

Crown Prosecution Service Resource Accounts 1999–2000

(For the year ended 31 March 2000)

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31 January 2001*

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Foreword

Introduction

This year the Resource Accounts for the Crown Prosecution Service will be published for the first time. The Accounts report the resources that have been consumed working to deliver the Department's objectives. This Foreword has been prepared in accordance with the guidance set out in the Treasury's Resource Accounting Manual.

Nature of the Department's business and its aim, objectives and activities

The Crown Prosecution Service (CPS) is a Government Department funded by Vote from Parliament and was set up in 1986. It is a national prosecution service dealing with criminal cases investigated by the police in England and Wales. The CPS is headed by the Director of Public Prosecutions and employs over 5,700 staff. The Director is superintended by the Attorney General, Lord Williams of Mostyn QC, who is accountable to Parliament for the Service. The CPS is organised into geographical Areas each headed by a Chief Crown Prosecutor with a direct line of accountability to the Director of Public Prosecutions.

Aim and Objectives

The CPS aim is:

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

The objectives are:

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

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

The objectives and their associated costs for 1999–2000 are set out in Schedule 5 of the Accounts.

Principal Activities

The Crown Prosecution Service is the principal prosecution authority in England and Wales. We advise the police on possible prosecutions and take over prosecutions begun by them. We work closely with the police, the courts and other agencies throughout the criminal justice system. In 1999–2000 we dealt with more than 1.4 million cases in the magistrates' courts and around 125,000 cases in the Crown Court.

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

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

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

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

The Director is under a statutory duty to publish the Code for Crown Prosecutors. The fourth edition of the Code was published in October 2000.

Events since the end of the financial year

The Glidewell report contained recommendations that there should be a stronger independent element in the Crown Prosecution Service Inspectorate (CPSI) and that it should have a wider remit. The Government, in its response to Glidewell, decided to place the CPSI on an independent statutory basis and Royal Assent to the necessary legislation was given in October 2000.

Chief Crown Prosecutors have been working in partnership with the police and in close consultation with other criminal justice agencies in the development of Criminal Justice Units. The creation of Criminal Justice Units will enable both the police and ourselves to benefit from improvements in efficiency, communication and administration.

The implementation of Criminal Justice Units throughout the CPS will progress over the next two or three years.

During 1999–2000 the CPS was awarded £12 million from the Government's Capital Modernisation Fund. This money, together with existing resources, is to fund the Connect 42 project. Connect 42 is step one of our modernisation programme to provide an information technology infrastructure to all 42 Areas. This will provide lawyers and caseworkers with access to personal computers for the first time. It will enable them to communicate with each other electronically, and with our partners in the criminal justice system. A pilot of Connect 42 began in Sussex in March 2000. The project will be completed over the next 18 months.

Departmental Report

The CPS departmental report is presented to Parliament as part of the Law Officers' Departments—Departmental Report. The next report will be published in March 2001.

The coverage of the report includes the following main elements:

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

Pensions

The pension liabilities arising from the Department's employees membership of the Principal Civil Service Pension Scheme (PCSPS) are not provided for in these accounts in accordance with Treasury instructions and as described in Note 1.9 of the financial statements.

Management

The Head of the Crown Prosecution Service is the Director of Public Prosecutions. David Calvert-Smith was appointed the Director of Public Prosecutions in November 1998. A new post of Chief Executive was created in June 1998 to allow the Director to concentrate largely on the prosecution and legal process. Mark Addison was appointed as Chief Executive in June 1998.

Director's Board

The members of the Director's Board were as follows:

David Calvert-Smith	Director of Public Prosecutions
Mark Addison	Chief Executive
John Graham	Director, Finance
Chris Newell	Director, Casework
Gary Patten	Director, Policy
Lonny Carey	Director, Business Information Systems
Indi Seehra	Director, Human Resources
Stephen Wooler	Chief Inspector
Peter Boeuf	Chief Crown Prosecutor, London
Tony Taylor	Chief Crown Prosecutor, Greater Manchester
Andrew Cresswell	Chief Crown Prosecutor, Devon and Cornwall
Neil Franklin	Chief Crown Prosecutor, West Yorkshire
Sandie Hebblewaite	Chief Crown Prosecutor, Surrey
Huw Heycock	Chief Crown Prosecutor, Gwent

Harry Ireland	Chief Crown Prosecutor, Staffordshire
Peter Lewis	Chief Crown Prosecutor, Nottinghamshire
Nicola Reasbeck	Chief Crown Prosecutor, Northumbria
Monica Townsend	Chief Crown Prosecutor, Bedfordshire
Lyn Salisbury	Head of Communication Division
Baljit Ubhey	Diversity Manager
Teresa Newell	Joint Head of Personnel
Toni Fisher	Joint Head of Personnel

Membership of the Board comprises the Director, Chief Executive, the five Headquarters functional Directors, the Chief Inspector, 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 Head of Communications, and Head of the Diversity Unit also sit on the Board. The nine Chief Crown Prosecutors are appointed on a rotation basis.

The Appointment of staff, who are members of the Director's Board, is undertaken in accordance with the Civil Service Management Code and, where appropriate, their remuneration is determined by reference to the Senior Salaries Review Body, details of which can be found in Note 2 to the Accounts.

Equal Opportunities

The CPS has a policy of equal opportunities in which employment and advancement are on the basis of ability and qualification for the work. There must be no discrimination on the grounds of sex or marital status, sexual orientation, gender reassignment, colour, race, religion, ethnic or national origin, work pattern ie part-time working, age or disability.

Under the terms of the CPS general equal opportunities policy there must be no discrimination on the grounds of disability in recruitment, training, appraisal, promotion, selection for jobs, or in the treatment of people generally in the CPS. It is CPS policy that all eligible people shall have equal opportunities in employment and advancement on the basis of ability and qualification. Disability is not of itself a bar to recruitment or advancement within the department, which is an accredited Employment Service disability symbol user.

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".

Since the statement was issued, a newly established Equality committee has since met on a regular basis and drawn up a Diversity and Racial Equality Action plan which is now being implemented. Monitoring by ethnicity, gender and disability for all grades was conducted in 2000 and national targets for improvement in the numbers of under-represented groups were set for the next three years.

Payment of Suppliers and Witnesses

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

In 1999–2000 the CPS settled 97% of undisputed invoices within 30 days of receipt and 97% of witness claims within 10 days.

Auditors

This year's Resource Accounts have been audited by the National Audit Office on behalf of the Comptroller and Auditor General. The audit has been a non-statutory process designed to help assess the department's ability to construct its Resource Accounts prior to the Treasury issuing an Accounts Direction for future years.

David Calvert-Smith QC
Accounting Officer

12 January 2001

Statement of Accounting Officer's Responsibilities

Under Section 5 of the Exchequer and Audit Act 1921 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.

The 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 the Treasury, and in particular to:

- observe all 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 relevant 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 the Treasury and published in "Government Accounting".

Statement on the System of Internal Financial Control

This statement is given in respect of the Resource Accounts for the Crown Prosecution Service for the year ending 31 March 2000. As Accounting Officer for the department, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information on a cash basis, financial regulations, administrative procedures including segregation of duties, management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by executive managers within the department. In particular, it includes:

- comprehensive budgeting systems currently based on cash, not accruals, with an annual budget which is reviewed and agreed by the Director's Board;
- regular reviews by the Director's Board of periodic and annual financial reports which indicate financial performance against the forecasts;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual cash expenditure against forecasts;
- clearly defined capital investment control guidelines;
- as appropriate, formal project management disciplines.

The department plans to move to using resource based management information and financial reports with effect from 1 April 2001.

The department has an internal audit unit, which operates to standards defined in the Government Internal Audit Manual. The work of the internal audit unit is informed by an analysis of the risk to which the department is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the department's Audit Committee, which is chaired by the Additional Accounting Officer. At least annually, the Head of Internal Audit (HIA) provides me with a report on internal audit activity in the department. The report includes the HIA's independent opinion on the adequacy and effectiveness of the department's system of internal financial control.

My review of the effectiveness of the system of internal financial 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 financial control framework, and comments made by the external auditors in their management letter and other reports. In addition, accountable managers within CPS provide specific assurance that there is an effective system of internal control to ensure propriety and regularity, and that there is effective and efficient management and proper accounting for resources.

Costs Awards

The CPS receives awards of costs made against convicted defendants at the discretion of the judge or magistrates. Each year some 250 courts make over 500,000 cost award orders. Magistrates' courts are responsible for recording, enforcing and collecting these costs, forwarding collected monies to the CPS and, under delegated authority, for writing off awards where the amount outstanding is less than £100.

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

Implementation of the Turnbull Report

As Accounting Officer, I am aware of the recommendations of the Turnbull Committee and am taking reasonable steps to comply with the Treasury's requirement for a statement of internal control to be prepared for the year ended 31 March 2002, in accordance with guidance to be issued by the Treasury.

David Calvert-Smith QC
Accounting Officer

12 January 2001

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 5 to 24 under the Exchequer and Audit Departments Act 1921. 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 10 to 12.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 1, the Accounting Officer is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and Treasury directions made thereunder, and whether in all material respects the income and expenditure 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 Department has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on pages 2-3 reflects the Department's compliance with Treasury's guidance "Corporate governance: statement on the system of internal financial 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.

Basis of opinion

I conducted my audit in accordance with 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 Department in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Department'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 income and expenditure 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 2000 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 Exchequer and Audit Departments Act 1921 and directions made thereunder by the Treasury; and
- in all material respects the income and expenditure 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

30 January 2001

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

SCHEDULE 1

Summary Of Resource Outturn 1999–2000

For the year ended 31 March 2000

	Estimate (Indicative figures)			Outturn			Unaudited	
	<i>Gross expenditure</i>	<i>A in A*</i>	<i>Net Total</i>	<i>Gross expenditure</i>	<i>A in A*</i>	<i>Net Total</i>	<i>Net Total Outturn compared to Estimated saving/ (excess)</i>	<i>Prior-year Outturn</i>
	1	2	3	4	5	6	7	8
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1	332,467	22,930	309,537	337,296	22,930	314,366	-4,829	308,005
TOTAL RESOURCES	<u>332,467</u>	<u>22,930</u>	<u>309,537</u>	<u>337,296</u>	<u>22,930</u>	<u>314,366</u>	<u>-4,829</u>	<u>308,005</u>
NON OPERATING COST A in A	—	—	—	—	—	—	—	—
NET CASH REQUIREMENT	—	—	<u>311,296</u>	—	—	<u>322,316</u>	<u>-11,020</u>	<u>306,712</u>

Reconciliation of resources to cash requirement

	Note	£000	£000	£000
Net Total Resources		309,537	314,366	-4,829
Purchase of fixed assets	8	3,406	3,287	119
Accruals adjustments:				
Non cash items	3, 4	-4,726	-5,932	1,206
Movements in working capital other than cash	9		9,200	-9,200
Decrease in early retirement provision	13	3,079	1,395	1,684
Net Cash Requirement (Schedule 4)		<u>311,296</u>	<u>322,316</u>	<u>-11,020</u>

Analysis of income payable to the Consolidated Fund

In addition to appropriations-in-aid the following income relates to the department and is payable to the Consolidated Fund: (cash receipts shown in italics)

	1999–2000 Forecast		1999–2000 Outturn	
	<i>Income</i>	<i>Receipts</i>	<i>Income</i>	<i>Receipts</i>
	£000	£000	£000	£000
Income not classified as A in A	—	—	9,449	<i>9,449</i>
Income from sale of assets not classified as A in A	—	—	2	<i>2</i>
	—	—	<u>9,451</u>	<u><i>9,451</i></u>

* Note: All Estimate figures are illustrative and have no Parliamentary status. In consequence, treatments of income as Appropriations in Aid and Excess Appropriations in Aid also have no Parliamentary significance. The information disclosed in Schedule 1 is to illustrate the functioning of the Schedule, including the Reconciliation from Schedule 2, in advance of resource-based Supply being introduced from 2001–02. The amount of cash receipts which a department may apply towards its outturn net cash requirement and those which must be surrendered to the Consolidated Fund are not necessarily the same in Resource Accounts as in the department's Appropriation Accounts.

SCHEDULE 2

Operating Cost Statement
 for the year ended 31 March 2000

	Note	1999–2000		Unaudited 1998–99	
		£000	£000	£000	£000
Administration Costs					
Staff costs	2		160,031		154,499
Other administration costs	3		76,496		81,223
Gross Administration Costs			236,527		235,722
Less: income	5		–4,398		–3,923
Net Administration Costs			232,129		231,799
Programme Costs					
Expenditure	4	100,769		99,295	
Less: income	5	–27,981		–26,836	
Net Programme Costs			72,788		72,459
Net Operating Cost	6, 7		304,917		304,258
Net Resource Outturn	6, 7		314,366		308,005

Statement of Recognised Gains and Losses
 for the year ended 31 March 2000

	Note	1999–2000	Unaudited 1998–99
		£000	£000
Net gain on revaluation of tangible fixed assets	14	851	102
Receipt of donated assets	8	175	—
Prior year adjustments	16	20,814	—
Total recognised gains and losses for the financial year		21,840	102

SCHEDULE 3

Balance Sheet
as at 31 March 2000

	Note	31 March 2000		Unaudited 31 March 1999	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	8		13,005		12,529 restated
Current Assets					
Debtors	10	47,165		31,577	restated
Cash at bank and in hand	11	<u>–14,632</u>		<u>3,457</u>	
		32,533		35,034	
Creditors (amounts falling due within one year)	12	<u>–27,002</u>		<u>–25,161</u>	
Net Current Assets			<u>5,531</u>		<u>9,873</u>
Total Assets less Current Liabilities			<u>18,536</u>		<u>22,402</u>
Creditors (amounts falling due after more than one year)					—
Provisions for liabilities and charges	13		<u>–8,446</u>		<u>–9,117</u>
			<u>10,090</u>		<u>13,285</u> restated
Taxpayers' Equity					
General fund	16		9,044		13,183 restated
Revaluation reserve	14		915		102
Donated asset reserve	14		131		—
			<u>10,090</u>		<u>13,285</u>

David Calvert-Smith QC
Accounting Officer

12 January 2001

SCHEDULE 4

Cash Flow Statement

for the year ended 31 March 2000

	1999–2000	Unaudited 1998–99
	£000	£000
Net cash outflow from operating activities	– 316,629	– 298,976
Capital expenditure and financial investment	– 3,285	– 3,982
Payments to the Consolidated Fund	– 4,372	– 3,033
Financing from Consolidated Fund	306,197	313,334
Decrease/Increase in cash in the period	<u>– 18,089</u>	<u>7,343</u>

Reconciliation of operating cost to operating cash flows

		1999–2000	Unaudited 1998–99
	Note	£000	£000
Net Operating Cost		304,917	304,258
Adjustments for:			
Non cash items	3, 4	– 5,932	– 7,273
Decrease in early retirement provision	13	1,395	989
Movements in working capital other than cash	9	16,249	1,002
Net cash outflow from operating activities		<u>316,629</u>	<u>298,976</u>

Analysis of capital expenditure and financial investment

		1999–2000	Unaudited 1998–99
	Note	£000	£000
Purchase of fixed assets	8	3,287	3,989
Proceeds of disposal of fixed assets		– 2	– 7
Net cash outflow from investing activities		<u>3,285</u>	<u>3,982</u>

Payments to Consolidated Fund

		1999–2000	Unaudited 1998–99
	Note	£000	£000
Surrender of prior year Surplus A in A	12	3,587	2,423
Surrender of prior year CFER	12	11	454
Surrender of current year CFER		124	156
Net surplus surrendered for the year ended 31 March 1999	12	650	
		<u>4,372</u>	<u>3,033</u>

Analysis of Financing

		1999–2000	Unaudited 1998–99
	Note	£000	£000
Funding from Consolidated Fund (Class V, Vote 4)		311,296	308,067
Add: prior year undrawn grant, net of surplus to be surrendered		–	5,267
Less: current year undrawn grant	10	– 5,099	–
		<u>306,197</u>	<u>313,334</u>
Add: current year CFER not paid over	12	7	11
current Surplus A in A not paid over	12	2,271	3,587
Less: prior year CFER paid over	12	– 11	– 454
prior year Surplus A in A paid over	12	– 3,587	– 2,423
prior year surplus paid over	12	– 650	–
Add: decrease in cash	11	18,089	– 7,343
Net cash requirement (Schedule 1)		<u>322,316</u>	<u>306,712</u>

SCHEDULE 5

Resources by Departmental Aim and Objectives
for the year ended 31 March 2000

Aim

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

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

Objectives

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

	1999–2000			Unaudited 1998–99		
	Gross £000	Income £000	Net £000	Gross £000	Income £000	Net £000
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	46,597	– 6,281	40,316	46,376	– 5,967	40,409
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	275,269	– 24,932	250,337	272,832	– 23,685	249,147
Objective 3 To meet the needs of victims and witnesses within the criminal justice system, in co-operation with other criminal justice agencies	15,430	– 1,166	14,264	15,809	– 1,107	14,702
Net Operating Cost	337,296	– 32,379	304,917	335,017	– 30,759	304,258

See Note 22

Notes to the Departmental Resource Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury. The particular accounting policies adopted by the department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

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

1.2 Basis of Consolidation

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

1.3 Tangible Fixed Assets

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

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

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

Other tangible assets are revalued annually by indexation up to the year-end using Price Index Numbers for Current Cost Accounting, published by the Office of National Statistics. Previously, these were revalued annually using mid-year price indices, and as a result of the change in accounting policy prior year figures have been restated accordingly (note 8).

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

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

1.4 Depreciation

Freehold land is not depreciated.

Depreciation is provided at rates calculated to write off the valuation of freehold buildings and other tangible fixed assets by equal instalments over their estimated useful lives. Lives are normally in the following ranges:

Freehold buildings	20 to 60 years
Equipment and computers	4 to 8 years
Furniture and fittings	10 years

1.5 Donated Assets

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

1.6 Operating Income

Operating income is income, which relates directly to the operating activities of the department, and consists of administration and programme income. The Treasury permits a defined level of receipts to be appropriated in aid each year. Surplus receipts are surrendered to the Consolidated Fund.

Administration Income

Administration income principally comprises of rental income from other Government Departments in jointly occupied buildings, commercial sub-tenants and Non Departmental Public Bodies.

Programme Income

The CPS receives awards of costs made against convicted defendants at the discretion of the judge or magistrates. Each year some 250 courts make over 500,000 cost award orders. 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.

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. Previously, cost awards were accounted for on a cash basis. There has been a change in the accounting policy in order to reflect programme debtors, and as a result prior year figures have been restated accordingly (note 10).

The costs reflect the cost of the prosecution but for administrative purposes are recorded against programme costs only. Cost award receipts are apportioned across each of the objectives in Schedule 5.

1.7 Administration and Programme Expenditure

The operating cost statement is analysed between administration and programme costs. Administration costs reflect the accruals effect of expenditure recorded as running costs, together with associated operating income. Programme costs reflect the external cost of prosecution, on an accruals basis, including the employment of counsel and compensation paid to witnesses for costs incurred through their attendance at court.

1.8 Capital Charge

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

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

1.9 Pensions

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the Scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. Departments, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

1.10 Early Departure Costs

The department is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The department provides in full for this cost when the early retirement programme has been announced and is binding on the department. The department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payment. The provision for early retirement costs is to be adjusted each year to take account of the proportion of the financial benefit (i.e. the interest receivable) derived by the department from making payment in advance, see note 13. The department is required to fund only 20% (the 80:20 scheme) of the early departure costs for staff whose employment ceased between 1 October 1994 to 31 March 1997 and only applied to employees who were members of the PCSPS.

1.11 Operating Leases

Rentals due under operating leases are charged to the Operating cost statement over the lease term on a straight line basis, or on the basis of actual rentals payable where this fairly reflects the usage. Future payments, disclosed at Note 18, "Commitments under Operating Leases", are not discounted.

Notes to the Departmental Resource Accounts (*continued*)

2. Staff Numbers and Costs

(a) Staff costs consists of:

	Note	1999–2000		Unaudited 1998–99	
		£000	£000	£000	£000
Wages and salaries			130,538		125,312
Social security costs			10,128		9,508
Other pension costs			18,620		17,722
Early retirement costs in year		2,076		2,872	
Less: provision used in year	13	– 1,395		– 989	
			681		1,883
Staff welfare and other personnel costs			64		74
			160,031		154,499

For the 1999–2000 contributions of £18,619,982 were paid to the PCSPS (1998–99: £17,721,729) at rates determined by the Government Actuary and advised by Treasury. These rates were in the range 12–20.5% of pensionable pay.

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

	1999–2000	Unaudited 1998–99
	Number	Number
Objective 1 work	1,100	921
Objective 2 work	4,460	4,423
Objective 3 work	232	205
Total	5,792	5,549

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

Name and title	Age	Salary (as defined below)	Real increase in pension at age 60	Total accrued pension at age 60 at 31 March 2000	Date started	Date left
		£000	£000	£000		
Mr David Calvert-Smith <i>Director of Public Prosecutions</i>	55	120–125				
Mark Addison <i>Chief Executive</i>	49	90–95	2.5–5.0	25–30		
Stephen Wooler <i>Chief Inspector</i>	52	75–80	0.0–2.5	25–30		
Lonney Carey <i>Director BIS</i>	41	40–45	0.0–2.5	0.0–5.0		
John Graham <i>Director of Finance</i>	48	60–65	2.5–5.0	15–20		
Chris Newell <i>Director Casework</i>	49	75–80	2.5–5.0	20–25		
Garry Patten <i>Director Policy</i>	50	70–75	2.5–5.0	15–20		
Indi Seehra <i>HR Directorate</i>	37	75–80	0.0–2.5	0–5	15/11/99	
Toni Fisher <i>Joint Head of Personnel</i>	45	50–55	0.0–2.5	10–15		31/12/99
Teresa Newell <i>Joint Head of Personnel</i>	40	45–50	0.0–2.5	10–15		02/10/99

Baljit Ubhey <i>Diversity Manager</i>	30	45–50	0.0–2.5	0–5
Peter Boeuf <i>CCP London</i>	52	70–75	2.5–5.0	20–25
Andrew Cresswell <i>CCP, Devon and Cornwall</i>	46	55–60	0.0–2.5	15–20
Neil Franklin <i>CCP, West Yorkshire</i>	51	55–60	0.0–2.5	15–20
Sandie Hebblewaite <i>CCP, Surrey</i>	36	45–50	0.0–2.5	5–10
Huw Heycock <i>CCP, Gwent</i>	54	50–55	0.0–2.5	10–15
Harry Ireland <i>CCP, Staffordshire</i>	43	50–55	0.0–2.5	5–10
Peter Lewis <i>CCP, Nottinghamshire</i>	43	55–60	0.0–2.5	15–20
Nicola Reasbeck <i>CCP, Northamptonshire</i>	44	60–65	0.0–2.5	15–20
Tony Taylor <i>CCP, Greater Manchester</i>	56	60–65	0.0–2.5	15–20
Monica Townsend <i>CCP, Bedfordshire</i>	38	45–50	0.0–2.5	5–10
Lyn Salisbury <i>Communication Division</i>	52	45–50	0.0–2.5	15–20

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). This is a statutory scheme which provides benefits on a “final salary” basis at a normal retirement age of 60. Benefits accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to 3 years’ pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. Pension increase in payment in line with the Retail Prices Index. On death, pensions are payable to the surviving spouse at a rate of half the member’s pension. On death in service the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse’s pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

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

Salaries include gross salaries, reserved rights to London Weighting or London allowances, recruitment and retention allowances. It does not include estimated monetary value of benefits in kind.

Notes to the Departmental Resource Accounts (*continued*)

3. Other administration costs

	Note	1999–2000		Unaudited 1998–99	
		£000	£000	£000	£000
Rental under operating leases:					
Hire of office equipment		1,375		1,444	
Accommodation leases		23,243		23,294	
			24,618		24,738
Non cash items:					
Auditor's remuneration		52		40	
Depreciation		3,837		3,880	
Loss on revaluation of equipment and computers (net)		—		150	
Transfer from donated asset reserve		– 44		—	
Cost of capital charge (Administration)		993		675	
Profit on disposal		– 2		– 7	
Early retirement provision	13	324		3,270	
Unwinding of discount in early retirement provision	13	448		321	
Interest receivable, net of annual offset	13	– 48		– 42	
			5,560		8,287
Travel and subsistence			3,906		3,330
Professional charges			2,852		2,228
Temporary staff			5,611		5,005
Other expenditure			33,949		37,635
			76,496		81,223

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

4. Net Programme Costs

	Note	1999–2000		Unaudited 1998–99	
		£000	£000	£000	£000
Advocacy fees		84,623		83,529	
Witness expenses		11,214		11,345	
Costs awarded against CPS		313		935	
Other external programme costs		1,267		1,092	
Costs awarded to CPS written off	23	2,980		3,408	
Cost of capital charge (Programme)		372		– 1,014	
			100,769		99,295
Less: income			– 27,981		– 26,836
			72,788		72,459

5. Operating Income

	1999–2000		Total
	Appropriated-in-aid	Not appropriated-in-aid	
	£000	£000	£000
Operating income analysed by classification and activity, as follows:			
Administration income:			
Rental receivable from external tenants	800	721	1,521
Rental receivable from other departments	2,736	—	2,736
Consolidated Fund extra receipts	—	129	129
Other	12	—	12
	3,548	850	4,398
Programme income:			
Costs awarded to the CPS	19,382	8,599	27,981
	22,930	9,449	32,379
Unaudited 1998–99			
	Appropriated-in-aid	Not appropriated-in-aid	Total
	£000	£000	£000
Operating income analysed by classification and activity, as follows:			
Administration income:			
Rental receivable from external tenants	951	102	1,053
Rental receivable from other departments	2,553	—	2,553
Consolidated Fund extra receipts	—	160	160
Other	100	57	157
	3,604	319	3,923
Programme income:			
Costs awarded to the CPS	23,408	3,428	26,836
	27,012	3,747	30,759

6. Reconciliation of Net Operating Cost to Net Resource Outturn

		1999–2000	Unaudited 1998–99
	Note	£000	£000
Net Operating Cost		304,917	304,258
Add: operating income not classified as A in A but within public expenditure	5	9,449	3,747
Net Resource Outturn		314,366	308,005

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 departments' Supply Estimate. The outturn against the Estimate is shown in the summary of resource outturn (Schedule 1). Schedule 1 will not be fully relevant until after the introduction, subject to parliamentary approval, of resource-based Supply.

Notes to the Departmental Resource Accounts (*continued*)

7. Analysis of Net Resource Outturn and Net Operating Cost by function

	1999–2000						<i>Net Total Outturn Compared with Estimate</i>
	<i>Admin</i>	<i>Programme</i>	<i>Other Current</i>	<i>A-in-A</i>	<i>Net Total</i>	<i>Estimate</i>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Request for Resources 1							
Administration	236,527	—	—	– 3,548	232,979	230,848	– 2,131
Crown prosecutions and legal services	—	100,769	—	– 19,382	81,387	78,689	– 2,698
Total	236,527	100,769	—	– 22,930	314,366	309,537	– 4,829
Resource Outturn	236,527	100,769	—	– 22,930	314,366	309,537	– 4,829
Non-A in A operating income					– 9,449		
Net Operating Cost					304,917		

	Unaudited 1998–99						<i>Net Total Outturn Compared with Estimate</i>
	<i>Admin</i>	<i>Programme</i>	<i>Other Current</i>	<i>A-in-A</i>	<i>Net Total</i>	<i>Estimate</i>	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Request for Resources 1							
Administration	235,722	—	—	– 3,604	232,118	N/A	N/A
Crown prosecutions and legal services	—	99,295	—	– 23,408	75,887	N/A	N/A
Total	235,722	99,295	—	– 27,012	308,005		
Resource Outturn	235,722	99,295	—	– 27,012	308,005		
Non-A in A operating income					– 3,747		
Net Operating Cost					304,258		

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

8. Tangible fixed assets

	Freehold Land and Buildings	Equipment and Computers	Total	
	<u>£000</u>	<u>£000</u>	<u>£000</u>	
Cost or Valuation				
At 1 April 1999 as previously stated	3,205	12,426	15,631	
Prior year adjustment	—	20	20	
At 1 April 1999 (unaudited)	3,205	12,446	15,651	restated
Additions	—	3,287	3,287	
Donations	—	175	175	
Disposals	—	– 1,373	– 1,373	
Revaluation	640	90	730	
At 31 March 2000	3,845	14,625	18,470	

	Freehold Land and Buildings	Equipment and Computers	Total
	£000	£000	£000
Depreciation			
At 1 April 1999 (unaudited)	63	3,059	3,122
Charged for the year	83	3,754	3,837
Disposals	—	– 1,373	– 1,373
Revaluation	– 146	25	– 121
At 31 March 2000	—	5,465	5,465
Net Book Value:			
At 31 March 2000	3,845	9,160	13,005
At 1 April 1999 (unaudited)	3,142	9,387	12,529 restated

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

The Accounting Officer is not aware of any impairment in the carrying value of freehold land and buildings at the balance sheet date.

The prior year adjustment above relates to a change of accounting policy described under note 1.3.

9. Movements in Working Capital other than Cash

	Note	1999–2000 £000	Unaudited 1998–99 £000
Increase in debtors*	10	13,011	– 820
Decrease in creditors	12	3,238	1,822
		16,249	1,002

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

* In Schedule 1 the figure for movements in working capital other than cash, ie £9,200k excludes those debtors arising from accrued income, ie £7,049k.

10. Debtors

	1999–2000		Unaudited 1998–99	
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors:				
As previously stated			693	
Prior year adjustment			20,794	
Restated		23,116		21,487
Deposits and advances		13,683		3,252
Other debtors		—		—
Prepayments		7,789		6,838
Undrawn grant	5,099			
Less: surplus to be surrendered	– 2,522			
Balance to be drawn		2,577		—
		47,165		31,577

Notes to the Departmental Resource Accounts (*continued*)

	1999–2000		Unaudited 1998–99		
	£000	£000	£000	£000	
Amounts falling due after more than one year:					
Trade debtors		—		—	
Deposits and advances		—		—	
Other debtors		—		—	
Prepayments		—		—	
		47,165		31,577	restated

The prior year adjustment above relates to a change of accounting policy as described under note 1.6.

11. Cash at Bank and in Hand

	1999–2000	Unaudited 1998–99
	£000	£000
Balance at 1 April	3,457	–3,886
Net cash inflow/outflow	–18,089	7,343
Balance at 31 March	–14,632	3,457

The office of HM Paymaster General (OPG) provides a current account banking service. The following are held at 31 March:

Balances at OPG	–14,679	3,416
Commercial banks and cash in hand	47	41
	–14,632	3,457

12. Creditors: amounts falling due within one year

	1999–2000		Unaudited 1998–99	
	£000	£000	£000	£000
VAT		59		54
Other taxation and social security		—		3,004
Trade creditors		5,767		4,598
Accruals and deferred income		11,849		13,257
Cash balances payable to Consolidated Fund:				
Surplus to be surrendered net of undrawn grant	—		650	
Surplus appropriations in aid*	9,320		3,587	
Consolidated Fund Extra Receipts	7		11	
		9,327		4,248
		27,002		25,161

* See footnote at bottom of Schedule 1.

13. Provisions for liabilities and charges

	Note	Early retirement and pension commitments	
		£000	£000
Balance at 1 April 1999 (unaudited)		—	9,117
New provision	3	324	
Unwinding of discount	3	448	
Interest receivable	3	– 51	
Annual offset	3	3	
Provision used in year	2	– 1,395	
Decrease in provision			– 671
Balance at 31 March 2000			8,446

14. Reserves

	Revaluation Reserve	
	£000	
Balance at 1 April 1999 (unaudited)		102
Transferred to general fund in respect of realised element of revaluation reserve		– 38
Arising on revaluation during the year		851
Balance at 31 March 2000		915

	Donated Assets Reserve	
	£000	
Balance at 1 April 1999		—
Additions during the year		131
Balance at 31 March 2000		131

The donated assets reserve reflects the net book value of assets donated to the department. During the financial year the department received £175,000 from Police Information Technology Organisation (PITO) and Sussex Police. This was spent on IT equipment as part of the “Sussex Integration of Justice” project.

15. Reconciliation of Net Operating Cost to the Appropriation Account

	Note	1999–2000	Unaudited 1998–99
		£000	£000
Net Operating Cost		304,917	304,258
Operating income not classified as Appropriations in Aid	5	9,449	3,747
Purchase of fixed assets	8	3,287	3,989
Adjustments for:			
Non cash items	3, 4	– 5,932	– 7,273
Accrued Income	9	– 7,049	—
Early retirement provision used in year	13	1,395	989
Movements in working capital other than cash	9	16,249	1,002
Movements in vote assets and liabilities other than cash		– 13,542	705
Class V, Vote 4 net outturn		308,774	307,417

Notes to the Departmental Resource Accounts (*continued*)

16. Reconciliation of Net Operating Cost to changes in General Fund

	Note	1999–2000		Unaudited 1998–99	
		£000	£000	£000	£000
Net Operating Cost			– 304,917		– 304,258
Surplus appropriations in aid payable to Consolidated Fund*	5		– 9,320		– 3,587
Income not appropriated in aid payable to Consolidated Fund	3, 5		– 131		– 167
			– 314,368		– 308,012
Net vote funding			306,197		308,067
Surplus on Vote (net of undrawn grant) repayable to Consolidated Fund	10		2,577		– 650
Transferred to general fund of realised element of revaluation reserve	14		38		—
Notional charges:					
Cost of capital charge (net)	3, 4	1,365		– 339	
Auditor's remuneration	3	52		40	
			1,417		– 299
Net decrease in General Fund			– 4,139		– 894
General Fund at 1 April 1999			13,183		– 6,737
			9,044		– 7,631
Prior year adjustment in respect of debtors	10				20,794
Prior year adjustment in respect of tangible fixed assets	8				20
General Fund at 31 March 2000 (Schedule 3)			9,044		13,183

* See footnote at bottom of Schedule 1.

17. Capital Commitments

The department had no contracted or approved capital commitments at 31 March 2000 for which no provision has been made.

18. Commitments under operating leases

	1999–2000		(unaudited) 1998–99	
	Land and Buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
At 31 March 2000 the department committed to making the following payments in respect of operating leases expiring:				
within one year	828	198	112	1,037
between two to five years	1,556	1,077	1,552	446
after five years	17,390	2,782	17,982	2,792
	19,774	4,057	19,646	4,275

19. Financial commitments

There were no financial commitments as at 31 March 2000.

20. Contingent Liabilities

As at 31 March 2000 the CPS are involved in 10 Employment Tribunal cases. Two of these cases may possibly result in settlement payments totalling £18,000 during 2000–01. The CPS was also involved in a number of personal injury claims. Fourteen cases are still in the process of negotiation; these may result in settlements totalling £431,000 including costs. It is not possible to estimate the financial effect of the remaining personal injury claims.

21. Related party transactions

The CPS has close working relationships with all agencies within the criminal justice system, and particularly the Courts (see note 1.6). The Courts are regarded as related parties with which the Department has had material transactions, being mainly costs awarded by the courts to the CPS (see notes 5 and 10) less amounts written off (see note 4).

The CPS received a donation of assets from the Police Information Technology Organisation and Sussex Police (see note 14).

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.

22. Notes to Schedule 5

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

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

23. Losses and Special Payments

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

	1999–2000	Unaudited 1998–99
	<u>£000</u>	<u>£000</u>
Losses		
Total (67,756 cases)	3,054	3,947
These losses include 67,451 cases relating to costs awarded to the CPS totalling £3 million (Note 4) of which the Magistrates' Courts who are responsible for collecting costs awarded to the CPS, wrote off 64,840 cases with a value of £2.6 million under their delegated powers, and the CPS authorised a further write off of £0.4 million comprising 2,611 cases.		
Special Payments		
Total (49 cases)	267	179

