



Police Information Technology Organisation

**Annual Report and Accounts
for the year ended 31 March 2007**



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PITO ceased to exist on 31 March 2007 and was replaced by the National Policing Improvement Agency with effect from 1 April 2007. The National Policing Improvement Agency has taken ownership of all of PITO's functions, assets and liabilities from that date at book value, and it is on this understanding that the accounts have been prepared on a going concern basis.

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Foreword by Chief Constable Peter Neyroud

The following reports were prepared by the PITO Board and management during the changes which resulted in the formation of the NPIA. Some details have been amended to align with the Accounts as they have been produced in the months following the transfer to NPIA. I support the report, which I have been empowered, as Accounting Officer, to present to Parliament.

Peter Neyroud
Chief Executive and Accounting Officer
National Policing Improvement Agency
and
Accounting Officer
Police Information Technology Organisation

10 July 2008

Foreword

By the Chairman of PITO Board

The year 2006-07 was set to be challenging from the outset with the twin objectives of an ambitious programme of work coupled with preparing for the transition to the National Policing Improvement Agency (NPIA). In such situations it is all too easy to take eyes off the ball. I am pleased to report that this has not proven to be the case and the organisation has substantially delivered on its agreed service and programme targets. This is in no small measure a result of the focus and commitment of all the staff at PITO.

Considerable effort and resources have gone into improving the infrastructure for communications and information sharing and the NPIA will be in a position to build on these investments both in respect of the national police network, which was extended in year, with the award of a contract for PNN3 and the extended coverage of Airwave, which is now formally contracted for deployment in both the London Underground and Channel Tunnel. These have proved to be complex commercial as well as technical undertakings but we have secured the commitment of all parties to now deliver what is required.

The ongoing challenge with Airwave is to fully utilise its advanced capabilities in the transformation of front line practices and in this respect there remains much to do. Whilst there are ongoing challenges to ensure the availability of user friendly terminal devices, there is an even bigger issue of managing changes to operational processes.

We have also taken the opportunity to strengthen the resilience of the Police National Computer (PNC) and its supporting infrastructure taking this to levels which improve on the position at the time of the Buncefield incident, which temporarily reduced our level of resilience. Again, PITO's own staff and industry partners are to be thanked for driving this complex project forward.

We have also made significant progress on a national scale in deploying a number of critical business tools and applications, including improvements to the national fingerprint service, mobile access to fingerprint records and the transfer of Scottish fingerprint records to the IDENT1 system.

Less successful has been the ongoing programme to deploy the Custody and Case system across a number of forces. We have been severely hampered by an ongoing lack of clarity on the wider strategy and availability of funds necessary to allow forces to make firm commitments. Despite numerous attempts, this has not been satisfactorily resolved and we are left feeling that lessons learnt previously and recommendations of earlier reviews have not been heeded. The board are disappointed to have faced such a situation over such an extended period and the inevitable lack of progress was entirely as predicted. It is to be hoped that this will be resolved quickly or the NPIA will also fail to deliver real benefits in this area.

It is also pleasing to report that despite the organisational uncertainties there has continued to be considerable progress in improving the organisation's internal processes and systems which have undoubtedly had a significant positive impact on the delivery of key programmes and services. The accreditation against IS9001, IIP standards and deployment of an enterprise wide ERP system provide a management platform on which the NPIA will be able to rapidly build. Looking back at the longer term history of PITO and other similar organisations it is clear that having a rigorous approach to such systems has a profound impact on operational and financial performance and control.

Despite the many potential distractions throughout the year related to the changing organisation and impact on personal career aspirations, the executive team have remained focussed on the job in hand. Our internal measures of staff satisfaction have substantially improved despite the uncertainties throughout the period.

This is the final report for PITO which has been in existence as a Non Departmental Public Body (NDPB) for nine years. The board notes with satisfaction that the organisation closes having substantially delivered on its promises of recent years.

Particular thanks must go to all those staff who will not be transferring to the NPIA. At senior level this includes Martha Wooldridge who has been responsible for the Airwave Programme through its entire life (including prior to the creation of PITO) and Phil Dare as Director of Finance. Both have contributed much to the organisation. John Ellis who retired recently also made significant contributions to establishing the core management processes and systems which now underpin the operation. Earlier in the year we also said farewell to DCC Phillip Jacobs who had led the Central Customer organisation since inception four years ago.

Thanks must go to Phillip Webb who served as Chief Executive for nearly six years. Heading an IT support organisation is rarely a comfortable position and being Chief Executive of an NDPB sandwiched in the complex organisational structures of UK policing and the Home Office is certainly no easier. It is through the professional skills and experience of Phillip and his singular focus on the job that the organisation has delivered. The Board are most appreciative of his commitment and wish him well in his retirement.

Finally I must thank all members of the Board for the guidance and oversight they have provided to the organisation. The wide ranging perspectives and constructive challenges have served to sharpen PITO's focus and support to the UK policing agenda. The time given and commitment that members have shown has been greatly appreciated.

Chris Earnshaw
Chairman

Management Commentary:

Accounts Direction

This report and associated reports and financial statements represent the annual report and statement of accounts for the Police Information Technology Organisation (referred to in this report by its operating name PITO) for the period 1 April 2006 to 31 March 2007. It has been prepared in accordance with the accounts direction given by the Secretary of State for the Home Department, with the consent of HM Treasury, in accordance with Schedule to the Police Act 1997 (the Act).

PITO ceased to exist on 31 March 2007 and was replaced by the National Policing Improvement Agency with effect from 1 April 2007. The National Policing Improvement Agency has taken ownership of all of PITO's functions, assets and liabilities from that date at book value, and it is on this understanding that the accounts have been prepared on a going concern basis.

Overview of Performance

Introduction

The final year of PITO's operational life saw the organisation successfully meet the twin challenges of delivering a major programme of work, whilst making a major contribution to the transition to, and creation of, the NPIA. This section of the report provides a brief history of PITO including its origins, purpose and what it has delivered and summarises the achievements of 2006-07. A series of technical reports which describe in detail the legacy that PITO leaves for the police service are also available. The challenge for the NPIA will be to build on this legacy and learn from the lessons of the past in order to provide further even greater benefits in the future.

The PITO Business Plan for 2006-07 included eight Key Performance Indicators (KPIs) and 29 Performance Indicators (PIs) with one PI being transferred during the year. The work for seven of the KPIs was completed, although the improvement to the resilience of the ground based Airwave network was delayed by late delivery from external suppliers of vital components. The KPI regarding delivering Airwave in 25% of London Underground stations was not fully completed, due to protracted contract negotiations with numerous parties which reached successful resolution in January 2007.

A total of 26 PIs were achieved. In total 32 performance measures out of 36, or 89%, were completed within the financial year. In many cases targets have been exceeded by completing the work ahead of time or on a larger scale than originally forecast. For example, the capability to capture and store multiple fingerprint sets on IDENT1 for forces in England and Wales was delivered five months ahead of schedule, and in addition the Scottish data was successfully migrated by December 2006.

Some particular success stories relate to the continued delivery of key operational services to police forces to agreed national standards (e.g. PNC), the delivery of the Lantern mobile fingerprint identification capability and the rollout of NFLMS.

A highlight and possibly unique achievement for a NDPB was gaining ISO9001 accreditation for PITO's Business Management System in 2006. The certification was confirmed following a further annual audit in 2007.

Arguably the greatest accomplishment in PITO's final year was to achieve all the results detailed in this report, whilst making a contribution to the creation and formation of NPIA. PITO has been delivered to the NPIA as a 'going concern'; a fully operational business.

PITO's Operating History

PITO was established by the Police Act 1997 as a NDPB of the Home Office in April 1998, accountable and empowered to operate in England and Wales, Scotland and Northern Ireland. Its governance consisted of a Tripartite arrangement including the Home Office (& Scottish Executive), Association of Chief Police Officers (ACPO) (& ACPOS) and Association of Police Authorities (APA) (& COSLA). PITO was funded through 'Grant in Aid' by the Home Office with contributions from the Scottish Executive and individual Police Forces for the provision of key services.

In summary, the purpose of PITO as defined by the Government was the following;

- To determine, in partnership with the police service, the corporate requirements for information and communications systems, including how to interface effectively with the public and other criminal justice organisations, and to exploit developing technologies to meet those requirements
- To develop, procure and manage delivery of national information technology and communications systems in support of effective policing
- To maintain a strategic approach to local information technology systems, by co-ordinating their development and delivery where common standards and systems are needed in the interest of effective policing
- To facilitate the achievement of maximum value for money across police use of information and communications systems and to enhance value for money generally across policing by providing an overall procurement, contract management and advisory service
- In addition the organisation will, as necessary, advise Ministers on the exercise of their powers to regulate the use by police forces in information technology equipment and systems

Since its inception, PITO has managed one of the largest and most diverse ICT portfolios in government. During its operating life PITO's workload has increased and its annual operating budget has progressively risen to nearly £400m. PITO was recognised by the Office of Government Commerce (OGC) as a centre of excellence for Project and Programme Management and Business Benefits Management. PITO was internationally recognised as a centre of excellence for Biometrics and Identification Management, and it has achieved and maintained IIP, ISO9000 and TickIT accreditation.

During its operational life PITO has delivered several significant successes while also being engaged in some less successful programmes. All ICT projects present challenges, PITO's successes have generally been programmes with a high technology content delivering infrastructure, or projects with a well understood and stable requirement involving minimal process change to a supportive user community. Less successful programmes have generally involved major process change, an unstable requirement, complex governance and a poor level of engagement and support from the user community.

The legacy that the NPIA inherits from PITO will include a number of particular successes which are now delivering operational benefit to the Police Service. These include:

Airwave

Airwave is the digital radio system providing national secure voice and data coverage for UK Policing. Roll out of the Airwave infrastructure was completed ahead of schedule in early May 2005. In its time it was the largest ICT programme in government successfully delivered in the face of a multitude of environmental, technical and cultural challenges. Today over 170,000 police officers use Airwave throughout the UK. The system is extremely popular with users and feedback on the business benefit derived has been very positive. Airwave resilience has been significantly enhanced to reflect an increase in the level of threat to national infrastructure and increased operational demands. Airwave is a unique national asset, a platform that will enable new capabilities to be developed and operational benefits to be harvested for years to come. The Ambulance Service and Fire Service have both opted to employ Airwave. While the original vision of a common emergency service communication environment is now realisable, consideration must be given to the long term management of these services and the national delivery of business benefit.

In July 2005 Airwave was employed to great effect in supporting both the G8 Conference and the response to the London Bombings with the rapid deployment to the affected areas of London Underground. In 2006-07 contractual arrangements were finalised to enable Airwave to be permanently deployed throughout London Underground's network and the first line went live in July 2007.

British Transport Police have led forces in trialling mobile data capabilities that will allow operating and service efficiency by exploiting the digital data capability of the Airwave system. Numerous business applications now employ Airwave to deliver mobile data to officers but for the police service to benefit from significant scalable solutions requires coordinated action involving equipment, network and user communities.

Violent and Sexual Offenders Register

ViSOR is a PITO-backed project, originated in Lancashire Constabulary, which created a shared national system for recording, updating and sharing risk assessment on some of the country's most dangerous criminals. The application provides a database to record up to date information on offenders' risk assessments, tracks their movements and maintains a comprehensive file of information about the person concerned. ViSOR also provides an audit trail to demonstrate that effective monitoring is taking place.

The joint Police and Probation project team based at PITO commenced in 2002 and by May 2005 ViSOR had been rolled out to all forces in England, Wales, Scotland and Northern Ireland. ViSOR is the only Police application to be deployed to all police forces in the UK, including Scotland and Northern Ireland. This was achieved in record time and has been universally praised by all stakeholders. Sir Michael Bichard acknowledged that the deployment of ViSOR was a major step forward in the effective management of violent and sexual offenders.

Identification Systems

IDENT1 is the most advanced biometric management system in government and was rolled out to all forces in England, Scotland and Wales in 2006. The project aim was to build on the success of the PITO established National Automated Fingerprint Identification System (NAFIS) and to integrate other areas of the police business requiring biometric or identity management support. NAFIS was already deployed in all 43 forces in England and Wales, giving fingerprint experts access to a growing national database of five million sets of '10 print' fingerprints and finger marks from crime scenes.

IDENT1 was the project to take this sort of identification technology to the next stage. Contractual arrangements were agreed in November 2004 for IDENT1, with Northrop Grumman Mission Systems. The IDENT1 project had a priority to ensure national searching of palm prints and marks was available for operational use in all forces in England, Wales and one bureau in Scotland.

IDENT1 is part of the wider automatic identification technology PITO has developed. Impersonation of individuals and the theft of a person's identity is a serious threat to public safety and security. Identity theft represents a growing cost to the public services as a result of fraudulent claims for services and benefits. In the police context, a person may adopt the identity of another to avoid detection and this requires considerable police time and effort to unravel the substitution. Immediate positive identification of an individual on first contact and the ability to then draw on the right information assists in the taking of rapid and appropriate action. Delivery of a national service to store and transmit facial images of persons with their criminal history (FIND) and making such images and information available on a mobile basis to police officers were key elements of PITO's strategy for meeting this need. The development of a mobile fingerprint identity check capability (Lantern) expanded the police's identification capabilities, accessing the tens of millions of fingerprints on record. Airwave as the national police radio infrastructure over which such data can be transmitted, complements that initiative.

The Police National Computer (PNC)

The PNC was established by the Home Office in the 1970s as a national repository of criminal information accessible to all UK police forces and stakeholder organisations. Today the PNC remains the most widely referenced information source in the police service. Functionality and content have evolved substantially over the years and it now provides information on over 6.7 million offenders, vehicles and stolen property with alert and broadcast capabilities. Analysis tools: Crime Pattern Analysis and Crimelink have enabled the databases to be more effectively exploited in the investigative process.

Batch processing has given way to interactive access and increasingly business-to-business applications. The growth in the use of Automatic Number Plate Recognition (ANPR) and supporting vehicles and drivers applications has generated a significant increase in the volume of transactions and processing requirements. The PNC architecture has enabled an incremental increase in capacity and the most recent technology upgrade will provide a scalable processing platform until at least 2014.

PNC is part of the National Critical Infrastructure and its service availability was one of PITO's highest priorities. The PNC's comprehensive contingency plan was tested to the full during 2005-06 when major fires destroyed the Disaster Recovery facility and threatened the PNC at Hendon. During both these incidents full service was maintained and contingency cover provided.

HOLMES 2

HOLMES was initially developed in the wake of the lessons learned during the 'Yorkshire Ripper' investigation. Progressively enhanced over the years, HOLMES 2 now provides an integrated set of investigative tools deployed throughout the UK Police Service. The casualty bureau module was successfully deployed internationally to aid identification during the 9/11 and Bali bombings and the Tsunami disaster.

The network enabled Casualty Bureau System (CASWEB) allowed over 250 officers to be rapidly deployed across the UK to support the Metropolitan Police Service (MPS) in handling public enquiries during the July 2005 London bombing crisis. In the aftermath the Police Portal enabled the receipt of thousands of intelligence reports and photo images directly from members of the public.

Lessons Learned

PITO was established to deliver national ICT solutions to national Policing problems. To deliver business improvement requires business change. That business change may be technology enabled but technology on its own cannot deliver improvement. Change must be business not technology led, recognising that technology may be a stimulus to that change. PITO's role was one of trusted partner with the business in delivering change. Those programmes which have successfully delivered benefit to the police service are those characterised by clear business objectives, high levels of commitment from the user community, simple governance models and stable funding, allowing work to proceed smoothly without the disruption and uncertainty caused by continuous review. A number of programmes continue to suffer from these problems and the consequences are evident in delayed or limited deployment. Such programmes include NSPIS Custody and Case, Schengen and National Firearms Licensing System. Frequently these problems are also reflected in the commitment and capabilities forthcoming from our key industry partners.

Essential factors for the successful programmes include;

- Strong customer requirement and user engagement,
- Well established and agreed business requirement,
- Minimal initial business process change,
- Robust Programme Management,
- Little or no requirement creep,
- High technology delivery component – aligned with PITO's mission,
- Robust, well defined governance,
- Commercially strong supplier,
- Centrally delivered and managed service,
- Secure centrally managed funding.

When these criteria have been met programmes have generally delivered on time, to budget and to a quality acceptable to the business user. PITO was established to provide ICT solutions; it had neither the mandate nor the authority to implement business change in individual forces.

PITO's Performance during 2006-07

Central Customer

In its final year of operation, Central Customer has continued to fulfil its prime role by identifying and prioritising information management requirements for the Police Service. Whilst core police business requirements remain relatively stable, the pace of change in the dynamic policing environment has resulted in the need for Central Customer to be far more responsive in supporting short to medium term policing business needs within challenging time scales.

The amalgamation of forces in England and Wales presented one such challenge where Central Customer was instrumental in supporting the Home Office in understanding the business issues and complexities of joining up ICT systems across the proposed newly-formed forces. Central Customer also assisted forces by providing a framework for prioritising business needs for the submission of ICT amalgamation business cases. The decision not to proceed at this time with force amalgamations took full cognisance of all the issues.

Central Customer aligned its activities to the ACPO priority areas of work namely; Counter Terrorism, Neighbourhood Policing, the sharing of intelligence and the IMPACT Programme, Level Two crime and the implementation of Regional Intelligence Units and Workforce Modernisation. It produced high quality documents on business needs, priorities and the policing environment for all of them.

In supporting ACPO and its Business Area Heads and Portfolio Leads, Central Customer provided representation on over 40 national bodies and boards delivering products ranging from facilitated workshops to outline business cases to many of them. Central Customer has also continued to provide valuable links between the business requirement and the technology environment through representation and the provision of advice and guidance on several national bodies, including the ACPO Information Management Business Area (IMBA), the IT Advisory Group (ITAG) and the Information System Strategy for the Police Service (ISS4PS) Implementation Board.

Central Customer was formally aligned to the NPIA Director of Policing Policy and Practice (designate) half way through the year to support as smooth a transition to the new organisation as possible. This has included the delivery of work on business development, the identification of business improvement initiatives, prioritisation of business requirements, commissioning and decommissioning models and the design of portfolio development processes.

Although Central Customer is a small unit it has remained true to its objectives, risen to the challenges of limited resources and a fast-changing environment and shown remarkable resilience and flexibility in the delivery of quality work to further enhance its reputation.

Communications Directorate

The Directorate was involved in three significant contracts this year. The first, in September 2006, was the third generation of the Police National Network which provides access to the PNC, a secure email facility and a number of other functionalities. Forces did not make as much use of the functionalities available on PNN2 as they might have done, often citing cost as the reason, so PNN3 has been designed to offer financially attractive packages to forces and to encourage them to make full provision for the bandwidth they will need for IMPACT and other applications.

The signing of the contracts for the installation of the Airwave in the London Underground on 30 January 2007, at a cost of a little over £100 million was a major achievement. It had a double effect: it extended Airwave and introduced the first ever radio system for the Metropolitan Police and City of London Police to use underground. Previously they lost radio connection once they went below ground. Airwave will enable them to operate safely and to carry out their anti-crime and anti-terrorism duties to better effect.

The contract for Airwave in the London Underground was unique in linking two PFI projects together with a chain of six organisations. The negotiations were so difficult that, for a lesser purpose, it would have been tempting to have given up. It is a matter of pride that it carried on until it succeeded – thanks to the support and goodwill of the other contracting organisations.

A contract for Airwave in the Channel Tunnel Railway system was also signed in January. These two contracts bring the provision for Airwave coverage to its fullest extent with the possible exception of any additions which need to be made for the London Olympics. It is now a comprehensive national service.

Relatively few of the Directorate's resources are devoted to negotiating contracts. The main focus is on implementing them and ensuring maintenance of service. Work on implementing the contracts to improve Airwave's resilience has continued throughout the year and made some good progress, although the full programme is not due to be completed until 2008. The team working on interoperability has produced guidance for forces on inter-working and reorganised the national talk group system to give greater efficiency. A new manual for a common inter-force working language was trialled and is now being rolled out.

Since the Airwave contract was signed, there has been an explosion in the use of mobile data and expectations of the benefits which Airwave could bring to forces in that regard have been high. Reality has been different. All forces use mobile data to some extent, but maximising its use so that measurable chunks of time can be saved and used to better purpose has proved more difficult. Some officers prefer not to use their handsets for mobile data as they find the screens too small and they prefer to stay alert to messages, and when Airwave was first introduced there were no TETRA mobile data terminals available with larger screens and buttons. PITO, in conjunction with the ACPO Mobile Information Programme Board, has sponsored six experiments in order to improve understanding of the business changes required to make effective mobile use of multiple databases and to provide a common technical platform which would ease the task for forces of integrating mobile data sets and force databases.

Although mobile data work in PITO started with Airwave, changes in other technologies cannot be ignored. Some forces are already experimenting with 3G and want greater speed and bandwidths than Airwave can provide. Future developments are likely to be more varied than Airwave, which however will continue to fulfil its primary function as a voice radio system which provides guaranteed coverage, encryption, clarity, telephony connection, a walkie-talkie function and other functionalities specifically designed to support policing.

The Directorate has a growing number of projects which support national IT infrastructure. These have been reorganised with the aim of providing more support to forces and greater uniformity of approach. The aim here is to offer forces a menu of expert services and encourage them to make use of them. There is a huge amount of work to be done before force and national networks operate to common standards and can deliver information seamlessly. By chipping away at some of the tasks which need to be done the Directorate hopes to be of real benefit to forces.

Identification Directorate

The latter part of 2006 saw some significant achievements in the delivery of the Identification Programme. The IDENT1 project delivered the capability to capture and store multiple fingerprint sets in England and Wales in October, a facility which will significantly improve the accuracy of fingerprint searches, thereby directly increasing crime detection.

The IDENT1 service was also rolled out to the Scottish Police Service completing on target during December 2006, delivering a truly national ID service for mainland policing, aiding in the detection of cross-border crime.

This year has seen the IDENT1 project deliver significant technology changes that have enabled the business change programme to proceed on schedule. This has been achieved whilst maintaining a level of service stability that has allowed the number of identifications to grow. Service delivery achieved an average annual service score of more than 98 out of 100.

The outcome of the review of changes required to the Identification Roadmap was presented to the Identification Programme Board in October 2006. This was accompanied by a Technical Report detailing the current status of automatic facial recognition systems and how they might usefully be developed for policing. This will be used as a foundation for developing an outline business case for auto-face systems and working with police forces to pilot systems to demonstrate the anticipated benefits that can be achieved.

The FIND project delivered its outline business case in July 2006. The team has also successfully implemented a pilot system, sharing facial images between the West Yorkshire, Lancashire and Merseyside police forces. This will prove the benefits of a national service for sharing facial images, for inclusion in the next iteration of the business case.

The Lantern pilot mobile fingerprint capability was successfully launched in November 2006, with significant media and public interest. The potential for mobile identification to improve policing is already being demonstrated by the ten pilot forces, with numerous examples of individuals being quickly arrested or allowed to proceed following positive identification.

The NVIS project team successfully delivered a national database of volunteer images for use in video identification parades. This will significantly increase the standards of parades and the efficiency with which the collection of images is managed. The requirement of a national database of suspect images was de-scoped on value-for-money considerations, particularly in the light of the developing FIND services.

Operational Services Directorate

Police National Computer (PNC)

Service levels were maintained throughout 2006-07 despite the loss of the Disaster Recovery (DR) site and an increase in transaction usage of 28% (142 million interactive transactions in the 12 months to end Dec 2006, not including ANPR transactions which exceeded three million per day).

The successful development and deployment of in-house fall-back capability was achieved within six weeks of the loss of the DR site following the Buncefield explosion in December 2005, and has been enhanced and facilities strengthened throughout the year to minimise risk.

Selection and preparation of a new DR site continued throughout 2006-07 to meet the stringent security and operational need of a key element of the National Critical Infrastructure. The DR equipment was successfully transferred to the new location during late February 2007 and the facility became operational in mid March after a period of extensive testing. Recovery of this capability significantly reduces a key information assurance risk for the Police Service.

New management, monitoring and presentational techniques were employed to manage this project due to the magnitude of the threat posed by the loss of the DR capability. The benefits and ultimate success of this approach has been widely recognised and has been adopted as best practice by a number of programmes across government.

Installation, testing and acceptance of next-generation S190 PNC mainframe hardware for both live and DR machines was completed on target in February 2007. This safeguards PNC services until at least 2014 by which time an IMPACT PND solution is likely to be available.

The final stage of upgrading the local force to PNC connectivity (from X.25 to TCP/IP) was successfully completed in June 2006 without any loss of service or reduction in SLA delivery.

Custody and Case Preparation Programme

The benefits that were forecast in the Custody & Case Preparation business case are now being realised and are being reflected by police forces in their Efficiency Plans. Deployment of the products has continued to progress well and at March 2006 NSPIS Custody was live in 24 Forces with NSPIS Case Preparation live in 26 Forces. This was achieved in spite of the continuing uncertainty about funding both in the current and subsequent years which undermined stakeholder commitment.

The implementation of both systems is progressing well within the Metropolitan Police Service with full deployment completed by the end of March 2008.

The target of 26 Forces live with Custody and 28 live with Case Preparation by the end of December 2006 was not achieved. Progress was severely impacted by the uncertainties over funding and by a minority of police forces choosing to delay their implementations for other local reasons. The continued uncertainty of central funding for support and maintenance in future years has resulted in two forces reconsidering their position with regard to completing their implementations and subsequently withdrawing from the programme.

To maximise value for money the number of resources engaged on the Programme has been progressively reduced by more than 30% over the year through organisational improvements and efficiency savings.

VISOR

ViSOR is a UK-wide system used to store and share information and intelligence on those individuals who have been identified as posing a risk of serious harm to the public.

In the wake of a successful roll out of ViSOR to the Police, a service level agreement (SLA) was developed and service provision is now being monitored in accordance with that agreement. The application remains very popular with users and continues to deliver measurable business benefits. There has been some enhancement to system functionality during the year and service availability has matched or exceeded the agreed SLA target of 99.5%.

The National Offender Management Service (NOMS) is working to roll ViSOR out to prisons and probation offices throughout the UK. This was ready for use in March 2008 and this will facilitate end-to-end multi-agency offender management working.

National Firearms Licensing Management System (NFLMS)

Whilst initially unpopular with the Police Service the requirement was realigned to operational business and is now delivering real business benefits. Initial piloting identified a number of system and business related problems. Process and system changes were implemented and the re-scheduled pilot was successful. The rollout programme commenced in July 2006 and was completed in March 2007.

Integration and Technical Authority Directorate (ITAD)

In 2006-07, the ITAD team continued to support national ICT programmes and the Police Forces while laying the foundations, by way of the ACPO Information Systems Strategy, for the NPIA to take a strategic approach to information technology systems.

A significant task was completed in June 2007 with approval by all tripartite bodies and publication of the refreshed Police ICT strategy known as ISS4PS.

ACPO seeks further integration of, and access to, the information the Police holds, effective operational processes and the simplification and sharing of IS solutions and services. ITAD responded to its customers' requests by providing a framework for coherent business / IS transformation which enables strategic gains, continued collaboration with the technical community with and beyond the Police Service and set out a 'road-map' for unification of local and national ICT.

ITAD gave direct support to programmes such as IMPACT, by implementing and supporting tools for collaborative working. ICT practitioners can now work within and across projects, sharing documents, design blueprints and reusable components. ITAD also defined and validated 'PREP', the PITO Requirements Engineering Process which defines best practice and templates for capturing business requirements.

ITAD supported Police information management with several initiatives. In support of standardising how information is retained and indexed, the SMART project defines a 'fileplan' to use when retaining unstructured information such as documents and e-mails. Having such a file plan assists with Freedom of Information and Bichard recommendations to consistently create, store, and dispose of records and documents. Implementation of the fileplan commenced in PITO itself and is now underway in Forces. Additionally, SMART defines a Police Category List which sets out the standard terms used to categorise and index documents and records. Having such standardisation simplifies search and retrieval of information.

Also supporting information management, the Police Corporate Data Model was refined and extended, with a new version published. The CorDM provides a standardised way of representing the data held in records used in crime recording, custody, case preparation etc. Such standardisation will simplify the exchange of information between Forces, having been adopted by CRISP. As much Police data is entered using abbreviations & codes, ITAD first piloted then developed what will be the national database to manage and distribute these 'constrained values', giving unambiguous definitions on what codes are used and their meaning.

ITAD's work in 2006-07 was not limited to just the technical domain. Our business analysts have progressively defined a 'Police Business Architecture' or reference model for policing. Additionally ITAD worked with a number of Forces to pilot an 'enterprise architecture' giving the Police managers a comprehensive framework to describe and model how operational and support processes, enabled by ICT, result in meeting policing outcomes. These reference models and frameworks will support organisational change as part of policing improvements.

ITAD staff fulfilled PITO's mandate from ACPO for information assurance accreditation of the national systems and networks. Staff gave pragmatic advice and guidance on information assurance to the SRO for numerous projects, not least IMPACT, assisting Forces in the cost-effective implementation of secure systems. ITAD also took part in the formal accreditation for Airwave. Staff organised regular meetings for the Force's Information Security Officers, and we lead work on helping forces comply with the obligations of ACPO's Community Security Policy. ITAD sponsored threat assessments to Police systems and also audited, at the request of ACPO, organisations which use the PNC.

On behalf of ACPO and ACPOS, ITAD defined and created the Police Warnings, Advice and Reporting Point (PoWARP) to enhance the management of information security incidents. Via PoWARP, forces and agencies can rapidly warn the rest of the community if they have suffered an incident or are subject to an attack on their systems. PoWARP also enables greater sharing of information, thus helping to minimise the number of incidents, and encourages forces and agencies to record incidents that have affected them with the aim of providing statistical information.

The technical expertise of ITAD staff was called upon many times by PITO Directorates, national programmes and the Police Forces. For example, ITAD undertook technical reviews on behalf of the ACPO Central Customer and gave technical design advice to ANPR and National Ballistics and Intelligence Database programmes. Staff continued to support the IMPACT programme through staff secondment and collaborative working with the goal of having IMPACT align with, and contribute to, the ISS4PS. ITAD staff also assisted PITO to meet its responsibility to the Northern Ireland Policing Board by undertaking three independent reviews of ICT deployment in PSNI.

A core component of the work remains the creation and promulgation of national standards and technology blueprints related to ICT. The output from this work will augment the Volume 2 of the ISS4PS with proven designs, practical implementation advice and best practice collated from around the Forces. ITAD staff have also undertaken training of ICT staff working in the Police Forces. ITAD has also sponsored work of value to the Police; in particular in commissioning Socitm to undertake a study on the benefits to the Police Service on adopting shared services, linking this to the wider Transformational Government agenda.

An organisation such as PITO needs to call upon skilled and knowledgeable staff who have competencies across a wide range of disciplines. ITAD has initiated work on 'expertise location', capturing in a searchable database the competencies of our staff. We have gained valuable insight into how best to obtain this information by interviewing new joiners and key senior leavers from PITO.

A significant element of ITAD's work in 2006-07 was facilitation for, and liaison with, the Police Forces and other Justice Agencies. ITAD staff organised and ran the quarterly IT Advisory Group for IT Directors on behalf of ACPO IMBA. ITAD also organised a number of user-groups and working-groups, bringing together experts to agree which products ITAD should produce and provide quality assurance and endorsement of the deliverables. ITAD staff also organised the monthly Technology Forums for PITO staff and the 'share fairs' which greatly facilitate knowledge sharing between the Directorates and stakeholders. Looking outwards, staff represented the Police Service on a wide number of forums, for example participating in the pan-government CTO Council, ACPO Futures and CJIT's Architecture Management Board, plus working with the CSIA and CESG and other national agencies in the information assurance domain. ITAD also maintain informal but mutually beneficial links with the technical teams in ACPOS.

Support Services

In June 2006, Lloyd's Register Quality Assurance Ltd formally certified PITO's Business Management System (BMS) to ISO 9001:2000 and TickIT (the interpretation of the standard for software development). ISO 9001 is the international standard that defines the ideal BMS demonstrating a specific focus on satisfying customer expectations and improving business performance. This work was based on, and developed, complementary standards such as the introduction of PITO's Enterprise Reporting System (ERP) and the Investors in People (IIP) re-accreditation achieved in November 2005. ISO 9001 has provided another independent assurance that PITO improved continually to meet customer requirements and exceed their expectations.

ISO 9001 certification requires a programme of quality audits, documented business processes, quality training and management reviews. PITO's use of PRINCE2 for managing projects and of the Information Technology Infrastructure Library (ITIL) in Operational Services supported the certification process. Further success was achieved when work on Information Assurance was recognised through the Home Office's audit of PITO against the ISO17799 standard.

The policy and planning team have led the way in working with NPIA Programme to ensure a smooth transfer of work, staff, resources and responsibilities to the NPIA. While PITO staff from all areas have worked diligently to ensure that what could be done, was done in the time available it has been the support services staff who have contributed most.

Financial Planning and future developments

PITO's aim was to be a trusted and valued partner in the delivery and the operation of information and communications solutions to meet the needs of the police service, its partners and stakeholders. Since 1 April 1998, PITO was financed mainly by grant-in-aid from the Home Office. Additional operational income was raised through charging for services, such as the Police National Computer.

PITO produced a Business Plan which offered an overview of financial activities and forecasting for the financial year along with information about delivery achievements, the benefits of PITO's programmes and projects and revised business aims and objectives. This plan was updated and approved every year (usually in January) by the Home Office.

Once the Home Office approved the Business Plan, the Accounting Officer delegated budgets accordingly. The total revised budget for PITO in 2006-07 was £392.8m.

Review of Performance

The table below compares PITO's financial outturn for 2006-07 with its budget:

	2006-07		Over / (Under) £m
	Budget £m	Spend £m	
Total Resource DEL	219.1	218.4	(0.7)
Total Capital DEL	173.7	142.0	(31.7)
Resource DEL + Capital DEL	392.8	360.4	(32.4)

The Resource DEL budget PITO received for 2006-07 had been reduced in January 2007 by £15m on the Airwave project which represented the savings on the project due to downstream costs associated with the slippage on the capital works for Resilience and London Underground. Additional funds were provided in the year for additional works that have been commissioned on Custody and Case.

The Capital DEL £31.7m under spend relates mainly to the rescheduling of the Airwave Ground Based Network Resilience programs and the late commencement of the London Underground Ltd (LUL) Airwave project.

PITO's Statement of Accounts for the 12 months to 31 March 2007 on page 51 shows a net expenditure for the year of £307.3m. From 2006-07 the Government Financial Reporting Manual requires that Grant in Aid is reported as financing and is credited to the Income & Expenditure Reserve. In previous years Grant in Aid was reported as income but has been restated as set out in the Accounts.

Accrued income from the police forces and the Scottish Executive totalled £40.5m and other operating income was £13.4m.

Net fixed assets employed by PITO increased by £56.8m in 2006-07, of which £53.8m was represented by acquisitions for the Airwave Communications Network, £12m for PNC facilities and equipment and £1.9m on Firearms software development.

Going Concern

The accounts of PITO are prepared on a going concern basis as there is an assumption that even during times of change, the business of a Government entity will have continuity, albeit in another body. The creation of the NPIA resulted in the dissolution of PITO and transfer of its functions and net assets to the NPIA. The activities, responsibilities and liabilities of PITO have become the responsibility of NPIA and are underwritten by the Home Office.

Future Developments

From 1 April 2007, PITO ceased to exist and its activities were brought under the NPIA, where the existing activities of PITO will be continued in line with the NPIA Business Plan.

Auditors

PITO had used internal audit services provided by the Home Office who continuously reviewed best practices (no charges were levied for these services).

Arrangements for external audits were provided under paragraph 16(5) of Schedule 8 to the Police Act 1997, which requires the Comptroller and Auditor General (National Audit Office) to examine, certify and report on the statement of accounts, and to lay copies of it together with his report before each House of Parliament.

The amount of the external audit fee for 2006-07 was £55k (2005-06: £43k). The value of non-audit work in 2006-2007 is nil.

Provision of Information to Auditors

There is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Description of principal risks and uncertainties

As described in the Statement on Internal Control, (see page 47) PITO operated a rigorous risk management framework. At the end of the financial year 2006-07 the principal risks included the following;

- Failure to secure appropriate budget may occur during the next three years thereby causing a negative impact to major delivery on all programmes.
- Delay in establishing annual budget provision for work programmes thereby causing an impact on delivery of the programmes.
- Failure to prepare, evaluate and select commercially sound and technically competent suppliers for life time solutions thereby causing ineffective delivery, delay or development of business.
- Inadequate processes for market development for supplier management may occur during the life of projects thereby causing an impact to the effectiveness and delivery of business.
- Failure to provide appropriate skilled people in a timely fashion may occur during the year thereby causing an impact to resource programmes, projects and support functions.
- Failure to recognise and manage changing strategic and user requirements and priorities may occur during the year thereby causing an adverse effect on the take-up of programmes/projects and/or a negative impact on reputation.
- Inconsistent take-up of solutions may occur during the year thereby causing an impact to the life of Police/CJA effectiveness, operability and business benefits.
- Failure to integrate Police ICT systems and linked systems may occur during the year thereby causing an impact to the life of Police/CJA effectiveness, operability and business benefits.
- Technical regulatory authority fails to impose decisions on customers may occur during the year thereby causing an impact to business.

- Lack of clarity and uncertainty regarding NPIA's functions and responsibilities during 2006-07, causing an impact on effectiveness including such items as Governance, Legal Status, HR issues, Business Continuity, timescales and programme delivery.
- Process of linking CJO systems has proved more difficult than anticipated by CJIT. There will always be a risk that differences in local police business processes and the complexity/variety of the police IT systems may be held as significant contributing factors to this problem.
- Failure to provide an appropriate infrastructure to support activities may occur during the year thereby causing an impact to ability to deliver its programmes and maintain its services.

Review of Performance measures

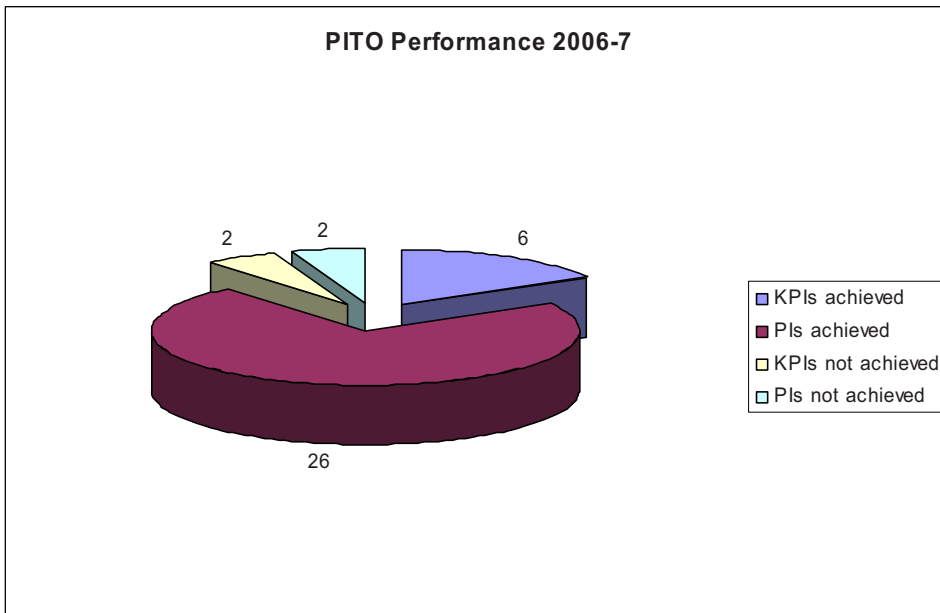
The following pages describe PITO’s performance against a series of indicators.

PITO’s Business plan for 2006-07 included eight Key Performance Indicators (KPIs) and 29 Performance Indicators (PIs). Two of the PIs were amended during the year. The responsibility for the completion of the work for one further PI was transferred from PITO to ACIST and is therefore not included.

The KPIs and PIs were calculated by assessing the current position of PITO’s programmes, projects and services and aligning future performance targets with key stakeholder requirements including those of the Home Office.

Six KPIs were achieved or exceeded whilst two (concerning the Airwave project) were missed due to external factors beyond PITO’s control.

26 of the remaining 28 PIs were completed thus overall 32 out of 36 or 89% of the performance measures were achieved within the target time. The diagram below illustrates a very successful final year in PITO’s history.



Performance against Key Performance Indicators

Measuring Performance

In judging PITO's performance, the following criteria have been used:

- Where the Performance Indicator includes a milestone, achievement to time (or not) will be reported. If the milestone is not achieved at the stated time, the reason for delay and actual date delivered (if applicable) will be reported.
- Where the Performance Indicator includes a quality or scope criteria, achievement of the stated quality (or not) will be reported. If the stated quality level is not achieved, the reason and what was actually delivered will be reported.
- Where all criteria (including time and quality criteria) are met, the Performance Indicator is reported as "**achieved**".
- Where only one attribute (time or quality) is delivered, the Performance Indicator is reported as "**not achieved**".
- Where neither time nor quality criteria are met, the Performance Indicator is reported as "**not achieved**".

Where a Performance Indicator or a Key Performance Indicator was changed in the year:

- The original Performance Indicator or Key Performance Indicator will be shown.
- The revised Performance Indicator or Key Performance Indicator will be reported.
- The authority for the change will be indicated.
- Achievement will be judged against the revised Performance Indicator using the categories defined previously.

Key Performance Indicators

Delivery of IT and Communications Systems

Delivery area and performance theme	Target	Achievement
Airwave Deliver Airwave to specialist areas	Airwave operational in 25% (30 stations) of London Underground stations by March 2007.	Not achieved Full completion of the rollout target was not achieved due to protracted contract negotiations with a number of key external suppliers over which PITO had no control. The contract was finally signed in January 2007.
Airwave Improve Airwave network resilience	To improve resilience of the ground based network of the Airwave service in 17 areas by December 2006.	Not achieved Due to contractor's problems in obtaining sites. These are being resolved and 16 rings were now in place on 31 March 2007.
National network Improve capability	To let contract with supplier of PNN3 by September 2006.	Achieved The contract was let in September 2006 and by November 2006 a PNN3 Framework agreement was in place.
Identification Improve automatic identification services	To deliver the capability to capture and store multiple fingerprint sets on IDENT1, by February 2007.	Achieved ahead of schedule The software deployment of Release 18, which includes the capability to capture and store multiple fingerprint sets, was successfully concluded by the end of September 2006 for all operational England and Wales fingerprint bureaux, the Training bureaux deployment took place during October 2006. Additionally, Scottish forces went live on IDENT1 in December 2006.

Delivery of National IT Services		
Delivery area and performance theme	Target	Achievement
<p>Operational Services Service delivery to agreed national standards</p>	<p>Deliver information services such that: PNC system availability >98.5% IDENT1 overall service score >98 ViSOR system availability >98.5%</p>	<p>Achieved</p> <ol style="list-style-type: none"> 1. PNC system availability 99.3% 2. IDENT1 overall score >98 3. ViSOR system availability 99.8%.
<p>Central Customer Technical leadership to the police service</p>	<p>To obtain endorsement by ACPO IMBA for the Police ICT Merger Guide by October 2006, to inform the Spending Round 2007 and the NPIA Forward Plan.</p>	<p>Achieved</p> <p>This document was presented to the ACPO IMBA board in June. It was well received and helped to aid the debate surrounding national police IT systems amidst a background of changing ministerial guidance regarding the amalgamation of forces. It was agreed the document would be published and circulated to all forces.</p>
Efficiency and Effectiveness		
<p>Corporate Communications Stakeholder and Customer relations</p>	<p>To deliver a measurable improvement in stakeholder and customer relations by March 2007, against baseline of 2005-06.</p>	<p>Achieved</p> <p>PITO's final stakeholder survey included their evaluation of corporate communication channels.</p>
<p>Manage change with the NPIA</p>	<p>To agree and deliver plans for the transition of staff resources and functions with the advent of the NPIA, against timescales and headcount targets.</p>	<p>Achieved</p> <p>A local implementation team was established which met all required milestones on the NPIA programme plan.</p>

What We Delivered in 2006-07

In our 2006-07 Business Plan, we set out detailed measures and the performance levels we would achieve. Delivery against those performance criteria are set out below.

REQUIREMENT PROVISION

1. Deliver the Police Service Capability Strategy and Prioritised Plan for 2007-08 by October 2006 (subject to the requirements of the NPIA).

Transferred. The ownership of the police service capability strategy and plan was transferred to ACIST.

ACQUISITION MANAGEMENT AND DELIVERY

Airwave

2. To improve the resilience of the Airwave service through the commissioning of six fallback switches by March 2007.

Achieved ahead of time. The sixth and final fallback switch entered service in February 2007.

3. To complete the installation of Airwave Generation 2 terminals in all police aircraft by November 2006.

Achieved All Generation 2 terminals installed.

4. To demonstrate improved performance and increased efficiency from the effective use of Airwave in the police forces of England, Wales and Scotland by March 2007.

Achieved. Feedback from Airwave business change workshops has been positive with several practical examples of increased efficiency and effectiveness.

5. To demonstrate a measurable increase in the utilisation of the Airwave access to the Police National Computer (PNC) and the Scottish Criminal Records Office (SCRO) by October 2006.

Not Achieved. In the last year a significant effort has been invested in increasing utilisation following the connection of the bearer service to the databases. Some officers consider that handsets are not user-friendly for PNC/SCRO access as they override the voice service. With separate Airwave-compatible PDAs now available, direct access to PNC/SCRO is likely to improve.

6. To provide mobile solutions that deliver enhanced efficiency savings and greater effectiveness from police staff by December 2006.

Achieved British Transport Police now have 240 operational users with a target of 400 users by July 2007. Reports reflect an increase in performance and better quality information that is timely and accountable.

Identification

7. To develop national databases of volunteer and suspect images for use in compiling standard Viper and Promat video identification parades by March 2007.

Achieved. Image standards for the National Video Identification (Parades) service have been established. The consultation process is continuing and further work is being undertaken to investigate the convergence of current systems to the established image standards.

8. Conduct a review of changes to the Identification roadmap by October 2006.

Achieved. The outcome of the review of changes required to the Identification Roadmap was presented to the Identification Programme Board in October. The Board approved the findings of the review and the Roadmap has been updated by production of an annexe covering developments.

9. To prepare an outline business case for a national collection of facial images (the FIND project) of persons by September 2006.

Achieved ahead of time. Business case completed in July 2006.

10. Deliver a pilot mobile fingerprint identification capability by January 2007.

Achieved. Results indicate that the devices are delivering the expected business benefits and the hit rate remains around 40% (i.e. 40% of people checked are on the national fingerprint collection). This high hit rate reflects the environment in which the devices are being used - proactive, intelligence-led policing.

SERVICE SUPPLY

11. A total of 28 Police forces to be live with NSPIS Case Preparation and 26 Police Forces live with NSPIS Custody by end of December 2006.

Not Achieved. 25 forces were live with Case Preparation and 21 forces were live with Custody.

12. In support of the 10 Step Approach, deliver the Lanner Tool by March 2007 to those Forces who wish to use the tool. (note the previous PI stated to complete baseline business benefits assessments in all NSPIS forces by May 2006 and was revised by the Programme Board and Steering Group during the year)

Achieved

13. To develop a model by March 2007 for transformation (business change) services that can be adopted by all Forces implementing Custody & Case Preparation Systems. (note the previous PI stated to complete force CuCP benefits realisation plans in all forces by May 2006 and was revised by the Programme Board and Steering Group during the year)

Achieved.

14. To ensure Schengen is ready for service within the project timescale agreed with the Home Office Programme Office.

Achieved. Capacity plans and business system options papers have been issued.

15. To ensure NFLMS is rolled out to all forces by March 2007.

Achieved. NFLMS has been successfully rolled out to all 43 forces.

INTEGRATION AND TECHNICAL AUTHORITY

16. To complete review of the Community Security Policy compliance submissions of at least six Forces by March 2007.

Achieved. The final report was signed off by the acting chair of the Police Information Assurance Board.

17. To publish at least one CorDM CorXML release by March 2007 (content to be confirmed by the ISSIAB).

Achieved ahead of time.

18. To complete laboratory testing of a Proof of Concept Constrained Value Management System (CVMS) that delivers capability for business owners of CV tables to maintain their own tables by September 2006.

Achieved.

19. To publish Version 2 of PREP (Requirements Engineering – update of Requirements Capture and addition of Requirements Management) by end December 2006.

Achieved

SUPPORT SERVICES

Corporate Communications

20. To deliver effective communication in a timely manner to staff, on all aspects of the transition to the NPIA.

Achieved. Results from staff survey showed increased awareness of PITO staff in transition process to NPIA and the roles of staff engaged in leading the process.

Corporate Services

21. To agree a change management plan to the NPIA by October 2006.

Achieved. A 'baselined' project plan was submitted to, and accepted by, the NPIA in October.

22. To implement a change management plan to the NPIA by March 2007.

Achieved. All milestones were met to time and budget.

23. To lead the PITO programme to achieve ISO 9001 certification by July 2006.

Achieved ahead of time ISO 9001 and TickIT certification achieved on the 15 June 2006

24. To complete the final part of the Efficiency Plan (15% reduction in three years) by delivering a reduction of 3% by March 2007.

Achieved ahead of time. The final part of the efficiency saving was completed in December 2006.

Commercial

25. To support negotiation and award of contracts for the extension of the existing Airwave contract to cover the London Underground and for PNN3, by March 2007.

Achieved ahead of time. The contracts were completed and signed on 30 January 2007.

26. To support negotiation and award of frameworks for helicopter and fixed wing aircraft on behalf of forces by March 2007.

Achieved.

Finance and legal

27. To aim to achieve a payment performance of 100% within payment terms but to achieve a payment performance in excess of 96%.

Achieved.

28. To receive an unqualified audit opinion.

Achieved. The annual accounts for the year 2005-06 received an unqualified audit opinion.

29. The annual accounts to be available by the end of June 2006 for inclusion in the Annual Report.

Achieved. The annual accounts were published as part of the 2005-06 annual report.

Improving the Environment and our Greening Policy

PITO actively supported improvement in the environment through a greening policy, first introduced in 1999. Some of the measures taken recently include the following:

- Commenced installation of modern energy efficient water cooling at Hendon Data Centre
- Reduced the amount of paper we use by 12% and continued to recycle waste white paper
- PNC reduced its print output to forces by 3.5 million pages in the last 18 months. This was achieved by customising delivery and improvements to batch processing jobs to eradicate waste
- Continuing to recycle printer toner cartridges and replace any printers, copiers with environmentally friendly duplex printing equipment
- Completion of the replacement of CRT monitors with TFT screens which comply with the TCO 99 standard, and therefore reduce energy usage
- Continuing to encourage all members of the workforce to use public transport for business travel
- Encouraging and persuading suppliers to operate and supply environmentally friendly, policies/products and educating them on the organisation's sustainable objectives

Promoting Racial Equality and Diversity

The Race Relations (Amendment) Act 2000 places a general duty on PITO and other public authorities to:

- Promote racial equality
- Work towards the elimination of unlawful discrimination
- Promote equality of opportunity and good race relations between people of different racial groups

PITO achieved this through its Equality and Diversity Action Programme – a three-year action plan to address the requirements of the Act. In 2006-07, action taken included:

- An annual workforce review of ethnicity, gender, disability and work patterns
- An equal pay audit
- Staff awareness of responsibilities under the Act (e.g. through internal newsletters, staff notices, the annual staff survey and equality training).

PITO continued to implement equality requirements in the light of the Race Relations (Amendment) Act 2000.

PITO as an Organisation

Status

PITO, the Police Information Technology Organisation, provided information technology and communications systems and services to the police and other criminal justice organisations within the United Kingdom.

PITO was a non-departmental public body (NDPB) initially established by Part IV of the Police Act 1997. Governance of PITO was exercised through that Act, subsequent statutory instruments and the Police Reform Act 2002. PITO acquired its statutory status on 1 April 1998. The duties and powers of PITO were vested in the tripartite PITO Board.

The organisation was a body corporate with a remit which included England, Wales and Scotland. The Home Office was its sponsor department. PITO operated within a policy framework established by Ministers through a Management and Financial Statement, published corporate business plans and through guidance on the operation of NDPBs formally issued to it by its sponsor department or other government departments.

PITO ceased to exist on 31 March 2007 and was replaced by the National Policing Improvement Agency with effect from 1 April 2007. The National Policing Improvement Agency has taken ownership of all of PITO's functions, assets and liabilities from that date at book value, and it is on this understanding that the accounts have been prepared on a going concern basis.

Purpose

The purpose of PITO was to support the UK police and other criminal justice organisations in reducing crime and the fear of crime, improving the administration of justice and diminishing the social and economic consequences of crime. PITO provided that support through the provision of information and communication technology, either directly or through contracts with suppliers.

In keeping with that overall aim, the Government set the following as key objectives for PITO:

- To determine, in partnership with the police service, their corporate requirements for information and communications systems, including how to interface effectively with the public and other criminal justice organisations, and to exploit developing technologies to meet those requirements.
- To develop, procure and manage delivery of national information technology and communications systems in support of effective policing.
- To maintain a strategic approach to local information technology systems, by co-ordinating their development and delivery where common standards and systems are needed in the interests of effective policing.
- To facilitate the achievement of maximum value for money across police use of information and communications systems and to enhance value for money generally across policing by providing an overall procurement, contract management and advisory service.
- In addition, as necessary, to advise Ministers on the exercise of their powers to regulate the use by police forces of information technology equipment or systems.

Vision

PITO's vision was to be a trusted and valued partner in the delivery and operation of information and communication solutions to meet the needs of the police service and its partners and stakeholders.

PITO Board Membership

Members	Term served
Mr Chris Earnshaw Chairman	8 March 2004 – 31 March 2007
Miss Ailsa Beaton Director of Information, Metropolitan Police Service	17 July 2000 – 31 March 2007
Dr Louise Bennett Independent Board Member	10 June 2002 – 31 March 2007
Mr Alan Brown Assistant Commissioner	1 November 2005 – 22 September 2006
Mr Peter Holland Association of Police Authorities	6 October 1997 – 31 March 2007
Mr Phillip Jacobs Director, Central Customer	24 May 2004 – 1 November 2006
Mr Stephen Long DCC Wiltshire Constabulary	1 December 2005– 31 March 2007
Mr Colin Miller Scottish Executive	1 July 2006 – 31 March 2007
Dr Claire Monaghan Scottish Executive	19 July 2004 – 17 April 2006
Mr James Munro Police Information Communication and Technology Directorate, Home Office	26 June 2006 – 31 March 2007
Mr Peter Neyroud NPIA Chief Executive designate, Home Office	1 July 2006 – 31 March 2007
Mr Barrie Patman Association of Police Authorities	1 September 2004 – 31 March 2007
Mr Alan Peirce Association of Police Authorities	15 March 2004 – 31 March 2007
Cllr Gurudeo Saluja Convention of Scottish Local Authorities	1 April 2002 – 31 March 2007
Mr Mike Somerville Independent Board Member	1 November 2005 – 31 March 2007
Mr Roy Toner Police Service of Northern Ireland	1 May 2003 – 31 March 2007

Members	Term served
Mr Phillip Webb PITO, Chief Executive	24 May 2004 – 31 March 2007
Mr Peter Wilson Chief Constable, Fife Constabulary	1 September 2001 – 31 March 2007

PITO Board Members, Biographical Notes

Mr Chris Earnshaw, Chairman

Chris Earnshaw was appointed as the chairman of PITO in March 2004. He is Managing Director of Oakleigh Ventures Ltd and serves as an advisor to several private equity groups in the technology sector. He is a non-executive director of OnRelay Ltd. He has held a number of senior executive positions in the telecoms industry, most recently with British Telecom where he was a member of the Executive Committee. In his time with BT, Mr Earnshaw was Group Engineering Director from 1999 to 2002 and Managing Director of Networks and Systems for four years prior to that. In the latter role he had responsibility for BT's UK and global networks and service, IT design and operation and R&D. Mr Earnshaw is a Fellow of the Royal Academy of Engineering and Vice President of the Institution of Engineering and Technology. In 2001 he was awarded the (US) Institute of Electrical and Electronic Engineering Ernst Weber Award for industry leadership. He served on the UK Engineering and Technology Board as an independent industry director (2002-2005).

Miss Ailsa Beaton

Ailsa Beaton represents ACPO's Information Management Business Area on the PITO Board. She has, for the last four years, held the post of Director of Information for the Metropolitan Police Service where she is responsible for information, computing, technology and call handling. Prior to joining the MPS, Miss Beaton held management positions in a number of large international organisations including Group IS/IT Director for ICL, Senior Partner for PA Consulting Group and several sales management posts for General Electric (USA). Her early career, after graduation, was in accountancy. Miss Beaton is a Chartered Engineer, a Fellow of the British Computer Society and a Chartered IT Professional.

Dr Louise Bennett

Dr Louise Bennett was appointed to the PITO Board as an Independent Board Member in June 2002. The initial three year appointment was extended in 2005. She is a director of a risk management and corporate governance consultancy, which she started after leaving Logica in 1997. In Logica she was the Director responsible for Government work, consulting and research. Prior to that she worked as Technical Director in Thorn Security and Electronics. Her early career was principally spent working for the MOD as a scientist. She has advised the MOD in their research programme for the last 15 years.

Mr Alan Brown

Mr Alan Brown has 30 years service and joined the Metropolitan Police Service as a cadet in 1974. He was promoted sergeant after four years and served in every rank in CID up to and including Detective Superintendent. He also had uniform experience as an Inspector for just over a year. He was promoted to Chief Superintendent in 1997 taking over command of Brompton division for 18 months.

In November 1999 he was promoted to Commander in specialist operations where he served for a short time before being appointed as Commander in the serious crime group. On 9 June 2003, he was appointed to his current position DAC specialist projects (Deputy to Assistant Commissioner, specialist crime).

Mr Peter Holland

Peter Holland CBE DL is Chairman of the NPIA board. He was, until this year, the elected Vice Chairman of the Association of Police Authorities, leading on IT matters, and is now an honorary Vice President. A journalist by profession, he was at Reuters for 23 years, starting out as a financial journalist before joining Reuters management. He was also on the board of Centrex and was Chairman of Hertfordshire Police Authority until 2003. In 2001 he was appointed an independent council member of the Telecommunications Ombudsman Service and subsequently elected Chairman. He is now Chairman of the Ombudsman Service Limited (TOSL) which operates ombudsman services for telecommunications, energy and surveyors. In 2002 he was appointed Chairman of Herts in Trust, a charity working to support safer communities and lower crime rates in Hertfordshire; and in 2005 appointed to the Board of St John Ambulance. He was appointed a Deputy Lord Lieutenant of Hertfordshire in 2000 and awarded the CBE for services to policing in 2005.

Mr Philip Jacobs

Phillip Jacobs took up the newly created role of Deputy Chief Constable, Director of Central Customer in May 2003 and joined the board of PITO in 2004. The directorate was set up as a body of central expertise to identify and prioritise the police services' information and communications technology requirements, which PITO would then deliver, and to secure commitment to an integrated approach from chief officers. Mr Jacobs, a police officer for 32 years, spent the first 23 years with the Metropolitan Police and the next six in Surrey. He then moved to Hampshire Constabulary where his most recent post was Assistant Chief Constable (Operations). He has a first class honours degree in law from King's College, London, and Cambridge University diplomas in supervisory management and criminology. He is a fellow of the Institute of Public Sector Management and a fellow of the Chartered Institute of Management.

Mr Stephen Long

Stephen Long joined Leicestershire Constabulary in 1978 and served in a variety of operational posts to Chief Inspector. In 1990 he transferred to the Suffolk Constabulary, as sub-Divisional Commander at Bury St Edmunds. He carried out a number of roles including; Area Commander of the Eastern area and head of Operations Department. In 2000 he joined Wiltshire Constabulary as Assistant Chief Constable Operations and in 2003 was promoted to Deputy Chief Constable. His current portfolio includes Reform & Development, Professional Standards, Criminal Justice, Vulnerability and Diversity and Corporate Development. Mr Long has responsibility for the implementation of a National video identification service and the establishment of a national database of facial images. He is the ACPO lead for Science and Technology.

Mr Colin Miller

Colin Miller has spent 23 years as a civil servant in the Home Office, Scottish Office and Scottish Executive. During that time he has worked on the development of policy and legislation on various aspects of the criminal justice system in both Scotland and England and Wales as well as strategic planning and performance management in the Prison Service, immigration policy and a spell as Private Secretary to the Home Secretary.

From 2002 – 2005 Colin was Head of the Scottish Executive's Constitution Unit, which involved planning and managing the Executive's legislative programme and advising on issues relating to the Scotland Act and the devolution settlement. Colin has been working on the establishment of a new Scottish Police Services Authority which will provide a range of support services to Scottish police forces on a national basis.

Dr Claire Monaghan

Dr Claire Monaghan spent ten years undertaking research and consultancy on resource equalisation and public sector efficiency, she joined the Scottish Executive in 1999 concentrating on local government finance and modernisation post-devolution. She then joined the Justice Department and spent two years as head of family law policy and legislation including the law on

physical punishment of children, the legal rights of transsexuals, civil partnerships for same sex couples, and preparations for reforming Scots family law. Dr Monaghan was then appointed Head of Police Division 2 with the responsibility for the sponsorship and review of common police services, forensics and fingerprints, disclosure issues including Bichard, community safety and crime reduction, violence reduction, and regulation of the private security industry.

Mr James Munro

Jim Munro joined the Home Office in 1971 as an Immigration Officer in Southampton. He remained in the United Kingdom Immigration Service until 2002, latterly as the senior manager for Dover, Waterloo and Stansted Airport where he was responsible for the introduction of the Civil Penalty on lorry drivers carrying illegal entrants to the UK, and for the establishment of 'juxtaposed' border controls in Paris, Brussels and Prague. He took up post in PITO's Sponsor Unit in the Home Office in 2002, with particular responsibility for governance, planning and performance. He became Head of Unit in 2006. He also represents the Home Office as 100% Shareholder of the Forensic Science Service Ltd, a Government owned company (GovCo).

Mr Peter Neyroud

Chief Constable Peter Neyroud is the Chief Executive of the NPIA. He was Chief Constable of Thames Valley from 2002 until 2006 and is Vice-President of ACPO with responsibility for the NPIA and the reform of ACPO. He has an Honours Degree in Modern History from Oriel College, Oxford University, an MSc in Professional Studies (Crime and Policing) and diplomas in Applied Criminology and Business Excellence. A police officer since joining Hampshire Constabulary in 1980, Peter Neyroud rose through the ranks there to become Detective Superintendent with responsibility for intelligence, covert operations and drug strategy. He was appointed Assistant Chief Constable of West Mercia Constabulary in 1998, reached Deputy Chief Constable two years later and was awarded the Queen's Police Medal for Services to Police in 2004.

Mr Barrie Patman

Barrie Patman has been involved with the police service since 1997 as a member of Thames Valley Police Authority. He has served as Vice-Chairman of the Authority and Chairman of the ICT sub-committee. He has had extensive experience in ICT starting with British Airways where he was involved in setting up the world's first commercial packet switching network. He moved on to BOC where he was consultant on computer standards. As an active member of the British Computer Society he helped to found the Operations Management specialist group. His later career has included a broad range of management positions in the Oracle Corporation and Cable and Wireless. Mr Patman has various roles for the Association of Police Authorities and is Deputy Mayor of his Local Authority.

Mr Alan Peirce

Alan Peirce was appointed Vice-Chairman of Surrey Police Authority in June 2003 after serving for six years as Chairman. He has served on the authority since it was created in 1994. Mr Peirce has a keen interest in policing issues, at a local and national level and is an active member of the Association of Police Authorities. He is a professional engineer and holds a post as senior lecturer at Brunel University. He is also a Surrey County Councillor for Lightwater.

Cllr Gurudeo Saluja

Dr Gurudeo Singh Saluja is an Aberdeenshire Councillor and Convener (Chairman) of the Grampian Joint Police Board. He is a member of the Scottish Airwave Programme Board and Common Police Services Programme Board. He is a former chairman of the Grampian Racial Equality Council. Gurudeo was born in India and educated in India, Canada and the UK. He was awarded an OBE in 2005 for services to community relations in Scotland.

Mr Michael Somerville

Mike Somerville joined PITO as an independent Board member in November 2005. He previously held a number of senior executive positions over a period of ten years with Barclays Bank, including most recently the role of Head of Technology for the Barclays private banking, wealth management and international banking businesses. He also held leadership roles in Barclays Investment Bank (Barclays Capital) firstly in developing the IT strategy and global operating models and secondly in the formulation and foundation of new eCommerce businesses. Over these periods he led and oversaw a period of major technology transformation and restructuring centred on the delivery of global platforms and selective outsourcing. Prior to Barclays Mike had global responsibility for Treasury and Finance systems for Midland Bank / HSBC. He also established a small start-up financial database business within the Thomson publishing organisation. His early years in technology were spent as a consultant with Accenture (the Andersen Consulting), mainly working in the manufacturing and insurance sectors on bespoke systems design and implementation programmes. Mr Somerville is a Physics graduate and he qualified as a chartered accountant and worked for two years in France before moving into the newly-emerging technology disciplines in 1979.

Mr Roy Toner

Roy Toner joined the Royal Ulster Constabulary in June 1981 and has worked in a variety of operational roles. In 1998 he moved to Her Majesty's Inspector of Constabulary (HMIC) as a staff officer, and then worked with a multi-disciplinary Foreign and Commonwealth team delivering training on community policing for ethnic minority communities in Eastern Europe. Mr Toner returned to the Police Service of Northern Ireland in 2000 and worked as a uniform operational commander then as a District Commander before the Northern Ireland Policing Board appointed him to the rank of Assistant Chief Constable. Mr Toner is responsible for Corporate Development & Change Management for the Police Service of Northern Ireland.

Mr Phillip Webb

Phillip Webb has been Chief Executive of PITO since October 2001. Prior to joining the organisation, he was the Chief Information Officer with the Defence Evaluation and Research Agency (DERA) and subsequently QinetiQ on privatisation. An experienced board level executive and strategic planner with a track record of delivering major programmes. His career has covered the fields of electrical, electronic and nuclear engineering before moving into the computer science discipline. He maintains a wide circle of contacts in industry, academia, defence and law enforcement circles. Mr Webb's engineering career began in 1967 at the Royal Naval College, Greenwich, where, after graduating, he held both scientific research and teaching posts. He later developed a wealth of high-level experience in ICT issues with organisations, including the Admiralty Research Establishment, the Defence Research Agency (DRA) and even a spell as Senior Scientist with the Admiralty's Applied Psychology Unit. He took up the post of Director of Information Systems for DRA in 1991 and assumed the wider responsibilities of Chief Information Officer with the formation of DERA in 1995. The rapid growth in technology, market testing, outsourcing and the exploitation of e-business formed the backdrop to his task of developing DERA's role in the knowledge economy and the build up to its privatisation in July 2001. Mr Webb has published and presented extensively on ICT and Knowledge Management and represents PITO on numerous national and international committees. He is Chairman of the Board of the University of Portsmouth and maintains a keen interest in scientific research.

Mr Peter Wilson

Peter Wilson joined Edinburgh City Police in 1973 and served throughout the City of Edinburgh and widely within the enlarged Lothian and Border Police. He graduated in law at the University of Edinburgh in 1983. A large part of his service was spent in CID both in operational duties in Division and as Head of the Force Fraud Squad. In 1988 he was officer in charge of the HOLMES incident room in the Lockerbie Incident Control Centre. In 1993 he was seconded to Her Majesty's Inspectorate of Constabulary in the rank of Chief Superintendent before returning to Lothian and Borders Police as Detective Chief Superintendent in 1995. In July 1997 he took up duty as ACC of Grampian Police with responsibility for operational matters. In January 1999 he was appointed Deputy Chief Constable and was awarded the QPM in June 1999. In January 2001 Mr Wilson was seconded to HM Inspectorate of Constabulary once more, on this occasion as Assistant Inspector. In April 2001 he took up his current post as Chief Constable of Fife Constabulary.

Board Members' disclosures

The Board Members' and Senior Management Team's disclosures of other interests are publicly available and may be obtained in writing from the Board Secretary.

Peter Neyroud
Chief Executive and Accounting Officer
National Policing Improvement Agency
and
Accounting Officer
Police Information Technology Organisation

10 July 2008

Remuneration report

Remuneration policy

PITO's Remuneration Policy for its CEO and Directors was overseen by PITO's HR unit and the Remuneration Sub-Committee of the PITO Board. The Committee comprised of Mike Somerville, Louise Bennett and Chris Earnshaw. In considering and agreeing recommendations, the Committee had regard to:-

- rewarding staff competitively with other organisations, to motivate and retain its qualified and suitably skilled people
- meeting its obligations under equal pay and other employment legislation consistently
- rewarding staff within PITO's available resources.

Service Contracts

Civil Service appointments were 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. PITO followed these principles and related employment legislation.

Appointment of Directors

Directors were appointed through open and fair competition for either a fixed term or open contract depending upon the needs of the Organisation.

Salaries, emoluments and pension entitlements of the senior management team (audited) as at 31 March 2007

	Column 1 Salary, including performance pay 2006-07	Column 2 Salary, including performance pay 2005-06	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31/3/07 and related lump sum	Column 5 CETV at 31/3/06	Column 6 CETV at 31/3/07	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (Pension Scheme)
	(£k)	(£k)	(£k)	(£k)	(nearest £k)	(nearest £k)	(nearest £k)
P Webb** (Chief Executive)	165 – 170	125 - 130	.5 – 1.0 plus 2 – 2.5 lump sum	50 – 55 plus 160 – 165 lump sum	1,229	1,306	17 (Classic)
J Ellis (Left 11/2/07) Director of Corporate Services	85- 90	85 - 90	1.5 -2.5 plus 3.5 – 5.5 lump sum	15 – 20 plus 45 – 50 lump sum	352	376	24 (Classic)
M Wooldridge* (Left – 31/3/07) Director of Communicat ions	115 – 120	75 – 80	0 - 2.5 plus .5 –1.0 lump sum	30 – 35 plus 100 – 105 lump sum	676	703	3 (Classic)
J Morris (left 30/6/06)	20 – 25	70 - 75	0 – 2.5 plus .5 –1.0 lump sum	5 – 10 plus 20 – 25 lump sum	128	123	5 (Classic)
F Preston (left 2/6/06)	10 – 15	70 – 75	0 – 2.5 plus .5 – 1.0 lump sum	25 – 30 plus 85 – 90 lump sum	603	589	5 (Classic)
S Thurlow	80 –85	70 - 75	0 – 2.5 plus nil lump sum	10 – 15 plus 15 – 20 lump sum	194	216	13 (Classic Plus)
P Dare* (Left 31/3/07) Finance Director	120-125	70 – 75	0 – 2.5 plus .5 – 1.0 lump sum	35 – 40 plus 105 – 110 lump sum	758	791	6 (Classic)
T McArthur (left 1/10/06)	45-50	70 – 75	0 – 2.5 plus NIL lump sum	5 – 10 plus NIL lump sum	106	128	12 (Premium)

	Column 1 Salary, including performance pay 2006-07	Column 2 Salary, including performance pay 2005-06	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31/3/07 and related lump sum	Column 5 CETV at 31/3//06	Column 6 CETV at 31/3/07	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors (Pension Scheme)
	(£k)	(£k)	(£k)	(£k)	(nearest £k)	(nearest £k)	(nearest £k)
C Patton (Temp reassignment from 5/6/06)	65-70	-	0 – 2.5 plus NIL lump sum	25 – 30 plus NIL lump sum	372	385	1 (Premium)
K Wissgott (Temp reassignment from 1/10/06)	35-40	-	0 – 2.5 plus .5 – 1.0 lump sum	20 – 25 plus 65 - 70 lump sum	367	381	4 (Classic)
J Neil (Temp reassignment- from 1/10/06) Director of Operations	45-50	-	0 – 2.5 plus 1.0- 1.5 lump sum	20 – 25 plus 70-75 lump sum	397	412	7 (Classic)

None of the senior management team received benefits in kind nor are any of them members of the Partnership pension scheme.

* P Webb, P Dare and M Wooldridge received early severance packages under the terms of the Civil Service Compensation Scheme.

** P Webb received bonuses totalling £25,000 in addition to his salary in relation to the year to 31 March 2007.

Chairman and PITO Board Members

	Column 1 Salary,including performance pay 2006-07	Column 2 Salary, including performance pay 2005-06
	(£k)	(£k)
Chris Earnshaw (Chairman) (2 days a week)	95 -100	70 - 75

PITO has not entered into any pension arrangements with the Principal Civil Service Pension Scheme in respect of the Chairman.

One independent member received a daily fee of £681.67 and another £409 for the first 11 meeting appearances and thereafter £400. All other Police Authority representatives were paid a daily fee of £400.

All Board members were part-time and therefore their posts were not pensionable.

Salary

“Salary” includes gross salary paid during directorship; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

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

Pension

Columns 5 & 6 of the above table show the member’s cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period.

Column 7 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figures for 31 March 2006 have been restated using the new factors so that it is calculated on the same basis as the CETV figures for 31 March 2007.

Pension Liabilities

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but PITO is unable to identify its share of the underlying assets and liabilities. The scheme's actuary valued the scheme as at 31 of March 2007. The schemes actuary reviews employer contributions every four years.

From 1 October 2002, employees may be in one of three statutory based 'final salary' defined benefit schemes – Classic, Premium and Classic Plus. New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution – Partnership Pension account.

(i) Classic Scheme

Benefits accrue at the rate of $1/80^{\text{th}}$ of pensionable salary for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the member's pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(ii) Premium Scheme

Benefits accrue at the rate of $1/60^{\text{th}}$ of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum, up to a maximum of $3/80^{\text{ths}}$ of final pensionable earnings, for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). Members pay contributions of 3.5% of pensionable earnings. On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

(iii) Classic Plus Scheme

This is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Pensions payable under Classic, Premium and Classic Plus are increased in line with the Retail Prices Index.

(iv) Partnership Pension Account

This is a stakeholder type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on age of the member) into a stakeholder pension product. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

(v) Police Officers

Seconded police officers are members of the pension schemes managed by their associated police forces.

For 2006-07, employer's contributions of £4,087,000 including the Chief Executive and Directors were payable at one of four rates in the range 12.0 to 18.5 per cent of pensionable pay, based on salary bands. In 2005-06 employer's contributions were £3,839,255 including the Chief Executive and Directors. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Peter Neyroud
Chief Executive and Accounting Officer
National Policing Improvement Agency
and
Accounting Officer
Police Information Technology Organisation

10 July 2008

STATEMENT OF PITO'S AND THE ACCOUNTING OFFICER'S RESPONSIBILITIES

PITO's RESPONSIBILITIES

Under Paragraphs 16 and 17 of Schedule 8 to the Police Act 1997, PITO was required to prepare annually its report and statement of accounts in the form and on the basis determined by the Secretary of State for the Home Department, with the consent of the Treasury. The accounts were prepared on an accruals basis and had to give a true and fair view of PITO's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts PITO was required to:

- observe the accounts direction issued by the Secretary of State with the approval of the 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 have been followed in accordance with the *Government Financial Reporting Manual* and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that PITO will continue in operation. As directed in the Police and Justice Act 2006, PITO ceased to exist on 31 March 2007 and was replaced by the National Policing Improvement Agency with effect from 1 April 2007. The National Policing Improvement Agency has taken ownership of all of PITO's functions, assets and liabilities from that date at book value, and it is on this understanding that the accounts have been prepared on a going concern basis.

The Secretary of State appointed the Chief Executive of PITO as the Accounting Officer until PITO ceased to exist on 31 March 2007. With effect from 1 April 2007 the Accounting Officer for the Home Office appointed the Chief Executive of the NPIA as the Accounting Officer for PITO until all close down responsibilities are completed. Their relevant responsibilities as Accounting Officer, including their responsibilities for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in *Managing Public Money*.

Peter Neyroud
Chief Executive and Accounting Officer
National Policing Improvement Agency
and
Accounting Officer
Police Information Technology Organisation

10 July 2008

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

From 1 April 2007 the Police Information Technology Organisation (PITO) has been replaced by the National Policing Improvement Agency (NPIA) which has become responsible for all of PITO's functions, assets and liabilities. The NPIA has developed its own system of internal control based in some part on the PITO system and on those of the other precursor organisations. I was appointed Accounting Officer for PITO with effect from 1 April 2007 to complete the final close down responsibilities.

As Accounting Officer, my predecessor had responsibility for maintaining a sound system of internal control that supported the achievement of PITO's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I have now become personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

My predecessor reported monthly to both PITO Board meetings and the Minister on progress towards meeting PITO's objectives as laid out in the annual business plan.

Risks to the achievement of PITO's objectives were also discussed in my predecessor's monthly reports, along with the action taken to manage these risks.

Issues of significance would be discussed personally with the Minister at regular bilateral meetings, or communicated by letter.

Further assurance was provided to the Minister as matters pertaining to PITO performance were discussed monthly with officials of the Home Office.

My predecessor also reported regularly on financial, auditing, human resource and planning policies and actions to relevant PITO Board sub committees following exploration of these issues with PITO Directors and formal and regular executive meetings.

2. The purpose of the system of internal control

The system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of PITO's 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 was in place in PITO for the period ended 31 March 2007 and accorded with HM Treasury guidance.

3. Capacity to handle risk

My predecessor chaired risk management workshops on a quarterly basis which were attended by executive managers and their representatives. These risks were collectively owned by all executive managers, although named individuals took the lead on managing identified risks to PITO as an organisation. Decisions made at the workshop were ratified by the executive and subsequently endorsed by the Audit Sub-Committee.

As a delivery organisation, project managers and their support staff undertook formal PRINCE2 training, the UK Government standard for IT project management. In addition, PITO adopted Office of Government Commerce guidelines on a range of policies and procedures relating to good practice in project and programme management. These embraced the proper management of risk. PITO had a dedicated internal project and programme management capability.

4. The risk and control framework

PITO developed a risk management framework that outlined how its risks were identified, managed and monitored. Executive managers identified risks that posed a threat to PITO as an organisation. Risks were assessed in terms of probability and impact, against objective criteria. These objective criteria were used to define PITO's risk appetite, the level to which PITO was prepared to tolerate risk. Risks were monitored using a computerised database and presented in a corporate risk

register. The register was discussed at the quarterly workshops. Decisions taken at these workshops included whether the current probability and impact ratings were correct, whether management actions were appropriate and sufficient and whether any new risks had been identified and should be added to the corporate risk register. The results of the workshop were reported formally to executive management and the Audit Sub-Committee following each workshop. Project managers identified, assessed and managed project risks according to PRINCE2 methodology. The executive provided the link between project risks and those that might have impacted across the organisation.

5. Review of effectiveness

As Accounting Officer, my predecessor had responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control was informed by the work of the internal auditors and the executive managers within PITO who had 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 by my predecessor on the implications of the result of the review of the effectiveness of the system of internal control by the Board and the Audit Sub-Committee.

Each year my predecessor developed an internal audit plan for assessing the PITO system of internal control which was balanced and took account of past audits and perceived priorities. The results of those audits included an opinion on the effectiveness of controls and weaknesses which should be addressed. Planned audits were intended to range across the full spectrum of PITO systems. The results of audits were discussed with my predecessor, shared with the relevant executive managers and the PITO Audit Sub-Committee and submitted to the PITO Board. In addition, where it came to the attention of my predecessor that an issue might merit additional review outside this cycle, they commissioned an audit in a specific area, in conjunction with the PITO Audit Sub-Committee.

6. Significant internal control problems

In December 2005 a major explosion and fire at the Buncefield fuel depot at Hemel Hempstead resulted in the damage beyond repair of the Operational Services Directorate Disaster Recovery facility, which was housed in third party premises close by. This created a significant increase of risk in PITO's ability to provide services to forces in the event of an outage at our main Hendon Data Centre site. A project team was assembled in order to establish a permanent replacement disaster recovery site and this was brought into use during 2006-07.

There were no other significant internal control problems during the period ended 31 March 2007. I am taking the outstanding PITO audit actions into NPIA to ensure that they are brought to a satisfactory conclusion.

Peter Neyroud
Chief Executive and Accounting Officer
National Policing Improvement Agency
and
Accounting Officer
Police Information Technology Organisation

10 July 2008

POLICE INFORMATION TECHNOLOGY ORGANISATION (PITO)

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of PITO for the year ended 31 March 2007 under Schedule 8 of the Police Act 1997. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses 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 PITO, Accounting Officer and auditor

PITO and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with Schedule 8 of the Police Act 1997 and directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of PITO's and the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with *International Standards on Auditing (UK and Ireland)*.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Schedule 8 of the Police Act 1997 and directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if PITO has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects PITO's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of PITO's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Forewords and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with *International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board*. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by PITO and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to PITO's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from

material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with Schedule 8 of the Police Act 1997 and directions made thereunder by the Secretary of State, of the state PITO's affairs as at 31 March 2007 and of its net expenditure for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with Schedule 8 of the Police Act 1997 and directions made thereunder; and
- information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

T J Burr

Comptroller and Auditor General

National Audit Office

151 Buckingham Palace Road

Victoria

London

SW1W 9SS

16 July 2008

Police Information Technology Organisation

Statement of Accounts

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

		12 months to 31 March 2007	Restated 12 months to 31 March 2006
	Note	£000	£000
Income			
Income from Operating Activities	2	40,461	40,535
Fee Income	3	3,165	2,009
Other Income	3	10,213	4,895
Total Operating Income from Continuing Operations		53,839	47,439
Expenditure			
Salaries and Wages	5	(37,425)	(32,526)
Other Operating Costs	6	(312,738)	(296,247)
Depreciation	7 & 8	(7,986)	(8,297)
Notional Cost of Capital		(2,997)	(1,151)
Net Expenditure before appropriations		(307,307)	(290,782)
Notional Cost of Capital Reversal		2,997	1,151
Interest remitted to Consolidated Fund	3	(866)	(939)
Net Expenditure for the year	12	<u>(305,176)</u>	<u>(290,570)</u>

The accounting policies and notes on pages 52 to 68 form part of these accounts

All income and expenditure arose from operations transferred to the National Policing Improvement Agency.

STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2007

	Note	12 months to 31 March 2007 £000	Restated 12 months to 31 March 2006 £000
Unrealised surplus on revaluation of assets	12	181	2,279
Total recognised gains in the period		181	2,279

The accounting policies and notes on pages 52 to 68 form part of these accounts

BALANCE SHEET AS AT 31 MARCH 2007

		31 March 2007		Restated 31 March 2006	
	Note	£000	£000	£000	£000
Fixed assets					
Tangible Assets	8	102,487		43,448	
Intangible Assets	7	<u>8,874</u>		<u>11,110</u>	
			111,361		54,558
Current assets					
Debtors and Prepayments	9	38,318		37,571	
Cash at Bank	14	<u>29,097</u>		<u>6,591</u>	
			67,415		44,162
Creditors (amounts falling due within one year)	10		(62,310)		(39,943)
Net current assets			5,105		4,219
Total assets less current liabilities			116,466		58,777
Creditors (amounts falling due after more than one year)	10		-		(1,542)
Provisions for liabilities and charges	11		(2,083)		(357)
			<u>114,383</u>		<u>56,878</u>
Reserves					
Income and Expenditure Reserve	12		109,439		52,115
Revaluation Reserve	12		4,944		4,763
			<u>114,383</u>		<u>56,878</u>

The accounting policies and notes on pages 52 to 68 form part of these accounts

Peter Neyroud
 Chief Executive and Accounting Officer
 National Policing Improvement Agency
 and
 Accounting Officer
 Police Information Technology Organisation

10 July 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

		12 months to 31 March 2007	Restated 12 months to 31 March 2006
	Note	£000	£000
Net Cash (Outflow) from operating activities	13	(273,993)	(237,414)
Receipt from sale of fixed assets		-	1
Returns on Investments and servicing of finance			
Appropriations to Consolidated Fund Extra receipts		(866)	(939)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(62,008)	(28,763)
Payments to acquire intangible fixed assets		(3,127)	(1,456)
Net Cash (Outflow) before Financing		(339,994)	(268,571)
Financing			
Grant-In-Aid for Revenue Expenditure		297,365	236,024
Grant-In-Aid for Fixed Assets		65,135	30,668
Increase / (Decrease) in Cash	14	<u>22,506</u>	<u>(1,879)</u>

The accounting policies and notes on pages 52 to 68 form part of these accounts

NOTES TO THE STATEMENT OF ACCOUNTS

1. ACCOUNTING POLICIES

Accounting Conventions

The Statement of Accounts has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Department with the consent of the HM Treasury, under Schedule 8 paragraph 16(3) of the Police Act 1997.

The financial statements are prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP) and the Companies Act requirements, the accounting standards issued or adopted by the Accounting Standards Board, the disclosure and accounting requirements contained in HM Treasury's Fees and Charges Guide, and the disclosure and accounting requirements given in Managing Public Money and in the Financial Reporting Manual (FReM) to the extent that they are appropriate to PITO and are in force for the year ended 31 March 2007. The financial statements have been prepared using the historical cost convention modified by the inclusion of fixed assets at their value to the business by reference to current costs.

The creation of the National Policing Improvement Agency (NPIA) on 1 April 2007 and the abolition of PITO through the Police and Justice Bill 2006 will make 2006-07 the final year of operation in the organisation's current form. The accounts have been prepared on a 'going concern' basis and no adjustment has been made to the carrying value of assets and liabilities. The accounting treatment for a transfer of functions within central government is currently based on merger accounting and therefore the carrying value of assets and liabilities will form the basis for the transfer.

Change of accounting policy

With effect from 2006-07 reporting period the FReM requires Non Departmental Public Bodies to account for grants and grants in aid received for revenue purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs. This is a change in accounting policy from earlier periods when such items were recorded as income. The effect of this change on the certified 2005-06 accounts and the impact of the change on the results of the current year is shown below. Note there is no impact on the net liability position of PITO as a result of this change in policy:

	At 31 March 2006 (as previously stated) £000	Impact of adopting the new policy £000	At 31 March 2006 (restated) £000
Retained (Deficit) for 2005-06	(27,563)	(263,007)	(290,570)
Income & expenditure	(27,511)	79,626	52,115
Reserve			
Deferred Government Grant	49,931	(49,931)	-
Reserve			
Deferred Income	(29,695)	29,695	-

Note that numbers are shown in the same sign as used on the Balance Sheet

	At 31 March 2007 (without applying the new policy) £000	Impact of adopting the new policy £000	At 31 March 2007 (applying the new policy) £000
Retained Surplus /(Deficit) for 2006-07	16,336	(321,512)	(305,176)
Income & expenditure Reserve	(11,175)	120,614	109,439
Deferred Government Grant Reserve	106,553	(106,553)	-
Deferred Income	(14,061)	14,061	-

Grants and Grant in Aid

PITO receives the majority of its income by way of Grant in Aid from the Home Office. The grants received are used to finance specific projects and expenditure which support the statutory and other objectives of the Organisation. These grants are treated as financing and credited to the Income and Expenditure Reserve because they are regarded as contributions from a controlling party.

Recognition of Income

PITO recognises income, net of VAT, on an accruals basis at the transaction amount or the amount which the customer is committed to pay.

Fixed Assets

Intangible and Tangible assets are capitalised when the purchase price is £5,000 or more on an individual basis or £200 or more on a group basis.

Asset Categories

- Freehold buildings are stated at cost or valuation and are depreciated over their useful lives up to a maximum of 50 years.
- Computer equipment (hardware, software and network communications), is depreciated over its useful life between 3 and 5 years.
- Communications networks are depreciated over their useful life of 14 years.
- Furniture and fittings are depreciated over their useful lives of 10 years.
- Motor vehicles are depreciated over their useful lives of 3 years.
- Office equipment is depreciated over its useful life of 5 years.
- Assets in the course of construction are not depreciated until they are brought into use.

Revaluation

In order to disclose fixed assets in the Balance Sheet by reference to current costs, the appropriate index has been applied to each asset (Source: Office of National Statistics Price Index Numbers for Current Cost Accounting). Any permanent diminution in the value of fixed assets is charged to the Income and Expenditure Account. Assets are not revalued in their year of acquisition as their current and historical cost would not be materially different.

PITO's assets were physically identified and valued during the year by external valuers, Bache Treharne. However, the revaluation adjustment was done on the basis of price indices movement for the respective asset categories and in the case of up-ward revaluation the appropriate adjustment being the increase in value less the increase in depreciation over the historic depreciation, was made to the revaluation reserve.

The Police National Computer building at Hendon, which is deemed to be owned by PITO, was revalued on 7 June 2005 by Jonathan Rhodes BSc MRICS, Partner, of Donaldsons (External Chartered Surveyors) on the basis of depreciated replacement cost and in accordance with RICS appraisal and valuation manual.

Finance Leases

When assets are financed by lease agreements that give right to use, the assets are treated as if they had been purchased outright at the present value of the total rental charges payable during the payment period of the lease.

Assets held under a finance lease are disclosed under the same category as owned assets and depreciated over the shorter of the lease term and the useful economic life of the asset.

The amounts of the obligations under finance leases, net of finance charges allocated to future periods, is disclosed in the notes to the accounts.

Operating Leases

Payments made under operating leases on Land and Buildings and Equipment are charged to expenditure as incurred.

In-relation to the Siemens maintenance contract the charge has been spread evenly through-out the contract period of five years (In accordance with SSAP 21), though the payments are spread unevenly over four years.

Notional Charges

In accordance with HM Treasury guidance, a notional charge for the cost of capital employed in the period is included in the Income and Expenditure Account along with an equivalent reversing entry below operating surplus/deficit. The charge for the period is calculated using HM Treasury's interest rate of 3.5% applied to the mean value of capital employed during the period.

Pension Costs

The employees of PITO are covered by the Superannuation Acts 1965 and 1972, and subsequent amendments. Pension benefits are provided by the Principal Civil Service Pension arrangements. The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by the Treasury and contributions are charged to the Income and Expenditure Account.

Value Added Tax

PITO is registered for VAT and has received H M Revenue & Customs' agreement to apply normal VAT rules when making a business supply of services which may be in direct competition with the private sector.

2. INCOME FROM OPERATING ACTIVITIES

	12 months to 31 March 2007	Restated 12 months to 31 March 2006
	£000	£000
Funding from Police Authorities	21,390	20,667
Scottish Executive (under SLA)	19,071	19,868
Total	40,461	40,535

3. OPERATING INCOME

	12 months to 31 March 2007		12 months to 31 March 2006	
	£000	£000	£000	£000
Police National Computer charges to non police organisations	3,165		2,004	
Other Charges	-		5	
Sub total: Fee Income		3,165		2,009
Other receipts	9,347		3,956	
Bank Interest	866		939	
Sub total: Other Operating Receipts		10,213		4,895
Total		13,378		6,904

4. FEES AND CHARGES

Non-police organisations were charged for the use they made of the PNC facilities based on the volume of their PNC transactions. The charging policy was consistent throughout all categories of customers and no element of cross subsidisation was present. The only non forces not charged were those that access PNC on behalf of the forces and thereby reduce workloads on the forces.

Service charges were made for the management of Police National Network and for the administration of the NAFIS Bureau service. The income is included in Notes 2 and 3 to the accounts. This information is provided for the purposes of reporting fees and charges information, not to comply with SSAP25.

	12 months to 31 March 2007			12 months to 31 March 2006		
	PNC	Other	Total	PNC	Other	Total
Fee income	£000	£000	£000	£000	£000	£000
PNC charges to non-police organisations	3,165	-	3,165	2,004	-	2,004
Other	-	-	-	-	5	5
Total	3,165	-	3,165	2,004	5	2,009
Associated costs	(3,431)	-	(3,431)	(2,364)	(5)	(2,369)
Surplus/(Deficit)	(266)	-	(266)	(360)	-	(360)

5. SALARIES AND WAGES

a) Analysis of staff numbers

The average number of full-time equivalent persons (including senior management) employed during the period, analysed by business activity, was as follows:

	12 months to 31 March 2007	Restated 12 months to 31 March 2006
Directorates		
Secretariat and Corporate Communications	21	20
Development & Implementation	110	121
Finance, Purchasing and Corporate Services	147	168
Operational Services	179	179
Communication Services (Airwave)	56	55
Central Customer	9	7
Total	522	550

Due to reorganisation, 2005-2006 analysis of average number of full-time equivalent persons for Corporate Communications previously included in Corporate Services, Chairman's Office and Chief Executive's Office have been incorporated for comparison in Secretariat and Corporate Communications

The average number of full-time equivalent persons on secondment, agency/temporary, and contract staff employed during the period, was as follows:

	12 months to 31 March 2007	12 months to 31 March 2006
Staff on inward secondment		
Finance, Purchasing and Corporate Services	1	2
Communication Services (Airwave)	1	1
Police Secondees	57	66
Total	59	69
Agency/temporary and contract staff		
Agency/temporary staff		
Contract Staff	187	153
Total	187	153

PITO's aggregate payroll costs, including Home Office Secondees' salaries & wages, were as follows:

	12 months to 31 March 2007	12 months to 31 March 2006
	£000	£000
Wages and Salaries	20,092	20,086
Social Security Costs	1,784	1,761
Other Pension Costs - Principal Civil Service Pension Scheme (PSCPS)	4,087	3,839
Redundancy costs	2,200	-
Agency Fees	9,262	6,840
Total	37,425	32,526

6. OTHER OPERATING COSTS

	12 months to 31 March 2007	Restated 12 months to 31 March 2006
	£000	£000
Accommodation / rent and rates	6,228	5,531
Hire of plant & machinery	548	3,111
IT Equipment - Airwave	188,134	168,962
- Other	29,734	60,437
IT Support and Maintenance	35,108	17,549
Staff training and development costs	1,106	786
Seconded Police Officers	5,343	4,555
Audit fee	55	43
Office equipment	732	730
Travelling and subsistence	1,889	1,814
Loss on revaluation	1,002	626
Loss on disposals	682	4,842
Write offs of fixed assets	4,304	1,805
Other expenditure	37,873	25,456
Total	312,738	296,247

Notional costs of Home Office services provided to PITO in 2006-2007 are not reflected in these accounts. These costs are included in total Home Office expenditure.

IT support and maintenance costs have been reclassified from Other expenditure for the year to 31 March 2006 to align the operational costs for the IDENT1 project.

7. INTANGIBLE FIXED ASSETS

	Software	Assets in the course of construction	Total
	£000	£000	£000
Cost or Valuation at 1 April 2006	8,605	4,756	13,361
Losses on Indexation	(616)	-	(616)
Additions	2,553	356	2,909
Disposals	-	(2,519)	(2,519)
Transfer assets in course of construction when brought into use	1,939	(1,939)	-
At 31 March 2007	12,481	654	13,135
Depreciation at 1 April 2006	2,251	-	2,251
Losses on Indexation	(165)	-	(165)
Backlog Depreciation	-	-	-
Provided in the year	2,175	-	2,175
Disposals	-	-	-
At 31 March 2007	4,261	-	4,261
Net Book Value at 31 March 2007	8,220	654	8,874
Net Book Value at 31 March 2006	6,354	4,756	11,110

8. TANGIBLE FIXED ASSETS

	Freehold Building	Motor Vehicles	Hardware (Servers)	Hardware (PCs)	Office Equipment	Furniture & Fittings	Assets in the Course of Constructi on	Commun- ications Network	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2006	17,212	7	8,605	5,933	323	5,058	19,748	-	56,886
Indexation	167	-	-	-	-	96	-	-	263
Losses on Indexation	-	-	(632)	(434)	(6)	-	-	-	(1,072)
Additions	1,887	-	9,593	805	41	509	1,078	53,774	67,687
Disposals	-	-	(3,188)	-	-	-	-	-	(3,188)
Transfer assets in course of construction when brought into use and classification corrections	-	-	500	(500)	-	-	(19,747)	19,747	-
At 31 March 2007	19,266	7	14,878	5,804	358	5,663	1,079	73,521	120,576
Depreciation at 1 April 2006	4,104	7	2,398	4,660	139	2,130	-	-	13,438
Indexation	42	-	-	-	-	40	-	-	82
Losses on Indexation	-	-	(176)	(342)	(3)	-	-	-	(521)
Backlog Depreciation	-	-	-	-	-	-	-	-	-
Provided in the year	646	-	2,494	762	45	425	-	1,439	5,811
Disposals	-	-	(721)	-	-	-	-	-	(721)
At 31 March 2007	4,792	7	3,995	5,080	181	2,595	-	1,439	18,089
Net Book Value at 31 March 2007	14,474	-	10,883	724	177	3,068	1,079	72,082	102,487
Net Book Value at 31 March 2006	13,108	-	6,207	1,273	184	2,928	19,748	-	43,448

9. DEBTORS AND PREPAYMENTS

		31 March 2007 £000	31 March 2006 £000
Total Trade Debtors		6,933	3,526
Accrued Income		1,947	1,577
Other Debtors		13,351	2,493
Salary overpayments		39	72
Staff advances (including short term loans)		183	197
Accommodation Deposits		11	11
VAT Debtor		1,735	-
Prepayments	AIRWAVE	8,659	24,093
	Other	5,460	5,602
Total		38,318	37,571

Debtor Categories

		31 March 2007 £000	31 March 2006 £000
Balances with other central government bodies		6,485	4,070
Balances with local authorities		3,183	3,526
Balances with Public Corporations		1	-
Bodies External to government		28,649	29,975
Total		38,318	37,571

10. CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2007 £000	31 March 2006 £000
Trade Creditors	37,295	21,607
Accrued Expenses including goods received not invoiced	23,044	15,767
Other Creditors	1,971	2,485
Other Creditors – Taxes and Social Security	-	84
Total	62,310	39,943

Creditor Category

	31 March 2007 £000	31 March 2006 £000
Balances with other central government bodies	4,293	173
Balances with local authorities	10,930	3,397
Balances with public corporations and trading funds	-	73
Bodies External to government	47,087	36,300
Total	62,310	39,943

AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2007 £000	31 March 2006 £000
Finance Lease	-	1,542

11. PROVISIONS

	Dilapidation £000	Pension £000	General £000	Total £000
1 April 2006 opening Provision	203	154	-	357
Payment	-	(39)	-	(39)
Charge for the period	11	1,084	670	1,765
30 March 2007 closing provision	214	1,199	670	2,083

Dilapidation Provision

A dilapidation provision was set up in 2000 in respect of PITO's leased accommodation at New King's Beam House. This provision is required to cover the cost of restoring New King's Beam House to its original state when the lease was acquired. The leased accommodation and the economic benefits are to be transferred over eleven years.

The provision included in the accounts is the estimated restoration cost of £200,000 indexed at the Retail Price Index over eleven years and discounted at the recommended Treasury rate for commercial arrangements of 4.8%. The rate used for 2005-06 was 4.8%

Pension Provision

To cover the cost of pension payments to staff who have left as a result of restructuring to achieve efficiencies and cost savings. Provision has been made for the future payments as a result of voluntary redundancies prior to the formation of NPJA.

General Provision

A general provision has been made for £670k. £600k is in-relation to a pending employment tribunal case and £70k in relation to a claim for losses caused by the Buncefield fire.

12. RESERVES

	Income & Expenditure Reserve £000	Revaluation Reserve £000	Total £000
At 1 April 2006 (restated)	52,115	4,763	56,878
Deficit for the year	(305,176)	-	(305,176)
Grant in Aid received towards resource expenditure	297,365	-	297,365
Grant in Aid received towards purchase of fixed assets	65,135	-	65,135
Gain on Revaluation of assets	-	263	263
Backlog Depreciation	-	(82)	(82)
At 31 March 2007	109,439	4,944	114,383

13. RECONCILIATION OF OPERATING DEFICIT TO THE NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	12 months to 31 March 2007 £000	Restated 12 months to 31 March 2006 £000
Net Expenditure before Appropriations	(307,307)	(290,782)
<i>Adjustment for non-cash transactions</i>		
Depreciation provided in year	7,986	8,297
Loss on sale	682	4,842
Fixed Asset write off	4,304	1,805
Loss on revaluation	1,002	626
Decrease / (Increase) in debtors relating to operating activities	(747)	28,069
Increase creditors relating to operating activities	15,364	15,724
Increase in Dilapidation Provision	11	11
Increase/(Decrease) in Pension Provision	1,045	(38)
Increase in General Provision	670	-
Notional cost of capital	2,997	1,151
Adjustment for backdated VAT	-	(7,119)
Net cash(Outflow) from operating activities	(273,993)	(237,414)

14. ANALYSIS OF BALANCES OF CASH SHOWN IN THE BALANCE SHEET

	31 March 2007 £000	Cash Flow £000	31 March 2006 £000
Cash at bank	29,097	22,506	6,591

15. CAPITAL COMMITMENTS

	31 March 2007 £000	31 March 2006 £000
Commitments Contracted	121,025	133,801

16. COMMITMENTS UNDER OPERATING LEASES

31 March 2007	2007 Land & Buildings £000	2007 Other £000	2006 Land & Buildings £000	2006 Other £000
Leases expiring				
- Less than 1 year	-	-	-	14,367
- Between 2 and 5 years	-	-	-	-
- Over 5 years	2,783	195,171	2,907	167,509
Total	2,783	195,171	2,907	181,876

17. RELATED PARTY TRANSACTIONS

The Police Information Technology Organisation was an Executive Non-Departmental Public Body primarily financed by Grant-In-Aid from the Home Office. Grant-In-Aid is shown in the Income and Expenditure Reserve

The Home Office was regarded as a related party. PITO had various material transactions with the Home Office.

PITO considers the police forces in England and Wales to be related parties because senior police officers and police authority members were appointed by ACPO and APA respectively to serve on the PITO Board.

During the 12 month period, PITO received £21.39 million from the police forces for the provision of the Police National Computer (PNC).

18. CONTINGENCIES

Contingent Liability

At 31 March 2007, there existed one unresolved legal case in respect of an employee. A general provision has been made for the solicitors' fees, but the final outcome, the likelihood and size of any settlement is not known.

Contingent Assets

At 31 March 2007, there existed an unresolved legal claim in respect of a major explosion and fire, in December 2005, at the Buncefield fuel depot at Hemel Hempstead which resulted in the damage beyond repair of the Disaster Recovery facility which was housed in third party premises close by. The expected cost of solicitors fees has been provided for as a general provision, but the claim for £8.4 million is recognised as a contingent asset as the outcome and the final settlement value is not known.

19. FINANCIAL TARGETS

No financial targets were set for the Police Information Technology Organisation for the year ended 31 March 2007.

20. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government organisations are financed, PITO is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. PITO has very limited powers 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 Organisation in undertaking its activities.

Liquidity risk

The Organisation was financed by Grant-In-Aid from the Home Office for both Capital and Revenue expenditure. Hence PITO was not exposed to liquidity risks.

Interest Rate Risk

PITO was not exposed to significant interest rate risk.

Currency Risk

PITO was not exposed to any currency risk because the Organisation did not trade in currencies other than sterling.

21. POST BALANCE SHEET EVENTS

After the Balance Sheet date the Board of NPIA decided to cancel the Police Portal project. The assets under construction relating to this project to the value of £2.5m were written off within the Income and Expenditure Account.

In accordance with the requirements of FRS 21, post balance sheet events 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.

There are no other material post balance sheet events relating to the year ended 31 March 2007.

22. LOSSES AND SPECIAL PAYMENTS

The cancellation of the Police Portal project resulted in assets under construction relating to this project to the value of £2.5m being written off within the income and expenditure account.

The income and expenditure account includes the following losses and special payments:

	Number of cases	Amount £000
Losses	1	2,520
Special Payments	32	1,167
Total	33	3,687

One individual was paid £266k under the Civil Service Compensation Scheme.

Glossary of Terms

The police service and criminal justice system, like most areas of Government, makes extensive use of acronyms. This glossary explains what the acronyms stand for and what they mean.

Acronym	Meaning	Explanation
ACPO	Association of Chief Police Officers.	The professional body of chief police officers for England, Wales and Northern Ireland (ACPO) and Scotland (ACPOS).
ACPOS	Association of Chief Police Officers of Scotland	ACPO business is divided into Business Areas of which Information Management is one.
ACPO IMBA	Association of Chief Police Officers Information Management Business Area	ACPO business is divided into Business Areas of which Information Management is one.
Airwave		A digital national radio communication service used by the police in England, Wales and Scotland.
APA	Association of Police Authorities	England and Wales Police Authority body providing a collective voice of police authorities' role in policing.
ASBO	Anti-Social Behaviour Orders	Recent directives designed to prevent anti-social behaviour.
CJS	Criminal Justice System	The system for the administration of justice in England and Wales which embraces the Police, Magistrates' Courts, Crown Courts, Crown Prosecution Service and the National Offenders Management Service.
CJX	Criminal Justice Extranet	See PNN.
CorDM	Corporate Data Model	Format of all data items used by any police application.
COSLA	Convention of Scottish Local Authorities	Scottish Police Authority body providing a collective voice of their role in policing.
End to End Review	A review of PITO during 2004	NDPBs should be reviewed regularly and this review was announced by the Police Minister in January 2004
FIND	Facial Image National Database	Planned national database to house facial images.
ICT	Information and Communication Technology	Information technology and the communications technology needed for police operational purposes.
IDENT1		Platform to support wider identification capabilities, including the national automated fingerprint and palm print identification service.
IMPACT	Intelligence Management Prioritisation Analysis Co-ordination and Tasking	Proposed intelligence system for information sharing, analysis, briefing, investigation and crime recording.
ISS4PS	Information Systems Strategy for the Police Service	ACPO strategy prepared for the police service outlining an increased role for IT in information systems to help meet the government's aim of modernising policing.
LANTERN		Proposed portable Livescan system
LIVESCAN		Hardware and software for the electronic recording of a person's fingerprints.
NAFIS	National Automated Fingerprint Identification System	PITO service for the recording and comparison of fingerprints.
NCIS	National Criminal Intelligence Service	NCIS works on behalf of all the UK's law enforcement agencies to provide a range of intelligence products and services to aid the fight against serious and organised crime.
NDPB	Non Departmental Public Body	A government body with specific delegated responsibilities.
NFLMS	National Firearms Licensing Management System	An application on PNC for managing the licensing of firearms owned by the public.
NIM	National Intelligence Model	Produced by NCIS on behalf of the ACPO Crime Committee to reinforce professionalism within the intelligence discipline of law enforcement. It is currently being implemented across all police forces in the UK.
NMIS	National Management Information System	Software to provide management information and statistical returns (Annual Data Returns) at force level.
NPIA	National Policing Improvement Agency	A new agency being established in the Police and Justice Bill to rationalise the work of many of the existing policing related agencies and improve policing.
NSPIS	National Strategy for Police Information	The 1994 tripartite strategy for development and

	Systems	use of common, compatible IT systems for the police service of England and Wales.
NVIS	National Video Identification Strategy	Strategy for making available nationally video images for identification parades based on agreed standards.
Operational Use	In operational use.	When a system or service has been implemented in a force and end users are making use of, and deriving benefit from that system or service.
PentiP	Penalty Notices Project	A planned joint, national, integrated police/courts penalty notice processing solution.
PLX	Police Local Cross Reference System	A national nominal index of persons on whom police force(s) hold information.
PNC	Police National Computer	A police and CJS information service for the UK.
PNN	Police National Network	The police service's line communications network.
PPAF	Police Performance Assessment Framework	Performance measures that span the remit of police work
Ready for Service		Has been installed, tested and accepted by the user community as a working system or service.
Schengen		The Schengen Information System will enable the authorities of signatory countries to have access to reports on persons and objects for the purposes of border checks and controls and other police and customs checks.
SENTINEL		Proposed national Child Protection System.
UPSA	Unified Police Security Architecture	An approach to improve security and access architecture.
ViSOR	Violent, Sex Offender Register	A PNC database of violent, dangerous and sex offenders for the police and probation service.



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