

The 2003/04 Annual Report of the  
Police Complaints Authority

**PCA**

POLICE COMPLAINTS AUTHORITY

# Annual Report and Accounts of the Police Complaints Authority

1 April 2003 – 31 March 2004

Presented to Parliament by the Secretary of State for the Home Department in pursuance of Section 79(4) of the Police Act 1996 and by the Comptroller and Auditor General in pursuance of paragraph 13(2) of Schedule 5 to the Police Act 1996.

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# Contents

Chairman's review	5
Statistics	15
Statement of Accounts	23
List of tables	
Table 1: Analysis of deaths in, or following, police custody, with place of incident and cause of death (Category 3)	10
Table 2: Analysis of deaths during, or following, other types of contact with the police (Category 4)	11
Table 3: Deaths from police pursuits and emergency responses, 1 April 1997 to 31 March 2004	11
Table 4: Analysis of cases and complaints dealt with by the Authority, 1 April 2003 to 31 March 2004	18
Table 5: Analysis of outcome of complaints and non-complaint matters, 1 April 2003 to 31 March 2004	20
Figure 1: Complainants – breakdown by gender 2003/04	16
Figure 2: Complainants – breakdown by age 2003/04	16
Figure 3: Complainants – breakdown by ethnicity 2003/04	16
Figure 4: Complainants – breakdown by ethnicity (new categories) 2003/04	16
Figure 5: Deaths in police care or custody 1995/96–2003/04	16
Figure 6: Road traffic incidents – total incidents investigated 1997/98–2003/04	16
Figure 7: Cases referred to the Authority and accepted for supervision 1989–2003/04	17
Figure 8: Voluntary referrals of non-complaint matters 1994/95–2003/04	17
Figure 9: Total cases considered and cases dispensed 1994/95–2003/04	17



# Chairman's review

In my Chairman's review for the 2002/03 Annual Report, I wrote that it was my final review as Chairman, as my term of office ended on 31 March 2004. This statement was correct in that it was my final review in a fully documented Annual Report published while the Police Complaints Authority (PCA) was still in existence. However, even though the PCA came to an end on 31 March 2004, there is a responsibility for the Home Office to present to Parliament an Annual Report for the PCA covering the year 2003/04. I have therefore agreed to produce an introductory statement for this final report to highlight the issues that were addressed during the final year of the Authority and to review how the Authority managed the transition from the PCA to its successor body, the Independent Police Complaints Commission (IPCC).

As Chairman of the PCA during the final year of the Authority, my objectives were as follows:

- to maintain a robust and effective PCA;
- to manage the transition to the IPCC and offer what assistance the Authority could to ensure that it was a seamless transition from one organisation to another;
- as part of the transition planning, to make significant inroads into the then existing backlog of complaint cases to be dealt with and to significantly reduce the turnaround times for processing individual cases; and
- to continue to learn lessons from complaints and to complete the then programme of work of our research department and to publish and disseminate the information from that programme.

After 31 March I continued to be the Chairman and Accounting Officer and had Accounting Officer responsibilities after that date, and, indeed, signed the Accounts on 31 March 2005.

To achieve the objectives outlined above required the maintenance of a skilled and motivated workforce, including retaining members of the Authority, who took the decisions on individual complaint cases. We were assisted in this by way

of an agreement with the Home Office and the Treasury to the introduction of a staff and member retention scheme. This offered a financial reward to those members and staff who remained with the Authority until the end of February 2004. The retention scheme included a further cash incentive if certain targets were achieved in terms of dealing with complaint cases throughout the year. It says a great deal about the commitment and enthusiasm of our staff and members that all the targets agreed with the Home Office for processing complaint cases were met and the maximum payments were made under the retention scheme. The existing workforce was also supplemented by specially trained agency staff and many of them not only contributed to the work of the Authority but were also given the opportunity of transferring to the IPCC, where they continued to handle the ongoing and new casework and helped in the development of the new system for dealing with complaints.

We were also assisted in retaining those members who had not been appointed to the new Commission by developing an executive search package, designed to support individuals throughout the final year in finding comparable employment outside the Authority.

## Contribution to the new complaints system

The 2002/03 report explained in detail the ways in which we were contributing to developing the new police complaints system which, since 1 April 2004, has been provided by the IPCC.

This work continued throughout the year and I attended and participated in meetings of a Programme Board created by the Home Office to oversee the transition to the new system.

We also assisted the IPCC by facilitating the early transfer of experienced staff, including some agency staff, to assist the Commission in developing a system to process individual complaint cases from 1 April 2004.

## Supervision of investigations

During the year, the police service referred 825 investigations to the PCA for possible supervision. This was 73 fewer than in the previous year (898), representing a reduction of 8 per cent. Referrals to the Authority alleging a serious, arrestable offence showed a dramatic drop – from 35 to 20. Those involving a complaint of the police causing death or serious injury declined from 276 to 210, a fall of nearly 25 per

cent, consistent with a long-term downward trend. It is worth noting that the number of voluntary referrals of investigation into non-complaint matters (182) was nearly the same as in the previous year (181).

Out of the 825 investigations referred to the PCA for possible supervision, we were required to supervise 200 police investigations (those involving allegations that the police caused death or serious injury). On top of this, we also agreed to supervise a total of 188 other investigations, including 119 non-complaint matters.

This compares with 2002/03, when 447 investigations were accepted for supervision, of which 217 were mandatory and 133 were non-complaint matters. This reduction is mainly accounted for by a fall in the number of cases covering such areas as death or serious injury, perjury, harassment, false arrest or racially discriminatory behaviour accepted for supervision by the Authority. This modest reduction in the overall total accepted for supervision reflected our recognition of the need to manage our workload carefully in the final year, to ensure that we only passed on to the IPCC a level of work in progress which would be manageable during the critical early period of its development.



## Misconduct review and dispensations

The total number of misconduct cases considered (7,159) was very close indeed to the total in 2002/03 (7,222). The long-term downward trend, from the high of 10,243 in 1996/97, continued, but appeared to have slowed. The number of cases in which we granted a dispensation from investigating the complaint case any further (3,795) was nearly the same as last year, showing a rise of only 120 cases. The number of dispensations granted had stabilised over the period from 2001.

## Analysis of misconduct review cases

During the year the number of complaint cases awaiting our action was reduced from 1,234 in February 2003 to 670 at the end of March 2004, a very major reduction of 46 per cent. These cases had been investigated by the police service and then referred to the Authority to carry out a review of the investigation, to determine whether police officers should face disciplinary action; or they were requests from the police to dispense with investigating complaint cases any further.

As explained earlier, our progress was achieved against a backdrop of uncertainty for many

caseworking staff and members who worked tirelessly to continue to produce good-quality work and to meet the targets that had been set in the retention scheme. This, despite often not knowing until the very end of the year what their next job would be and, in the case of a number of members, not having any job to go to at all.

This outstanding effort by caseworking staff and members meant that we achieved a reduced turnaround time for misconduct review cases from 136 days in February 2003 to 75 days at the end of March 2004 – an improvement of 45 per cent.

The separate figures for turning around requests from the police for a dispensation from investigating a complaint any further reduced from 44 days in May 2003 to 30 at the end of the year. A significant reduction also took place in that element of supervised cases which involved members considering whether a police officer should face disciplinary action. The turnaround time for such cases reduced from 131 days in May 2002 to 93 days at the end of March 2004, which was an improvement of 29 per cent.

From 1992, we had an overall target of trying to turn cases around within a 28-day period. Over time, the Authority concluded that because of the increasing complexity of many of the cases dealt with, this target was unrealistic. However, the

number of cases dealt with within the 28-day target period did improve during the year, from a 4 per cent figure at the end of last year, to 24 per cent of cases in the current year, which is a fivefold improvement.

## Analysis of complaints

In analysing the number of complaints that we received in a year, we always tried to look not only at the number of complaint cases, but also the number of individual allegations considered and finalised. We have also tried to measure the value that the Authority added by looking at police investigations and the recommendations on those complaints from police forces to determine what difference this has made to the complaints system.

The total number of allegations considered and finalised by the Authority during the year was down from 9,619 to 9,201 – a reduction of 4 per cent.

Of the 9,201 fully investigated allegations, when you take out those complaints which were withdrawn and complaints where the police officer involved had left the police service, or where an investigation into a complaint led to a review of a policy matter or procedure rather than disciplinary action against an individual, you are

left with 8,808 fully investigated complaint allegations where there was a possibility of disciplinary action against individual police officers. In the event, disciplinary outcomes against individual police officers arose in 1,588 complaint allegations. This amounts to 18 per cent of the total complaint allegations, compared with 16 per cent in 2002/03.

Just over 15 per cent of these disciplinary outcomes were as a result of our review of the police investigation and were not based on a recommendation by the relevant police force. This figure of 15 per cent of disciplinary outcomes determined by the Authority rather than the police, is virtually the same as last year.

Arising from the police investigations into complaints, 241 disciplinary outcomes arose which were ancillary to the investigation and resulted not from the complaint from a member of the public but from what came to light during the investigation. This compares with a figure of 321 last year.

The number of complaint allegations which culminated in a formal misconduct hearing for a police officer or a written warning, was substantially lower than last year, reflecting the fact that a higher proportion of outcomes were informal disciplinary ones (advice and guidance)

rather than formal disciplinary ones (a misconduct hearing or a formal written warning). Disciplinary hearing outcomes were down from a total of 335 last year to 209 this year. As regards written warnings, there were 325 last year and 238 in 2003/04.

In 2002/03 disciplinary proceedings were not taken against individual police officers following acquittal at a criminal trial in 23 cases. This compares with a figure for this year of seven investigated allegations having such an outcome.

## Deaths in police care and custody

During its final six years there was a particular emphasis in the Authority towards reducing the risks of deaths occurring in police custody. This year we recorded 29 deaths in, or following, custody (Home Office Category 3), compared with 30 in 2002/03.

Sixteen of the 29 people died in a police cell or the police station. Worryingly, five died from self-harm in a police station compared with two people in 2002/03.

Table 1: Analysis of deaths in, or following, police custody, with place of incident and cause of death (Category 3)\*

	Medical	Alcohol or drugs	Self-harm	Accident	Other	Totals
Cell or police station	7	2	5	1	1	16
Public place	3	1	0	1	0	5
Police vehicle	0	1	0	0	0	1
Home	2	1	0	0	1	4
Other	2	0	0	0	1	3
Totals	14	5	5	2	3	29

\*Tables 1, 2 and 3

These figures are those recorded by the PCA. The official statistics on deaths during or following police contact were produced by the Home Office in their publication 'Deaths During or Following Police Contact – Statistics for England and Wales April 2003 to March 2004 available at <http://www.homeoffice.gov.uk>

We also supervised the investigation into 14 deaths during or following other types of contact with the police (Home Office Category 4). In other incidents our members decided that the public interest did not require supervision of the inquiry.

Table 2: Analysis of deaths during, or following, other types of contact with the police (Category 4)\*

	Medical	Alcohol or drugs	Self-harm	Accident	Other	Totals
Cell or station	1	0	1	0	0	2
Public place	0	0	1	3	2	6
Home	0	0	2	1	0	3
Other	0	0	1	2	0	3
Totals	1	0	5	6	2	14

## Road traffic incidents

We supervised 42 investigations into road traffic incidents in which a total of 39 people died. Of these, the majority (25 incidents) resulted from pursuits in which a total of 29 members of the public died. Additionally, seven incidents, involving nine fatalities, resulted from emergency response driving. During the year one person died in a collision between his car and a police vehicle.

Table 3: Deaths from police pursuits and emergency responses, 1 April 1997 to 31 March 2004\*

Year	Number
1997/98	9
1998/99	17
1999/2000	22
2000/01	25
2001/02	44
2002/03	31
2003/04	38*

\*Tables 1, 2 and 3

These figures are those recorded by the PCA. The official statistics on deaths during or following police contact were produced by the Home Office in their publication 'Deaths During or Following Police Contact – Statistics for England and Wales April 2003 to March 2004 available at <http://www.homeoffice.gov.uk>

## Firearms

One man died and two men were injured as the result of the police use of firearms during the year. The three incidents were all supervised by us. In April a man was shot and injured by Sussex Police. In June Mr Keith Larkins was shot dead by the Metropolitan Police Service, near Heathrow Airport. Two months later a man was also shot and injured by the Metropolitan Police in Notting Hill.

During the year the police service increasingly deployed baton guns as a less lethal alternative to the use of firearms. We also played a part in the police service trial of the Taser stun gun. The five forces that were trialling Taser referred all incidents involving its use to us. We supervised the inquiry into the first cases referred or, if as part of the official trial, there were any particular concerns.

## Race equality

Our work during the year continued to be strongly influenced by the objectives published in our Race Equality Scheme, which we were required to produce as part of our statutory responsibilities under the Race Relations (Amendment) Act 2000. The full details of the

Authority's Race Equality Scheme were given in our Annual Report for 2001/02.

In last year's Annual Report we explained the work of a small group of members of the Authority, together with representatives from appropriate stakeholders, to produce guidelines for assisting the police service when investigating complaints of racially discriminatory behaviour. The guidelines were published in August and were very well received by police forces, with most of the recommendations in the document being fully implemented by the professional standards department in each force. Together with appropriate colleagues, I attended a meeting of the Home Office Steering Group concerned with following up the recommendations of the Stephen Lawrence Inquiry and the guidelines produced by us were very much welcomed by it.

## Legal issue

In the 2002/03 Report, we outlined the latest developments in the legal case R (on the application of Anthony Green) versus PCA judicial review, which we lost in the High Court but successfully overturned in the Court of Appeal. That Court refused Mr Green leave to appeal, but the House of Lords gave leave in December 2002.

The case involved issues regarding the disclosure of information to complainants during a police investigation. The case was heard in January and the five Law Lords ruled by five votes to nil to reject the appeal from Mr Green and awarded costs to us.

## Research

During the year we continued our programme of publishing reports from our research department which identified the lessons to be learned from the Authority's work in supervising police investigations into complaints and our review of complaint investigations. The following research reports were published during the year:

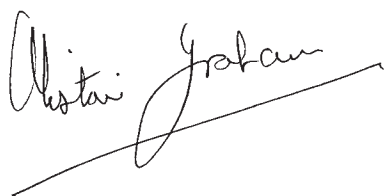
- a review of complaints into the use of Stop and Search powers by the police;
- a report arising from a police pursuit monitoring study in Wales;
- a follow-up research report exploring how far the recommendations in an earlier research paper, *Fatal Pursuit*, had been followed up by the police service;
- a research report on drug-related deaths in custody; and
- a research report on the role of alcohol in deaths in custody.

## Administration

Our business plan for 2003/04 was necessarily focused on those issues critical to a well-managed and successful transition to the successor body, the IPCC. Accordingly the plan was very much concerned with the two primary aims for the year which concentrated on the elimination of the backlog of complaint cases, and a comprehensive support package designed to sustain the commitment and morale of members and staff over the Authority's final 12 months, to ensure a seamless transition to the successor organisation.

Reference has already been made to the importance of the retention scheme in encouraging both experienced staff and members to remain with us until 29 February.

As Chairman of the Authority for the past year I am immensely grateful for the dedication shown by all the members and staff of the Authority in continuing to provide a top-quality service to complainants and to contribute to assisting the IPCC to develop successful procedures for operating the new complaints system. I am proud to have worked alongside such high-quality and dedicated people during my four-year term of office.

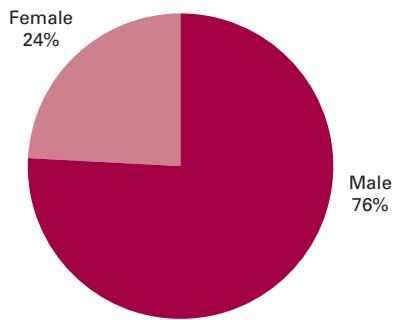
A handwritten signature in black ink, reading "Alistair Graham". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

ALISTAIR GRAHAM

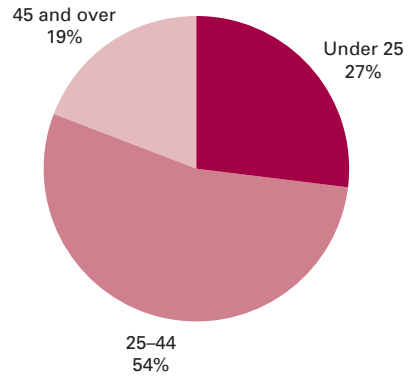
# Statistics



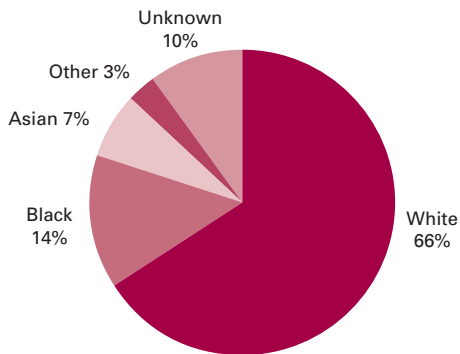
**Figure 1: Complainants – breakdown by gender 2003/04**



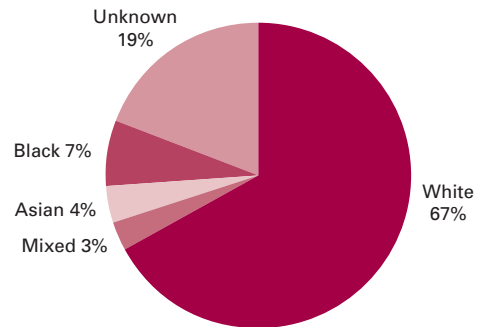
**Figure 2: Complainants – breakdown by age 2003/04**



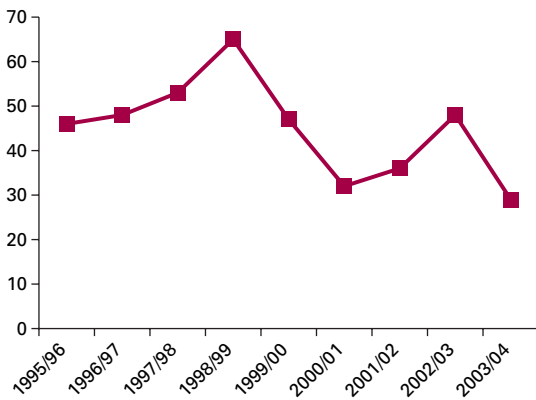
**Figure 3: Complainants – breakdown by ethnicity 2003/04**



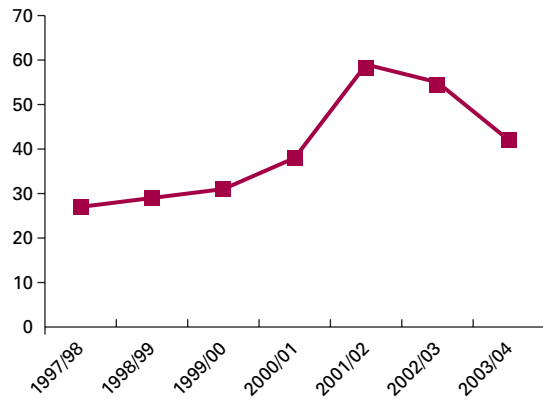
**Figure 4: Complainants – breakdown by ethnicity (new categories) 2003/04**



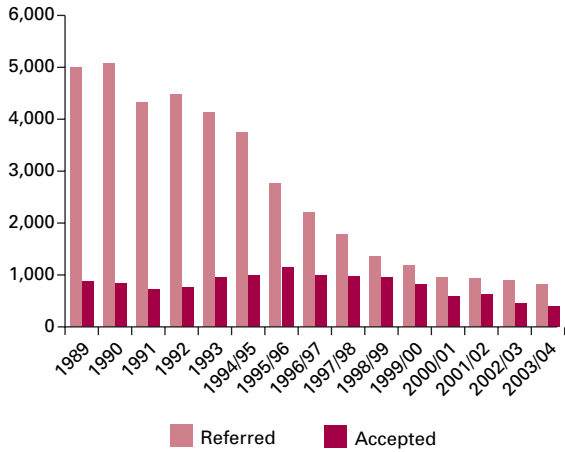
**Figure 5: Deaths in police care or custody 1995/96–2003/04**



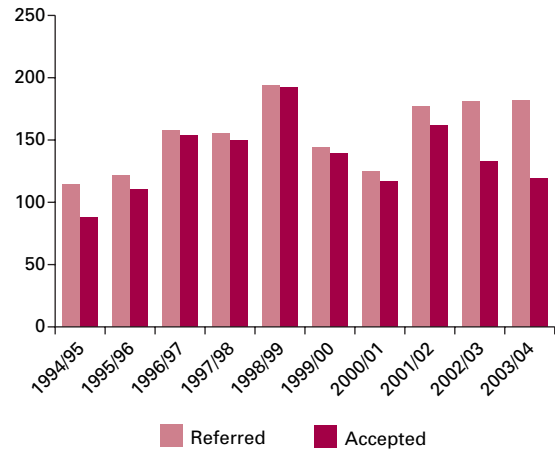
**Figure 6: Road traffic incidents – total incidents investigated 1997/98–2003/04**



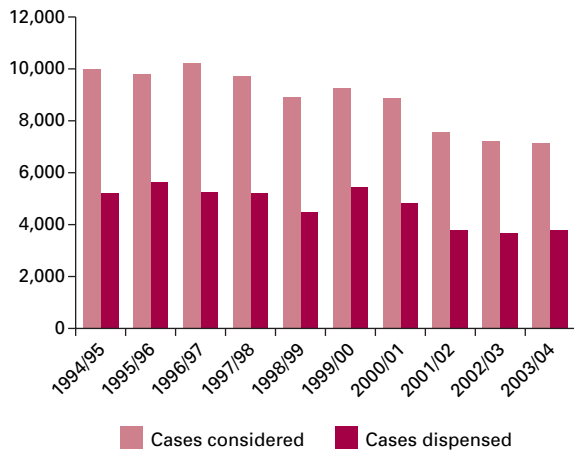
**Figure 7: Cases referred to the Authority and accepted for supervision 1989–2003/04**



**Figure 8: Voluntary referrals of non-complaint matters 1994/95–2003/04**



**Figure 9: Total cases considered and cases dispensed 1994/95–2003/04**



**Table 4: Analysis of cases and complaints dealt with by the Authority, 1 April 2003 to 31 March 2004**

Force	Strength of force	Number of cases (2002-2003)	Number of cases 2003-2004	Number of complaints per 1,000 officers	Dispensation applied for	Percentage of total complaints dispensed with	Total investigated allegations	Types of complaint						
								Serious non-sexual assault	Sexual assault	Other assault	Oppressive conduct or harassment	Unlawful/unnecessary arrest or detention	Racially discriminatory behaviour	Irregularity in evidence/perjury
Bedfordshire	1,164	80	78	132	59	38.31%	95	0	1	7	12	5	2	2
City of London	815	6	31	63	20	39.22%	31	0	0	3	3	3	2	0
Dyfed-Powys	1,158	42	38	57	13	19.70%	53	0	0	7	6	2	1	6
Gwent	1,347	71	54	117	53	33.76%	104	0	3	23	20	8	1	7
Warwickshire	986	71	57	186	33	18.03%	150	0	0	23	11	6	3	3
Wiltshire	1,242	48	47	77	31	32.29%	65	0	0	19	9	2	1	1
Cambridgeshire	1,415	103	79	119	39	23.21%	129	0	3	22	9	8	5	5
Cumbria	1,193	72	72	91	71	65.14%	38	0	0	8	4	3	0	1
Gloucestershire	1,258	95	104	126	65	41.14%	93	2	1	22	2	10	2	3
Lincolnshire	1,231	51	65	101	35	28.23%	89	0	0	22	9	6	1	2
Northamptonshire	1,258	45	47	64	37	45.68%	44	1	1	8	2	3	2	3
Suffolk	1,306	60	98	123	53	32.92%	108	0	0	17	6	4	3	5
Cleveland	1,616	72	82	82	74	55.64%	59	3	1	13	2	3	0	0
Dorset	1,423	102	83	105	51	34.23%	98	1	1	27	6	9	3	1
Durham	1,684	39	42	48	27	33.75%	53	2	0	9	7	0	5	3
Norfolk	1,520	65	90	101	78	50.65%	76	0	2	20	5	8	1	1
North Wales	1,597	92	77	101	54	33.33%	108	1	3	18	7	9	3	4
North Yorkshire	1,481	115	74	81	33	27.50%	87	0	0	18	12	7	0	7
Cheshire	2,189	131	148	180	118	30.03%	275	1	0	31	41	7	8	39
Derbyshire	2,061	48	58	49	75	73.53%	27	1	0	6	3	0	2	0
Hertfordshire	2,080	69	81	79	78	47.27%	87	0	1	23	1	5	3	4
Leicestershire	2,211	108	117	90	86	43.22%	113	3	1	34	10	7	5	7
Surrey	1,977	94	99	104	87	42.23%	119	0	0	18	11	10	1	4
West Mercia	2,379	136	158	118	98	35.00%	182	3	0	33	10	8	0	10
Devon & Cornwall	3,286	232	238	139	149	32.60%	308	1	0	53	33	22	5	13
Essex	3,074	116	127	80	124	50.41%	122	0	0	16	9	7	6	5
Humberside	2,188	109	121	92	104	51.49%	98	1	0	35	7	5	3	3
Nottinghamshire	2,537	140	157	174	109	19.78%	442	10	1	55	41	23	6	34
Staffordshire	2,260	188	167	169	107	28.01%	275	1	0	49	20	14	3	17
Sussex	3,028	198	136	105	10	3.13%	309	6	2	61	26	27	13	11
Avon & Somerset	3,328	204	233	120	103	25.75%	297	5	2	79	27	33	11	2
Hampshire	3,763	204	310	159	230	38.53%	367	2	9	77	30	35	14	15
Kent	3,539	148	149	102	79	21.82%	283	2	0	71	39	29	5	5
Lancashire	3,512	173	153	85	133	44.63%	165	2	1	35	14	14	4	13
South Wales	3,286	206	161	116	122	31.94%	260	2	1	36	35	19	5	36
Thames Valley	4,049	241	233	103	151	36.21%	266	5	2	60	34	11	13	3
Greater Manchester	7,724	452	489	121	407	43.48%	529	11	2	120	29	27	26	22
Merseyside	4,149	209	189	78	179	55.42%	144	1	0	27	8	10	5	6
Northumbria	4,039	151	140	95	106	27.60%	278	7	1	41	14	30	6	8
South Yorkshire	3,222	173	196	160	137	26.65%	377	9	8	62	14	51	5	17
West Midlands	7,960	482	618	161	591	46.17%	689	5	3	145	24	62	31	18
West Yorkshire	5,230	156	184	76	154	38.99%	241	5	4	53	22	22	2	9
MPS Area 1		400	418		391		485	1	3	79	33	50	20	26
Area 2		305	219		250		283	1	1	52	16	18	22	14
Area 3		385	305		359		237	3	2	43	17	15	15	10
Area 4		357	304		273		408	1	1	79	13	27	8	18
Area 5		57	8		0		32	1	0	6	1	2	1	3
Misc		4	1		0		4	0	0	0	1	0	0	0
<b>MPS total</b>	<b>29,257</b>	<b>1,508</b>	<b>1,255</b>	<b>92</b>	<b>1,273</b>	<b>47.10%</b>	<b>1,430</b>	<b>7</b>	<b>7</b>	<b>259</b>	<b>81</b>	<b>112</b>	<b>66</b>	<b>71</b>
Non-Home Office Forces														
British Transport	1,940	88	101	103	79	39.50%	121	1	1	14	12	10	7	4
Ministry of Defence	2,486	24	27	42	8	7.69%	96	0	2	4	19	5	0	7
Port of Liverpool	60	1	1	17	0	0.00%	1	0	0	0	0	0	0	0
Port of Tilbury	13	0	0	0	0	0.00%	0	0	0	0	0	0	0	0
Royal Parks	139	1	2	22	0	0.00%	3	0	0	1	0	0	1	0
UKAEA	391	1	1	5	0	0.00%	2	0	0	0	1	0	0	0
National Crime Squad	1,179	2	2	2	2	100.00%	0	0	0	0	0	0	0	0
National Criminal Intelligence Service	262	0	0	0	0	0.00%	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>141,213</b>	<b>7,222</b>	<b>7,269</b>	<b>107</b>	<b>5,725</b>	<b>37.84%</b>	<b>9,405</b>	<b>101</b>	<b>64</b>	<b>1,784</b>	<b>747</b>	<b>701</b>	<b>291</b>	<b>437</b>

Forces are grouped by 'families' of forces and comparisons are normally made within each group. One case may contain several individual complaints. Due to the way the figures were compiled there are differences between the total number of investigated complaints in Tables 4 and 5.

Corrupt practice	Mishandling of property	Breach of Code A – Stop and search	Breach of Code B – Searching of premises and seizure of property	Breach of Code C – Detention, treatment and questioning	Breach of Code D – Identification	Breach of Code E – Tape recording	Multiple or unspecified Code breaches	Failure in duty	Other procedural irregularity	Incivility	Traffic irregularity	Other	Section 71 – Non allegation	Total substantiated allegations	Percentage of allegations substantiated
3	3	0	4	7	0	0	0	21	12	15	0	1	0	8	8.42%
0	1	0	2	3	0	0	0	6	0	2	1	3	2	2	6.45%
0	0	1	0	6	0	0	0	10	3	5	2	2	2	7	13.21%
1	0	0	3	8	0	0	1	22	1	4	1	1	0	14	13.46%
0	1	1	3	5	0	0	2	36	6	15	3	32	0	35	23.33%
1	2	4	0	1	0	0	0	7	2	13	0	2	1	11	16.92%
1	3	0	1	3	1	0	0	39	8	21	0	0	0	23	17.83%
1	0	2	1	3	0	0	0	7	5	2	0	1	0	8	21.05%
1	1	0	3	5	2	0	0	13	11	14	1	0	0	4	4.30%
0	3	1	2	5	0	0	0	18	4	13	0	2	1	15	16.85%
0	0	0	0	3	0	0	0	9	0	7	1	3	1	11	25.00%
1	1	1	1	3	0	0	0	35	2	19	3	7	0	17	15.74%
1	1	0	1	11	1	2	0	13	1	4	1	0	1	15	25.42%
0	2	1	1	6	1	0	0	11	6	16	0	4	2	18	18.37%
1	2	0	1	0	1	0	0	15	3	2	0	1	1	1	1.89%
0	5	0	3	7	0	0	0	10	2	9	1	1	1	11	14.47%
4	1	2	0	9	0	0	0	26	2	11	1	4	3	26	24.07%
0	3	0	1	3	0	0	0	23	0	9	0	2	2	14	16.09%
0	6	1	3	14	0	0	2	91	13	13	1	4	0	34	12.36%
0	0	0	0	2	0	0	0	9	0	2	1	1	0	12	44.44%
0	2	0	2	4	0	0	1	24	4	5	0	7	1	17	19.54%
1	3	0	4	6	0	0	0	10	3	15	0	4	0	6	5.31%
1	5	1	5	8	0	1	0	20	12	12	1	7	2	18	15.13%
0	8	1	10	9	0	1	4	46	13	16	1	6	3	46	25.27%
2	8	3	1	12	0	0	1	84	22	28	5	12	3	50	16.23%
1	3	0	3	5	0	0	0	33	5	23	2	3	1	16	13.11%
0	1	1	0	7	0	0	0	20	2	12	0	1	0	18	18.37%
34	4	4	16	26	0	0	0	110	6	56	0	15	1	81	18.33%
0	8	0	9	14	0	0	5	85	9	34	0	7	0	41	14.91%
4	8	1	10	24	0	1	1	64	6	28	4	5	7	66	21.36%
2	3	3	4	34	0	0	0	48	5	25	0	9	5	38	12.79%
3	12	0	10	19	2	0	2	71	18	41	5	1	1	57	15.53%
1	8	7	7	23	0	0	0	56	11	14	0	3	2	34	12.01%
1	4	0	4	14	0	0	4	31	8	11	1	4	0	23	13.94%
2	6	2	2	12	0	0	0	62	4	18	0	15	3	26	10.00%
0	9	7	4	12	0	0	0	54	9	31	2	4	6	30	11.28%
7	9	6	11	43	0	0	4	89	13	70	6	32	2	55	10.40%
5	2	2	1	8	0	0	0	28	4	28	1	5	3	11	7.64%
0	4	4	13	33	0	0	2	59	15	24	0	14	3	29	10.43%
11	8	11	8	40	0	0	0	71	14	45	2	1	0	48	12.73%
4	27	3	25	57	0	0	5	150	16	81	4	22	7	125	18.14%
5	9	1	2	27	0	0	0	38	5	26	2	4	5	28	11.62%
7	13	8	4	28	0	0	0	115	10	71	0	10	7	50	
3	9	5	4	18	0	0	1	59	12	33	3	8	4	33	
0	9	3	5	15	0	0	2	64	2	27	0	4	1	18	
6	8	6	8	17	0	0	1	137	7	39	3	24	5	46	
0	0	0	0	0	0	0	0	10	1	3	0	2	2	5	
0	0	0	0	0	0	0	0	0	0	3	0	0	0	4	
16	39	22	21	78	0	0	4	385	32	176	6	48	19	156	10.91%
0	1	3	0	2	0	0	2	28	9	16	1	9	1	21	17.36%
2	1	0	1	1	3	0	1	33	2	9	0	6	0	8	8.33%
0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0.00%
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
0	0	0	0	0	0	0	0	0	0	1	0	0	0	2	66.67%
0	0	0	0	0	0	0	0	1	0	0	0	0	0	1	50.00%
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%
117	227	96	203	622	11	5	41	2,121	328	1,041	60	315	93	1,337	14.22%

**Table 5: Analysis of outcome of complaints and non-complaint matters, 1 April 2003 to 31 March 2004**

Type of complaint	Hearing		Written warning		Advice	
	F	P	F	P	F	P
Serious non-sexual assault	4	1	0	0	1 (1)	0
Sexual assault	4	1	0	0	1	0
Other assault	30	6	16	3	38 (6)	14 (1)
Oppressive conduct or harassment	15	3	10	4	33 (2)	4
Unlawful/unnecessary arrest or detention	12	0	10	0	39 (1)	4
Racially discriminatory behaviour	4	1	0	0	4	1
Irregularity in evidence/perjury	13	3	4	1 (1)	14	2
Corrupt practice	7	0	0	1	1	0
Mishandling of property	1	0	5	0	31 (2)	1
Breach of Code A – Stop and search	0	0	0	0	9 (3)	3
Breach of Code B – Searching of premises and seizing of property	3	1	5	3 (1)	40 (9)	0
Breach of Code C – Detention, treatment and questioning	2	0	13	2	129 (35)	21 (9)
Breach of Code D – Identification	0	0	1	0	1	0
Breach of Code E – Tape recording	0	0	0	0	3 (1)	0
Multiple or unspecified Code breaches	1	0	0	0	5 (1)	1
Failure in duty	46 (1)	10	88 (2)	20 (1)	401 (74)	45 (12)
Other procedural irregularity	11	2	11	7 (1)	31 (2)	2
Incivility	12	6	19	5	67 (6)	12 (2)
Traffic irregularity	1	1	2	0	7 (2)	0
Other	7	1	4	4	31 (8)	7 (2)
<b>TOTAL</b>	<b>173 (1)</b>	<b>36</b>	<b>188 (2)</b>	<b>50 (4)</b>	<b>886 (153)</b>	<b>117 (26)</b>

F = proposed by the police force

P = proposed by the PCA

Figures in brackets () identify the number of 'ancillary' or 'non-complaint' outcomes included in the totals.

Guidance		Review policy/procedure	NFA/double jeopardy	Officer no longer serving	NFA/unsubstantiated	Withdrawn	Other	Total	Misconduct actions as % of fully investigated matters
F	P								
0	0	0	1	2	95	4	0	108	6.5%
0	0	0	0	5	51	1	1	64	9.4%
8	(2) 3 (1)	0	5	7	1,594	28	9	1,761	7.3%
8	(1) 3	1 (1)	0	5	641	3	3	733	11.6%
3	2	0	0	7	614	4	0	695	10.2%
0	0	0	0	0	272	1	2	285	3.5%
3	(1) 1	1	1	1	384	1	1	430	10.2%
1	0	0	0	1	105	0	1	117	8.5%
1	0	0	0	0	180	2	0	221	18.6%
3	(2) 1	0	0	0	74	0	1	91	23.1%
2	0	0	0	0	148	0	0	202	31.7%
13	(7) 11 (8)	1	0	2	422	3	0	619	34.8%
0	0	0	0	0	7	0	0	9	22.2%
0	0	0	0	0	2	0	0	5	80.0%
2	(1) 0	0	0	1	30	0	0	40	27.5%
38	(16) 11 (4)	7 (4)	0	17	1,396	2	12	2,093	37.3%
3	(1) 0	0	0	1	248	0	2	318	22.3%
6	(1) 4 (1)	0	0	4	894	5	4	1,038	13.6%
0	0	0	0	0	45	0	2	58	22.4%
6	(2) 5 (2)	4	0	3	239	2	1	314	26.4%
<b>97</b>	<b>(34) 41 (17)</b>	<b>14 (5)</b>	<b>7</b>	<b>56</b>	<b>7,441</b>	<b>56</b>	<b>39</b>	<b>9,201</b>	<b>20.0%</b>



Statement of Accounts  
for the year 1 April 2003  
to 31 March 2004



# Foreword

## Introduction

1 This Statement of Accounts reports the results of the Police Complaints Authority for the year 1 April 2003 to 31 March 2004. It has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Office with the consent of the Treasury in accordance with Paragraph 13, Schedule 5 to the Police Act 1996.

## Background information

2 The Police Complaints Authority (PCA) was established on 29 April 1985, under section 83 of the Police and Criminal Evidence Act 1984. This Act, together with other enactments relating to the police, was consolidated into the Police Act 1996 (the Act) which became effective from 1 April 1999.

3 Under the Police Reform Act 2002, the PCA was replaced by the Independent Police Complaints Commission (IPCC) with effect from 1 April 2004. This change had an impact on the business life of the PCA as it wound down to the date of disestablishment and assisted the new Commission in establishing itself.

4 The Authority had a statutory obligation to supervise the investigation of complaints involving death or serious injury and had discretion to supervise any other complaint investigation where, in its view, the public interest made it appropriate. A police force could also refer any matter which it considered appropriate, by reason of its gravity or exceptional circumstances, to the PCA for supervision of the investigation. The Authority had to approve the appointment of the investigating officer and could give directions on the conduct of the inquiry. At the conclusion of an investigation supervised by the PCA, it was required to issue a statement as to whether the investigation had been conducted to its satisfaction.

5 The Authority reviewed all reports of complaint investigations, whether supervised or not. It had powers to recommend or, if necessary, to direct that misconduct proceedings be proffered against a police officer who had been the subject of a complaint, if it was not already the intention of the chief officer to do so.

- 6 The Authority was financed by grant-in-aid from the 'Home Office Administration, Police, Probation, Immigration and Other Services, England and Wales, Resource Account.'
- 7 Paragraph 4 of Schedule 5 to the Act enabled the Secretary of State to pay, or make such payments, towards the provision of such remuneration, pensions, allowances or gratuities to or in respect of Members of the PCA as, with the consent of the Treasury, he determined.
- 8 Paragraph 12 of Schedule 5 to the Act enabled the Secretary of State, with the consent of the Treasury, to pay to the PCA other expenses incurred by the Authority. This included the employment of staff whose numbers, remuneration and other terms and conditions of service were approved by the Treasury.
- 9 The Authority sub-let part of the accommodation at Great George Street to the Cabinet Office, on a commercial basis. This income is required to be surrendered to the Home Office.

## Staff involvement and development

- 10 Staff were kept fully advised of all developments that affected the Authority, and them, during the year. There were regular updates sent to staff and posted on the intranet.
- 11 The change in employment for all staff of the PCA was naturally a difficult time for all involved, but with the assistance of the Home Office Police Leadership and Powers Unit the transition was effected as well as possible.

## Membership

12 During the period of this account the membership of the PCA was as follows:

Sir Alistair Graham	Chairman of the PCA and Accounting Officer
Ian Bynoe	First Deputy Chairman
Wendy Towers	Second Deputy Chairman and Chair of the Audit Committee
Dr Ann Barker	
Anne Boustred	
Duncan Gear	
Deborah Glass	
Sally Hawkins	Part Time
Diane Hayle	Temporary from October 2003 to March 2004
Diane Hughes	Left in August 2003
Alison MacDougall	Part Time
Mehmuda Mian-Pritchard	
David Petch CBE	
Leo Pilkington	
Arthur Price-Jones	Temporary from October 2003 to March 2004
Elaine Rassaby	Part Time
Katherine Reid	Temporary from October 2003 to March 2004
Jennifer Rogers	Left in September 2003
Sue Swindell	Left in September 2003
Marcus Williams	
Nicola Williams	

## In-year operations

- 13 Performance in the year 2003/04 was geared to meeting a number of targets by the date of the PCA's disestablishment.
- 14 The Statement of Accounts for the previous year (2002/03) included the latest developments at that time in the legal case on the application of Anthony Green versus the PCA judicial review case. The Authority lost in the High Court but successfully overturned the result in the Court of Appeal. That Court refused Mr Green leave to appeal, but the House of Lords gave leave to appeal in December 2002. The case involved issues regarding the disclosure of information to complainants during a police investigation. The case was heard in January 2004 and the five Law Lords ruled by five votes to nil to reject the appeal from Mr Green and award costs to the Authority. There were therefore no exceptional costs to the Authority with regard to this case.

- 15 The Authority's business plan for 2003/04 focused on issues critical to a well-managed and successful transition to the successor body, the IPCC. Accordingly, the plan was very much concerned with the two primary aims for the year which concentrated on the elimination of the backlog of complaint cases of the Authority together with a comprehensive support package designed to sustain the commitment and morale of members of staff over the Authority's final 12 months. This was designed to ensure that there was a seamless transition to the successor organisation.
- 16 The Authority agreed and introduced a performance and retention scheme designed to encourage both experienced staff and Members to remain with the Authority, and to achieve the desired performance targets. This scheme led to a 46% reduction in the number of misconduct cases (including requests for dispensations from investigating complaint cases any further) in the system from 1,234 in February 2003 to 670 at the end of the financial year 2003/04. There was almost a similar percentage improvement (45%) in the turn-around time for fully investigative files from 141 days to 77 days.
- 17 These very significant achievements were against a backdrop of uncertainty for both staff and Members of the Authority on their future employment. As Chairman of the Authority for the last year of the PCA, I expressed my immense gratitude for the dedication shown by all of the Members and the staff of the Authority to continue to provide a top quality service to complainants and also for assisting the IPCC to develop successful new systems.
- 18 There was plainly an imperative to scrutinise carefully any projected expenditure on capital assets. However, it was necessary to acquire assets where this was considered essential to protect the health and safety of staff and Members. The acquisition of a number of new computer screens was therefore necessary, and this was undertaken with the express aim that these screens would be fully transferable to the IPCC on the disestablishment of the PCA. The cost of these computer screens is included in the accounts (see note on capital assets), and the screens were indeed transferred to the IPCC after the date of the Balance Sheet.

## Corporate Governance

19 This Statement of Accounts includes a Statement on Internal Control. Responding to the Government's decision that public sector organisations implement the combined code and the Turnbull Report, the PCA implemented a process in the year ended 31 March 2002 to evaluate explicitly the nature and extent of the principal risks to which it was exposed. This process became fully operational during the year ending 31 March 2003, and detailed risk assessments were carried out during 2003/04. I commissioned a detailed report by the internal auditors into the process for the handover to the IPCC, and the internal auditors expressed satisfaction in their report with the processes and systems in place during this transitional time.

## Policy on prompt payment

20 The Authority, together with all other public-sector organisations, has an obligation under the Better Payment Practice Code to make payments promptly. I am pleased to be able to report that, notwithstanding the transitional pressures and difficulties, the Authority achieved the desired objective. In the year to 31 March 2004, around 99% of all invoices were paid in accordance with suppliers' terms, or better.

## Equal opportunities

21 The Authority was always committed to a policy of equal opportunity for employees and anyone who came into contact with them, regardless of ethnic origin, sex, disability, age, religious belief, sexual orientation or any other irrelevant factor.

## Charitable donations

22 No charitable donations were made in the year ending 31 March 2004.

## Accounts

23 The Accounts have been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Department, with the approval of the Treasury, in accordance with Section 66 of, and Paragraph 13 of Schedule 5 to, the Police Act 1996.

24 The Authority's new Asset Tracking System and new Accounting System were installed at the end of 2002/03. New financial procedures were produced to ensure that the new systems provided adequate internal control. The systems were maintained and supported throughout the year and, for the period after the end of the year, were required to be able to produce the Statement of Accounts below.

- 25 During 2002/03 a comprehensive review was made of all PCA assets, and a revaluation was carried out. Certain IT assets valued at £68,000 at the time were provided 'free' by the Home Office as part of the transition process to the IPCC. These were financed in the accounts via a 'Donated Assets' Reserve, and were in place at year-end 2003/04.
- 26 During 2002/03 two photocopiers were treated as finance leases in the Statement of Accounts for that year, and shown as fixed assets. This has been reviewed and the finance leases have been removed and the use of the copiers treated as operating leases for 2003/04. After the end of the financial year the agreement for the photocopiers concerned was successfully renegotiated and the copiers transferred to the Home Office for use by other departments.
- 27 At the end of 2002/03 there was an estimated pensions liability of £2,935,000, which was shown as a note to the Accounts only. However, for 2003/04 the Authority's liabilities in respect of pensions have been incorporated fully into the Accounts under Financial Reporting Standard Number 17. The Balance Sheet therefore shows the liabilities for pensions.

## Post-Balance Sheet events

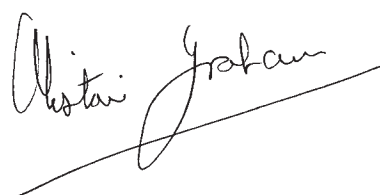
- 28 There are a number of significant post-Balance Sheet events to report for the year ending 31 March 2004. The assets and liabilities of the Authority as they remained as at 31 March 2004 passed into the ownership of the Home Office. The Home Office accounts for 2004/05 and thereafter will therefore reflect the values of these assets and liabilities, or changes in these values.
- 29 Wherever possible the fixed assets of the Authority as at 31 March 2004 were transferred for continuing use by other government departments. The highest valued asset was the property lease at 10 Great George Street. This accommodation was quickly taken up by other departments and was already occupied as at October 2004. Many of the furniture assets were left in place for use by the new occupants of the building and the value of the assets (although small) will be reflected in the accounts of the new owners in 2004/05. As mentioned above, the relatively new IT assets (predominantly screens) were transferred to the IPCC and their values will be taken into the IPCC accounts in 2004/05.

30 The net current assets will move to the Home Office. The most notable were expenses accrued at year-end that were met in full shortly after the year-end date. These were mainly payments to the payroll providers (the Home Office Pay and Pensions Service) in respect of salaries for March 2004, and retention and performance bonus payments in respect of the period ended 31 March 2004. The cash at bank and in hand has been protected throughout the period since the end of the financial year.

## Auditors

31 Under Paragraph 13(2) of Schedule 5 of the Police Act 1996 the Comptroller and Auditor General audits the Statement of Accounts and lays a copy of the Statement and Report before the House of Commons. The fee agreed for 2003/04 is £36,000.

Signed on behalf of the Police Complaints Authority

A handwritten signature in black ink that reads "Alistair Graham". The signature is written in a cursive style and is positioned above a horizontal line that extends to the right.

**Alistair Graham**  
**Chairman and Accounting Officer**  
**31 March 2005**

# Statement of the PCA's and Chairman's Responsibilities

## The Authority's responsibilities

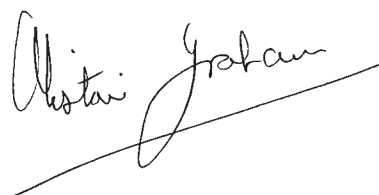
- 1 Under paragraph 13 of Schedule 5 of the Police Act 1996, the PCA is required to prepare a Statement of Accounts in respect of each financial year in the form and on the basis directed by the Secretary of State for the Home Office, with the consent of the Treasury. The Accounts are to be prepared on an accruals basis and must give a true and fair view of the PCA's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flow for the financial year.
- 2 In preparing the Accounts the Police Complaints Authority is required to:
  - observe the Accounts Direction issued by the Secretary of State, with the consent 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, and disclose and explain any material departures in the financial statements; and
- prepare the statements on a going concern basis unless it is inappropriate to presume that the Police Complaints Authority will continue in operation.

## The Chairman's responsibilities

The Accounting Officer for the Home Office has appointed the Chairman of the Police Complaints Authority as the Authority's Accounting Officer. His relevant responsibilities as Accounting Officer, including his responsibility 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 Officers' Memorandum issued by the Treasury and also as published in *Government Accounting*.

Signed on behalf of the Police Complaints Authority



**Alistair Graham**  
**Chairman and Accounting Officer**  
**31 March 2005**



## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I had responsibility for maintaining a sound system of internal control that supported the achievement of Home Office policies, aims and objectives, set by the Department's Ministers, whilst safeguarding the public funds and departmental assets for which I was personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting*.

During the year I met regularly with representatives of the sponsorship unit in the Home Office (the Police Leadership and Powers Unit – PLPU) to discuss matters of interest including any issues from the Risk Register.

The PLPU scrutinised the annual budget and set the targets for performance. The Authority reported cash expenditure monthly to the PLPU.

### 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 therefore only provided 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 PCA'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 the PCA for the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### Capacity to handle risk

A comprehensive Risk Register was in use which identified the risks relevant to the successful achievement of the PCA's objectives, and in particular the risks relevant to the transfer of operational responsibility for complaints to the new Independent Police Complaints Commission (IPCC). A risk management policy document was produced and provided to all staff.

## The risk and control framework

PCA management considered risk on a regular basis at Audit Committee and Board meetings. I required regular reports from managers on the steps that they took to manage the risks in the areas of their responsibility, including progress reports on key projects.

## Review of effectiveness

As Accounting Officer, I also had responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control was informed by the work of the internal auditors (as directed by the Head of Internal Audit) and the executive managers in the PCA who have responsibility for the development and maintenance of the internal control framework. Additionally, I was informed by comments made by the external auditors in their management letter and other reports.

All recommendations made in internal audit reports, both during 2003/04 and before, were reviewed and managed during the year, with internal audit plans and performance reports being regularly considered.

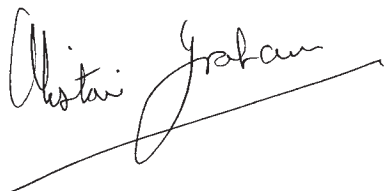
During the year I commissioned a review by the internal auditors into the transitional arrangements for the replacement of the PCA by the IPCC. Their comprehensive report covered the areas of planning and oversight of the transition programme, casework operations, personnel, IT support, finance and facilities. The controls included the appointment of a Transition Project Manager to act as a contact point for liaison between the PCA and the IPCC to resolve issues arising during the transition period. This Manager also provided administrative support to, and attended meetings of, the Transitional Working Group (TWG) and was a member of the 'People' and 'Workload' Sub-groups of the TWG. The TWG was set up to oversee the transition from the PCA to the IPCC.

On behalf of the TWG, the Transition Project Manager maintained the 'master' version of the transition project plan, the Risk Register and the monthly forward planner, updating these documents on an ongoing basis. The Manager attended the weekly meeting of the PCA Senior Management Team. The overall conclusion in the report into these arrangements by internal audit was as follows:

“Based on the work we have carried out, we are able to provide the Accounting Officer with an assurance that the transitional arrangements are adequately controlled.”

Other reports from the internal auditors enabled me to be satisfied with the systems of internal control in place throughout the period covered by these statements.

Signed on behalf of the Police Complaints Authority

A handwritten signature in black ink, appearing to read 'Alistair Graham', with a long horizontal stroke extending to the right.

**Alistair Graham**  
**Chairman and Accounting Officer**  
**31 March 2005**

# Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 38 to 67 under Schedule 5 of the Police Act 1996. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 43 to 46.

## Respective responsibilities of the Authority, the Chairman and Auditor

As described on page 31, the Authority and Chairman are responsible for the preparation of the financial statements in accordance with Schedule 5 of the Police Act 1996 and directions made thereunder by the Secretary of State with the consent of the Treasury and for ensuring the regularity of financial transactions. The Authority and Chairman are also responsible for the preparation of the Foreword. My responsibilities,

as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Police Act 1996 and directions made thereunder by the Secretary of State with the consent of the Treasury, and 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. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on pages 32 to 34 reflects the Authority's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Police Complaints Authority and Chairman in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

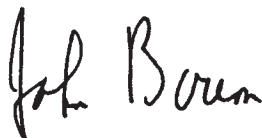
## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Police Complaints Authority at 31 March 2004 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Schedule 5 of the Police Act 1996 and directions made thereunder by the Secretary of State with the consent of the Treasury; and

- 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.

I have no observations to make on these financial statements.



John Bourn  
**Comptroller and Auditor General**

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

**18 April 2005**

**Income and Expenditure Account**  
**For the year ended 31 March 2004**

	Note	2003/04 £	2002/03 £ (As Restated)
<b>Grant in Aid</b>	<b>3</b>	(5,653,378)	(5,210,233)
Employment Costs	5	3,887,712	3,161,489
Running Costs	6	2,098,812	2,147,423
Depreciation	7	114,681	83,318
Unrealised Loss on Revaluation of Fixed Assets	7	7,129	0
Total Operating Expenditure		<u>6,108,334</u>	<u>5,392,230</u>
Operating (Surplus) / Deficit		454,956	181,997
Interest Receivable	4	(9,633)	(16,261)
Other Income	4	(250,785)	(282,051)
Amount Repaid to Consolidated Fund	4	260,418	271,129
Income in respect of earlier years' pensions	5	(268,411)	0
Pensions interest cost	5	180,000	197,000
Notional Cost of Capital		92,513	82,553
Non-Operating Income and Expenditure		<u>4,102</u>	<u>252,370</u>
Retained (Surplus) / Deficit before Transfers		459,058	434,367
Transfers from Reserves	12	(114,681)	(82,885)
Notional Cost of Capital Reversal		(92,513)	(82,553)
Retained (Surplus) / Deficit for the Financial Year		<u>251,864</u>	<u>268,929</u>

**Statement of Total Recognised Gains and Losses  
For the year ended 31 March 2004**

	<b>Note</b>	<b>2003/04</b> <b>£</b>	<b>2002/03</b> <b>£</b> <b>(As Restated)</b>
Retained (Surplus)/Deficit for the Financial Year		251,864	268,929
Backlog Depreciation	<b>7</b>	(3,289)	(1,756)
Unrealised Surplus on Revaluation of Fixed Assets	<b>7</b>	(6,377)	(22,122)
Actuarial (Gain)/Loss Relating to Pensions	<b>5E</b>	8,000	396,000
Total Recognised Loss for the Financial Year		<u>250,198</u>	<u>641,051</u>
Grant in Aid received for Capital Expenditure	<b>3</b>	0	(52,356)
Home Office Donated Assets	<b>12</b>	(62,540)	(67,747)
Transfers to Income and Expenditure Account	<b>12</b>	114,681	82,885
Pension Liability Prior Year Adjustment	<b>5</b>	2,935,000	0
Other Prior Year Adjustments	<b>5G &amp; 6</b>	240,593	0
Movement in Government Funds		<u>3,477,932</u>	<u>603,833</u>

**The Notes to these schedules on the following pages form part of the Accounts.**



**Balance Sheet**  
**As at 31 March 2004**

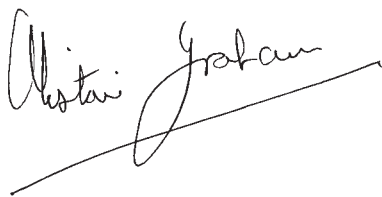
	Note	2003/04 £	2002/03 £ (As Restated)
<b>Fixed Assets</b>			
Tangible assets	7	354,202	391,556
Intangible assets	7	13,884	19,005
		<u>368,086</u>	<u>410,561</u>
<b>Current Assets</b>			
Prepayments	8	252,811	478,216
Debtors	9	33,305	76,325
Cash at bank and in hand	14	890,795	84,419
Total current assets		<u>1,176,911</u>	<u>638,960</u>
<b>Current Liabilities</b>			
Creditors due within one year	10	(1,008,321)	(559,712)
Deferred income	10	(64,667)	(49,881)
Total creditors due within one year	10	<u>(1,072,988)</u>	<u>(609,593)</u>
<b>Net Current Assets</b>		<u>103,923</u>	<u>29,367</u>
<b>Creditor Falling Due Beyond One Year</b>			
Finance Lease	10	0	0
<b>Total Assets less Current Liabilities</b>		472,009	439,928
<b>Pension Liability</b>		(3,269,420)	(2,935,000)
<b>Total Net Assets including Pension Liability</b>		<u>(2,797,411)</u>	<u>(2,495,072)</u>

**Balance Sheet *continued***  
**As at 31 March 2004**

	<b>Note</b>	<b>2003/04</b> <b>£</b>	<b>2002/03</b> <b>£</b> <b>(As Restated)</b>
<b>Capital and Reserves</b>			
Income and expenditure account	<b>11</b>	3,165,497	2,905,633
Reserves	<b>12</b>	<u>(368,086)</u>	<u>(410,561)</u>
<b>Total Capital and Reserves</b>		<u>2,797,411</u>	<u>2,495,072</u>

The Notes to these schedules on the following pages form part of the Accounts.

Signed on behalf of the Police Complaints Authority.



**Alistair Graham**  
**Chairman and Accounting Officer**  
**31 March 2005**

**Cash Flow Statement**  
**For the year ended 31 March 2004**

	Note	2003/04 £	2002/03 £ (As Restated)
<b>Operating Activities</b>			
Net Cash (Inflow)/Outflow from Operating Activities	13	(453,996)	(101,051)
Pension Payments to Retired Members	5	147,862	138,630
Payments of Consolidated Fund Extra Receipts	4	63,329	189,988
Total Operating Activities		<u>(242,805)</u>	<u>227,567</u>
<b>Returns on Investments and Servicing of Finance</b>			
Interest Received		(9,633)	(15,713)
Income in respect of earlier years' pensions		(268,411)	0
Income in respect of pensions transfers		(97,282)	0
Other Income		(250,785)	(290,600)
Payment of prior year Capital Creditor	10	0	7,428
Total Returns on Investments and Financing		<u>(626,111)</u>	<u>(298,885)</u>
<b>Capital Expenditure and Financial Investment</b>			
Payment to acquire Tangible Fixed Assets	7	62,540	38,131
Payment to acquire Intangible Assets	7	0	14,225
Total Capital Expenditure and Financial Investment		<u>62,540</u>	<u>52,356</u>
<b>Net Cash Outflow Before Financing</b>		<u>(806,376)</u>	<u>(18,962)</u>
<b>Financing</b>			
Grant in Aid for Capital Expenditure	3	0	(52,356)
Finance Lease	7	0	0
Total Decrease/(Increase) in Cash	14	<u>(806,376)</u>	<u>(71,318)</u>

**The Notes to these schedules on the following pages form part of the Accounts.**

## *Notes to the Accounts*

### **Note 1 Accounting Policies**

#### **Basis of Accounts**

The Statement of Accounts set out on pages 38 to 42 together with the Notes on pages 43 to 67 have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State with the consent of the Treasury in accordance with the Act. The Accounts have not been produced on the basis of a disestablishing organisation, rather on the basis of the transfer of assets and liabilities to the Home Office or the IPCC and the transfer of the caseload to the IPCC with effect from 1 April 2004.

#### **Accounting Conventions**

The Accounts meet the following:

- the accounting and disclosure requirements of the Companies Act 1985 to the extent that such requirements are appropriate to the PCA and meet the requirements of the Accounts Direction;
- standards issued by the Accounting Standards Board where applicable;
- disclosure and accounting requirements of HM Treasury;
- the requirements of the Accounts Direction and the Financial Memorandum issued to the PCA by the Secretary of State for the Home Office.

#### **Grant in Aid**

Grant in Aid received for revenue expenditure was credited to income in the year to which it related. Grant in Aid for capital expenditure was credited to a Government Grant Reserve. Each year, an amount equal to the depreciation charge on the fixed assets acquired through Grant in Aid, and any deficit on their revaluation in excess of the balance on the Revaluation Reserve, was released from the Government Grant Reserve to the Income and Expenditure Account.

### Donated Assets

Donated assets were financed by the creation of a 'Donated Assets Reserve', which was credited with the assets' capital value. Revaluations were also taken to this account. Each year, an amount equal to the depreciation charge on the fixed assets acquired in this way was debited to the Donated Assets Reserve.

### Fixed Assets

Assets were capitalised as fixed assets if they were intended for use on a continuous basis and their original purchase cost, on an individual or grouped basis, was £500 or more, including VAT.

Fixed assets were valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics.

Any surplus on revaluation was credited to the Government Grant Reserve. A permanent deficit on revaluation is debited to the Income and Expenditure Account if the deficit exceeds the balance on the Government Grant Reserve.

### Depreciation and Amortisation

Depreciation and amortisation was provided on all fixed assets on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated life. Standard expected lives were as follows.

Personal IT, office and other equipment	3 to 5 years
Furniture and fittings	7 years
Strategic Hardware	7 years
Refurbishment costs	The remaining term of the lease
Strategic Software	7 years

- IT Hardware with an acquisition cost of £4,000 or greater and with an expected life of at least seven years (with minor upgrades) was classified as strategic and depreciated over seven years. (This did not to apply to grouped purchases of such items as PCs).

- The PCA's intangible assets comprise capitalised software. Software was capitalised only if it fitted the definition of 'strategic'. That meant that it had an expected life (with upgrades) of at least seven years and had an initial cost of at least £4,000 including VAT.
- Software and systems development expenditure on IT systems otherwise was written off in the period in which it is incurred.

### **Pensions**

The PCA fully adopted Financial Reporting Standard 17 (FRS17) on accounting for pension costs.

Past and present staff employees were covered by the provisions of the Civil Service Pension Schemes which are described at Note 5. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Authority recognised the expected cost of these elements on a systematic and rational basis, over the period during which it benefited from employees' services, by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Authority recognised the contributions payable for the year.

The Authority also operated an un-funded scheme which was by-analogy to the PCSPS. Pension scheme liabilities were measured using the projected unit method and discounted at the rate of 6.1%. Any increase in the present value of the liabilities of the Authority's defined benefit scheme expected to arise from employee service in the period is charged against operating profit.

The increase during the period in the present value of the scheme's liabilities arising from the passage of time is included in net finance costs. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses. The Authority recognised a liability to the extent that the obligation to pay future pensions represented a legal or constructive obligation of the Authority.

### **Finance Leases**

The finance leases recorded in the Statement of Accounts for 2003/04 have been removed as being incorrectly treated. The photocopiers involved reverted to being treated as used under an operating lease and the charges treated accordingly.

### **Operating Leases**

As at 31 March 2004, operating leases were held in respect of accommodation and photocopiers. The lease in respect of accommodation expires after five years, whereas the photocopiers lease expires within five years. The liabilities under all leases transferred to the Home Office with effect from 1 April 2004.

### **Commitments**

There were no commitments other than the leases mentioned above as at 31 March 2004.

### **Notional Charges**

In accordance with the Treasury booklet, *Executive Non-Departmental Public Bodies: Annual Reports and Accounts*, 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 notional income to finance the charge. The charge for the period is calculated using the Treasury's discount rate for 2003/04 of 3.5 per cent applied to the mean value of capital employed during the period (in 2002/03 this rate was 6 per cent). The figures for 2002/03 have been re-calculated to reflect the inclusion in the Balance Sheet of pension liabilities under FRS17.

### **Value Added Tax**

The Authority is not eligible to register for VAT, and all costs (including capital costs) are shown inclusive of VAT.

**Note 2 Financial Targets**

The Authority had no financial targets agreed formally

**Note 3 Grant in Aid**

	2003/04	2002/03
	£	£
Received for Revenue Expenditure		
Home Office Resource Account	(5,653,378)	(5,210,233)
Received for Capital Expenditure		
Home Office Resource Account	0	(107,767)
Total Grant in Aid Received	<u>(5,653,378)</u>	<u>(5,318,000)</u>

All sums due in the year were received in the year.

**Note 4 Other Income and Interest Income**

	2003/04	2002/03
	£	£
Rental Income	(250,640)	(262,579)
Conference Income	0	(19,242)
Miscellaneous Income	(145)	(230)
	<u>(250,785)</u>	<u>(282,051)</u>
Bank Interest Receivable – Running Costs Account	(9,633)	(15,979)
Bank Interest Receivable – Salaries Account (not 2003/04)	0	(282)
	<u>(9,633)</u>	<u>(16,261)</u>



In order to reduce net running costs, the PCA sub-let one of the three floors which it leased at number 10, Great George Street, London.

The income and service charges from the rental are surrendered to the 'Consolidated Fund Extra Receipts' account (CFER) via the Home Office.

The rental income surrendered for 2003/04 amounted to £63,329 from cash receipts and brought forward accruals, the balance of £278,230 was accrued as payable as at 31 March 2004.

<b>Note 5</b>	<b>Employment Costs</b>	<b>2003/04</b>	<b>2002/03</b>
		<b>£</b>	<b>£</b>
	<b>Authority Members</b>		
	Salaries and emoluments	1,089,054	916,805
	Social Security contributions	114,637	81,135
	Pension contributions	43,721	36,879
		<u>1,247,412</u>	<u>1,034,819</u>
	<b>Authority Members</b>		
	By-analogy pension scheme current service cost	<u>197,000</u>	<u>175,630</u>
	<b>Staff</b>		
	Salaries and emoluments	2,087,590	1,637,758
	Social Security contributions	144,486	108,694
	Pension contributions	211,224	204,588
		<u>2,443,300</u>	<u>1,951,040</u>
	<b>Total Employment Costs</b>		
	Salaries and emoluments	3,176,644	2,554,563
	Social Security contributions	259,123	189,829
	Pension contributions	254,945	241,467
	By-analogy pension scheme current service cost	197,000	175,630
		<u>3,887,712</u>	<u>3,161,489</u>

	2003/04 £	2002/03 £
<b>Pensions Income</b>		
There were two receipts in respect of pensions		
Income in respect of earlier years' pensions	<u>(268,411)</u>	<u>0</u>
This sum was received from HOPPS, the Home Office Pay and Pensions Service, in respect of employer pension contributions in earlier years.		
Income in respect of pensions transfers	<u>(97,282)</u>	<u>0</u>
This sum was the amount that was received in respect of a transfer into the PCA's Member's By-Analogy pension scheme.		

### Disclosure Information

In the year ending 31 March 2004 the Chairman, Sir Alistair Graham, received salary and emoluments totalling £57,787 (£70,841 in the previous year). By agreement with the Home Office, this figure included £3,637 benefits in kind (including tax); these related to certain travel expenses. The Chairman was aged 61 years at 31 March 2004.

Authority Members' salaries were set by the Secretary of State for the Home Office, taking into account the recommendations of the Senior Salaries Review Board.

The salaries and emoluments of Authority Members during 2003/04 were in the following bands. There were three Members who served on a temporary contracted basis for the last six months of the year only (as shown on the list). Diane Hughes left the Authority in August 2003 whereas Jennifer Rogers and Susan Swindell left in September 2003 (all three marked L below). They were replaced by the temporary Members.

<b>Name</b>		<b>Range of Salary &amp; Emoluments £'000</b>	<b>Basis of Appointment</b>	<b>Age at 31 March 2004</b>
Dr Ann Barker	Member	100 to 105	Full time	57
Anne Boustred	Member	55 to 60	Full time	53
Ian Bynoe	Deputy Chair	70 to 75	Full time	51
Duncan Gear	Member	60 to 65	Full time	56
Deborah Glass	Member	65 to 70	Full time	44
Sir Alistair Graham	Chairman	55 to 60	Part time	61
Sally Hawkins	Member	40 to 45	Part time	52
Diane Hayle	Member	10 to 15	Temporary	53
Diane Hughes	Member	15 to 20	Full time L	46
Alison MacDougall	Member	40 to 45	Part time	40
Mehmuda Mian-Pritchard	Member	65 to 70	Full time	41
David Petch CBE	Member	60 to 65	Full time	58
Lionel Pilkington	Member	55 to 60	Full time	56
Arthur Price-Jones	Member	10 to 15	Temporary	64
Elaine Rassaby	Member	55 to 60	Part time	51
Katherine Reid	Member	10 to 15	Temporary	41
Jennifer Rogers	Member	20 to 25	Full time L	51
Susan Swindell	Member	25 to 30	Full time L	40
Wendy Towers	Deputy Chair	65 to 70	Full time	57
Marcus Williams	Member	100 to 105	Full time	50
Nicola Williams	Member	65 to 70	Full time	42

There were three members of staff (non-members) who received salary and emoluments for the year between £40,001 and £45,000 each (2002/03 there was one).

'Salary and emoluments' included gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance or contractual payment to the extent that it is subject to UK taxation. It does not include employer's national insurance contributions nor employer's superrannuation contributions.

At 31 March 2004 the Authority employed 66 staff (as at 31 March 2003 this was also 66) and this included staff working through work-based educational placements. The average number of employees during the year to 31 March 2004 by category of employment was as follows:

	2003/04	2002/03
Management and Executive	8	11
Casework Staff	43	35
Support Staff	19	18
	70	64

Management and Executive officers are defined as those graded 'Higher Executive Officer' or above.

### **Pension Payments and Contributions**

#### ***Members:***

Members had the option to choose pension arrangements broadly by analogy with the Principal Civil Service Pension Scheme (PCSPS).

Members' pensions were arranged individually and are administered by the Home Office Pay and Pensions Service (HOPPS). The schemes are unfunded defined benefit schemes with the liability carried by the PCA's annual appropriation. There are no underlying assets to the scheme, but the PCA (or its successor) was required to fund the payments.

The present liability is estimated as £3,269,420.

## Disclosure of Retirement Benefits

### A The major assumptions used by the actuary were

	For year ended 31 March 2004	For year ended 31 March 2003	For year ended 31 March 2002
	%	%	%
Inflation assumption	2.5%	2.5%	4.8%
Rate of increase in salaries	4.0%	3.0%	6.4%
Rate of increase for pensions in payment and deferred pensions	2.5%	2.5%	4.8%
Discount rate	6.1%	6.0%	8.5%

### B The assets in the scheme and the expected rate of return were

	Value at 31 March 2004	Value at 31 March 2003	Value at 31 March 2002
	£	£	£
<b>Present value of scheme liabilities</b>	<u>(3,269,420)</u>	<u>(2,935,000)</u>	<u>(2,305,000)</u>
<b>Net pension asset/(liability)</b>	<u>(3,269,420)</u>	<u>(2,935,000)</u>	<u>(2,305,000)</u>

### C Analysis of the amount charged to operating profit

	2003/04	2002/03
	£	£
Current service cost	197,000	175,630
Past service cost	0	0
<b>Total operating charge</b>	<u>197,000</u>	<u>175,630</u>

**D Analysis of the interest cost**

	2003/04	2002/03
	£	£
Interest on pension scheme liabilities	180,000	197,000
<b>Net return</b>	<b>180,000</b>	<b>197,000</b>

**E Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)**

	2003/04	2002/03
	£	£
Experience gains and losses arising on the scheme liabilities	(184,000)	31,000
Changes in assumptions underlying the present value of the scheme liabilities	192,000	365,000
<b>Actuarial (gains)/losses recognised in the STRGL</b>	<b>8,000</b>	<b>396,000</b>

**F Movement in surplus/(shortfall) during the year**

	2003/04	2002/03
	£	£
Surplus/(Deficit) in scheme at beginning of the year	(2,935,000)	(2,305,000)
Movement in year		
Current service costs	(197,000)	(175,630)
Pensions paid	147,862	138,630
Net transfers in	(97,282)	0
Past service costs	0	0
Other finance costs	(180,000)	(197,000)
Actuarial loss	(8,000)	(396,000)
<b>Surplus (Shortfall) in scheme at the end of the year</b>	<b>(3,269,420)</b>	<b>(2,935,000)</b>

### **G Prior Period Adjustment**

FRS 17, Retirement Benefits has been fully implemented for 2003/04. As a result, the Income and Expenditure Account now recognises the movements in the scheme liability (other than those arising from actuarial gains and losses) analysed between current service cost, past service cost (if relevant) and the interest on the scheme liabilities. Hitherto, the Income and Expenditure Account recognised the pensions payable in the year. The results for 2002/03 have been restated to reflect the new accounting policies.

The impact of the change in policy on the current financial year is that net assets at 31 March 2004 are £3,269,420 lower than they would have been under the old policy and net operating costs for the year are £229,138 higher than under the old policy. The change in policy means that net assets as at 31 March 2003 are £2,935,000 lower than they would have been under the old policy and net operating costs for the year ended 31 March 2003 are £234,000 lower than under the old policy.

The net effect of the adjustment on the financial statements is as follows:

	<b>2002/03</b>
	<b>£</b>
Retirement Benefits	(2,935,000)
<b>Prior period adjustment for Statement of Recognised Gains and Losses</b>	<b>(2,935,000)</b>
The effects of the prior year adjustments on the Income and Expenditure Account are as follows:	
Retained Deficit after transfers as previously stated	34,929
Current Service Costs	175,630
Pension benefits paid	(138,630)
Other finance costs	197,000
<b>Retained Deficit after transfers restated</b>	<b>268,929</b>

- a** As a result of recognising the pension liabilities there has been a movement in the reserves as at 31 March 2003 of £2,935,000, and a movement in reserves as at 31 March 2004 of £3,305,000. This has been noted in the reserves as follows:

	<b>2002/03</b>
	<b>£</b>
(i) Reserves brought forward as previously shown	(500,825)
Pension liability brought forward	2,305,000
Adjustments to the Income and Expenditure Account	234,000
Actuarial Losses	396,000
Other reserves adjustment	60,897
Reserves brought forward as restated	<u>2,495,072</u>

(ii) The effect on the balance sheet for 2002/03 is an increase in the pension liability of £2,935,000. The effect on the balance sheet for 2003/04 is an increase of the pension liability of £3,305,000.

(iii) The actuarial loss of £396,000 has been recognised in the STRGL for 2002/03. An actuarial loss of £212,000 has been recognised in the STRGL for 2003/04.

- b** Reconciliation of Income and Expenditure Reserve as previously reported as at 31 March 2004

	<b>2003/04</b>
	<b>£</b>
Income and Expenditure Reserve as at 31 March 2003	(29,331)
Prior-period Adjustment FRS 17	2,935,000
Prior period adjustment for opening balance	(36)
Income and Expenditure Reserve as at 31 March 2003	<u>2,905,633</u>
Movement in Income and Expenditure Reserve	259,864
<b>Income and Expenditure Reserve as at 31 March 2004</b>	<b><u>3,165,497</u></b>



	2003/04	2002/03
	£	£
<b>Members' Scheme Liabilities</b>		
<b>Assets</b>	0	0
<b>Present Value of Liabilities</b>	<u>(3,269,420)</u>	<u>(2,935,000)</u>
<b>Net Value of Liabilities</b>	<u><b>(3,269,420)</b></u>	<u><b>(2,935,000)</b></u>

Pension payments totalling £147,862 were made to an average of 32 former Members during the year (2002/03 was £133,017 to an average of 30 former Members, although this sum then included some arrears from former years).

	2003/04	2002/03
	£	£
<b>Pension Payments to ex-Members</b>		
Pension payments	147,862	138,630
Social Security contributions	<u>0</u>	<u>0</u>
<b>Total</b>	<u><b>147,862</b></u>	<u><b>138,630</b></u>

At 31 March 2004 the Chairman and Authority Members at that date had each accrued pension entitlements as set out in the following table. Some entitlement is the result of transfers-in of capital from other funds and has not all been accrued by service at the PCA.

<b>Name</b>	<b>Pension Increase in Real Terms at Age 60 £'000</b>	<b>Total Accrued Pension at 31 March 2004 £'000</b>	<b>Notes</b>	<b>Age at 31 March 2004</b>
Dr Ann Barker	0 to 2.5	0 to 5.0		57
Anne Boustred	0 to 2.5	5 to 10		53
Ian Bynoe	0 to 2.5	10 to 15	Premium Scheme	51
Duncan Gear	0 to 2.5	0 to 5.0		56
Deborah Glass	0 to 2.5	0 to 5.0		44
Sir Alistair Graham	0 to 2.5	5 to 10	Premium Scheme	61
Sally Hawkins	0 to 2.5	0 to 5.0		52
Diane Hughes	0 to 2.5	0 to 5.0		46
Alison MacDougall	0 to 2.5	0 to 5.0		40
Mehmuda Mian-Pritchard	0 to 2.5	0 to 5.0		41
David Petch CBE	0 to 2.5	0 to 5.0	Premium Scheme	58
Lionel Pilkington	0 to 2.5	5 to 10		56
Elaine Rassaby	0 to 2.5	0 to 5.0		51
Jennifer Rogers	0 to 2.5	0 to 5.0		51
Susan Swindell	0 to 2.5	0 to 5.0		40
Wendy Towers	0 to 2.5	0 to 5.0		57
Marcus Williams	Permission to disclose withheld.			50
Nicola Williams	0 to 2.5	0 to 5.0		42

## **Staff**

Pensions Benefits to staff are provided through the PCSPS, which is a statutory defined benefit scheme administered by the Cabinet Office. It is an unfunded multi-employer defined benefit scheme but the PCA was unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation.

The cost of the Authority's pensions contributions to the PCSPS is included in employment costs. For the year ended 31 March 2004 employer contributions of £203,796 (FY 2002/03, £205,116) were payable to the PCSPS at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Employer contributions are normally reviewed every four years following a full scheme valuation by the Government Actuary. Contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. However, none had done so at 31 March 2004 and there were therefore no employer's contributions in respect of partnership pensions.

<b>Note 6</b>	<b>Running Costs</b>	<b>2003/04</b>	<b>2002/03</b>
		<b>£</b>	<b>£</b>
	Rent, rates, property service charge and insurance	1,237,953	1,194,233
	Press office expenditure	110,210	162,896
	Office supplies and equipment	69,395	98,274
	Maintenance, heating, cleaning and lighting	52,822	56,039
	Computer services	117,090	83,644
	Telephones	31,172	27,280
	Members' expenses	37,628	41,584
	Staff expenses	31,800	23,574
	Training etc	38,458	23,449
	Legal, professional and consultants' costs	221,491	170,725
	Contracted out services	14,110	167,815
	Catering and hospitality	10,145	9,868
	Postage, carriage and storage	75,490	44,090
	Payments under operating leases	15,048	15,200
	Interest payments under finance lease	0	0
	Realised loss on disposal of fixed assets	0	5,223
	External audit fee	36,000	23,529
	<b>Total</b>	<b><u>2,098,812</u></b>	<b><u>2,147,423</u></b>

The impact on operating costs of the prior year adjustment to treat two photocopier leases as operating leases is a reduction in costs of £6,593 arising from decreases in depreciation and finance charges.

## Note 7 Capital Assets

	Tangible Fixed Assets					Total Tangible Fixed Assets £	Intangible Assets	
	Improvements to Landlord's Property £	Furniture & Fittings £	Personal IT £	Strategic IT Hardware £	Other Equipment £		Software Licences £	Total Assets £
Cost at 1 April 2003	356,160	23,650	115,106	76,175	65,151	636,242	39,335	675,577
Opening Balance								
Adjustments	0	0	0	0	(62,004)	(62,004)	0	(62,004)
Restated Balance at 1 April 2003	356,160	23,650	115,106	76,175	3,147	574,238	39,335	613,573
Additions during the year	0	0	62,540	0	0	62,540	0	62,540
Disposals during the year	0	0	0	0	0	0	0	0
Revaluation	35,631	(471)	(15,889)	(8,445)	(371)	10,455	(4,078)	6,377
Cost at 31 March 2004	391,791	23,179	161,757	67,730	2,776	647,233	35,257	682,490
Depreciation at 1 April 2003	85,232	4,372	49,694	41,445	3,046	183,789	20,330	204,119
Opening Balance								
Adjustments	0	0	0	0	(1,107)	(1,107)	0	(1,107)
Restated Balance at 1 April 2003	85,232	4,372	49,694	41,445	1,939	182,682	20,330	203,012
Provided during the year	40,247	13,292	52,114	5,515	409	111,577	3,104	114,681
Backlog depreciation	10,357	(130)	(6,659)	(4,742)	(54)	(1,228)	(2,061)	(3,289)
Depreciation on disposals	0	0	0	0	0	0	0	0
Depreciation at 31 March 2004	135,836	17,534	95,149	42,218	2,294	293,031	21,373	314,404
Net Book Value 31 March 2004	255,955	5,645	66,608	25,512	482	354,202	13,884	368,086
Net Book Value 31 March 2003	270,928	19,278	65,412	34,730	1,208	391,556	19,005	410,561

During 2002/03, two photocopiers with a net book value of £60,897 were treated as finance leases in the statement of accounts for that year, and shown as fixed assets. This has been reviewed and these finance leases have been removed and the use of the copiers treated as operating leases for 2003/04.

<b>Note 8</b>	<b>Prepayments</b>	<b>2003/04</b>	<b>2002/03</b>
		<b>£</b>	<b>£</b>
	Accommodation costs	252,811	407,180
	IT maintenance	0	57,100
	Other	0	13,936
	<b>Total</b>	<b>252,811</b>	<b>478,216</b>

None of these items are for services which extend beyond 31 March 2004.

<b>Note 9</b>	<b>Debtors</b>	<b>2003/04</b>	<b>2002/03</b>
		<b>£</b>	<b>£</b>
	Debtors	1,455	27,559
	Accrued income (bank interest)	0	673
	Staff debtors	31,850	48,093
	<b>Total</b>	<b>33,305</b>	<b>76,325</b>

<b>Note 10</b>	<b>Creditors</b>	<b>2003/04</b>	<b>2002/03</b>
		<b>£</b>	<b>£</b>
	<i>Creditors falling due within one year</i>		
	Trade creditors	0	(387,461)
	Government Grant Creditor	0	(55,411)
	CFER creditor	(278,230)	(81,141)
	Trade accruals	(730,091)	(35,699)
	Capital accruals	0	0
	Deferred income	(64,667)	(49,881)
	<b>Total (2002/03 figure restated)</b>	<b>(1,072,988)</b>	<b>(609,593)</b>

The Consolidated Fund Extra Receipts (CFER) creditor and the Deferred income will be paid over to the Consolidated Fund during 2004/05 by the Home Office.

During 2002/03 two photocopiers were treated as finance leases in the statement of accounts for that year, and the balances due under the leases included as capital creditors. This has been reviewed and the finance lease balances of £55,411 have been removed with the use of the copiers treated as operating leases for 2003/04.

<b>Note 11 Retained Income and Expenditure Account (Restated)</b>	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
Income and Expenditure Account at start of year (Restated)	2,905,633	(64,296)
Prior Year Adjustment	0	2,305,000
Restated Balance at start of year	2,905,633	2,240,704
Retained (Surplus)/Deficit for the year	251,864	268,929
Actuarial (Gains) or Losses	8,000	396,000
Income and Expenditure Account at end of year	<u>3,165,497</u>	<u>2,905,633</u>
Detail of the Income and Expenditure at end of year		
Reserve excluding pension liability	(103,923)	(29,367)
Pension liability	3,269,420	2,935,000
Income and Expenditure Account at end of year	<u>3,165,497</u>	<u>2,905,633</u>
<b>Note 12 Reserves</b>	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
<b>Government Grant Reserve</b>		
Opening Balance	(351,369)	(349,347)
Opening Balance Adjustments	0	36
Additions at Cost (2002/03 Restated)	(62,540)	(52,356)
Net (Profit)/Loss on Revaluation of Fixed Assets	(14,428)	(23,207)
Backlog Depreciation (not transferred to I & E Account)	(1,012)	(1,717)
Depreciation Provided In-year (2002/03 Restated)	99,082	75,653
Transferred to I & E Account	0	(431)
Closing Balance (2002/03 Restated)	<u>(330,267)</u>	<u>(351,369)</u>

<b>Revaluation Reserve</b>	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
Opening Balance	(154)	(154)
Surplus on Revaluation of Fixed Assets	0	0
Revaluation Depreciation	0	0
Closing Balance at 31 March 2004	<u>(154)</u>	<u>(154)</u>
<b>Donated Asset Reserve</b>		
Opening Balance At 1 April 2003	(59,038)	0
IT Equipment Provided by the Home Office	0	(67,747)
Net (Profit)/Loss on Revaluation of Fixed Assets	8,051	1,085
Backlog Depreciation (not transferred to I & E Account)	(2,277)	(39)
Depreciation Provided In-year	15,599	7,663
Closing Balance at 31 March 2004	<u>(37,665)</u>	<u>(59,038)</u>
<b>Total Reserves (2002/03 Restated)</b>	<b><u>(368,086)</u></b>	<b><u>(410,561)</u></b>
<b>Transfer Control</b>		
Unrealised Loss on Revaluation of Fixed Assets	0	0
Government Grant Reserve (2002/03 Restated)	(99,082)	75,222
Donated Asset Reserve	<u>(15,599)</u>	<u>7,663</u>
<b>Total (2002/03 Restated)</b>	<b><u>(114,681)</u></b>	<b><u>82,885</u></b>



<b>Reconciliation of Movement in Funds</b>	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
Opening Funds Balance	2,495,072	(413,761)
Prior Year Adjustment	0	2,305,000
Retained Deficit for the Financial Year	251,864	268,929
Actuarial Losses	8,000	396,000
Movements in Government Grant Reserve	21,102	(2,058)
Movements in Donated Asset Reserve	21,373	(59,038)
<b>Closing Funds Balance</b>	<b><u>2,797,411</u></b>	<b><u>2,495,072</u></b>

**Note 13 Reconciliation of the Operating Surplus/Deficit to the Net Cash Outflow from Operating Activities**

	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
Operating Deficit (2002/03 Restated)	454,956	181,997
Depreciation (2002/03 Restated)	(114,681)	(83,318)
Finance Charge (Restated)	(197,000)	(175,630)
Pension Contributions (Restated)	0	0
Grant-in-Aid used for the acquisition of Fixed Assets	(62,540)	0
Realised Non-Cash Loss on Disposal of Assets	0	(5,223)
Increase/(Decrease) in Debtors	(43,020)	23,066
Increase/(Decrease) in Prepayments	(225,405)	212,756
(Increase)/Decrease in Creditors – excluding CFER	(266,306)	(254,699)
Net Cash (Inflow)/Outflow from Operating Activities (2002/03 Restated)	<b><u>(453,996)</u></b>	<b><u>(101,051)</u></b>

<b>Note 14</b>	<b>Analysis of Changes in Cash</b>	<b>2003/04</b>	<b>2002/03</b>
		<b>£</b>	<b>£</b>
	Opening Balance at 1 April 2003	84,419	13,101
	Increase/(Decrease) in Cash in the year	806,376	71,318
	<b>Closing Balance at 31 March 2004</b>	<b>890,795</b>	<b>84,419</b>

**Note 15** **Capital Commitments**

There were no capital commitments as at either 31 March 2004 or 31 March 2003.

**Note 16** **Commitments under Leases**

	<b>2003/04</b>	<b>2002/03</b>
	<b>£</b>	<b>£</b>
<b><i>Operating Lease</i></b>		
Expiring within one year	0	0
Expiring between one and five years (2002/03 Restated)	19,586	18,354
Expiring after five years	910,600	910,600
<b>Total (2002/03 Restated)</b>	<b>930,186</b>	<b>928,954</b>

As at 31 March 2004, operating leases were held in respect of accommodation and photocopiers. The lease in respect of accommodation expires after five years, whereas the photocopiers lease expires within five years. The liabilities under all leases transferred to the Home Office with effect from 1 April 2004.

Commitments under the operating leases above are to pay rentals during the year following the year of these accounts, analysed according to the period in which the lease expires.

**Note 17 Contingent Liabilities**

There were no contingent liabilities as at 31 March 2004.

**Note 18 Post-Balance Sheet Events**

These are dealt with in Note 1 above.

**Note 19 Related Party Transactions**

The Home Office is considered to be a related party of the PCA. During the year ended 31 March 2004, with the exception of the Home Office providing the PCA with Grant in Aid there were no related party transactions entered into.

During the year ended 31 March 2004 none of the PCA's Members, key managerial staff or other related parties undertook any material transactions with the PCA.

**Note 20 Home Office Charges**

This matter is subject to debate within the Home Office and a departmental review continues to develop a methodology for calculating costs for inclusion in the accounts.

As for last year, therefore, notional costs of Home Office services (and any other such charges) provided to the Police Complaints Authority in 2003/04 are not reflected in the accounts. These costs are included in total Home Office expenditure although not significant within the overall sums.

They are also considered not material within the context of the PCA's accounts.

**Note 21 Derivatives and Other Financial Instruments**

The PCA kept any surplus cash on deposit with Lloyd's bank, where it earned interest at 2½% below the Bank of England base rate. For 2003/04 the average deposit varied between zero and £1½ million. The income in the financial year 2003/04 was £9,633 (2002/03 this was £16,261). The PCA does not depend on the interest income to fund its activities and the risk to its activities is considered negligible in all respects.

The short-term debtors and creditors of the PCA played no significant medium or long-term role in the Authority's financial risk; they are therefore omitted from this note under the provisions of FRS 13.

The PCA has no other assets or liabilities which might fall under this heading.

**Note 22 Losses and Special Payments**

In the year 2003/04 there were fruitless payments totalling £117,633. This comprised payments to four members of the Authority in respect of the termination of their contracts. Their employment was terminated on 31 March 2004 on the day that the Authority ceased operations, whereas their contract termination dates were after this. These payments represented the outstanding amount that would have been paid to the Members had their employment continued until their contract end date as included in their original contracts.





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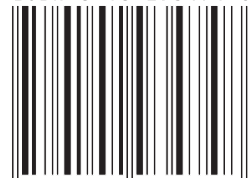
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