed during the year was as follows. There were no staff engaged wholly on capital projects.

Objective	2003-04					2002-03
	Number					Number
	<i>Total</i>	<i>Senior Management</i>	<i>Officials</i>	<i>Staff on inward secondment</i>	<i>Agency, temporary and contract staff</i>	<i>Total</i>
Objective 1	7,832	50	7,432	7	343	1,986
Objective 2 (i)	-	-	-	-	-	4,753
Objective 3 (i)	-	-	-	-	-	355
<b>Total</b>	<b>7,832</b>	<b>50</b>	<b>7,432</b>	<b>7</b>	<b>343</b>	<b>7,094</b>

(i) The department had a single objective in 2003-04.

c) The salary, pension entitlements and the value of any taxable benefits in kind of the members of the CPS Board were as follows:

	Salary, including performance pay (as defined below) (£000s)		Real increase in pension and related lump sum at age 60 (£000s)	Total accrued pension at age 60 at 31/3/04 and related lump sum (£000s)	CETV at 31/3/04 (nearest £000s)	CETV at 31/3/03 (nearest £000s)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000s)
	2003-04	2002-03					
Ken Macdonald <i>Director of Public Prosecutions</i> (from 3 Nov 03)	65-70 (fye 165-170)		see note on page 42				
Sir David Calvert-Smith <i>Director of Public Prosecutions</i> (to 31 Oct 03)	90-95 (fye 145-150)	135-140					
Richard Foster* <i>Chief Executive</i>	120-125	100-105	7.5-10 plus 27.5-30 lump sum	45-50 plus 145-150 lump sum	836	652	147
Claire Hamon** <i>Director BIS</i> (from 13 Jan 03)	95-100	20-25 (fye 90-95)	0-2.5	0-5	18	3	11
Lonny Carey <i>Director BIS</i> (to 31 Mar 03)		(a)					
John Graham* <i>Director Finance</i>	85-90	80-85	0-2.5 plus 5-7.5 lump sum	30-35 plus 90-95 lump sum	530	468	34
Chris Newell* <i>Director Casework</i>	100-105	95-100	2.5-5 plus 7.5-10 lump sum	35-40 plus 110-115 lump sum	633	557	29
Angela O'Connor* <i>Director Human Resources</i>	85-90	80-85	20-25 plus 60-65 lump sum	20-25 plus 65-70 lump sum	400	13	214
Seamus Taylor** <i>Head of Equality and Diversity</i> (from 2 Feb 04)	10-15 (fye 75-80)		0-2.5	0-5	2		2
Laurence Gouldbourne* <i>Acting Head of Equality &amp; Diversity</i> (from 10 Aug 03 to 1 Feb 04)	25-30 (fye 45-50)		0-2.5 plus 0-2.5 lump sum	0-5 plus 5-10 lump sum	21	11	9
Dr Rohan Collier* <i>Head of Equality and Diversity</i> (to 7 Aug 03)	25-30 (fye 75-80)	70-75	0-2.5 plus 0-2.5 lump sum	5-10 plus 20-25 lump sum	146	134	4
Sue Cunningham* <i>Communication Division</i>	65-70	60-65	0-2.5 plus 2.5-5 lump sum	10-15 plus 35-40 lump sum	217	186	22
Peter Lewis* <i>Director BDD</i> (from 1 Apr 03)	100-105		5-7.5 plus 17.5-20 lump sum	25-30 plus 85-90 lump sum	425	320	82

	Salary, including performance pay (as defined below) (£000s)		Real increase in pension and related lump sum at age 60 (£000s)	Total accrued pension at age 60 at 31/3/04 and related lump sum (£000s)	CETV at 31/3/04 (nearest £000s)	CETV at 31/3/03 (nearest £000s)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000s)
	2003/2004	2002/2003					
Philip Geering * <i>Acting Director Policy (from 7 Oct 03)</i> <i>Director Policy (from 15 Jan 04)</i>	35-40 (fye 85-90)		2.5-5 plus 10-12.5 lump sum	15-20 plus 55-60 lump sum	219	168	42
Garry Patten* <i>Director Policy (to 6 Oct 03)</i> <i>SOCA (from 7 Oct 03)</i>	45-50 (fye 90-95)	85-90	2.5-5 plus 7.5-10 lump sum	25-30 plus 80-85 lump sum	477	413	34
Jackie Wilson* <i>Strategic Planning Unit (to 16 Apr 03)</i>	0-5 (fye 60-65)	60-65		20-25 plus 70-75 lump sum	448		
Barry Hughes* <i>CCP, Cheshire</i>	80-85	70-75	0-2.5 plus 5-7.5 lump sum	15-20 plus 50-55 lump sum	226	188	24
Mark Lynn* <i>CCP, Warwickshire</i>	70-75	65-70	2.5-5 plus 7.5-10 lump sum	30-35 plus 90-95 lump sum	540	468	47
Dru Sharpling* <i>CCP, London</i>	110-115	95-100	0-2.5 plus 2.5-5 lump sum	0-5 plus 5-10 lump sum	32	14	16
Judith Walker* <i>CCP, South Yorkshire</i>	75-80	70-75	0-2.5 plus 5-7.5 lump sum	20-25 plus 60-65 lump sum	312	262	32
Chris Woolley* <i>CCP, Gwent</i>	70-75	65-70	0-2.5 plus 5-7.5 lump sum	20-25 plus 65-70 lump sum	320	272	29
David Archer* <i>CCP, Avon &amp; Somerset (from 20 Mar 03)</i>	80-85	0-5 (fye 70-75)	0-2.5 plus 5-7.5 lump sum	15-20 plus 45-50 lump sum	178	148	20
Richard Crowley* <i>CCP, Cambridgeshire (from 20 Mar 03)</i>	70-75	0-5 (fye 65-70)	0-2.5 plus 5-7.5 lump sum	15-20 plus 55-60 lump sum	271	231	27
Martin Howard* <i>CCP, Leicestershire (from 20 Mar 03)</i>	75-80	0-5 (fye 75-80)	2.5-5 plus 7.5-10 lump sum	30-35 plus 90-95 lump sum	537	465	48
Elizabeth Howe* <i>CCP, Kent (from 20 Mar 03)</i>	75-80	0-5 (fye 75-80)	0-2.5 plus 5-7.5 lump sum	20-25 plus 60-70 lump sum	332	284	33
David Magson* <i>CCP, Cleveland (from 20 Mar 03 to 31 Mar 04)</i>	75-80	0-5 (fye 75-80)	2.5-5 plus 7.5-10 lump sum	30-35 plus 90-95 lump sum	557	481	50

	Salary, including performance pay (as defined below) (£000s)		Real increase in pension and related lump sum at age 60 (£000s)	Total accrued pension at age 60 at 31/3/04 and related lump sum (£000s)	CETV at 31/3/04 (nearest £000s)	CETV at 31/3/03 (nearest £000s)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000s)
	2003/2004	2002/2003					
Roger Daw* <i>CCP, Hants &amp; Isle of Wight (to 19 Mar 03)</i>		70-75 <i>(fye 75-80)</i>					
John Revell* <i>CCP, Dorset (to 19 Mar 03)</i>		60-65 <i>(fye 65-70)</i>					
Alison Kerr* <i>CCP, Lincolnshire (to 19 Mar 03)</i>		(a)					
Jeff Corrighan* <i>CCP, Durham (to 19 Mar 03)</i>		60-65 <i>(fye 65-70)</i>					
Charles Ingham* <i>CCP, Hertfordshire (to 19 Mar 03)</i>		65-70 <i>(fye 70-75)</i>					
Judith Hunt (b) <i>Non-executive Director</i>							
Anjali Arya (b) <i>Non-executive Director</i>							
Philip Oliver (b) <i>Non-executive Director (from 21 May 03)</i>							
Iain Herbertson (b) <i>Non-executive Director (to 1 Sep 02)</i>							

a) Unable to obtain agreement to the information to be disclosed.

b) Non-executive Directors receive an annual fee of £5,000 as remuneration for sitting on the board. Expenses are paid.

c) There were no benefits in kind provided by the department to any employees, including members of the CPS Board.

\* Classic Scheme

\*\* Premium Scheme

fye = full year equivalent salary

**Salary**

Salary includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

**Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

**Pension**

Pension benefits are provided through the PCSPS arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the costs of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the PCSPS arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

Columns 6 & 7 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. Column 8 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The

pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003–04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the PCSPS arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

### 3. Non-staff administration costs

	<i>Note</i>	2003–04		2002–03	
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Rentals under operating leases:</b>					
Hire of office equipment		2,207		1,996	
Other operating leases		<u>23,010</u>		<u>21,228</u>	
			25,217		23,224
<b>PFI service charges:</b>					
Off-balance sheet contracts	22		26,578		15,706
<b>Non cash items (Note 4a):</b>					
Auditor's remuneration (Note a)		75		72	
Depreciation		2,254		1,902	
Loss on revaluation		98		24	
Provisions:					
Provided in year	16	320		925	
Unwinding of discount on provisions	16	1,292		639	
Interest receivable, net of annual offset	16	–		(2)	
Cost of capital charge:					
Civil Estate		126		224	
Other items		<u>341</u>		<u>247</u>	
			4,506		4,031
<b>Other expenditure</b>					
Accommodation and associated costs		15,951		13,362	
Communications		5,342		4,166	
Training		4,033		3,040	
Travel and subsistence		6,623		6,375	
Lawyer Agents (Note b)		–		9,611	
Printing and stationery		5,241		4,439	
Postage and carriage		3,117		2,333	
Other expenditure		<u>22,765</u>		<u>22,371</u>	
			<u>63,072</u>		<u>65,697</u>
			<u><b>119,373</b></u>		<u><b>108,658</b></u>

**Note a** – There has been no auditor's remuneration for non-audit work.

**Note b** – In 2003–04 Lawyer Agents costs were included in staff costs.

#### 4. Net Programme Costs

	<i>Note</i>	2003-04		2002-03	
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Other current expenditure		146,543		140,920	
Costs awarded to CPS written off	26	<u>3,497</u>		<u>4,120</u>	
			150,040		145,040
<b>Non cash items (Note a):</b>					
Cost award change in bad debt allowance		-		482	
Cost of capital charge (credit)/charge (Programme)		<u>(84)</u>		<u>(60)</u>	
			(84)		422
			<b>149,956</b>		<b>145,462</b>
Less: programme income	6		<u>(34,112)</u>		<u>(31,224)</u>
			<b>115,844</b>		<b>114,238</b>

**Note a** – the total of non-cash transactions included in the Reconciliation of Operating Costs to Operating Cashflows in Schedule 4 and the Reconciliation of Resources to Net Cash Requirement in Schedule 1 comprises:

	<i>Note</i>	2003-04
		<u>£000</u>
Non-staff administration costs – non-cash items	3	4,506
Net programme costs – non-cash items	4	<u>(84)</u>
<b>Total non-cash transactions</b>		<b><u>4,422</u></b>

#### 5. 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 being shown in italics)

	<i>Note</i>	Forecast 2003-04		Outturn 2003-04	
		Income	Receipts	Income	Receipts
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Operating income and receipts – excess A in A	6	-	-	4,912	<i>2,015</i>
Non-operating income and receipts – excess A in A		-	-	-	-
Subtotal		-	-	4,912	<i>2,015</i>
Other operating income and receipts not classified as A in A	6	-	-	820	<i>823</i>
Other non-operating income and receipts not classified as A in A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
<b>Total</b>	30	<u>-</u>	<u>-</u>	<b>5,732</b>	<b><i>2,838</i></b>

## 6. Income and appropriations in aid

## Operating income

Operating income not appropriated-in-aid (i.e. surrenderable 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 8). In 2003-04, all operating income not classified as A in A was within public expenditure.

	2003-04			Operating Cost Statement
	Resource Outturn	Reconciliation to Operating Cost Statement		
	<i>Appropriated in aid</i>	<i>Netted-off gross expenditure in sub-head</i>	<i>Payable to Consolidated Fund</i>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Administration income:				
Rental receivable from external tenants	1,650	–	100	1,750
Rental receivable from other departments	–	2,584	–	–
Consolidated Fund Extra Receipts	–	–	820	820
	<b>1,650</b>	<b>2,584</b>	<b>920</b>	<b>2,570</b>
Programme income:				
Costs awarded to the CPS	29,300	–	4,812	34,112
<b>Total</b>	<b>30,950</b>	<b>2,584</b>	<b>5,732</b>	<b>36,682</b>

	2002-03			Operating Cost Statement
	Resource Outturn	Reconciliation to Operating Cost Statement		
	<i>Appropriated in aid</i>	<i>Netted-off gross expenditure in sub-head</i>	<i>Payable to Consolidated Fund</i>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Administration income:				
Rent receivable from external tenants	1,648	–	160	1,808
Rent receivable from other departments	–	2,662	–	–
Home Office grant to finance asset recovery training	85	–	–	85
Consolidated Fund Extra Receipts	–	–	459	459
Other	2	–	–	2
	<b>1,735</b>	<b>2,662</b>	<b>619</b>	<b>2,354</b>
Programme income:				
Costs awarded to the CPS	29,300	–	1,924	31,224
<b>Total</b>	<b>31,035</b>	<b>2,662</b>	<b>2,543</b>	<b>33,578</b>

## 7. Administration cost limits

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

	2003-04		2002-03	
	Outturn	Limits	Outturn	Limits
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Request for resources 1 (Gross Limit)	<u>396,673</u>	<u>409,257</u>	<u>336,122</u>	<u>347,949</u>
	<b><u>396,673</u></b>	<b><u>409,257</u></b>	<b><u>336,122</u></b>	<b><u>347,949</u></b>

## 8. Reconciliation of net operating cost and net resource outturn

	<i>Note</i>	2003-04	2002-03
		<u>£000</u>	<u>£000</u>
Net operating cost (Note a)		512,517	451,594
<i>Remove non-supply expenditure (-) and income (+), including income scored as Consolidated Fund extra receipts (CFERs):</i>			
Operating income not classified as A in A	6	<u>5,732</u>	<u>2,543</u>
<b>Net resource outturn (Note a)</b>		<b><u>518,249</u></b>	<b><u>454,137</u></b>

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).

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

	2003-04						2002-03	
	Administration	Other current	Gross resource expenditure	A in A	NET TOTAL	Estimate	Net Total outturn compared with	Prior-year outturn
	£000	£000	£000	£000	£000	£000	Estimate	£000
<b>Request for Resources 1:</b>								
Administration	399,243	-	399,243	(1,650)	397,593	409,257	11,664	337,975
Crown prosecutions and legal services	-	149,956	149,956	(29,300)	120,656	118,978	(1,678)	116,162
<b>Total</b>	<b>399,243</b>	<b>149,956</b>	<b>549,199</b>	<b>(30,950)</b>	<b>518,249</b>	<b>528,235</b>	<b>9,986</b>	<b>454,137</b>
<b>Resource Outturn</b>	<b>399,243</b>	<b>149,956</b>	<b>549,199</b>	<b>(30,950)</b>	<b>518,249</b>	<b>528,235</b>	<b>9,986</b>	<b>454,137</b>

## Reconciliation to Operating Cost Statement

Income payable to the Consolidated Fund	-	-	-	(5,732)	(5,732)	-	-	(2,543)
<b>Gross operating expenditure</b>			<b>549,199</b>					
<b>Operating income</b>				<b>(36,682)</b>				
<b>Net operating cost</b>					<b>512,517</b>			<b>451,594</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 6).

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

	Capital expenditure	Loans, etc.	A in A	NET TOTAL
	£000	£000	£000	£000
Request for resources 1	7,370	-	-	7,370
<b>Total 2003-04</b>	<b>7,370</b>	<b>-</b>	<b>-</b>	<b>7,370</b>

	Capital expenditure	Loans, etc.	A in A	NET TOTAL
	£000	£000	£000	£000
Request for resources 1	5,528	-	-	5,528
<b>Total 2002-03</b>	<b>5,528</b>	<b>-</b>	<b>-</b>	<b>5,528</b>

## 11. Tangible fixed assets

	<u>Freehold Land and Buildings</u>	<u>Furniture &amp; Fittings</u>	<u>Information Technology</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Cost or valuation</b>				
At 1 April 2003	3,915	18,044	381	22,340
Additions	–	6,451	919	7,370
Disposals	–	–	–	–
Revaluation	203	(80)	(42)	81
<b>At 31 March 2004</b>	<b><u>4,118</u></b>	<b><u>24,415</u></b>	<b><u>1,258</u></b>	<b><u>29,791</u></b>
<b>Depreciation</b>				
At 1 April 2003	351	6,271	40	6,662
Charged in year	140	1,937	177	2,254
Disposals	–	–	–	–
Revaluation	–	(8)	(15)	(23)
<b>At 31 March 2004</b>	<b><u>491</u></b>	<b><u>8,200</u></b>	<b><u>202</u></b>	<b><u>8,893</u></b>
<b>Net Book Value:</b>				
<b>At 31 March 2004</b>	<b><u>3,627</u></b>	<b><u>16,215</u></b>	<b><u>1,056</u></b>	<b><u>20,898</u></b>
<b>At 1 April 2003</b>	<b><u>3,564</u></b>	<b><u>11,773</u></b>	<b><u>341</u></b>	<b><u>15,678</u></b>

Freehold land and buildings were valued at 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.

All the assets shown above are owned outright by the CPS, while the majority of IT assets are held under a PFI contract as detailed in note 1.10 and 22.

**12. Movements in working capital other than cash**

The movements in working capital used in the Reconciliation of resources to cash requirement comprise:

		<u>2003-04</u>	<u>2002-03</u>
	<i>Note</i>	<u>£000</u>	<u>£000</u>
Increase in debtors	13	3,882	3,634
Decrease/(increase) in creditors falling due within one year	15	<u>3,192</u>	<u>(13,346)</u>
		<b>7,074</b>	<b>(9,712)</b>
Movement on debtors and deferred income (creditors) due to the Consolidated Fund when collected		(2,895)	(1,969)
Adjustment: To account for the movement on debtors for the opening balance of trade debtors 2001-02 due to the Consolidated Fund		-	<u>(326)</u>
Net increase/(decrease) in working capital other than cash		<u><b>4,179</b></u>	<u><b>(12,007)</b></u>

The movements in working capital other than cash used in the Cash Flow Statement comprise:

		<u>2003-04</u>	<u>2002-03</u>
	<i>Note</i>	<u>£000</u>	<u>£000</u>
Increase in debtors	13	3,882	3,634
Decrease/(increase) in creditors falling due within one year	15	<u>3,192</u>	<u>(13,346)</u>
Net increase/(decrease) in working capital other than cash		<u><b>7,074</b></u>	<u><b>(9,712)</b></u>

**13. Debtors**

	<u>2003-04</u>	<u>2002-03</u>
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due within one year:</b>		
Trade debtors (Note a)	26,690	23,923
Deposits and advances	280	266
Other debtors (Note b)	2	36
Prepayments and accrued income	18,032	16,083
Amounts due from the Consolidated Fund in respect of supply	-	-
	<u><b>45,004</b></u>	<u><b>40,308</b></u>
<b>Amounts falling due after more than one year:</b>		
Prepayments		
PFI	5,257	6,070
Other	<u>2</u>	<u>3</u>
	<u><b>50,263</b></u>	<u><b>46,381</b></u>

**Note a** – Included within trade debtors is £4,864k (2002-03: £1,967k) representing excess Appropriations in Aid that will be due to the Consolidated Fund once the debts are collected.

**Note b** – Included within other debtors is £Nil (2002-03: £3k) representing unexpected receipts due to the Consolidated Fund once the debts are collected.

**14. Cash at bank and in hand**

	<u>2003-04</u>	<u>2002-03</u>
	<u>£000</u>	<u>£000</u>
Balance at 1 April	20,848	30,382
Net change in cash balances:	<u>(15,013)</u>	<u>(9,534)</u>
<b>Balance at 31 March</b>	<b><u>5,835</u></b>	<b><u>20,848</u></b>

The following balances at 31 March are held at:

Office of HM Paymaster General	5,657	20,814
Commercial banks and cash in hand	<u>178</u>	<u>34</u>
<b>Balance at 31 March</b>	<b><u>5,835</u></b>	<b><u>20,848</u></b>

The balance at 31 March comprises:

Cash due to be paid to the Consolidated Fund		
Amounts issued from the Consolidated Fund for supply but not spent at year end	3,514	19,840
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	<u>2,321</u>	<u>1,008</u>
	<b><u>5,835</u></b>	<b><u>20,848</u></b>

**15. Creditors**

	<u>2003-04</u>	<u>2002-03</u>
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due within one year</b>		
VAT	48	40
Trade creditors	17,245	24,476
Accruals and deferred income (Note a)	<u>25,286</u>	<u>21,255</u>
	42,579	45,771
Amounts issued from the Consolidated Fund for supply but not spent at year end	3,514	19,840
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received	2,321	1,008
receivable	<u>4,864</u>	<u>1,969</u>
	<b><u>53,278</u></b>	<b><u>68,588</u></b>

**Note a** – Included within deferred income is £Nil (2002-03: £1k) representing income that is due to the Consolidated Fund.

**16. Provisions for liabilities and charges**

	<u>Early departure costs</u>
	<u>£000</u>
Balance at 1 April 2003	12,111
Provided in the year	320
Provisions utilised in the year	(2,609)
Unwinding of discount	<u>1,292</u>
<b>Balance at 31 March 2004</b>	<b><u>11,114</u></b>

The CPS meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying amounts annually to the PCSPS over the period between early departure and normal retirement date. The CPS provides for this in full when the early retirement programme becomes binding on the CPS by establishing a provision for the estimated payments discounted by the Treasury discount rate of 3.5 per cent in real terms. In past years the CPS paid in advance some of its liability for early retirement by making a payment to the Paymaster General's Account at the Bank of England for the credit of the Civil Service Superannuation Vote. This balance is now £Nil (2002-03 £35k was treated as a prepayment).

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

		<u>2003-04</u>		<u>2002-03</u>	
	<i>Note</i>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net operating cost for the year (Schedule 2)		(512,517)		(451,594)	
Income not appropriated in aid payable to Consolidated Fund	6	<u>(5,732)</u>		<u>(2,543)</u>	
			(518,249)		(454,137)
Net parliamentary funding			511,659		437,074
Transfer to general fund of realised element of revaluation reserve	18		27		94
Consolidated Fund creditor for cash unspent	15		(3,514)		(19,840)
Settlement of previous year creditor for cash unspent			19,840		28,958
Non-cash charges:					
Cost of capital charge (net)	3 and 4	383		411	
Auditors' remuneration	3	<u>75</u>		<u>72</u>	
			<u>458</u>		<u>483</u>
<b>Net increase /(decrease) in general fund</b>			<b>10,221</b>		<b>(7,368)</b>
Adjustment to Consolidated Fund creditor for cash unspent 2002-03			-		879
Adjustment to excess Appropriations in Aid recognised in debtors 2002-03			-		<u>119</u>
			<u>10,221</u>		<u>(6,370)</u>
<b>General Fund at 1 April</b>			<b>1,246</b>		<b>7,616</b>
<b>General Fund at 31 March (Schedule 3)</b>			<b><u>11,467</u></b>		<b><u>1,246</u></b>

**18. Reserves**

	<b>2003-04</b>	<b>2002-03</b>
	<b>Revaluation reserve</b>	<b>Revaluation reserve</b>
	<u>£000</u>	<u>£000</u>
Balance at 1 April	961	1,074
Arising on revaluation during the year (net)	203	(19)
Transferred to general fund in respect of realised element of revaluation reserve	<u>(27)</u>	<u>(94)</u>
<b>Balance at 31 March</b>	<b><u>1,137</u></b>	<b><u>961</u></b>

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments.

**19. Notes to Schedule 5**

For the year ended 31 March 2004 other current expenditures were as follows:

	<b>2003-04</b>
	<u>£000</u>
Objective	<u>115,844</u>
	<b><u>115,844</u></b>

This expenditure represents programme costs which form part of the net operating costs disclosed in Schedule 5.

**Capital Employed by Departmental Aim and Objectives at 31 March 2004**

The CPS's capital is employed exclusively for administration purposes.

Aim: To deliver a high quality prosecution service that brings offenders to justice, helps reduce both crime and the fear of crime and thereby promotes public confidence in the rule of law, through the consistent, fair and independent review of cases and through their fair, thorough and firm presentation at court.

	<b>2003-04</b>
	<b>Capital employed</b>
	<u>£000</u>
Objective	<u>12,604</u>
	<b><u>12,604</u></b>

For the year ended 31 March 2003 other current expenditures were allocated as follows:

	<u>2002-03</u>
	<u>£000</u>
Objective 1	(6,040)
Objective 2	114,511
Objective 3	<u>5,767</u>
	<u><u>114,238</u></u>

### Capital employed by Departmental Aim and Objective at 31 March 2003

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

	<u>2002-03</u>
	<u>Capital employed</u>
	<u>£000</u>
Objective 1	507
Objective 2	1,590
Objective 3	<u>110</u>
	<u><u>2,207</u></u>

## 20. Capital Commitments

Contracted capital commitments at 31 March 2004 for which no provision has been made which relate to costs to be incurred in relation to contracted telephony works.

<u>2003-04</u>	<u>2002-03</u>
<u>£000</u>	<u>£000</u>
<u>114</u>	<u>292</u>

## 21. Commitments under leases

### Operating Leases

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	<u>2003-04</u>		<u>2002-03</u>	
	<u>Land and</u>	<u>Other</u>	<u>Land and</u>	<u>Other</u>
	<u>buildings</u>	<u>£000</u>	<u>buildings</u>	<u>£000</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b>Obligations under operating leases comprise:</b>				
Expiry within 1 year	1,128	867	950	101
Expiry after 1 year but not more than 5 years	4,109	4,228	3,635	4,278
Expiry thereafter	<u>19,542</u>	<u>–</u>	<u>19,831</u>	<u>–</u>
	<u><u>24,779</u></u>	<u><u>5,095</u></u>	<u><u>24,416</u></u>	<u><u>4,379</u></u>

**22. 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 through a managed service contract with a term of 10 years from 1 April 2002 to 31 March 2012. The contract is extendable for a further five years. The estimated capital value of the contract is £20.5m. Under the terms of the contract CPS ICT assets were transferred to the contractor with effect from 1 April 2002. A prepayment was established for the fair value of the ICT assets transferred (£7,510,233.28) and the assets were impaired to a nil value as at 31 March 2002.

**Charge to the Operating Cost Statement and future commitments**

The total amount charged in the Operating Cost Statement in respect of off-balance sheet PFI transactions was £26,577,854 (2002-03: £15,705,828); and the payments to which the department is committed during 2004-05, analysed by the period during which the commitment expires, is as follows.

	<u>2003-04</u>	<u>2002-03</u>
	<u>£000</u>	<u>£000</u>
Expiry within 1 year	-	-
Expiry within 2 to 5 years	-	-
Expiry within 6 to 10 years	<u>40,464</u>	<u>22,099</u>
	<u><b>40,464</b></u>	<u><b>22,099</b></u>

The contract covering the managed service allows for a number of improvements and enhancements to systems over the lifetime of the project. As such changes are successfully introduced there will necessarily be increases in the charges levied by the Service Provider. These increases will only be recognised in the accounts once the relevant changes have been properly tested and fully accepted as fit for purpose by the CPS.

**23. Other Financial Commitments**

The department has entered into a contract, only cancellable at a significant cost, for the delivery and support of the department's new finance system. The payments to which the department is committed during 2004-05, analysed by the period during which the commitment expires are as follows.

	<u>2003-04</u>	<u>2002-03</u>
	<u>£000</u>	<u>£000</u>
Expiry within 1 year	-	-
Expiry within 2 to 5 years	-	-
Expiry thereafter	<u>1,428</u>	<u>-</u>
	<u><b>1,428</b></u>	<u><b>-</b></u>

**24. Contingent Liabilities disclosed under FRS 12**

As at 31 March 2004 the CPS was involved in 26 Employment Tribunal cases. Five cases have subsequently been settled at a total cost of £63,376, nine cases have been dismissed, three have been withdrawn and one struck out. Of the remaining eight cases, four are in the process of negotiation; these may result in settlements totalling £7,592. It is not possible to estimate the financial effect of the remaining four claims.

The CPS was also involved in a number of personal injury claims. 11 cases are in the process of negotiation; these may result in settlements totalling £855,926 including costs. It is not possible to estimate the financial effect of the three remaining cases.

In addition the CPS was also involved in negotiation of costs relating to dilapidation charges. Six cases have been settled at a total cost of £761,130. A further six dilapidation claims are expected. Two of these claims may result in settlements totalling £386,000. It is not possible to estimate the cost of the four remaining dilapidation claims.

Included in Contingent Liabilities are seven claims which exceed £100,000: five dilapidation claims, £336,511, £250,000, £244,000, £159,000, £136,000 and two personal injury cases, £500,000 and £107,831.

**25. Contingent Liabilities not required to be disclosed under FRS 12 but included for parliamentary reporting and accountability**

There were no contingent liabilities of this nature at the year-end.

**26. Losses and Special Payments**

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

	<u>2003-04</u>	<u>2002-03</u>
	<u>£000</u>	<u>£000</u>
<b>Losses Statement</b>		
<b>Total (52,353 cases)</b>	3,497	4,250

These losses include 52,151 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 48,498 cases with a value of £3.0 million under their delegated powers, and the CPS authorised a further write off of £0.5 million comprising 3,653 cases.

**Special Payments**

<b>Total (33 cases)</b>	440	284
-------------------------	-----	-----

Included in the Losses and Special Payments is one claim which exceeded £100,000: an Employment Tribunal case of £256,000 settled out of court.

## 27. Related-party transactions

The CPS has close working relationships with all agencies within the criminal justice system and particularly the Courts (see notes 1.5 and 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 note 6) 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.

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## 28. 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

A comparison by category of book values and fair values of the department's financial assets and liabilities as at 31 March 2004 follows.

	<u>Book Value</u>	<u>Fair Value</u>	<u>Basis of fair valuation</u>
	<u>£000</u>	<u>£000</u>	
<b>Primary financial instruments:</b>			
<i>Financial assets:</i>			
Cash at bank and in hand	5,835	5,835	
<i>Financial liabilities:</i>			
Provisions	(11,114)	(11,114)	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 3.5% in real terms.

### 29. Third-party assets

There are no third-party assets as at the balance sheet date.

### 30. Actual outturn – resources and cash

#### *Actual outturn – resources:*

Request for Resources 1: Actual amount net resource outturn £518,248,906.21. Actual amount of savings in resources over Estimate £9,986,093.79.

#### *Actual outturn – cash:*

Net cash requirement: Outturn net requirement £527,985,468.61 which is £3,513,531.39 less than Estimate. The actual receipts surrenderable to the Consolidated Fund were £2,837,319.02.



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