Annual Report and Accounts 2005-2006 Annual Report 2005-2006 Annual Report and Accounts **2005-2006** Annual Report and Accounts **2005-2006** Annual Report and Accounts 2005-2006 Annual Report





Performance Target Result Exceeded: 97% of all customers Customer Customer satisfaction satisfaction To ensure a customer satisfaction rating of **Met:** 99.5% of straightforward partner **Turnaround** Turnaround of postal and partner applications within 10 days To ensure that 99.5% of straightforward partner and postal applications are turned around within 10 days. **Exceeded:** 99.7% of fast-track and **Turnaround** Turnaround of premium and fast-track applications within service standards To ensure that 99.5% of services are turned Actual Target **Appointment times Exceeded:** 97% of customers that Customers seen within 20 minutes of appointment applied personally were seen within 20 minutes of their appointment time. Actual Target **Not met:** The number of telephone **Telephone calls** Telephone calls answered within 20 seconds To ensure that 90% Exceeded: The accuracy rate of **Passport accuracy** Passport accuracy passports issued was 99.80%. This is an improvement on last year's figures where the accuracy rate was 99.75%. books issued. Met: An average unit cost of £33.53. **Unit cost** Passport unit cost This was 4% below target. This was due in part to reclassification and To achieve a unit cost of rescheduling of a number of projects.



UK Passport Service Annual Report and Accounts **2005–2006**

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Annual Report

Chief Executive's Message

I am pleased to be able to report on another year of solid achievement for the UK Passport Service (UKPS).

This report provides a summary of our achievements, against a backdrop of high passport demand and continuing pressure on UKPS to maintain its reputation for the delivery of excellent customer service. Alongside this, we have to continuously review and improve the tools and techniques we adopt to tackle increasingly sophisticated identity fraud. The prevention of fraud has remained a key focus during the year, with the operational deployment of the 'Lost, Stolen and Recovered Passport' database and the start of the rollout of the new Personal Identity Process and ePassports being key highlights.

The year saw a continued increase in demand for passports with over 6.6 million applications being received, a record for the Agency. Customer service has improved from what was already a very high standard and we have achieved all our main turnaround targets after narrowly missing them in the previous year. We have exceeded all our financial targets for 2005-06, including an agreed surplus which was in line with a two-year fee settlement agreed with HM Treasury to introduce several key strategic initiatives.

Our continued achievements have been underpinned by a set of valued behaviours that UKPS aspires to reflect in everything it does: working together, customer service, responding to change, personal responsibility, and valuing our people.

I should like to pay tribute to the contribution of our staff in delivering the excellent results outlined in this report. I would like to thank all staff for the way that they have not lost

sight of the customer service standards during this period of significant change. Last year we invested significantly in increasing staff numbers to manage the rising passport demand and to deliver the change programme, and we also invested in staff learning and development. In delivering our objectives in the coming years we will continue to review the staff numbers and their development to ensure that we deliver the high standards that have become expected of us.

Our strategic objectives can only be achieved through working in partnership with a range of organisations in both the public and private sectors. I wish to express appreciation for the outstanding support we have received this year from Siemens Business Services, Secure Printing and Systems Limited, Secure Mail Services, Atos Origin, Equifax, MM Teleperformance, the Post Office and Worldchoice Travel Agents, as well our close

66 Our strategic objectives can only be achieved through working in partnership with a range of organisations in both the public and private sectors



collaboration with the Foreign and Commonwealth Office, the Immigration and Nationality Directorate, and the Office of National Statistics. We also continue to work closely with the trade unions representing our staff through regular dialogue on a wide range of issues.

Looking to the future, the Identity Cards Bill received Royal Assent on 30 March 2006 and the Identity and Passport Service (IPS) was established on 1 April 2006. IPS will build upon the solid foundations of UKPS and will deliver the National Identity Scheme, working with our delivery partners - Home Office Immigration and Nationality Directorate (IND), UKvisas and the Foreign and Commonwealth Office (FCO). As the new Agency we have reviewed our mission statement which is now 'Safeguarding Your Identity'. Our vision has become 'Leadership in Identity Authentication and Verification'.

Whilst we work towards delivery of the National Identity Scheme we will not lose focus on the need to deliver the customer service excellence for which UKPS has earned such a strong reputation.

I believe the achievements detailed in this report provide IPS with a strong foundation upon which to build in a period of significant change and fresh challenge.

Bernard Herdan Chief Executive

United Kingdom Passport Service



The results detailed in this report relate to UKPS performance for the year ended 31 March 2006.

During the peak season of 2005–06, UKPS employed 3,739 staff, over 90% of whom worked in regional offices. UKPS has been responsible for the issuing of passports to British nationals living in the United Kingdom. This was achieved through the mission, vision and values summarised here.

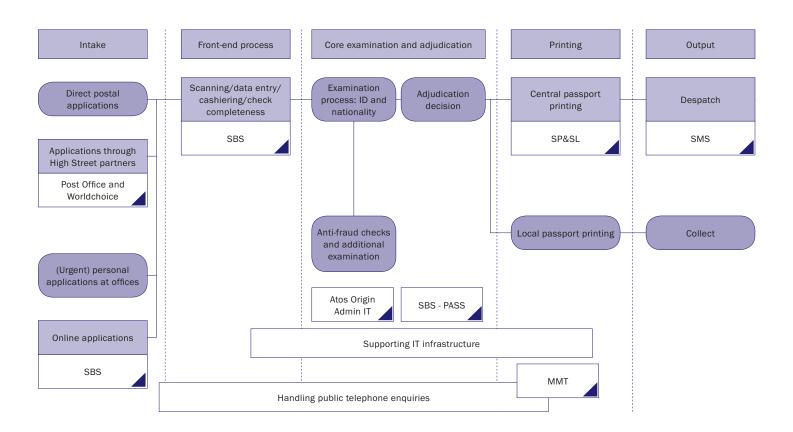
UKPS vision:

To focus on stronger identity authentication for purposes of issuing passports and identity services

Working Together, Customer Service, Valuing People, Responding to Change and Personal Responsibility

Working in partnership

UKPS delivered its activities through a number of partnerships with the private sector.



Key - UKPS activity, not outsourced



- High Street partners, Post
 Office and Worldchoice UK
 Ltd are recognised as the
 first port of call for those
 seeking application forms.
 The partners also provide a
 Check and Send passport
 application checking service
 and handle over 43% of all
 postal applications on behalf
 of UKPS.
- Siemens Business Services (SBS) provide services at the front end of the passport production process. SBS is responsible for providing mail-room services, scanning application forms, cashiering fees and initial query-handling communication with the applicant. SBS also provided the IT infrastructure to support all UKPS passport applications operations and is continuing to develop this.
- Security Printing and Systems Ltd (SP&SL) is responsible for printing over 94% of all passports.
- MM Teleperformance (MMT) is responsible for handling

- over 90% of all telephone enquiries. It also handles appointment bookings, e-mail and electronic applications support on behalf of UKPS.
- Atos Origin provides administrative IT and infrastructure support to the organisation.
- Secure Mail Services Limited (SMS) is responsible for the secure delivery of all UK passports.

Corporate governance

UKPS ceased to exist on 31 March 2006. IPS was created as a new Executive Agency of the Home Office on 1 April 2006 incorporating UKPS and the Identity Cards Programme. IPS governance arrangements, accountabilities and the relationship with its parent department, the Home Office, are set out in the 2006 Framework Document.

Annual Report

This Annual Report covers UKPS performance over the financial year 1 April 2005 to 31 March 2006. It details how UKPS performed against its key targets and tasks as published in the *UKPS Corporate and Business Plan* 2005–2010.

This document is primarily aimed at those to whom UKPS is accountable and who are responsible for monitoring UKPS performance on behalf of the public, including Ministers, Parliament and the Home Office. It also serves to inform a number of groups interested in, or affected by, UKPS business; for example, stakeholders such as partners and people in the travel industry, as well as the general public.

Operating environment

Passport demand

The 2004–05 strategic planning process identified sectors and activities that would contribute to the achievement of UKPS objectives.

UKPS continued to be a demand-led organisation. The 2005–06 passport intake was above 6.6 million applications for the first time in the organisation's history. Intake was 300,000 (4%) lower than forecast but within the level of tolerance UKPS seeks to achieve. Whilst passport application intake was at an historical peak, the organisation met almost all of its operational and financial targets.

Passport fraud

UKPS remains vigilant to passport fraud, and there has been extensive evidence of the threat from this type of crime.



During the year it worked in partnership with the police, the UK Immigration Service and others on a number of successful operations targeting organised trafficking of illegal immigrants and forged documents. The total number of confirmed frauds detected by Fraud and Intelligence Units (FIU) during 2005–06 was 1,696. Full details of our fraud prevention activities can be found in the 'Identity

authentication' section of this report.

Modernising Government Agenda

UKPS made a significant contribution towards implementing the Modernising Government Agenda. UKPS continued to reflect the



principles of the Government's public services reform agenda in the delivery of services. UKPS made a commitment to provide access to services online to meet the government's electronic delivery target; our online application channel is an example of this. Additionally, UKPS demonstrated the benefits of joined-up working by successfully launching a process for accessing UK passport application-related data from abroad. Through the Personal Identity Process (PIP), UKPS is piloting the use of data-sharing with the private sector and other Government departments to strengthen identity authentication.

During 2005–06, UKPS retained membership of the Five Nations¹ group of countries and IPS will continue to benchmark activities with others in this group and across the EU. In doing this, and working with the rest of the Home Office, IPS will seek to

ensure that UK interests are effectively represented in the International Civil Aviation Organisation (ICAO) and the European Union's development of standards for travel documents.

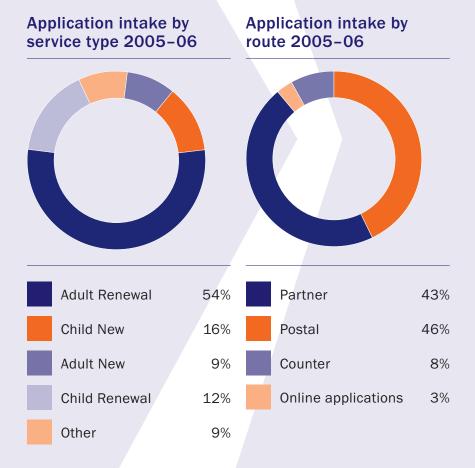
Freedom of Information Act

UKPS remained fully committed to the principles of the Freedom of Information Act and a number of publications are available on the website www.passport.gov.uk. Additional information is available under the publication scheme which can be found at Annex C of this report.

¹ United Kingdom, United States of America, Canada, New Zealand and Australia

Review of the year

UKPS can be proud of its achievements over the year. During the last 12 months it has issued a record number of 6.6 million passport applications within service standards against 6.1 million in the previous financial year.



rated highest for customer service by CompariSat® which includes leading private sector companies for a third successive year





Key achievements

In the past year UKPS has:

- maintained a high degree of customer focus. Customer satisfaction levels have been maintained at above our target of 95%, despite the introduction of significant change
- issued a record number of passports: UKPS has issued 6.6 million passports while achieving most of the very challenging performance targets, and those not achieved were just under target
- improved customer service through the implementation of the Integrated Call Handling project which gives the call centre partner greater access to passport records and consequently enables more enquiries to be resolved straight away

- been rated highest for customer service by CompariSat® which includes leading private sector companies for a third successive year
- achieved success in fraud prevention operations that involve working jointly with the law enforcement agencies and other Government departments
- developed and implemented a facial recognition system that has successfully identified attempted fraudulent applications in duplicate identities
- started the rollout of production of the new biometric ePassport
- · successfully piloted the first phase of the Personal **Identity Process**
- enhanced the Passport Validation Service to support the Government's e-borders agenda with FCO, DVLA and CRB, while also successfully piloting the process with selected financial institutions

- · successfully upgraded the passport application system and general IT infrastructure
- held the first annual Celebrating Success Awards for staff who have greatly contributed to the success of UKPS
- · scored outstanding staff survey results showing job satisfaction rates above the public sector norm and significant improvements in staff opinion on almost all fronts including confidence in senior management and willingness to embrace change
- · continued good relations with trade union partnership
- provided access to e-mail and the internet to all staff to improve both internal and customer communications
- · embedded the valued behaviours and implemented a new performance management framework.

Strategic objectives

UKPS implemented a 'balanced scorecard' approach to planning, reporting tasks and target setting under:

- · identity authentication
- responding to customer needs
- unlocking staff potential
- efficiency and business assurance
- optimising the use of technology.

The components were designed to ensure a proper balance between different elements of the business. The strategic objectives set out in the *UKPS Corporate and Business Plans 2005–10* were then broken down into a series of aims as follows:

Identity authentication

- · to prevent identity fraud
- to safeguard document integrity
- to prevent internal fraud.

Responding to customer needs

- to ensure that entitled customers are able to travel freely
- to ensure that customers are satisfied with the standard of our service.

Unlocking staff potential

- to ensure that we have adequate resources to meet demands from operations and the change programme
- to embed the new valued behaviours
- to deliver a quality learning and development accreditation programme to meet individual and business needs
- to reform the existing performance management arrangements
- to improve attendance and reduce poor performance
- to continue to focus on excellent internal communications while celebrating staff achievements.

These themes were supported by the three underpinning activities of:

- · fairness and diversity
- partnership and empowerment
- · health, safety and welfare.

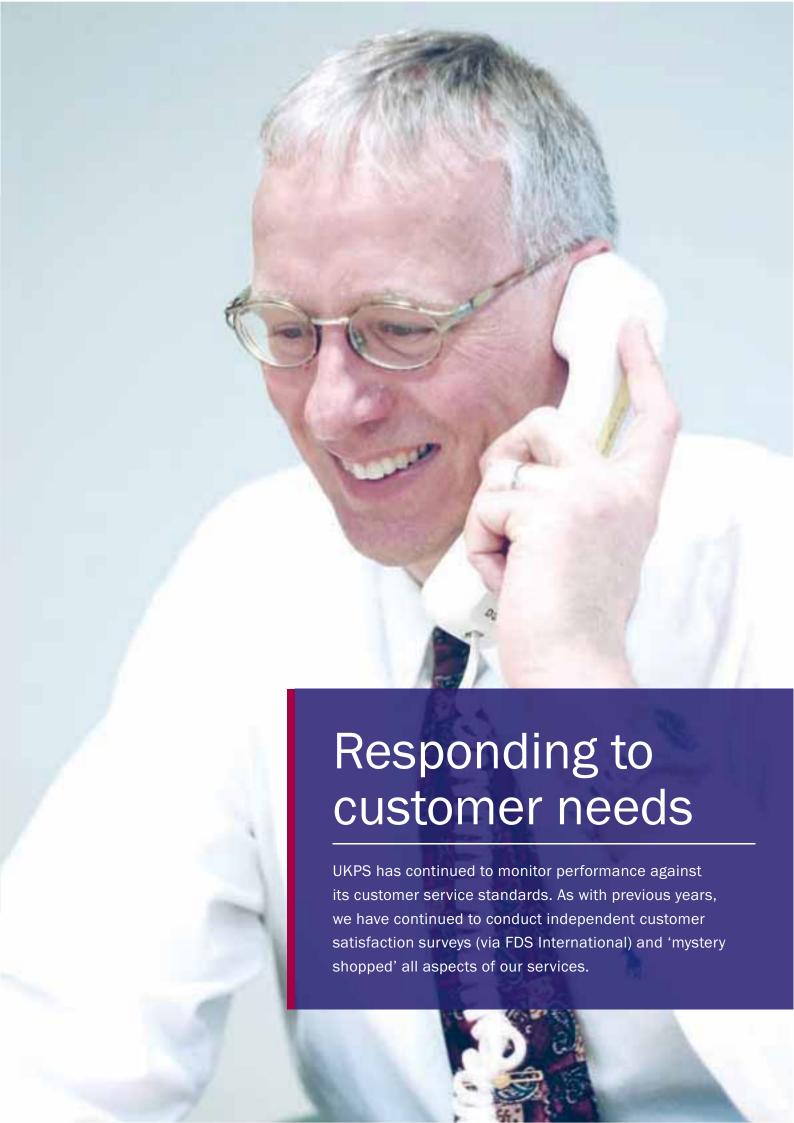
Efficiency and business assurance

- to maintain sound finances
- to support business continuity and change
- to be more efficient in everything we do
- to comply with regulatory requirements.

Optimise the use of technology

- to implement our IT strategy
- to extend and develop the use of our intranet site.

The following sections of the Annual Report show how UKPS has performed against these objectives during 2005–06.



UKPS has run customer focus groups to seek views on key proposals such as biometrics, fee increases, and Authentication by Interview (AbI). The AbI research was key to understanding customer perception and the impact of the scheme. In addition, UKPS conducted research into photo standards to understand customer needs relating to photos submitted with passport applications.

When asked to assess our overall performance, 97% of customers were either satisfied or very satisfied with the service received, surpassing the 95% target.

UKPS has continued to enjoy Charter Mark recognition during 2005–06, the fifth time this has been achieved.

UKPS hosted a number of overseas visitors, including delegations from twelve countries, including Pakistan, South Africa, Slovenia, Liechtenstein, Russia and the Czech Republic, to discuss best practice and operational, technology and security issues.

Maintaining customer service standards

UKPS has achieved its key target of processing 99.5% of straightforward, properly completed applications in 10 working days.

The target of processing 99.5% of fast-track and premium applications within the agreed service standards was surpassed, as was the 99.75% passport accuracy target.

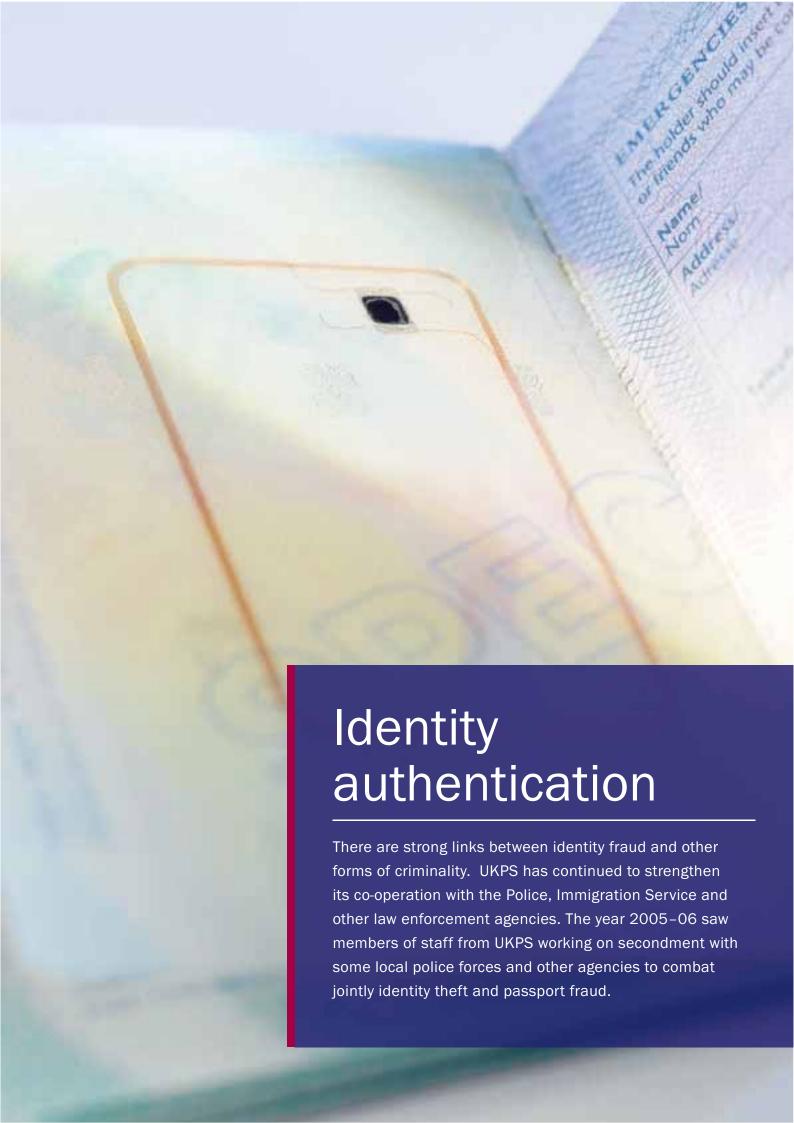
"Wonderful service, absolutely brilliant! Thank you very much!"

Mrs M Copp, North Yorkshire

UKPS call centre operations, run in partnership with MMT, dealt with 4.2 million telephone enquiries and answered 89.5% of these within 20 seconds. This result fell 0.5% below the customer service target of 90%. MMT dealt with 422,738 e-mail enquiries and responded to 97.5% of these within 4 hours of receipt. This compares with 4.3 million calls and 344,777 e-mails in 2004-05. UKPS received 8,551 complaints during the year, which equates to just 0.13% of total business, and 2,016 positive comments.

"An excellent service!"

Mr R Evans, Ross-on-Wye



Working with external organisations is only one element of the UKPS fraud prevention strategy; staff training has continued within the Fraud and Intelligence Units (FIU) by providing investigators with training accredited by the University of Portsmouth.

Authentication by Interview

The new interview process for adult first-time passport applicants forms an integral part of the Forward Programme to counter increasing levels of identity fraud. It involves establishing a UK-wide network of 69 interview offices where applicants will be interviewed before their passport is issued, and will affect approximately 610,000 applicants in the first year of operation. The interview is to detect or deter impersonation fraud which is a growing crime with distressing consequences for its victims.

A network of 69 interview office locations has been identified as providing the right balance between efficiency, public travel expectations, and convenient locations. The network provides an office within 20 miles of 75.6% of the population and within 40 miles or approximately 1 hour's travel time of 98.8% of the population. For people living in sparsely populated areas of the country, a remote community service, consisting of a webcam and personal computer link into one of the interview offices, will be provided.

Significant progress has been made towards establishing the new premises, processes and systems needed to introduce interviews. Following consultation and review of the proposed design and locations of the interview offices, contracts have been awarded to enable premises to be acquired and fitted out, and

for the development of the required IT systems and processes.

The recruitment of new staff for the new network also advanced well during the year.

Personal Identity Process

After the completion of successful trials, the Personal Identity Process (PIP), which accesses commercially available databases to provide increased ID authentication for first-time adult passport applicants, has begun a nationwide rollout. This provides increased confidence in passport issue and assists in the reduction of fraud.

ePassports

Central ePassport production started on 6 March 2006 to provide UKPS with the capability to issue customers with an ePassport that stores biometric information about the holder. Inserting a microchip containing facial image data



66 Every element of the process has been very efficient, well structured and user friendly. Many thanks for an outstanding service!

Mr M Wood, Bedfordshire

Lost, Stolen and Recovered hotline number

0870 521 0410

into the passport book will improve the security and integrity of the passport by linking the passport holder to the passport book more tightly via the biometric.

Passport Validation Service

The Passport Validation Service (PVS) will provide a validation service that enables other Government departments and some accredited privatesector organisations (governed under the Financial Services Authority anti-money laundering regulations) to confirm the authenticity of a passport.

The service will be provided to private-sector organisations through a call centre. Successful pilots have been conducted to evaluate the effectiveness of a call centre channel in an operational environment. A commercial Passport Validation Service underpinned by defined service level agreements will be established by the end of the third quarter of 2006.

Facial recognition

Over the last year, this project has developed and implemented a Facial Recognition System which has successfully identified fraudulent applications in duplicate identities. The technology has been evaluated and assessed for effectiveness in an operational environment. This has allowed the FRS team to build user and technical requirements for a fully integrated facial recognition solution in the future. The project is looking to implement an interface with current fraud systems as an interim measure.

Lost, Stolen and **Recovered database**

UKPS has now processed 690,964 reports of loss or theft on the Lost, Stolen and Recovered (LSR) database since it came into force in December 2003. This includes passports lost and stolen both within the UK and abroad. This

data is shared nationally with the UK Immigration Service and internationally via Interpol and FCO for the prevention and detection of crime in helping combat passport abuse. There are now direct links from the FCO to allow electronic reports of loss or theft to be received from posts overseas with minimal delay in order that passport records can be updated quickly and details circulated. In addition to this, the website now allows online reporting of loss or theft, providing a quicker and more efficient means by which to report loss or theft of a passport.

Fraud and **Intelligence Units**

The year 2005-06 has seen UKPS continue to strengthen its professional fraud investigation capabilities. Additional staff have been recruited to each regional office to strengthen existing fraud detection and prevention units.

The responsibilities of the Fraud and Intelligence Units (FIU) include undertaking both proactive and reactive fraud investigations, and responsibility for delivering fraud awareness training to colleagues.

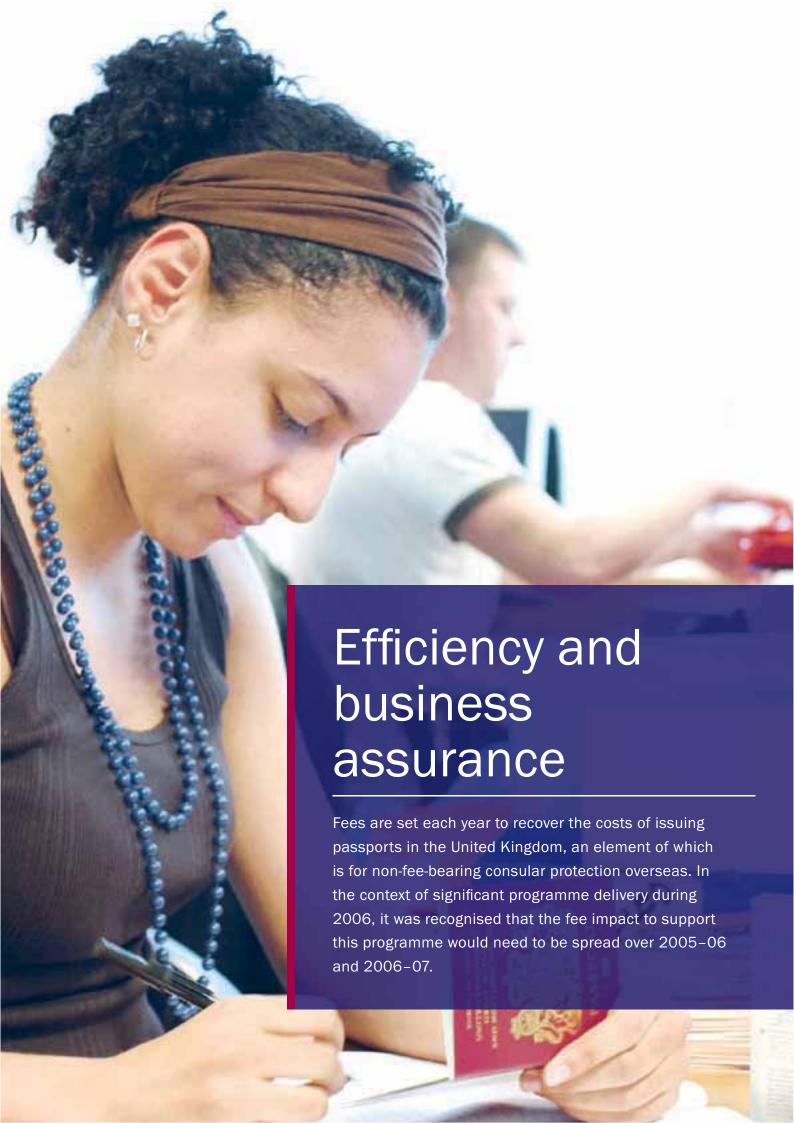
At the start of the financial year, 60 counter-fraud specialists had completed a training programme accredited by Portsmouth University. Around 40 further investigators are currently undergoing the same accredited training programme, and FIU managers have also completed specialist training covering the management of fraud operations. This training has been supported with the introduction of a fully updated package of policy and guidance developed in accordance with legal requirements, and established best investigative practice.

Joint working with other agencies

UKPS continued to maintain close working links with a range of investigative agencies, including the police and the UK Immigration Service. UKPS also had an officer seconded to the National Criminal Intelligence Service, and through this arrangement has developed links to other agencies across the UK and beyond. As a result of this liaison, agreement has been reached to develop this link under the new Serious and Organised Crime Agency (SOCA), and from June 2006 IPS will have two staff based with SOCA.

Two staff members are currently seconded to the Joint Intelligence Unit of Operation Maxim, working with Metropolitan Police and UK Immigration Service colleagues as part of a co-ordinated response to tackling organised immigration fraud. These secondments will continue into 2006 and beyond. A further

Operation Maxim has been launched in South Yorkshire with a similar remit to tackle organised immigration crime, and also includes a member of UKPS staff seconded as part of a Joint Intelligence Unit.



A two-year fee agreement was reached with HM Treasury to make an intentional surplus in 2005-06 to be offset by a corresponding deficit in 2006-07. Of the £20.7 million surplus for the year, £15 million was planned on this basis; the additional £5.7 million surplus was largely due to minor project slippage within biometric passports and electronic passport applications.

The unit cost and payment performance targets were both achieved.

UKPS marginally failed to achieve its target of 3% business-as-usual unit cost reductions due to demand levels being 300,000 below anticipated levels for which we had planned and staffed accordingly. If costs were flexed to reflect actual demand volumes received the target would have been achieved. Additionally, the cumulative impact of security enhancements had a greater than expected impact on examiner processing times.

Maintain effective contract management

Through the activity of the Commercial Directorate, improved contract governance has been applied to key partnership arrangements. Regular executive bilateral meetings supplemented by operational/contract meetings provide the management framework. To ensure continued value for money, UKPS has engaged legal, technical, design and commercial expertise when appropriate to support development projects. Effective procurement methods have enabled savings of over 1% on non-payroll spend to be achieved.

During the year, the Eclipse Project was established to introduce an e-Procurement tool to interface into an existing but enhanced SUN Finance System. The project is expected to deliver efficiency of service, improved management information, and enable the growing number of offices to be self-sufficient in their routine procurement.

"An exemplary service by any standard"

R Bye, Somerset

Risk management and business assurance

The Senior Management Team continued to review the top strategic risks to the service each month and participated in a series of risk workshops. Further developed risk management processes also took place below board level.



To ensure continued value for money. UKPS has engaged legal, technical, design and commercial expertise when appropriate to support development projects

UKPS implemented its largescale business continuity plans to address the impacts of the terrorist attacks on London in July 2005. Staff safety and customer service were maintained during this incident and a number of lessons learned are being addressed. In addition, business continuity plans were reviewed and tested in a series of health checks and exercises and have been revised accordingly. Disaster Recovery arrangements have also been reviewed during the year and an action plan put in place to implement changes.

Self-assessment processes on the effectiveness of internal controls have been revised to ensure that these are focused on key business risks and the execution of firm improvement actions. This work will continue into the next financial year.

Risk registers are maintained at each level of the organisation for business as usual operations and change

projects, including transition into live operations, with close attention paid to the timely implementation of mitigation actions and development of contingency plans.

During the year PricewaterhouseCoopers delivered internal audit services for the third year of a five-year contract. Full details of our internal control system can be found on pages 41-45 of the Accounts.

IPS will continue to focus on developing control risk self-assessment and risk management processes, based on the UKPS approach to identify, evaluate and control risk to key strategic objectives and supported by a number of specific initiatives, including:

· revision of the risk management strategy and supporting policies and practices

- a review of risk management capability and effectiveness, using the HM Treasury Risk Assessment framework
- a review of risk tolerance to ensure that this is aligned appropriately with strategic objectives and business activities
- improvements in the level and value of management monitoring to provide a more systematic mechanism to confirm effective application of key controls relied upon to mitigate major risks
- a training programme based on a new risk tool which will be implemented during the 2006-07 financial year.



Unlocking staff potential

UKPS placed a high priority on ensuring staff felt valued and empowered and developed a set of valued behaviours to support the recruitment and performance management processes as well as being an integral part of staff appraisal and development.

The aim of the Valued
Behaviour Framework is to
bring alive and embed UKPS
values by describing how they
are demonstrated in everyday
work situations. The aim is to
set a corporate standard of
acceptable behaviour, which
is supported by clear
targets (for performance
management), as well as clear
essential skills (for recruitment
and promotion and to guide
personal development).

Living the values



Working together

- Working co-operatively and willingly with others to achieve a common objective
- Sharing information, expertise and skills



Customer service

- Providing quality, consistent, efficient and responsive customer service
- · Continuously striving for excellence



Responding to change

 Embracing and supporting change, maintaining an open mind and learning from experience



Valuing people

 Accepting and respecting others for their knowledge, expertise and difference, recognising and acknowledging their potential and achievements and enabling them to perform



Personal responsibility

- Taking responsibility for individual and organisational actions and decisions
- · Acting with integrity and commitment

Staff survey and reaccreditation as an Investor in People

A combined Investor in People (IiP) and staff survey group was set up following the 2003–04 staff survey and IiP assessment to implement the recommendations. This joined-up approach has been highly successful and is now being adopted for the implementation of the 2005–06 staff survey recommendations and the preparation for IiP accreditation for IPS (autumn 2006).

The 2005-06 staff survey was conducted in May 2005. A staff survey planning group was set up with representation from across the organisation and regular communication on progress was carried out via internal circulars and team briefings. This resulted in an improvement of staff participation in the survey

from 67% to 77% – this is considerably above the public sector norm.

Key survey findings are presented in Table 1.

	2005	2004	Public sector norm
Proud to work for UKPS	61%	38%	50%
Recommend UKPS as an employer	55%	40%	37%
Confidence in senior management	45%	16%	29%
Job satisfaction	65%	56%	60%
Satisfaction with training	62%	43%	49%
Have a career path	41%	29%	21%

Table 1: Results of the 2005-06 staff survey

UKPS placed a high priority on ensuring staff felt valued and empowered

These findings have been discussed at corporate, regional and team level and translated into action plans which are now being implemented. The next survey is due in March 2007.

In seeking to maintain our status as an Investor in People, we have worked to deliver:

- more feedback on individual performance
- more objective outcomes to assessment of performance
- increased staff involvement with opportunities to give constructive feedback
- shared ownership of the performance process
- embedding valued behaviours through greater awareness
- increased level of personal ownership
- building of teamwork and rapport
- increased feedback and management skills
- increased coaching skills

 increased transactional and transformational skills.

Training and development of staff

During the year, UKPS invested 8.8% of its salary costs on training and developing staff, which exceeded our target of 4.5%. For 2006–07, a commitment has been made to allocate 7 days' training per employee per year to reduce further the impact of seasonality on training.

Training volumes throughout the year have been high with all employees receiving an average of 4 days' training. This does not include interventions such as technical updating where we used a non-classroom format combining briefings, user guides, floor walkers and web-referenced frequently asked questions.

UKPS has sought during the year to develop innovative training delivery models to address the challenges of geographical distribution, shiftworking, an increasing number of part-time staff and the efficiency agenda. Some of our solutions are wholly technology-based while others are blended solutions using a mixture of technology-based packages and classroom interventions.

Foundation-level training for examiners has been implemented and the majority of staff have been accredited. This is a blended learning programme using a mix of e-learning and classroom training, supported by desk training to reinforce the application of skills. All examiners who achieve the required standard will receive an internally accredited certificate. The courses have been regularly updated to reflect changes such as photo standards.

New customer care standards have been designed and implemented for Operations and customer care training is aligned to these.

UKPS has continued to implement the leadership development programme for senior managers and is in the process of implementing a 'Leading from Within' programme for all middle managers. This development is underpinned by the skills profiles we have developed for all middle and senior managers in line with the Professional Skills for Government framework.

Training for first-line managers has been accredited by the Institute for Leadership and Management. The concept of a virtual college is in development which will provide leadership and talent development programmes at a number of locations.

The professional qualifications policy has been revised and

re-launched and UKPS has continued to support nonvocational and vocational training via the Agency Life Long Learning Scheme.

Management of staff absence

In 2005-06 UKPS had an average of 10.5 days sickness absence per (fulltime equivalent) member of staff. This compares against the target of 10 days and represents deterioration from 9.9 days in 2004-05 (the target/actual results were rebased following a review of the standards adopted across the Home Office and comments for 2004-05 and 2005-06 are quoted on the same revised methodology). While this is disappointing and represents an increase on the previous year, there has been an improvement relating to levels of long-term sickness absence. Activity taken to support this

improvement has included the full rollout of the occupational health service, especially on-site nurse provision, the embedding of the absence management policy, and improvements in management information.

Healthcare programme

Flu vaccinations were available to all members of staff; 650 took advantage of this during the year. A health assessment programme is almost complete; this incorporates advice for employees on healthy lifestyles. Take-up of the assessment has been high (1,387) and it is proving popular with employees. We are also receiving positive feedback about the Employee Assistance Programme (EAP). This offers a wide range of services to staff, their families and those close to them, and is available to staff 24 hours a day, 365 days a year.

66 UKPS has continued to implement the leadership development programme for senior managers and is in the process of implementing a 'Leading from Within' programme for all middle managers

Performance management scheme

The new performance management scheme has been introduced and is now fully implemented. Key changes from the previous scheme are the requirement to define clear standards of what comprises achievement and over-achievement, and for evidence to be collected to inform assessment against objectives. It has also seen the introduction of assessment against the corporate 'valued behaviours' and upward feedback from staff on their line managers.

Reward

The corporate bonus scheme aims to increase team performance against corporate targets and raise staff understanding of the targets and the part they play in

achieving them. The scheme is proving successful, with greater staff understanding of the corporate objectives and engagement in the need to achieve them. This year the corporate bonus scheme has resulted in an overall increase in performance against the targets.

Implementation of diversity action plan

UKPS, like many organisations, brings together many different people from diverse backgrounds, with different needs and expectations.

UKPS recognises how important its people are to the success of the organisation. We are therefore striving to create an environment where everybody feels valued and motivated towards achieving our business goals. One of the key supporting policies

for achieving this is to have the support and commitment of our staff, which requires us to proactively recognise and manage the diversity of our workforce and customers. Managing diversity means ensuring that everybody is treated equally and has access to the same opportunities and services. This is why it is important that diversity is accepted as the responsibility of each member of staff. During 2005-06 diversity activities included:

- a highly successful one-day diversity event attended by over 100 staff across the organisation
- · the design and implementation of 'working together': an e-learning diversity training package which all staff have been required to undertake

- · the design and implementation of diversity training for managers: 80% have been trained to date and mop-up sessions are underway
- · a series of regional events during diversity week including 'vox-pop' sessions
- · development of policy, guidelines and information booklets for staff on various subjects including civil partnerships.

There is always room for improvement but achievements during the year include:

- one of the first organisations to be prepared for civil partnerships
- · 'best in class' citation received by the DTI on the employment monitoring framework and the suggestion that the system for capturing equality monitoring data should be used as a model of good practice across the Home Office

• the Chief Executive spoke for the third year running at the Home Office Disability Support Network AGM.

Full details of our diversity performance can be found at Annex D.

Partnership with PCS

UKPS management has remained committed to working in partnership with the Public and Commercial Services Union (PCS) throughout 2005-06. The partnership is successful and has enabled us to maintain good industrial relations during this period. The model has won acclaim from ACAS, and UKPS was the only employer invited to take part in a recent twinning event on partnership with Romania.

The concept of partnership is introduced during induction, and focus days are held with senior managers and

national officers to discuss the change programme and future developments in order to gain valuable input from the union. In addition to this, all HR policies issued in 2005-06 were written in consultation with PCS as one of the major policy stakeholders of UKPS.





BrightSparks

BrightSparks, the staff suggestion scheme, continued to progress in 2005–06. The agency is a member of IdeasUK, the UK association of suggestion schemes. BrightSparks was awarded silver accreditation during the financial year, one of only three schemes nationally to be awarded the accreditation.

Launched in March 2003, the scheme is now three years old. In the third year of operation the scheme received 1,470 suggestions. The sum of £3,300 has been awarded to originators of those suggestions which were practical to implement in 2005–06.

BrightSparks continues to contribute to the 'Celebrating Success' initiative through the category of 'Idea of the Year'.

BrightSparks suggestions made and implemented during 2005–06 included:

- an idea introduced in the Liverpool office and subsequently other offices was for SMS envelopes to be printed with a red box in the corner to save having to buy separate labels. During its lifetime the suggestion has saved approximately £1,500
- a number of changes to functionality of the PASS computer system to improve efficiency and usability for examiners and other staff
- several suggestions leading to process and procedural improvements in individual regional offices.



Infrastructure strategy

In support of its vision, UKPS has continued to develop and maintain a longterm information systems strategy and has progressed implementation. This has included a complete technical refresh of the infrastructure which was completed in January 2006. The information systems organisation has been restructured and strengthened to support the increasing dependence of technology and systems, and improved governance arrangements are in place including an Information Systems Board which ensures that all systems developments are aligned with business priorities and are well managed.

The strategy has also been extended to align with the objectives of the National Identity Scheme. Enhancements to core operational systems such as PASS have been consistent with the planned move to a more modular, service-based architecture. This has included a major upgrade to PASS to support the new photo standards, the issue of biometric passports, and the development of the system to support the interviewing of first-time adult applicants.

Preparations for key contract re-tenders such as for PASS have been progressed.

"I applied online last week and the new passport was delivered on Thursday ... I don't think there is any other service provider in this country who could better this."

Mr M Lalji Shah, Surrey

ePassports

UKPS has been progressing the development and rollout of ePassports, marking the transition from digital to biometric passports. As part of the transition, biometric passport readers are being introduced into the counter area of each regional office.

Biometric passport readers enable biometric passport holders to view the information contained on the electronic chip in their passports, incorporating an ICAO standard facial biometric. The first ePassports were produced in March 2006.

Development of management information systems

UKPS has continued to establish stronger management information systems to help manage its business more effectively. In particular a 'data mart' is in its final stages of user testing. This will help support improved efficiency and quality initiatives and provide more flexible access to data to a wide range of staff.

Internal IT systems

During the year improvements were made to the PASS system to streamline processes and to improve security.

Successful technical refresh and new intranet

A major technical infrastructure upgrade was successfully completed in January 2006. This included migrating over 2000 PCs and servers from Windows 98 and NT to Windows XP and 2003 across seven offices and implementing an enhanced wide-area network. Benefits realised have included improved functionality and ease of use, faster response times, and improved resilience and disaster recovery.

UKPS has also designed and implemented a much enhanced intranet site called *Exchange* that facilitates internal communications and access to information for all staff. *Exchange* has an improved structure for ease of navigation, greater integration with business processes, and utilises a content management

system to support faster and more flexible updating and publishing of content.

Online services

The new and much improved online passport application service is in its final stages of testing and a live pilot is to be run in May 2006.

