



*With the Compliments  
of*

PRIVATE SECRETARY

6 JUNE

..... 1988

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The Rt Hon John Major MP  
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*Put in the folder headed  
to the PES file.*

*REC  
6/6*

3 June 1988

*Dear John,*

**1988 PUBLIC EXPENDITURE SURVEY - CROWN OFFICE AND PROCURATOR FISCAL SERVICE**

As you will appreciate the burden on my Department is unrelenting due to the continuing increase in serious crime that requires investigation and prosecution with the consequent greater demand on resources.

While I accept the need for my Department to be cost effective the objectives of my Department as part of the Government's overall strategy on Law and Order must be met.

I have scrutinised my Department's financial needs for the next 3 years and enclose an analysis of the proposed baseline changes.

Regarding my Department's plans for the achievement of the stated efficiency savings on Running Costs, my officials in consultation with yours have produced a model based upon the unit cost of output. This model incorporates pay, price and efficiency savings factors to apply which has required my Department to make fundamental changes in policy and management planning. These changes include the setting of new targets for individual Procurator Fiscal offices and the monitoring of output and performance both centrally and in individual offices, all of which are geared to the reduction in unit cost.

This is not to say that my Department has not been conscious of the need to use limited resources to best effect. For example I am advised that recently compiled statistics show that output, ie performance, increased by 16.4% over the period from 1983/84 to 1987/88 whereas the unit cost (GDP deflated) increased by only 0.7% over the same period.

The enclosed tabulation illustrates the global effect of applying outturn against workload to determine unit cost and ultimately the Department's financial requirement. Plainly the model will require fine tuning in the light of improved management information and experience of the model's operation.





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You will see that we have used a pay/price factor of 7% in the current year to establish a true unit cost base for the ensuing 3 year PES period. This percentage is necessary to meet:-

- (a) the new pay arrangements for Legal Grades 5-7;
- (b) the support grades - restructuring; and
- (c) Typists - skills allowances

all of which, unlike many other Departments, predominate in my Departmental grading structure. As a result EC110 will require additional funding if the present level of output, services and standard is to be maintained.

Furthermore, the results obtained by the application of the model when compared to the existing (EC110, EC115, EC130 and EC155) baselines highlights the depression of the existing baselines following the PES '87 one year only agreement.

#### Capital EC440

Aside from the need for an additional £60,000 in Financial Year 1989/90 I have been able to reduce existing baseline figures in Financial Years 1990/91 and 1991/92 by £103,000 and £418,000 respectively.

#### Forensic EC310

I do not propose to alter the existing baselines.

#### Expenditure on New Construction EC430

Expenditure has had to be revised and increased significantly in line with PSA's revised estimates of building costs. I am particularly concerned by the late notification of an additional requirement for the Heriot-Watt site which relates to an increase in the purchase cost from £2m to £5m as a result of unprecedented increases in Edinburgh property prices. The site purchase cost will be shared with SCA, and it is estimated that the Crown Office contribution would amount to £1.25m payable on the date of entry (ie July '89) an increase of £750,000.

#### CPLS EC180

Based upon the experience of the last Financial Year our existing baseline needs to be augmented but at present no information is available to enable the average cost per witness paid to be calculated. This will however be possible from the end of the current year.





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To avoid the necessity of seeking supplementary provision during Financial Year 1989/90 the baseline has been increased by 3.9% to £4,620. Until we can forecast CPLS expenditure with a greater degree of accuracy uplift percentages of 3.5% and 2.5% only have been applied for the ensuing years.

Receipts (Fines etc) EC190

It is anticipated that receipts will continue to increase over the PES period.

My officials are providing further evidence in support of the additional bids which will form the basis for discussion with your officials over the coming weeks.

I am copying this to the Prime Minister and the Lord President.

*Yours ever*

*Kenny*

CAMERON OF LOCHBROOM



OUTTURN COMPUTATION

	(%)	<u>1988/89</u>	<u>1989/90</u>	<u>1990/91</u>	<u>1991/92</u>	<u>NOTES</u>
WTD Workload		17868823.75	18334681.75	18865926.75	19236425.00	----- Extrapolated weighted workload (output)
Unit Cost 87/88		0.9882				----- Computed as at 31.3.88 (Running Cost ÷ Output)
Pay/Price	0.070	1.0574				-----
Saving	0.015					
Unit Cost 88/89		1.0415	1.0415			-----)
Pay/Price	0.040		1.0832			)
Saving	0.020					)
Unit Cost 89/90			1.0615	1.0615		) Spreadsheet computer projected Unit Cost after
Pay/Price	0.035			1.0987		) Pay and Price factors and efficiency gains are
Saving	0.020					) taken into account and,
Unit Cost 90/91				1.0767	1.0767	)
Pay/Price	0.025				1.1036	)
Saving	0.020					)
Unit Cost 91/92					1.0815	-----)
Total Running Costs		18610619.20	19462456.22	20312755.55	20804869.83	----- produces expected total running costs
New Work	Tape Rec	200000.00	Unable to compute effect in future			----- To this must be added work which is not part
			years as at 1.4.88			of the above equation eg new legislation
Revised Total 1988/89		18810619.20				
Model Running Costs						
Pay & Pens		13812796.19	14290215.26	14914688.91	15276000.75	----) Analysis of running costs
LO		83000.00	86300.00	89300.00	91600.00	)
GAE		4950823.01	5121940.96	5345766.64	5475269.08	)
Chgs for Gds	( 36000.00)	( 36000.00)	( 37000.00)	( 38000.00)		----)
Total		18810619.20	19462456.22	20312755.55	20804869.83	----- Agreed to spreadsheet total above.



1988 SURVEY - PROPOSED CHANGES

	1989/90 £'000	1990/91 £'000	1991/92 £'000
SALARIES EC 110 EXISTING BASELINE	13,953	14,302	14,660
PROPOSED ADDITIONS	337	613	616
PES '88 BASELINE	<hr/> 14,290	<hr/> 14,915	<hr/> 15,276
LAW OFFICERS EC 115 EXISTING BASELINE	74	76	78
PROPOSED ADDITIONS	12	13	14
PES '88 BASELINE	<hr/> 86	<hr/> 89	<hr/> 92
GAE EC 130 EXISTING BASELINE	4,841	4,950	5,074
PROPOSED ADDITIONS	281	396	401
PES '88 BASELINE	<hr/> 5,122	<hr/> 5,346	<hr/> 5,475
CAPITAL EC 440 EXISTING BASELINE	690	603	618
PROPOSED ADDITIONS	60		
PROPOSED REDUCTIONS		103	418
PES '88 BASELINE	<hr/> 750	<hr/> 500	<hr/> 200
FORENSIC EC 310 EXISTING BASELINE	795	828	849
PES '88 BASELINE	<hr/> 795	<hr/> 828	<hr/> 849
PSA EC 430 EXISTING BASELINE	1,573	1,142	1,171
PROPOSED ADDITIONS	2,846	1,201	1,903
PES '88 BASELINE	<hr/> 4,419	<hr/> 2,343	<hr/> 3,074
CPLS EC 180 EXISTING BASELINE	4,448	4,564	4,678
PROPOSED ADDITIONS	172	218	224
PES '88 BASELINE	<hr/> 4,620	<hr/> 4,782	<hr/> 4,902
FINES ETC	- 5,250	- 5,500	- 5,638
	- 1,250	- 1,325	- 1,462
PES '88 BASELINE	<hr/> - 6,500	<hr/> - 6,825	<hr/> - 7,100