

# Annual report and statement of accounts

2012/13



# Independent Police Complaints Commission Annual Report and Statement of Accounts 2012/13

Annual Report presented to Parliament pursuant to Section 11(5) of the Police Reform Act 2002  
Accounts presented to Parliament pursuant to Paragraph 17 of Schedule 2 of the Police Reform Act 2002  
Ordered by the House of Commons to be printed 11 July 2013

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ISBN: 9780102985023

Printed in the UK for The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office.

ID 2568030 07/13

Printed on paper containing 75% recycled fibre content minimum.

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# Chair and Acting Chief Executive's foreword

**This report covers both the first year of the IPCC's new Chair and the final year of its retiring Chief Executive, Jane Furniss. The IPCC owes a great deal to Jane's leadership over the last six and a half years. She led the IPCC through a vital process of structural change, and has undoubtedly left the organisation in a very strong position to face the challenges and opportunities of the coming months.**

This report is a shorter document than in previous years, because we plan to publish an Annual Review in the autumn, with detail about our outcomes and the themes and issues emerging from our work.

Some of the challenges that we face are apparent in the body of the report: principally, the challenge of delivering timely and robust outcomes against a backdrop of increasing workload and diminishing resources. This year, we received an average of 210 referrals a month from police forces, of serious cases that we had to decide whether or not to investigate independently: a considerable increase from last year. The number of appeals from complainants – averaging 530 a month – remained the same as the high levels of the last two years, as legislative changes to reduce the number of appeals were delayed until November 2012. Appeals are also becoming increasingly complex. Yet we began the year having had to make £4.1 million savings (11.6% of budget) over a two-year period as part of the government's austerity measures.

It is therefore scarcely surprising that we have been unable to deal with cases as quickly as we want, and as our customers and those affected by our investigations need. I am very conscious of the pressure this has put on our staff, as well as those who depend on our services.

Thanks to an additional one-off injection of funds for our normal business, we have been able to recruit additional caseworkers and are already beginning to see the casework backlog reduce. At the same time, we needed to implement and train staff in a new case management system, which was implemented successfully in March and is effectively supporting both casework and investigations. Unfortunately, it will be July before we can collate information from that system, and as a consequence this report contains only eleven months' performance information. We will be able to provide full year information on our website later this year.

We have also carried out a major recruitment campaign for investigators and trainee investigators, partly to meet shortfalls in our core complement after the closure of one of our offices and partly to cover the Hillsborough investigation. This has included the recruitment of 33 trainees, building on the success of our existing training programme, which has allowed us to grow the specific skills we need and attract more staff without a police background.

It is welcome that the Home Affairs Select Committee's report on the IPCC, published in February, recognised the effect of limited resources on our capacity to deliver what the public expect. Later that month, the Home Secretary made clear that she saw an expanded IPCC, with a greater capacity to investigate serious and sensitive cases, as a key part of the infrastructure for assuring police integrity. We are now in discussion with Ministers about the scope and the timeframe for the proposed expansion of our work.



This comes on top of the considerable additional work and resource needed for the investigations into the Hillsborough disaster. We are carrying out an independent investigation into the actions of police in the aftermath of the disaster. This is running alongside an investigation headed by ex-Chief Constable Jon Stoddart into the tragic deaths of 96 people. We are managing that part of his investigation which is looking at the actions of the police. These are the largest and most complex investigations ever undertaken by the IPCC. Within a few months of resources being available, we have been able to set up a new office in Warrington, take control of a mass of documentation, recruit the core staff team, and carry out the first interviews.

These challenges, however, provide us with huge opportunities – to show what we can do, and how we can do it, given additional support and resources. During the year, we have listened to some of our critics – particularly in the course of our review into the way we investigate deaths. We commissioned an external review of the investigation of the death of Sean Rigg in 2008, to see what lessons could be learnt. This, and the emerging findings of the deaths review, are shaping and developing our work in this very important area. We have also been able to acquire some of the additional powers we need to carry out our work, with more promised in this year's legislative programme.

Our oversight work is also continuing. Following the Police Reform and Social Responsibility Act 2011, we issued new statutory guidance on complaints handling to police forces.

We published two key thematic reports, on corruption and on the abuse of police powers for sexual exploitation. We are beginning to develop a more focused way of exercising oversight and leverage over the complaints system as a whole.

This is an exciting and challenging time of transition for the IPCC. We are committed to ensuring that the organisation has in place the structures and leadership that will support staff and Commissioners and increase public confidence in our work and the police complaints system.

**Dame Anne Owers**  
Chair

**Amanda Kelly**  
Acting Chief Executive

# Who we are and what we aim to achieve

The Independent Police Complaints Commission (IPCC) oversees the police complaints system in England and Wales and sets the standards by which the police should handle complaints. It is independent, making its decisions entirely independently of the police, government and complainants.

Police forces deal with the majority of complaints against police officers and police staff. The IPCC considers appeals from people who are dissatisfied with the way a police force has dealt with their complaint. Since November 2012, the responsibility for determining appeals is shared with local police forces.

In addition, police forces must refer the most serious cases – whether or not someone has made a complaint – to the IPCC. The IPCC may decide to investigate such cases independently, manage or supervise the police force's investigation, or return it for local investigation.

The IPCC is also responsible for dealing with serious complaints and conduct matters relating to staff at the Serious Organised Crime Agency (SOCA), Her Majesty's Revenue and Customs (HMRC), and the UK Border Agency (UKBA). You can read more about our work with these organisations during 2012/13 on page 31.

## Our values

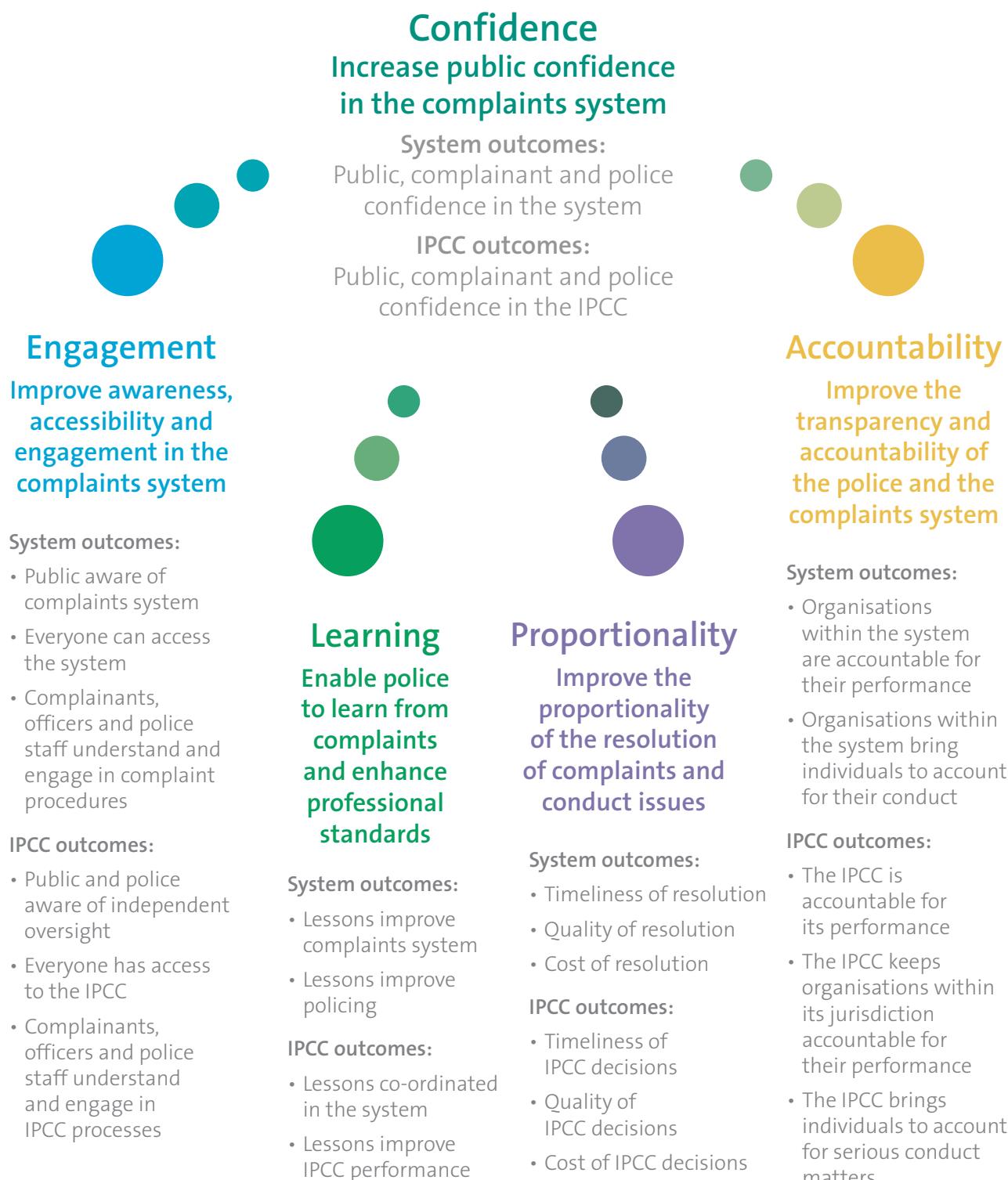
We are committed to our values, which underpin all our work. These values influence our plans, service delivery, and engagement with the police, community and voluntary groups, and complainants. They are also reflected in the recruitment of our staff and Commissioners, and in the way the organisation is run. Our values are:

- justice and respect for human rights
- independence
- valuing diversity
- integrity
- openness

## Purpose and aims

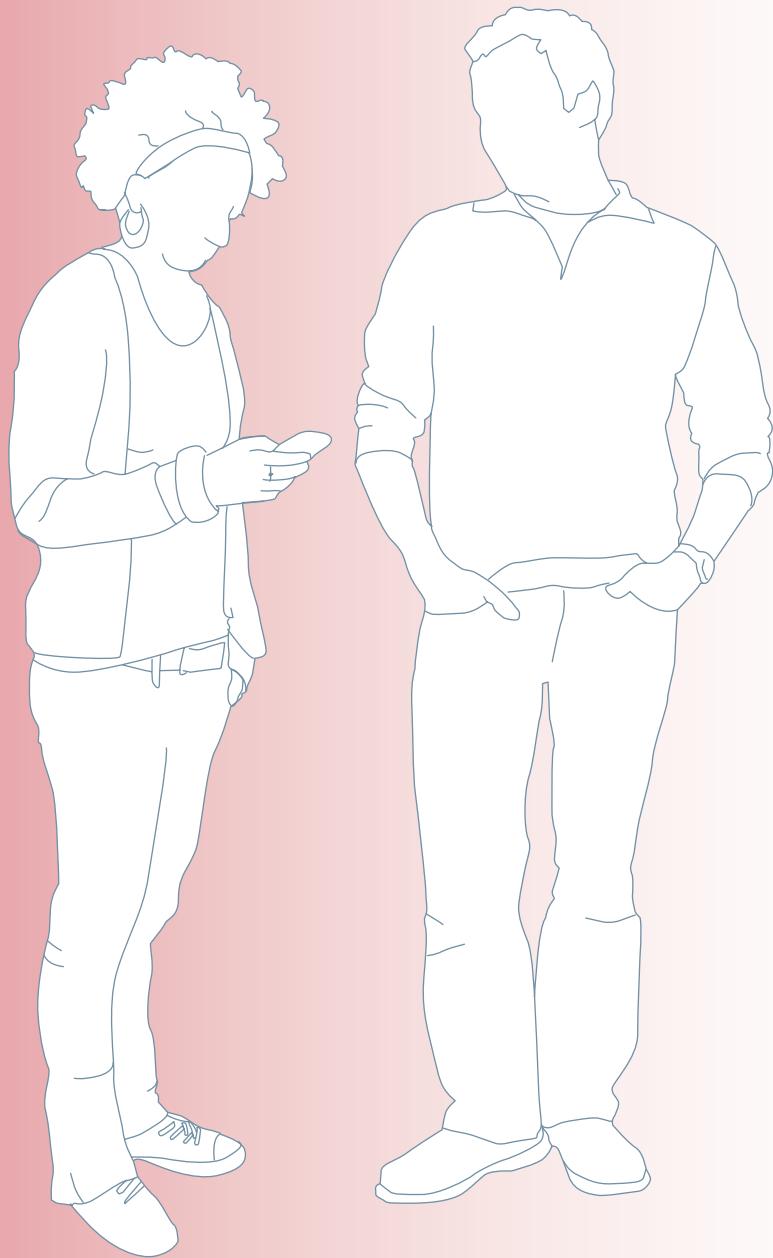
Figure 1 on the next page sets out our purpose and aims during the period under review. Our new Business Plan for 2013/14<sup>1</sup> explains our revised purpose and aims for the coming year.

Figure 1:  
**Our purpose and aims**



# How we performed and what we delivered in 2012/13

This section explains how we handled key pieces of work, and sets out how we performed against our targets.



## Our targets and performance in 2012/13

2012/13 was a challenging year for the IPCC. Demand remained high and we had to manage this with fewer resources. In anticipation of further savings requirements, we were unable to retain all the temporary casework staff who had helped us to achieve improvements in our performance in the previous year. This, along with the closure of our Coalville office and the inevitable loss of a number of experienced investigators, had a significant impact on our performance.

We used our limited investigations resource effectively to ensure that all the most serious matters referred to us could be independently investigated. We started 113 independent investigations this year.

For the first time since the IPCC was created we did not see an increase in the overall number of appeals we received from people who were dissatisfied with the way the police had dealt with their complaint. However, the number of more complex appeals increased compared to last year.

In the latter part of this year we were able to recruit additional casework staff. This is already having an impact, with performance starting to improve in those areas that have benefited from additional staff. We expect these improvements to continue during 2013/14 as new staff are recruited and trained.

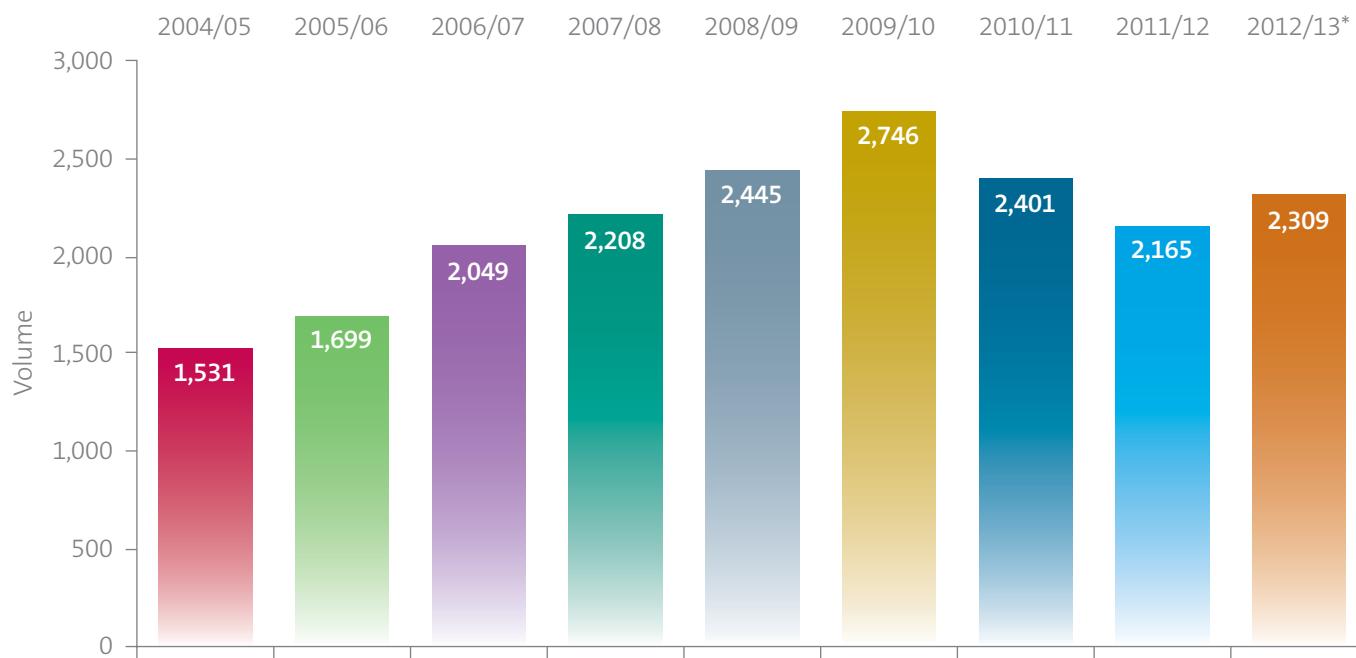
In March 2013 we introduced a new case management IT system for all IPCC casework and investigations. The new system will provide better support to our staff. We also expect it to improve performance through increased efficiency. All data relating to historic and active cases has been migrated onto the new system. The complexity of this work has meant that the development and testing of performance reports has taken longer than expected. Performance data in the following section is therefore based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.

## Referrals

The most serious complaints and incidents recorded by the police, HMRC, SOCA or UKBA must be referred to us, and for the first year since 2009/10 the number of referrals made to us has increased (see figure 2). Between April and February we received 2,309 referrals, a 17% increase compared to the same period in the previous year. We believe that some of this increase is due to our asking forces to refer matters that would not ordinarily meet the mandatory referral criteria. We did this so that we could maintain oversight of cases that were likely to attract particular public interest or that involved issues of public confidence – for example, the use of Tasers, complaints arising from the use of stop and search powers, and allegations of racism or discriminatory behaviour.

We aim to make a decision on how a referral should be handled, and to communicate this decision back to the force, within two working days for 90% of referrals made to us. Despite the increase in demand we maintained our performance throughout the year and between April and February we achieved our target for 84% of the cases referred to us. On average, referrals took 2.72 working days to complete.

**Figure 2:**  
**The volumes of referrals made to the IPCC**



\*Performance data for 2012/13 is based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.

## IPCC investigations

As in previous years, demand for our investigations resource remained high during 2012/13. We used our limited resources effectively, ensuring that the most serious matters could be independently investigated. By the end of February 2013, we had started 113 new independent investigations using our own investigators. Although this is a similar number to last year, we have been dealing with a number of particularly complex and high-profile matters and these have resulted in more resource intensive and lengthier investigations.

We have continued actively to reduce the number of managed investigations, recognising that the public has lower levels of confidence in this approach. In 2012/13, we have more than halved the number of managed investigations compared to the previous year. We started just 12 of these investigations in cases where we felt that it was in the public interest that we maintained some independent oversight of how they were dealt with.

At the start of the year we were keen to maintain our focus on completing existing investigations, thereby ensuring that the open caseload remained at a manageable level. We also wanted to improve the time it takes us to complete investigations.

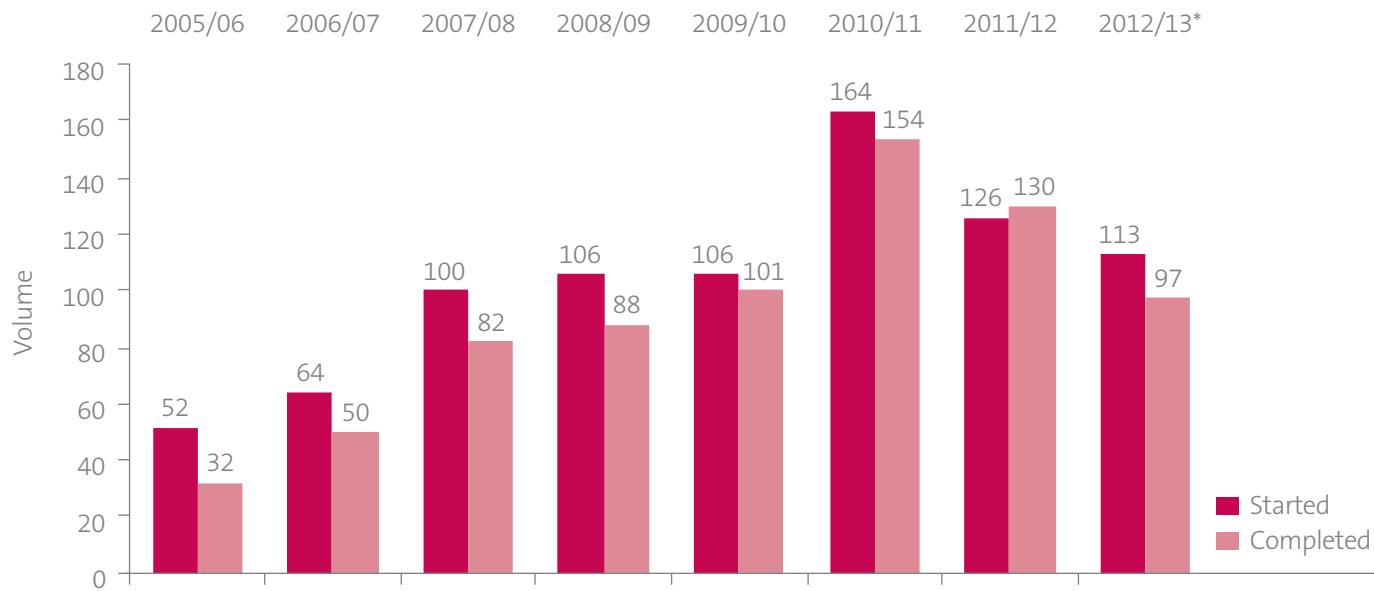
During 2012/13 we continued to build on practice developed in previous years; ensuring that focused terms of reference are in place for all investigations, undertaking early reviews of investigations, and analysing our older cases regularly. We have also strengthened the role of Commissioners in independent investigations and developed an improved multi-disciplinary approach, ensuring that each investigation benefits from the involvement of our legal and communications staff from the outset.

Rising demand, the increasing complexity of some of our work, and the loss of a number of experienced investigators have all had an impact on our performance. In order to meet demand we have often had to move resources from existing cases in order to respond to other serious matters when they arose. This inevitably affected the number of cases we were able to complete and the time it took us to do this.

We have therefore been unable to complete as many independent investigations as we started in 2012/13 (see figure 3) and the open caseload increased to 101 at the end of February 2013 (see figure 4). Despite these challenges we were able to maintain the average time it takes us to complete investigations, taking on average 186 working days. We set a target to complete 65% of investigations in 157 working days and achieved this for 49% of the investigations closed in 2012/13.

Figure 3:

**The number of independent investigations started and completed**



\*Performance data for 2012/13 is based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.

Figure 4:

**The number of ongoing investigations from April 2004**



## Appeals

A complainant has the right to appeal about the way his or her complaint has been handled by the police. There are three types of appeal:

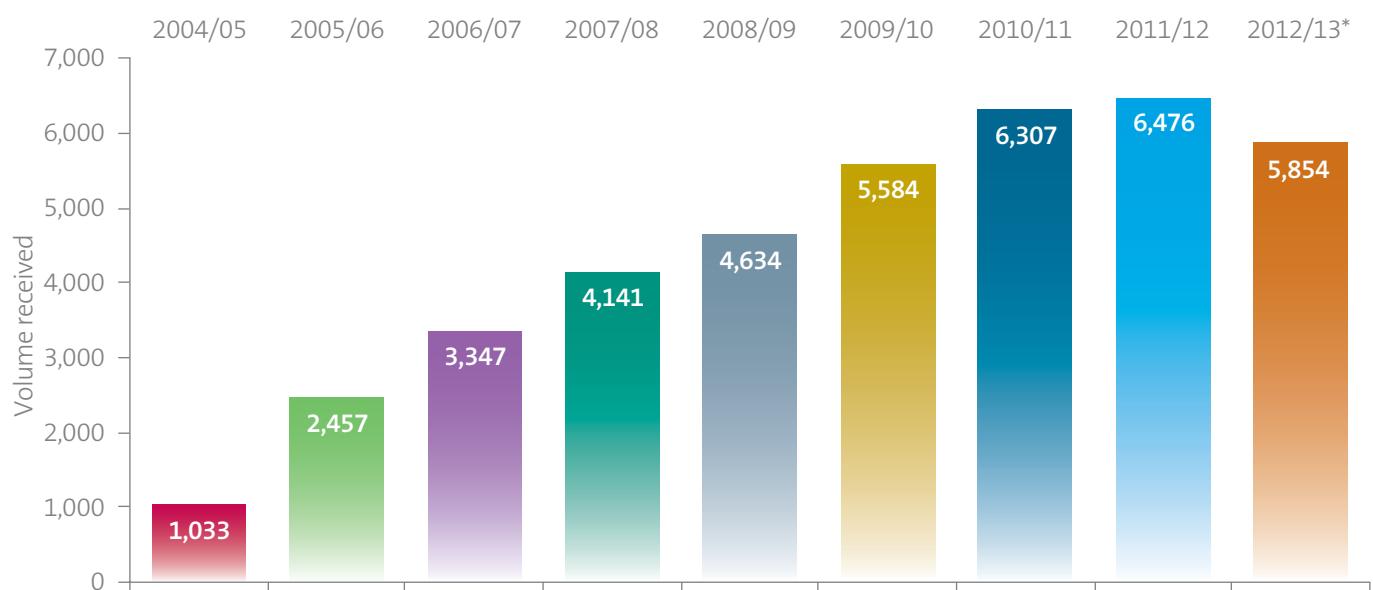
- against the failure to record a complaint
- against the outcome of a local or supervised investigation
- against the local resolution process.

The introduction of the Police Reform and Social Responsibility Act 2011 on 22 November 2012 changed the way that certain appeals are dealt with. The IPCC will continue to be the relevant appeal body for appeals against the failure to notify or record a complaint.

For all other appeals the relevant appeal body will be either the IPCC or the chief officer of the police force, depending on the seriousness.<sup>2</sup>

2012/13 is the first year since operations began that we have not seen an increase in the number of appeals made to the IPCC. Between April 2012 and February 2013 we received 5,854 appeals – a similar number to those received during the same period in 2011/12. However, while the number of non-recording and local resolution appeals has decreased, the demand for more complex appeals about how the police have investigated complaints has continued to increase.

**Figure 5:**  
**The number of appeals received by the IPCC**



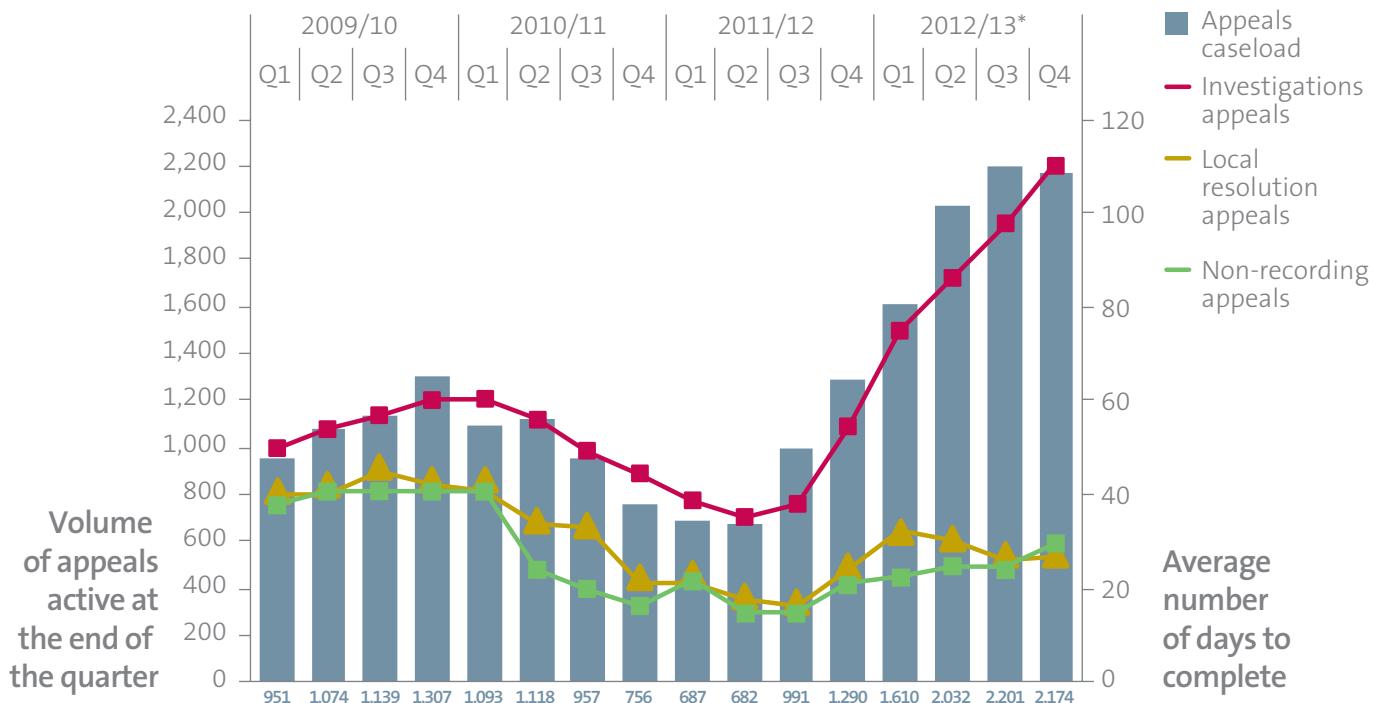
\*Performance data for 2012/13 is based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.

We aim to notify the appropriate authority<sup>3</sup> of an appeal within one working day in 90% of cases. This has remained a challenging target for us. We introduced a centralised casework administration team early in the year and our performance improved initially. As the year progressed we were faced with a high turnover of staff in this relatively small team and this affected our performance. Between April and February, 57% of appeals were forwarded to the appropriate authority within one working day and, on average, appeals took 3.8 working days to forward.

We anticipated that it would be difficult to maintain our performance, completing appeals in an average time of 35 working days in 2012/13.

As expected, following the reduction in resources at the end of the previous year, demand for appeals quickly outstripped the available casework resource and we experienced a steady growth in the number of open appeals. After receiving some additional funding we were able to increase staffing levels again from September 2012 and, with a full complement of trained staff, since November we have completed almost 10% more appeals than we received. This has begun to reduce the open caseload of appeals and we expect to continue to reduce this in the coming year. At the end of February 2013 there were 2,174 open appeals.

**Figure 6:**  
**Appeals caseload and timeliness**



\*Performance data for 2012/13 is based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.

3. The appropriate authority can be: the chief officer of the police force, the Police and Crime Commissioner responsible for the police force being complained about, the Mayor's Office for Policing and Crime (if the complaint is about the Commissioner of the Metropolitan Police Service), the Common Council for the City of London (if the complaint is about the Commissioner of the City of London police).

We recognise that the high number of cases means that appellants are waiting too long to receive a decision about the outcome of their appeal. We are continuing to focus on reducing the open caseload and the time it takes to complete this work during 2013/14.

During 2012/13 we continued to uphold a large number of appeals. Between April and February we upheld more investigation appeals (40%) and local resolution appeals (41%) than we did during the previous year. We also directed forces to record complaints for over half (57%) of the non-recording appeals we completed.

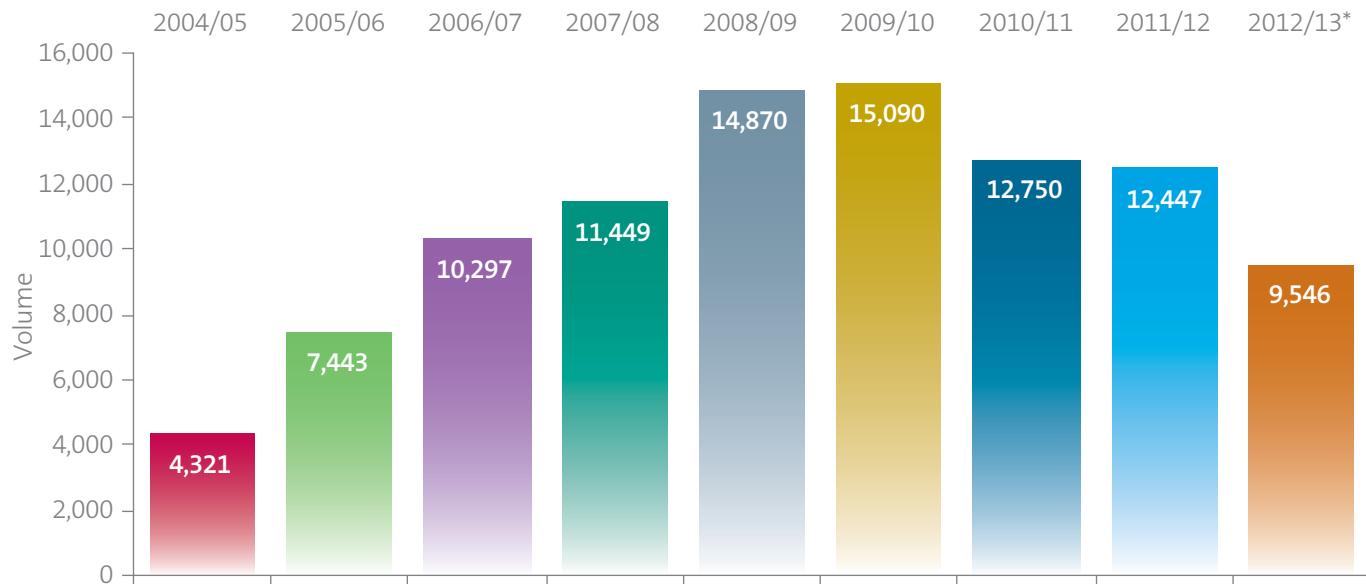
We continue to ask appellants for their feedback when we inform them about the outcome of their appeal. During 2012/13, we received 616 completed surveys, representing a response rate of 11%. At the beginning of the year we set a target to maintain at least a 50% customer satisfaction rating for appeals. We are currently meeting this target, achieving a 53% satisfaction rate. We will continue to aim to improve both the rating and the response rate during 2013/14.

## Complaints made directly to the IPCC

Our role in handling complaints made directly to us changed in 2012/13. Changes introduced by the Police Reform and Social Responsibility Act 2011 in November 2012 simplified processes by removing the requirement for the IPCC to seek consent before forwarding complaints to the appropriate authority<sup>4</sup> for recording. Our online forms now forward complaints automatically to the appropriate authority responsible for recording the complaint.

Between April 2012 and February 2013 the IPCC handled 9,546 direct complaints, 16% fewer than during the same period in 2011/12.

**Figure 7:**  
**Direct complaints received by the IPCC**



\*Performance data for 2012/13 is based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.

4. The appropriate authority can be: the chief officer of the police force, the Police and Crime Commissioner responsible for the police force being complained about, the Mayor's Office for Policing and Crime (if the complaint is about the Commissioner of the Metropolitan Police Service), the Common Council for the City of London (if the complaint is about the Commissioner of the City of London police).

Complaints forwarded to the appropriate authority automatically using electronic forms are not included in this figure.

In 2012/13 we set ourselves a challenging target to process 85% of complaints made directly to us within two working days. As in other areas of our work, a fall in staffing levels early in the year had a significant impact on our performance. Between April 2012 and February 2013, 54% of complaints were forwarded to the appropriate authority within 2 working days. On average, it took 3.9 working days to forward complaints. From April 2012 up until the 21 November 2012, we responded to the complainant within 2 working days for 36% of the complaints that we dealt with. On average, we took 4.8 working days to respond.<sup>5</sup>

5. Complaints received on or after 22 November 2012 have been dealt with in accordance with the Police Reform and Social Responsibility Act 2011, which does not require that consent be sought from the complainant to forward the complaint to the appropriate authority for recording (unless exceptional circumstances applied). Therefore, timeliness for responding to the complainant is measured only up to and including 21 November 2012.

In the latter part of the year we were able to increase staffing levels in our customer contact centre. This, along with the changes brought about by the Police Reform and Social Responsibility Act 2011, which directs complainants to the force, has seen our performance improve steadily. During February 2013 we were able to forward 82% of complaints to the appropriate authority within two working days.

### Other performance

We take complaints about our own staff very seriously. We aim to deal with 90% of these complaints within 20 working days, recognising that some are more difficult to deal with and will take longer to resolve than we would like.

Complaints about our staff should only be about their conduct and the service they provide. However, we do receive some complaints which are really an attempt to have the final decision on a police complaint overturned rather than covering issues relating to staff conduct or service. These complaints are often about the IPCC in general and people's perceptions of our role and what we can and cannot do.

During 2012/13, we received 397 complaints about our staff, which represents a fall in number for the second consecutive year. We achieved our 20-working-day target in 93% of cases. We upheld 49 complaints this year, fewer than the number upheld during 2011/12.

We have performed well in terms of staff absence, maintaining a staff absence rate of 2%, lower than the average for government services of 4%. However, the closure of our office in Coalville had an impact on our staff turnover rate, which increased this year. We ended the year with a turnover rate of 14% and this is higher than the average of 8% for government services.

The number of requests for information under the Freedom of Information Act (FOI) remained similar to the previous year. Requests made under the Data Protection Act (DPA) increased again. During 2012/13 we received 275 FOI requests and 278 DPA requests. We processed 78% of FOI requests within the 20-working-day target and 80% of DPA requests within the 40-calendar-day target.

## Key work in 2012/13

2012/13 has been an important year for the IPCC. We have welcomed five new Commissioners to the organisation and ensured the handover of knowledge from founding Commissioners to new Commissioners.

Jane Furniss, who had been the IPCC's Chief Executive since 2006, left the organisation and our former Director of Business Services, Amanda Kelly, took on the role of Acting Chief Executive with effect from April 2013.

### Hillsborough investigation

On 12 October 2012 the IPCC announced an independent investigation into allegations surrounding the aftermath of the Hillsborough disaster. On 19 December 2012, the Home Secretary announced that Jon Stoddart, former Chief Constable of Durham Constabulary, had been appointed to investigate the deaths of the 96 people who died as a result of the disaster. The IPCC is managing that part of his investigation which looks at the actions of the police.

We are undertaking an extensive recruitment campaign to select a range of investigative and support staff to work on the Hillsborough investigation alongside existing staff. We have opened a new office in Warrington from where the investigations will be run. We are in regular contact with the families of those who died in the Hillsborough tragedy, and the survivors, and have issued regular updates to them, to the public and the media since announcing the investigation.

### Scale of the investigation

This is the largest investigation ever undertaken by the IPCC – and the biggest criminal and misconduct investigation ever conducted into the police in England and Wales. We expect our investigation to take two years.

We have made real progress in recovering documentation – the vast amount which was submitted to the Hillsborough Independent Panel, plus additional documentation, which was either not relevant to the Panel or was not available because it has been located more recently. This work has been a key element of the initial phase of the investigation. Once recovered the documents need to be verified, assessed and logged onto the HOLMES criminal investigation database.

We have also continued to work through a long list of police officers who are believed to have some connection to the Hillsborough disaster. This includes a list of 1,444 from South Yorkshire Police, plus an additional list of around 400 people from about 30 other police and non-police organisations. We have begun interviewing some key police officers. We are liaising closely with the Crown Prosecution Service (CPS) and the Coroner, LJ Goldring, to ensure that our investigation is fully integrated into other proceedings.

*The latest information about the Hillsborough investigations is available on the IPCC's website, along with answers to frequently asked questions:*

➔ [www.ipcc.gov.uk/en/Pages/hillsborough.aspx](http://www.ipcc.gov.uk/en/Pages/hillsborough.aspx)

### Reviewing our work in cases where there has been a death

After undertaking scoping and planning work during 2011/12, we began our review of the way we deal with cases involving a death in September 2012. We consulted stakeholders about key questions for the review and it is being assisted by a reference group of four independent specialists:

- Deborah Coles, co-director of the charity INQUEST
- Professor Mike Hough, co-director of the Institute for Criminal Policy Research
- Matthew Ryder QC
- Lord Dholakia, who has an extensive background in race and criminal justice issues.

The purpose of the review is to engage with all those who have experience of our work investigating deaths, including our critics, to increase public confidence in this important area of our work. During 2012/13, we arranged interviews and focus groups with internal and external stakeholders, including families who have experienced the death of a loved one. A wide range of information has been gathered through written responses, meetings and events, and through work carried out by NatCen, the social research organisation that we have commissioned to assist the review. The review is being overseen by a Committee of the Commission.

We will publish some of the key findings, and our initial response to these, in the summer. This will include details of actions we have already set in train. We are planning an event with stakeholders who have contributed to the review in the autumn to discuss emerging findings and options for actions to take in response.

The final report of the review will be published later in the year. At the same time, we will publish our response and a plan for implementing changes – either to the way we work in relation to these cases or where action is required by others (for example, if they rely on changes to powers or resources).

*You can read the latest information about the review on our website:*

➔ [www.ipcc.gov.uk/en/Pages/deaths\\_review.aspx](http://www.ipcc.gov.uk/en/Pages/deaths_review.aspx)

### **External review of the IPCC's investigation into Sean Rigg's death**

In November 2012, we announced an external review of our investigation into the death of Sean Rigg in August 2008. The review was led by Dr Silvia Casale with assistance from James Lewis QC and Martin Corfe, a mental health expert. The purpose of the review was to find out if there was anything we could learn from the way we investigated Mr Rigg's death, and to identify improvements for the future.

The review was published in May 2013. One of its recommendations was that there should be a re-examination of whether the officers involved are potentially guilty of misconduct in their actions during Sean Rigg's arrest and detention. We are reviewing the evidence heard at inquest in order to determine whether we should take further action.

Dr Casale's team also made a number of recommendations about procedures in general in cases involving a death. Some are matters for the IPCC alone; some will require action or agreement by others. They include some matters that are already being progressed, such as ensuring that independent investigations are conducted into all deaths in custody, interviewing officers as soon as possible, and taking transcripts of interviews. The Commission will produce and publish an action plan on all the review's recommendations.

*You can read the review, and our response to it, on our website:*

➔ [www.ipcc.gov.uk/news/Pages/pr\\_170513\\_Riggreview.aspx](http://www.ipcc.gov.uk/news/Pages/pr_170513_Riggreview.aspx)

Although there have been changes, these two reviews tell us that there is still more we need to do to ensure greater consistency in the way we investigate, and in our response to bereaved families. They will help us to build on the progress made.

## **Deaths and serious injury as a result of gender abuse and domestic violence**

Our work in this area links with our review of the way we deal with cases involving a death. During 2012/13 we continued to engage with a range of stakeholders, including Women's Aid, Refuge, the Suzy Lamplugh Trust, Protection Against Stalking and a number of academics working in this field.

Our work with the Home Office Domestic Homicide Review Quality Assurance Panel has continued. We have also developed training materials outlining the remit of the IPCC and the overlaps that exist between domestic homicide reviews and IPCC investigations. Initial training for our investigators is now in place and we will continue to roll this out during the remainder of 2013.

## **Developing our oversight and confidence work**

Our Commissioners are responsible for promoting confidence in the complaints system. As well as meeting regularly with local police forces and Police and Crime Commissioners (PCCs), Commissioners and staff work closely with a number of national and local organisations that represent complainants.

In the context of wider discussions about improving public confidence in the police complaints system, we established an Oversight and Confidence Committee during the period under review. The Committee will look at how best to strengthen IPCC oversight of the police complaints system and improve our engagement with stakeholders. It will steer the development of a revised Oversight and Confidence Strategy over the coming year.

We have received a small amount of additional funding to develop this work during 2013/14, and will be using this to pilot a model of work. As this work develops we will consider how best to engage with stakeholders and the public to improve confidence in the complaints system.

## **Police use of stop and search powers and other issues affecting young people**

During 2012/13 we continued to participate in forums, including the ACPO Police Public Encounters Board and the ACPO National Schedule 7 Accountability Board, to raise awareness of our work around stop and search, collect intelligence, and share relevant learning.

We took part in a reference group set up to oversee Her Majesty's Inspectorate of Constabulary's (HMIC) thematic inspection on stop and search. We used experiences from our handling of

complaints and investigations and oversight activity to influence the inspection programme and ensure that it looked at the principles of fairness, effectiveness and public confidence, which are central to our position on stop and search.

We have followed up with all forces/agencies under the IPCC's jurisdiction to look at how they have implemented our position on stop and search. In order to raise awareness of our role and our work, we also engaged with groups led by young people, and groups that represent or provide advice to young people. In November 2012, we held sessions in our London and Sale offices as part of the Children's Commissioner's Takeover Day 2012.

### **Implementation of the Police Reform and Social Responsibility Act 2011**

In November 2012, the Police Reform and Social Responsibility Act 2011 came into effect. This led to the election of PCCs across England and Wales and introduced changes to the police complaints system – for example, we now deal only with appeals in relation to complaints that, if proven, would constitute misconduct, criminality, or a breach of Articles 2 and 3 of the European Convention on Human Rights. Other appeals are dealt with by police forces themselves.

We worked alongside police forces to prepare for the changes to the complaints system and carried out a range of work to change our internal systems and processes. We also issued revised statutory guidance for police forces, and produced supporting materials that explain the revised complaints system for police forces and members of the public.

We have begun to build relationships with the new PCCs and ran an event for them in February 2013. This was an important opportunity for us to talk to PCCs about our current work, and to hear about their initial experiences. We intend to explore further opportunities to work together to ensure that the complaints system is working effectively, and that police forces are learning from complaints.

Further legislative change during the period under review gave the IPCC a new power to compel serving police officers to attend witness interviews as part of its independent and managed investigations. We have long called for this power to enable us to conduct thorough and effective investigations that the public can have confidence in. The legislation also allowed us to revisit cases that had been investigated by our predecessor body (the Police Complaints Authority) in exceptional circumstances, such as Hillsborough.

## **Home Affairs Select Committee report – our response**

In May 2012, the Home Affairs Select Committee (HASC) announced an inquiry into the work of the IPCC. The Committee's report and recommendations were published in February 2013 and the Government's response was published in April 2013. We published our response separately, also in April 2013. We repeated our concern that the IPCC is under-resourced and that it would enhance public confidence in the police complaints system if we were able to carry out more independent investigations. We assured the Committee that we have taken steps to improve public confidence in our work; including reviewing how we investigate cases involving a death (see above), strengthening the role of our Commissioners, and carrying out a major recruitment programme that will give greater balance to the range of skills and backgrounds among our investigators.

We reiterated our view that it must continue to be the case that police forces deal with the majority of complaints from the public, subject to enhanced oversight from the IPCC. We believe that the lessons arising both from complaints and from our investigations should help to make tangible improvements to policing – so that identified failings lead to better performance.

*You can read our response in full on our website:*  
 [www.ipcc.gov.uk/en/Pages/responses.aspx](http://www.ipcc.gov.uk/en/Pages/responses.aspx)

## **Responding to the Home Secretary's announcement about our resources**

On 12 February 2013 the Home Secretary made a statement to Parliament in which she signalled that she would be transferring responsibility for dealing with all serious and sensitive allegations to the IPCC. She indicated that she intended to transfer resources from individual forces' professional standards departments and other relevant areas to the IPCC to make sure it has the budget and the staff to do its work. We welcomed the proposal, which is consistent with the findings of the HASC inquiry.

*You can read our response in full on our website:*  
 [www.ipcc.gov.uk/news/Pages/pr\\_130513\\_integrityresponse.aspx](http://www.ipcc.gov.uk/news/Pages/pr_130513_integrityresponse.aspx)

## Our work in Wales

We work across England and Wales and have the same responsibilities for Welsh police forces as we do for forces in England.

The IPCC Commissioner for Wales has met the Minister for Social Justice and Local Government in the Welsh Government to inform the Minister about our roles and responsibilities and to share local issues or concerns. We also responded to a consultation carried out by the Welsh Government on the Ending Violence Against Women and Domestic Abuse Bill in Wales.

The Commissioner for Wales has held meetings with the Children's Commissioner for Wales, the Public Sector Ombudsman for Wales, and the Wales Audit Office. These meetings enable discussion around relevant issues, and allow the IPCC in Wales to call on the services of these organisations should they be required in investigations. Similar information sharing is taking place between the IPCC and Welsh Women's Aid in connection with domestic abuse issues.

The Commissioner for Wales and other key staff have continued to liaise with the Association of Chief Police Officers in Wales to ensure that we are aware of the issues and challenges for Welsh forces. We have also met and written to PCCs in Wales to develop a framework to ensure that our performance framework data, statistics provided by police forces, and the Learning the Lessons initiative are used in a consistent and productive manner. This will help us to forge improvements within the police service in Wales.

We continue to be committed to complying with our duties under the Welsh Language Act 1993, and the Welsh Language Measure. Throughout the year we have had meetings with the Welsh Language Commissioner to ensure that our Welsh language provision is appropriate.

## Research and publications during 2012/13

### Corruption and abuse of powers reports

We published the second part of our report about corruption in the police service in May 2012.<sup>6</sup> The first report, published in September 2011, provided details of cases under investigation by the IPCC, described the relative powers and roles of the IPCC and police forces, and included some data, definitions, and information about issues arising from corruption. The second report provided an update on concluded and current cases, and put these in the context of corruption more generally.

Our research identified that members of the public want us to do more work on corruption. We have helped to develop a clearer definition of corruption and encourage police forces to record allegations. We want to increase the public's confidence through ensuring that police corruption is identified, undertaking more investigations, and providing more regular information about such cases to members of the public. We have set up a small team in our Investigations Directorate to deal with the most serious corruption cases. This work will continue in the coming year.

In September 2012, after conducting separate reviews, we published a joint report with ACPO about police officers and staff who use their powers to sexually exploit or abuse people.<sup>7</sup> The report included case study examples and identified key themes and issues that forces need to take forward. It is a first step in understanding the scale and nature of the problem and the actions needed to prevent or deal with it.

6. Available at: [www.ipcc.gov.uk/en/Pages/public\\_views\\_on\\_police\\_corruption.aspx](http://www.ipcc.gov.uk/en/Pages/public_views_on_police_corruption.aspx)

7. Available at: [www.ipcc.gov.uk/en/Pages/research.aspx](http://www.ipcc.gov.uk/en/Pages/research.aspx)

## Police complaints statistics for 2011/12

In October 2012 we published the 2011/12 police complaints statistics for England and Wales. Our report revealed that the IPCC was upholding an increasing proportion of appeals from people unhappy with the way their complaint had been handled by forces. The number of appeals from dissatisfied complainants had increased, and we were upholding an increasing proportion of those appeals (the overall proportion of successful appeals rose to 38%).

The report also showed considerable inconsistency between forces:

- in the number of complaints they record
- in the number they upheld
- in the number of successful appeals to the IPCC about whether complaints had been recorded and how they had been dealt with.

We will publish the 2012/13 police complaints statistics later in 2013.

## Learning the Lessons bulletins

The Learning the Lessons bulletin is designed to help the police service learn from completed investigations into police complaints and conduct matters undertaken by the IPCC or by the individual police forces. The bulletin shares learning, helping police forces to improve their practices and prevent similar situations occurring.

We published three issues of the Learning the Lessons Bulletin during 2012/13. These covered cases involving the handling of historic DNA samples and custody issues.

*You can read the Bulletins and additional information about the cases they describe on the Learning the Lessons website:*

 [www.learningthelessons.org.uk/pages/default.aspx](http://www.learningthelessons.org.uk/pages/default.aspx)

## Progress against our equality objectives

Under the Equality Act 2010, the IPCC is required to publish equality objectives. The table below sets out the equality objectives included in our Corporate Plan for 2012–15, and the work we did in 2012/13 towards meeting them:

Objective	Work carried out towards meeting objective during 2012/13
Embed equality assessment framework and ensure that it is adding value to our work	<p>Equality leads are in place across the IPCC. They provide support and advice to staff carrying out equality analysis and to Directors.</p> <p>Several equality assessments (EAs) have been produced and published on our website during 2012/13 – please see <a href="http://www.ipcc.gov.uk/en/Pages/equality-impact-assessment.aspx">www.ipcc.gov.uk/en/Pages/equality-impact-assessment.aspx</a></p>
Conduct annual review of the work of Directorate equality champions	<p>The role was reviewed and refocused to meet the requirements of the Equality Act 2010, and renamed ‘equality lead’. There is an equality lead in each Directorate and in the Commission Secretariat, reporting to our Valuing Diversity Group.</p>
Monitor and act on staff feedback	<p>We have held a series of staff workshops in connection with our review of cases involving a death, and to obtain staff input in relation to the Home Secretary’s police integrity proposals. Work towards this objective will be developed through our next staff survey, which is due to take place later in 2013.</p>
Identify and respond to emerging issues in policing, complaint handling, and investigations	<p>We have developed an internal SharePoint site to support our oversight and confidence work. This will significantly enhance our capacity to follow up on our recommendations arising from appeals, and help us to identify common themes that may signpost equality and diversity issues.</p> <p>We set up an external reference group to support our review of cases involving a death (see page 19) and carried out an internal, thematic review of appeals involving allegations of racism. The review formed part of our work to quality assure a sample of investigation appeal cases each financial quarter. Casework staff received training on best practice in the handling of perception-based allegations of discrimination.</p> <p>In addition to this review, we also examined Metropolitan Police Service (MPS) investigations into complaints that included allegations of racial discrimination and a report will be published in the early part of 2013/14.</p>

<b>Cont. Objective</b>	<b>Work carried out towards meeting objective during 2012/13</b>
<p>Work with others to improve access, confidence, and awareness of the police complaints system</p>	<p>In line with our Access Strategy, the main channel for our information is our website, where customers can access online forms and supporting information. Hard copy information is available on request. A major programme of work is underway in 2013/14 to redevelop our website, improving accessibility and streamlining content.</p> <p>We produced a new leaflet, alongside our new Statutory Guidance for police, to assist complainants in accessing and understanding the complaints system. We also produced materials aimed at police officers and staff, to support them in dealing with complaints effectively.</p> <p>We have liaised with the ‘Working for Justice Group’ to produce easy read information. Our information is available in a range of formats and languages, including British Sign Language. Please visit our website to find out more: <a href="http://www.ipcc.gov.uk/en/Pages/alternative_formats.aspx">www.ipcc.gov.uk/en/Pages/alternative_formats.aspx</a></p> <p>We relaunched our Welsh language website in February 2013 and now have the support of a Welsh-speaking member of staff to help maintain the site.</p> <p>As part of our review into cases involving a death, we are looking at the way we engage with communities, families, and stakeholders on our work – particularly around high-profile investigations. Work has also begun to develop our Oversight and Confidence Strategy. You can read more about this on page 21.</p>
<p>Ensure that the IPCC complies with the public sector equality duties</p>	<p>We consulted widely with stakeholders and protected groups when developing our revised statutory guidance.</p> <p>We have carried out work to ensure that operational policy, guidance and training packages reflect new duties introduced by the Equality Act 2010. We have made changes to our casework induction training to ensure that it covers equality duties. Similar training is being planned for our investigations staff, and equalities duties form a module in the training package that investigators must undertake to become accredited.</p>

## **Next steps**

The Office of the Welsh Language Commissioner is working on drafting new Welsh language standards. The standards will replace our Welsh Language Scheme. We will need to be in a position to respond to the standards by the end of 2014.

We will continue to publish all EAs for key projects / policy decisions.

During 2012/13 we reviewed our equality objectives to make them more focused. The revised equality objectives, and information about some of the work we will undertake to meet these, are included in our 2013/14 Business Plan.

## Sustainability reporting

The information included in this section explains the IPCC's current impact on the environment in terms of greenhouse gas emissions, waste minimisation and management, water consumption and sustainable procurement. This meets the requirements of '*HM Treasury Guidance 2012-13 Sustainability Reporting in the Public Sector*'. There is no biodiversity action plan as this is not applicable to the IPCC's functions.

### Our sustainability performance in 2012/13

The key performance indicators are set out in the table below, compared with results for 2011/12 where these figures are available.

It should be noted that for waste we are only able to report the cost of recycled waste. The figures for the amount of waste are an estimate based on the number and capacity of the recycling bins used.

For the water figures, no consumption information is available for our London office and the cost of water is known only for our Cardiff office.

Greenhouse gas emissions*		2011/12**	2012/13
Non-financial indicators (tCo2)	Gross emissions scope 1	163.63	91.58
	Gross emissions scope 2	266.47	308.32
	Gross emissions scope 3	55.7	71.53
	Total emissions	485.8	471.43
Non-financial indicators (kg)	Total waste	n/a	20647
	<i>sent to landfill</i>	n/a	10199
	<i>recycling</i>	n/a	10448
	<i>incineration</i>	n/a	0
Non-financial indicators (m3)	Water consumption	n/a	1564
Financial indicators (£)	Expenditure on energy purchased, including travel	£473,642	£652,385
	Expenditure on waste disposal, including	n/a	n/a
	<i>sent to landfill</i>	n/a	n/a
	<i>recycling</i>	n/a	£12000
	<i>incineration</i>	0	0
	Expenditure on water consumption	n/a	£5000

\* Scope 1 emissions are from sources owned or controlled by the organisation, such as vehicles and boilers.

Scope 2 emissions are from energy consumed by the organisation, but purchased from external suppliers, such as electricity.

Scope 3 emissions relate to official business travel, but exclude vehicles and international rail and air travel.

\*\* Data for 2011/12 has been updated where additional information has become available.

## Sustainable procurement

The IPCC uses several Government Procurement Service (GPS) framework contracts. The GPS is committed to sustainable procurement and supports the Greening Government Commitments (GGC). Where we issue tenders for our own requirements sustainability issues are considered at the outset of the procurement project and, where appropriate, included in documentation and evaluation.

## Action taken during 2012/13 to improve the IPCC's sustainability performance

We have taken a number of actions during the year to improve our sustainability performance:

- improved real time monitoring of energy consumption in the London office, thereby improving our capability to manage energy use on a day-to-day basis
- reduced consumption of power through: the use of timers on high wattage electrical items; replaced lamps with low power LED devices (where economically viable) and encouraging staff to switch off appliances when not in use
- we reduced our London office space by 17% in March 2013 and expect this to have a beneficial impact on carbon dioxide emissions from this office next year
- reduced waste by introducing double-sided printing as the default setting for all printers
- reduced unnecessary travel by updating our video conference equipment and adding a new suite in our London office to increase use by managers and staff

- appointed a new furniture supplier to ensure that we source new equipment from ethical sources with a minimum recycled steel content of 61%. We also appointed a new contractor for disposal of furniture, ensuring full compliance with the GGC

Our fleet vehicles generate a significant amount of our greenhouse gas emissions. The nature of our investigative work means that there is rarely an alternative to using a vehicle and this year we benefited from our decision last year to adopt vehicles that are significantly more fuel efficient. However, travel in relation to administrative activities is done using rail and other public transport wherever possible.

## Our future strategy

We are committed to reducing our impact on the environment in line with the GGC. We will continue in our efforts to bring down our greenhouse gas emissions and will consider this in all areas.

In addition, we intend to improve our data collection and monitoring on the sustainability key indicators in order to improve our ability to manage energy and water consumption, and minimise waste.

## **Wider responsibilities – complaints and referrals from other organisations**

### **HMRC**

The IPCC makes sure that serious complaints against HM Revenue & Customs (HMRC) staff are dealt with effectively. When something has gone wrong, we also help HMRC learn lessons and improve the way it works.

*Our website contains further information about our jurisdiction over HMRC:*

→ [www.ipcc.gov.uk/en/Pages/hmrc\\_whatcomplaint.aspx](http://www.ipcc.gov.uk/en/Pages/hmrc_whatcomplaint.aspx)

### **Investigations and appeals in 2012/13<sup>8</sup>**

Between 1 April 2012 to 28 February 2013 we received 27 referrals from HMRC:

- four were subject to a supervised investigation
- 17 were sent back to HMRC for local investigation
- six were referred back to HMRC to deal with as it saw fit.

During the same period we received five investigation appeals and four non-recording appeals:

- four of the investigation appeals were found to be invalid and the other was not upheld
- all four non-recording appeals were found to be invalid.

### **Work this year and future work**

We will work with HMRC with a view to revising the scope of the regulations and the mandatory referrals process.

8. Performance data is based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.

## **UKBA and Border Force**

On 26 March 2013 the Home Secretary announced the decision to end the Executive Agency status of the UK Border Agency (UKBA) and bring its functions back within the Home Office. UKBA will be replaced with an immigration and visa service and an immigration law enforcement organisation. The IPCC and UKBA will consider how these planned changes will impact on our jurisdiction and our work.

*You can find out more on UKBA's website:*

→ [www.ukba.homeoffice.gov.uk/sitecontent/newsarticles/2013/march/42-hom-sec](http://www.ukba.homeoffice.gov.uk/sitecontent/newsarticles/2013/march/42-hom-sec)

The IPCC is responsible for the way that certain types of serious complaints against UKBA and Border Force staff are handled. We make sure that serious complaints against UKBA or Border Force staff (or contracted staff employed by UKBA or Border Force to carry out certain functions on their behalf) are dealt with effectively. When something goes wrong, we also help UKBA and Border Force learn lessons and improve the way it works.

*Our website contains further information about our jurisdiction over UKBA:*

→ [www.ipcc.gov.uk/en/Pages/ukba\\_whatcomplaint.aspx](http://www.ipcc.gov.uk/en/Pages/ukba_whatcomplaint.aspx)

### **Investigations and appeals in 2012/13<sup>9</sup>**

Between 1 April 2012 and 28 February 2013 we received 13 referrals from UKBA and Border Force:

- one was subject to a supervised investigation
- four were sent back to UKBA for local investigation
- eight were referred back to UKBA to deal with as it saw fit.

9. As footnote 8.

During the same period we received three investigation appeals and three non-recording appeals:

- two of the investigation appeals were found to be invalid. The remaining investigation appeal is still being dealt with
- all three non-recording appeals were found to be invalid.

### ***Work this year and future work***

The IPCC is currently working with the Home Office to revise the regulations that govern the handling of serious matters. The aim of this work is to simplify the regulations and correct some minor issues. We will also look at whether any amendments are needed to the regulations to take account of the creation of the Border Force and the end to executive status for UKBA. When the revised regulations have been laid, the IPCC will work with the Home Office to produce statutory guidance for the way complaints are handled.

### **SOCA**

The IPCC is responsible for the way that complaints against the Serious Organised Crime Agency (SOCA) are handled, with the exception of complaints relating to proceeds of crime activity.

During 2012/13 we continued to work with the Home Office around the creation of the National Crime Agency (NCA) and the oversight that the IPCC should have over this new agency. The NCA will replace SOCA with effect from late 2013.

### ***Investigations and appeals in 2012/13<sup>10</sup>***

Between 1 April 2012 and 28 February 2013 we received eight referrals from SOCA:

- seven were sent back to SOCA for local investigation
- one was referred back to SOCA to deal with as it saw fit.

During the same period we received nine investigation appeals and two non-recording appeals:

- two of the investigation appeals were upheld and two were not upheld. The remaining five investigation appeals are still being dealt with
- both of the non-recording appeals have been completed – both were upheld.

We also completed four investigation appeals that had been started during the previous year. All four were upheld.

10. Performance data is based on 11 months from April 2012 to February 2013. We expect to publish full year data for 2012/13 on our website shortly.



# **Annual accounts and notes to the accounts**

## Foreword to the accounts

These accounts have been prepared by the IPCC in accordance with the requirements of the Financial Reporting Manual (FReM) produced by HM Treasury and the Accounts Direction given by the Secretary of State. They have been prepared with the consent of HM Treasury and in accordance with paragraph 17(1) of Schedule 2 to the Police Reform Act 2002.

### The nature of the IPCC's business and its aims, objectives and activities

The IPCC's primary purpose is to increase public confidence in the police complaints system in England and Wales. This is the IPCC's oversight and confidence role. The IPCC also investigates the most serious complaints and allegations of misconduct against the police in England and Wales, as well as handling certain types of appeal from people who are not satisfied with the way the police have dealt with their complaint.

### History

The IPCC was created by the Police Reform Act 2002 and was established as an executive non-departmental public body (NDPB) on 1 April 2003. The organisation became operational on 1 April 2004.

On 1 April 2006, the IPCC's jurisdiction was extended to include serious complaints made against the staff of the Serious Organised Crime Agency (SOCA) and Her Majesty's Revenue and Customs (HMRC). On 25 February 2008, the IPCC powers were extended to include serious complaints and conduct matters relating to officers and officials of the UK Border Agency.

The sponsoring department for the IPCC is the Home Office and the sponsoring unit is the Police Transparency Unit within the Crime and Policing Group.

The IPCC is run by a Chair and Commissioners. Together they make up the Commission, which is the governing board of the IPCC. Commissioners (other than two non-executive Commissioners) have an operational role and are also responsible for oversight of the organisation as a whole. Commissioners are appointed by the Home Secretary and are independent of the police, interest groups, political parties and government.

The IPCC's executive is led by a Chief Executive, who is supported by a Management Board based across England and Wales. The Chief Executive is accountable to the Commissioners for the effective running of the organisation. As Accounting Officer for the IPCC, the Chief Executive is responsible for the effective management of grant in aid in accordance with a management statement and financial memorandum drawn up by the Home Office.

### Commissioners

Commissioners are appointed under Schedule two (Section two) of the Police Reform Act 2002, for a term not exceeding five years.

Our Commission is made up of a part-time Chair and 16 Commissioners, including a Deputy Chair and two part-time, non-executive Commissioners.

Deputy Chair Len Jackson was appointed Interim Chair by Her Majesty the Queen in September 2010 and retired in April 2012.

Following a recruitment exercise by the Home Office, Her Majesty the Queen appointed Dame Anne Owers as permanent IPCC Chair for a five-year term from 2 April 2012. The Chair ensures that the Commission's governance is effectively managed. She leads the Commission and oversees the work of the CEO, the Deputy Chair and the two non-executive Commissioners.

The Deputy Chair has assumed leadership for the Commission's statutory operational role and oversight of the work of the Commissioners as they discharge their operational responsibilities. Previously this was the responsibility of the Chair.

The following list sets out the Commissioners who served during 2012/13:

Dame Anne Owers	Chair ( <i>appointed on 2 April 2012 for a five-year term</i> )
Len Jackson	Interim Chair ( <i>retired 30 April 2012</i> )
Deborah Glass	Deputy Chair
Amerdeep Somal	Commissioner
Mike Franklin	Commissioner
Naseem Malik	Commissioner
Nicholas Long	Commissioner
Rachel Cerfentyne	Commissioner
Rebecca Marsh	Commissioner ( <i>on loan to the Office for Nuclear Regulation from May 2012</i> )
Tom Davies	Commissioner
Sarah Green	Commissioner
Cindy Butts	Commissioner
Jennifer Izekor	Commissioner
Mary Cunneen	Commissioner
James Dipple-Johnstone	Commissioner
Derrick Campbell	Commissioner
Jonathan Tross	Non-executive Commissioner and Chair of the IPCC Audit and Quality Committees ( <i>reappointed for a further three years to May 2015</i> )
Ruth Evans	Non-executive Commissioner and Chair of the IPCC Remuneration Committee ( <i>reappointed for a further three years to June 2015</i> )

Details of Commissioners' remuneration can be found in the remuneration report that follows.

Details of other interests are available on our website or may be obtained in writing from the IPCC Commission Secretary at 90 High Holborn, London, WC1V 6BH.

## Audit and Risk Committee

The Audit and Risk Committee reports to the Commission. Its role is to review the adequacy and effectiveness of the internal control systems that underpin delivery of the IPCC's objectives. It is also responsible for overseeing the IPCC's systems and processes for finance, corporate governance, risk management, accountability and complaints against the organisation.

During 2012/13, the Audit and Risk Committee comprised:

- Non-executive Commissioner Jonathan Tross (Chair)
- Non-executive Commissioner Ruth Evans
- Commissioner Sarah Green
- Commissioner Naseem Malik

Representatives from the external auditors, the National Audit Office, and the internal auditors (the Home Office Internal Audit Unit) attended meetings of the Committee by invitation. The Chief Executive, the Director of Standards and Quality, the Director of Business Services, the Head of Finance and the Risk and Audit Manager also attended.

## Quality Committee

The Quality Committee was formed in 2010 to ensure continued improvement in the quality and effectiveness of the IPCC services and oversight of the complaints system as a whole. The Committee supports the IPCC in its responsibilities for standards and quality assurance and it oversees the IPCC's performance and relevant systems.

During 2012/13, the Quality Committee comprised:

- Non-executive Commissioner Jonathan Tross (Chair)
- Non-executive Commissioner Ruth Evans
- Commissioner Sarah Green
- Commissioner Naseem Malik

The Chief Executive, the Director of Standards and Quality, the Director of Business Services and the Risk and Audit Manager also attended meetings.

## Employment policies

The IPCC has put in place policies to create an environment in which all staff can perform to the best of their ability and contribute to both their own and the organisation's success.

The IPCC aims to allow staff the opportunity to work flexibly. Flexible working options are available to all staff regardless of their employment status or seniority.

During the past year the IPCC has monitored recruitment, training, job satisfaction and staff turnover, providing regular reports on all of these matters to senior managers and Commissioners.

The IPCC involves staff in decisions about health, safety and welfare. The Public and Commercial Services Union negotiates on behalf of staff. In addition, a Staff Council, which includes both staff and trade union representatives, is in place for the purposes of communication and consultation.

The IPCC gives full and fair consideration to applications for employment from people with disabilities, where the nature of the employment makes this appropriate. The IPCC is similarly committed to enabling any members of staff who may become disabled during their period of employment to continue in their role.

### **Valuing Diversity Group**

Valuing diversity is one of the IPCC's core values. During 2012/13, our Valuing Diversity Group (VDG) played an important role in identifying key equality issues both corporately and within individual directorates. The Group is led by the Chair of the IPCC. It includes one Commissioner, seven nominated staff members and a representative from the Staff Council. The VDG brings any relevant matters to the attention of management so that they can be addressed.

### **Sickness absence**

During 2012/13 IPCC employees incurred an average of 5.7 days sick leave. This compares to an average of 5.2 days in 2011/12. The IPCC is committed to the health and wellbeing of staff and has a comprehensive sickness absence policy. The IPCC provides an Occupational Health Service and an Employee Assistance Programme. The IPCC continues to review its sickness absence policy and practice to ensure that sickness absence is managed appropriately.

### **Pension liabilities**

The treatment of pension liabilities in the accounts is described in the remuneration report and in notes 1 and 3 to the accounts.

### **Health and safety**

The IPCC takes seriously its responsibilities for the safety, health and wellbeing of all who may be affected by our work activities. The IPCC complies with the Health and Safety at Work Act 1974, which aims to prevent accidents and cases of work-related ill health, and provides adequate control of health and safety risks arising from work activities.

During 2012/13, the IPCC carried out general safety and fire safety audits at all offices. In addition, new starters have completed a health and safety e-learning programme. Existing staff have already completed this programme.

Four minor accidents were recorded during 2012/13. This compares to two during 2011/12. All of these accidents involved IPCC staff. No contractor staff reported being injured. None of the incidents needed to be reported under RIDDOR (the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995).

The IPCC focuses on proportionate health and safety risk management as an integral part of the way it undertakes business activities.

### **Environmental policy**

The IPCC seeks to reduce the impact of its work on the environment and further information is available in the sustainability report elsewhere in this document.

## Creditor payment policy and performance

The IPCC abides by the British Standard for Achieving Good Payment Performances in Commercial Transactions (BS 7890) and, in particular, aims to pay undisputed invoices in accordance with contract terms. During the year to 31 March 2013, 100% of invoices were paid in accordance with contract terms (the figure was also 100% in 2011/12).

## Key supplier arrangements

Steria Limited is a key supplier of IT and telephony services to the IPCC. There is no indication that Steria Limited has any operational or financial difficulties that would adversely affect the IPCC's operations.

## Research and development

The IPCC research programme supports the oversight and confidence work of the organisation by drawing out information and learning from the complaints system to support improvements in the police service.

Research undertaken during the year under review includes: studying deaths during or following police contact; publication of police complaint statistics and assessments of how well police forces are handling complaints. We have also developed improvements to the recording and reporting of investigation outcomes and worked with the National Statistics Authority to gain national statistics status for our annual report on deaths following police contact.

## Charitable donations

The IPCC did not make any donations to charity during 2012/13. Where Commissioners and staff received gifts as a result of their normal duties, these gifts or an equivalent value were donated to either Cystic Fibrosis Trust or Cancer Research UK. Details are recorded in a register, which is published annually on our website. To request a hard copy of this register, contact the Commission Secretary at 90 High Holborn, London, WC1V 6BH.

## Going concern

Grant in aid for the IPCC for 2013/14 has been included in the Home Office departmental estimate, which has been approved by Parliament. There is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## Events after the reporting period

No events after the reporting period have been noted as significant in terms of their impact on operational activities, or as having a significant impact on the balances contained in the accounts.

## Auditors

Arrangements for external audit are provided under paragraph 17 (2) of Schedule 2 to the Police Reform Act 2002. This requires the Comptroller and Auditor General (C&AG) to examine, certify and report on the statement of accounts, and to lay copies of it (together with his report) before each House of Parliament. The National Audit Office (NAO) conducts the audit on behalf of the C&AG. The fees for these services for 2012/13 are £42,000 (in 2011/12 the audit fee was £42,000). The NAO did not undertake any non-audit work.

Internal audit services are provided under contract by Home Office Internal Audit Unit, which was appointed on 1 April 2009 with the agreement of the sponsor unit.

The Accounting Officer has taken all steps to ensure that she is aware of any relevant audit information, and to ensure that the IPCC auditors are also aware of that information. As far as the Accounting Officer is aware, there is no relevant information of which the IPCC auditors are unaware.

## Management commentary

### Financial results for the year

The statement of comprehensive net expenditure shows expenditure of £33.2 million in 2012/13 compared to £34.2 million in 2011/12. This is a reduction of £1.0 million.

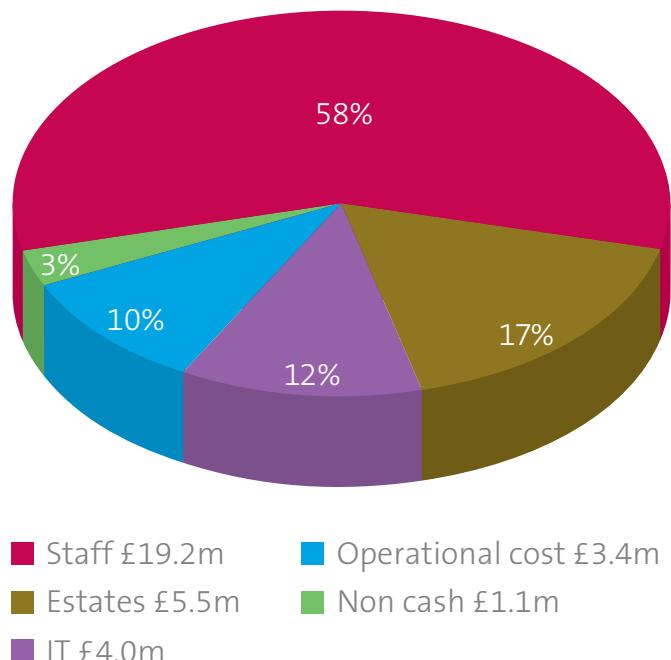
To achieve this we have:

- reduced staff costs by £1.2 million by making 45 staff redundant last year. We made a further ten staff redundant this year. This saving would have been £1.4 million, but we had to pay exit packages totalling £0.2 million. Note 3 of the accounts shows the details
- incurred extra expenditure of £0.6 million on the start up of the Hillsborough investigation and there has been an increase in other running costs
- reduced non-cash expenditure by £0.8 million. We were able to release prior year provisions for dilapidations as we successfully negotiated low exit costs on property we no longer required. In addition, we incurred lower amortisation costs because our older IT systems, which we are in the process of replacing, have been substantially written off. Note 4 of the accounts shows the details.

In achieving this overall reduction our purpose has been to match our reduced resources to our priorities and, in particular, to reduce administrative costs and protect frontline operations. Note 6 of the accounts shows that we have reduced administration expenditure from £6.1 million in 2011/12 to £5.3 million in 2012/13 (a 12% reduction), and we have been able to maintain resources for our frontline at £27.9 million.

The accounts show how we spent £33.2 million in 2012/13, but in summary it was used to: employ 366 staff; outsource our secure IT system; provide the estates infrastructure necessary to operate the business effectively across England and Wales; finance the non-cash charges as we write-down our assets; and pay for other operational costs. The chart below demonstrates this.

### How we used our resources



## Financial review

At the start of the current comprehensive spending review period we were told by the Home Office that our grant in aid budget was to be cut by £4.6 million by 2014/15. The government's subsequent austerity measures have resulted in the need to find further savings.

We have achieved the savings to date through reducing the scale of our estates, staff redundancies and securing better value for money through procurement.

In 2012/13 the Home Office provided us with additional one-off grant in aid to enable us to address important challenges facing the organisation. These included, *inter alia*:

- a significant recruitment programme for new investigators
- strengthening our capacity to provide better and more regular public information about individual cases and their outcomes
- establishing a proper process for transfer of cases from departing Commissioners to the five new Commissioners appointed during 2012/13
- cost of redundancies and estates rationalisation during the year
- the set up phase of the Hillsborough investigation.

Over the next three years we expect to receive further extra funding to improve and strengthen the work of the IPCC as follows:

- the Home Office has assured us that it will provide adequate funding for the Hillsborough investigation without detriment to our other work
- the Home Office has agreed to provide additional funding in 2013/14 to establish a programme of work on counter corruption and to develop a strategy for our oversight and confidence work
- in February 2013, the Home Secretary announced that the IPCC would receive additional resources to deal with all serious and sensitive cases of complaints against the police. We anticipate a phased transfer of extra resources commencing in 2014/15, but possibly earlier. This is dependant on the outcome of discussions with the Home Office on the detailed operational implications.

The additional funding received from the Home Office in 2012/13, and our work to achieve savings without affecting frontline resources, has put us in a good position to deal with future change.

## Business achievements for the year

Last year, the IPCC 2012/13 Business Plan outlined work that we would undertake to improve the performance of the IPCC and the police complaints system. We have set out progress below and further information is contained elsewhere in this report and in our 2012/15 Corporate Plan, which was published in May 2012.<sup>11</sup>

We continued our programme of work to prepare for the election of Police and Crime Commissioners (PCCs) and the changes that the Police Reform and Social Responsibility Act 2011 have brought to the police complaints system.

We began our investigation into the allegations surrounding the aftermath of the Hillsborough disaster. We have undertaken an extensive recruitment campaign to select a range of investigative and support staff to work on the Hillsborough investigation alongside existing staff. We have also opened a new office in Warrington to accommodate the two investigations.

We began a review of our work in cases where there has been a death. We arranged interviews and focus groups with internal and external stakeholders, including families who have experienced the death of a loved one. A wide range of information has been gathered through written responses, meetings and events and through work carried out by NatCen, the social research organisation we have commissioned to do work on the review.

We commissioned an external review of our investigation into the death of Sean Rigg. The review was conducted by Dr Silvia Casale during the end of 2012/13 and we published her findings in May 2013. Dr Casale's team made a number of

recommendations about procedures in general in cases involving a death. The recommendations include some matters that are already being progressed, such as ensuring that independent investigations are conducted into all deaths in custody, interviewing officers as soon as possible, and taking transcripts of interviews. Further work will be undertaken during 2013/14 to address further work that may be needed.

We published the second part of our report about corruption in the police service in May 2012. This report provided an update on concluded and ongoing cases and put these in the context of corruption more generally. We have furthered this work by setting up a small team in our Investigations Directorate to deal with the most serious corruption cases. This work will continue in the coming year and we envisage that, following the Home Secretary's statement outlined above, we will be resourced to undertake more investigations in this area.

We have published our external communications strategy, which outlines a range of actions and proposals about the way we work. The strategy is designed to ensure that we maximise the potential of communication to publicise our work and our successes, listen to our diverse range of stakeholders, learn from what they are saying, and exploit the opportunities that communication offers to secure and maintain public confidence. The strategy includes several actions that we will take forward during 2013/14.

We have also examined a selection of Metropolitan Police Service (MPS) investigations into complaints that included allegations of racial discrimination and a report will be published in the early part of 2013/14.

## Business focus for the future

The IPCC has developed four aims that support the achievement of its overarching purpose of securing and maintaining public confidence in the complaints system. Our Business Plan sets out the key projects that we will be working towards during 2013/14:

- developing and implementing changes resulting from the Home Secretary's proposal
- embedding our programme of work on corruption
- continuing our investigation into the aftermath of the Hillsborough disaster
- developing our Oversight and Confidence Strategy
- completing our review of IPCC work in relation to cases involving a death
- developing and implementing the Quality Assurance Framework.

Further information about these and other projects is available in the IPCC Business Plan for 2013/14.<sup>12</sup>

## IPCC operational structure

The IPCC is organised into four directorates for management reporting and control. The costs and staff levels in these operating segments are shown in the notes to the accounts. The role of each directorate is described below.

### • Investigations

The directorate carries out independent, supervised and managed investigations into the most serious complaints and allegations of misconduct against the police in England and Wales. As well as these serious complaints, certain types of incident are referred to the directorate by the police, HMRC, SOCA and UKBA, even where no complaint has been made.

The directorate has a clear objective to ensure that IPCC investigations not only apportion responsibility, but provide a platform for both forces and individuals under investigation to learn lessons from inappropriate practices, actions and behaviour.

Examples include cases where there is a death or serious injury, allegations of serious or organised corruption, racism or attempts to pervert the course of justice.

The structure of the Directorate is under review following the Director of Business Services' move to be Acting Chief Executive.

### • Casework and customer services

The directorate makes decisions about appeals made by members of the public. It provides advice to police forces about referring serious incidents that may merit an independent investigation, and make decisions about requests from police forces to discontinue or to begin an investigation into a complaint.

12. [www.ipcc.gov.uk/en/Pages/corp\\_reports-plans](http://www.ipcc.gov.uk/en/Pages/corp_reports-plans)

The directorate also provides advice to members of the public about how to make a complaint and responds to enquiries and complaints about the police.

A small number of staff work with community and third sector organisations to improve access to the police complaints system and public confidence in it.

#### **• Standards and quality**

The directorate is responsible for maintaining standards across the IPCC. It undertakes operational quality checks, risk management and operational training for casework and investigations. Its work includes the investigation of complaints against IPCC staff and conducting audit reviews of high-risk investigations. It also provides detailed performance data and support to other Ombudsman in respect of external oversight.

The directorate undertakes intelligence gathering, research and analysis into specific issues within police forces, HMRC, SOCA and UKBA.

#### **• Business services**

The directorate is made up of seven functions: Finance, Human Resources, ICT and Transformation, Legal Services, News, Procurement and Estates, and Strategy and Communications.

The Legal Services team directly supports casework and investigations staff and Commissioners by providing high-quality legal advice in relation to casework decisions and investigations. It also provides representation for the Commission in litigation cases and at inquests.

The Strategy and Communications team delivers some aspects of the IPCC's oversight and confidence responsibility, such as setting the standards for complaints handling, guidance to complainants, access to the complaints system, and policy development. It is also responsible for internal communications and stakeholder engagement.

The other functions provide high-quality professional support to the entire organisation on human resources issues, financial and business planning, press and public relations, information technology, procurement and facilities. The directorate also co-ordinates the IPCC's response to requests for information made under the Freedom of Information Act and the Data Protection Act.

During 2012/13, the directorate was responsible for a number of key corporate projects, including the closure of our Coalville Office, the rationalisation of our High Holborn office to reduce accommodation costs, the introduction of a new case management system, and the implementation of changes resulting from the Police Reform and Social Responsibility Act 2011.

The structure of the Directorate is under review following the Director of Business Services' move to be Acting Chief Executive.

#### **• Commission Secretariat and Chief Executive's Office**

The Commission Secretariat and the Chief Executive's Private office support the Chair, Deputy Chair and Chief Executive in undertaking their roles. They also support the Commissioners in their corporate governance role.

## Reporting of personal data-related incidents

No data-related incidents were reported to the Information Commissioner's Office in 2012/13 (one was reported in 2011/12). Further details are included in the governance statement elsewhere in this document.

## Remuneration report

The IPCC aims to ensure that the remuneration packages it offers are competitive. They are designed to attract, retain and motivate senior executives and other employees. In setting remuneration, the IPCC works within government policy guidelines for public sector pay. The following sections provide details of the remuneration and pension interests of the Commissioners and the Chief Executive.

## Remuneration policy

The IPCC Chair is appointed by the Crown. The other Commissioners are appointments of the Secretary of State. The Chief Executive is appointed by the Commission with the approval by the Secretary of State. All of these appointments are made in accordance with the Code of Practice for Public Appointments, issued by the Commissioner for Public Appointments.

The Secretary of State reviews the Chair and Commissioners' salaries annually. The Commission has established a Remuneration Committee, which is responsible for considering and making recommendations to the Secretary of State on the base salary and benefits of the Chief Executive. The Remuneration Committee is also responsible for determining the specific remuneration and other employment benefits of the other directors.

The Remuneration Committee comprises non-executive Commissioner Ruth Evans as the Chair, Commissioner Tom Davies and non-executive Commissioner Jonathan Tross. In addition, when the Committee meets to consider directors' remuneration, the Chief Executive also attends.

Subject to annual approval by the Home Office of the IPCC's overall remuneration strategy, the Commission has delegated to the Management Board the determination of the remuneration packages and other employment benefits of all other IPCC employees.

The IPCC has established a job grading structure with salary scales for each grade. Job evaluation is undertaken to ensure that different roles within the IPCC are positioned fairly in the job grading structure, and annual appraisals are conducted with each employee to determine performance and identify areas where additional training is required. The base salary for each employee is determined by taking into account individual performance and the relevant salary scales for the job.

## Service contracts

The IPCC Chair is a Crown appointment for a period of five years, terminable by Her Majesty with no notice period. Dame Anne Owers was appointed permanent IPCC Chair from 2 April 2012 on the advice of the Prime Minister and Home Secretary.

Commissioners are usually appointed for a fixed period of three to five years.

The Chief Executive during 2012/13, Jane Furniss, was appointed by the Commission on 4 December 2006 in accordance with the Civil Service Commissioners' Recruitment Code. The Chief Executive's contract has no fixed period and is terminable on up to six months' notice by the IPCC. Jane Furniss retired in April 2013 and Amanda Kelly was appointed Acting Chief Executive from 1 April 2013.

The Chief Executive appoints directors. Their contracts have no fixed period and are terminable on up to six months' notice by the IPCC. Early termination of directors or the CEO, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

## Bonuses

The Chair and Commissioners do not receive a bonus. The Chief Executive and directors are eligible for performance bonuses and these are approved by the Remuneration Committee. All bonus payments are made strictly in line with Home Office instructions on implementing the Senior Civil Service Pay Policy. No bonuses were paid or awarded in 2012/13 and no bonuses were paid or awarded for 2011/12.

## Remuneration report: Commissioners and CEO

The information in the remuneration table below provides details of the remuneration of the Commissioners and the Chief Executive and is subject to audit.

This report has been audited.

Name and job title	Start date	Salary 2012/13 £'000	Benefits in kind 2012/13 to nearest £100	Remuneration 2012/13 £'000	Remuneration 2011/12 £'000
Anne Owers (Chair)	02/04/2012	75-80		75-80	—
Len Jackson (Interim Chair from 21/09/10 to 30/4/12)	01/10/2003	0-5**		0-5	95-100
Jane Furniss (Chief Executive)	04/12/2006	130-135		130-135	130-135
Deborah Glass	01/04/2004	90-95		90-95	90-95
Amerdeep Somal	01/09/2003	75-80		75-80	75-80
Mike Franklin	01/09/2003	80-85		80-85	80-85
Naseem Malik	01/10/2003	60-65*		60-65	75-80
Nicholas Long	01/09/2003	75-80		75-80	75-80
Rachel Cerfontyne	04/05/2009	75-80		75-80	75-80
Rebecca Marsh (Seconded to ONR)	15/09/2003	75-80		75-80	75-80
Sarah Green	07/03/2011	75-80		75-80	75-80
Tom Davies	01/10/2003	45-50*		45-50	65-70
Cindy Butts	03/12/2012	25-30		25-30	—
Jennifer Izekor	05/11/2012	25-30		25-30	—
Mary Cunneen	05/11/2012	30-35		30-35	—
James Dipple- Johnstone	03/12/2012	25-30		25-30	—
Derrick Campbell	03/01/2013	15-20		15-20	—
Jonathan Tross (non-executive Commissioner)	28/05/2009	10-15		10-15	5-10
Ruth Evans (non-executive Commissioner)	01/06/2009	5-10		5-10	5-10

\* Naseem Malik and Tom Davies salaries for 2012/13 reflect the fact that they worked part-time.

\*\* Figure quoted is for the period 1 April 2013 to 30 April 2013. The full year equivalent is £49,000.

## Remuneration report: directors (excluding CEO)

This report has been audited.

Name and job title	Date of appointment	Salary 2012/13 £'000	Compensation payment 2012/13	Total remuneration 2012/13 £'000	Total remuneration 2011/12 £'000
Amanda Kelly <i>Director of Business Services</i>	28/09/2009	100-105	N/A	100-105	90-95
David Knight <i>Director of Casework and Customer Services</i>	15/08/2005	80-85	N/A	80-85	80-85
Mike Benbow <i>Director of Hillsborough*</i>	01/03/2004	75-80	N/A	75-80	75-80
Moir Stewart <i>Director of Investigations</i>	04/01/2010	105-110	N/A	105-110	105-110

\*Before 1 February 2013 Mike Benbow was the Director of Standards and Quality.

## Payments made to directors under the Civil Service Compensation Scheme

During 2012/13 no payments were made to directors under the Civil Service Compensation Scheme.

## CEO remuneration

The Chief Executive's remuneration over the last two years is shown in the table below.  
This report has been audited.

	2012/13	2011/12
Salary	131,604	131,604
Bonus	—	—
<b>Total</b>	<b>131,604</b>	<b>131,604</b>

In 2012/13 the Chief Executive was paid no bonus for her performance during 2011/12.  
No other bonus has been paid or awarded to the Chief Executive.

## Pay multiples

The highest paid director is the Chief Executive whose remuneration in the 2012/13 was £131,604 and the median remuneration of the workforce in 2012/13 was £31,965. Therefore, the Chief Executive's remuneration was four times the median remuneration of the workforce. The comparative figure for 2011/12 was £32,532, which was four times the median.

Remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. For agency and other temporary employees the VAT and the agency fee at an average of 15% has been excluded from the calculation of median remuneration.

## Salary

This includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the IPCC and thus recorded in these accounts.

## Benefits in kind

No Commissioners or directors received any benefits provided by the IPCC that were treated by HMRC as a taxable emolument.

## Payments to third parties

None of the IPCC's Commissioners or directors are paid by means of payments to a limited company or third party in lieu of a salary. All the Commissioners and directors are paid through the IPCC payroll.

## Pension benefits

The Chair, Commissioners (excluding non-executive Commissioners) and all staff are eligible for membership of the Principal Civil Service Pension Scheme (PCSPS). Certain IPCC Commissioners who served as members with the Police Complaints Authority (PCA) participate in a 'broadly by analogy' (BBA) pension scheme as an alternative to membership of the PCSPS.

The information in the pension benefits tables below provides details of the pension benefits of the Commissioners, the Chief Executive and the directors and is subject to audit.

This report has been audited.

Name	Total accrued pension at age 60 at 31/03/13 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31 March 2013 £'000	CETV at 31 March 2012 £'000	Real increase/ (decrease) in CETV £'000
Len Jackson	15 – 20 Nil lump sum	0 – 2.5 Nil lump sum	346	345	0
Deborah Glass	20 – 25 65 – 70 Lump sum	0 – 2.5 0 – 2.5 Lump sum	410	385*	(17)
Jane Furniss	55 – 60 165 – 170 Lump sum	0 – 2.5 0 – 5 Lump sum	1,251	1,161	25
Rachel Cerfontyne	5 – 10 Nil lump sum	0 – 2.5 Nil lump sum	114	82*	21
Tom Davies	10 – 15 Nil lump sum	0 – 2.5 Nil lump sum	256	248	6
Mike Franklin	20 – 25 70 – 75 Lump sum	0 – 2.5 0 – 2.5 Lump sum	449	419*	6
Sarah Green	5 – 10 Nil lump sum	0 – 2.5 Nil lump sum	104	81	11
Nicholas Long	10 – 15 Nil lump sum	0 – 2.5 Nil lump sum	222	203	14
Naseem Malik	25 – 30 Nil lump sum	0 – 2.5 Nil lump sum	351	314*	10
Rebecca Marsh	10 – 15 Nil lump sum	0 – 2.5 Nil lump sum	169	147	10
Amerdeep Somal	20 – 25 Nil lump sum	0 – 2.5 Nil lump sum	263	240	5
Cindy Butts	0 – 2.5 Nil lump sum	0 – 2.5 Nil lump sum	6	-	4
Jennifer Izekor	0 – 2.5 Nil lump sum	0 – 2.5 Nil lump sum	7	-	5
Mary Cunneen	0 – 2.5 Nil lump sum	0 – 2.5 Nil lump sum	8	-	7
James Dipple-Johnstone	0 – 2.5 Nil lump sum	0 – 2.5 Nil lump sum	5	-	4
Derrick Campbell	0 – 2.5 Nil lump sum	0 – 2.5 Nil lump sum	5	-	4

\*The CETV at 31/03/12 differs from the corresponding figure in last year's report, as advised by our pension administrators. 51

This report has been audited.

Name and job title	Total accrued pension at age 60 at 31/03/13 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31 March 2013 £'000	CETV at 31 March 2012 £'000	Real increase/(decrease) in CETV £'000
Mike Benbow <i>Director of Hillsborough</i>	5 – 10 Nil lump sum	0 – 2.5 Nil lump sum	195	174	16
Amanda Kelly <i>Director of Business Services</i>	30 – 35 Nil lump sum	2.5 – 5 Nil lump sum	462	387*	36
Moir Stewart <i>Director of Investigations</i>	5 – 10 Nil lump sum	2.5 – 5 Nil lump sum	113	72*	29
David Knight <i>Director of Casework and Customer Services</i>	25 – 30 85 – 90 Lump sum	0 – 2.5 2.5 – 5 Lump sum	494	451	9

\* The CETV at 31/03/12 differs from the corresponding figure in last year's report, as advised by our pension administrators.

### Broadly by analogy (BBA) pensions

A BBA pension arrangement entitles the recipient to benefits that are similar to those provided by the PCSPS classic scheme described below, and obliges the IPCC and the member to make contributions in line with the PCSPS. The IPCC is responsible for funding future pension benefits and retaining pension contributions. BBA pensions are held by the following Commissioners and ex-Commissioners: David Petch, Deborah Glass, Ian Bynoe and Mehmuda Mian Pritchard.

### Civil service pensions

Pension benefits are provided through the civil service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with pensions increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% to 3.9% of pensionable earnings for classic and 3.5% to 5.9% for premium, classic plus and nuvos. Increases to employee contributions will apply from 1 April 2013. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, members build up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

*Visit [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions) for further information about civil service pension arrangements.*

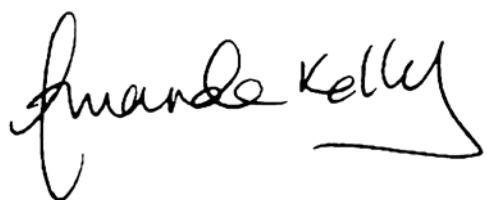
### Cash equivalent transfer values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension owing to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. There are many reasons that would cause a negative value in the ‘real increase in CETV’, including a rise in pensionable salary that is less than the rate of inflation.

A handwritten signature in black ink that reads "Amanda Kelly". The signature is fluid and cursive, with "Amanda" on the top line and "Kelly" on the bottom line, both ending in small loops.

**Amanda Kelly**  
Acting Chief Executive and Accounting Officer  
24 June 2013

## Statement of the Accounting Officer's responsibilities

Under paragraph 17(1) of Schedule 2 to the Police Reform Act 2002, the IPCC is required to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction issued by the Secretary of State. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the IPCC and of its income and expenditure, changes in taxpayers' equity, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the government FReM, and in particular 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 as set out in the Government FReM have been followed and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

For the year under review, the Accounting Officer for the Home Office had appointed the Acting Chief Executive as Accounting Officer for the IPCC.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the IPCC's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Managing Public Money.

## Chief Executive's personal annual governance statement 2012/13

As the Acting Chief Executive of the Independent Police Complaints Commission (IPCC), I have personal responsibility for maintaining a sound system of governance, internal control and risk management to support the discharge of the IPCC's functions under the Police Reform Act 2002 and other relevant legislation, and the aims and objectives of the Commission, whilst safeguarding public funds and organisational assets.

The system of governance, internal control and risk management is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide high, rather than absolute, assurance of effectiveness.

In October 2012, Jane Furniss, the previous CEO of the IPCC announced her intention to retire. The campaign to recruit a successor was unsuccessful and I have been asked to fill the post on a temporary basis until the autumn of 2014 to allow the Commission to consider the scope of the role in the light of changes proposed by the Home Secretary in February 2013. I took up the post on 1 April 2013. An appropriate handover took place and the contents of this statement were confirmed with Jane Furniss as at 31 March 2013.

I confirm that I have reviewed the governance, internal control and risk management arrangements in operation within my area of responsibility for the financial year of 2012/13. I have considered the effectiveness of the control framework in the context of the external environment and internal issues specific to the IPCC using the seven facets of the Home Office assurance framework detailed below. I have based my overall judgement on the recommendations of internal audit and comments from the National

Audit Office as well as on evidence presented to the IPCC Management Board, the Audit and Risk Committee, the Quality Committee and the Commission. Actions detailed in the Governance Statement for 2011/12 have also been reviewed and where appropriate are commented on.

### Key issues

The profile of the organisation is again high with Parliamentary scrutiny in the form of the Home Affairs Select Committee (HASC) inquiry combined with both media and parliamentary interest in the work on a number of high-profile investigations. The HASC report was published on 1 February 2013 and the IPCC has submitted a response and provided relevant information to enable the Home Secretary to respond to its recommendations.

Following the HASC report, the Home Secretary made a number of proposals to the House of Commons relating to police integrity, highlighting a number of issues in relation to the IPCC, including a lack of sufficient resources and powers. The IPCC submitted a response to those proposals and awaits further communication from the Home Secretary on how the proposals are to be implemented. The proposals are likely to result in significant organisational change for the IPCC. It will need to devise robust plans which also ensure appropriate mitigation of the risks inherent in a small demand-led organisation continuing to carry out its core business, while implementing a major expansion project.

As a result of the publication of the report of the Hillsborough Independent Panel in October 2012, the IPCC launched an independent investigation into allegations surrounding the aftermath of the Hillsborough disaster. This investigation is considering allegations about amendments

to statements, the actions of the police officers after the disaster and the role of West Midlands Police and those who investigated what happened at the time.

Given the size of the investigation, a director has been appointed to oversee and co-ordinate activity. Appropriate project management methodology has been used in the establishment phase. A Programme Board meets monthly, chaired by a non-executive Commissioner and governance arrangements are in place, including a specific risk register.

Discussions have been held with the Home Office on the resourcing of the investigation and additional resources have been made available for this investigation and increased activity relating to police corruption.

Dame Anne Owers joined the IPCC in April 2012 as non-executive part-time Chair. The second terms of six operational Commissioners will be coming to an end in August and September 2013 and, in order to ensure continuity, five new Commissioners were appointed in November and December 2012. These appointments have allowed for proper processes of overlap and handover and for a comprehensive induction process for new Commissioners before they became fully operational on 1 April 2013. A recruitment campaign for a Commissioner for Wales and an additional Commissioner in expectation of the work involved in the Hillsborough investigation is currently underway. Interviews took place in April 2013 and the panel submitted its recommendations to Ministers in May 2013.

Given the current demands on the organisation and the significant changes at senior leadership level, the Home Office has agreed to a temporary increase in the number of days that the Chair works.

The Police Reform and Social Responsibility Act 2011 came into force on 22 November 2012 bringing with it reforms to the complaints system and the introduction of elected Police and Crime Commissioners (PCCs). It is not yet entirely clear how these changes will affect the volume of public complaints and the subsequent demand on the IPCC. There is, however, likely to be a significant impact and the IPCC will continue to plan for this.

In addition, for a number of years the IPCC has said that it needs additional powers to compel police officers to attend witness interviews. Following the conclusions of the Hillsborough Independent Panel, and the IPCC's announcement of an independent investigation, emergency legislation was enacted in the form of the Police (Complaints and Conduct) Act 2012. The Bill was put to both Houses of Parliament in December 2012. This Act will have benefits for the way the IPCC carries out all its investigations.

Dealing with serious complaints about PCCs presents a new challenge for the organisation. To date the IPCC has considered five different sets of allegations against individual PCCs, with two requiring an independent investigation.

In common with other public sector bodies, the Comprehensive Spending Review has required the IPCC to make savings. The scale of savings required in such a small, demand-led organisation has been considerable. In 2011/12, the IPCC took the difficult decision to close an office. The closure of the Coalville office was implemented in the summer of 2012. As a result, the organisation was able to protect an element of frontline activity which would have otherwise been reduced. Operational performance remains stable, but is adversely affected by a combination of high demand and current resource restraints.

The Hillsborough Investigation has substantial resourcing implications and discussions are currently underway with the Home Office on what resources are required. Additional funding has also been provided for both a greater role in the investigation of police corruption and for developing the IPCC's oversight function. This follows a submission the IPCC made to the Home Office in 2012.

### Governance, internal controls and risk management

The IPCC has a well established governance structure, with the respective roles of the Commission and the Executive well understood and formalised through the IPCC Scheme of Delegation, which was updated in November 2012 and again in April 2013.

The **Commission** is responsible for defining strategy, determining the allocation of resources and is accountable for the delivery of its objectives. The Commission has established three Committees, **Audit and Risk, Quality and Remuneration** to discharge specific functions and each has clear terms of reference, reporting to the **Commission**. Average attendance at Commission between 1 April 2012 and 31 March 2013 has been 88% with attendance at Audit and Risk Committee at 81%, and Quality Committee at 83%. The attendance at Remuneration Committee has been 100%. The Commission attendance figures reflect the fact that one Commissioner was on loan to the Office of Nuclear Regulation from 1 May 2012 to 1 July 2013 as well as the Commission transition period.

The role of the **Audit and Risk Committee** is to support the Commission in its responsibilities for issues of risk, control and governance and associated assurance. The Committee oversees the

IPCC's systems and processes of finance, corporate governance, accountability, and complaints against the organisation. It is also responsible for approving the annual accounts on behalf of the Commission. The Chair reports annually on the Committee's work to the Commission.

The **Quality Committee** was formed in 2010 to ensure continued improvement in the quality and effectiveness of the IPCC services and oversight of the complaints system as a whole. The role of the Committee is to support the Commission in its responsibilities for standards and quality assurance. The Committee oversees the IPCC's performance, quality, and value for money systems, supporting the CEO and Management Board and providing advice to the Commission. The Chair now reports to the Commission on the effectiveness of the Committee's work on an annual basis. Both the Audit and Risk and Quality Committees are chaired by a non-executive Commissioner with a non-executive Vice Chair also in place.

The **Remuneration Committee** meets to agree the staff pay and rewards strategy and the annual staff pay remit. It also considers and agrees the Chief Executive's recommendations on pay progression and bonus awards for each director, and the recommendations of the Commission Chair in relation to the Chief Executive's pay. All IPCC Committees meet to review their own effectiveness on an annual basis and their meetings are reported back to the Commission.

The **Commission** itself acts in accordance with the IPCC Standing Orders and is accountable directly to Parliament. Through the Chair and Chief Executive's regular meetings with the Minister of State for Policing and Criminal Justice, the effectiveness of the organisation is under constant review and more generally subject to

considerable Parliamentary and public interest and scrutiny. The Commission also meets periodically to review the internal and external challenges facing the organisation and how the Commission might best meet those challenges.

Attendance records relating to Commission and Committees are included after this statement.

The **Management Board** is chaired by the CEO and comprises all the directors. It is responsible for the operational delivery of the IPCC's business. It meets on a monthly basis, receiving regular financial, performance and risk reports to inform its decision making. The CEO and directors routinely provide reports to Management Board and the Commission on the performance of their areas of the organisation and progress on the business plan and other key projects. These are supported by a six-monthly corporate review of the business plan.

Bi-lateral meetings take place as necessary with the IPCC's Sponsor Unit to discuss strategic, budgetary and operational matters and high-profile cases. These are supplemented with further meetings with risk, financial, HR and estates leads, as required. The relationship continues to be managed under the existing Management Statement and Financial Memorandum pending a revised Framework Document. The IPCC has been proactive in pursuing a new Framework Document for agreement with the Home Office. The IPCC's Internal Auditors have also recommended that a new Framework Document should be put in place as soon as possible.

Each Directorate maintains an operational risk register. Specific risk registers relating to individual programmes and projects are also maintained.

These registers are collated by the Risk and Audit Manager and influence the overall strategic risk register. As a result of the items discussed in the key issues section of this statement, a comprehensive review of the strategic risk register was undertaken to ensure that it reflects the most up-to-date risks that the organisation is facing. The strategic risk register is considered at least quarterly at Management Board and quarterly at Commission. It is also considered at each meeting of the Audit and Risk Committee. The revised risk register was presented to the Commission at its meeting in April 2013.

The Standards and Quality Directorate is responsible for providing assurance in respect of the quality and compliance of the delivery of core business. The Director of Standards and Quality became the Director of the Hillsborough Investigation in February 2013. The Senior Investigator (Standards) was subsequently appointed Acting Director of Standards and Quality. The directorate is responsible for providing independent assurance in respect of the quality of investigations and casework activity. All business improvement recommendations arising from the directorate's work are monitored to ensure timely implementation. The directorate is responsible for internal investigations and has responsibility for internal counter fraud, bribery and corruption. The work of the directorate is overseen and scrutinised by the Quality Committee. During the year to 31 March 2013, a number of recommendations made by the Standards and Quality Directorate in addressing the quality of investigations, the quality of investigation reports and the quality of local investigation appeals were implemented. An audit of the effectiveness of the Standards and Quality Directorate was carried out by the IPCC's Internal Auditors (the Home Office Internal Audit Unit) and the final report issued in May 2012. A high rating of assurance was provided in respect of its work.

The IPCC has reviewed the Corporate Governance Code in Central Government Departments and whilst this is directed more at ministerial departments than at NDPBs, the IPCC has complied with the principles of the code where appropriate within its independent and statutory remit and there are no significant deviations from the Code provisions as they are considered to apply to the IPCC.

The IPCC has a suite of Business Continuity Plans (BCP) in place at organisational, directorate and office level, supported by Critical Incident Plans and contact lists. These were reviewed and updated before the Olympics and the move of the IPCC's data-centre in March 2013.

During the data-centre move the IPCC used an IL2 Secure Email as a service offering to enable on-call staff to communicate securely via email whilst the Government Secure Intranet was not available. This email service was useful and is being considered as a permanent business continuity measure.

Disaster recovery facilities were tested in February 2012 shortly before the BCP Audit, and are due to be tested again in August 2013.

## Performance management

Processes are in place to ensure that strategic, directorate, team and individual objectives are aligned and the operational objectives are monitored corporately through the scorecard system, which is informed by both the IPCC Casework Management System (CTMS) and Investigations Directorate monitoring systems. A new casework and management system was introduced on 8 March 2013 and work is continuing to ensure that it informs the scorecard system. The balanced scorecard designed by the IPCC has now been in use over a three-year period and is considered to be an effective monitoring tool for organisational performance.

A comprehensive management information system exists covering all key performance indicators. This is reported and discussed regularly at Management Board. Directors are accountable for each area of their business and are required to provide action plans to address any performance issues.

Individual monitoring systems are in place for independent and managed investigations, providing information on timeliness, completion and review activity. There is also a system for monitoring those cases considered to be high risk to the IPCC. Performance on these cases is reported on a fortnightly basis to the Director of Investigations and the CEO.

The IPCC National Investigations Office continues proactively to monitor performance both at the directorate and local levels, tracking the timeliness and effectiveness of investigations against the performance objectives set out in the IPCC business plan.

The Senior Investigator (Standards) also works with the local management teams to ensure the quality of investigations and final reports. In addition, at the conclusion of a case the Investigations Directorate will, where appropriate, issue questionnaires to complainants and officers involved in investigations to monitor the quality and proportionality of IPCC contact with interested parties. The responses are reviewed by the IPCC Standards and Quality Directorate and learning fed into appropriate training for the investigative teams.

Casework targets for volumes and timeliness are set annually by the Commission, based on well evidenced forecasts of likely workload, available resources and productivity data.

Performance is reported monthly to Management Board and bi-monthly to Commission. As predicted last year, ambitious targets have proved difficult to meet given reductions in resources, despite restructuring. In addition, the Police Reform and Social Responsibility Act 2011, originally planned for May 2012, did not come into force until November 2012. This delay in legislative change had a further impact as the reduction in resource was based on the earlier implementation date. The deteriorating position was identified early and additional resource has been found. A recovery programme is in place and beginning to have a positive impact. However, the need to divert some casework resource to the Hillsborough investigation means that it is estimated that the position will not now be fully recovered until quarter three of 2013/14. The Home Office has been kept fully informed of the situation and the costs of rectifying it.

There is also a quality target for casework based on maintaining and improving levels of customer satisfaction captured through surveys. Performance was improving through the year, despite lengthening backlogs. However, recent changes in how feedback forms are distributed have led to a reduction in data being received. Research was commissioned into how to achieve further improved customer satisfaction, and the recommendations are being implemented. Judicial Reviews are closely monitored and all, successful or otherwise, generate a learning report. Numbers of Judicial Reviews have fallen. A risk-based approach to quality assurance by line managers has been introduced, backed by quarterly audits by the Standards and Quality Directorate. There is now a firmly established quality standard for appeal assessments and an accredited qualification for casework managers, which all new entrants are required to undertake.

In addition, we have revised our Continuous Learning and Development Programme (for more experienced staff).

The revised procedures for handling information requests by the respective Information Asset Owners have bedded down well. Information disclosure training has recently been delivered to a number of staff to assist them in dealing with requests. The central Freedom of Information (FOI) /Data Protection Act Team co-ordinates the responses, manages the review process and quality assures disclosures. In the period 1 April 2012 to 31 March 2013, 275 FOI requests were received and of those 78% were completed on time. The IPCC also received 278 Data Protection Act requests and of those 80% were completed on time.

The IPCC published an FOI Disclosure log on the public website in January 2013. This lists responses to requests made under the Freedom of Information Act 2000 that are felt to be of wider public interest.

## **Financial management**

Business planning for 2012/13 produced a balanced budget and, in accordance with relevant delegated limits, budget profiling is closely monitored and any deviations regularly reported to both Management Board and the Home Office. Where necessary, approval has been obtained from the Department for expenditure on unfunded pressures. Procurement policies are in line with Home Office guidance and are regularly communicated to budget holders. The use of Home Office Framework contracts and the implementation of austerity measures are ensuring value for money. The IPCC was subject to an internal audit of payroll processes and controls, and the recommendations made have been implemented.

Managing the Risk of Financial Loss has continued to be under review during the year and the Home Office kept up to date with any relevant developments.

Continued review of our occupation of estates has taken place and useful learning from the closure of the Coalville office has informed future plans.

### People management

The IPCC is committed to supporting and developing its staff within the confines of a cost saving environment where posts are being made redundant. Staff surveys are undertaken regularly and the results fed into an established and effective system for taking actions at organisational and team level to address issues raised. The results of the staff survey undertaken in the autumn of 2011 reflected the pressures of the economic environment and staff's concerns. A plan for the whole organisation was developed in early 2012 following extensive consultation with staff and is in the process of being implemented. In the summer of 2012 the CEO held events in each office location for all staff to discuss the staff survey and key challenges facing the organisation. This was followed by a conference for all staff, which took place in December 2012, and further staff input to a number of key organisational issues was obtained.

The organisation recognises and accepts its legal responsibilities in relation to the health, safety and welfare of its employees and third parties who may be affected by its work and complies with the Health and Safety at Work Act 1974 and other related legislation as appropriate.

The work of the Health and Safety Committee has now been subsumed into the remit of the Staff Council which I chair. Day-to-day

management is under the control of the Health and Safety Officer.

Arrangements are in place to ensure that new legislation and good practice guidance is brought to the attention of the organisation in good time for the impact to be assessed and planned for. The health and safety e-learning programme has been maintained and the IPCC has contributed to the public sector working group for continuous improvement of the e-learning package.

General safety and fire safety audits have been conducted at all offices and corrective actions implemented and monitored where necessary. The IPCC continues to pursue required improvements in landlord-controlled property. Particular support has been given to:

- the re-fit project in the London office and improving accessibility for wheelchair users
- ensuring that health and safety related "snagging items" from the move of the Wakefield office are completed.

The Hillsborough investigation has required the acquisition of new premises. These are located in Warrington. Appropriate health and safety checks will be conducted before this office becomes operational.

The Valuing Diversity Group provides guidance to Commission and Management Board on its duties under equality legislation. It keeps our equality objectives under review and monitors delivery.

The report by the Committee on Standards in Public Life, "Standards Matter", published in January 2013, reviewed best practice in promoting good behaviour in public life. The IPCC has recently undertaken a comprehensive review of the Codes of Conduct for both Commissioners and staff and a revised Code of Conduct was subsequently published in

January 2013. The IPCC is confident that it has appropriate systems in place to drive ethical behaviour. The recommendations made in the report, however, will be reviewed against organisational policy and practice to identify the potential for further improvements.

## Information management

This year there has been significant work relating to the management of information risk, including the approval and publication of an Information Assurance Strategy and awareness training to ensure information risk, protective security, and information management policies are implemented. These issues have also been a focus in staff induction, mandatory annual security awareness, together with the identification of information assets and quarterly risk assessments undertaken by Information Asset Owners (IAO).

All IPCC owned or managed information systems have been accredited to GSI requirements with new systems and changes tested before release. Access rights are controlled and adequate back up procedures are in place and have been tested. A new backup facility was implemented in October 2012 to provide encrypted backup across the estate and ensure that backups complete before start of working hours. The IPCC's IT supplier was awarded ISO 27001 status for the Information Security Management System it provides to the IPCC. Assessment by the Home Office against Level 3 of the Information Assurance Maturity Model has taken place and was successful.

Security and data breaches have been reported to the Senior Information Risk Owner and IAOs have taken action to address any identified issues. During this financial year there have been 49 security incidents in total for the period 1 April 2012 to 31 March 2013. This compares with 54 for the same period in 2011/12.

Of the 49 incidents that occurred, 12 resulted in an actual compromise of data, 15 resulted in a potential compromise of data, 10 were near misses or no data was compromised and 12 did not involve data at all and were issues such as lost access passes. Using the Home Office Organisational Security Unit impact table, 95% of security incidents were defined as minor, negligible or no impact.

There have been no serious security breaches in this period, but two incidents were defined as having a moderate impact. The first of these related to the IPCC inadvertently sending one complainant's personal information to another complainant by enclosing it in the wrong envelope. The form containing the data was eventually returned. In the second, a complainant's personal data was sent to the wrong address by putting 'Road' instead of 'Close'. The incorrect address was taken from a letter that the police had previously sent to the complainant. Staff attended both addresses, but the data was not recovered. The data subject was informed of the breach.

Following the major data breach in February 2012 reported in last year's statement, significant work went into an organisation wide awareness programme consisting of the implementation of new guidance and awareness briefings in the summer of 2012. As a result, awareness of information security, data breach identification and reporting has improved within the organisation.

The IPCC has experienced technical difficulties accessing the Protecting Information e-learning module on the Home Office's Discover website. The cause has been identified and work is underway to remedy the problem. The IPCC expects to be in a position to begin the roll-out the annual Information Security refresher training before the end of July 2013.

IAOs continue to undertake risk assessments of their information assets, which involve the identification of any new assets.

The IPCC has started its planning for the implementation of the new Government Security Classification policy (GSC). In my previous role as SIRO, I hosted an IAOs training day in March 2013 where the GSC was discussed. The IA & Security Team attend Cabinet Office meetings to keep abreast of the latest developments.

The Head of Procurement and Estates is a member of the Home Office Supplier and Information Assurance Compliance working group, which monitors and reviews the assessments from Hadrian (a supplier information assurance assessment) to determine where improvements can be achieved. He is also responsible for supporting IAOs with their third party IA compliance and in this role he provides supplier data to the Home Office who, following assessment, may elect to undertake a full supplier audit.

### **Programme and project management**

The IPCC's project management guidance sets out procedures for project management at the IPCC and is flexible enough to ensure that governance is proportionate to the size of the project. The guidance was assessed as high quality and in line with best practice as part of an Internal Audit on policy development undertaken three years ago.

The project management guidance requires that a business case is in place and agreed by the Project Executive for all projects. Through the corporate and business planning process, Management Board agrees new projects based on need and resources. Progress made against these projects is monitored by directors through their directorate plans. Progress against all key projects is included in a mid-year and end-of-year report to the Management Board and Commission.

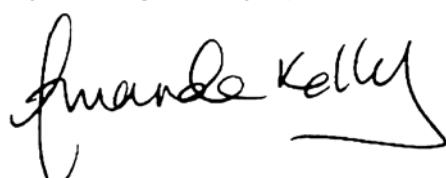
The IPCC carries out appropriate assessments, including Equality Analyses and Privacy Impact Assessments. Each key project has its own communication strategy and several have or will be subject to consultation with stakeholders. The IPCC has recently used this project management approach on a two-year programme of activities to deliver changes to its work as a result of the Police Reform and Social Responsibility Act 2011. The project was overseen by a project board, which I chaired in my previous role of Director of Business Services. The work stream leads came from across the organisation. As part of this work, the IPCC consulted on its revised Statutory Guidance to police forces on the operation of the complaints system.

A project approach has also been adopted in relation to setting up the Hillsborough investigation. Work streams included securing and developing premises, procuring and installing IT and the recruitment of staff.

### **Overall assessment**

The Internal Auditors have provided an indicative assessment of assurance. On the basis of the reviews they have carried out in the year to date, they have provided an assessment of moderate assurance.

In my opinion, I am able to provide moderate assurance on the areas for which I am responsible. Moderate assurance is defined as "Strengths in the control, risk and information management systems in place outweigh weaknesses. Although there is a need for improvement in specific areas, systems generally operate effectively".



**Amanda Kelly**

Acting Chief Executive and Accounting Officer  
24 June 2013

## Commission and Committee attendance records

These figures reflect the transition to new Commissioners.

	Commission									Audit and Risk Committee				Quality Committee			Remuneration Committee
	Apr	Jun	Sep	Nov	Jan	Feb	6 <sup>th</sup> Mar	19 <sup>th</sup> Mar	May	Jun	Oct	Jan	May	Oct	Jan	Mar	
Dame Anne Owers	1	1	1	1	1	1	1	1									
Mike Franklin	1	1	1	1	1	1	1	1									
Naseem Malik	1	1	0	1	1	0	1	0	1	1	0	0	1	0	0		
Nicholas Long	1	1	1	1	1	1	1	1									
Len Jackson	1																
Amerdeep Somal	0	1	1	1	1	1	0	0									
Rachel Cefontyne	1	1	1	1	1	1	1	1									
Tom Davies	1	1	0	1	1	1	1	1									1
Rebecca Marsh*	1	1	0	0	0	0	0	0									
Sarah Green	1	1	1	1	0	1	1	1	1	0	1	1	1	1	1		
Deborah Glass	1	1	1	1	1	0	1	1									
Cindy Butts					1	1	1	1									
James Dipple-Johnstone					1	1	1	1									
Derrick Campbell					1	1	1	1									
Jennifer Izekor				1	1	1	1	1									
Mary Cunneen				1	1	1	1	1									
Jonathan Tross	1	1	1	1	1	0	1	1	1	1	1	1	1	1	1		1
Ruth Evans	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1

\*On loan to the Office of Nuclear Regulation from 1 May 2012 to 1 July 2013.

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

I certify that I have audited the financial statements of the Independent Police Complaints Commission for the year ended 31 March 2013 under the Police Reform Act 2002. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Police Reform Act 2002. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Independent Police Complaints Commission's circumstances and have been consistently applied and

adequately disclosed; the reasonableness of significant accounting estimates made by the Independent Police Complaints Commission; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Independent Police Complaints Commission's affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Police Reform Act 2002 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Police Reform Act 2002; and
- the information given in the Foreword to the Accounts and the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Amyas C E Morse**

Comptroller and Auditor General

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

26 June 2013

## Statement of Comprehensive Net Expenditure

for the year ended 31 March 2013

		<b>2012/13</b>	<b>2011/12</b>
	<b>Note</b>	£'000	£'000
<b>Expenditure</b>			
Staff costs	3	(19,161)	(20,383)
Other expenditure	4	(12,991)	(11,902)
Non-cash items	4	(1,073)	(1,896)
		<b>(33,225)</b>	<b>(34,181)</b>
<b>Income</b>			
Income from activities	5	139	243
Other income	5	1,298	1,302
		<b>1,437</b>	<b>1,545</b>
<b>Net expenditure</b>		<b>(31,788)</b>	<b>(32,636)</b>
<b>Other Comprehensive Expenditure</b>			
Actuarial (loss) gain	3.4	(72)	(54)
<b>Total comprehensive expenditure for the year ended 31 March 2013</b>		<b>(31,860)</b>	<b>(32,690)</b>

There were no discontinued operations, acquisitions or disposals during the period.

The notes on pages 72 to 98 form part of these accounts.

## Statement of financial position

as at 31 March 2013

		31 March 2013	31 March 2012
	Note	£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	7	3,528	2,656
Intangible assets	8	4,699	1,326
Trade and other receivables	11	2,151	3,625
<b>Total non-current assets</b>		<b>10,378</b>	<b>7,607</b>
<b>Current assets</b>			
Trade and other receivables	11	1,503	2,257
Cash and cash equivalents	12	1,168	1,569
<b>Total current assets</b>		<b>2,671</b>	<b>3,826</b>
<b>Total assets</b>		<b>13,049</b>	<b>11,433</b>
<b>Current liabilities</b>			
Provisions	14	(96)	(364)
Trade and other payables	13	(2,821)	(3,460)
Other payables	13	(437)	(430)
<b>Total current liabilities</b>		<b>(3,354)</b>	<b>(4,254)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>9,695</b>	<b>7,179</b>
<b>Non-current liabilities</b>			
Provisions	14	(690)	(888)
Pension liabilities	3.4	(1,723)	(1,568)
Other payables	13	(2,639)	(2,928)
<b>Total non-current liabilities</b>		<b>(5,052)</b>	<b>(5,384)</b>
<b>Assets less liabilities</b>		<b>4,643</b>	<b>1,795</b>
<b>Taxpayers' equity</b>			
General reserve		6,366	3,363
Pension reserve		(1,723)	(1,568)
<b>Total reserves</b>		<b>4,643</b>	<b>1,795</b>

The financial statements on pages 68 to 71 were approved by the Commission and signed on its behalf by:

Amanda Kelly  
Acting Chief Executive and Accounting Officer  
24 June 2013

The notes on pages 72 to 98 form part of these accounts.

## Statement of cash flows

for the year ended 31 March 2013

		<b>2012/13</b>	<b>2011/12</b>
	<b>Note</b>	£'000	£'000
<b>Cash flows from operating activities</b>			
Net expenditure		(31,788)	(32,636)
Adjustment for non-cash items	4	1,073	1,896
decrease in current trade and other receivables	11	302	417
(decrease)/increase in current trade payables	13	(562)	1,015
increase/(decrease) in employee benefits payable	13	7	(3)
less movements in pension provisions relating to items not passing through the Statement of Comprehensive Net Expenditure	3	(20)	(25)
Less use of provisions	14	(218)	(943)
<b>Net cash outflow from operating activities</b>		<b>(31,206)</b>	<b>(30,279)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,187)	(1,356)
Purchase of intangible assets		(1,296)	(21)
Proceeds of disposal of property, plant and equipment		—	115
Proceeds of disposal of intangible assets		—	16
<b>Net cash outflow from investing activities</b>		<b>(2,483)</b>	<b>(1,246)</b>
<b>Cash flows from financing activities</b>			
Grants from the Home Office		34,708	33,200
Capital element of payments in respect of on SoFP service concession arrangements		(1,420)	(848)
<b>Net financing</b>		<b>33,288</b>	<b>32,352</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period</b>		<b>(401)</b>	<b>827</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,569</b>	<b>742</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>1,168</b>	<b>1,569</b>

The notes on pages 72 to 98 form part of these accounts.

## Statement of changes in taxpayers' equity

for the year ended 31 March 2013

	Note	General reserve £'000	Pension reserve £'000	Total reserves £'000
<b>Balance at 31 March 2011</b>		<b>2,716</b>	<b>(1,431)</b>	<b>1,285</b>
<b>Changes in taxpayers' equity for 2011/12</b>				
Grant from the Home Office received for revenue expenditure	26	31,823	–	31,823
Grant from the Home Office received for capital expenditure	26	1,377	–	1,377
Transfers between reserves		80	(80)	–
Comprehensive expenditure for the year		(32,636)	–	(32,636)
Actuarial (loss) / gain in year		3	(57)	(54)
<b>Balance at 31 March 2012</b>		<b>3,363</b>	<b>(1,568)</b>	<b>1,795</b>

## Changes in taxpayers' equity for 2012/13

Grant from Home office received for revenue expenditure	26	32,208	–	32,208
Grant from Home Office received for capital expenditure	26	2,500	–	2,500
Transfers between reserves		83	(83)	–
Comprehensive expenditure for the year		(31,788)	–	(31,788)
Actuarial (loss) / gain in year		–	(72)	(72)
<b>Balance at 31 March 2013</b>		<b>6,366</b>	<b>(1,723)</b>	<b>4,643</b>

The notes on pages 72 to 98 form part of these accounts.

## Notes to the accounts

### 1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the IPCC for the purpose of giving a true and fair view has been selected. The particular policies adopted by the IPCC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000).

#### 1.1 Accounting conventions

These accounts have been prepared on an accruals basis under the historical cost convention modified for revaluation of property, plant and equipment and intangible assets, except where depreciated historic cost is used as a proxy for fair value for short-life or low-value assets.

#### 1.2 Going concern

The activities of the IPCC are primarily funded by the Home Office.

Grant in aid for 2013/14, taking into account the amount required to meet the IPCC's liabilities falling due in the year, has already been included in the Home Office's estimates for that year, which have been approved by Parliament. There is no reason to believe that the Home Office's future sponsorship and future parliamentary approval will not be forthcoming. It has, therefore, been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

#### 1.3 Grant in aid

Grant in aid received is used to finance activities and expenditure that support the statutory objectives of the IPCC. The FReM requires that grant in aid is treated as financing and is credited to the general reserve because it is regarded as a contribution from a controlling party.

#### 1.4 Property, plant and equipment

Property plant and equipment (PPE) is recognised initially at cost and thereafter at fair value less depreciation and impairment charged subsequent to the date of revaluation.

Cost comprises the amount of cash paid to acquire the assets and includes any cost directly attributable to making the asset capable of being operated as intended. The capitalisation threshold for expenditure on PPE is £5,000.

The IPCC does not own any property. All plant and equipment is reviewed annually for impairment and is carried at fair value. The IPCC has elected to adopt depreciated historic cost as a proxy for fair value for short-life or low value PPE assets. This is permitted by the FReM.

## Notes to the accounts

Expenditure on the fitting out of buildings financed by operating leases is capitalised as a tangible non-current asset if the works add value to the building. Fitting out cost of buildings may include the costs of new furniture and equipment which individually costs less than £5,000 where the Accounting Officer considers it more appropriate to capitalise the costs. Future replacement costs of furniture and equipment will be funded from the Resource budget subject to the costs being below the capitalisation threshold at the time of replacement.

### 1.5 Intangible assets

Intangible assets are measured on initial recognition at cost and thereafter at fair value less amortisation and impairment charged subsequent to the date of revaluation. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Comprehensive Net Expenditure in the year in which the expenditure is incurred.

Expenditure on intangible assets, which are software licenses and the associated costs of implementation, is capitalised where the cost is £5,000 or more.

At each financial year end the intangible assets are assessed for impairment and the amortisation period and method are also reviewed. Intangible assets are carried at fair value. The IPCC has elected to adopt amortised historic cost as a proxy for fair value for short-life or low-value intangible assets. This is permitted by the FReM.

### 1.6 Depreciation and amortisation

Depreciation or amortisation is provided on all non-current assets in use on a straight line basis to write off the cost or valuation over the asset's useful life as follows:

<i>Asset type</i>	<i>Useful life</i>
Furniture and fittings	Duration of lease or the anticipated useful life
Vehicles	7 years
Information Technology	3 to 5 years
Intangible non-current asset	3 to 7 years
Service concession assets	Duration of contract

### 1.7 Service concessions

Assets in use and under the control of the IPCC are capitalised as non-current assets as provided for under interpretation 12, *Service Concession Arrangements*, of the International Financial Reporting Interpretation Committee and interpretation 29, *Service Concession Arrangements: Disclosures* of the Standards Interpretation Committee. These assets are depreciated over the life of the contract.

## Notes to the accounts

### 1.8 Pensions

#### a) Principal Civil Service Pension Scheme

Pensions are ordinarily to be provided by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is described more fully in the remuneration report. There is a separate scheme statement for the PCSPS as a whole. Employer pension contributions are accounted for on an accruals basis. Liabilities rest with the PCSPS and not the IPCC.

#### b) Broadly By Analogy

In the case of some former members of the Police Complaints Authority, pensions are provided by a Broadly By Analogy pension arrangement. In these cases, the annual cost of the pension contribution is recognised in the Statement of Comprehensive Net Expenditure. Amounts relating to changes in the actuarial valuation of scheme liabilities are adjusted via the Statement of Changes in Taxpayers' Equity. Liabilities for the Broadly By Analogy scheme rest with the IPCC. These are recognised in the Statement of Financial Position.

These financial statements are fully compliant with IAS 19: Employee Benefits.

### 1.9 Early departure costs

The IPCC meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The IPCC provides for this in full when the early departure decision is approved by establishing a provision for the estimated payments discounted by the HM Treasury discount rate applicable at the SoFP date. At 31 March 2013 this was 2.35 per cent in real terms (2011/12 2.8 per cent).

Severance costs outstanding at the year end under the new Civil Service Compensation Scheme are accrued for rather than provided for in a provision.

### 1.10 Staff costs

In accordance with IAS 19 Employee Benefits, the IPCC recognises the expected costs of short-term employee benefits in the form of compensated absences, as follows:

- (a) in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and
- (b) in the case of non-accumulating compensated absences, when the absences occur.

## Notes to the accounts

### 1.11 Provisions

In accordance with IAS 37, provisions are disclosed in the Statement of Financial Position for legal or constructive obligations in existence at the end of the reporting period if the payment amount to settle the obligation is probable and can be reliably estimated. The amount recognised in provisions takes into account the resources required to cover future payment obligations. Measurement is based on the settlement amount with the highest probability or if the probabilities are equivalent, then using the expected value of the settlement amounts. If the effect is material expected future cash flows are discounted using the real rate set by HM Treasury. To the extent that reinstatement claims exist within the meaning of IAS 37, they are recognised as a separate liability if their realisation is virtually certain.

### 1.12 Leases

The costs of operating leases held by the IPCC are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

The significant operating leases are for office accommodation where purchase options are not available.

The IPCC does not have any finance leases.

### 1.13 Income

Income from activities relates directly to income from HMRC and UKBA for activities carried out as part of the discharge of the IPCC statutory responsibilities and powers.

Other income relates to fees and charges for other services provided, mainly sub-leased property.

Income represents the value of invoices raised on completion of services and the value completed, but not yet invoiced.

### 1.14 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme costs and income following guidance set out by HM Treasury (note 6).

### 1.15 Value Added Tax

The IPCC is registered for VAT, but can only recover VAT on purchases when the IPCC is undertaking non-statutory activities. Income is shown as net of VAT, where VAT is due, and expenditure is charged as gross. Any input tax recoverable is credited to the Statement of Comprehensive Net Expenditure.

### 1.16 Corporation Tax

The IPCC is registered for corporation tax as part of the Home Office Corporation Tax Group.

## Notes to the accounts

### 1.17 Standards in issue, but not yet effective

The IPCC provides disclosure that it has not yet applied a new accounting standard, and known or reasonably estimable information relevant to assessing the possible impact that the initial application of the new standard will have on the IPCC financial statements. There were no new standards issued for 2012/13 and not applied, which would materially affect the IPCC financial statements. In June 2011 the IASB issued a revised IAS19 Employee Benefits. The revised standard comes into effect for accounting periods beginning on or after 1 January 2013, with early adoption permitted. The changes in this revised standard are therefore mandatory for the 2013/14 accounting period, and have not been incorporated into the current year's accounts. The impact on the IPCC's accounts are primarily in terms of disclosure, and it is not believed that implementing the revised standard will have a material affect on the financial statements.

## 2 Statement of operating costs by operating segment

The operating segments are based on the management reporting structure within IPCC. This places financial responsibility with the director best placed to take expenditure decisions and ensure that value for money is achieved.

Further information on the objectives of each operating segment is available in the Foreword to these Accounts.

The Business Services Directorate's expenditure includes costs for IT, accommodation, depreciation, amortisation and other infrastructure activities managed on behalf of the entire organisation.

Information on income by customer is shown in note 5. Information on Hillsborough expenditure is shown in note 27.

	2012/13 Gross expen- diture	2012/13 Income	2012/13 Net expen- diture	2011/12 Gross expen- diture	2011/12 Income	2011/12 Net expen- diture
	£'000	£'000	£'000	£'000	£'000	£'000
Business Services	16,714	(1,298)	15,416	17,932	(1,302)	16,630
Investigations	7,211	(139)	7,072	7,698	(243)	7,455
Casework and Customer Services	5,790	—	5,790	5,471	—	5,471
The Commissioners' Office	1,699	—	1,699	1,494	—	1,494
Hillsborough	581	—	581	—	—	—
The Chief Executive's Office	211	—	211	343	—	343
Standards and Quality	1,019	—	1,019	1,243	—	1,243
<b>Total</b>	<b>33,225</b>	<b>(1,437)</b>	<b>31,788</b>	<b>34,181</b>	<b>(1,545)</b>	<b>32,636</b>

## Notes to the accounts

### 3 Staff numbers and related costs

#### 3.1 Staff costs

	2012/13		2011/12
	£'000	£'000	
	Permanent staff	Other	Total
<b>Commissioners and CEO</b>			
Salaries and emoluments	1,133	—	1,133
Social security cost	106	—	106
Other pension costs	204	—	204
<b>Sub total</b>	<b>1,443</b>	<b>—</b>	<b>1,443</b>
Less: recoveries in respect of outward secondments	(101)	—	(101)
<b>Net costs of Commissioners and CEO</b>	<b>1,342</b>	<b>—</b>	<b>1,220</b>
<b>All other staff</b>			
Salaries and emoluments	13,312	1,172	14,484
Social security cost	1,153	—	1,153
Pension contributions	2,259	—	2,259
<b>Sub total</b>	<b>16,724</b>	<b>1,172</b>	<b>17,896</b>
Less: recoveries in respect of outward secondments	(77)	—	(77)
<b>Net costs of all other staff</b>	<b>16,647</b>	<b>1,172</b>	<b>17,819</b>
<b>Total staff costs</b>	<b>17,989</b>	<b>1,172</b>	<b>19,161</b>
			<b>20,383</b>

Permanent staff includes staff on fixed-term contracts generally of 12 months' duration. Other staff costs includes temporary and inward seconded staff.

There was a 1% pay increase during 2012/13 for staff. The Commissioners did not receive a pay rise. Further details on Commissioners' remuneration can be found in the Remuneration Report.

## Notes to the accounts

### 3.2 Average number of persons employed

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

	2012/13			2011/12		
	Permanent staff	Other	Total	Permanent staff	Other	Total
Business Services	80	1	81	84	1	85
Investigations	124	—	124	133	—	133
Casework and Customer Services	112	7	119	111	13	124
Hillsborough	2	—	2	—	—	—
Commissioners' Office	20	—	20	19	—	19
Chief Executive's Office	3	—	3	3	—	3
Standards and Quality	17	—	17	20	—	20
<b>Total staff numbers</b>	<b>358</b>	<b>8</b>	<b>366</b>	<b>370</b>	<b>14</b>	<b>384</b>

### 3.3 Reporting of Civil Service and other compensation schemes – exit package

Comparative data shown (in brackets) for 2011/12

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	— (1)	1 (9)	1 (10)
£10,000 – £25,000	— (1)	6 (24)	6 (25)
£25,000 – £50,000	— (–)	3 (6)	3 (6)
£50,000 – £150,000	— (–)	— (4)	— (4)
£150,000 – £200,000	— (–)	— (–)	— (–)
<b>Total number of exit packages by type (total cost)</b>	<b>— (2)</b>	<b>10 (43)</b>	<b>10 (45)</b>
<b>Total resource cost (2012/13) in £000</b>	<b>—</b>	<b>211</b>	<b>211</b>
<b>Total resource cost (2011/12) in £000</b>	<b>22</b>	<b>934</b>	<b>956</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the IPCC has agreed early retirements, the additional costs are met by the IPCC and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## Notes to the accounts

### 3.4 Broadly by Analogy pension scheme

Certain Commissioners who served as members with the Police Complaints Authority (PCA) receive pension benefits broadly by analogy (BBA) with the PCSPS.

The BBA pensions are unfunded, with benefits being paid as they fall due and guaranteed by the IPCC. There is no fund and therefore no surplus or deficit. The scheme liabilities for service have been calculated by the Government Actuary's Department using the following financial assumptions:

	<b>2012/13</b>	<b>2011/12</b>
	£'000	£'000
Rate used to discount scheme liabilities	4.10%	4.85%
Rate of increase in salaries	3.95%	4.25%
Rate of increase in pensions payment and deferred pensions	1.70%	2.00%
CPI inflation assumption	1.70%	2.00%

The liabilities associated with Commissioners holding BBA pensions are as follows:

	<b>2012/13</b>	<b>2011/12</b>
	£'000	£'000
<b>Pension provision</b>		
Balance at 1 April	1,568	1,431
Increase (decrease) in provision	155	137
<b>Present value of liabilities</b>	<b>1,723</b>	<b>1,568</b>

Other amounts to be disclosed in order to understand the change in provision.

	<b>2012/13</b>	<b>2011/12</b>
	£'000	£'000
<i>Scheme liability at the beginning of the year</i>		
<i>movement in the year</i>		
Current service cost (net of employee contributions)	27	28
Interest cost	76	80
Employee contributions	22	14
Actuarial losses/(gains)	72	54
Benefits paid	(42 )	(39 )
Past service cost*	—	—
<b>Increase in scheme liability</b>	<b>155</b>	<b>137</b>
<b>Scheme liability at the end of the year</b>	<b>1,723</b>	<b>1,568</b>

\*Past service cost is the change in the present value of defined benefit obligations caused by employee service in prior periods. There was no past service cost for 2011/12 or 2012/13.

## Notes to the accounts

*Expense to be recognised in the Statement of Comprehensive Net Expenditure account*

	<b>2012/13</b>	<b>2011/12</b>
	£'000	£'000
Current service cost net of employee contributions	27	28
Interest costs	76	80
Past service cost	—	—
<b>Total expense</b>	<b>103</b>	<b>108</b>

*Actuarial gains/losses to be recognised in Changes in Taxpayers' Equity*

	<b>2012/13</b>	<b>2011/12</b>
	£'000	£'000
Experience loss/(gain) arising on the scheme liabilities	(12)	29
Change in assumptions underlying the present value of the scheme liabilities	84	28
<b>Net total actuarial loss/(gain) on Taxpayers' Equity</b>	<b>72</b>	<b>57</b>

No transfers out have been made in 2012/13.

Estimates of the employee and employer costs payable in 2012/13 are £22k and £23k respectively.

<b>Present value of scheme liabilities</b>	<b>31 March</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
	£'000	£'000	£'000	£'000	£'000
Liability in respect of					
Active members	546	468	394	431	1,193
Deferred pensioners	298	263	236	302	
Current pensions	879	837	801	948	
<b>Total present value of scheme liabilities</b>	<b>1,723</b>	<b>1,568</b>	<b>1,431</b>	<b>1,681</b>	<b>1,193</b>
History of experience losses / (gains)	(12)	29	(8)	32	(227)
Percentage of scheme liabilities at the end of the year	−0.7%	1.8%	−0.5%	1.9%	−19.2%

## Notes to the accounts

### 3.5 Civil Service pensions

The PCSPS is an unfunded multi-employer defined benefit scheme, but the IPCC is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2012/13, employers' contributions of £2,568k were payable to the PCSPS (2011/12 £2,686k) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2012/13 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £35k (2011/12 £24k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2k (2011/12 £2k), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £3k (2011/12 £2k). Contributions prepaid at that date were nil.

## Notes to the accounts

### 4 Other expenditure

		2012/13	2011/12
	Note	£'000	£'000
<b>Other expenditure includes the following:</b>			
IT		513	289
Service concession service charges		3,358	3,638
Accommodation rental		3,024	2,941
Accommodation non-rental		2,499	2,187
Travel and subsistence		876	720
Training		257	271
Forensics		200	300
Recruitment		845	109
Stationery		146	142
Research		2	9
Legal services		404	270
Guidance for police and public		195	52
Consultants		—	—
Audit fee – external		42	42
Audit fee – internal		33	26
Service concession interest charges		99	101
Other costs		498	805
<b>Total other expenditure</b>		<b>12,991</b>	<b>11,902</b>
<b>Non-cash items:</b>			
Depreciation	7	1,020	957
Amortisation	8	221	702
Provisions provided in the year less provisions not required		(276)	123
BBA pension expense	3.4	103	108
Unwinding of discount in early departure costs	14	1	3
Change in discount rate in early compensation provision	14	4	(14)
Loss on disposal of property, plant and equipment		—	17
<b>Total non-cash items</b>		<b>1,073</b>	<b>1,896</b>
<b>Total</b>		<b>14,064</b>	<b>13,798</b>

The fee for the audit of the Statement of Accounts was £42,000 (2011/12 £42,000). The external auditors did not undertake any non-audit work.

## Notes to the accounts

### 5 Income

The IPCC received income from HMRC for investigations undertaken under section 28 of the Commissioners for Revenue and Customs Act 2005. Income was received from UKBA for investigations undertaken into appropriate referrals.

Rental income was received from the Security Industry Authority (SIA) and HM Courts and Tribunal Service (HMCTS) for an operating lease.

The IPCC financial objective for income from other government bodies is full cost recovery in accordance with the Treasury Fees and Charges Guide. This financial objective was achieved. The analysis below is provided for fees and charges purposes and not for IFRS 8 purposes as directed by the FReM.

	2012/13	2012/13	2012/13	2011/12	2011/12	2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
	Income	Costs	(Deficit)	Income	Costs	(Deficit)
<b>Fees and charges</b>						
HMRC income	100	(100)	—	200	(200)	—
UKBA income	39	(39)	—	43	(43)	—
<b>Income from activities</b>	<b>139</b>	<b>(139)</b>	<b>—</b>	<b>243</b>	<b>(243)</b>	<b>—</b>
SIA income	1,246	(1,246)	—	1,277	(1,277)	—
HMCTS	52	(52)	—	—	—	—
Sundry income	—	—	—	25	(25)	—
<b>Other income</b>	<b>1,298</b>	<b>(1,298)</b>	<b>—</b>	<b>1,302</b>	<b>(1,302)</b>	<b>—</b>
<b>Total</b>	<b>1,437</b>	<b>(1,437)</b>	<b>—</b>	<b>1,545</b>	<b>(1,545)</b>	<b>—</b>

Our income from HMRC and UKBA is based on actual costs of work undertaken. Information on allocation of income to segments can be found in note 2.

## Notes to the accounts

### 6 Analysis of net expenditure by programme and administration budget

	2012/13	2012/13	2012/13	2011/12	2011/12	2011/12
	£'000	£'000	£'000	£'000	£'000	£'000
	Programme	Administration	Total	Programme	Administration	Total
<b>Expenditure</b>						
Staff costs	17,198	1,963	19,161	17,652	2,731	20,383
Running costs	4,956	1,519	6,475	3,845	1,368	5,213
Rental under operating leases	1,869	1,193	3,062	1,724	1,217	2,941
Service concession arrangements	2,970	487	3,457	3,171	568	3,739
Research and development	2	—	2	9	—	9
<i>Non-cash items:</i>						
Depreciation	864	156	1,020	810	147	957
Amortisation	205	16	221	652	50	702
Loss on disposal of property, plant and equipment	—	—	—	17	—	17
Provision provided for in year less provisions not required	(276)	—	(276)	123	—	123
BBA pension costs	103	—	103	108	—	108
Cost of borrowing of provisions	—	—	—	(4)	(7)	(11)
<b>Expenditure</b>	<b>27,891</b>	<b>5,334</b>	<b>33,225</b>	<b>28,107</b>	<b>6,074</b>	<b>34,181</b>
<b>Income</b>						
Income from activities	(139)	—	(139)	(243)	—	(243)
Other Income	—	(1,298)	(1,298)	—	(1,302)	(1,302)
<b>Net expenditure</b>	<b>27,752</b>	<b>4,036</b>	<b>31,788</b>	<b>27,864</b>	<b>4,772</b>	<b>32,636</b>

## Notes to the accounts

### 7 Property, plant and equipment

#### Cost or valuation

At 1 April 2012

Additions

Disposals

**At 31 March 2013**

#### Depreciation

At 1 April 2012

Charge for the year

Disposals

**At 31 March 2013**

**Net book value at 31 March 2013**

**Net book value at 31 March 2012**

#### Asset financing

On SoFP service concession arrangement

#### Cost or valuation

At 1 April 2011

Additions

Disposals

**At 31 March 2012**

#### Depreciation

At 1 April 2011

Charge for the year

Disposals

**At 31 March 2012**

**Net book value at 31 March 2012**

**Net book value at 31 March 2011**

#### Asset financing

On SoFP service concession arrangement

	Information Technology £'000	Vehicles £'000	Furniture & fittings £'000	Total £'000
At 1 April 2012	1,686	442	6,778	8,906
Additions	1,038	—	854	1,892
Disposals	(109)	—	(3,204)	(3,313)
<b>At 31 March 2013</b>	<b>2,615</b>	<b>442</b>	<b>4,428</b>	<b>7,485</b>
At 1 April 2012	878	54	5,318	6,250
Charge for the year	453	63	504	1,020
Disposals	(109)	—	(3,204)	(3,313)
<b>At 31 March 2013</b>	<b>1,222</b>	<b>117</b>	<b>2,618</b>	<b>3,957</b>
<b>Net book value at 31 March 2013</b>	<b>1,393</b>	<b>325</b>	<b>1,810</b>	<b>3,528</b>
<b>Net book value at 31 March 2012</b>	<b>808</b>	<b>388</b>	<b>1,460</b>	<b>2,656</b>
On SoFP service concession arrangement	841	—	—	841
At 1 April 2011	1,933	329	6,525	8,787
Additions	377	453	746	1,576
Disposals	(624)	(340)	(493)	(1,457)
<b>At 31 March 2012</b>	<b>1,686</b>	<b>442</b>	<b>6,778</b>	<b>8,906</b>
At 1 April 2011	1,204	208	5,206	6,618
Charge for the year	298	54	605	957
Disposals	(624)	(208)	(493)	(1,325)
<b>At 31 March 2012</b>	<b>878</b>	<b>54</b>	<b>5,318</b>	<b>6,250</b>
<b>Net book value at 31 March 2012</b>	<b>808</b>	<b>388</b>	<b>1,460</b>	<b>2,656</b>
<b>Net book value at 31 March 2011</b>	<b>729</b>	<b>121</b>	<b>1,319</b>	<b>2,169</b>
On SoFP service concession arrangement	356	—	—	356

## Notes to the accounts

### 8 Intangible assets

Intangible assets comprise of software development and licences

	<b>Total</b>
	£'000
<b>Cost or valuation</b>	
At 1 April 2012	7,784
Additions	3,594
Disposals	(4,846)
<b>At 31 March 2013</b>	<b>6,532</b>
<b>Amortisation</b>	
At 1 April 2012	6,458
Charge for the year	221
Disposals	(4,846)
<b>At 31 March 2013</b>	<b>1,833</b>
<b>Net book value at 31 March 2013</b>	<b>4,699</b>
<b>Net book value at 31 March 2012</b>	<b>1,326</b>
<b>Asset financing</b>	
On SoFP service concession arrangement	3,395
<b>Cost or valuation</b>	
At 1 April 2011	7,655
Additions	487
Disposals	(358)
<b>At 31 March 2012</b>	<b>7,784</b>
<b>Amortisation</b>	
At 1 April 2011	6,097
Charge for the year	702
Disposals	(341)
<b>At 31 March 2012</b>	<b>6,458</b>
<b>Net book value at 31 March 2012</b>	<b>1,326</b>
<b>Net book value at 31 March 2011</b>	<b>1,558</b>
<b>Asset financing</b>	
On SoFP service concession arrangement	1,126

## Notes to the accounts

### 9 Financial instruments

The IPCC does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables. Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment is made when there is evidence that the IPCC will be unable to collect an amount due in accordance with agreed terms.

The IPCC's resources are mainly met through Grant in Aid from the Home Office through the supply process and from income from work carried out on a repayment basis. The IPCC has no powers to borrow money or to invest surplus funds other than financial assets and liabilities which are generated by day-to-day operational activities. As a result the IPCC is therefore exposed to little or no credit, liquidity, foreign currency or inflation risk.

### 10 Impairments

The IPCC has no impairments in the period.

### 11 Trade receivables and other current assets

#### 11.1 Amounts falling due within one year:

	31 March 2013	31 March 2012
	£'000	£'000
Current part of service concession receivables	695	901
Current part of service concession arrangement prepayments in advance of assets coming into use	–	246
Accrued income	17	38
Trade receivables	61	117
Other receivables	1	1
Staff advances	39	58
Prepayments	690	896
	<b>1,503</b>	<b>2,257</b>

## Notes to the accounts

### 11.2 Amounts falling due after more than one year:

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Non-current part of service concession arrangement prepayments in advance of assets coming into use	–	779
Non-current part of service concession receivables	2,151	2,846
	<b>2,151</b>	<b>3,625</b>
 <b>Total trade and other receivables</b>	 <b>3,654</b>	 <b>5,882</b>

### 11.3 Intra-government receivables

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Balances with central government bodies	77	149
Balances with local authorities	–	–
 Sub total of intra-government balances	 <b>77</b>	 <b>149</b>
Balances with bodies external to government	1,426	2,108
 <b>Total</b>	 <b>1,503</b>	 <b>2,257</b>

All intra government receivables are due within one year

### 12 Cash and cash equivalents

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Opening balance	1,569	742
Net change in cash balances during the year	(401)	827
 <b>Closing cash balance</b>	 <b>1,168</b>	 <b>1,569</b>

Only cash is held and is available immediately from commercial bank accounts.

## Notes to the accounts

### 13 Trade payables and other current liabilities

#### 13.1 Amount falling due within one year

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
VAT	(22)	(8)
Other taxation and social security	(723)	(650)
Trade payables	—	1
Other payables	(20)	—
Accruals and deferred income	(1,230)	(1,902)
Current part of service concession arrangement accruals of assets coming into use before payment	(131)	—
Current part of imputed finance lease element of service concession arrangement	(695)	(901)
	<b>(2,821)</b>	<b>(3,460)</b>

#### 13.2 Amounts falling due after more than one year

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Other payables, accruals and deferred income	(84)	(82)
Non-current part of service concession arrangement accruals of assets coming into use before payment	(405)	—
Imputed finance lease element of service concession arrangement	(2,150)	(2,846)
	<b>(2,639)</b>	<b>(2,928)</b>

## Notes to the accounts

### 13.3 Intra government payables

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Balances with central government bodies	(333)	(339)
Balances with local authorities	(34)	(9)
Balances with trading funds and public corporations	(5)	–
HMRC in respect of taxation and social security	(499)	(478)
<b>Sub total of intra-government balances</b>	<b>(871)</b>	<b>(826)</b>
Balances with bodies external to government	(1,950)	(2,634)
<b>Total</b>	<b>(2,821)</b>	<b>(3,460)</b>

All intra government payables are due with one year.

### 13.4 Other liabilities

IAS 19 requires the disclosure of employee benefits which are recognised in the period in which the entity receives services from the employee, rather than when the benefits are paid or payable. Taking this definition of IAS 19 into account the IPCC recognises holiday accruals for the year 2012/13 to be staff benefits.

The average number of holidays accrued per person based on the number of staff at the end of March 2013 is six days (five days at March 2012 ).

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Staff benefits	(437)	(430)
<b>Total</b>	<b>(437)</b>	<b>(430)</b>

## Notes to the accounts

### 14 Provisions for liabilities and charges

For property provisions the IPCC recognises a dilapidation provision for all leased properties where it has an obligation to bring the property into a good state of repair at the end of the lease. The provision is based on the estimated costs of reinstatement of modifications the IPCC has made and the repair obligations required during the lease. The estimated cost of reinstating modifications made to the buildings is £209,000 (£396,000 for 2011/12). In line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the costs of reinstatement have been recognised as part of the fit-out assets and will be depreciated over the lease terms. In addition, £291,000 (£453,000 for 2011/12) has been provided for current wear and tear obligations.

The early departure provision is the remaining balance of early departure costs of directors and other staff made redundant prior to 1 April 2013.

The early departure provision has been discounted at a rate of 2.35% (2.8% for 2011/12) set by HM Treasury.

	Other £'000	Property £'000	Early departure £'000	Total £'000
<b>Balance at 1 April 2012</b>	<b>81</b>	<b>849</b>	<b>322</b>	<b>1,252</b>
Provided in the year	—	55	31	86
Provisions not required written back	(44)	(285)	(10)	(339)
Provisions utilised in the year	(37)	(119)	(62)	(218)
Change in discount rate	—	—	4	4
Unwinding of discount	—	—	1	1
<b>Increase/(decrease) in provisions</b>	<b>(81)</b>	<b>(349)</b>	<b>(36)</b>	<b>(466)</b>
<b>Balance at 31 March 2013</b>	<b>—</b>	<b>500</b>	<b>286</b>	<b>786</b>
<i>Represented by,</i>				
Non-current element of provision	—	500	190	690
Current element of provision	—	—	96	96

#### Analysis of expected timing of discounted flows:

Not later than one year	—	—	96	96
Later than one year and not later than five years	—	500	190	690
Later than five years	—	—	—	—
<b>Balance at 31 March 2013</b>	<b>—</b>	<b>500</b>	<b>286</b>	<b>786</b>

## Notes to the accounts

	<b>Other</b> £'000	<b>Property</b> £'000	<b>Early departure</b> £'000	<b>Total</b> £'000
<b>Balance at 1 April 2011</b>	–	<b>899</b>	<b>1,185</b>	<b>2,084</b>
Provided in the year	81	50	11	142
Provisions not required written back	–	–	(20)	(20)
Provisions utilised in the year	–	(100)	(843)	(943)
Change in discount rate	–	–	(14)	(14)
Unwinding of discount	–	–	3	3
<b>Increase/(decrease) in provisions</b>	<b>81</b>	<b>(50)</b>	<b>(863)</b>	<b>(832)</b>
<b>Balance at 31 March 2012</b>	<b>81</b>	<b>849</b>	<b>322</b>	<b>1,252</b>
<i>Represented by,</i>				
Non-current element of provision	–	623	265	888
Current element of provision	81	226	57	364

## 15 Capital commitments

As at 31 March 2013, the IPCC had no capital commitments (£0k at 31 March 2012).

## Notes to the accounts

### 16 Commitments under leases

#### 16.1 Operating leases

As at 31 March 2013 the IPCC had the following total future minimum lease payments under non-cancellable operating leases for each of the following periods:

	31 March 2013	31 March 2012
	£'000	£'000

#### Obligations under operating leases comprise

Buildings:

Not later than one year	978	2,904
Later than one year and not later than five years	5,146	5,717
Later than five years	178	1,588
	<b>6,302</b>	<b>10,209</b>

As at 31 March 2013 the IPCC had the following total future minimum sub-lease payments expected to be received under non-cancellable operating leases:

Buildings:

Not later than one year	54	773
Later than one year and not later than five years	—	16
Later than five years	—	—
	<b>54</b>	<b>789</b>

#### 16.2 Finance leases

The IPCC had no finance leases in the period.

## Notes to the accounts

### 17 Commitments under service concession arrangements

The IPCC entered into a contract with Steria Limited on 25 August 2009 for the provision of IT and telephony services.

The contract became effective on 20 December 2009. This is a fixed-price contract with a ten-year term and a break point at seven years.

Under the contract Steria Limited has an obligation to build and to maintain both tangible and intangible assets with an expected value at 31 March 2013 of £7.1 million (£6.5 million at 31 March 2012) for use by the IPCC as well as provide operating services over the life of the contract at an expected value at 31 March 2013 of £31.1 million (£30.3 million at 31 March 2012). Finance charges over the life of the contract are expected to be £0.6 million (£0.6 million at 31 March 2012).

There is also an obligation for Steria Limited to refresh assets during the life of the contract, predominately in years four and five. The assets are expected to have minimal residual value at the end of the ten-year term.

The annual payments to be made by the IPCC were agreed at the start of the contract and subject to ongoing contract change notices there is minimal uncertainty over future cash flows. The contract provides for re-pricing if the RPI-X exceeds 6%.

The assets acquired under the contract are under the control of the IPCC and under IFRIC 12 the contract is a service concession arrangement with the IPCC as grantor and Steria Limited as the operator.

SIC interpretation 29 describes the information to be disclosed in the accounts of the grantor.

Under IFRIC 12 the IPCC must recognise on its SoFP the assets to be provided under the service concession arrangement. These are shown as follows:

- assets already in use are included in the property plant and equipment note and the intangible assets elsewhere in these accounts (note 7/8)
- payments in advance of assets provided are shown in the trade receivables note elsewhere in these accounts (note 11)
- accruals for assets coming into use in advance of payment are shown in the trade payables note elsewhere in the accounts (note 13)
- assets yet to be provided are shown in the service concession receivables note elsewhere in these accounts (note 11).

This recognition of assets creates a corresponding financial obligation on the IPCC and the note below shows the obligations of the IPCC to pay for assets which are to be provided in future periods.

A unitary payment is made by the IPCC consisting of service charge, capital charge and interest.

The notes below shows the IPCC obligations to pay for future operating services.

Operating service charges already paid for are shown in note 4.

## Notes to the accounts

### 17.1 On statement of financial position (SoFP)

Total obligations under on SoFP service concession arrangements for the following periods comprise

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Not later than one year	763	988
Later than one year and not later than five years	2,084	2,742
Later than five years	168	273
	<b>3,015</b>	<b>4,003</b>
Less interest element	(169)	(256)
<b>Total service concession SoFP obligations</b>	<b>2,846</b>	<b>3,747</b>
<i>represented by:</i>		
<b>Current</b> (included in trade & other receivables and payables)	695	901
<b>Non-current</b> (other payables & trade & other receivables)	2,151	2,846
<b>Total service concession SoFP obligations</b>	<b>2,846</b>	<b>3,747</b>

### 17.2 Charged to statement of comprehensive net expenditure

The total amount charged in the statement of comprehensive net expenditure for the service element of the on SoFP service concession arrangement was £3.4 million (2011/12 £3.6 million)

The payments to which the IPCC is committed at 31 March 2013, analysed by the period during which the commitment expires, is as follows:

	<b>31 March 2013</b>	<b>31 March 2012</b>
	£'000	£'000
Not later than one year	3,284	3,121
Later than one year and not later than five years	12,453	12,481
Later than five years	4,574	7,262
	20,311	22,864

## Notes to the accounts

### 18 Commitments under PFI contracts

The IPCC had no PFI contracts in the period.

### 19 Other financial commitments

The IPCC has no other financial commitments.

### 20 Contingent liabilities disclosed under IAS 37

The IPCC has a contingent liability of £75k (2011/12 £416k) in respect of a number of legal claims or potential claims against the IPCC, the outcome and timing of which cannot be estimated with certainty. Full provision is made in the financial statements for all liabilities that are expected to materialise.

The early departure provisions in note 14 are based on estimates based on the Civil Service Compensation Scheme. If there is a change in terms the IPCC may be liable to further costs. This contingent liability cannot be quantified. If there is a change in terms affecting provisions already made, the provision will be re-estimated.

### 21 Related-party transactions

The Home Office is a related party of the IPCC. During the year ended 31 March 2013 the Home Office provided grant in aid, as disclosed in note 26.

Government bodies are related parties. The income from these bodies is shown under 'other income' at note 5. The amounts owed by these bodies to the IPCC are classified as trade receivables and amount to £77k (£149k at March 2012).

The PCSPS and the Cabinet Office are also related parties. Further information on the transactions with these bodies can be found in the pensions section of note 3.

Details of balances with other government bodies can be found in notes 11 and 13.

During the year ended 31 March 2013 none of the appointed Commissioners, directors or key managerial staff undertook any material transactions with the IPCC.

The IPCC has adopted a Code of Conduct based on the Cabinet Office Code of Practice for Board Members of Public Bodies. The IPCC maintains a register of interests for Commissioners and all staff who are required to declare interests. The register of interests for Commissioners is available to the public and is on our website. Where any decisions are taken that could reasonably be seen as giving rise to a conflict of interest, individuals are required to declare the relevant interest and, when appropriate, withdraw from participating in the taking of the decision. The Commissioners and staff codes of conduct are available on our website. IPCC procedures also ensure that investigators are not engaged on investigations in which they would have an interest.

## Notes to the accounts

### 22 Third-party assets

On occasion, the IPCC holds third-party assets when required to facilitate investigations. These are stored securely and are normally returned to the lawful owner when no longer required. Reliable estimates of their value cannot be made.

Third party assets are not included in the financial statements because the IPCC does not have a beneficial interest in them. As at 31 March 2013 no monetary assets were held (no monetary assets were held at 31 March 2012).

### 23 Directors' benefits

Directors and senior managers are entitled to season ticket loans for travel on the same terms as staff.

### 24 Losses and special payments

Total losses and special payments made were below the threshold that requires reporting.

### 25 Events after the reporting period

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the same date that the Accounts were certified by the Comptroller and Auditor General.

The Home Office has no power to amend the accounts after issue.

There were no other reportable events at the end of the reporting period.

### 26 Grant in aid

The IPCC is funded by grant in aid received from the Home Office under their budget for building a safe, just and tolerant society.

	2012/13	2011/12
	£'000	£'000
Received for revenue expenditure	32,208	31,823
Received for capital expenditure	2,500	1,377
	<b>34,708</b>	<b>33,200</b>

## Notes to the accounts

### 27 Hillsborough

The Home Office has agreed to provide additional grant in aid when the IPCC incurs additional expenditure as a result of the investigation into the aftermath of the Hillsborough disaster. This funding is included in note 26 above.

The majority of activity undertaken in 2012/13 to recover documents and develop terms of reference and investigation plans has been performed by existing IPCC staff at no extra cost to the organisation.

This note shows the additional expenditure incurred during 2012/13, the majority of which has been spent on recruiting staff, obtaining premises in Warrington, and installing ICT.

	<b>2012/13</b>	<b>2011/12</b>
	£'000	£'000
<b>Staff costs</b>		
Salaries and emoluments	41	—
Social security cost	4	—
Pension contributions	9	—
Temporary staff	9	—
<b>Total staff costs</b>	<b>63</b>	<b>—</b>
<b>Other expenditure</b>		
Accommodation rental	—	—
Accommodation Non-rental	91	—
IT	48	—
Legal services	24	—
Other costs	40	—
Recruitment	243	—
Stationery	11	—
Training	20	—
Travel and subsistence	33	—
<b>Total other expenditure</b>	<b>510</b>	<b>—</b>
<b>Non cash</b>		
Depreciation	4	—
Amortisation	4	—
<b>Total non cash</b>	<b>8</b>	<b>—</b>
<b>Total revenue expenditure</b>	<b>581</b>	<b>—</b>
<b>Asset additions</b>		
Information Technology	163	—
Furniture and fittings	—	—
Intangible assets	146	—
<b>Total capital expenditure</b>	<b>309</b>	<b>—</b>



# Appendix 1

## our Commissioners and senior staff

## Our Commissioners and senior staff

### Commissioners

The IPCC is overseen by a Commission that is made up of a part-time Chair and 11 Commissioners, including a Deputy Chair and two part-time, non-executive Commissioners.

IPCC Commissioners are public appointments, made in accordance with the Code of Practice issued by the Office of Commissioner for Public Appointments.

Dame Anne Owers was appointed by Her Majesty the Queen as permanent IPCC Chair for a five-year term from 2 April 2012. The Chair ensures that the Commission's governance is managed effectively. She leads the Commission and oversees the work of the CEO, the Deputy Chair and the two non-executive Commissioners.

### Priority areas

We have identified priority areas from our investigations, casework and guardianship work. During 2012/13 our priority areas were:

- deaths and serious injury in police custody
- deaths and serious injury as a result of police use of firearms and less lethal weapons
- deaths and serious injury as a result of gender abuse and domestic violence, where it is alleged that the police have failed to protect the victim
- deaths and serious injury following road traffic incidents, which it is alleged the police have caused or failed to prevent
- serious police corruption
- police use of stop and search powers, and other issues affecting young people's confidence in the police
- policing of protests and public order incidents.

These priorities drove and underpinned much of the focus of the Commission's work and resource allocation during the year under review. As a result, Commissioner lead areas for 2012/13 reflect the above priorities.

## Commissioner responsibilities and lead areas in 2012/13

### DAME ANNE OWERS is the Chair of the IPCC.

Based in the IPCC's London office, she is accountable to the Home Secretary for the leadership and performance of the IPCC. This is non-executive and part-time position.

*Lead organisational contact: Home Office and key external stakeholders.*

Chair of the IPCC's Valuing Diversity Group and the IPCC Deaths Review Committee.

### DEBORAH GLASS

(London)

Appointed Deputy Chair in June 2008.

*Lead for the Commission's statutory operational role and for the eight operational Commissioners as they discharge their operational responsibilities.*

*Police force responsibilities: Metropolitan Police Service (MPS) and City of London.*

*Commission lead on: police use of firearms and less lethal weapons (with Commissioner Rachel Cernytyne) and police corruption.*

Member of the IPCC Deaths Review Committee.

### RACHEL CERFONTYNE

(east/west England and London)

Police force responsibilities: West Mercia, West Midlands, Warwickshire, Essex, MOD, Civil Nuclear Constabulary and MPS cases.

*In addition: Port of Tilbury and Port of Bristol.*

*Commission lead on: police response to gender abuse and domestic violence (with Commissioner Amerdeep Somal) and police use of firearms and non-lethal weapons (with Deputy Chair Deborah Glass).*

### TOM DAVIES

(Wales)

Police force responsibilities: Dyfed Powys, Gwent, North Wales, and South Wales.

*Commission lead on: National Assembly for Wales and government agencies within Wales, including health agencies.*

Member of the Remuneration Committee.

### MIKE FRANKLIN

(south east and London)

Police force responsibilities: Thames Valley, Hampshire, Surrey, Sussex, Kent, SOCA and MPS cases.

*Commission lead on: stop and search and other issues affecting young people's confidence in the police (with Commissioner Naseem Malik) and custody issues (with Commissioner Sarah Green).*

Represents the IPCC at the Ministerial Board for Deaths in Custody. Member of the IPCC's Valuing Diversity Group and Deaths Review Committee. Represents the IPCC on MPS Public Encounters Board. Represents the IPCC on Schedule 7 National Accountability Board. Represents the IPCC on Her Majesty's Inspectorate of Constabulary's Stop and Search Reference Group.

**SARAH GREEN**

(east England and London)

Police force responsibilities: Cambridgeshire, Norfolk, Suffolk, Bedfordshire, Hertfordshire, British Transport Police, HMRC and MPS cases.

*Lead Commissioner on: policing of protests and public order (with Commissioner Nicholas Long) and custody issues (with Commissioner Mike Franklin).*

Member of the IPCC Audit and Quality Committees. Deputy Chair of the IPCC Deaths Review Committee.

**NICHOLAS LONG**

(Yorkshire and north east)

Police force responsibilities: North Yorkshire, South Yorkshire, West Yorkshire, Humberside, Durham, Northumbria, Cleveland and UKBA.

*In addition: Port of Tees and Hartlepool.*

*Commissioner lead on: policing of protests and public order (with Commissioner Sarah Green).*

*Commissioner lead on: international work.*

**REBECCA MARSH**

(south west to end of April 2012)

Currently on loan to the Office for Nuclear Regulation and has no force responsibilities.

Rebecca Marsh remains an IPCC Commissioner and continues to attend Commission meetings.

**NASEEM MALIK**

(north west)

Police force responsibilities: Cumbria, Greater Manchester, Merseyside, Lancashire and Cheshire. The majority of cases in south west are also allocated to Commissioner Naseem Malik.

*In addition: Port of Liverpool.*

*Commissioner lead on: stop and Search and other issues affecting young people's confidence in police (with Commissioner Mike Franklin).*

Member of the IPCC Audit and Quality Committees.

**AMERDEEP SOMAL**

(east Midlands)

Police force responsibilities: Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire, Northants, and Staffordshire.

*Commissioner lead on: police response to gender abuse and domestic violence (with Commissioner Rachel Cerfontyne).*

## **Non-executive Commissioners**

Our two part-time, non-executive Commissioners have particular responsibility for providing objective oversight and accountability for the IPCC. They sit on the Commission's Audit, Remuneration, and Quality Committees. Non-executive Commissioners do not have operational responsibilities. They report to the Chair.

RUTH EVANS – Chair of the IPCC Remuneration Committee and member of the Audit and Quality Committees.

JONATHAN TROSS – Chair of the IPCC Audit and Quality Committees and member of the Remuneration Committee.

## **New Commissioners**

In November 2012, the following five Commissioners were appointed to replace Commissioners whose terms are coming to an end in August and September 2013. They will take on force responsibilities in 2013/14:

**CINDY BUTTS**

**DERRICK CAMPBELL**

**MARY CUNNEEN**

**JAMES DIPPLE-JOHNSTONE**

**JENNIFER IZEKOR**

The Home Office also announced a recruitment campaign for a Commissioner for Wales and an additional Commissioner in expectation of the additional work involved in the Hillsborough investigation.

## Executive team

The Commission is supported by the Executive team, which is lead by Acting Chief Executive Officer (CEO) Amanda Kelly. She is responsible for the smooth and efficient running of the IPCC, leading and developing the organisation and its staff. She is also responsible for advising the Commission on strategy and policy, and implementing their decisions. She acts as the IPCC's Accounting Officer and is accountable to the Home Office Principal Accounting Officer and to Parliament.

The Acting Chief Executive is supported by a Management Board comprising of the Director-level team:

**Director of Investigations**

Moir Stewart

**Director of Casework and Customer Services**

David Knight

**Director for Hillsborough**

Mike Benbow (from Feb 2013)

**Acting Director of Standards and Quality**

Paul Davies (from Feb 2013)

**Acting Director of HR, Procurement and Estates**

Colin Woodward (from April 2013)

**Acting Director of Finance and ICT**

Mike Benson (from April 2013)

**Director of Legal Services and Corporate Assurance**

Vacant, awaiting recruitment in early 2013/14

**Director of Corporate Services**

Vacant, awaiting recruitment

Following Amanda Kelly's appointment to Acting CEO, her responsibilities from her substantive role as Director of Business Services have temporarily been divided between the Acting Director of HR, Procurement and Estates and Acting Director of Finance and ICT roles. The Legal Services, Strategy and Communications and News Team functions are reporting directly to the Acting CEO temporarily. The Standards and Quality Director post is also filled on an Acting basis following Mike Benbow's move to the newly recreated Director for Hillsborough role.

These temporary director level arrangements will end once the Director of Legal Services and Corporate Assurance and Director of Corporate Services posts have been permanently recruited.

## Appendix 2 about our staff



**Table 1 – Ethnicity by grade – 31 March 2013**

	<b>5&amp;6</b>	<b>7&amp;8</b>	<b>9&amp;10&amp;11</b>	<b>12&amp;13</b>	<b>14&amp;15</b>
Ethnic origin	Staff number & %	Staff number & %	Staff number & %	Staff number & %	Staff number & %
Total	<b>5</b>	<b>11</b>	<b>30</b>	<b>10</b>	<b>2</b>
BME	<b>13.5%</b>	<b>27.5%</b>	<b>15.3%</b>	<b>11.8%</b>	<b>7.1%</b>
Total white/white other	<b>32</b>	<b>29</b>	<b>165</b>	<b>75</b>	<b>26</b>
	<b>86.5%</b>	<b>72.5%</b>	<b>84.2%</b>	<b>88.2%</b>	<b>92.9%</b>
Not stated	0 0	0 0	0 1 0	0 0	0 0
Total not stated	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
	<b>0.0%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.0%</b>
Total	<b>37</b>	<b>40</b>	<b>196</b>	<b>85</b>	<b>28</b>

**Table 2 – Gender by grade – 31 March 2013**

	<b>5&amp;6</b>	<b>7&amp;8</b>	<b>9&amp;10&amp;11</b>	<b>12&amp;13</b>	<b>14&amp;15</b>			
Gender	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
Female	23	62.2%	25	62.5%	117	59.7%	53	62.4%
Male	14	37.8%	15	37.5%	79	40.3%	32	37.6%
<b>Total</b>	<b>37</b>	100%	<b>40</b>	100%	<b>196</b>	100%	<b>85</b>	100%
							<b>28</b>	100%

**Table 3 – Age by grade – 31 March 2013**

	<b>5&amp;6</b>	<b>7&amp;8</b>	<b>9&amp;10&amp;11</b>	<b>12&amp;13</b>	<b>14&amp;15</b>			
Age category	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
20 to 24	8	21.6%	3	7.5%	0	0.0%	0	0.0%
25 to 29	14	37.8%	12	30.0%	30	15.3%	1	1.2%
30 to 34	7	18.9%	7	17.5%	60	30.6%	22	25.9%
35 to 39	3	8.1%	1	2.5%	38	19.4%	17	20.0%
40 to 44	2	5.4%	2	5.0%	22	11.2%	17	20.0%
45 to 49	0	0.0%	6	15.0%	13	6.6%	16	18.8%
50 to 54	0	0.0%	6	15.0%	16	8.2%	5	5.9%
55 to 59	1	2.7%	2	5.0%	11	5.6%	6	7.1%
60 to 64	2	5.4%	0	0.0%	5	2.6%	1	1.2%
> 65	0	0.0%	1	2.5%	1	0.5%	0	0.0%
<b>Total</b>	<b>37</b>	100%	<b>40</b>	100%	<b>196</b>	100%	<b>85</b>	100%
							<b>28</b>	100%

	Total staff	Commissioners	Directors	Total workforce
	Staff number & %	Staff number & %	Staff number & %	Workforce number & %
	<b>58</b> 15.0%	<b>7</b> 41.2%	<b>0</b> 0.0%	<b>65</b> 15.9%
	<b>327</b> 84.7%	<b>10</b> 58.8%	<b>6</b> 100.0%	<b>343</b> 83.9%
	<b>1</b>	0	0	<b>1</b>
	<b>1</b> 0.3%	<b>0</b> 0.0%	<b>0</b> 0.0%	<b>1</b> 1.2%
	<b>386</b>	<b>17</b>	<b>6</b>	<b>409</b>

	Total staff		Commissioners		Directors		Total workforce	
	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
	227	58.8%	11	64.7%	2	33.3%	240	58.7%
	159	41.2%	6	35.3%	4	66.7%	169	41.3%
	<b>386</b>	100%	<b>17</b>	100%	<b>6</b>	100%	<b>409</b>	100%

	Total staff		Commissioners		Directors		Total workforce	
	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
	11	2.8%	0	0.0%	0	0.0%	11	2.7%
	57	14.8%	0	0.0%	0	0.0%	57	13.9%
	98	25.4%	0	0.0%	0	0.0%	98	24.0%
	64	16.6%	1	5.9%	0	0.0%	65	15.9%
	47	12.2%	1	5.9%	0	0.0%	48	11.7%
	38	9.8%	7	41.2%	0	0.0%	45	11.0%
	30	7.8%	3	17.6%	2	33.3%	35	8.6%
	29	7.5%	1	5.9%	3	50.0%	33	8.1%
	10	2.6%	2	11.8%	1	16.7%	13	3.2%
	2	0.5%	2	11.8%	0	0.0%	4	1.0%
	<b>386</b>	100%	<b>17</b>	100%	<b>6</b>	100%	<b>409</b>	100%

**Table 4 – Ethnicity by location – 31 March 2013**

	Cardiff	Home	London
<b>Ethnic origin</b>			
<b>Total BME</b>	<b>5</b> 7.1%	<b>5</b> 27.8%	<b>41</b> 23.2%
<b>Total white/ white other</b>	<b>65</b> 92.9%	<b>13</b> 72.2%	<b>135</b> 76.3%
Not stated	0	0	1
<b>Total not stated</b>	<b>0</b> 0.0%	<b>0</b> 0.0%	<b>1</b> 0.6%
<b>Total</b>	<b>70</b>	<b>18</b>	<b>177</b>

**Table 5 – Gender by location – 31 March 2013**

	Cardiff		Home		London	
Gender	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
Female	45	64.3%	15	83.3%	94	53.1%
Male	25	35.7%	3	16.7%	83	46.9%
<b>Total</b>	<b>70</b>	<b>100%</b>	<b>18</b>	<b>100%</b>	<b>177</b>	<b>100%</b>

**Table 6 – Ethnicity by directorate – 31 March 2013**

	Business services	Casework and customer services	CEO & Commission
<b>Ethnic origin</b>			
<b>Total BME</b>	<b>19</b> 21.6%	<b>21</b> 15.4%	<b>8</b> 29.6%
<b>Total white/ white other</b>	<b>68</b> 77.3%	<b>115</b> 84.6%	<b>19</b> 70.4%
Not stated	1	0	0
<b>Total not stated</b>	<b>1</b> 1.1%	<b>0</b> 0.0%	<b>0</b> 0.0%
<b>Total</b>	<b>88</b>	<b>136</b>	<b>27</b>

**Table 7 – Gender by directorate – 31 March 2013**

	Business services			CEO & Commission		
Gender	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
Female	53	60.2%	85	62.5%	17	63.0%
Male	35	39.8%	51	37.5%	10	37.0%
<b>Total</b>	<b>88</b>	<b>100%</b>	<b>136</b>	<b>100%</b>	<b>27</b>	<b>100%</b>

Sale	Wakefield	Warrington	Total
12 11.8%	1 2.6%	1 33.3%	65 15.9%
90 88.2%	38 97.4%	2 66.7%	343 83.9%
0	0	0	1
0 0.0%	0 0.0%	0 0.0%	1 0.2%
<b>102</b>	<b>39</b>	<b>3</b>	<b>409</b>

Sale	Wakefield	Warrington	Total				
Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
58	56.9%	25	64.1%	3	100%	240	58.7%
44	43.1%	14	35.9%	0	0.0%	169	41.3%
<b>102</b>	<b>100%</b>	<b>39</b>	<b>100%</b>	<b>3</b>	<b>100%</b>	<b>409</b>	<b>100%</b>

Hillborough	Investigations	Standards and quality	Total
1 25.0%	14 10.3%	2 11.1%	65 15.9%
3 75.0%	122 89.7%	16 88.9%	343 83.9%
0	0	0	1
0 0.0%	0 0.0%	0 0.0%	1 0.2%
<b>4</b>	<b>136</b>	<b>18</b>	<b>409</b>

Hillborough	Investigations	Standards and quality	Total				
Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade	Staff number	% of staff in grade
3	75.0%	68	50%	14	77.8%	240	58.7%
1	25.0%	68	50%	4	22.2%	169	41.3%
<b>4</b>	<b>100%</b>	<b>136</b>	<b>100%</b>	<b>18</b>	<b>100%</b>	<b>409</b>	<b>100%</b>

**Table 8 – Leavers ethnic origin by grade** between 1 October 2012 – 31 March 2013

Grade	5&6	7&8	9,10&11	12&13	14&15	Total
Ethnic origin						
Total BME	0	0	1	0	1	<b>2</b>
BME as % of leavers in grade	0%	0%	11%	0%	20%	<b>10%</b>
Total white/white other	4	1	8	2	4	<b>19</b>
White/white other as % of leavers in grade	100.0%	100.0%	88.9%	100.0%	80.0%	<b>90.5%</b>
<b>Total</b>	<b>4</b>	<b>1</b>	<b>9</b>	<b>2</b>	<b>5</b>	<b>21</b>

**Table 9 – Performance management – formal disciplinary, grievance and capability cases** between 1 October 2012 – 31 March 2013

	Disciplinary		Grievance		Capability	
	Number	% of total	Number	% of total	Number	% of total
BME	1	25.00%	0	0.00%	0	0.00%
White	3	75.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>4</b>		<b>0</b>		<b>0</b>	
Male	2	50.00%	0	0.00%	0	0.00%
Female	2	50.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>4</b>		<b>0</b>		<b>0</b>	

**Table 10 – Our staff by career background**

Job title	Total staff	Ex police officer	Ex police civilian
Investigator	67	*17	11
Deputy Senior Investigator	20	**9	1
Senior Investigator	8	***7	1
Casework	137	4	8
Other	177	7	20
<b>Total staff</b>	<b>409</b>	<b>44</b>	<b>41</b>

\* One investigator previously worked as both a police officer and police civilian

\*\* One deputy senior investigator previously worked as both a police officer and police civilian

\*\*\* One senior investigator previously worked as both a police officer and police civilian

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July 2013



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