
CROWN PROSECUTION SERVICE

RESOURCE ACCOUNTS 2009-10



Crown Prosecution Service
incorporating Revenue and Customs Prosecutions Office

Resource Accounts for the period April 2009 - March 2010

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Management Commentary

Introduction

The Accounts report the resources that have been consumed working to deliver the Department's aim and objective. This report has been prepared in accordance with the guidance set out in the Government's *Financial Reporting Manual (FReM)*.

The Law Officers' and the Law Officers' Departments

The Attorney General and the Solicitor General are the Government's Law Officers. The Crown Prosecution Service (CPS) is one of three Law Officers' Departments. The other departments are the Serious Fraud Office and the Treasury Solicitor's Department.

The Law Officers have a statutory duty to superintend the Director of Public Prosecutions for England and Wales, the Director of Public Prosecutions for Northern Ireland and the Director of the Serious Fraud Office. The Law Officers are accountable to Parliament for the performance of the departments they superintend. The Law Officers are also Ministers responsible for the Treasury Solicitor's Department, the National Fraud Authority (NFA), HM Crown Prosecution Service Inspectorate and have oversight of the Government Legal Service (GLS).

On occasion, when it does not conflict with their government role, the Law Officers advise Parliament on procedural questions, matters of standards and privileges and on the meaning and effect of proposed legislation.

CPS Aim and Vision

The CPS works in partnership with the Home Office, Ministry of Justice (MoJ) and other agencies throughout the Criminal Justice System (CJS) to reduce crime, the fear of crime, and its social and economic cost; to dispense justice fairly and efficiently and to promote confidence in the rule of law.

Flowing from this, the CPS re-stated its vision in 2008:

The CPS is a prosecution service that is confident and independent, efficient and effective – becoming truly world class. Everything that we do aims to deliver justice for all and to make our communities safer.

In 2009 the Director of Public Prosecutions (DPP) aligned the vision for the CPS within that of a 21st century public prosecution service, one whose fundamental role and purpose is to:

- Protect the public;
- Support victims and witnesses; and
- Deliver justice.

CPS Strategy

The CPS subscribes to the Attorney General's vision for the Law Officers' Departments and is working to become an independent prosecution service that delivers a valued public service. For 2009-10 this has been set out through the delivery of the five strategic objectives contained in the business plan:

- Focus the CPS's support to victims, witnesses and communities;
- Embed our advocacy strategy;
- Improve performance in the magistrates' courts;
- Ensure that CPS people are well led, managed and engaged; and
- Contribute to the wider CJS.

Departmental Funding

The Comprehensive Spending Review (CSR) 2007 settlement announced in October 2007 reflected a challenging fiscal environment and provided the CPS with an average annual real reduction in provision of 3.5% against the baseline budget of £640 million for 2007-08, equivalent to savings in real terms of £69 million per annum by 2010-11. Details of performance in achieving the department's Efficiency Delivery Plan targets are given in the Annual Report.

The CSR 2007 settlement identified a series of ambitious value for money reforms to be taken forward by the CPS and the other Law Officers' Departments. Within the target described above the CPS was required to deliver:

- At least three per cent net value for money gains per annum; and
- Five per cent annual real reductions in the core administration budget.

The savings target was subsequently increased by an additional £14 million in 2009-10 following the Revenue and Customs Prosecutions Office (RCPO) merger. Following the General Election, a further £16 million in savings is sought in 2010-11, and the CPS is now undertaking work on the next Spending Review, the outcome of which is to be announced in Autumn 2010.

OPERATING AND FINANCIAL REVIEW

a) Operating Review

(i) CPS Business Strategy for 2008-11 and Business Plan 2009-10

The CPS Business Strategy for 2008-11 and the Business Plan for 2009-10 set out how the CPS will deliver the Departmental Strategic Objective (DSO) which is:

To bring offenders to justice, improve services to victims and witnesses and promote confidence, by applying the Code for Crown Prosecutors, adopting a proportionate approach to determine which offenders should be charged and which should be diverted from court, and by firm and fair presentation of cases in court.

(ii) 2010-11 Business Plan

The Business Plan for 2010-11 sets out priorities for the final year of our Business Strategy 2008-11. It is built around two simple objectives: the delivery of a quality service, based upon core quality standards, and improving our efficiency and productivity.

The two priorities are inter-related: core quality standards delivery must not come at an unaffordable cost; and the approach to delivering savings must not impact on the quality of our work.

We will work closely with our partners at a national and local level to develop ways to provide best value for money and increased efficiency savings by streamlining the entire CJS process.

(iii) Future Factors

Core Quality Standards

The CPS's Core Quality Standards (CQS) were developed during 2009-10 and published in March 2010.

They are not just a statement of what the public (and our partners) can expect from us; it is intended that they must become part of the very ethos of the CPS and that they will have a profound and enduring effect on all that we do. Accordingly, CPS's approach to delivering them, lies at the heart of an excellent prosecution service and will fully define the future service that we deliver.

The CQS cover every major aspect of our work and will be reinforced by a range of measures and targets which support each quality standard and set out clearly what is expected at a local delivery level. A system of monitoring

will also be established to ensure that the quality of casework meets the requirements of the standards.

The focus now is on how we support and develop our people to embed the quality approach in a disciplined and professional way.

Efficiency and Productivity

The delivery of core quality standards must be achieved against a backdrop of severe and deepening resource constraints. The other key priority is therefore to maximise our efficiency and productivity so that savings can be made and more can be delivered with less.

The focus will be on removing cultural and behavioural barriers to lean working; creating a sound platform for generating future innovation; and maximising the development and utilisation of technology throughout the Service.

RCPO

During 2009-10 the CPS merged with the RCPO.

The purpose of the merger was to create an enhanced prosecution service that safeguarded and improved the already high quality work undertaken in both services on serious and complex cases, and to deliver increased value for money.

The merger has been a success and the two objectives: a strengthened prosecution service and significant savings have been delivered.

(iv) Summary of Performance

The CPS continued to make progress in 2009-10 in working to achieve its objectives. Details of CPS performance during the year and comparisons with previous years can be found in Annex B.

The CPS Business Strategy for 2008-11 together with the CPS Business Plan for 2010-11 focus on how the Departmental Strategic Objective (DSO) will be delivered and are available on the CPS website: www.cps.gov.uk.

(v) Sustainability Environmental Matters

The CPS continues to work towards embedding sustainable development. We have just completed the first year of utilising our revised National Standard Specification for CPS Accommodation works. This document defines the parameters within which works to new or existing premises must operate to maintain best environmental standards, reduce the impact on the environment and help address the Sustainable Operations on the Government Estate (SOG E) Targets.

Target

The Law Officers' Departments have been set a target to reduce their carbon emissions by 11% by May 2011 which equates to a reduction of 1,343 tonnes (12,208 tonnes to 10,865 tonnes).

The accompanying document gives further details of the reductions for all of the government bodies within the scope of the target.

Measures to Reduce CO2 Emissions

The following measures have been adopted by the CPS in order to deliver the CO2 reductions target.

- Disposal of Ludgate Hill. Gas and electricity reductions and CO2 savings of 907 tonnes.
- Adoption of the Carbon Trust Carbon Management Programme. Assumed benefit of 5% reduction in LOD total emissions. 630 tonnes.
- St Anne's Quay Newcastle, new plant fitted. Reduction of 25 tonnes.

There is a high degree of confidence that these measures will deliver the required 11% reduction. Collectively the measures will deliver the reduction target in CO2 emissions. Furthermore they are predicted to be delivered by 31 March 2011, well in advance of the 14 May 2011 deadline.

In addition CPS Areas' involvement in the forming of 'Green Groups' has continued to develop and this interest is being utilised to support our work towards implementing Environmental Management Systems to the ISO14001 Standard in more Areas.

The CPS along with the other LODs is a member of the 2010-11 Central Government Carbon Management (CGCM) Service Pilot which started in April. This service should help us embed carbon management and cut our carbon emissions year on year across the CPS and LODs.

During the last year, the CPS, along with the other LODs, has continued to work towards meeting the SOGE targets within the Sustainable Development in Government Report.

Social and Community Matters

The CPS works closely with the other criminal justice agencies to respond to the concerns of local communities. In addition the CPS has a programme of community engagement in each of the 42 operational Areas to ensure that the priorities of local communities are clearly identified. One of the proposals contained in the 'Engaging Communities in Criminal Justice' Green Paper released in April 2009 was the introduction of a Community Prosecutor approach. Building on the existing community engagement activities, the Community Prosecutor approach supports the CPS' work with the police and other partners to make communities safer and raise public confidence in the

services we provide. By listening to local concerns, prosecutors will be better able to understand the communities they serve and respond to crime and disorder issues locally.

b) Financial Review

The CPS net Request for Resources (RfR), as voted by Parliament, for the period to 31 March 2010 was £689 million. The outturn on expenditure as shown in the 2009-10 Accounts, Statement of Parliamentary Supply, was £672 million. Note 3 to the Accounts analyses expenditure within the Departmental Expenditure Limit (DEL) by the Department's two functions, Administration and Crown Prosecutions and Legal Services.

To meet the transitional and up-front costs of modernising and transforming the business of the LODs, the CPS had access to a ring fenced modernisation fund of £17 million. Access to the fund is only provided for costs directly related to efficiency, structural change and modernisation.

During 2009-10 CPS accessed modernisation funding of £12.7 million. These funds were used for the following:

- Assessing progress and performance of the CPS Crown Advocates and external advocates in the Crown Court as part of the Advocacy Quality Management Strategy (AQMS); Modernising and reforming the CPS workforce;
- Management and implementation of the Optimum Business Model (OBM); and
- Leadership development training

Each of these initiatives is intended to help prepare the CPS for the financial and performance challenges ahead. The three main initiatives; AQMS, workforce modernisation and OBM form a significant part of the Department's efficiency programme. Future savings resulting from use of modernisation funding will provide payback within three years.

Financial Results

In delivering the public prosecution service the Department spent £736 million. After taking into account £64 million appropriated in aid the net resource requirement was £672 million, £17 million less than the sum approved by Parliament, which is 2.5% of net provision. CPS resources and expenditure are analysed between Administration Costs and Crown Prosecutions and Legal Services.

Administration represents the costs of running the Department and includes only those costs not attributed to front line services directly associated with the prosecution of criminal cases. Administration includes staff salaries, other staff related expenditure, accommodation and related costs for administrative staff based in CPS Headquarters. Overall the CPS administration outturn was £54 million compared to net provision of £55 million. The outturn represents an increase of £3 million on 2008-09. The majority of the increase is a result of taking on the lease for Rose Court, the new CPS HQ building while continuing to occupy the existing HQ building in Ludgate Hill. There was an inevitable overlap whilst in-going works were completed. There was also an increase of £1 million in professional services charges compared to last year. The costs were incurred in relation to legal and other advice on the extension of the PFI contract, leadership training funded from the Modernisation Fund and the costs of dealing with staff grievances.

Crown Prosecutions and Legal Services cover the direct and indirect costs of taking cases to court. After the cost of front line staff salaries, 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, paying allowances and expenses to prosecution witnesses who attend court, the cost of expert testimony and a number of other less significant costs associated with the prosecution process.

Expenditure on Crown Prosecutions and Legal Services, excluding adjustments for the implementation of International Financial Reporting Standards (IFRS), was £590 million compared with provision of £621 million representing an underspend of £31 million. The underspend represents economies made in the year in preparation for the further reduction in available resources in 2010-11 and future years. In addition the Department took the decision to maximise the savings from the merger with RCPO. Estimates were not adjusted to fully reflect the impact of the implementation of IFRS and as a consequence £15 million forms part of this underspend.

Similarly the net total outturn in respect of IFRS adjustments was £15 million more than the Estimate because of an underestimation of the impact of imputed finance lease charges which was not reflected in an adjustment to the Estimate. Further details on the financial effects of the implementation of IFRS are provided below.

In 2009-10 over £62 million of CPS provision for programme costs was provided by way of costs awarded against defendants and collected by the magistrates' courts on behalf of the CPS; the Asset Recovery Incentivisation Scheme and funding for Local Criminal Justice Boards as well as the implementation of Integrated Prosecution Teams in London. The last is an initiative that enables the Metropolitan Police and the CPS to use a jointly administered case file.

Crown Court Advocacy

The CPS uses two fees schemes for the payment of self-employed advocates' fees. The majority of cases in the Crown Court handled by external advocates are paid under the graduated fee scheme (GFS). GFS is a formulaic scheme using a range of measures to determine the fee, and measures include offence category, pages of evidence, numbers of witnesses, outcome type etc. Although fee rates remain unchanged the growth in the size of evidence bundles and a Government focus on bringing more serious crimes to justice creates upward pressure on the fees that CPS pays. The growth in the size of evidence bundles can be explained by the increasing range of evidence seized by investigators from offenders, including mobile phone, Blackberry and home computer evidence.

Over the last four years the number of Crown Court finalisations of defendants charged with indictable-only offences – the most serious cases of all – has risen from 35,654 in 2006-07 to 40,651 in 2009-10 creating upward pressure on costs. Furthermore, the total number of defendant finalisations in the Crown Court has risen by about 16% over the last four years from 123,476 in 2006-07 to 143,196 in 2009-10.

Defendant finalisations increased by almost 20,000 since 2006-07. We estimate that the additional costs of these extra Crown Court finalisations would be over £20 million, based on the average cost of advocacy for a case in the Crown Court, although the use of CPS Crown Advocates (CAs) and better control of costs has helped to offset this pressure.

In general, the extension of recovery of criminal assets, the increasing requirements of disclosure, the conclusion of some extremely large cases, terrorism related prosecutions falling out of intensive activity by secret services and the police, and the increased use of information technology have all meant longer and more complex cases.

Capital Expenditure

Capital expenditure is focused on improving the Department's estate and office environment and investment in IT through the PFI arrangement with Logica.

The Department spent a total of £10 million on the purchase of fixed assets which was £3 million more than the Estimate. The overspend was a result of the additions of IT assets through the PFI contract.

The Department's net cash requirement outturn was £664 million against an estimate of £688 million. The variance resulted from uncertainty over the in-year costs that would be incurred from an early severance/retirement scheme that commenced late in the financial year.

Movements in Working Capital other than Cash

During 2009-10 trade receivables and other current assets due within one year increased by £7million from £52 million to £59 million. This is mainly due to an increase in the cost award receivable. Receivable days increased from 313 to 334 days. Cost awards due to the CPS represents over 80% of the total debtors figure. These cost awards are collected by the magistrates' courts on our behalf. Repayment arrangements agreed with defendants by the courts mean that collection can occur over an extended period of time. There was also an increase in accrued income which relates to the commercial tenants in the new HQ building at Rose Court.

In the same period trade payables and other current liabilities increased from £89 million to £107 million. The £18 million increase is mainly due to a £16 million increase in the 'amounts issued from the Consolidated Fund for supply but not spent at year end' figure. The full amount was drawn as to cover the in-year cost of the early severance/retirement exercise which supported the Department's workforce modernisation strategy. There was also an increase in accrued expenditure for counsel fees of £5 million resulting from delays in processing fee notes. Action is in hand to clear the delays and prevent a recurrence. There was an equivalent reduction in trade payables for the same reason.

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	<u>2009-10</u>	<u>2008-09</u>
	<i>£000</i>	<i>£000</i>
Net Resource Outturn (Estimates)	672,191	632,394
Prior Period Adjustments		(1415)
Consolidated Fund Extra Receipts in the OCS	(489)	(165)
Machinery of Government Transfer		33,222
Net Operating Cost (Accounts)	671,702	664,036
Non voted expenditure in budgets	28,753	28,814
Remove non budget expenditure in accounts	(27,988)	(28,935)
Resource Budget Outturn (Budget)	672,467	663,915

Implementation of IFRS

During 2009-10 the UK Government adopted IFRS for the first time. In consequence, CPS Statement of Financial Position at 01 April 2009 saw a decrease in taxpayers' equity of £24 million and its operating costs for 2008-09 decreased by £1 million. The decrease in taxpayers' equity was a result of recognising liabilities acquired through PFI contracts amounting to £16 million and an accrual in respect of entitlements to holiday pay of £8 million. The decrease in operating costs associated with the imputed lease payments of £0.7 million, again in relation to PFI contracts, which represents the difference

between accounting for the costs of the contract under UK GAAP and under IFRS and a reduction in the cost of capital charge of £0.9 million as a consequence of the recognition of the lease liability, and the in-year cost of the increase in holiday pay of £0.2 million.

Management

Keir Starmer QC was appointed the Director of Public Prosecutions on 1 November 2008. The Chief Executive supports the Director. The Chief Executive has responsibility for finance, human resources, performance management, IT and business and administrative processes, allowing the Director to concentrate on prosecution and legal processes. Peter Lewis was appointed as the Chief Executive on 15 January 2007. The Remuneration Report provides detail of service contracts, salary and pension entitlements for senior officials of the Department.

CPS Board

The CPS Board supports the Director and Chief Executive. It is collectively responsible for the delivery of the CPS's public service outcomes and targets.

During 2009-10 the Board structure remained largely unchanged, with the membership comprising the Director, Chief Executive, Chief Operating Officer, Finance Director and Non-executive Directors (NEDs). Doreen Langston joined the Board in June 2009 as the third NED.

In January 2010 David Green QC (formerly Director of RCPO) and Stephen Redmond (formerly a NED of RCPO) joined the CPS Board.

During 2009-10 the structure, composition and terms of reference of the Board's sub-committees were changed as follows:

- The Corporate Development Management Group (CDMG) and the Director's Group (DG) merged, with their memberships rationalised, under the title of Director's Group
- The terms of reference of the DG and Group Chairs Group (GCG) were realigned
- Rob Sykes left the Audit Committee and Doreen Langston joined it, also taking up the Chair, in September 2009.
- The former Chair of RCPO's Audit Committee (Sarah Brown) joined the CPS Audit Committee in January 2010 in parallel with the Board changes above.

The membership of the CPS Board and individuals' attendance during 2009-10 were as follows:

Board Member	Title	Attendance (out of 6 meetings)	Notes
Keir Starmer QC	DPP	6	
Peter Lewis	Chief Executive	6	
John Graham	Finance Director	3 of 3	
Paul Staff	Finance Director	3 of 3	Acting FD since November 2009
Mike Kennedy	Chief Operating Officer	6	
David Green QC	Director, Revenue & Customs Division	2 of 2	Joined Board in January 2010
Gerard Lemos	Non-executive Director	5	
Rob Sykes	Non-executive Director	5	
Doreen Langston	Non-executive Director	5 out of 5	Joined Board in June 2009
Stephen Redmond	Non-executive Director	2 of 2	Joined Board in January 2010

The Board, CDMG / DG, Group Chairs Group (GCG) and the Senior Area Business Managers (SABMs) meet twice yearly to discuss strategic issues and key operational challenges.

The appointment and termination of staff who are members of the CPS Board, excluding the NEDs 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 the Remuneration Report, is determined by reference to the Senior Salaries Review Body. In the rare event of members holding company directorships or having any significant interests that conflict with their management responsibilities, these are declared and a record kept by the single secretariat. No specific action was required at Board level due to a declaration of interest in 2009-10.

The role of the Board is to:

- Ensure CPS continues to become world class and provides a fair and effective prosecution service;
- Demonstrate visible and effective leadership across the organisation to inspire confidence in staff, CJS and other stakeholders and the public;
- Determine the vision, role, direction and priorities of the CPS;
- Ensure effective allocation and management of the CPS's staff and financial resources;
- Monitor and improve the CPS's performance; and
- Protect and enhance the CPS's reputation as an organisation striving to become a world class prosecution service.

Examples of business covered by the Board include:

- The new Core Quality Standards and their monitoring
- The revised Code for Crown Prosecutors
- The Capability Review Implementation Programme

Corporate Delivery and Management Group/Directors Group

CDMG/DG contribute to the development and delivery of the CPS Vision and Strategy, CPS public service outcomes and other priorities.

Examples of business covered by the CDMG include:

- Change Portfolio;
- Staff Survey
- Capability Review Implementation.

The membership of the CDMG and DG and their attendance during 2009-10 are as follows:

CDMG/DG Members	Position/Role	CDMG attendance (out of 4 meetings)	DG attendance (out of 5 meetings)	Notes
Peter Lewis	Chief Executive	3	5	
John Graham	Finance Director	4	1 out of 1	Retired November 2009
Paul Staff	Finance Director	n/a	4 out of 4	Replaced John Graham from November 2009
Mike Kennedy	Chief Operating Officer	4	4	
David Jones	Business Information Systems Director	2	4	
Roger Daw	Principal Policy Advisor	1	2	
Alison Levitt	Principal Legal Advisor	n/a*	3	*Not a member of CDMG
Steve Przybylski	Deputy Director Business Development	n/a*	5	*Not a member of CDMG
Ros McCool	Human Resources Director	4	4	
Dale Simon	Equality and Diversity Director	1 out of 1	5	Joined CPS in June 2009
Sheila Rogers	Equality and Diversity Director (Acting)	2 out of 3	n/a	Left the CPS in 2009
Karen Sawitzki	Senior Business Manager	4	n/a	*Not a member of DG
Dru Sharpling	CCP London	3	n/a	*Not a member of DG
Pam Teare	Head of Communication	3	5	

Group Chairs Group

The GCG contributes to the development and delivery of the CPS Vision and Strategy.

Examples of business covered by the Board include:

- Modernising Charging
- Core Quality Standards
- Asset Recovery.

The membership of the GCG and their attendance during 2009-10 were as follows:

GCG Members	Position/Role	Attendance (out of 7 meetings)	Notes
Peter Lewis	Chief Executive	7	Chair until October 2009
Mike Kennedy	Chief Operating Officer	6	Chair from January 2010
Nazir Afzal	CCP London (Acting)	2 out of 2	September - December
David Blundell	Group Chair West Midlands	1 out of 1	Retired during 2009
Ken Caley	Group Chair Eastern	6	
Roger Coe-Salazar	Group Chair South East	6	
Neil Franklin	Group Chair West/North Yorkshire (now Yorkshire Group)	6	
Martin Goldman	CCP CPS Direct	6	
Nick Hawkins	Group Chair Wessex	6	
John Holt	Group Chair Manchester	2 out of 4	Retired during 2009
Barry Hughes	Group Chair South West	5	
Harry Ireland	Group Chair West Midlands	4 out of 5	
Bob Marshall	Group Chair North West	5	
Alison Saunders	Representing Casework Divisions (then as CCP London)	7	CCP London from December 2009
Dru Sharpling	CCP London	2 out of 3	Left the CPS in September
Baljit Ubhey	Group Chair Thames & Chiltern	6	
Matthew Wagstaff	Representing RCD since January 2010	2 out of 2	Joined GCG in January 2010

Judith Walker	Group Chair East Midlands	7	
Paul Whittaker	Group Chair Merseyside & Cheshire	6	
Wendy Williams	Group Chair North East	7	
Chris Woolley	Group Chair Wales/Cymru	3	

Audit Committee

The Audit Committee (AC) supports the Accounting Officers in their responsibilities for issues of internal control, risk and governance by reviewing the comprehensiveness and integrity of assurances in meeting the CPS Board and Accounting Officers' assurance needs. The AC's role and responsibilities remained unchanged throughout the year.

Work undertaken
<ul style="list-style-type: none"> Reviewed assurances received in respect of the systems and processes of internal control, risk and governance, which included those provided by Internal Audit, management, the NAO and HMCPSi.
<ul style="list-style-type: none"> Reviewed the Head of Internal Audit's Statement on Internal Control and the Annual Resource Accounts for 2009-10, including the observations by the NAO in their capacity as external auditors, and recommended acceptance to the Board.
<ul style="list-style-type: none"> Approved and monitored the Internal Audit programme for 2009-10 and the External Auditors' strategy and plan for the 2009-10 Resource Accounts.

AC Members	Position/Role	Attendance (out of 4 meetings)	Notes
Rob Sykes	Non-executive Director (Chair)	1 out of 1	Retired from the Audit Committee after the June 2009 meeting
Doreen Langston	Non-executive Director (Chair)	3 out of 3	Joined the Audit Committee as Chair from September 2009 (also attended June 2009 meeting as an observer)
David Judd	Non-executive Director	1 out of 2	Retired from the Audit Committee after the September 2009 meeting
Paula Abrahams	CCP, Suffolk	3	
Claire Lindley	CCP, Cheshire (previously CPS Cumbria and CPS Staffordshire)	4	
Caroline Johnstone	Non-executive Member	3 out of 3	Joined the Audit Committee August 2009

Richard Szadziewski	Non-executive Member	3 out of 3	Joined the Audit Committee August 2009
Sarah Brown	Non-executive Member	1 out of 1	Joined the Audit Committee January 2010 (also attended December 2009 as an observer)

Principal Risks

The principal risks for the CPS, which have been recently reviewed and updated, are set out in the corporate risk register and agreed by the Directors' Group and the CPS Board are in the areas of:

Responding effectively to changing patterns of crime, disposal and volumes of cases where we need to ensure that our resources are deployed flexibly to meet changes in workload.

Managing our commitments to victims and witnesses as resources reduce and priorities may change.

The increasingly demanding financial environment will stretch our financial management capability with the risk of adverse impacts on resource management and usage.

Not achieving the consistent application of Core Quality Standards across our operational Groups, which would affect the overall delivery of an effective public prosecution service.

Identifying poor performance trends and intervening in a timely fashion to ensure standards are maintained.

Meeting our commitments to local communities when there are changing and competing priorities.

The Directors' Group and CPS Board regularly monitor the risks through the corporate risk register and take mitigating action when necessary. The Statement of Internal Control provides a description of the key elements of the risk and control framework.

Pensions

The Accounting Policy Note 1.12 describes the CPS policy on how pension liabilities are treated and the accounting treatment is detailed in Note 8 and in the Remuneration Report.

Equal Opportunities

The CPS has a policy of equal opportunities and aims to create and sustain a working environment that is fair to all. Through commitment, action and review, the aim is to ensure that employment, training and development

opportunities are appropriate to the abilities of the individual regardless of their sex, race, colour, nationality, ethnic or national origins, disability, religion, age, marital status, working pattern, sexual orientation or gender reassignment.

This policy has been jointly agreed and endorsed by the management and trade union sides of the Departmental Whitley Council. Both parties have affirmed their full support for the principle of equality of opportunity, and are determined to ensure that this policy is effectively implemented at all levels of the Service.

The Department's policy is based on the legislation governing equal opportunities and aims to promote equality of opportunity by following both the spirit and the letter of that legislation. The legislation is: the Sex Discrimination Act 1975, the Sex Discrimination (Gender Reassignment) Regulations 1999, the Race Relations Act 1976 and the Disability Discrimination Act 1995.

An Equal and Diverse Prosecution Service

The CPS continually strives to improve its reputation on equality and diversity issues and its work has been positively recognised through the Cabinet Office Capability Review of the CPS in June 2007. The Service is moving on to a third phase in its work to further equality and diversity. It began with an agenda setting and awareness raising period, and then in 2005 the Service moved to an outcome and performance based approach. It will now build on this work and focus on bringing about cultural change to help to secure lasting transformational change on equality and diversity.

The CPS is committed to further progress on equality and diversity in employment and is implementing a Diversity Delivery Plan which sets out what we will do to achieve workforce representation targets.

Reporting of Personal Data Related Incidents

Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of the other UK information legislation.

TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2009 – 10

No incidents have needed to be reported to the Information Commissioner.

TABLE 2: SUMMARY OF OTHER PROTECTED DATA RELATED INCIDENTS IN 2009 – 10

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner’s Office but recorded centrally within the Department.

1. Total Included Data Loss Incidents

Category Types	I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
	II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	4
	III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	2
	IV	Unauthorised disclosure	3
	V	Other	7
	Total		16

2. Lost/Stolen Blackberries

4

3. Lost/Stolen Laptops

2

Explanatory Note: To put the losses into context the CPS handles approximately a million defendant cases in a year. Most of these files make at least one journey to Court and the CPS also serves evidence, mostly on paper, to the Courts and solicitors/barristers.

Included - 16 personal data loss incidents are included for the purposes of this report. The majority of these incidents occurred either in transit between sites or at Court. All of these relate to very small amounts of information – often single items.

Excluded - 45 incidents have been excluded from the report because the loss was very minor, the material was misplaced and subsequently found, or was solely the responsibility of another data controller (19).

Lost/Stolen Laptops/Blackberries: The Laptops and Blackberries were all encrypted to the government standard.

Staff Engagement

Employee engagement is described as employees' willingness and ability to invest their personal effort in the success of the CPS. The CPS recognises that this is critical to retaining key talent and securing high levels of individual, team and organisational performance.

The CPS participated in the Civil Service wide People Survey in 2009 which amongst many other indicators, assessed employees' experiences and measured their level of engagement. The 2009 staff survey showed some substantial improvements since the 2008 survey. The question relating to seeking ways to improve the Service has increased by 23% to 68%. The question relating to being treated with fairness and respect has increased by 21% to 79%, and the question around feeling valued has increased by 13% to 51%. There is evidence of increased and improved levels of management support and intervention - 52% of staff say their manager motivates them to be more effective, up from 45% in 2008; and 52% say they receive regular feedback, up from 41% in 2008.

Key actions have been identified for improvement and incorporated into CPS projects and programmes. To reinforce its importance, local staff engagement has been measured through robust 'People Measures' activities across the Service and the implementation of the CPS Employee Engagement Plan.

The CPS trades unions play an important part in staff engagement through their wider role in representing employees. During the year, the CPS has worked well with the FDA and PCS unions regarding consultation and information about the merger of the RCPO and the CPS. The CPS and the trades unions have an Employee Relations Framework Agreement which sets out arrangements to promote effective negotiation, consultation and information sharing. It forms part of a wider, ongoing strategy and programme to build constructive, forward-looking employee relations within the CPS.

In 2008, the CPS agreed a reward and recognition strategy that described how the CPS would modernise its pay structures over the three years to April 2011. These changes form part of the three-year pay award, which was implemented in November 2008.

Employee Consultation and Providing Information to Employees

The CPS has continued its strategy of communicating and consulting with staff, both formally and informally. The main hub for the promulgation of business information is from an area on the CPS Infonet called "Infonet Live". From here staff can access weekly business updates, news and information produced by Areas and HQ Directorates for a more local perspective, as well as the monthly publication Eye Witness, which is also produced in hard copy and goes to an audience beyond the CPS.

The CPS Infonet 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. The Intranet is becoming an important communication tool for the Department, as it moves to more sustainable working practices, with manuals and standard forms from across the different directorates also published online, including the CPS HR policy procedures. Staff are informed about items of change through team meetings and by newsletters circulated by project managers.

Sickness Absence

The CPS Attendance Management and Wellbeing Strategy promotes the proactive and sensitive management of absence and has led to an improvement in sickness absence performance. There was a small reduction in average working days lost to sickness – down from 8.7 days per employee in the year to December 2008, to 8.5 days in the year to December 2009.

Payment of Suppliers and Witnesses

The CPS is 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 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 2009-10 the CPS settled 90.41% of undisputed invoices within 30 days of receipt and 94.45% of witness claims within 5 days. Trade payables fell by £6.4 million from £18.8 million to £12.4 million and creditor days decreased from 20 days to 13 days. In terms of the government's 10 day payment target, in 2009-10 the CPS paid 75% of all external invoices, fees and claims within 10 days. The department is reviewing systems and processes to identify further scope for improvement.

During the year the proportion of suppliers paid through the Government's Zanzibar 'Purchase to Pay' portal increased. In 2010-11 and beyond this trend will continue and eventually the CPS will mandate the use of purchase orders across all expenditure, including prosecution costs. The CPS paid £666 with respect to interest due under the Late Payment of Commercial Debts (Interest) Act 1998.

Events after the reporting period

On 12 May 2010 the Prime Minister, the Rt Hon David Cameron MP, appointed Rt Hon Dominic Grieve QC MP as Attorney General. Edward Garnier QC MP, was appointed Solicitor General on 13 May 2010.

There have been no events that would have a material impact on the financial statements for the year ended 31 March 2010.

Reporting Cycle

The CPS produces a three year Corporate Business strategy and an Annual Business Plan. The Annual Business Plan is submitted by the Chief Executive to the Attorney General in April and sets out the Department's priorities, objectives and annual performance targets. It is the definitive document against which the Department's annual performance will be measured.

The CPS's statutory authority to consume resources and spend the cash that finances its spending plans comes from the annual Main Estimate which is presented to Parliament, as part of the Supply Procedure, by HM Treasury around the start of the financial year to which the Estimate relates.

Supplementary Estimates are presented as necessary during the year as the means for seeking Parliament's approval to additional resources and/or cash or revisions to the Main Estimate.

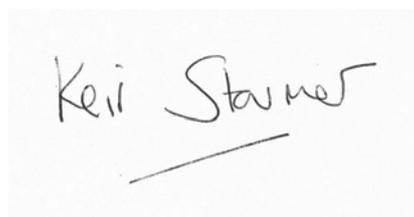
An Annual Report and set of Resource Accounts covering the Department's work for the preceding year are published each year. These include information on the Department's performance against key performance indicators. Some 2009-10 performance data (in Annex B) is not yet available. The Annual Report and audited Accounts are laid before Parliament following the relevant statutory requirements.

The Annual Report and Resource Accounts may be accessed at www.cps.gov.uk

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. The cost of audit work was £142,000 and comprised £121,000 for the audit of the CPS 2009-10 Resource Accounts, £20,000 for the audit of IFRS Trigger Point 4 and £1,000 for the audit of the RCPO IFRS restatement. Auditors' remuneration is a notional cost (see Note 9).

As far as the Accounting Officer is aware, there is no relevant audit information of which the National Audit Office are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

A handwritten signature in black ink that reads "Keir Starmer". The signature is written in a cursive style and is positioned above a horizontal line.

Keir Starmer QC

Accounting Officer

22 July 2010

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the CPS to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Crown Prosecution Service and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including 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 *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

HM Treasury has appointed the Director of Public Prosecutions as Accounting Officer of the Department, and the Director of Public Prosecutions has appointed 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. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in *Managing Public Money* published by HM Treasury. Under the terms of the Accounting Officer's Memorandum, the relationship between the Department's principal and additional Accounting Officers, together with their respective responsibilities, is set out in writing.

STATEMENT ON INTERNAL CONTROL 2009-10

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 Managing Public Money. I am supported in managing the CPS and its key risks by the Chief Executive Officer who, as an additional Accounting Officer, is responsible for running the business on a day-to-day basis, for human resources, finance, business information systems, and business development, allowing me to concentrate on prosecution, legal issues and criminal justice policy.

This year has been one of considerable change for the CPS, particularly regarding the devolution of responsibilities to Groups, and also the merger with the RCPO. The CPS is a national Service that is delivered at a local level by 42 Areas across England and Wales. Each Area is headed by a Chief Crown Prosecutor (CCP). A 'virtual' 43rd Area, CPS Direct, is also headed by a CCP and provides charging decisions to the police electronically. The 42 Areas are arranged into 13 Groups. Each Group is overseen by a Group Chair, who is also a CCP, and who is supported by a Senior Area Business Manager. A number of specialist Casework Divisions deal with the prosecution of serious organised crime, terrorism, fraud and other sensitive prosecution cases.

I have put in place clear governance arrangements to make sure that the CEO and I, with the support of the CPS Board, are able to lead and direct the Service and manage risk effectively. All the CPS' senior leaders have a role to play in these arrangements. In light of the performance issues in London and Gwent, governance arrangements have been improved, so the CPS Board will take a much greater role in reviewing the performance of operational groups. The CEO and I regularly review the governance arrangements so that they fully contribute to making sure that the CPS achieves its Strategic Objectives.

In 2009-10 the CPS incorporated the Revenue and Customs Prosecutions Office (RCPO). I additionally took on the role of Director of Revenue and Customs Prosecutions Office on 1 January 2010 and a single management and governance structure has operated since then. For the period 1 April 2009 to 31 December 2009 the RCPO system of internal control was in place. The RCPO Accounting Officer [David Green QC] for that period has provided me with full assurance on the effectiveness of the internal control systems for which he was responsible.

CPS, incorporating RCPO, is an independent part of the criminal justice system under the ministerial superintendence of the Attorney General. I

regularly meet the Attorney General to assess progress and performance and to discuss the issues and the risks associated with key criminal justice policies.

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.

It is 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 CPS for the year ended 31 March 2010 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 there are appropriate risk management arrangements and that corporate risks are properly managed and includes a risk management champion.

The Directors Group (formally the Corporate Delivery & Management Group) undertake regular and detailed oversight of the risk management capability and the management of key corporate risks. All corporate risk owners are Board or Directors Group Members.

Headquarters' Directors and Group Chairs are personally responsible for maintaining effective risk management arrangements and ensuring an effective system of internal control.

Managers and staff at all levels have a responsibility to identify, evaluate, manage or report risks. Risk training was delivered to a wide range of managers and will continue during 2010-11. Support and best practice guidance was provided by a dedicated corporate risk management advisor, and a full range of risk guidance and support is available on the CPS internal 'Infonet'.

The CPS is committed to further embedding risk management and development of awareness through maintaining and updating the level of support and guidance provided; prescribing a programme of risk training integrated into our broader management training and continuing risk management capability assurance.

The risk and control framework

All risk management is aligned to the corporate aims, objectives, priorities and commitments. Formal Risk Management is applied to strategic corporate risks, Group and Area operational and business risks and key business change programmes.

The key elements of the risk and control framework for 2009-10 are listed below and work to embed these will continue in 2010-11.

- Corporate and operational business risk owners are responsible for ensuring proper identification, review, and re-assessment of the level of risk.
- The Directors Group identifies the corporate risks and updates the corporate risk register at formal quarterly reviews.
- The Board agrees and reviews the corporate risk register and receives quarterly performance, business change and risk highlight reports, and separate reports of any escalated risks. No corporate risks were escalated to the Board in 2009-10.
- The Board regularly reviews in-year expenditure against forecasts to ensure effective allocation and control of CPS' financial resources.
- Regular Board scrutiny of performance against Key Performance Indicators and targets.
- Change proposals are examined by the Change Portfolio Review Panel, key business change programmes are subject to an OGC Gateway review and all strategic business change projects are overseen by the Board.
- A Senior Information Risk Officer, Chief Information Officer and Departmental Security Officer support to the Board in respect of information handling and assurance risks.
- A Security & Information Management Group was set up in 2009-10 to assist the Senior Information Risk Officer meet his responsibilities. Our approach to information risk management is to integrate it into our existing business and change risk arrangements.
- An Information Management Strategy and Policy and a revised Security Strategy and Policy were promulgated. An Information Assurance Maturity Model Assessment was completed which showed that there is now a framework of processes and procedures against which we can adequately deliver and monitor our performance.
- 'Protecting Information' training was provided for all staff and introduced specific roles for information assurance and information management advice.
- The Board has set a risk tolerance range, and the acceptable parameters for risk taking are outlined in the CPS risk policy and guidance documents.
- The CPS policy statement, risk management guide and statement of best practice criteria were updated and re-issued in 2009-10.
- All RCPO risks were cleared by their Board prior to incorporation, except for one relating to taxpayer confidentiality which was subsumed into the CPS information handling risk on their incorporation.

CPS approach to risk management is to encourage a culture in which all staff are aware of the need to identify and manage a broad range of risks. All operational units, projects and programmes are required to maintain risk registers that list and evaluate the risks identified, and provide a framework for monitoring mitigation actions.

RCPO/CPS Merger Arrangements

Following the announcement of the merger of RCPO and CPS a Transition Programme Board was established to oversee the work necessary to combine the two entities and ensure good governance throughout all stages of the transition.

The Programme Board set up work streams to handle different aspects of the transition (legal, human, financial, estates) and each of these has maintained a register of relevant risks. Accordingly, the management of risk throughout the project has been transparent and effective and the merger programme was completed on time and within budget.

The transfer of case management information from RCPO to CPS and the associated technological issues were identified as a discrete risk under the transition programme and were subject to close management and oversight.

Independent assurance of the transition programme has been provided by OGC Gateway Reviews. In its first review of the programme the Gateway team found that the likelihood of the programme delivering successfully was 'very high'.

On completion of phase one of the merger the RCPO Accounting Officer wrote to me to formally hand over responsibility for the future delivery of RCPO's request for resources: "the effective and efficient prosecution of cases in accordance with the *Code for Crown Prosecutors*".

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 Directors Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Assurance regarding the adequacy of the internal controls is provided by:

- The internal audit function operates to the 'Government Internal Audit Standards' guidance and reports on the framework of internal control to the Audit Committee.
- The Head of Internal Audit that provides an independent opinion on the adequacy and effectiveness of the department's system of internal control, and an opinion on significant control issues.
- The Audit Committee, which now includes four non-executive members, one of whom is a Non-executive Director who sits on the CPS Board and now serves as the Chair. The Audit Committee is authorised to review, and where necessary advise on CPS' Resource Accounts, internal and external audit, risk management, corporate governance and financial discipline and internal control.
- The Audit Committee also reviews and endorses the annual report from the Head of Internal Audit and reports to the Board.
- The Chief Crown Prosecutors and HQ Directors complete a certificate of assurance that includes statements on the level of assurance achieved throughout the year against key aspects of their business. They specifically provide an assurance on the effectiveness of local systems to identify and manage the principal risks to the delivery of CPS policies, aims and objectives.
- The Area quarterly performance reviews monitor the effectiveness of the system of internal control and provide action plans for performance improvement, which are agreed with the Chief Executive and the Chief Operating Officer.
- The HM Crown Prosecution Service Inspectorate provides an independent review of business efficiency and effectiveness. In 2009-10 their programme of review included Performance Assessments of 9 London Boroughs; full inspections of 2 Areas and 2 Casework Divisions; and 4 thematic reviews: Advocacy; Victims & Witness Care and the handling of Persistent & Prolific Offenders; and Mentally Disordered Offender cases.

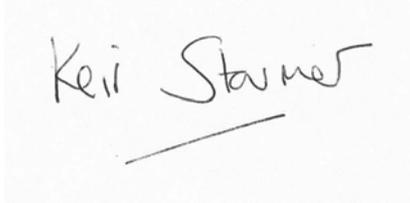
Significant internal control issues

Two CPS Areas were identified as performing below the minimum standard required and confirmed in inspections by HM Crown Prosecution Service Inspectorate. These were:

- Gwent was rated 'Poor' where there performance issues in a number of critical aspects including decision making and management, including management of resources and the prosecution process. London was also rated 'Poor' overall, and a number of Boroughs experienced performance issues on a range of operational activities with magistrates' courts and lower tier Crown Court casework including decision making and case preparation and progression.

The performance management regime in place had indicated that there were performance issues for the two Areas but a further review of the system has identified that performance reporting needs to be sharper and more predictive

as well as providing effective diagnostics measures. We are developing the performance management system for 2010-11 to ensure that it enables timely identification of business delivery and the CEO and I, supported by the Board, are taking appropriate remedial action at the earliest opportunity to prevent poor performance recurring. For the Areas mentioned above we have strengthened management capability and have supported the Areas in developing action plans to deliver improved performance. Achievement of those plans will be monitored by the CEO and I.

A handwritten signature in black ink that reads "Keir Starmer". The signature is written in a cursive style and is positioned above a horizontal line.

Keir Starmer QC

Accounting Officer

22 July 2010

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Crown Prosecution Service for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, the Statement of Operating Costs by Departmental Strategic Objective and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, 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.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2010 and of its net cash requirement,

net resource outturn, net operating cost, operating costs applied to departmental strategic objective, changes in taxpayers' equity and cash flows for the year then ended; and

- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP
23 July 2010

Statement of Parliamentary Supply

Summary of Resource Outturn 2009-10

	Note	Estimate			Outturn			2009-10	2008-09
		Gross expenditure	A in A	Net Total	Gross expenditure	A in A	Net Total	£000	£000
								Outturn	Outturn
							<i>Net total outturn compared with Estimate: saving/ (excess)</i>		
Request for Resources 1: Increasing public confidence in the criminal justice system through fair, firm and effective prosecutions	3	753,956	64,800	689,156	736,246	64,055	672,191	16,965	632,394
Total resources	4	753,956	64,800	689,156	736,246	64,055	672,191	16,965	632,394
Non-operating cost A in A	6	-	-	-	-	-	-	-	-

Net cash requirement 2009-10

	Note	Forecast 2009-10		Outturn 2009-10		2009-10	2008-09
		Estimate	Outturn	Income	Receipts	£000	£000
						Outturn	Outturn
						<i>Net total outturn compared with Estimate: saving/ (excess)</i>	
Net cash requirement	5	687,771	663,967			23,804	618,048

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

	Note	Forecast 2009-10		Outturn 2009-10	
		Income	Receipts	Income	Receipts
Total	6	-	-	489	1,255

Explanations of variances between Estimate and outturn are given in Note 3 and in the Management Commentary.

Operating Cost Statement

for the year ended 31 March 2010

	<i>Note</i>	2009-10			2008-09
		<i>£000</i>	<i>£000</i>	<i>£000</i>	Re-stated
		<i>Staff Costs</i>	<i>Other Costs</i>	<i>Income</i>	<i>£000</i>
Administration Costs on HQ and Central Services					
Staff costs	8	26,191			27,357
Other administration costs	9		29,988		26,089
Operating income	11			(2,045)	(1,821)
Crown Prosecutions and Legal Services					
Staff costs	8	360,688			354,804
Other programme costs	10		319,379		316,539
Less: income	11			(62,499)	(58,932)
Totals		386,879	349,367	(64,544)	664,036
Net operating cost	4			671,702	664,036

The notes on pages 38 to 64 form part of these accounts.

Statement of Financial Position

as at 31 March 2010

	Note	31 March 2010	31 March 2009	1 April 2008
		£000	Re-stated £000	Re-stated £000
Non-current assets:				
Property, plant and equipment	12	45,907	41,798	47,002
Intangible assets	13	19,761	24,594	27,428
Total non-current assets		65,668	66,392	74,430
Receivables falling due after more than one year	15	45	61	147
Current assets:				
Trade and other receivables	15	33,455	30,741	32,796
Other current assets	15	25,557	21,434	26,186
Cash and cash equivalents	16	24,572	8,617	23,945
Total current assets		83,584	60,792	82,927
Total assets		149,297	127,245	157,504
Current liabilities				
Trade and other payables	17	17,754	24,177	17,874
Other liabilities	17 and 18	102,292	69,502	93,884
Total current liabilities		120,046	93,679	111,758
Non-current assets less net current liabilities		29,251	33,566	45,746
Non-current liabilities				
Provisions	18	15,825	11,612	8,114
Other payables	17	36,813	39,861	40,538
Total non-current liabilities		52,638	51,473	48,652
Assets less liabilities		(23,387)	(17,907)	(2,906)
Taxpayers' equity:				
General fund		(31,503)	(23,548)	(10,078)
Revaluation reserve		8,116	5,641	7,172
Total taxpayers' equity		(23,387)	(17,907)	(2,906)



Keir Starmer QC
Accounting Officer

22 July 2010

Statement of Cash Flows
for the year ended 31 March 2010

	2009-10	2008-09
	£000	Re-stated £000
<i>Note</i>		
Cash flows from operating activities		
Net operating cost	(671,702)	(664,036)
Adjustments for non-cash transactions	33,425	33,206
(Increase)/decrease in trade and other receivables	(8,769)	1,427
Increase/(decrease) in trade payables	918	2,626
Use of provisions	(4,163)	(4,203)
Net cash outflow from operating activities	(650,291)	(630,980)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,579)	(4,723)
Purchase of intangible assets	-	(784)
Net cash outflow from investing activities	(4,579)	(5,507)
Cash flows from financing activities		
From the Consolidated Fund (Supply) - current year	679,930	636,792
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	(7,842)	(14,410)
Net financing	672,088	622,382
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	17,218	(14,105)
Payments of amounts due to the Consolidated Fund	(1,263)	(1,223)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	15,955	(15,328)
Cash and cash equivalents at the beginning of the period	8,617	23,945
Cash and cash equivalents at the end of the period	24,572	8,617

The notes on pages 38 to 64 form part of these accounts.

**Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2010**

	General Fund	Revaluation Reserve	Total Reserves
Note	£000	£000	£000
Balance at 31 March 2008	13,887	7,172	21,059
Changes in accounting policy	(23,965)	-	(23,965)
Restated balance at 1 April 2008	(10,078)	7,172	(2,906)
Changes in taxpayers' equity for 2008-09			
Net gain/(loss) on revaluation of property, plant and equipment	-	(914)	(914)
Net gain/(loss) on revaluation of intangible assets	-	-	-
Release of reserves to the operating cost statement	-	-	-
Non-cash charges - cost of capital	9 and 10 (350)	-	(350)
Non-cash charges - auditor's remuneration	9 168	-	168
Transfers between reserves	617	(617)	-
Net operating cost for the year	(664,036)	-	(664,036)
Total recognised income and expense for 2008-09	(663,601)	(1,531)	(665,132)
Net Parliamentary Funding - drawn down	636,792	-	636,792
Net Parliamentary Funding - deemed	22,100	-	22,100
Supply payable	(7,842)	-	(7,842)
CFERs payable to the Consolidated Fund	(919)	-	(919)
Balance at 31 March 2009	(23,548)	5,641	(17,907)
Changes in taxpayers' equity for 2009-10			
Net gain/(loss) on revaluation of property, plant and equipment	-	3,304	3,304
Net gain/(loss) on revaluation of intangible assets	-	6	6
Release of reserves to the operating cost statement	-	-	-
Non-cash charges - cost of capital	9 and 10 (709)	-	(709)
Non-cash charges - auditor's remuneration	9 142	-	142
Transfers between reserves	835	(835)	-
Net operating cost for the year	(671,702)	-	(671,702)
Total recognised income and expense for 2009-10	(671,434)	2,475	(668,959)
Net Parliamentary Funding - drawn down	679,930	-	679,930
Net Parliamentary Funding - deemed	7,842	-	7,842
Supply payable	(23,804)	-	(23,804)
CFERs payable to the Consolidated Fund	6 (489)	-	(489)
Balance at 31 March 2010	(31,503)	8,116	(23,387)

The notes on pages 38 to 64 form part of these accounts.

**Statement of Operating Costs by Departmental Strategic Objective
for the year ended 31 March 2010**

	2009-10	2008-09
	Departmental Strategic Objective	Re-stated Departmental Strategic Objective
Gross Expenditure	736,246	724,789
Income	(64,544)	(60,753)
Net Expenditure	671,702	664,036
Total Assets	149,297	127,245

The CPS has one Departmental Strategic Objective for the period, which is:

To bring offenders to justice, improve services to victims and witnesses and promote confidence, by applying the Code for Crown Prosecutors, adopting a proportionate approach to determine which offenders should be charged and which should be diverted from court, and by firm and fair presentation of cases in court.

Two PSAs are most directly relevant to the work of the CPS. These are:

PSA 23, 'Make communities safer' focuses on protecting the public from serious violent crime, reducing the level of serious acquisitive crime, tackling anti-social behaviour issues, and reducing re-offending. The lead on PSA 23 is the Home Office. The Crown Prosecution Service will play a key part in the achievement of this PSA.

PSA 24, also known as the Justice PSA, has the objective of delivering a more effective, transparent and responsive criminal justice system for victims and the public. The lead on PSA 24 is the Ministry of Justice. The Crown Prosecution Service will also play a key part in its achievement.

See Note 19

The notes on pages 38 to 64 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 2009-10 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the *FReM* follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to the public sector. These statements have been prepared to show the effect of the first-time adoption of IFRS.

Where the *FReM* 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 Adoption of IFRS in 2008-09

The accounting policies were changed on 1 April 2008 to comply with IFRS. The transition to IFRS is accounted for in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, with 1 April 2008 as the date of transition. The changes in accounting policies as a consequence of the transition to IFRS are described below, and the reconciliations of the effects of the transition to IFRS are presented in the notes to the first IFRS financial statements.

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in Spring Supplementary Estimates for 2009-10. The PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut-off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to matters other than IFRS were included in the Estimates in line with conventional arrangements.

The transition to IFRS resulted in the following changes in accounting policies: Holiday Pay that has been earned up to the date of these accounts is accrued for on the basis of average salary costs in the year.

PFI contracts for the provision of telecommunications and information technology to the Department (including the provision of hardware, standard operating software and specialised case management software), which under previous GAAP had been treated in their entirety as 'off-balance sheet', with

payments being accounted for as expenses in the year in which they fell due, are now considered under IFRS to include certain finance leases. Elements of the contracts that are considered to represent finance leases are now recognised as non-current assets (hardware and standard operating software, as tangible assets, and the case management system as intangible assets). These elements have been capitalised at their fair value, and are being depreciated (or, in the case of intangible assets, amortised) over their useful economic lives at rates consistent with similar assets that are owned by the Department. Further details of these assets appear under note 1.3, 1.4, 1.5, and 1.13 below.

1.3 Non-current Assets

Property, plant and equipment

Property, plant and equipment which are capable of being used for a period which exceeds one year and individually have a cost equal to or greater than £500 are capitalised, including leasehold improvements. Assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition.

Property, plant and equipment is restated at fair value in existing use each year by indexation up to the year-end using Price Index Numbers for Current Cost Accounting, published by the Office for National Statistics. The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Land and buildings are restated at fair value using professional valuations, in accordance with guidance set out in the *FReM*, every five years. The most recent professional valuation was carried out at 31 December 2009. Land and buildings were valued by DTZ Debenham Tie Leung Limited, who are chartered surveyors. The registered office is 125 Old Broad Street, London, EC2N 2BQ. The company are required to value properties in compliance with the Royal Institute of Chartered Surveyors Valuation Standards. In the intervening years land and buildings are restated at fair value by the use of published indices appropriate to the type of land or building. The Investment Property Databank supplies the indices used.

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;
and
- b) property held by the Department of Environment, Food and Rural Affairs in the name of the Secretary of State.

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.

Intangible non-current assets

On initial recognition intangible non-current assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition. Intangible non-current assets are stated at the lower of replacement cost and recoverable amount. All expenditure on intangible non-current assets which are capable of being used for a period which exceeds one year and individually have a cost equal to or greater than £500 is capitalised.

All intangible non-current assets, other than the case management software (see 1.13), are restated to fair value in existing use each year by indexation up to the year-end using Price Index Numbers for Current Cost Accounting, published by the Office for National Statistics.

1.4 Depreciation, Amortisation and Impairment

Property, plant and equipment

Property, plant and equipment 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 buildings	20 to 50 years
Furniture and fittings	3 to 10 years
Information technology	4 years
Assets under PFI contracts	life of the contract.

During the year, the Department's PFI contracts have been extended. The original contracts were for 10 years in the case of the IT infrastructure, 9 years for the Case Management System (CMS) and 6 years for the telecommunications system. Following extension the contracts remain coterminous and are due to expire on 31 March 2015.

Leasehold improvements are written off over the shorter of:

- a) the remaining life of the property lease;
- b) 10 years; or
- c) where it has been established that a break clause in the lease is likely to be exercised by the Department, the period to the first possible date of exercise of the relevant break clause.

Impairment losses are charged initially to the relevant reserve to the extent that such a reserve exists in relation to the asset concerned. Thereafter, impairment losses are charged to the Operating Cost Statement.

Intangible non-current assets

Intangible non-current assets are amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives, which are considered to be co-terminous with the Department's ICT managed service contract.

Software licences are amortised in a range between 3 to 5 years.

Impairment losses are charged in the same way as those arising on property, plant and equipment.

1.5 Leases

Where substantially all risks and rewards of ownership of leased assets are borne by the Department, the assets are recorded as non-current assets (either property, plant and equipment or intangible assets, depending upon the nature of the underlying assets). The assets are valued at the minimum lease rentals payable to the lessor over the life of the lease less the estimated service element inherent in the lease, discounted at HM Treasury's standard interest rate adjusted for inflation, and a debt of corresponding value is recorded to the lessor. The interest element of the lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding.

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 Leases", are not discounted.

1.6 Cash

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

1.7 Financial Assets

Financial assets consist of trade receivables and other current assets such as cash at bank and in hand. They are initially recognised at fair value, which is determined by reference to the underlying contract giving rise to the debt.

1.8 Financial Liabilities

Financial liabilities consist of trade payables and other current liabilities. They are initially recognised at fair value, which is determined by reference to the underlying contract giving rise to the liability.

1.9 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 income appropriated in aid and income due to the Consolidated Fund which HM Treasury has agreed should be treated as operating income. Operating income is stated net of VAT.

Administration income

Administration income is primarily rental income from the sub-letting of buildings occupied in part by the CPS. Rental income invoices are raised quarterly in advance and income is recognised monthly. Staff salary income is collected in respect of CPS staff on secondment to Local Criminal Justice Boards and other government departments and is recognised quarterly in arrears.

Programme income

The majority of programme income is costs awarded to the CPS. The CPS receives awards of costs made against convicted defendants at the discretion of the judge or magistrates.

In order to account for cost awards, the CPS uses returns submitted quarterly by the magistrates' courts, who are responsible for the collection of these costs. The CPS recognises income immediately these returns are received. In interim months, when no returns are received, income is accrued on the basis of historical data.

Programme income also includes rental income from other government departments and commercial sub-tenants who occupy space in buildings leased by the CPS. Rental income invoices are raised quarterly in advance and income is recognised on a monthly basis.

Under the Proceeds of Crime Act's 'Asset Incentivisation Scheme', the Department is allowed to retain a proportion of the total value of assets recovered in the year. The scheme is managed by the Home Office. Income generated from this scheme is recognised in the CPS accounts when the Home Office recognises it in their accounts with estimated accruals in the intervening months.

1.10 Administration and Programme Expenditure

The Operating Cost Statement is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the *Consolidated Budgeting* guidance issued by HM Treasury. 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.

Programme costs

Programme costs reflect non-administration costs being the direct cost and associated overheads of prosecution. These costs include the employment of counsel and reimbursements paid to witnesses for costs incurred through their attendance at court.

Very High Cost Cases (VHCC) are expected to last in excess of 40 days (or have three or more trial counsel instructed). Counsel are required to submit invoices covering work done as pre-determined stages in the case are reached and expenditure is recognised on their receipt.

Counsel fees in cases which are expected to last for less than 40 days are paid through the CPS 'Graduated Fee Scheme' agreed between the Bar Council and the Department. Payment is made on completion of all work on a case. The scheme includes a tariff of charges calculated using a range of set cost factors including the number of defendants, the complexity and volume of evidence, preparation, 'refresher' and appearance time. For practical purposes, since on average most trials are started and completed within the same day (save for the sentence hearing which may occur a short time later) it is considered prudent to recognise expenditure on counsel fees only as trials are completed. It is not possible to ascertain the full value owed on all such cases at year-end until some considerable time later. Where actual counsel fees can be ascertained they have been accrued for; in all other cases the Department estimates such counsel fees outstanding for inclusion in these accounts.

1.11 Cost of Capital

A charge or credit, reflecting the cost of capital utilised by the Department, is included in operating costs. The amount 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 cost is nil; and
- b) liabilities for amounts to be surrendered to the Consolidated Fund for which no credit against the cost is allowed.

The cost of capital is a now a credit due to a negative liabilities position.

1.12 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). 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. With effect from 1 October 2002 new employees have the option to join either the PCSPS scheme or a Partnership Pension Account. The latter is a defined contribution scheme where the Department recognises the contributions payable for the year.

1.13 Private Finance Initiative (PFI) Transactions

IT Infrastructure Managed Service and CMS Software

The CPS signed a contract entering into a PFI transaction with Logica plc on 31 December 2001 for a 10 year period commencing 1 April 2002 with an option to extend. During 2009-10 the Department exercised its option and the contract now runs until 31 March 2015. The extension has included some renegotiation of terms, but none that materially affect the service concession arrangements. These accounts reflect the extension.

Under IFRS it has been determined that the contract contains two service concession arrangements: one covering the supply of an ICT infrastructure (including standard operating software), and one covering the design, creation and operation of a case management system. The infrastructure assets provided for use by the Department, and the CMS software designed by the contractor and provided for use by the CPS have been treated as non-current assets.

The infrastructure asset has been recognised as property, plant and equipment, and has been capitalised at the minimum lease payments less the best estimate of the supplier's service charges within those payments. The valuation of the asset has been informed by data provided by the supplier including the estimated costs of technological refreshment or updating which is a condition of the contract and the asset is being depreciated over the life of the contract on a straight line basis.

The CMS software has been recognised as an intangible non-current asset and as there is no active market, it has been valued at cost less accumulated amortization less any impairments. The asset is amortised from the date of the initial software release, over the remaining life of the contract on a straight line basis. The remaining costs incurred under the contract (that is, costs in excess of the minimum lease payments) are charged to the Operating Cost Statement in the period in which they arise.

The assets are not considered to have any residual value at the end of the lease period.

Additional rentals arising because of increased users of the systems, together with charges for additional facilities which have been introduced during the currency of the contract, are charged directly to the Operating Cost Statement in the period to which they relate.

Communications Managed Service

The CPS signed a contract on 1 April 2006 with Global Crossing plc for the provision of a managed telecommunications system for a 6 year period, with an option to extend. During 2009-10 the Department exercised its option and the contract now runs until 31 March 2015. The extension has included some renegotiation of terms but none that materially affect the service concession arrangements, these accounts reflect the extension.

This has been accounted for in accordance with IFRIC 12, Service Concession Arrangements, as required by the *FRoM*. The infrastructure asset provided for use by the Department has been treated as property, plant and equipment, and has been capitalised at the minimum lease payments less the best estimate of the supplier's service charges within those payments, and the asset is being depreciated over the life of the contract on a straight line basis. The assets are not considered to have any residual value at the end of the primary lease period.

As with the contract with Logica, additional rentals arising because of increased users of the systems, together with charges for additional facilities which have been introduced during the currency of the contract, are charged directly to the Operating Cost Statement in the period to which they relate.

During 2009-10 successful negotiations with the relevant suppliers led to both contracts being extended, and they are now due to expire on 31 March 2015. As a result the capitalised values of the underlying assets have been recalculated, and those assets are now depreciated (and, in the case of the CMS software, amortised) over their new remaining lives on a straight line basis.

The depreciation, amortisation, impairment and restatement to current value in existing use by indexation up to the year end of the assets arising out of these contracts all follow the principles governing the treatment of similar, owned assets.

1.14 Provisions

The Department provides for legal or constructive obligations, which are of uncertain timing or amount, at the date of the Statement of Financial Position 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 1.8%).

1.15 Bad Debt Provision

The department receives the bulk of its income from costs awarded against convicted defendants. HMCS is responsible for the collection of costs awarded to the CPS. The Department writes off specific costs awards when HMCS considers the debts will not be collected. A proportion of the remaining income will not be collected and the Department fully provides against the risk of default on payment. The CPS uses trend analysis to compare the rate of collection over time to the annual value of costs awarded to estimate the appropriate bad debt provision.

1.16 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money*. Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament. These comprise:

- items over £250,000 (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; and
- all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts), which are required by the *FReM* to be noted in the resource accounts.

1.17 Employee Benefits

The Department provides for holiday entitlements that have been earned but not taken at the date of the Statement of Financial Position. No central records of holiday entitlements exist within the Department, so it has been necessary to estimate the cost based on a sample of employees' personal records. Their average entitlements have then been multiplied by average pay data to arrive at a liability for the Department as a whole.

1.18 Foreign Currency

Transactions in foreign currencies are translated into sterling at the rate of exchange current at the date of the transaction. Resulting exchange gains and losses are taken to the Operating Cost Statement.

1.19 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 assets. Where output tax is charged, the amounts are stated net of VAT.

1.20 Machinery of Government Changes

Machinery of Government changes which involve the transfer of functions or responsibilities between two or more government departments are accounted for in accordance with the *FReM*. The prior year comparatives have been restated to reflect these Machinery of Government changes. By doing so it appears that the entity always existed in its present form. This enables the user of the accounts to make useful comparisons between the data from the prior year and the current year. During 2009-10 the Crown Prosecution Service and the Revenue and Customs Prosecutions Office combined, Prior year comparative figures have been restated to reflect the merger. Details are given in Note 29.

2. First-time adoption of IFRS

	General Fund	Revaluation Reserve
	<i>£000</i>	<i>£000</i>
Taxpayers' equity at 31 March 2009 under UK GAAP	(145)	5,641
Adjustments for:		
IAS 19 Holiday Pay Accrual	(7,516)	-
IAS 17 Imputed finance lease element of on balance sheet PFI contracts	(15,887)	-
Taxpayers' equity at 1 April 2009 under IFRS	(23,548)	5,641
		<u><i>£000</i></u>
Net operating cost for 2008-09 under UK GAAP		665,451
Adjustments for:		
IAS 19 Holiday Pay Accrual		179
IAS 17 Imputed finance lease element of on balance sheet PFI contracts		(736)
Cost of Capital Credit		(858)
Net operating cost for 2008-09 under IFRS		664,036

Further details of first time adoption of IFRS are given in Note 1

3. Analysis of net resource outturn by section

	2009-10						2008-09	
	£000	£000	£000	£000	£000	£000	£000	£000
	Outturn			Estimate			Net Total outturn compared with Estimate	Prior-year outturn
	Admin	Other current	Gross resource expenditure	A in A	Net Total	Net Total		
Request for Resources 1:								
Increasing public confidence in the criminal justice system through fair, firm and effective prosecutions								
Administration costs on HQ and Central Services	56,179	-	56,179	(1,894)	54,285	54,993	708	51,735
Crown Prosecutions and Legal Services	-	652,188	652,188	(62,161)	590,027	621,356	31,329	580,659
IFRS Adjustments	-	27,879	27,879	-	27,879	12,807	(15,072)	-
Total	56,179	680,067	736,246	(64,055)	672,191	689,156	16,965	632,394
Resource Outturn	56,179	680,067	736,246	(64,055)	672,191	689,156	16,965	632,394

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

- (i) Net total outturn was £16.965 million less than the Estimate, representing 2.5% of net provision. The underspend represents continued efficiency savings made during the year to meet stricter budgetary allocations.
- (ii) The net total outturn in respect of IFRS adjustments was £15,072 more than the Estimate. The variance was caused by greater than forecast in-year charges arising from the imputed finance leases which were not adjusted in the Estimate.

Detailed explanations of the variances are given in the Management Commentary.

4. Reconciliation of outturn to net operating cost and against Administration Budget

4(a) Reconciliation of net resource outturn to net operating cost

	Note	2009-10		2008-09	
		£000	£000	£000	£000
		Outturn	Estimate	Supply compared with Estimate	Outturn
Net Resource Outturn	3	672,191	689,156	16,965	632,394
Machinery of Government Transfer					33,222
Prior Period Adjustments		-	-	-	(1,415)
Non-supply income (CFERs)	6	(489)	-	489	(165)
Net operating cost		671,702	689,156	17,454	664,036

4(b) Outturn against final Administration Budget

	2009-10		2008-09	
	£000	£000	£000	£000
	Budget	Outturn	Budget	Outturn
Gross Administration Budget	58,393	56,028	53,624	53,624
Machinery of Government Transfer				65
Less: Income allowable against the Administration Budget	(3,400)	(1,894)	(1,803)	(1,803)
Net outturn against final Administration Budget	54,993	54,134	51,886	51,886

5 Reconciliation of net resource outturn to net cash requirement

	<i>Note</i>	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	3	689,156	672,191	16,965
Capital:				
Acquisition of property, plant and equipment		6,700	9,781	(3,081)
Investments		-	-	-
Non-operating A in A:				
Proceeds of asset disposals		-	-	-
Accruals adjustments				
Non-cash items	9 and 10	(16,018)	(33,425)	17,407
Changes in working capital other than cash		6,260	11,257	(4,997)
Use of provisions	18	1,673	4,163	(2,490)
Net cash requirement		687,771	663,967	23,804

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

- (i) Net total outturn was £16.965 million less than the Estimate, representing 2.5% of net provision. The underspend represents continued efficiency savings made during the year to prepare for anticipated future financial pressures.
- (ii) Expenditure on acquisition of fixed assets was £3.081 million more than the Estimate. This was due to additions of IT assets under the PFI contract. The overspend is offset by the resource underspend.
- (iii) Non-cash items were £17.407 million higher than the Estimate due principally to a rise of £14.249 million in the early retirement provision necessitated by an increase in the number of staff taking early retirement as part of workforce modernisation.
- (iv) Changes in working capital other than cash were £4.996 million more than the Estimate due principally to an increase in cost award debtors and new minor occupier debtors and accommodation prepayments due to occupying Rose Court in 2009.
- (v) Use of provisions in year was £2.490 million higher than the Estimate due to an increase in the number of staff taking early retirement in 2008-09.

Detailed explanations of the variances are given in the Management Commentary.

6. Analysis of income payable to the Consolidated Fund

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.

	<i>Note</i>	Forecast 2009-10		Outturn 2009-10	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts - excess A in A (Note a)		-	-	-	754
Non-operating income and receipts - excess A in A		-	-	-	-
Subtotal		-	-	-	754
Other operating income and receipts not classified as A in A	7	-	-	489	501
Other non-operating income and receipts not classified as A in A		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Total income payable to the Consolidated Fund		-	-	489	1,255

Note a: Excess A in A receipts of £753,929 represent uncollected surplus A in A from 2007-08.

7. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

		2009-10	2008-09
	<i>Note</i>	<i>£000</i>	Re-stated <i>£000</i>
Operating income			
Administration		4,258	1,821
Netted-off gross expenditure in sub-head		(2,213)	-
Programme		63,768	59,947
Netted-off gross expenditure in sub-head		(1,269)	(1,015)
	11	<u>64,544</u>	<u>60,753</u>
Income authorised to be appropriated-in-aid			
Administration		1,894	1,803
Programme		62,161	58,031
		<u>64,055</u>	<u>59,834</u>
Operating income payable to the Consolidated Fund			
Administration		151	17
Programme		338	902
	6	<u>489</u>	<u>919</u>

8. Staff numbers and related costs

Staff costs comprise:

	2009-10			2008-09
	<i>£000</i>	<i>£000</i>	<i>£000</i>	Re-stated <i>£000</i>
	<i>Total</i>	<i>Permanently employed staff</i>	<i>Others</i>	<i>Total</i>
Wages and salaries	305,878	297,419	8,459	300,573
Social security costs	23,741	23,741	-	23,198
Other pension costs	57,260	57,260	-	58,390
Sub Total	386,879	378,420	8,459	382,161
Less recoveries in respect of outward secondments	(1,858)	(1,858)	-	(1,497)
Total net costs	385,021	376,562	8,459	380,664

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Crown Prosecution Service is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employers' contributions of £57,050,199 were payable to the PCSPS (2008-09: £58,213,790) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010-11, the rates will be in the range 16.7 to 24.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £194,756 (2008-09: £161,931) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent (2008-09: 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 £15,217, 0.8 per cent (2008-09: £13,949, 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 £20,969. Contributions prepaid at that date were £Nil.

4 individuals (2008-09: 12 individuals) retired early on ill health grounds; the total additional pension granted to them amounted to £7,944 (2008-09: £40,077).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

Objective	2009-10			2008-09
	Number			Re-stated Number
	Total	Permanent staff	Others	Total
To ensure the effective delivery of justice	8,562	8,390	172	8,755
Total	8,562	8,390	172	8,755

9. Other Administration Costs

Note	2009-10		2008-09	Re-stated
	£000	£000	£000	£000
Rentals under operating leases:				
Hire of office equipment	136		94	
Other operating leases	5,046		5,386	
		5,182		5,480
Non cash items				
Cost of capital credit	(213)		(203)	
Auditors' remuneration (Note a)	142		168	
Provisions:				
Provided in year	18	76	-	(35)
			5	
Other expenditure				
Accommodation and associated costs (Note b)		7,076	3,627	
Consultancy and professional charges (Note c)		5,127	4,151	
Facilities management		1,969	1,342	
Travel and subsistence		1,700	2,213	
Training		1,583	1,614	
Other staff costs		1,241	971	
Non PFI contract IT costs		1,050	1,262	
Printing and stationery		987	1,262	
Postage and carriage		456	394	
Permanent transfer costs		402	364	
Conference organisation		387	449	
Publicity and media costs		244	255	
Recruitment costs		225	783	
Communications		151	177	
Other expenditure		2,203	1,780	
			24,801	20,644
			29,988	26,089

Note a - The audit fee comprises £121k for the audit of the CPS 2009-10 Resource Accounts and £21k for the audit of IFRS. There has been no auditors' remuneration for non-audit work. The audit fee for 2008-09 comprises £92k for the audit of the CPS 2008-09 Resource Accounts, £62k for the audit of the RCPO 2008-09 Resource Accounts, £11k for the audit of CPS IFRS Trigger Point 2 and £3k for the audit of RCPO IFRS Trigger Point 2.

Note b - Accommodation and associated costs have increased by over £3 million compared to 2008-09 as a result of assuming the lease for the new HQ building at Rose Court whilst continuing to occupy Ludgate Hill pending in-going works. Occupying both buildings also increased facilities management expenditure.

Note c - Consultancy and professional charges increased by £1 million as a result of professional charges associated with the extension of the PFI contract with Logica. There were also increases in costs for professional fees in relation to training and grievances.

10. Programme Costs

	Note	2009-10		2008-09	
		£000	£000	£000	Re-stated £000
Rentals under operating leases:					
Hire of office equipment		612		1,008	
Other operating leases		22,914		23,621	
			23,526		24,629
Interest Charges on imputed finance leases			2,439		2,679
PFI service charges:	22		18,446		11,725
Non cash items					
Depreciation		10,385		9,987	
Amortisation		4,127		8,067	
Loss on disposal	25	834		6	
Loss on revaluation	12	-		1,989	
Cost of capital charge:					
Civil Estate Charge		164		179	
Other items credit		(660)		(326)	
Change in bad debt provision	15	1,947		5,468	
Provisions:					
Provided in year	18	17,600		7,930	
Unrequired provision written back	18	(1,158)		(188)	
Unwinding of discount on provisions	18	181		129	
			33,420		33,241
Other expenditure					
Advocate fees		135,296		138,389	
Information Technology		24,341		21,535	
Accommodation and associated costs		22,629		21,310	
Expert witness fees		6,768		7,549	
Printing and stationery		6,678		5,679	
Non-expert witness expenses		6,646		6,416	
Travel and subsistence		5,567		5,858	
Postage and carriage		5,497		5,477	
Communications		5,451		5,311	
Prosecution transcripts and translations		4,176		3,903	
Costs awarded to CPS written off	25	2,996		3,100	
Prosecution presentational equipment		2,659		3,330	
Interpreters and translators		1,679		1,510	
Training		1,514		1,788	
Publications		1,168		1,341	
Consultancy		952		1,266	
Other expenditure		7,531		10,503	
			241,548		244,265
			319,379		316,539
Less: programme income	7		(62,499)		(58,932)
			256,880		257,607

11. Income

	2009-10	2008-09
	£000	Re-stated £000
	Total	Total
Administration income:		
Rental receivable from other departments	2,213	-
Netted-off gross expenditure in sub-head	(2,213)	-
Rental receivable from external tenants	1,446	1,164
Consolidated Fund extra receipts	151	17
Other	448	640
Programme income:		
Costs awarded to the CPS	40,639	38,245
Recovered Assets Incentivisation Fund	13,673	14,586
Rental receivable from other departments	1,269	1,015
Netted-off gross expenditure in sub-head	(1,269)	(1,015)
Rental receivable from external tenants	887	848
Income in respect of letting, disposal, vacation or occupation of property or accommodation	1,600	295
Consolidated Fund extra receipts	339	147
Other	5,361	4,811
Total	64,544	60,753

12. Property, plant and equipment

	Land £000	Buildings £000	Leasehold Improvements £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation						
Re-stated at 1 April 2009	964	3,798	7,631	39,053	35,277	86,723
Additions	-	-	903	4,079	6,330	11,312
Disposals	-	-	-	-	(128)	(128)
Revaluation	62	241	257	(75)	3,627	4,112
At 31 March 2010	1,026	4,039	8,791	43,057	45,106	102,019
Depreciation						
Re-stated at 1 April 2009	-	455	2,973	21,795	19,702	44,925
Charged in year	-	202	1,229	4,521	4,450	10,402
Disposals	-	-	-	-	(5)	(5)
Revaluation	-	(657)	94	(40)	1,393	790
At 31 March 2010	-	-	4,296	26,276	25,540	56,112
Net book value at 31 March 2010	1,026	4,039	4,495	16,781	19,566	45,907
Re-stated net book value at 1 April 2009	964	3,343	4,658	17,258	15,575	41,798
Asset financing:						
Owned	1,026	4,039	4,495	16,781	2,688	29,029
Finance Leased	-	-	-	-	-	-
On balance sheet PFI contracts	-	-	-	-	16,878	16,878
Net book value at 31 March 2010	1,026	4,039	4,495	16,781	19,566	45,907
	Land £000	Buildings £000	Leasehold Improvements £000	Furniture and Fittings £000	Information Technology £000	Total £000
Cost or valuation						
Re-stated						
At 1 April 2008	1,353	5,289	6,877	35,648	33,695	82,862
Additions	-	28	748	2,560	4,344	7,680
Disposals	-	-	-	-	(6)	(6)
Revaluation	(389)	(1,519)	6	845	(2,756)	(3,813)
At 31 March 2009	964	3,798	7,631	39,053	35,277	86,723
Depreciation						
Re-stated						
At 1 April 2008	-	746	1,927	17,982	15,205	35,860
Charged in year	-	266	1,057	3,334	5,275	9,932
Disposals	-	-	-	-	-	-
Revaluation	-	(557)	(11)	479	(778)	(867)
At 31 March 2009	-	455	2,973	21,795	19,702	44,925
Net book value at 31 March 2009	964	3,343	4,658	17,258	15,575	41,798
Net book value at 1 April 2008	1,353	4,543	4,950	17,666	18,490	47,002
Asset financing:						
Owned	964	3,343	4,658	17,258	2,497	28,720
Finance Leased	-	-	-	-	-	-
On balance sheet PFI contracts	-	-	-	-	13,078	13,078
Net book value at 31 March 2009	964	3,343	4,658	17,258	15,575	41,798

	Land	Buildings	Leasehold Improvements	Furniture and Fittings	Information Technology	Total
	£000	£000	£000	£000	£000	£000
Asset financing:						
Owned	1,353	4,543	4,950	17,666	1,418	29,930
Finance Leased	-	-	-	-	-	-
On balance sheet PFI contracts	-	-	-	-	17,072	17,072
Net book value at 1 April 2008	1,353	4,543	4,950	17,666	18,490	47,002

Freehold land and buildings were valued at 31 December 2009 at £4,975,000 on the basis of existing use value by an independent firm of Chartered Surveyors, DTZ. The valuations were undertaken in accordance with the UK Practice Statement 1.3 of the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Standards published 1 May 2003. At 31 March 2010 land and buildings were further revalued using indices consistent with those used in previous years.

The Accounting Officer is not aware of any material changes in the carrying value of freehold land and buildings.

Other property, plant and equipment are revalued on the basis of latest available indices.

The majority of IT assets in use in the business are held under a PFI contract as detailed in Notes 1.13 and 22.

At the time of the merger between CPS and RCPO, RCPO was involved in the development of a case management system. Detailed consideration at the time concluded that with little additional expenditure, the existing CPS case management system could be suitably amended to enable it to handle RCPO cases. The Accounting Officer therefore authorised cessation of the development of the RCPO case management system, and the writing off of costs previously incurred which included balances held as Tangible Non-current assets (IT) and Intangible Non-current assets (software licences) as shown in the tables above and below.

13. Intangible assets

Intangible assets comprise Case Management software and software licences.

	CMS	Software Licences	Total
	£000	£000	£000
Cost or valuation			
Re-stated at 1 April 2009	55,598	1,792	57,390
Additions	-	-	-
Disposals	-	(714)	(714)
Revaluation	-	14	14
At 31 March 2010	55,598	1,092	56,690
Amortisation			
Re-stated at 1 April 2009	32,171	625	32,796
Charged in year	3,904	223	4,127
Disposals	-	(3)	(3)
Revaluation	-	9	9
At 31 March 2010	36,075	854	36,929
Net book value at 31 March 2010	19,523	238	19,761
Re-stated net book value at 1 April 2009	23,427	1,167	24,594

	CMS	Software Licences	Total
	£000	£000	£000
Cost or valuation			
Re-stated			
At 1 April 2008	51,135	1,040	52,175
Additions	4,463	784	5,247
Disposals	-	-	-
Revaluation	-	(32)	(32)
At 31 March 2009	55,598	1,792	57,390
Amortisation			
Re-stated			
At 1 April 2008	24,362	385	24,747
Charged in year	7,809	258	8,067
Disposals	-	-	-
Revaluation	-	(18)	(18)
At 31 March 2009	32,171	625	32,796
Net book value at 31 March 2009	23,427	1,167	24,594
Net book value at 1 April 2008	26,773	655	27,428

14. Financial Instruments

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 a trading entity. 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. The Department holds no assets that are available for sale, nor does it hold or trade in investments.

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 transactions in foreign currency; all material assets and liabilities are denominated in sterling. The CPS is not exposed to any material interest rate or currency risk.

Credit risk

The Department does not consider that any credit risk arises from trading with other government departments. In trading with commercial concerns, the Department undertakes regular investigation of credit worthiness and employs robust systems to ensure that monies due are collected on time.

As stated in Note 1.9, the CPS receives awards of costs made against convicted defendants at the discretion of the judge or magistrates. Magistrates' courts are responsible for the recording, enforcing and collecting these costs and forwarding collected monies to the CPS. As a result, the Department is not in a position to perform any checks on credit worthiness in advance, and has to rely on systems employed at magistrates' courts to ensure overdue balances are minimised and collected. There remains a significant risk that balances will not be collected in full and on time, and therefore bad debts are provided for on the basis of the historical relationship between costs awarded and cash collected. As a result the Department considers that credit risk in respect of cost award debtors is adequately provided against.

Fair values

The following statement is a comparison by category of original cost and fair values of the Department's financial assets and liabilities at 31 March 2010.

	2009-10		2008-09		Basis of fair valuation
	Original cost	Fair value	Original cost	Fair value	
	£000	£000	Re-stated £000	Re-stated £000	
Financial assets:					
Loans and receivables	47,751	29,730	43,191	27,012	Note a
Cash at bank and in hand	24,572	24,572	8,617	8,617	
	72,323	54,302	51,808	35,629	
Financial liabilities:					
Other financial liabilities	(111,261)	(111,261)	(111,719)	(111,719)	Note b
	(111,261)	(111,261)	(111,719)	(111,719)	

Note a - With the exception of cost awards, all receivables are stated at original cost. As stated in Note 1.9, the CPS receives awards of costs made against convicted defendants at the discretion of the judge or magistrates. Magistrates' courts are responsible for the recording, enforcing and collecting these costs and forwarding collected monies to the CPS. Magistrates' courts record and account for individual cost award debtors, but report transactions to the CPS only on an aggregated basis. While the CPS can therefore account fully for aggregate costs awarded, the Department does not hold records of individual balances and transactions so it is not possible to analyse cost award receivables by anticipated future periods of receipt and the resultant cash flows cannot be estimated, nor can the CPS review individual balances for collectability. As a result, bad debts are provided for on the basis of the historical relationship between costs awarded and cash collected. The CPS considers that providing in this way against the aggregate balance of cost award debtors represents a fair value.

The future timing of cash flows from cost award receivables remain uncertain, since detailed records of individual debtors' payment arrangements rest with the magistrates' courts. Since bad debts have effectively been excluded from the stated balance of cost award debtors the Department considers that remaining balances will be paid on a timely basis, and that discounting future cash flows would not provide a significantly different overall net position.

Note b - Fair value is not significantly different to original cost since in the calculation of book value of early retirement costs the expected cash flows have been discounted by the real rate set by HM Treasury (currently 1.8%). Expected cash flows in respect of leases and on-balance sheet PFI contracts are not discounted.

15. Trade receivables and other current assets

	31 March 2010	31 March 2009	1 April 2008
	<u>£000</u>	<u>Re-stated</u>	<u>Re-stated</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Amounts falling due within one year:			
VAT	390	1,003	747
Trade receivables (Note a)	49,462	43,612	40,283
Doubtful debt provision for costs awarded to the CPS	(18,128)	(16,180)	(10,712)
Deposits and advances	475	485	448
Other receivables (Note b)	1,731	2,306	2,478
Prepayments			
Other	11,261	8,984	13,430
Accrued income	13,821	11,965	12,308
Amounts due from the Consolidated Fund in respect of supply	-	-	-
	<u>59,012</u>	<u>52,175</u>	<u>58,982</u>
Amounts falling due after more than one year:			
Prepayments			
Other	45	61	147
	<u>59,057</u>	<u>52,236</u>	<u>59,129</u>

Note a - It is not possible to analyse cost award receivables by amounts falling due within one year and amounts falling due after one year. Her Majesty's Courts Service retain the accounting records for uncollected cost awards. Those records are not analysed between amounts falling due within one year and amounts falling due after one year.

Note b - Included within other receivables is £Nil (2008-09: £12k) representing unexpected receipts due to the Consolidated Fund once the debts are collected.

15(a) Intra-Government Balances

	Amounts falling due within one year			Amounts falling due after more than one year		
	£000	£000	£000	£000	£000	£000
	<u>Re-stated</u>	<u>Re-stated</u>	<u>Re-stated</u>	<u>Re-stated</u>	<u>Re-stated</u>	<u>Re-stated</u>
	31 March 2010	31 March 2009	1 April 2008	31 March 2010	31 March 2009	1 April 2008
Balances with other central government bodies	6,524	6,215	4,720	-	-	-
Balances with local authorities	810	242	5,361	14	48	131
Balances with NHS Trusts	1	-	1	-	-	-
Balances with public corporations and trading funds	-	1	-	-	-	-
Intra-government balances	<u>7,335</u>	<u>6,458</u>	<u>10,082</u>	<u>14</u>	<u>48</u>	<u>131</u>
Balances with bodies external to government (Note a)	51,677	45,717	48,900	31	13	16
Total receivables at 31 March	<u>59,012</u>	<u>52,175</u>	<u>58,982</u>	<u>45</u>	<u>61</u>	<u>147</u>

16. Cash and cash equivalents

	2009-10	2008-09
	£000	Re-stated £000
Balance at 1 April	8,617	23,945
Net change in cash and cash equivalent balances	15,955	(15,328)
Balance at 31 March	24,572	8,617
The following balances at 31 March were held at:		
Office of HM Paymaster General	24,562	7,178
Commercial banks and cash in hand	10	1,439
Balance at 31 March	24,572	8,617

17. Trade payables and other current liabilities

	31 March 2010	31 March 2009	1 April 2008
	£000	Re-stated £000	Re-stated £000
Amounts falling due within one year:			
VAT	8	47	78
Other taxation and social security	7,925	7,619	8,606
Trade payables	12,374	18,781	12,645
Other payables	5,380	5,396	5,229
Accruals and deferred income	46,006	37,404	39,565
Current part of imputed finance lease element of on balance sheet PFI contracts	10,687	10,278	17,089
	82,380	79,525	83,212
Amounts issued from the Consolidated Fund for supply but not spent at year end	23,804	7,842	22,100
Consolidated Fund extra receipts due to be paid to the Consolidated Fund received	768	775	1,845
receivable	-	766	-
	106,952	88,908	107,157
Amounts falling due after one year:			
Imputed finance lease element of on balance sheet PFI contacts	36,813	39,861	40,538
	143,765	128,769	147,695

17(a) Intra-Government Balances

	Amounts falling due within one year			Amounts falling due after more than one year		
	£000	£000	£000	£000	£000	£000
	31 March 2010	Re-stated 31 March 2009	Re-stated 1 April 2008	31 March 2010	Re-stated 31 March 2009	Re-stated 1 April 2008
Balances with other central government bodies	39,608	26,041	40,065	-	-	-
Balances with local authorities	101	458	824	-	-	-
Balances with NHS Trusts	12	14	-	-	-	-
Balances with public corporations and trading funds	10	5	2	-	-	-
Intra-government balances	39,731	26,518	40,891	-	-	-
Balances with bodies external to government	67,221	62,390	66,266	36,813	39,861	40,538
Total payables at 31 March	106,952	88,908	107,157	36,813	39,861	40,538

18. Provisions for liabilities and charges

	<u>Early departure costs</u>	<u>Other</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance at 1 April 2009	13,581	2,802	16,383
Provided in the year	14,690	2,986	17,676
Provisions not required written back	(241)	(917)	(1,158)
Provisions utilised in the year	(3,381)	(782)	(4,163)
Unwinding of discount	181	-	181
Balance at 31 March 2010	<u>24,830</u>	<u>4,089</u>	<u>28,919</u>

	<u>Early departure costs</u>	<u>Other</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Balance at 1 April 2008	11,953	762	12,715
Provided in the year	4,781	3,149	7,930
Provisions not required written back	-	(188)	(188)
Provisions utilised in the year	(3,282)	(921)	(4,203)
Unwinding of discount	129	-	129
Balance at 31 March 2009	<u>13,581</u>	<u>2,802</u>	<u>16,383</u>

Analysis of expected timing of discounted flows

	<u>Early departure costs</u>	<u>Other</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
In the remainder of the Spending Review period to 2011	9,005	4,089	13,094
Between 2012 and 2016	12,814	-	12,814
Between 2017 and 2021	2,729	-	2,729
Thereafter	282	-	282
Balance at 31 March 2010	<u>24,830</u>	<u>4,089</u>	<u>28,919</u>

Early departure costs

The CPS meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required 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 HM Treasury discount rate of 1.8 per cent in real terms.

Other provisions

Other provisions comprise outstanding compensation claims for personal injury, employment tribunal legal claims and dilapidation claims served by landlords at the expiry of a lease on a property occupied by the CPS. In respect of compensation claims, provision has been made for the litigation against the Department. The provision reflects all known legal claims where legal advice indicates that it is more than 50 per cent probable that the claim will be successful and the amount of the claim can be reliably estimated. Expenditure is likely to be incurred within one year. Legal claims which may succeed but are less likely to do so or cannot be estimated are disclosed as contingent liabilities in Note 24. All dilapidation claims received or anticipated from landlords are provided for. Where a claim has yet to be submitted, an estimate of the cost of the claim is provided by the CPS managing agents.

19. Notes to the Statement of Operating Costs by Departmental Strategic Objective

Other current expenditures have been allocated as follows:

	2009-10	2008-09
	<i>£000</i>	Re-stated
	<i>£000</i>	<i>£000</i>
Departmental Strategic Objective	256,880	257,607
	256,880	257,607

Capital Employed by Departmental Strategic Objective at 31 March 2010

The CPS capital is employed exclusively for programme purposes.

	2009-10	2008-09
	<i>£000</i>	Re-stated
	<i>£000</i>	<i>£000</i>
Departmental Strategic Objective	(23,387)	(17,907)
	(23,387)	(17,907)

20. Capital commitments

Contracted capital commitments at 31 March 2010 not otherwise included in these financial statements.

	31 March 2010	31 March 2009	1 April 2008
		Re-stated	Re-stated
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Property, plant and equipment	27	695	283

21. Commitments under leases21.1 *Operating Leases*

Total future minimum lease payments under non-cancellable operating leases are given in the table below for each of the following periods.

	31 March 2010	31 March 2009	01 April 2008
		Re-stated	Re-stated
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Obligations under operating leases comprise:			
Land			
Not later than one year	47	46	47
Later than one year and not later than five years	188	188	188
Later than five years	149	196	243
	<u>384</u>	<u>430</u>	<u>478</u>
Buildings			
Not later than one year	28,296	28,431	27,025
Later than one year and not later than five years	77,704	70,999	71,887
Later than five years	67,488	59,454	61,606
	<u>173,488</u>	<u>158,884</u>	<u>160,518</u>
Other			
Not later than one year	56	163	236
Later than one year and not later than five years	41	56	200
Later than five years	1	-	-
	<u>98</u>	<u>219</u>	<u>436</u>

22. Commitments under PFI contracts

The Department has entered into two PFI contracts.

Information Technology (IT) managed service

The Department's IT service is provided through a managed service contract which was originally for a term of 10 years from 1 April 2002 with an option to extend. During 2009-10 the Department exercised its option and the contract now runs until 31 March 2015. The extension has included some renegotiation of terms, but none that materially affect the service concession arrangements. These accounts reflect the extension.

Communications managed service

The Department's communications are provided through a managed service contract which was originally for a term of 6 years from 1 April 2006, with an option to extend. During 2009-10 the Department exercised its option and the contract now runs until 31 March 2015. The extension has included some renegotiation of terms, but none that materially affect the service concession arrangements. These accounts reflect the extension.

Contractual payments therefore comprise two elements: imputed finance lease charges and service charges. The imputed finance lease obligation is as follows:

Total obligations under on-balance sheet PFI contracts for the following periods comprise:

	31 March 2010	31 March 2009	1 April 2008
	£000	Re-stated £000	Re-stated £000
Not later than one year	28,392	28,698	28,734
Later than one year and not later than five years	104,279	54,500	80,384
Later than five years	-	-	-
	132,671	83,198	109,118
<i>Less interest element</i>	<i>(5,997)</i>	<i>(3,839)</i>	<i>(6,388)</i>
	126,674	79,359	102,730

These figures represent the present value of future minimum lease payments, discounted at HM Treasury's cost of capital rate of 3.5 per cent.

All minimum lease payments due under PFI contracts have been included in the calculation of the value of the assets taken onto the balance sheet in respect of those contracts; while payments may arise in future years as a result of there being more users than the minima stipulated in the contracts, the Department is not committed to make such payments unless and until such a liability arises.

The contracts covering these managed services allow for a number of improvements and enhancements to systems over the lifetime of the projects. As such changes are successfully introduced there will necessarily be increases in the charges levied by the Service Providers. 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 contracts, which are not leases or PFI contracts, only cancellable at a significant cost, for the delivery and support of the Department's finance system and implementation of a HR system.

Additionally, the Department has entered into a contract for the implementation of a purchasing system.

The payments to which the Department is committed during the year following the year of these accounts, analysed by the period during which the commitment expires are as follows.

	31 March 2010	31 March 2009 Re-stated	1 April 2008 Re-stated
	£000	£000	£000
Not later than one year	-	1,148	816
Later than one year and not later than five years	1,028	1,019	1,559
Later than five years	283	-	-
	<u>1,311</u>	<u>2,167</u>	<u>2,375</u>

24. Contingent Liabilities disclosed under IAS 37

As at 31 March 2010 the CPS was involved in 17 Employment Tribunal cases and 5 personal injury claims.

One claim may result in a settlement estimated at £600,000. It is not possible to estimate the financial effect of the remaining claims. No other claim exceeded £250,000.

25. Losses and special payments

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

25(a) Losses Statement	Number of cases	2009-10	Number of cases	2008-09 Re-stated
		£000		£000
Cash Losses	80	35	16	36
Administrative write offs	60,315	2,996	62,378	3,100
Constructive losses	1	2,623	-	-
25(b) Special Payments				
Ex gratia	28	728	38	930
Total of losses	<u>60,424</u>	<u>6,382</u>	<u>62,432</u>	<u>4,066</u>

Cash losses are overpayments of pay and allowances paid to CPS staff which have not been recovered because it is not cost effective to pursue recovery.

Administrative write offs are 60,315 cases relating to costs awarded to the CPS totalling £2,996k of which the magistrates' courts, who are responsible for collecting costs awarded to the CPS, wrote off 58,424 cases with a value of £2,503k under their delegated powers, and the CPS authorised a further write off of £493k comprising 1,891 cases.

Ex gratia payments reported are payments made in settlement of Employment Tribunal and personal injury claims made against the Department.

As noted previously, during the year, the Accounting Officer authorised the abandonment of the development of the RCPO case management system, following the decision to merge CPS with RCPO. This gave rise to a write off of:

Non-current Assets (IT and software licences)	834,225
Prepayments	1,152,658
Termination payments	<u>636,240</u>
	<u>2,623,123</u>

Details of cases over £250,000

There were no losses or special payments over £250,000 made in 2009-10, other than the constructive loss detailed above.

26. Related-party transactions

The CPS has close working relationships with all agencies within the criminal justice system and particularly the Courts, their ultimate controlling party being the Ministry of Justice. 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 11) less amounts written off (see Note 10).

In response to the recommendations of the Glidewell review in a number of locations the CPS and the Police have combined the administration of case files through the co-location of Criminal Justice Units.

More recently Integrated Prosecution Teams (IPTs) now merge the Police and CPS teams together to manage an integrated single file and administrative process. By reducing duplication, IPTs will deliver significant efficiencies and improvements in the criminal justice service, including timeliness, quality and readiness of files for court.

The CPS requests that each of its senior managers complete a declaration, stating whether they or their spouse and close family members have been in a position of influence or control in organisations with which the CPS has transactions.

The declarations advised no material transactions had taken place.

27. Third-party assets

There are no third-party assets as at 31 March 2010.

28. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that the CPS provides to employees.

29. Machinery of Government changes

On 1 April 2009 CPS was combined with the RCPO.

The 2008-09 comparatives of these accounts have therefore been re-stated to include RCPO. The impact of the above Machinery of Government changes on the CPS's 2008-09 comparative figures is detailed below.

	£000
	2008-09
Operating Cost Statement	
Administration staff costs	-
Other administration costs	65
Administration income	-
Programme staff costs	16,042
Programme costs	20,870
Programme income	(3,755)
Total	<u>33,222</u>

Statement of Financial Position	
Non-current Assets	1,835
Intangible Assets	795
Receivables	4,105
Bank	1,955
Payables	(12,230)
	<u>(3,540)</u>
General Fund	(3,558)
Reserves	18
Total	<u>(3,540)</u>

Departmental Remuneration Report**Remuneration Policy**

The Remuneration Committee comprises:

Keir Starmer QC	(DPP)
Peter Lewis	(Chief Executive)
Ros McCool	(Director, Human Resources)
Mark Summerfield	(Deputy Director, Pay and Reward)

There are no independent members of the Committee.

The remuneration of senior civil servants is set according to guidance provided by the Cabinet Office, following the recommendations made by the independent Senior Salary Review Body (SSRB) to the Prime Minister.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body is required to have regard to the following considerations:

the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;

regional/local variations in labour markets and their effects on the recruitment and retention of staff;

Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;

the funds available to departments as set out in the Government's departmental expenditure limits; and

the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

In addition, the Remuneration Committee is tasked with considering the relative contributions of the Department's senior employees within each pay band. Paying due regard to completed performance reports, consistency and scope of objectives and the effects of external factors, the Committee will then consider individual awards in line with Cabinet Office guidance. The average increase for 2009-10 was 2.3 per cent. An additional performance related payment averaging 8.6 per cent was available for Senior Civil Service staff during 2009-10, following Cabinet Office guidance, with the top performing 25 per cent receiving a bonus of 10 to 15 per cent, the next 40 per cent receiving between 5 and 10 per cent.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

The DPP, Keir Starmer QC, was appointed by the AGO for a period of three years from 1 November 2008 to 31 October 2011.

The Director of the Revenue and Customs Division, David Green QC, is on a fixed term contract until 31 March 2011. He was awarded a new CPS fixed term contract which runs from 1 January 2010.

All other officials covered by this report hold appointments which are open-ended and allow for retirement at the age of 60 or 65.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the CSCS.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

With the exception of the car and chauffeur provided for the official use of the Director of Public Prosecutions, the remuneration of all Directors, non-executive Directors and staff employed in the CPS is paid entirely in cash.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the Department.

Remuneration (audited)

Officials	Post held	Date joined or left Board (if applicable)	2009-10	2008-09
			Salary £'000	Salary £'000
Keir Starmer QC (a)	Director of Public Prosecutions		195 - 200	80 - 85 (fye 190 - 195)
Peter Lewis	Chief Executive		175 - 180	165 - 170
John Graham	Director Finance	(to 31 Oct 09)	75 - 80 (fye 125 - 130)	120 - 125
Paul Staff	Acting Director Finance	(from 1 Nov 09)	35 - 40 (fye 95 - 100)	-
David Green QC	Director of Revenue and Customs Division	(from 1 Jan 10)	50 - 55 (fye 210 - 215)	-
Mike Kennedy	Chief Operating Officer		155 - 160	150 - 155
Doreen Langston (b)	Non-executive Director	(from 15 Jun 09)	10 - 15 (fye 10 - 15)	-
Gerard Lemos (b)	Non-executive Director		10 - 15	10 - 15
Stephen Redmond (b)	Non-executive Director	(from 1 Jan 10)	5 - 10 (fye 10 - 15)	-
Rob Sykes (b)	Non-executive Director		10 - 15	10 - 15

fye = full year equivalent salary

a) The Director of Public Prosecutions is provided with a car and chauffeur for official use. This is assessed by H M Revenue & Customs as constituting a benefit in kind. The estimated value of the benefit in kind received by Keir Starmer QC during the 2009-10 financial year was £11,015. Tax and National Insurance contributions on this sum, amounting to £9,693 are due to be paid on the Director's behalf by the CPS. The remaining Board members did not receive any benefits in kind.

b) Expenses are paid for all Non-executive Directors.

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 taxable allowance to the extent that it is subject to UK taxation.

This report is based on payments made by the Department and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue & Customs as a taxable emolument.

Pension Benefits

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension 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**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings 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. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, the accrued pension is updated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up 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).

The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Pension benefits (audited):

Officials	Accrued pension at	Real increase in	CETV at 31	CETV at 31	Real increase
	pension age as at 31 March 2010 and related lump sum	pension and related lump sum at pension age	March 2010 (a)	March 2009 (b)	in CETV
	£'000	£'000	£'000	£'000	£'000
Keir Starmer QC <i>Director of Public Prosecutions</i>	pension 5 - 10 lump sum 15 - 20	pension 2.5 - 5 lump sum 10 - 12.5	85	23	54
Peter Lewis <i>Chief Executive</i>	pension 65 - 70 lump sum 195 - 200	pension 5 - 7.5 lump sum 15 - 17.5	1,324	1,157	99
John Graham <i>Director Finance</i> <i>(to 31 Oct 09)</i>	pension 45 - 50 lump sum 145 - 150	pension 2.5 - 5 lump sum 7.5 - 10	1,131	1,023	66
Paul Staff <i>Acting Director Finance</i> <i>(from 1 Nov 09)</i>	pension 35 - 40 lump sum 110 - 115	pension 0 - 2.5 lump sum 5 - 7.5	764	726	49
David Green QC <i>Director of Revenue and Customs</i> <i>Division</i> <i>(from 1 Jan 10)</i>	pension 10 - 15 no increase	pension 0 - 2.5 no increase	193	155	36
Mike Kennedy <i>Chief Operating Officer</i>	pension 50 - 55 lump sum 150 - 155	pension 2.5 - 5 lump sum 7.5 - 10	1,069	962	52

(a) Where an official ceased to act as a Board member during the year, the CETV shown is that at their date of departing the Board.

(b) Where an official has joined the Board during the year, the comparative CETV shown is that at their date of joining the Board.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include 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.

Compensation for loss of office

John Graham left under Compulsory Early Retirement Terms on 31 December 2009. He received immediate payment of his pension and an associated lump sum plus a compensation payment of £37,493. When the compensation payment was made an element of "tapering" in line with CSCS rules was applied to the payment, reducing the amount payable. Following an amendment to those rules, a further payment of £21,226 was made through the CPS payroll. Additionally, Mr Graham received payments in lieu of notice totalling £59,745.

The cost of compensation to the CPS, as employer, may not be exactly the same as that paid out to the individual.

Pension for the Director of Public Prosecutions

Keir Starmer QC

Pension benefits are provided through a pension scheme which has the DPP as its only member. It has not yet been laid before Parliament. The Scheme is unfunded and the cost of benefits will be met by monies voted by Parliament each year. The pensions will be increased annually in line with changes in the Retail Prices Index or will remain the same as the previous year should the Retail Price Index be a negative figure.

The pension scheme provides benefits which broadly match the benefits provided under the Judicial Pension Scheme.

Annex A Core Tables

COMMON CORE TABLES

Common Core Tables

	Title	Description	Period Covered
Table 1	Total Departmental Spending, Resource Budget and Capital Budget for the CPS	Shows a summary of the Department's total budget and how the Department allocates and spends the resources and capital allocated to it by Parliament to deliver the services within its responsibilities.	2004-05 to 2010-11
Table 2	Administration Costs for the CPS	Provides a breakdown of the staff and other general costs (including accommodation and other office costs) related to the running of the Department.	2004-05 to 2010-11
Table 3	Staff Numbers for the CPS	A staffing count for the CPS.	2004-05 to 2010-11
Table 4	Capital Employed by the CPS	Shows capital employed in meeting the Department's objectives.	2004-05 to 2010-11
Table 5	CPS's identifiable expenditure on services, by country and region	Provides analysis of spending in each UK country and nine regions of England.	2004-05 to 2010-11
Table 6	CPS's identifiable expenditure on services, by country and region, per head	Provides analysis of spending per head of population in each UK country and nine regions of England.	2004-05 to 2010-11

Table 1: Total Departmental Spending, Resource Budget and Capital Budget for CPS

£000s							
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans
Resource budget							
Resource DEL							
The Crown Prosecution Service	596,913	634,650	645,359	655,130	655,807	660,600	633,198
Total resource budget DEL	596,913	634,650	645,359	655,130	655,807	660,600	633,198
<i>of which:</i>							
Pay	303,857	320,185	345,195	365,574	376,428	382,670	
Procurement	289,615	308,917	295,326	283,933	273,588	272,753	261,496
Depreciation	3,364	5,406	4,679	5,463	5,623	5,056	5,056
Resource AME							
The Crown Prosecution Service	-39	-844	613	7,790	9,136	12,892	962
Total resource budget AME	-39	-844	613	7,790	9,136	12,892	962
Total resource budget	596,874	633,806	645,972	662,920	664,943	673,492	634,160
Capital budget							
Capital DEL							
The Crown Prosecution Service	7,042	3,406	4,761	4,134	5,506	6,701	5,100
Total capital budget DEL	7,042	3,406	4,761	4,134	5,506	6,701	5,100
<i>Of which:</i>							
Capital expenditure on fixed assets net of sales††	7,042	3,406	4,761	4,134	5,506	6,701	5,100
Less depreciation†††	3,364	5,406	4,679	5,463	5,623	5,056	5,056
Net capital expenditure on tangible fixed assets	3,678	-2,000	82	-1,329	-117	1,645	44
Total departmental spending†							
The Crown Prosecution Service	600,552	631,806	646,054	661,591	664,826	675,137	634,204
Total departmental spending†	600,552	631,806	646,054	661,591	664,826	675,137	634,204
<i>of which:</i>							
Total DEL	600,591	632,650	645,441	653,801	655,690	662,245	633,242
Total AME	-39	-844	613	7,790	9,136	12,892	962
† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.							
†† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.							
††† Included in Resource Budget.							

These figures are not subject to audit by the NAO.

Table 2: Administration Costs for the CPS

£000s	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn‡	Plans
Administration Expenditure							
Paybill	32,282	23,935	24,880	25,230	25,897	26,799	
Other	26,148	29,909	26,870	28,815	27,687	31,463	
Total	58,430	53,844	51,750	54,045	53,584	58,262	54,903
administration expenditure							
Administration income	-1,256	-146	-313	-1,650	-1,821	-3,401	-6,900
Total administration budget	57,174	53,698	51,437	52,395	51,763	54,861	48,003
Analysis by activity							
The Crown Prosecution Service	57,174	53,698	51,437	52,395	51,763	54,861	48,003
Total administration budget	57,174	53,698	51,437	52,395	51,763	54,861	48,003

Table 3: Staff Numbers for the CPS

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Actual	Actual	Actual	Actual	Actual	Estimate‡	Plans
Crown Prosecution Service:							
CS FTEs	8,063	8,361	8,539	8,594	8,554	8,390	8,000
Other	300	280	284	249	201	172	100
Total	8,363	8,641	8,823	8,843	8,755	8,562	8,100

These figures are not subject to audit by the NAO.

Table 4: Capital Employed by CPS

	£000s						
	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Forecast Outturn ‡	2010-11 Plans
Assets and liabilities on the balance sheet at end of year							
Assets							
Fixed assets	27,735	26,869	28,613	28,741	27,256	52,838	52,265
Intangible	0	946	860	2,283	2,207	8,746	7,951
Tangible	27,735	25,923	27,753	28,142	27,680	44,092	44,314
<i>of which:</i>							
Land and buildings	5,775	5,697	6,111	5,896	4,762	5,065	5,387
Plant and machinery etc	21,960	20,226	21,642	22,218	22,123	39,027	39,071
Investments							
current assets	76,194	79,779	69,672	86,080	63,106	81,735	79,235
Liabilities							
Creditors (<1 year)	-91,696	-89,728	-67,321	-82,731	-71,113	-105,584	-103,584
Creditors (>1 year)	0	0	0	0	0	-37,688	-35,688
Provisions	-11,075	-10,231	-9,419	-12,715	-16,383	-28,919	-25,819
Capital employed within main department	1,158	6,689	21,545	21,059	5,497	-37,618	-33,447
NDPB net assets	0	0	0	0	0	0	0
Total capital employed in departmental group	1,158	6,689	21,545	21,059	5,497	-37,618	-33,447

‡ These are figures provided prior to the external audit and may differ to the figures in the accounts (pages 32 - 64).

These figures are not subject to audit by the NAO.

Table 5: CPS's identifiable expenditure on services, by country and region

Crown Prosecution Service	National Statistics					£ million	
	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 plans	2010-11 plans
North East	30	33	33	34	33	35	33
North West	92	96	99	100	95	96	97
Yorkshire and the Humber	57	57	57	56	58	65	58
East Midlands	39	43	41	43	44	46	43
West Midlands	62	65	66	67	67	66	65
East	45	48	50	54	52	54	51
London	136	140	145	142	149	154	144
South East	68	74	76	80	82	84	77
South West	39	41	41	41	41	41	41
Total England	568	597	608	616	619	642	608
Scotland	0	0	0	0	0	0	0
Wales	33	35	37	37	37	39	36
Northern Ireland	0	0	0	0	0	0	0
UK identifiable expenditure	601	633	645	654	656	681	644
Outside UK	0	0	0	0	0	0	0
Total identifiable expenditure	601	633	645	654	656	681	644
Non-identifiable expenditure	0	0	0	0	0	6	5
Total expenditure on services	601	633	645	654	656	687	649

Table 6: CPS's identifiable expenditure on services by country and region, per head

Crown Prosecution Service	National Statistics					£ per head	
	2004-05 outturn	2005-06 outturn	2006-07 outturn	2007-08 outturn	2008-09 outturn	2009-10 plans	2010-11 plans
North East	12	13	13	13	13	14	13
North West	14	14	14	15	14	14	14
Yorkshire and the Humber	11	11	11	11	11	12	11
East Midlands	9	10	9	10	10	10	9
West Midlands	12	12	12	12	12	12	12
East	8	9	9	10	9	9	9
London	18	19	19	19	20	20	19
South East	8	9	9	10	10	10	9
South West	8	8	8	8	8	8	8
England	11	12	12	12	12	12	12
Scotland	0	0	0	0	0	0	0
Wales	11	12	12	12	12	13	12
Northern Ireland	0	0	0	0	0	0	0
UK identifiable expenditure	10	11	11	11	11	11	10

These figures are not subject to audit by the NAO.

Notes

Following the merger of the CPS and the Revenue and Customs Prosecutions Office (RCPO) with effect of 1 January 2010, and in accordance with HM Treasury guidance for Machinery of Government transfers, all tables have been prepared on the basis that the departments have always been merged.

Table 1: Total Departmental Spending Resource Budget and Capital Budget

1. Total departmental spending consists of CPS resource and capital budgets less depreciation. The budgets consist of Departmental Expenditure Limits (DEL), set for three years by a spending review and Annually Managed Expenditure (AME), which is less predictable. The information in the table is broken down into pay, non pay, capital expenditure and depreciation. Plans for expenditure on pay are not included so as not to prejudice pay negotiations.
2. DEL budgets were set for three years in the Comprehensive Spending Review 2007 (CSR 2007) and authority is issued annually by way of a Request for Resources in the Main Estimate. The limits are set in agreement with HM Treasury and voted by Parliament. The DEL budget sets out the CPS spending limit to bring offenders to justice, recover proceeds of crime, improve services to victims and witnesses and promote confidence by firm and fair decision-making and presentation of cases in court. There are two opportunities in the financial year to revise (increase) DEL budgets. These are the Winter and Spring Supplementary Estimates and the documents are subject to approval (vote) by Parliament in the same way as Main Estimates.
3. The information in the table covers a period of seven financial years; five outturn years, an estimated outturn of the previous year and one year of plans covering the remainder of the CSR 2007 period.

Table 2: Administration Costs

1. The administration budget covers the costs of HQ and Central Services. The CSR 2007 settlement was challenging and required the CPS to make efficiency savings, the administration budget was subsequently reduced further by additional efficiency savings announced in the Pre Budget Report 2008 and following the General Election in 2010.

Table 3: Staff Numbers for the CPS

1. CPS employs a mixture of lawyers and administrative staff to meet the following PSA targets as set out in CSR 2007:
 - Deliver a more effective, transparent and responsive criminal justice system for victims and the public;
 - Make communities safer by focusing on protecting the public from serious crime (murder, violence and rape) and reducing re-offending.
2. In line with figures in Note 7 of the Resource Accounts, this table reflects the average number of whole-time equivalent persons employed during the year.
3. Planned staffing reflects natural wastage arising from the national recruitment freeze.

Table 4: Capital Employed by the CPS

1. The capital employed by the CPS comprises fixed assets (tangible and intangible), current debtors, creditors and provisions. Land and buildings are shown at net book value after depreciation and revaluations. Furniture and fittings form a major part of the remaining tangible assets held.
2. In 2009-10 central government adopted International Financial Reporting Standards. This has changed the way in which the CPS accounts for a number of major contracts and has led to substantial changes to the reporting of the net assets and liabilities of the CPS from 2009-10 onwards.

Tables 5 & 6: Country and Regional Analysis

1. Tables 5 and 6 show analyses of the department's spending by country and region, and by function. The data presented in these tables are consistent with the country and regional analysis (CRA) published by HM Treasury in Chapter 9 of Public Expenditure Statistical Analyses (PESA) 2010. The figures were taken from the HM Treasury public spending database in December 2009 and the regional distributions were completed in January and February 2010. Therefore the tables may not show the latest position and are not consistent with other tables in the Annual Report.
2. The analyses are set within the overall framework of Total Expenditure on Services (TES). TES broadly represents the current and capital expenditure of the public sector, with some differences from the national accounts measure Total Managed Expenditure. The tables show the central government and public corporation elements of TES.

They include current and capital spending by the department and its NDPBs, and public corporations' capital expenditure, but do not include capital finance to public corporations. They do not include payments to local authorities or local authorities, own expenditure.

3. TES is a near-cash measure of public spending. The tables do not include depreciation, cost of capital charges, or movements in provisions that are in departmental budgets. They do include pay, procurement, capital expenditure, and grants and subsidies to individuals and private sector enterprises. Further information on TES can be found in Appendix E of PESA 2010.
4. The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.
5. Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the department's area of responsibility, usually England, compare. So the analyses show the regional outcome of spending decisions that on the whole have not been made primarily on a regional basis.
6. The CPS identifies expenditure made by each of its 42 geographical divisions and apportions HQ and central services expenditure on the same basis.

Annex B Performance Data

Departmental Strategic Objective

"To bring offenders to justice, improve services to victims and witnesses and promote confidence, by applying the Code for Crown Prosecutors, adopting a proportionate approach to determine which offenders should be charged and which should be diverted from court, and by firm and fair presentation of cases in court."

Indicator	Statement on data
Bring offenders to justice	<ul style="list-style-type: none"> Performance data was not available at time of publication.
Improve services to victims and witnesses	<p>To increase the proportion of victims and witnesses who are satisfied with the way they are treated by the CJS.</p> <ul style="list-style-type: none"> Performance data was not available at time of publication. <p>The proportion of witnesses who attend trial</p> <ul style="list-style-type: none"> Average national witness attendance for the year 2009-10 stands at 87% against a target of 90%. This is an improvement from 86% for 2008-09 and 85% for 2007-08
Promote confidence	<p>Increased levels of public confidence in the fairness and effectiveness of the CJS.</p> <ul style="list-style-type: none"> Performance data was not available at time of publication. <p>Understand and address race disproportionality at the key stages of the CJS system. (Measured by LCJB returns).</p> <ul style="list-style-type: none"> Performance data was not available at time of publication. <p>Increased recovery of criminal assets</p> <ul style="list-style-type: none"> Performance data was not available at time of publication.
Apply the Code for Crown Prosecutors	<p>For the period 1 April 2009 to 28 February 2010, 23,891 cases were sampled under the Casework Quality Assurance sampling process. The Code decisions were made satisfactorily in 96.2% of the cases sampled, compared to 96.3% for the year 2008-09.</p>
Firm and fair presentation in court	<p>The process of assessing in-house advocates commenced in October 2009. Between October 2009 and March 2010, 683 assessments were completed across the full range of advocates and 94.28% were assessed as having met or exceeded the required standard.</p>

These figures are not subject to audit by the NAO.

Efficiency Programme

As a part of the CSR 2007 settlement the CPS agreed to make £69 million value for money (VFM) savings by 2010-11. This target was subsequently increased by an additional £14 million following the RCPO merger and £16 million as part of the £6 billion spending reductions announced in May 2010. The table below shows progress against the targets to the end of 2009-10.

CSR 2007 efficiency delivery programme summary	Target (£M)			Actual (£M)	
	2008-09	2009-10	2010-11	2008-09	2009-10
Operational	20	34	58	19.2	56.4
Administration and Operational Support	7	14	41	6.8	15.1
Total Savings	27	48	99	26	71.5

The CPS had achieved savings of £71.5 million, against a target of £48 million. This comprises £56.4 million operational savings and £15.1 million administration and operational support savings.

Delivering improved efficiency and VFM savings is now an integral part of our business. Delivering the efficiency plan is an essential component of enabling the CPS to live within its diminishing budget over the CSR period, without impacting on the quality of service delivery.

The systems used to measure and compare realised savings against the delivery programme targets have been designed within a validation framework. The validation process provides assurance that all reported efficiency savings under CSR 2007 are cash-releasing, sustained and net of costs.

Value for money initiatives: workstreams

Operational: Advocacy Strategy

£34 million: The Department continues to seek to achieve best value for money through the most effective deployment of CPS advocates in the Magistrates' Courts and the Crown Court.

Operational: Operational Efficiency

The implementation of the Optimum Business Model (OBM) is leading to a number of process improvements in CPS Areas, including fewer adjournments, better quality of file endorsement and reduced volumes of correspondence.

OBM is currently being trialed in the Crown Court.

These figures are not subject to audit by the NAO.

Administration and operational support: Support services

£14 million: A rigorous review of support services in the Department, rationalisation of accommodation and improved procurement is delivering year-on-year cost savings.

Annex C - PAC Recommendations

PAC Recommendations

The CPS has no outstanding PAC recommendations.

Annex D - Complaints to the Parliamentary Ombudsman

Complaints to the Parliamentary Ombudsman

The CPS was not the subject of any complaints to the Parliamentary Ombudsman during the reporting period.



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