



National Policing Improvement Agency

# Annual Report and Accounts 2012/13



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# **Accounts 2012/13**

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Schedule 1 to the Police and Justice Act 2006

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# MANAGEMENT COMMENTARY

## Foreword

By the Chairman of the NPIA Board

The NPIA has this year carried out major steps on the road to its statutory closure. These steps have included the successful transfer of staff, assets and liabilities to successor bodies including: the Home Office (some of whom might transfer to the future Police ICT Company), the Serious Organised Crime Agency (SOCA) (en-route to the National Crime Agency (NCA)) and the College of Policing.

Although this transition has taken significant time and effort, it is a credit to NPIA staff members that they have continued to maintain a high quality service to policing in the midst of all this change. Amongst other results, the Agency has delivered critical national IT service, police leadership training, and projects that are making real improvements to policing, such as the launch of Authorised Professional Practice in October 2012.

The few remaining NPIA staff members are now working to ensure that the Agency's business is concluded in a timely and orderly manner. This will culminate in the formal end of the NPIA upon the coming into force of the Crime and Courts Act 2013, anticipated to occur later in the year. Until that time, the Agency will maintain its statutory responsibility for the Proceeds of Crime Centre (POCC), which is destined for the NCA and currently hosted by SOCA.

In this, the final annual report of a full year of operation, the NPIA Board consider it appropriate to include a brief overview of the Agency's prime achievements since 2007, and it is this that opens the Management Commentary this year. However, before inviting a reading of past achievements, I would first like to convey my own gratitude, as well as that of the NPIA Board, for the dedicated way that NPIA staff have carried out their business this year. They have remained focused on providing services to policing and matched this with a commitment to complete the transfers successfully.

I would also like to thank members of the NPIA Board, including our tripartite colleagues, for their sound advice and good counsel since I took up the position as Chairman, and all previous members who served on the Board throughout this year.

In particular, I wish to set out my appreciation for the work of Peter Holland CBE DL, who was the Agency's Chairman from its period as a 'shadow' organisation, through its launch in 2007, and throughout much of its operative period until he stood down at the end of 2012. His leadership helped the Agency to grow, to deliver, and ultimately to hand over its services in good order to successor bodies for the continuing benefit of policing.

**Chris Hughes CBE**  
**Chairman**

## Overview of the Agency since vesting

### Introduction

The Government set out its ambitions for the future of policing in its 2010 White Paper, *Policing the 21st Century*. This stated that *"The NPIA has done much to bring about welcome changes to policing. In particular, it has acted as a catalyst for identifying areas for efficiency gains within forces, encouraging greater collaboration and identifying where economies of scale can be realised through national procurement frameworks. It has succeeded in the first stage of rationalising a number of different agencies responsible for supporting police forces. But now is the right time to phase out the NPIA, reviewing its role and how this translates into a streamlined national landscape."*

The three years since the Home Secretary announced the NPIA's closure have been a crucial period for maintaining a sound basis for the delivery of national services, and for developing a landscape in which these respond to the policing challenges of the future. The NPIA worked positively and constructively to ensure that retained services migrated smoothly to new arrangements, and helped pave the way for radical reform to the methods of service delivery.

The leadership and staff of the Agency remain extremely grateful to colleagues in the Home Office, the Association of Chief Police Officers, the Association of Police Authorities, the Association of Police and Crime Commissioners, and other criminal justice partners, for their support since 2007. The Agency's ongoing engagement with these groups, with academia, and with the private sector, was a significant contributory factor in its performance over the past six years, certain highlights of which are included below.

During our years of operation, we learned valuable lessons as a result of delivering a huge range of business as usual, plus major change programmes or projects. Recognising the value of these lessons to our successors and the police / police forces more generally, we have shared these freely. But of equal importance is to note that the Agency's achievements across the piece have ensured that our successors, who now hold the reform and improvement mantle, have a strong foundation on which to build, and we wish them every success.

### Selected Achievements

From the time of its establishment in 2007, the Agency sought to be flexible and responsive to new strategic priorities, whilst also keeping at its core common understanding of the original purposes for which it had been created. The business models deployed by the agency were varied to meet the needs of the customer and to reflect the nature and type of service provided. Such responsiveness was due in part because the staffing profile of the agency remained consciously police-centric, and the Agency showed an improved recognition of the benefits of involving specialists from the world of business, research, technology and academia. The influence of these structural and staffing blends can be seen in the achievements described below.

In our first year, we completed the planned programme for supporting delivery of neighbourhood policing to all forces in England and Wales – key to a major cultural change in community policing. Our Workforce Modernisation team had

developed a toolkit and methodology for demonstrator forces to use, early evidence of the continuous improvement and capability support functions we provided, and which became so important to the service in our later years. Another success was the significant progress we made in helping forces implement a system to speed up the custody and case preparation process.

During 2008/9, we were able to report that, on average, the DNA database could provide the police with over 3,100 suspect-to-scene matches each month. IDENT1, the national repository of finger and palm prints taken from offenders to be matched against prints found at scenes of crime, produced 85,000 identifications a year from crime scene prints, assisting the police / police forces in carrying out investigations. The Serious Crime Analysis Section produced more than 350 analytical reports in support of investigations into serious sexual crime. The unit also assisted in numerous high profile investigations with the prioritisation of familial DNA lists. 2008/9 also saw the development of the first tripartite-agreed policing improvement strategy intended to ensure that a coherent approach was taken to improvement in the longer term. This identified seven capabilities for improvement: leadership; skills and professionalism; operational processes, practice and doctrine; efficiency; continuous improvement; global security; and transformation of the way knowledge and evidence are used.

Our review of our third year continues to show the variety of work undertaken in conjunction with our partners. We launched the online Crime Map in October 2009. This interactive national map gave the public access to local statistics and details on neighbourhood policing in the local areas that matter most to them. Our national remit meant that we were able to deliver this technology once, to a consistent standard, and at a total cost lower than had been estimated as needed by a single force. The Police Online Knowledge Area (POLKA) website was launched to the police community in July 2009. This continues to offer a simple and efficient way of sharing knowledge and disseminating good practice. It is an important aid to evidence-based policing, helping to ensure that public money is spent on what really makes a difference. In November 2009, we launched the National College of Police Leadership at Bramshill, designed to provide police leaders with the skills and knowledge they need to serve the public.

In 2010/11, the phase out of the Agency was announced, and at the same time, like others in the public sector, we had to reduce our expenditure in support of overall fiscal consolidation. We secured savings of £54 million, of which £30 million was an additional in-year requirement following the Emergency Budget. We also helped forces meet their local savings requirements through national procurement frameworks and our cost-effectiveness support function.

2011/12 saw a necessary intensification of the focus on Olympics and Paralympics readiness. The Airwave Team, having in 2009 completed its roll-out on the London Underground, worked closely with the Home Office's Olympic Security Directorate to ensure that police radio communications would cope with additional Olympic demand. We provided onsite and desktop training specifically to meet the need for consistency in the security operation underpinning public safety during London 2012. Another significant achievement completed within budget and a real milestone in the capability of different police forces to share

information and intelligence, was the launch of the Police National Database (PND) in June 2011, a change demanded as a result of the Bichard inquiry. The PND holds copies of records created, managed and owned by police forces and other law enforcement agencies. By 2013, it held in excess of 1.8 billion entries and had been used nearly 2 million times by police officers, helping to aid investigations, provide leads on serious crimes and protect the public, especially vulnerable adults and children. The PND allows officers to access a rich intelligence picture from across all forces, enabling them to act far more quickly than was previously possible and with notable success.

### **Business as usual**

Whilst the most visible part of the Agency's business was arguably its work with the service to support improvements of the types described above, in fact a substantial investment of time and money was made in delivering and enhancing 'business as usual'.

Throughout almost the whole of its operational period, the NPIA provided critical national IT services on which the service relies every day to support operational policing. These included the Police National Computer, the Airwave radio system, the National DNA database, and others. The importance of these systems to our customers was clear in the service provision standards that we agreed with them – and which we sought to exceed. As police information and intelligence requirements continued to evolve, we ensured that money was in place to continue developing and disseminating new national systems, such as the PND mentioned above and Identity Access Management, which improved information security on police databases. We also continued to build the national platform for access to the second generation of the Schengen Information System (SISII), a secure governmental data exchange system which will enhance cross border information sharing across participating European states, due to go live in the UK in 2014.

Another aspect of this core of work was the learning, development, assessment and promotion products and services provided across the entire range of mandatory and specialist policing skills and knowledge. Here too the Agency focused on driving up performance through, for example, innovative partnerships with the private sector and universities.

Investment in a world class forensics training centre has proven to be key to improving the quality and timeliness of crime scene investigations, and for the elimination or inclusion of individuals as suspects. Operational and crime support services, such as the serious crime analysis section, or the witness intermediaries' scheme, have provided help both within the UK and abroad to the investigation and/or prosecution of the most serious of crimes.

### **Conclusion**

This selection of achievements shows clearly the skill, expertise, and dedication of our staff members, many of whom have transferred to our successor bodies. The result of their contributions, joined with those of our public and private sector partners, is a strong and fruitful legacy for those now entrusted with the new reform agenda.

## About the NPIA

The NPIA is a Non-Departmental Public Body sponsored by the Home Office, from which it receives the largest portion of its funding.

The powers of the agency are vested in the NPIA Board, the membership of which is listed later in this Report. The NPIA Board is required to provide governance and corporate oversight to the NPIA. The primary role of Board members is to work in the best interests of the police / police forces. Over the period covered by this report, the Board has worked to support the development of the new policing landscape from the successful foundation laid by the Agency since its vesting.

### Purpose

During 2012/13, and until this responsibility transferred to successors, the NPIA was charged with providing critical national services, including the Airwave police radio, major IT databases and police leadership training. This was our first priority, underpinned by the requirement efficiently and effectively to transition those services, whilst also managing public money prudently.

Following the transfers, the NPIA's remaining purpose has been to ensure that its statutory responsibility for the Proceeds of Crime Centre is appropriately discharged, whilst also securing an orderly closedown.

### Status

The NPIA was established by the Police and Justice Act 2006 and came into existence on 1 April 2007. The agency is due to be abolished once the Crime and Courts Act 2013 receives Royal Assent and the relevant commence order is made.

The Act giving rise to the Agency set out the following 'objects' – essentially responsibilities that have now passed to our successors in the policing landscape:

- identifying, developing and promulgating good practice in policing
- providing police forces with expert advice about, and expert assistance in connection with, operational and other policing matters
- identifying and assessing opportunities for, and threats to, police forces in England and Wales, and making recommendations to the Secretary of State
- sharing internationally our understanding about policing issues
- providing support to police forces regarding technology, procurement, training and other personnel matters
- the doing of all such other things as are incidental or conducive to the attainment of any of the objects above

## Overview of Annual Performance

Despite the challenges faced by the transition of functions to successor bodies, the NPIA continued its focus on delivering services to policing.

The NPIA played its own part in making the policing of the Diamond Jubilee and the London 2012 Olympic and Paralympic Games the success it was. This contribution ranged from providing specialised training, to enabling the extra Airwave capacity that worked well under pressure, to the Uniform Operational Support work on operational exercises, e.g. briefing and debriefing.

We continued to deliver with high availability the critical IT systems managed by the NPIA. By March 2013, the Police National Database had been used nearly 2 million times, and faces many demands for its future development and wider accessibility by users from across the criminal justice system.

We provided police learning and development opportunities, and in October 2012 launched the new Authorised Professional Practice (APP). This is a body of consolidated guidance for policing that is helping to increase consistency in standards, yet allows for the enhanced use of professional discretion.

Turning to organisational changes, the NPIA completed the seamless transfer of almost all of its functions to the new policing landscape bodies, concluding the 2012 tranche with handing over services to the new College of Policing for December 2012. The only responsibility not transferred is that of the Proceeds of Crime Centre, which is hosted for us by SOCA en route to the NCA. POCC continues to deliver against its primary functions to train, accredit and monitor the performance of all financial investigators in England, Wales and Northern Ireland with powers under the Proceeds of Crime Act 2002.

A small team remained in the Agency to ensure that, amongst other statutory responsibilities, the NPIA produces this annual report and that its legacy information is properly archived and accessible to successors. The Agency will finally close when the NCA becomes operational towards the end of 2013.

I would like to congratulate and thank all NPIA staff members, who have demonstrated huge resilience and professionalism in the way that they have conducted business this year. It is thanks to them that the Agency maintained a high level of service delivery for the benefit of policing and the public.

I wish to pay particular tribute to the leadership of my immediate predecessors in post: Chief Constable Nick Gargan QPM who led the Agency between 2011 and 2012 and Acting Chief Constable Paul Minton who was CEO for the latter part of 2012. Their calm, committed, visible leadership was instrumental in ensuring that staff members remained focused, steady, and positive, thereby ensuring high levels of delivery even during the most challenging of organisational changes.

**Michael Romberg**  
**Chief Executive**

## Progress against agreed 2012/13 targets

From April to November 2012, whilst the functions delivering them remained with the NPIA, the NPIA's Operating Board monitored progress against the following performance indicators. Thereafter, responsibility for setting, monitoring and reporting against much of this performance fell to the successor bodies to which the functions transferred. The exceptions are parts of KPI 5 and KPI 7, against which the NPIA continued to monitor progress between December 2012 and 31 March 2013.

Prospects for achieving delivery against the business plan key performance areas are assessed by reference to measures published in the accompanying technical notes. Following assessment, each is categorised as red, amber or green indicating the scope of delivery confidence.

Certain performance indicators are marked blue, showing that delivery according to the published measure was completed whilst that element was an agency responsibility. Black means that any part of the measure that was not completed was considered by the NPIA to be of sufficient weight to constitute failure overall.

<b>Key Performance Indicator</b>	<b>Explanation of achievement against these activities up to the date of transfer</b>
<p>KPI 1: The NPIA will ensure critical IS/IT systems are available, as agreed, to police forces and emergency services</p>	<p>The following critical IT systems were transferred to the Home Office on 1 October 2012. The NPIA's delivery of those services until that point was as follows:</p> <p><b>Green - Airwave Police Radio system</b> The Year To Date (YTD) availability of the Airwave Communication system was at 99.94% against a target of 99.74%.</p> <p><b>Green - Police National Computer (PNC) system</b> The Police National Computer's YTD availability was at 99.98% against a target of 99.5%.</p> <p><b>Green - National DNA Database (NDNAD) system</b> The National DNA Database had a YTD availability of 100% against a targeted YTD figure of 99.5%.</p> <p><b>Green - ViSOR Dangerous Persons system</b> ViSOR was available 99.98% of the time against a YTD target of 99.5%.</p> <p><b>Green - Police National Database (PND)</b> The Police National Database had a YTD availability of 99.98% against a target level of 99.8%.</p>

<b>Key Performance Indicator</b>	<b>Explanation of achievement against these activities up to the date of transfer</b>
<p>KPI 2: The NPIA will ensure the processes for police personnel selection, promotion or accreditation are available within timelines and volumes agreed with the service</p>	<p>This KPI was on track at the point of transfer to the College of Policing on 1 December 2012:</p> <p><b>Green - National Police Recruitment</b>                      3,891 regular officer candidates and 1,243 Police Community Support Officer candidates attended initial recruitment selection (SEARCH assessments).</p> <p><b>Green - National Police Promotion</b></p> <ul style="list-style-type: none"> <li>• Inspectors’ OSPRE Part II Assessment Centre was delivered - 667 candidates attended.</li> <li>• Inspectors’ OSPRE Part I Police Promotion Examination was delivered - 1,891 attended.</li> <li>• Sergeants’ OSPRE Part II Assessment Centre was delivered - 1,561 candidates attended.</li> <li>• Sergeants’ OSPRE Part I Police Promotion Examination was planned to take place on 12 March 2013 at the point of transfer.</li> <li>• 104 High Potential stage III candidates had been through the process.</li> </ul> <p><b>Green - National Investigators’ Selection</b>                      At the point of transfer, the England and Wales National Investigator Examination had been delivered as planned 3 times and 1,527 candidates had attended.</p> <p><b>Green - High Potential and Senior Selection</b></p> <ul style="list-style-type: none"> <li>• Stage 3 of the High Potential Development Scheme was delivered and 104 candidates attended.</li> <li>• Senior PNAC and Senior Police Staff assessments concluded on the 7 December 2012 (one week after transfer to the College).</li> <li>• 60 officers and 8 senior police staff had been through the senior assessment at the point of transfer with results due in December 2012.</li> </ul>

<b>Key Performance Indicator</b>	<b>Explanation of achievement against these activities up to the date of transfer</b>
<p>KPI 3: The NPJA will provide critical learning, development, and knowledge services, as agreed with the police service</p>	<p>Whilst not the entirety of the services offered, those listed below were selected as the basket of measures for this KPI. All commentary below relates to performance at the time of transfer of functions from the NPJA to the College of Policing:</p> <p><b>Green - Authorised Professional Practice (APP)</b>            Authorised Professional Practice was formally launched on 22 October 2012 and is now available in all forces and via the Police Online Knowledge Area (POLKA) and NCALT. Work was underway to ensure alignment of APP products and those of Learning Strategy services.</p> <p><b>Green - National Curriculum</b>            Work was in progress (in partnership with NCALT) on the construction of a National Policing Curriculum Database to be hosted on Managed Learning Environment (MLE) 3. The majority of work required in preparing the database information was complete and technical construction of the database was progressing.</p> <p><b>Green - Command Training and Uniformed Operational Support</b></p> <ul style="list-style-type: none"> <li>• 11 students were trained in Strategic Firearms Command during November 2012, bringing the year-to-date total for course completion to 64.</li> <li>• 41 students had attended the Multi Agency Gold Incident Course</li> <li>• 71 attendees had been trained in the Public Order Gold Command Course</li> <li>• 17 had been trained in Strategic Firearms Re-accreditation</li> <li>• 100% of debriefs were completed to target</li> </ul> <p><b>Green - Specialist Training</b></p> <ul style="list-style-type: none"> <li>• Courses for the new Police National Database R2 D1 'Train the Trainer' commenced on 25 June 2012.</li> <li>• 526 students had been trained in Cybercrime</li> </ul> <p><b>Green - Leadership Development</b>            The NPJA had delivered training as follows within 4 Leadership Development activity areas:</p> <ul style="list-style-type: none"> <li>• 288 delegates had attended the Senior Leadership Programme</li> <li>• 393 delegates had attended the Foundation for Senior Leaders</li> <li>• 61 delegates had attended the Leading Powerful Partnerships Course</li> <li>• 59 Special Constables had completed their leadership module</li> </ul>

<b>Key Performance Indicator</b>	<b>Explanation of achievement against these activities up to the date of transfer</b>
<p>KPI 4: The NPIA will ensure that all functions, products and services are ready to hand over to successor bodies by the agreed date</p>	<p>The NPIA successfully carried out transfers to the following successor organisations:</p> <p><b>Blue - Serious Organised Crime Agency (SOCA)</b> The transfer of staff, assets and functions from the NPIA to the Serious Organised Crime Agency took place on 1 April 2012. The Proceeds of Crime Centre moved to hosting by SOCA on 1 November 2012 albeit statutory responsibility for this function remains with the NPIA until the Crime and Courts Act 2013 comes into force to establish the new National Crime Agency and to transfer this responsibility to them.</p> <p><b>Blue - The new Police Professional Body</b> The transfer of staff, assets and functions to the College of Policing occurred without major issue and the College became operational as planned on 1 December 2012.</p> <p><b>Blue - Police ICT Company Directorate, Home Office</b> The transfer of staff, assets and functions from the NPIA to the Home Office (some of which might transfer to the future Police ICT Company) took place successfully on 1 October 2012.</p> <p><b>Blue - Home Office</b> The remainder of functions destined for the Home Office transferred as planned on 1 October 2012. The freehold of the NPIA's Bramshill and Harrogate sites transferred to the Home Office successfully on 1 December 2012.</p>
<p>KPI 5: The Agency's readiness to deliver its own close-down as agreed with key stakeholders, and as permitted by statute</p>	<p>The delivery of the following residual activities after the transfer of functions, products and services to the relevant successor bodies:</p> <p><b>Green - Close-down plan</b> As at the 31 March 2012, the NPIA had successfully transferred all of its forward facing services into successor bodies and was on track in its plans for an orderly closedown as required by statute by autumn 2013.</p> <p><b>Green - Due diligence programme</b> Assets liabilities and staff were identified to deadline to facilitate the appropriate transfer to successor organisations. These were documented as required in relevant transfer agreements.</p>

<b>Key Performance Indicator</b>	<b>Explanation of achievement against these activities up to the date of transfer</b>
<p>KPI 6: The NPIA will assist forces to make business changes that will have an impact locally and nationally, by assuring the availability of essential infrastructure and other critical services</p>	<p>Up to 30 September 2012: The delivery of key programmes and plans in the following areas by the agreed date:</p> <p><b>Red - Forensics</b> At time of transfer, a tightening of the programme timeline, combined with difficulties in securing the necessary resource (people and finance), means the NPIA Operating Board considered delivery against published commitments to be at risk.</p> <p><b>Green - Police National Database (PND)</b> At the time of transfer, the Police National Database was on course to deliver the general availability of Release2 to forces on schedule.</p> <p><b>Amber - Information Systems Improvement Strategy (ISIS) Programme</b> Whilst progress had been made with various elements of the ISIS programme, certain elements within the basket of measures against which the NPIA was assessing delivery were considered to be at risk. Therefore, at the time of handover to the Home Office, the overall assessment was that ISIS commitments were at risk.</p> <p><b>Green - Olympics Airwave</b> The enhancements made to the police radio system for the Olympics were in place as required. At the time of transfer, the Agency was confident that the programme was on track for: the release of frequencies at the end of the year, the frequency retune in London at the end of January and to complete the full decommissioning at the end of March 2013.</p>

<b>Key Performance Indicator</b>	<b>Explanation of achievement against these activities up to the date of transfer</b>
<p>KPI 7: The NPIA will continue to deliver its corporate functions and governance to a high standard while ensuring the [continued] delivery of services to customers and looking after its staff.</p>	<p>Active management of the following critical areas to ensure continued effectiveness of the agency:</p> <p><b>Blue - People</b> Throughout the year the NPIA monitored a basket of measures including sickness, grievances and vacancies and these did not exceed the tolerance levels deemed by the Agency to be acceptable.</p> <p><b>Blue - Finance</b> The NPIA's full year resource and capital spend was within the annual budget as planned.</p> <p><b>Blue - Performance Management</b> Performance, risk and audit scrutiny was conducted and analytical papers provided as required.</p> <p><b>Blue - Corporate Governance</b> The NPIA laid its Annual Report and unqualified Accounts for 2011/12 in Parliament on 28 June 2012 as planned.</p> <p><b>Black - Information Management</b> As at 31 March 2013, 94.1% of Freedom of Information requests had been answered within 20 days – above the target of 90%.</p> <p>For the parliamentary session from 10 May 2012 to 31 March 2013, the NPIA was in only the 3<sup>rd</sup> quartile of the Home Office family performance table for providing responses to parliamentary questions within the timelines set. This below target performance was due, in part, to an increased level of scrutiny on returns while the Agency was in close-down status.</p>

### **Delivery of the Proceeds of Crime Centre Functions**

Since the enactment of the Proceeds of Crime Act 2002, the work of the Proceeds of Crime Centre has facilitated asset recovery, of which the total is now in excess of £1bn.

This year POCC has continued to maintain services critical to supporting that asset recovery such as the Financial Investigation Support System (FISS), a web based application that is the vehicle for the professional register that manages the training and accreditation and monitoring of the performance of those with powers under the Proceeds of Crime Act 2002. This currently has an authorised user base of approximately 5000. As at 31 March 2013, the total number of active investigators on the FISS included 1386 Confiscators and 673 Financial Investigators.

In 2012/13, 922 police/civilian trainees have been re-registered and accredited by POCC and 1,267 delegates were trained across 98 courses.

POCC has also successfully upheld the Joint Asset Recovery Database (JARD), a national information database currently used by approximately 4,500 users, including financial investigators, prosecutors and enforcement staff across the UK asset recovery community.

## Financial Planning and Future Developments

### Introduction

The NPIA's business planning process for 2012/13 fully integrated business, resource, and financial planning, including efficiencies, ensuring that robust workforce planning was undertaken in line with people, estate, procurement and transition requirements. Until the end of December 2012, the NPIA's Transition Programme co-ordinated the work associated with the phase out of the agency and the transition of the NPIA's functions into other bodies. The programme was managed by a Programme Board, chaired by the Chief Executive, and this was supported by a Delivery Board and a dedicated Transition Team.

Since January 2013, the staffing profile of the Agency is such that one project manager reporting weekly to the Chief Executive oversees the closedown project. Together with the closedown delivery leads, this small group ensures that value for money principles are threaded through the planning and execution of the closedown strategy.

### Review of performance

The table below compares the NPIA's financial outturn for 2012/13 with its budget. The sub-headings of 'Home Office' and 'College of Policing' show budget expenditure that occurred in the NPIA for functions that migrated to the two principal successor bodies later in the year. All other functions – comprising support and corporate, along with some smaller transfers - have been grouped together under a single sub-heading of 'Other'.

	<b>Budget £ million</b>	<b>2012/13 Spend £ million</b>	<b>(Over) / under spend £ million</b>
College of Policing	23.4	19.4	4.0
Home Office	124.2	122.9	1.3
Other	31.3	23.2	8.1
<b>Resource DEL</b>	<b>178.9</b>	<b>165.5</b>	<b>13.4</b>
<b>Resource AME</b>	<b>0.0</b>	<b>(3.0)</b>	<b>3.0</b>
College of Policing	1.5	1.5	0.0
Home Office	6.7	6.3	0.4
Other	1.6	1.8	(0.2)
<b>Capital DEL</b>	<b>9.8</b>	<b>9.6</b>	<b>0.2</b>

The outturn for Resource DEL was £13.4m less than budget. For units that migrated to successors, the budget underspends occurred before they migrated

and the savings remained with the NPIA. The main reason for the underspend was the high level of vacancies that the NPIA carried throughout the year, for it was deemed prudent not to fill the posts during the transition and close down period.

No budget was set for Resource AME and the £3.0m credit, caused by movements in provisions, generated a matching underspend. Capital DEL spend was close to budget.

### **Going concern**

The NPIA is a statutory body, established by the Police and Justice Act 2006. The activities of the NPIA are primarily financed by the Home Office. The statement of financial position as at 31 March 2013 shows total liabilities less assets of £7,918 million. At 31 March 2012, the statement of financial position showed total assets less liabilities of £290.351 million.

In July 2010, the Home Secretary announced the phasing out of the NPIA. In a letter to the NPIA in February 2011 she confirmed that she anticipated that the bulk of the transfers of NPIA functions, statutory duties and associated responsibilities will be completed throughout 2012. The Home Secretary has published more detail in her written ministerial statements on 15 December 2011 and on 26 March 2012.

Certain of NPIA's operational crime support services transferred to the Serious Organised Crime Agency on 1 April 2012.

The Police Information Services, together with Science and Forensics and workforce services, transferred to the Home Office on 1 October 2012 together with the Hendon Data Centre.

Learning, professional development, examination and assessment services, together with research, analysis, and professional practice functions, transferred to the College of Policing on 1 December 2012.

The freeholds of the Harrogate and Bramshill sites transferred to the Home Office on 1 December 2012. The freeholds of Ryton and Harperley Hall transferred to the College of Policing on the same date.

The NPIA retains the statutory responsibility under the Proceeds of Crime Act 2002 (as amended) (PoCA) to deliver the training, accreditation and monitoring of Financial Investigators through the Proceeds of Crime Centre. This function will be transferred to the National Crime Agency upon the closure of the NPIA and remains a going concern.

The NPIA will be dissolved by the bringing into force of section 15 (2) and Schedule 8 to the Crime and Courts Act 2013, enacted 25 April 2013. This is expected to be contemporaneous with those establishing the NCA. The Government has said that the NCA will be fully operational by the end of 2013.

At 31 March 2013, we have no asset whose valuation would be affected by the loss of going concern basis.

The budget for 2013/14, taking into account the amounts required to meet the NPIA's liabilities in the year, has already been included in the Home Office's estimates for that year, and guideline amounts for the rest of the Comprehensive Spending Review period have been advised. The relevant portions have been transferred to the successor bodies. There is no reason to believe that this budget and future sponsorship by the Home Office will not be forthcoming.

Having considered the circumstances described above and from discussion with the Home Office, the NPIA's management considers it appropriate to adopt a going concern basis for the preparation of these financial statements.

### **Assets**

Fundamental to the transfer of products, functions and services to successor bodies has been the transfer of assets and liabilities. The legal transfer of the estate and associated assets has been given effect under the various land law acts of England and Wales, and the substantive transfers of real property concluded in December 2012.

The building at Hendon, which is a specialist data centre, was valued at depreciated replacement cost because it is built on rented land and cannot be sold on the open market. Responsibility transferred to the Home Office on 1 October 2012.

The NPIA was responsible for a number of assets that are defined as heritage assets, the main one being the 17th century Mansion House and grounds at the Bramshill site. The 300-acre Bramshill site was purchased by the Home Office from Lord Brocket in 1953 and was transferred to Centrex<sup>1</sup> in 2002. Title moved to the NPIA on its vesting in April 2007, but is now back with the Home Office, which intends to market it for sale. The Grade I and Grade II listed parts of the site have undergone conservation as required by legislation and related regulations in order to prevent further deterioration. The Mansion House and grounds were opened to the public on Heritage Open Day while in NPIA ownership. The Mansion House was used as offices, meeting rooms and as the home of the National Police Library.

### **Auditors**

The NPIA uses internal audit services provided by the Home Office. The charge for these services was £91,000, compared with £44,700 in 2011/12. The increase was due to additional audit work carried out to provide additional assurance during transition to successor bodies.

Under paragraph 36(4) (a) and (b) of Schedule 1 Part 4 to the Police and Justice Act 2006, the Comptroller and Auditor General audits the statement of accounts and lays a copy of the statement and his report before both Houses of Parliament. The amount of the external audit fee for 2012/13 was £121,000, compared with £128,000 in 2011/12. The NAO were not paid for any work of a non-audit nature during the year.

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<sup>1</sup> CENTREX = Central Police Training and Development Authority (2002 to 2007)

### **Provision of information to auditors**

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

### **Compliance with public sector payment policy**

In 2012/13, the NPIA's policy has been to pay valid invoices within 30 days of receipt, unless the amount is in dispute or a longer payment period has been agreed. The NPIA's standard terms and conditions set out this 30 day payment policy, but NPIA has been aiming to pay 80 per cent of valid invoices within five days of receipt, unless in dispute or otherwise agreed.

### **Aggregate amounts owed to creditors**

At 31 March 2013, the NPIA had much reduced trade creditors of £65,000 amounted to less than one day as measured against all payments to suppliers in the previous year. At 31 March 2012, creditors of £6,028,000 amounted to four days. The NPIA incurred no late payment penalties in the year (£nil in 2011/12).

### **Description of the agency's principal risks and uncertainties**

At the end of the financial year 2012/13, the principal risks facing the NPIA included those summarised and collated below. Risks relating to operational functions transferred to successor bodies with those functions. All NPIA risks and uncertainties are managed through an internal control system.

**Risk 1** There is a risk that the successor bodies on which we are relying to assist us with the closedown project, particularly in its latter stages, may not have the capacity to do so. This would result in degradation to the quality or timeliness of the closedown process.

*Mitigation* This risk has been mitigated through pre-transition analysis of likely demand and capacity to fill, and ongoing liaison with successor and legacy bodies to provide assurances as to available capability and capacity at the time it is required. The NPIA is also carefully managing its redundancy trajectory.

**Risk 2** There is a risk that other seemingly more pressing demands on staff time cause degradation in the application of information management controls, causing the erroneous retention or loss of information and other data.

*Mitigation* This risk is being mitigated by a proactive information management project involving the NPIA's own staff, its successors, and its legacy body, to ensure that the right information is retained sufficient to facilitate effective and ongoing discharge of statutory information-related duties.

**Risk 3** There is a risk that insufficient staff members with the right skills are retained for the correct period during the closedown project, impairing the effectiveness or efficiency of the closedown process.

*Mitigation* This risk is being mitigated by the positive management of NPIA staff to support their commitment to finishing the job and by the same activity as is being applied to Risk 1.

**Future developments**

The bulk of the phase-out of the NPIA, which began in 2011, was completed in 2012. What remains are statutory responsibilities, including those relating to the Proceeds of Crime Centre, and the prudent management and closedown of the organisation. Closedown includes 'legacy', for there remain various responsibilities that will pass to the Home Office.

It is expected that the passage of the Crime and Courts Act 2013 will result in, by the end of 2013, the creation of the National Crime Agency, the transfer of the Proceeds of Crime Centre to that agency, and the abolition of the NPIA.

In addition to the HR, finance, and information management responsibilities that will pass to the Home Office, there will remain a requirement to lay in Parliament an annual report and accounts for the 2013/14 financial year. This too, will fall to the Home Office to complete, and the NPIA's closedown plan is designed to ensure that the Home Office is equipped with access to all relevant information sufficient to complete this task.

During this closedown period, the Agency's headcount will continue to diminish as a result of planned, staged exits.

## **Environmental, Social and Community Issues**

### **The Estate**

During 2012/13, the NPIA's estates strategy was intended not to constrain successors, and so no material changes were made with regards to disposal or acquisitions.

Since its creation, the NPIA has held a mixture of freehold and leasehold sites, and also held some occupancy rights under a memorandum of terms of occupation. As explained in the previous section, the transfer of functions inevitably had a significant effect on the Agency's estate, and further detail is provided below.

On 1 December 2012, the freehold of the Bramshill estate and of Harrogate transferred to the Home Office. The decision had already been made to pursue disposal of the current Harrogate site, and in December 2012 the Home Office announced the Home Secretary's decision to dispose of the Bramshill site in due course. Both disposals will be handled by the Home Office. The College of Policing continues to be the principal tenant at Bramshill, although the site is shared with other criminal justice partners from the UK and Europe. The College has also remained in occupation at Harrogate under a formal lease agreement.

On 1 December 2012, the freeholds of the Ryton and Harperley Hall sites transferred to the College of Policing. The lease at Wyboston Lakes also transferred to the College of Policing, as did permission to occupy part of the Metropolitan Police Service's site at Hendon, with responsibility for the PNC facility that is also at Hendon having already reverted to the Home Office upon transfer of that function in October 2012.

From January 2013, the NPIA retained a presence (in the form of a handful of staff members) at 2 Marsham Street by agreement with the Home Office, and Bramshill and Wyboston Lakes as a guest of the College of Policing. From May 2013, this footprint reduced with the Agency's withdrawal from the Wyboston site upon the redundancy of the two staff members there. The Agency expects to occupy one or two workstations at Marsham Street and Bramshill until closure.

### **Sustainability Reporting**

The intention of sustainability reporting is primarily to reduce the impact on the environment of government activities by 2015, against a 2009/10 baseline.

Last year, the NPIA completed its first full sustainability report in accordance with HM Treasury guidelines<sup>2</sup>. Since then, through its integration in the Home Office return, the NPIA has regularly updated the Cabinet Office as to its progress against the Greening Government commitments<sup>3</sup>.

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<sup>2</sup> Available from [http://www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm)

<sup>3</sup> Available from <http://sd.defra.gov.uk/gov/green-government/commitments/>

The alterations to the estate and headcount that have already been described have had a significant effect on the Agency's ability to collect and present sustainability data, and indeed on whether it is required to present data at all. To explain:

The Greening Government commitments are measured against a baseline year of 2009/10. Unless exempt from reporting, government organisations are required to report in line with these commitments using both financial and non-financial information.

An organisation may apply for a reporting exemption if, for example, it is no longer of sufficient size in terms of its staffing numbers or its estate.

The NPIA applied successfully on these grounds, securing an exemption from central reporting and therefore from reporting in this annual report and accounts. The exemption applies from January 2013, for it was recognised that most data is gathered from or supplied by utilities in quarter-years, and it was therefore thought pragmatic to obtain the exemption at the change of a quarter-year. This is why the summary below does not provide full year data for 2012/13.

In addition, you will note that data is missing for the 2009/10 and 2010/11 financial years about water. This data was incomplete as the Agency did not then have tools in place to collect the data, and in the case of waste reporting, not all sites were included for these years. Therefore, these years should not be considered 'baseline'. The improvements made to the data collection tools will be of benefit to those who now own or occupy the estate.

During 2012/13, the Agency continued to improve performance against the commitments. Methods included reducing energy use, reducing waste and increasing recycling, and continue to encourage staff to make a difference locally. So, for example, we decommissioned redundant air-conditioning units at Harrogate, installed motion sensitive light controls in Bramshill, and made good use of video- and tele-conferencing to reduce inter-site travel. Our information management project also saw a reduction in the retention of redundant, obsolete, or trivial information.

**Sustainability Performance Summary Table**

Area	2012/13 (Part year)	2011/12	2010/11	2009/10
Greenhouse Gas emissions (scopes 1,2 and scope 3 business travel, incl. air/rail) (tCO <sub>2</sub> e <sup>4</sup> )	8,617	12,128	12,050	12,986
Energy (kWh) consumption	20,408,507	26,825,946	27,788,033	28,885,241
Energy expenditure	£1,449,412	£1,900,970	£2,636,170	£1,574,947
Estate waste (tonnes)	167	201	123 (incomplete)	56 (incomplete)
Estate waste expenditure	£13,219	£19,138	£11,799 (incomplete)	£6,074 (incomplete)
Estate water consumption (cubic metres)	46,882	68,333	Data omitted as incomplete, see explanation in paragraph above	
Estate water expenditure	£61,036	£80,677		

**Social and Community Matters including employment**

As at 31 March 2013, the NPIA's headcount was 31 people. Headcount includes permanent employees, fixed contract, contract agency/workers and secondees to/ from the Home Office and College of Policing. (It does not include those in the Proceeds of Crime Centre.)

NPIA sickness absence figures however, are measured against a base only of *employees* on the payroll during the relevant period. The table below shows the percentage of staff sickness absence in the month immediately before bulk transfers of staff and/or redundancies. The extreme drop in staff numbers between the start and end of the year means that this is a more transparent depiction of sickness absence over the entire period than simply publishing year end data.

Even without the context of transition and its associated transfers or redundancies, the NPIA is proud of the relatively low number of sickness absences as shown in the following table. The percentage of days lost to sickness compares well to the most recent ONS data available (April 2012) for sickness averages in the public sector, and from March 2013, also compares well against the private sector, although it must be acknowledged that until this point, private sector averages were lower at 1.6%.

<sup>4</sup> Metric tonnes of carbon dioxide equivalent

**Table re: staff sickness absence<sup>5</sup>**

Month / destination	FTE Permanent Staff	All FTE Staff Working Days in Month	Working Days Sickness	% working days lost to sickness
Mar12 / SOCA	1,589.1	34960	784	2.24%
Sep12 / HO	1,340.6	26812	501	1.87%
Oct12 / SOCA hosting of POCC	762.5	17537	449	2.56%
Nov12 /College	736.9	15475	306	1.98%
Mar13 NPIA residuary	29.7	624	4	0.64%

The positive results in this table are indicative of the level of engagement between management and staff throughout this period. A wide variety of methods has been used, including ensuring that colleagues representing successor organisations were given many opportunities to communicate, consult, and otherwise engage with staff.

The Chief Officer Team (COT) held open meetings at NPIA sites, supplementing these with fortnightly online web chats and blogs. These events gave staff members the chance to engage freely in two-way discussions. The COT also ensured that 'all staff' or bespoke 'all site' emails were issued when matters of import needed to be communicated immediately. Frequently we published an online newsletter focusing on the Transition Programme, and staff were encouraged to visit the Transition web pages and related POLKA (a closed internet system) sites to gather and exchange information.

Relevant senior managers and Chief Officers met with the official staff side at key points, to which were added Staff Council meetings that took place at directorate and corporate levels. Lessons learned from the latter were gathered by that group, and have been shared with the College of Policing. Formal consultation was also undertaken within Cabinet Office guidelines for staff transferring under the Transfer of Undertakings (Protection of Employment) Regulations 2006. From December 2012, engagement activity continued on a reduced scale proportionate to the size of the Agency.

For the second year running, former members of NPIA staff were recognised in the New Year's Honours List. David Glasenbury received the MBE for services to police training, and Jennifer Mitchell the MBE for services to policing.

During the year, the Chief Constable commended a number of staff, whether as individuals or within a team, in recognition of their contribution to policing during a particularly stretching year. Details are in Appendix B.

Throughout 2012/13, the NPIA gave effect to its corporate social responsibilities in part by enabling staff to make personal, specific contributions to their local communities. All of those using this facility add their own time to the voluntary

<sup>5</sup> The hosting by SOCA of POCC is shown in the sickness and diversity tables in this section as if it had transferred in the same way that the other transfers took place.

work undertaken. Some staff members were special constables directly improving public safety, facilitated by the Agency allowing Special Constables up to 15 days special leave to fulfil their duties, and providing flexible working opportunities to maximise the unpaid hours that each may contribute. Other staff members have continued to take up the opportunity to take up to 5 days special leave for voluntary work, such as working to reduce gang activity or with youth groups.

### Promoting equality, diversity, and human rights

The NPJA has a duty to promote equality and eliminate discrimination. There is legislation to support this requirement and a clear business case to do so. The Agency's Equality, Diversity and Human Rights (EDHR) team provided support and challenge to the organisation throughout the year, and participated directly in the Transition programme through attendance at the regular Delivery Board meetings and provision of impact analysis on functions, policies and activities. Together with the HR team, the EDHR team continued to play an active part in the staff support structures put in place to manage staff into new organisational structures or redundancy.

Since the EDHR team moved to the College of Policing in December 2012, the NPJA has been provided with access to the expertise in that unit, and the services it provides. This will continue until closedown.

### NPJA Workforce representation

The table that follows summarises the diverse make-up of the NPJA at critical milestones during the period 31 March 2012 to 31 March 2013. These milestones are either the points at which functions transferred to successor bodies, or when POCC began to be hosted by SOCA, resulting in a step-change in the Agency's staff numbers.

**Table – NPJA headcount and diversity data 2012-2013**

	31 March 12		30 Sept 12		31 Oct 12		30 Nov 12		31 March	
Category	No	% of Total	No	% of Total	No	% of Total	No	% of Total	No	% of Total
<b>Age</b>										
20 and under	1	0	0	0	0	0	0	0	0	0
21-30	209	13	141	10	77	10	72	10	3	10
31-40	428	26	369	27	209	27	202	27	7	23
41-50	522	32	440	32	248	32	249	32	4	13
51-60	403	25	367	27	218	28	205	27	14	45
61+	56	4	54	4	32	4	30	4	3	10
<b>Total</b>	<b>1619</b>		<b>1371</b>		<b>784</b>		<b>758</b>		<b>31</b>	

	31 March 12		30 Sept 12		31 Oct 12		30 Nov 12		31 March	
Category	No	% of Total	No	% of Total	No	% of Total	No	% of Total	No	% of Total
<b>Gender</b>										
Female	913	56	782	57	397	51	384	51	16	52
Male	706	43	589	43	387	49	374	49	15	48
<b>Total</b>	<b>1,619</b>		<b>1,371</b>		<b>784</b>		<b>758</b>		<b>31</b>	
<b>Disability</b>										
Disability Declared	62	4	58	4	32	4	32	4	1	3
No Disability	1043	64	815	60	443	57	418	55	23	74
Prefer Not to Say	55	3	41	3	30	4	29	4	0	0
Unknown / Blank	459	28	457	33	279	36	279	37	7	23
<b>Total</b>	<b>1,619</b>		<b>1,371</b>		<b>784</b>		<b>758</b>		<b>31</b>	
<b>Ethnicity</b>										
Asian	95	6	90	7	28	4	25	3	2	7
Black	37	2	36	3	12	2	11	2	1	3
Chinese or Other	18	1	15	1	4	0	4	0	0	0
Mixed	23	1	22	2	9	1	9	1	2	7
White	1113	69	930	68	577	74	559	74	25	81
Prefer Not to Say	99	6	78	6	44	57	39	5	0	0
Unknown / Blank	234	15	200	15	110	14	111	15	1	3
<b>Total</b>	<b>1,619</b>		<b>1,371</b>		<b>784</b>		<b>758</b>		<b>31</b>	
<b>Religion and Belief</b>										
Buddhist	10	0	10	0	7	1	5	1	0	0
Christian	662	41	548	40	340	43	325	43	15	48
Hindu	47	3	44	3	13	2	11	2	0	0
Jewish	11	1	10	1	3	0	3	0	0	0
Muslim	38	2	36	3	15	2	13	2	2	7
Sikh	14	1	12	1	5	1	5	1	1	3
Other	31	2	31	2	20	3	18	2	0	0
No Religion	388	24	293	21	175	22	170	22	7	23
Prefer not to say	128	8	96	7	61	8	63	8	3	10
Unknown / Blank	290	18	291	21	145	19	145	19	3	10
<b>Total</b>	<b>1,619</b>		<b>1,371</b>		<b>784</b>		<b>758</b>		<b>31</b>	
<b>Sexual Orientation</b>										
Bisexual	5	0	4	0	2	0	2	0	0	0
Gay/Lesbian	23	1	16	1	12	2	12	2	2	6
Heterosexual	1153	71	952	69	560	71	539	71	25	81
Prefer Not To Say	158	10	121	9	78	10	73	10	1	3
Unknown / Blank	280	17	278	20	132	19	132	17	3	10
<b>Total</b>	<b>1,619</b>		<b>1,371</b>		<b>784</b>		<b>758</b>		<b>31</b>	

### Information Assurance

The NPIA has continued to expend effort throughout the year to ensure that the data it holds, or for which it is responsible, is properly managed with regard to confidentiality, integrity, and availability. For example, through a specific information management work stream within the Transition Programme, it maintained a rigorous focus on the responsibilities of the individual to store, retrieve, transmit, review or delete information according to policy, and in adherence to legal requirements. A register of incidents, including near misses, is kept concerning certain breaches of policy or practice, as this is in line with our information security policy and with best practice. Incidents that affected the NPIA corporate networks (since transferred to the Home Office) were also reported to feed into accreditation decisions concerning those networks.

Although there is no legal obligation to report serious breaches that result in loss, release, or corruption of personal data, the Information Commissioner believes that serious breaches should be brought to his attention, and the NPIA adheres to this approach. There is no definition of what constitutes a serious breach; instead, an assessment is made taking into account the degree of harm caused to the data subject, the volume or the sensitivity of the data, and by reference to the Information Commissioner's guidance on this topic.

Whilst some protected personal data incidents have occurred, and these are listed below, none have been assessed as requiring report to the Information Commissioner, and so the table that would have listed these (Table 1) has been omitted.

<b>Table 2: Summary of other protected personal data related incidents in 2012/13</b>		
Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	1
V	Other	2

It should be noted that incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded from this table in accordance with the exemptions contained in the Freedom of Information Act 2000, or may be subject to the limitations of other UK information legislation. No incidents were excluded from this table for 2012/13.

During the course of the year, control of the critical policing IT systems such as the PNC, PND etc moved from the NPIA to the Home Office. Control and ownership of the internal IT system also moved to the Home Office, although

elements of IT services, including information security expertise, were in essence outsourced by the NPIA to the College of Policing. Nevertheless, throughout this period the NPIA retained its own Senior Information Risk Owner – the Chief Executive.

In addition, the NPIA has remained mindful of its own responsibilities as to the data it holds and uses, including the need for retrieval by Home Office colleagues beyond the abolition of the Agency, where there is a legitimate reason for them so to do. The NPIA Board agreed in February 2013 that an information management project should proceed, wherein the focus is on securing Agency records for retrieval, and removing that which is redundant, obsolete, or trivial. The Agency is working closely with the College of Policing to ensure that it too continues to have access (as appropriate) to certain corporate material. It should be noted that the business information that belongs to the transferred functions passed with those units to the College by means of a clause in the business transfer agreement, and the NPIA no longer has the right to access these.

All NPIA staff continued to be required to complete online basic information security training at least once a year. The COT and other managers also reminded staff members frequently of their responsibilities over this past year with regard to information and site security.

## NPIA Chief Officer Team

Changes to the Chief Officer Team (COT) accompanied the substantial organisational changes that took place over the past year. The following table describes the post held and period of tenure by each member of COT. It should be noted that Nick Gargan ceased being a member of the Chief Officer Team on 15 October 2013, taking up a secondment to Her Majesty's Inspectorate of Constabulary (HMIC) until his appointment early in 2013 as Chief Constable of Avon and Somerset Constabulary. (Whilst on secondment, HMIC reimbursed the NPIA for the remuneration package to which Nick Gargan was contractually entitled.) Paul Minton ceased being a member of the Chief Officer Team from 1 Jan 2013, commencing a period of annual leave that had accrued during his secondment to the NPIA, and retiring in January 2013 completing 30 years service as a police officer.

Role	Between 01 Apr – 30 Sep Held by:	Between 01 Oct–14 Oct Held by:	Between 15 Oct-30 Nov	Between 30 Nov-31 Dec	From 1 Jan 2013
Chief Executive	-	-	-	-	Michael Romberg
A/Chief Executive Officer			A/CC Paul Minton	A/CC Paul Minton	
Chief Executive Officer	CC Nick Gargan QPM	CC Nick Gargan QPM	-	-	-
Chief Operating Officer	DCC Paul Minton	DCC Paul Minton	A/CC Paul Minton	-	-
Director of Policing Policy and Practice	DCC Paul Minton	Dr David Horne	Dr David Horne	-	-
Director of People and Development	DCC Paul Minton	Dr David Horne	Dr David Horne	-	-
Director of Resources	Dr David Horne	DCC Paul Minton	A/CC Paul Minton	A/CC Paul Minton	-
Director of Operations	Tom McArthur	-	-	-	-
Head of Closedown	Dr David Horne	DCC Paul Minton	A/CC Paul Minton	A/CC Paul Minton	Michael Romberg
Build Director	-	Dr David Horne	Dr David Horne	-	-

## The NPIA Board

### **Peter Holland CBE DL**

April 2007 – December 2012

#### **Chairman, NPIA Board**

A journalist by profession, Peter was at Reuters for 23 years, starting out as a financial journalist and moving through varied roles, including Managing Director of Reuters Europe, Reuters Overseas Ltd and Chairman of Reuters Latin America/Africa and what is now Reuters Television.

He was also on the boards of the precursor organisation to the NPIA, Centrex and the Police Information Technology Organisation. In 1995, he was appointed independent member of Hertfordshire Police Authority, and in 1997 was elected Chairman until standing down in 2003. He was, until 2007, the elected Vice Chairman of the Association of Police Authorities, leading on IT matters.

In 2001, he was appointed an independent council member of the Telecommunications Ombudsman Service and subsequently elected Chairman. Until 2010, he was Chairman of the Ombudsman Service Limited which operates ombudsman services for telecommunications, energy and surveyors.

He was appointed a Deputy Lieutenant of Hertfordshire in 2000, and in 2002 he was appointed Chairman of Herts in Trust, a charity working to support safer communities and lower crime rates in Hertfordshire; and in 2005 he was appointed to the Board of St John Ambulance Ltd and Chairman of its Audit Committee. Peter received the CBE for services to policing in the New Year's Honours 2005.

### **Chris Hughes CBE**

Independent member: April 2007 – December 2012

Chairman, NPIA Board January 2013 – statutory closure

#### **Chairman**

Chris's background is in further education. After twelve years as a college principal he became the chief executive of the Learning and Skills Development Agency in 1998. On retirement from full time employment in 2004, Chris became chair of a number of education charities.

Chris was formerly a specialist adviser to the House of Commons Education Select Committee and currently advises the Royal Anniversary Trust on the Queen's Awards to Further and Higher Education. He received the CBE in 2005 for services to education and training.

**Nick Gargan QPM**

January 2011 – October 2012

**Chief Executive Officer, NPIA**

Nick joined the NPIA in January 2010, initially as Chief Operating Officer and Deputy to the Constable and Chief Executive. In September 2010, he became temporary Chief Executive and was appointed to this post substantively in January 2011, also becoming Chief Constable. As Chief Executive, Nick was a member of ACPO Cabinet and Council as well as the High Level Working Group on Police Value for Money. He was the Senior Responsible Owner for the Information Systems Improvement Strategy as well as for the IMPACT Programme.

Nick's police career began in Leicestershire Constabulary in 1988, fresh from a degree in French and Politics at the University of Leicester. He served in a variety of uniform and detective roles in and around Leicester before commencing a three year secondment to the National Criminal Intelligence Service in 1995. During his secondment he was based both in London and Paris. In Paris, he worked extensively in support of the investigation into the death of the Princess of Wales and Mr Dodi Al Fayed – subsequently giving evidence at the inquest.

On his return to Leicestershire in 1998, Nick performed a variety of roles including Detective Superintendent, Head of Crime Squads and Basic Command Unit Commander for Leicestershire East area. He transferred to Thames Valley Police at the beginning of 2006 as Assistant Chief Constable, responsible for local policing, and then crime and criminal justice.

On 4 March 2013 he took up the position of Chief Constable of Avon and Somerset Constabulary, to which he had been appointed earlier that year.

Nick received the Queen's Police Medal for services to policing in 2012.

**Paul Minton**

October 2012 – December 2012

**Acting Chief Executive Officer, NPIA**

In 2010 Paul was appointed Deputy Chief Constable and Chief Operating Officer of the NPIA. In September 2012 he became the NPIA's Acting Chief Executive and an Acting Chief Constable until December 2012.

He joined the Metropolitan Police Service (MPS) in 1981 after graduating from Bristol University and started his policing career in Lewisham. He also led on key areas of MPS policy development, the delivery of major change programmes, and on a restructuring of the MPS as well as serving as a staff officer at Her Majesty's Inspectorate of Constabulary.

After attending the Strategic Command Course in 2004, Paul was promoted to Commander and took responsibility for the MPS' corporate strategic planning and modernisation. In May 2006, he became the Commander for South East London with overall operational as well as portfolio responsibilities ranging from

patrol to professional standards, and business planning to the Olympics. He was seconded to the NPIA as syndicate director and member of the directing staff on the Strategic Command Course in 2007. In April 2008, he took responsibility for Criminal Justice, together with key aspects of Territorial Policing and MPS business planning and performance management.

Paul was appointed as Chief of Staff at ACPO in 2009, covering delivery of mutual aid for the Olympic and Paralympic Games, and co-ordination of national responses to major events, incidents and emergencies. He has post-graduate qualifications from Portsmouth and Cambridge Universities in criminal justice and criminology.

## **Michael Romberg**

January 2013 – NPIA statutory closure

### **Chief Executive Officer, NPIA**

Michael Romberg joined the NPIA as Head of Finance in August 2010. He was appointed Chief Executive and Accounting Officer with effect from 1 January 2013.

Before joining the NPIA, Michael was Head of Police Finance and Pensions Unit in the Home Office. He has held other Government financial management roles in the Home Office and HM Treasury. He was also Assistant Director for Capital Gains Tax Policy in the Inland Revenue.

Michael is a qualified accountant and a member of the Chartered Institute of Public Finance and Accountancy.

## **Sir Hugh Orde OBE QPM**

September 2009 – August 2012

### **ACPO President**

In April 2009, Sir Hugh was elected President of the Association of Chief Police Officers, taking up this new role in September 2009. He joined the Metropolitan Police Service in 1977 and initially served in Central London. On promotion to sergeant he moved to Brixton, followed by further promotion to inspector after which he held a number of posts in South and South East London. He was appointed to the post of Chief Constable of the Police Service of Northern Ireland in 2002.

In April 2008, he received the annual Leadership Award from the Police Executive Research Forum. This award recognised his achievements in managing the massive change which took place in policing in Northern Ireland since 'The Agreement' in 1998.

He received the OBE in the New Years Honours List 2001 for services to policing, and then a Knighthood in 2005.

**Sir Bernard Hogan-Howe QPM**

May 2012 – December 2012

**Commissioner of the Metropolitan Police Service**

Sir Bernard became Commissioner of the Metropolitan Police Service in September 2011. He joined South Yorkshire Police in 1979, and served throughout the county in uniform, CID, traffic and personnel roles. In 1997 he was appointed as ACC Community Affairs in Merseyside Police, before taking responsibility for Area Operations in 1999. He joined the Metropolitan Police Service as Assistant Commissioner in July 2001, with responsibility for Human Resources, returning to Merseyside Police in 2004 on his appointment there as Chief Constable.

In October 2009, he was appointed Her Majesty's Inspector of Constabulary with responsibility for the London and National Office. In July 2011, Sir Bernard became the Acting Deputy Commissioner of the Metropolitan Police Service.

Sir Bernard received the Queen's Police Medal in 2003 and a Knighthood in the 2013 New Year Honours list.

**Jim Barker-McCardle QPM**

April 2010 – May 2013

**ACPO member**

Jim was appointed Chief Constable of Essex Police in September 2009. He joined Kent Police in 1981 and served throughout the county in a number of uniform and detective roles. Jim was appointed Assistant Chief Constable in Kent in 1999, first holding the personnel and training portfolio. He then moved to Area Operations with responsibility for the performance and service delivered by Kent Police territorial divisions, and the provision of specialist uniform resources. He was appointed Deputy Chief Constable in March 2004.

Jim transferred to the NPIA in November 2007 as Deputy Chief Constable and the Deputy Chief Executive. His responsibilities included those of Chief Operating Officer and Director of Policing, Policy and Practice. Jim received the Queen's Police Medal in 2007.

**Mark Burns-Williamson OBE**

April 2007 – October 2012

**APA member**

Mark became a member of the West Yorkshire Police Authority in June 1999 and Chair of the Authority in June 2003. After joining the Board of the Association of Police Authorities in 2003, he was the Board's Deputy Chair in 2009 and in October 2011 he was elected Chair of the Association of Police Authorities.

Mark has spent over twenty years working for both public and private sector organisations in West Yorkshire, including West Yorkshire County Council,

Citizens Advice Bureaux, CableTel Ltd, The Rugby Football League and Halifax Plc. For nearly 15 years, he was Labour Councillor for Castleford and Glasshoughton, standing down from this position after he was elected as a Police and Crime Commissioner in November 2012.

In the 2012 Honours List, he was awarded an OBE for services to the Community and Policing.

### **Rob Garnham**

December 2009 – November 2012

#### **APA member**

Rob was been a member of the APA Board since 2008 and served as Chair of the APA from September 2009-11. He has been a councillor member of Gloucestershire Police Authority since 1997, and was its Chair for a period from 2007. He has been a Cheltenham Borough Councillor since 1996 and a Gloucestershire County Councillor since 1997.

Rob's early career was as a Radio Officer in the Merchant Navy before he left to work for the Government Communications Headquarters. After 21 years at GCHQ, he left to concentrate on local politics and policing issues, and to establish his own business.

He was a Parliamentary Candidate for Cheltenham in 2001, Deputy Leader of Cheltenham Borough Council from 2006 – 2008. He chaired the Gloucestershire Scrutiny Inquiry into the Summer Emergencies of 2007 when severe flooding, and a subsequent loss of drinking water to over 350,000 people, affected the county. As well as his business, Rob also has a portfolio of work commitments involving recruitment and selection.

### **Mark Castle OBE**

January 2013 – NPIA statutory closure

#### **APCC member**

Mark Castle is the Chief Executive of the Transitional Board of the Association of Police and Crime Commissioners (APCC). He joined the Association of Police Authorities (APA) as Chief Executive in 2009 directly from the Army, where his last appointment was Director General of the Iraqi Ministry of Interior Transition Team as a Brigadier.

Mark joined the British Army in 1978. In a career that spanned 31 years, he trained and instructed at the Royal Military Academy, Sandhurst and commanded his regiment, the King's Own Scottish Borderers, in South Armagh and Iraq. He has extensive experience on operations much of it spent working alongside local police forces. During his service he was awarded the QCVS, OBE and the (US) Bronze Star Medal and Legion of Merit.

**Alan Edwards**

July 2009 – December 2012

**Independent member**

Alan is a qualified accountant and the International Director of the Chartered Institute of Public Finance and Accountancy. Previously, he was Chairman of the Royal Wolverhampton Hospitals NHS Trust.

He has wide experience of working with government organisations to transform service delivery, improve performance and strengthen financial management. Alan is an experienced management consultant having held Partner positions at PriceWaterhouseCoopers and KPMG, and as an Executive in IBM's Business Consultancy Services.

**David Marshall**

April 2008 – December 2012

**Independent member**

For the last few years David has been an independent consultant specialising in financial management, leadership and senior management development.

David is a qualified accountant (Fellow Chartered Management Accountant), and has extensive business experience in senior finance and HR roles. He has held a number of directorships in both the public and private sectors. David is a Fellow at the Centre for Leadership Studies at the University of Exeter. He is an experienced assessor, executive coach and team development adviser.

**Stephen Webb**

July 2010 – March 2013<sup>6</sup>

**Home Office member**

During his time on the Board, Stephen was Director of Finance and Strategy Directorate in the Crime and Policing Group at the Home Office. The Finance and Strategy Directorate provides strategic leadership over the management of Crime and Policing Group's resources. As Director, Stephen was responsible for two corporate units – Strategy, Skills and Planning Unit and the Group Finance Unit – and is Senior Responsible Owner for three major strategic projects: the closure of the Forensic Science Service; the replacement for Airwave; and the winding down of the NPIA.

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<sup>6</sup> Stephen Webb was succeeded as Home Office representative on the NPIA Board by Ziggi MacDonald, who was appointed by the Policing Minister for the period 1 April to NPIA statutory closure

## Register of Members' Interests

Under Section 3.8 of the Code of Practice for Members of the Board of the National Policing Improvement Agency (revised May 2012), the NPIA is required to publish the register of interests in the Annual Report. Board members have declared interests operative during all or some of the year as follows:

### **Peter Holland CBE DL**

- Chairman - Herts in Trust
- Trustee – Police Training Authority Trust
- Board Member - St John Ambulance Ltd

### **Chris Hughes CBE**

*NPIA Chairman since Jan 2013*

- Partner - Hughes Associates
- Advisor - Royal Anniversary Trust

### **Nick Gargan QPM**

- Member – Association of Chief Police Officers
- Trustee – Police Training Authority Trust
- Member – Police ICT Co

### **Paul Minton**

No other interests

### **Michael Romberg**

No other interests

### **Sir Hugh Orde OBE QPM**

- Visiting Professor Ulster University (2010 - 2014)
- Director – The ACPO Board
- Director – The ACPO Crime Prevention Initiative Board
- Board Member - Police Executive Research Forum
- Member - Association of Chief Police Officers
- Member - Committee of Management of the Police Mutual Assurance Society

### **Sir Bernard Hogan-Howe QPM**

- Member - Association of Chief Police Officers
- Honorary member - Risk & Security Management Forum

### **Jim Barker-McCardle QPM**

- Chief Constable - Essex Police
- Chair - Essex Criminal Justice Board
- External Examiner - Canterbury Christ Church University
- Head - ACPO Criminal Justice Business Area

- Member - Association of Chief Police Officers
- Member - Chief Police Officers' Staff Association
- Member - Criminal Procedure Rules Committee
- Member - Criminal Justice Board
- Member - Criminal Justice Council
- Member - College of Policing Professional Committee

### **Mark Burns-Williamson OBE**

- Chair - West Yorkshire Police Authority
- Chair - Association of Police Authorities Board
- Chair - Castleford Town Centre Partnership Ltd
- Director - Glasshoughton Community Forum
- Director - Castleford Heritage Trust
- Governor - Castleford Academy
- Governor - Wheldon Infants School
- Member - Wakefield Community Safety Partnership Board
- Member - West Yorkshire Police Community Trust
- Member - Wakefield Council
- Member - Safer Communities Board (Local Government Association)
- Member - Wakefield and District Housing Local Management Committee
- West Yorkshire Police and Crime Commissioner

### **Rob Garnham**

- Councillor - Gloucestershire County Council
- Councillor - Cheltenham Borough
- Fellow Member - Chartered Management Institute
- Associate Member - Chartered Institute of Professional Development
- Director - Mediation in Planning Ltd
- Honorary Vice President - Cheltenham YMCA
- School Governor - Belmont School, Cheltenham
- Co-opted Governor - Gloucestershire College
- Senior Invigilator and Senior Assessor - College of Policing
- Member - Association of Police Authorities Board
- Member - Gloucestershire Police Authority
- Public Member - Gloucestershire Hospital NHS Trust
- Public Member - Gloucestershire '2gether NHS Foundation Trust'
- Member - Royal National Lifeboat Institution
- Member - National Trust
- Member - Conservative Party
- Member - Gloucestershire Branch of SHAPE

### **Mark Castle OBE**

- Member - College of Policing Professional Committee
- Trustee - Society for the Protection of Animals Abroad

### **Alan Edwards**

- Chair - Consultants Black Book Limited
- Deputy Chairman - Federation of European Accountants Public

Sector Committee

- Director – Chartered Institute of Public Finance and Accountancy
- Director - 43Consultancy Limited
- Advisory Board Member - Finnamore Management Consultancy

**David Marshall**

- Director - AM Consulting
- Fellow - Centre for Leadership Studies, University of Exeter
- Associate with t3 Consulting
- Associate - Kiddy and Partners

**Stephen Webb**

- Trustee & Treasurer - Nuevas Esperanzas UK
- Advisory Council Member - The Dawes Trust

# ACCOUNTING MATTERS

## Statement of the Accounting Officer's Responsibilities

Under the Paragraphs 28 and 36 of Schedule 1 to the Police and Justice Act 2006, the Secretary of State for the Home Department, with the approval of the HM Treasury, has directed the NPIA to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of NPIA and of its net resource outturn, application of resources, 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 Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State with the approval of HM 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 Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Permanent Secretary of the Home Department has appointed the Chief Executive as the Accounting Officer of the NPIA. 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 NPIA's assets, are set out in HM Treasury's publication, 'Managing Public Money'.

**Michael Romberg**  
**Chief Executive and Accounting Officer,**  
**National Policing Improvement Agency**  
**12 June 2013**

## Governance Statement

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### Statement

I have been the Chief Executive and Accounting Officer of the National Policing Improvement Agency since 1 January 2013. Immediately before my appointment to this post, I was employed by the Agency as its Head of Finance. In preparing this statement, I have enhanced my existing knowledge of the Agency's management of public money by reviewing the varied sources of assurance available to me, particularly the interim assurance statement provided by my immediate predecessor in post, Paul Minton.

As Chief Executive and Accounting Officer of the National Policing Improvement Agency, I have personal responsibility for maintaining a sound system of governance, internal control and risk management within the agency to support the achievement of the Agency's legal duties and objectives, within the context of the Home Office's policies, aims and objectives, whilst safeguarding public funds and agency assets.

The system of governance, internal control and risk management is designed to manage, rather than to eliminate, the risk of failure to achieve the business plan, policies, aims and objectives. Therefore, it can provide only high and not absolute assurance of effectiveness.

I confirm that I have reviewed the control system in operation within my area of responsibility. The work of internal auditors, the former Audit and Risk Committee and middle managers who have responsibility for the development and maintenance of the control framework informed my review. Two former NPIA chief officers also provided me with confirmation that no new information had come into their possession concerning the operation of the control systems in place during their tenure with the Agency.

Over the period 2012/13, the Agency changed considerably. On 31 March 2012 the Agency headcount was 1,619, and it had responsibilities for critical IT infrastructure and police training and assessments. Transfers of these functions and their staff to the Home Office took place on 1 October and to the College of Policing on 1 December. From 1 November, the Proceeds of Crime Centre was hosted by SOCA en route to the National Crime Agency, although the NPIA retains legal responsibility for it.

Following a round of redundancies in December 2012, only 31 staff remained in the Agency in January 2013 to do closedown work. The different risk profile that resulted meant that the Agency needed different governance structures by the end of the period compared with those at the beginning, and these were brought into being as described further below.

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### Key issues handled in year

The Agency successfully moved its operational and professional services to successor bodies before the Home Secretary's deadline of the end of 2012. However, this took increasing amounts of resource to achieve, in part because

significant numbers of NPIA staff were asked to provide the capability to fill capacity gaps in the Home Office team tasked with building one of the successor bodies. We recognised that our partner's needs had to be met for the good of the police / police forces. Nevertheless this abstraction of staff had an impact on the Agency's focus on closing itself down. This affected the planned trajectory of change within the staffing profile for the closedown period, insofar as the timing of staff redundancies was flexed if required, albeit remaining within the funding envelope.

My predecessors ensured that specific risks arising from transition were recorded on the corporate risk register, but risks arising to or from close-down activity now form the bulk of the register. Where appropriate, mitigating activity has either been completed, is under way, or is planned. A major risk concerns information management, and specific, detailed mitigating actions are underway, and subject to weekly scrutiny at project and management levels.

In 2011 and 2012, the Accounting Officer's statement provided the assurance that the Agency's response to the announcement of phase-out and transition was constructive and immediate. Colleagues have continued to move forward in the same positive spirit even as each wave of change has taken place, including the redundancies that took effect on 31 December 2012, and each month since.

The substantive and acting CEOs that preceded me chaired the fortnightly internal Transition Programme Board and Closedown project boards embedded within the broader transition governance structures, including Home Office-led project boards and high level working groups. Through these groups, membership of which included the Chief Officer Team, other senior NPIA colleagues and Home Office and ACPO representatives, the transition programme of work remained aligned with the work to deliver services to policing through established business areas. The programme drew upon the resources from strategy, finance, planning, performance and risk management and wider corporate governance units, as well as outward-facing business delivery teams whilst these remained with the Agency. These governance arrangements enabled the Agency to respond constructively even when delays in decision-taking by partners impacted on the transition time-table, and I note Internal Audit's moderate assurance as to the fitness for purpose of our planning for transition and closure. Where a less favourable opinion was given in relation to an audit of migration to successor bodies, this related to risks outside the Agency's control.

Transfers to successors such as the Home Office, SOCA, and the new College of Policing have been managed through various agreements, ranging from Memoranda of Understanding, through to a Business Transfer Agreement. Legal advice was sought, and/or was instrumental, in ensuring that the transfer documentation was appropriate to the nature of the transfer and the organisations involved. I have taken on responsibility for the formal reviews of the effectiveness of these arrangements, most particularly SOCA's delivery on the NPIA's behalf of responsibilities under the Proceeds of Crime Act 2001. I conduct these reviews through bilateral meetings with key individuals as required, with the regular monitoring of POCC undertaken by a senior member of NPIA staff, who will escalate issues to me if required. The monitoring process

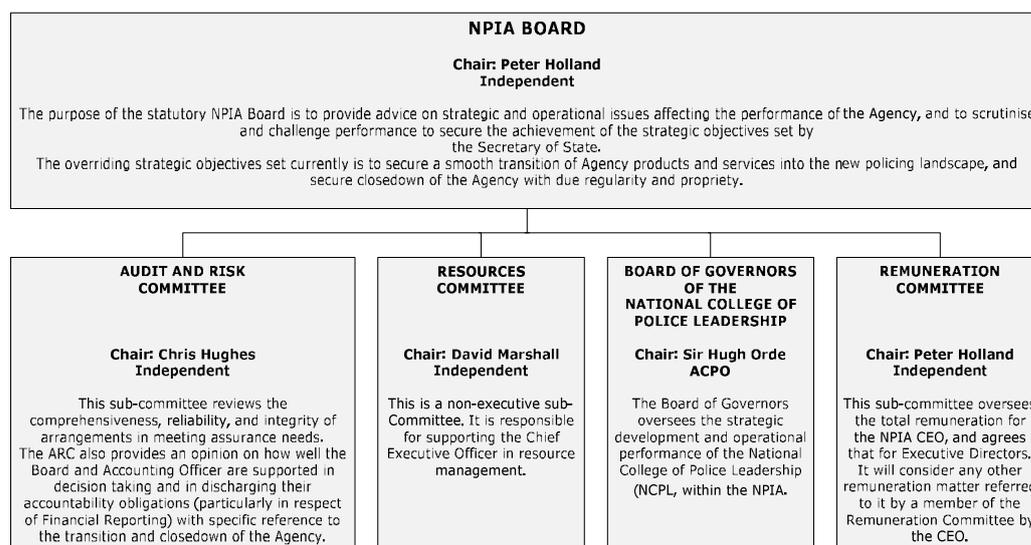
includes scrutiny of the effectiveness of the training and accreditation process through an examination of records held by POCC.

**Progress on issues identified last year**

Whilst the risks to the NPIA’s business delivery for the service continued throughout 2012 as a result of transition, the response from NPIA staff remained overwhelmingly positive. This response helped to prevent the related risks from materialising. This is evident in the performance achieved against business plan and other commitments for this period, and I applaud my current and former NPIA colleagues for their determination and the focus they have had on delivering the right outcomes for the service.

**Governance, Internal Controls, and Risk Management:**

The non-executive governance framework illustrated and described below was in operation from April – December 2012 inclusive:



The transfer of the front-line support functions to successor bodies, together with the planned closure of the Agency in 2013, caused the NPIA Board to review this framework and propose a slimmed down structure to the Home Secretary. Its goal was to ensure that governance was commensurate with the risk profile, and to ensure that it was proportionate to the radically reduced, and reducing, staffing model. Therefore, from 1 January 2013, the NPIA Board – without any supporting committees – has exercised all governance functions, retaining a mix of representation to do so, and with an independent Member continuing to perform the role of Chairman. As noted in the April 2012 Governance Statement, the NPIA Board had set in train a review of its Operating Framework (terms of reference) to reflect these changes, and the new Operating Framework was agreed by the Board in February 2013.

Irrespective of these changes, the NPIA Board has been, and remains, a statutory body that provides governance and corporate oversight. Its specific responsibilities encompass strategy, performance, risk, efficiency and capability.

Membership of the Board to 31 December 2012 included representation provided by the Home Office, the Association of Chief Police Officers and the Association of Police Authorities (Police and Crime Commissioners were represented from 22 November). These were accompanied by independent non-executives selected for the expertise they brought particularly to matters of risk and audit. The former Chairman, Peter Holland, had conducted periodic performance appraisals of members to review their individual effectiveness. As shown by his recorded statements to his final NPJA Board meeting in November 2012, his assessment was that all members had been fully effective.

From 1 January to 31 March 2013, the Board consisted of an independent Chair, a representative of the Home Office, a Chief Constable nominated by the Association of Chief Police Officers, a person representing the views of police and crime commissioners, and the Chief Executive of the Agency.

The Board has met 5 times since April 2012, and was quorate for 3 of those meetings. Neither the APA nor the Home Office was represented in July, and ACPO was not represented in October. When the meeting was not quorate, the Chairman had made arrangements for voting members to contribute their views in writing. Individuals' attendance records are shown in the table below:

Member / Meeting date	31May 2012	04Jul 2012	04Oct 2012	29Nov 2012	27Feb 2013
<b>Chairman</b>					
Peter Holland CBE DL	✓	✓	✓	✓	
Chris Hughes CBE	See independent member category				✓
<b>NPJA Representatives</b>					
Nick Gargan QPM	✓	✓	✓		
Paul Minton				✓	
Michael Romberg					✓
<b>Home Office Representative</b>					
Stephen Webb	✓	✗	✓	✓	✓
<b>APA Representatives</b>					
Mark Burns-Williamson OBE	✗	✗	✓		
Rob Garnham	✓	✓	✗		
<b>APCC Representative</b>					
Mark Castle OBE				✓	✓
<b>ACPO Representatives</b>					
Sir Hugh Orde OBE QPM	✗	✓	✗	✓	
Sir Bernard Hogan-Howe QPM	✗	✗	✗	✗	
Jim Barker-McCardle	✓	✓	✗	✓	
<b>Independent Members</b>					
Chris Hughes CBE	✓	✓	✗	✓	Chair
Alan Edwards	✗	✓	✗	✓	
David Marshall	✓	✓	✓	✓	

\* represented by Ziggy Macdonald

The minutes of those meetings are published on [www.npia.police.uk](http://www.npia.police.uk), and these records show that the Board received regular and detailed reports on: the transition and closedown programmes (about which more is explained below); performance; risk; financial management; estates; and people. These were in addition to the crosscutting oral updates the previous CEOs provided at each Board meeting about the current and future operating context for the agency and for policing more generally. Since January I have also provided a monthly written report.

The Agency has continued to operate a relationship with its sponsor unit under the Framework Document agreed in 2012, which reflects the Code of Corporate Governance guidance published by the Cabinet Office in July 2011. Additionally, as mentioned previously, the terms of reference for the Board and its Committees, last revised in May 2012, were updated to reflect the new context.

There are two substantive areas in which the Agency deviates from the Cabinet Office Code. Firstly, it does not have a Nominations and Governance sub-committee. Secondly, it no longer has a separate Audit Committee. Both are considered superfluous in an organisation scheduled for closure given that the terms of reference for the Board have been amended to take account of audit responsibilities, and to ensure that iniquoracy is avoided by means of nominated substitutes.

Until its final meeting in October 2012, the NPIA's Audit and Risk Committee continued to operate as a sub-committee of the Board. It supported the Board in discharging the latter's responsibilities for issues of risk, control, governance and associated assurance. In 2012, the Committee's scope of operation included:

- reviewing the comprehensiveness of assurances in meeting the Board's / Accounting Officer's assurance needs;
- reviewing the reliability and integrity of these assurances; and
- providing an opinion on how well the Board and Accounting Officer are supported in decision making and in discharging their accountability obligations, particularly in respect of Financial Reporting.

Along with the Resources Committee, the Audit and Risk Committee reported to the Board after each of its meetings. The Committee's 4 scheduled meetings were quorate and an additional meeting – a "deep dive" – was held in April 2012 with independent members to provide them with an opportunity for closer scrutiny and challenge of the Transition Programme. The Chairman of the Board continued to attend Audit and Risk Committee meetings for the purpose of Transition updates. The Audit and Risk Committee has previously provided the Board with an annual report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has carried out during the year. As the Board subsumed the Committee's responsibilities into itself, and the Chair of the Audit Committee was appointed Chair of the Board, no such report was prepared for this financial year.

To discharge its responsibilities effectively, the Audit and Risk Committee received various reports including progress reports from internal and external audit leads, changes to the risk register, details of the accounts, and details of

proposed debt write-offs above the levels for which I have delegated authority. In February 2012, the Committee approved the internal audit plan prepared by the Home Office Audit and Assurance Unit for the final months of operational provision from the Agency to the police / police forces. This plan was devised not only to test the control systems, but to provide value to the transition and closedown programmes and projects by providing learning opportunities that could be exploited in later projects. The Audit and Risk Committee also had delegated responsibility for close scrutiny of the Agency's Closedown plan. This responsibility has now reverted to the Board.

Finally, a number of minor errors/events, not material either individually or in aggregate form, were reported to the Accounting Officer and to internal auditors as necessary during the year.

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## **Statements on Assurance Areas**

### **Financial Management**

In June, the Agency again laid in Parliament unqualified accounts for the previous financial year. We have in place effective mechanisms for limiting and managing the risk of financial loss, as shown by Internal Audit's assessment of our arrangements for the segregation of duties and availability of the right staff, and put in place directorate level actions on debt recovery, particularly in one Directorate where debt recovery from overseas customers has historically proven difficult. We have passed on to our successor lessons learned regarding debt avoidance as well as debt recovery in this particular area. We also got a grip on recovering money owing to the Agency by landlords' agents after we had vacated rental flats.

We have improved our recording of fixed assets in response to NAO advice, and have articulated to successors our main lesson learned, which is the benefit of a more frequent verification exercise than we had in place. We also reviewed the use of travel and expenses corporate credit cards, making a substantial reduction in these from 88 to 11, and then early in 2013 ended the use of travel and expenses cards, and reduced the number of GPC cards to one. We identified a weakness in arrangements where we were asked to take responsibility for executing a procurement function on behalf of a partner, and offered to contribute to the learning of our then partner to help secure value for money when they engage similarly with new partners. Our processes have also enabled us speedily to identify forecast budget underspends and return them to the centre for reallocation within the same financial year. Grants are operated in line with HO processes and best practice.

### **Performance Management**

Arrangements are in place for the Home Secretary to set strategic direction for the agency. In 2012/13, this was enacted through Ministerial statements about the future of the Agency and consultation and feedback received on draft business plans considered by the tripartite Board and other HO partners. There was full scrutiny of the plan and performance measurements, with full Technical Notes again published on the internet. In-year performance against the agreed measures was scrutinised at least monthly and reported to the Operating Board

and to COT. Out-turns are reported in each Annual Report and Accounts laid before Parliament. Each year since vesting, accounts have been audited by the NAO, and on each occasion the Comptroller and Auditor General's opinion on the accounts has been unqualified.

Performance objectives are set out in the annual business plan and have been monitored effectively through executive and non-executive governance functions. The Agency has ensured that where performance measures have been agreed with external partners, the Agency has formally passed responsibility for their delivery onto the successor bodies taking on the relevant functions. However, I accept that it is not possible for the Agency to bind successor organisations to these objectives or measures.

### **Corporate Governance**

Until November 2012, the NPIA Executive comprised a Chief Officer Team (COT), led by the CEO. Now there is no executive level member of staff other than myself, although I am aided in corporate governance by senior managers and we meet weekly as a team. Terms of reference existed for COT meetings and the other two executive bodies: the Operating Board and the Investment Board. Terms of Reference for the Board are published on the internet, and terms of reference for the non-executive bodies as previously existed are available upon request. Board minutes are published on the internet. As with the non-executive groups, in-year changes were made to the governance structures to reflect the reality of close-down. These were made with the knowledge and agreement of the internal and independent auditors and the Board.

The NPIA has well-managed processes in place to support public accountability, including a managed process for Parliamentary Questions (PQs), on which training has been given and advice is available on the intranet. The Agency has expanded the number of people able to access the Home Office e-PQ system to add resilience as it moves through closedown. The Agency is required to lay its annual report and accounts in Parliament. The 2011/12 Annual Report and Accounts were laid on 28 June, with unqualified accounts.

The COT established the Control and Oversight Assurance Group, chaired by the Head of Corporate Governance, to bring together the different elements of control and assurance through improved co-ordination and communication. The cross-cutting working group identified and dealt with issues such as the asset and equipment management, mobile phone records and the leavers' process. It reported its actions and impact to COT. This group was commended by Her Majesty's Inspectorate of Constabulary in its re-inspection of police integrity.

Corporate governance overall was audited by the Home Office Audit and Assurance Unit, in part during April 2012, and received a green rating.

### **People Management**

Effective arrangements were in place to ensure that sufficient staff remained with the Agency during transition. A closely monitored planning and forecasting system remains in place to ensure that a reducing number of staff remain for closedown, with agreements in place to switch responsibilities to successor

bodies as this approach becomes necessary. NPIA staff members have been, and continue to be, provided with routes to practical and comprehensive support to assist with transition and/or redundancy, in addition to the business as usual processes such as performance and development reviews. My predecessors in post and I have ensured that there has been an active reward and recognition programme in operation that is proportionate to the size and activities of the Agency.

At the height of uncertainty over their future, staff polling that was benchmarked with other organisations (including over 35 public sector bodies), found the NPIA to be 1st for 'communicating openly and honestly', 2nd for staff being 'proud of what they do' and being 'free to voice opinions' and 6th for agreeing that 'change is managed well' (achieving a benchmark double the public sector average). Throughout the period, staff sickness remained below public sector averages and staff turnover remained stable.

2012 has seen improvement in the NPIA general arrangements for health and safety, as evidenced through the audits and assessments that have been carried out in-year. This was extremely encouraging given the transition/closedown operating context. There have been some common compliance issues with an outsourced service provider, and these are being progressed via the H&S Manager for the College of Policing, who acts on behalf of the NPIA as well as the College in this regard.

In June 2012, there was an unplanned power outage at Hendon Data Centre (HDC). This was caused by human error during low risk planned repairs being undertaken on one of the uninterrupted power supply units within HDC. This outage of approximately 5 hours did affect the availability of certain critical services, pushing performance to 99% for that month, as opposed to the target of 99.5% agreed with the service. Responsibility has passed to successor bodies and technology continuity arrangements remain under review as part of the estates strategies that successor organisations are developing.

Specific business continuity arrangements were put in place to cover the Olympics and Paralympics period, and these proved effective.

### **Information Management**

This has proven to be a complex area to manage during transition as a result of the move mid-year from the NPIA into the Home Office of the then Senior Information Risk Owner (SIRO), and the Information Security, Knowledge and Information Management Teams – along, of course, with the Agency's major areas of information risk, the big police databases. SIRO responsibilities remain within the NPIA, but a memorandum of understanding was developed between the Home Office and the Agency to ensure that information management, security, Data Protection Act and Freedom of Information Act duties continue to be discharged. Subsequently, information security provision passed to the College of Policing. Whilst there has been an increase in recorded incidents this year, the largest number of these relate to documents left insecure but within a secure environment, e.g. left in unlocked cabinets overnight within the office. We believe that the stronger focus on controls in transition year prompted an

improved reporting culture regarding near misses, which contributes to the overall numbers.

Ownership of and access to business information and relevant intellectual property was secured through the various agreements mentioned previously. Relevant policies exist and have been promulgated throughout the transition process to ensure that all staff members are (or before their departure, were) aware of their personal responsibilities to safeguard data and mitigate the risk of loss, corruption, or unauthorised disclosure, or destruction. The audit of the return of IT assets by staff leaving the Agency resulted in an amber-red judgement; whilst we have not accepted some of the recommendations, we have taken some immediate actions and are putting in place an action plan with our partners and also intend to pass the lessons learned to successor organisations as appropriate.

During this year the Agency continued to run an effective information management for transition project, designed to ensure that decisions to retain, review, transfer or destroy business information are wholly compliant with policy. This took a very proactive communications approach with all staff, resulting in a clear reduction in the holdings of redundant, obsolete, or trivial material and an increase in records properly kept for the longer term: the project deservedly received a high level of assurance from Internal Audit. There are a number of follow-on actions that have been passed to the closedown team, and these have been given effect in a similar closedown project the focus of which is ensuring that the Records of the Agency are as comprehensive as possible in order that successors find information when required.

### **Programme and Project Management**

The NPIA has used formal programme management disciplines to direct the major restructure associated with the creation of successor bodies, the transfer of services and the closure of the Agency itself in the context of substantial spending reductions.

A single, integrated, programme has driven progress against the Agency's transition plan, managing risks and resources. The Chief Executive, as Senior Responsible Officer, was supported by a full time programme team combining subject experts and accredited project managers, with additional external quality assurance provided by the Major Projects Authority.

NPIA Board oversight of projects and programmes was achieved through levers including regular performance reports, commissioned progress reports and the work of Audit and Risk Committee in scrutinising agency progress against corporate risk, audits and Cabinet Office Efficiency and Reform Group (formerly OGC) Gateway Review recommendations. Progress on the latter is also reviewed at the Investment Board.

The Agency's transition governance was an important source of stability in this period and provided a platform for strong investment in communications with staff and stakeholders.

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**Overall Assessment**

In my opinion I am able to provide MODERATE assurance. The reason for this is the changes to the Agency's size, structure, and purpose arising from the transfers that have taken place; and the ensuing alterations to roles and responsibilities within the executive and the management.

**Michael Romberg**  
**Chief Executive and Accounting Officer,**  
**National Policing Improvement Agency**  
**12 June 2013**

# Remuneration Report

## Remuneration policy

The Remuneration Committee of the NPIA Board oversaw the policy and remuneration of the directors and other senior staff of the NPIA until 31 December 2012, when the responsibility ceased as there were no top level staff whose pay was set by the Agency.

The Committee comprised:

- Peter Holland CBE DL (Chairman of NPIA Board)
- David Marshall (Independent Board member and Chairman of the Resources Committee)
- Chris Hughes CBE (Independent Board member and Chairman of the Audit and Risk Committee)
- Alan Edwards (Independent Board Member).

In reaching its recommendations, the Committee had regard to the following recommendations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional / local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the Government's departmental expenditure limits
- the Government's inflation target

## Service contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme, and pay in lieu should their notice period not be worked.

Further information about the work of the Civil Service Commissioners can be found at [www.civilservicecommissioners.gov.uk](http://www.civilservicecommissioners.gov.uk).

## Appointment of Board Members and Directors

A Non-Departmental Public Body, the NPIA is sponsored and funded by the Home Office. Its Board Members are appointed under the Police and Justice Act 2006, as amended. Until November 2012, the Agency's Board comprised representatives of ACPO, APA, the Metropolitan Police Service and the Home Office, together with the Chair, the Chief Executive Officer and three Independent Board members. As described elsewhere in this report, the Board changed twice from November 2012 as a result of legislative changes, and the forthcoming abolition of the Agency. From 15 October 2012 Nick Gargan was seconded to HM Inspectorate of Constabulary (HMIC) and Paul Minton carried out the role of CEO.

	<b>Date Appointed</b>	<b>Term Ends</b>	<b>Fee £'000</b>
<b>Independent Members</b>			
Alan Edwards	01 July 2009	31 December 2012	Overleaf
Chris Hughes CBE (Chairman from 1 January 2013)	01 April 2007	Statutory Closure	Overleaf
David Marshall	21 April 2008	31 December 2012	Overleaf
Peter Holland CBE DL (Chairman, retired 31 December 2012)	01 April 2007	31 December 2012	Overleaf
<b>ACPO</b>			
Sir Hugh Orde OBE QPM	01 September 2009	31 December 2012	No remuneration
Jim Barker-McCardle QPM	01 April 2010	02 May 2013	No remuneration
<b>Metropolitan Police Service</b>			
Bernard Hogan-Howe QPM	1 May 2012	31 December 2012	No remuneration
<b>APA</b>			
Rob Garnham	01 December 2009	21 November 2012	No remuneration
Mark Burns-Williamson OBE	01 April 2007	21 November 2012	No remuneration
<b>Local Policing Representative</b>			
Mark Castle	22 November 2012	Statutory Closure	No remuneration
<b>Home Office</b>			
Stephen Webb	01 July 2010	31 March 2013	No remuneration
<b>Chief Executive Members</b>			
Nick Gargan QPM	01 January 2011	31 December 2012	Overleaf
Paul Minton	15 October 2012	31 December 2012	Overleaf
Michael Romberg	1 January 2013	Statutory Closure	Overleaf

### Salaries and emoluments of the paid members of the NPIA Board (Audited)

Name with date Appointed	Salary and Allowances 2012/13 (full year equivalent)	Bonus Payments 2012/13 (full year equivalent)	Benefits in kind 2012/13 (to nearest £100)	Salary and Allowances 2011/12 (full year equivalent)	Bonus Payments 2011/12 (full year equivalent)	Benefits in kind 2011/12 (to nearest £100)
	£'000	£'000	£	£'000	£'000	£
Peter Holland (1 April 2007 to 31 December 2012)	50-55 (120-125)	-	4,900	70-75 (120-125)	-	15,000
Alan Edwards (1 July 2009 to 31 December 2012)	15-20 (20-25)	-	1,000	20-25	-	1,900
Chris Hughes (1 April 2007)	20-25	-	3,500	20-25	-	2,700
David Marshall (21 April 2008 to 31 December 2012)	15-20 (20-25)	-	600	20-25	-	1,000

Benefits in kind include travel and subsistence reimbursed when attending Board meetings, together with the tax payable by the NPIA.

### Pension entitlements of the Chairman of the NPIA Board (Audited)

Name with date Appointed	Real increase in pension	Real increase in lump sum	Total Accrued Pension at pension age at 31/12/13	Total Lump Sum at pension age at 31/12/13	CETV at 01/4/12 (see below)	CETV at 31/12/13	Real increase in CETV	Pension scheme Civil Service or as shown)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Peter Holland (1 April 2007 to 31 December 2012)	0-2.5	-	20-25	-	302	334	23	Broadly By Analogy to Premium

The Independent Board members, including Chris Hughes since becoming Chairman, have no pension entitlements.

## Salaries and emoluments of the Senior Management Team (Audited)

Name with date Appointed	Salary and Allowances 2012/13 (full year equivalent)	Bonus Payments 2012/13 (full year equivalent)	Benefits in kind 2012/13 (to nearest £100)	Salary and Allowances 2011/12 (full year equivalent)	Bonus Payments 2011/12 (full year equivalent)	Benefits in kind 2011/12 (to nearest £100)
	£'000	£'000	£	£'000	£'000	£
<b>Nick Gargan QPM</b>						
Chief Executive Officer (From 1 January 2011 to 31 December 2012)	95-100 (155-160)	-	11,600	155-160	-	20,000
Seconded to HMIC from 15 October 2012						
<b>Paul Minton</b>						
Deputy Chief Executive and Chief Operating Officer  (from 1 January 2011 to 31 August 2012)	120-125 (145-150)	-	-	145-150	-	-
Director of Resources and Chief Operating Officer (1 October to 14 October 2012)						
Acting Chief Executive Officer (from 15 October to 31 December 2012)						
<b>Dr David Horne</b>						
Director of Resources (to 31 August 2012)	95-100	-	-	125-130	-	-
College Build Director (from 1 October 2012, transferred to the College of Policing on 1 December 2012)	(140-145)					
<b>Tom McArthur</b>						
Director of Operations (transferred to the Home Office 1 October 2012)	60-65 (120-125)	-	-	120-125	-	-
<b>Michael Romberg</b>						
Chief Executive (from 1 January 2013)	25-30 (105-110)	-	-	-	-	-

Nick Gargan had use of London Accommodation as part of his role, the cost of which amounted to £13,400 (2011/12: £22,000). This cost is not a taxable benefit.

### Employee Pay

The median employee pay at 31 March 2013 was £33,850, 31% of the Chief Executive's total remuneration. (The median was £32,982 at 31 March 2012, 19% of the Chief Executive Officer's total remuneration).

**Pension entitlements of the Senior Management Team (Audited)**

Name with date Appointed	Real increase in pension	Real increase in lump sum	Total accrued pension at pension age at 31/3/13	Total lump sum at pension age at 31/3/13	CETV at 01/4/12 (See below)	CETV at 31/3/13	Real increase in CETV	Pension scheme (Civil Service or as shown)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Nick Gargan QPM</b>								
Chief Executive Officer (From 1 January 2011 to 31 December 2012)	0-2.5	5-7.5	N/A	N/A	1097	N/A	N/A	NPIA Police Scheme
Seconded to HMIC from 15 October 2012								
<b>Paul Minton*</b>								
Deputy Chief Executive and Chief Operating Officer  (from 1 January 2011 to 31 August 2012)								
Director of Resources and Chief Operating Officer 1 October to 14 October 2012)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Police Scheme (Force)
Acting Chief Executive Officer (from 15 October to 31 December 2012)								
<b>Dr David Horne</b>								
Director of Resources (to 31 August 2012)								
College Build Director  (from 1 October 2012, transferred to the College of Policing on 1 December 2012)	0-2.5	-	N/A	N/A	891	N/A	N/A	nuvos
<b>Tom McArthur</b>								
Director of Operations (transferred to the Home Office 1 October 2012)	0-2.5	-	N/A	N/A	472	N/A	N/A	Premium
<b>Michael Romberg</b>								
Chief Executive (from 1 January 2013)	0-2.5	0-2.5	45-50	135-140	919	983	10	Classic

\* Paul Minton was seconded from the Metropolitan Police Service and the NPIA is not responsible for his pension.

## Salary and allowances

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance that was subject to UK taxation.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the NPIA and treated by HM Revenue and Customs as a taxable emolument. Nick Gargan had the use of London accommodation, which is not taxable and is reported at the base of the remuneration table.

Board members were reimbursed the cost of travelling to/from and staying in London when attending meetings. The taxable portion is included in the Board table above.

Dr David Horne, Director of Resources, was loaned £2,000 in January 2012 to buy an annual rail season ticket, on the same terms as are available to all NPIA employees. During 2012/13 he repaid £1,333 of the £1,500 brought forward at 31/3/2012, leaving a balance at 30/11/2012 of £167, which transferred with him to the College of Policing.

## Bonuses

Bonuses for the Chief Executive and Deputy Chief Executive are based on performance levels attained and are made as part of the appraisal process. They relate to performance in the previous year, therefore, bonuses paid in 2012/13 would be based on 2011/12 performance and bonuses paid in 2011/12 would have been based on 2010/11 performance. Following the emergency budget in June 2010, under the Government's Civil Service-wide pay freeze NPIA began a 2 year pay freeze, under which there were no annual pay awards/increases for NPIA staff paid more than £21,000 until July 2012. Therefore no bonuses were paid in 2011/12 or 2012/13.

## 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 either for the appropriate defined benefit arrangement, or for a 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 3.9% of pensionable earnings for **classic** and 3.5% and 5.9% for **premium, classic plus** and **nuvos**. Increases to employee contributions will again 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**, a member builds up a pension based on pensionable earnings during the 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**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>

### **Seconded police officer pensions**

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

### **Other schemes**

The former Chairman's scheme is Broadly By Analogy (BBA) to the Premium Civil Service Scheme. As part of the Police Pension Scheme, the NPIA accepts liability for payment of the pension benefits in respect of the officer's past service with a police force, although no transfer values are payable from a former employer in respect of this liability, as well as their pensionable service while employed by the agency. Pension benefits are paid as they fall due from the NPIA resources.

Pensions paid in the year are charged against the Pension Provision (see Accounts and Notes to the Accounts). In order to comply with HM Treasury's Financial Reporting Manual and Accounts Guidance, the NPIA is required to provide in these accounts for the full value of the officers' expected future

pension liabilities. The NPIA commissioned the Government Actuary Department (GAD) to value the scheme liabilities as at 31 March 2013.

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or an 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 the total years as members of the pension scheme, not just service in the senior capacity to which the disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchase of additional pension benefits at their own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, 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 effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and it uses common market valuation factors for the start and end of the period.

**Michael Romberg**  
**Chief Executive and Accounting Officer,**  
**National Policing Improvement Agency**  
**12 June 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 National Policing Improvement Agency for the year ended 31 March 2013 under the Police and Justice Act 2006. 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 and Justice Act 2006. 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 National Policing Improvement Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by National Policing Improvement Agency; 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 National Policing Improvement Agency'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 and Justice Act 2006 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 made under the Police and Justice Act 2006; and
- the information given in the 'Management Commentary' section of the Annual Report 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**

Without qualifying my opinion, I draw attention to Note 1 of the financial statements. During 2012, the National Policing Improvement Agency's functions were transferred to the Home Office, College of Policing and Serious Organised Crime Agency in preparation for the NPIA's closure, with the exception of the Proceeds of Crime Centre. The NPIA has the statutory responsibility for the Proceeds of Crime Centre and this will transfer to the National Crime Agency upon the NPIA's closure in accordance with the Crime and Courts Act 2013. As the functions previously provided by the NPIA will continue to be provided by another public sector entity, it remains appropriate for the NPIA's financial statements for the period to 31 March 2013 to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

**Amyas C E Morse**  
**Comptroller and Auditor General**  
**National Audit Office**  
**157-197 Buckingham Palace Road**  
**Victoria, London SW1W 9SP**

**Date: 25 June 2013**

# The Statement of Accounts

## Statement of Comprehensive Net Expenditure For the year ended 31 March 2013

	<b>Note</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
<b>Expenditure</b>			
Staff costs	<b>4</b>	46,063	86,179
Depreciation, Amortisation and other Asset Costs	<b>5</b>	21,797	57,620
Other Expenditure	<b>5</b>	167,982	355,408
Notional net expenditure of PoCC by SOCA		243	-
		<b>236,085</b>	<b>499,207</b>
<b>Income</b>			
Income from activities	<b>6</b>	(70,202)	(134,698)
Other Income		-	(1)
		<b>(70,202)</b>	<b>(134,699)</b>
Net expenditure		165,883	364,508
Interest payable to Consolidated Fund		17	11
General fund transfer to SOCA	<b>2</b>	(23)	-
General fund transfer to Home Office	<b>2</b>	250,223	-
General fund transfer to College of Policing	<b>2</b>	28,388	-
<b>Net expenditure after interest &amp; transfers</b>		<b>444,488</b>	<b>364,519</b>

## Other Comprehensive Expenditure

	<b>Note</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Net gain on revaluation of Pension Liability	<b>22</b>	(2,983)	(696)
<b>Total Comprehensive Expenditure</b>		<b>441,505</b>	<b>363,823</b>

The NPIA was funded in the financial year 2012/13 from a top slice of the total funds available to provide for policing including grants to police authorities. The budgeted amount for the year was £188.7 million (2011/12: £405.3 million).

All income and expenditure was derived from continuing operations as described in the Going Concern commentary in note 1b).

The accounting policies and notes on pages 65 to 98 form part of these accounts.

## Statement of financial position

		<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
	<b>Note</b>		
<b>Non-current assets:</b>			
Property, plant and equipment	<b>7</b>	-	229,147
Intangible assets	<b>8</b>	-	113,017
Financial Assets	<b>9</b>	-	467
<b>Total non-current assets</b>		<b>-</b>	<b>342,631</b>
<b>Current assets:</b>			
Trade and other receivables	<b>11</b>	1,858	25,346
Cash and cash equivalents	<b>12</b>	1,782	18,520
<b>Total current assets</b>		<b>3,640</b>	<b>43,866</b>
<b>Total assets</b>		<b>3,640</b>	<b>386,497</b>
<b>Current liabilities</b>			
Trade and other payables	<b>13</b>	(4,727)	(61,502)
Provisions	<b>14</b>	(879)	(3,472)
<b>Total current liabilities</b>		<b>(5,606)</b>	<b>(64,974)</b>
<b>Non-current assets less net current liabilities</b>		<b>(1,966)</b>	<b>321,523</b>
<b>Non-current liabilities</b>			
Provisions	<b>14</b>	(2,283)	(13,199)
Pension Liabilities	<b>22</b>	(3,669)	(6,073)
Other payables	<b>13</b>	-	(11,900)
<b>Total non-current liabilities</b>		<b>(5,952)</b>	<b>(31,172)</b>
<b>Assets less liabilities</b>		<b>(7,918)</b>	<b>290,351</b>
<b>Reserves</b>			
Pension Fund Reserve (Capital Reserve)		(3,669)	(6,073)
Trust Funds (Capital Reserve)		-	503
Donated Asset reserve (Capital Reserve)		-	1,910
Revaluation reserve		-	20,844
General reserve		(4,249)	273,167
<b>Total</b>		<b>(7,918)</b>	<b>290,351</b>

The accounting policies and notes on pages 65 to 98 form part of these accounts

**Michael Romberg**  
**Accounting Officer and Chief Executive Officer**  
**12 June 2013**

**Statement of cash flows for period ended 31 March 2013**

		<b>2012/13</b>	<b>2011/12</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>	<b>Note</b>		
Total Comprehensive Expenditure		(441,505)	(363,823)
Adjustments for:			
Depreciation	<b>5</b>	15,278	32,962
Amortisation	<b>5</b>	6,407	9,952
Impairment & Asset write Off	<b>5</b>	115	14,787
Notional net expenditure of PoCC by SOCA		243	-
IAS 19 Pension Revaluation	<b>22</b>	(2,404)	(198)
(Profit) / Loss on Disposal of Fixed Assets	<b>5</b>	(3)	(81)
Provisions provided in Year	<b>14</b>	34	2,595
Transfer to SOCA	<b>2</b>	(23)	-
Transfer to Home Office	<b>2</b>	250,223	-
Transfer to College of Policing	<b>2</b>	28,388	-
Provisions written back	<b>14</b>	(849)	(154)
(Increase)/Decrease in trade and other receivables		(4,225)	1,380
Increase/(Decrease) in trade payables less movements in payables relating to items not passing through the Net Expenditure account		(25,404)	(9,456)
Use of provisions	<b>14</b>	2,722	2,709
		(2,334)	(2,563)
<b>Net cash outflow from operating activities</b>		<b>(173,337)</b>	<b>(311,890)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5,752)	(9,106)
Purchase of intangible assets		(3,880)	(19,560)
Trust cash transferred to College		(36)	-
Proceeds of disposal of property, plant and equipment		17	84
<b>Net cash outflow from investing activities</b>		<b>(9,651)</b>	<b>(28,582)</b>
<b>Cash flows from financing activities</b>			
Grants from parent department		166,250	352,000
<b>Net Financing</b>		<b>166,250</b>	<b>352,000</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>(16,738)</b>	<b>11,528</b>
Cash and cash equivalents at the beginning of the period	<b>12</b>	18,520	6,992
Cash and cash equivalents at the end of the period	<b>12</b>	1,782	18,520
Increase / (Decrease) in cash		<b>(16,738)</b>	<b>11,528</b>

### Statement of Changes in Taxpayer Equity for period ending 31 March 2013

	Note	Donated Assets Reserve £'000	Trust Funds £'000	Pension Fund Reserve £'000	Revaluation Reserve £'000	General Reserve £'000	Total Reserves £'000
<b>Balance at 1 April 2011</b>		<b>1,910</b>	<b>469</b>	<b>(6,271)</b>	<b>20,039</b>	<b>285,180</b>	<b>301,327</b>
Changes in taxpayer's equity 2011/12							
Net gain on revaluation of property, plant and equipment	7	-	-	-	805	-	805
Net gain on revaluation of Pension Liability	22	-	-	696	-	(696)	-
Transfers between reserves		-	-	(498)	-	499	1
Retained Surplus/Deficit		-	41	-	-	-	41
Total recognised Income and expense for 2011/12		-	(7)	-	-	(363,816)	(363,823)
Grant from Parent Department - Resource - Capital		-	-	-	-	326,043	326,043
<b>Balance at 31 March 2012</b>		<b>1,910</b>	<b>503</b>	<b>(6,073)</b>	<b>20,844</b>	<b>273,167</b>	<b>290,351</b>
<b>Changes in taxpayer's equity 2012/13</b>							
Net gain on revaluation of Pension Liability	22	-	-	2,983	-	(2,983)	-
Transfers between reserves		-	-	(579)	-	579	-
Transfers to Home Office	2	(535)	-	-	(20,844)	-	(21,379)
Transfers to College	2	(1,375)	(503)	-	-	-	(1,878)
Notional funding of PoCC from SOCA*	2	-	-	-	-	243	243
Total recognised Income and expense for 2012/13		-	-	-	-	(441,505)	(441,505)
Grant from Parent Department - Resource - Capital		-	-	-	-	159,340	159,340
<b>Balance at 31 March 2013</b>		<b>-</b>	<b>-</b>	<b>(3,669)</b>	<b>-</b>	<b>(4,249)</b>	<b>(7,918)</b>

\*Notional funding reflects the notional net expenditure of the NPIA's statutory responsibility for the Proceeds of Crime Centre, that was administered and funded by SOCA from Home Office Grant in Aid and is reported in the Statement of Comprehensive Net Expenditure.

The accounting policies and notes on pages 65 to 98 form part of these accounts

# Notes to the Statement of Accounts

## 1 Accounting policies

### a) Accounting convention

The statement of accounts has been prepared in accordance with the accounts direction issued by the Secretary of State for the Home Department with the consent of HM Treasury, in accordance with paragraph 36 (4) (b) of Schedule 1 to the Police and Justice Act 2006.

The accounts meet:

- the accounting and disclosure requirements of the Companies Act 2006 to the extent that such requirements are appropriate to the NPIA and are in line with the requirements of the accounts direction;
- standards issued and adopted by the Accounting Standards Board;
- 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 most appropriate to the particular circumstances of the NPIA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NPIA are described below. They have been applied consistently in dealing with items that are considered material to the accounts;
- the requirements of the accounts direction and the framework document

Accounts for the Police Training Authority Trust (registered charity number 240439) were consolidated within the accounts of the NPIA for 2011/12, but are not consolidated for 2012/13 because the Trust is now the responsibility of the College of Policing as a result of the Scheme under which the Trust is constituted.

### b) Going concern

The NPIA is a statutory body, established by the Police and Justice Act 2006. The activities of the NPIA are primarily financed by the Home Office. The statement of financial position as at 31 March 2013 shows total liabilities, less assets, of £7,918 million. At 31 March 2012, the statement of financial position showed total assets less liabilities of £290.351 million.

In July 2010, the Home Secretary announced the phasing out of the NPIA. In a letter to the NPIA in February 2011 she confirmed that she anticipated that the bulk of the transfers of NPIA functions, statutory duties and associated responsibilities will be completed throughout 2012. The Home Secretary has published more detail in her written ministerial statements on 15 December 2011 and on 26 March 2012.

Certain of NPIA's operational crime support services transferred to the Serious Organised Crime Agency on 1 April 2012.

The Police Information Services, together with Science and Forensics and workforce services, transferred to the Home Office on 1 October 2012 together with the Hendon Data Centre.

Learning, professional development, examination and assessment services, together with research, analysis, and professional practice functions, transferred to the College of Policing on 1 December 2012.

The freeholds of the Harrogate and Bramshill sites transferred to the Home Office on 1 December 2012. The freeholds of Ryton and Harperley Hall transferred to the College of Policing on the same date.

The NPIA retains the statutory responsibility under the Proceeds of Crime Act 2002 (as amended) (PoCA) to deliver the training, accreditation and monitoring of Financial Investigators through the Proceeds of Crime Centre. This function will be transferred to the National Crime Agency upon the closure of the NPIA and remains a going concern.

The NPIA will be dissolved by the bringing into force of section 15 (2) and Schedule 8 to the Crime and Courts Act 2013, enacted 25 April 2013. This is expected to be contemporaneous with those establishing the NCA. The Government has said that the NCA will be fully operational by the end of 2013.

At 31 March 2013, we have no asset whose valuation would be affected by the loss of going concern basis.

The budget for 2013/14, taking into account the amounts required to meet the NPIA's liabilities in the year, has already been included in the Home Office's estimates for that year, and guideline amounts for the rest of the Comprehensive Spending Review period have been advised. The relevant portions have been transferred to the successor bodies. There is no reason to believe that this budget and future sponsorship by the Home Office will not be forthcoming.

Having considered the circumstances described above and from discussion with the Home Office, the NPIA's management considers it appropriate to adopt a going concern basis for the preparation of these financial statements.

### **c) Proceeds of Crime Centre**

The administration of the Proceeds of Crime Centre transferred to SOCA on 1 November 2012, so the net expenditure incurred and funded by SOCA is reported as a notional expenditure by NPIA in the Annual Report and Accounts.

Paragraph 111 of Schedule 8 to the Crime and Courts Act 2013 enables the transfer the above responsibilities to the National Crime Agency.

### **d) Grants and Grant-in-Aid**

The NPIA receives the majority of its funding by way of Grant-in-Aid from the Home Office, from a top slice of the total funds available for policing including grants to police authorities. The grants received are used to finance expenditure that supports the statutory and other objectives of the agency. These grants are treated as financing and credited to the General Reserve because they are

regarded as contributions from a controlling party. Other grants such as European Union Grants are received from time to time; these are recorded within Income.

#### **e) Recognition of income**

The NPIA recognises income, net of VAT, on an accruals basis at the transaction amount or the amount which the customer is committed to pay. Where fees have been invoiced and the service has not been completed by the year end, fees are treated as deferred income. The amount deferred is calculated by reference to the proportion of work undertaken at the end of the year relative to the target timescale for the work, and is released back to the Statement of Comprehensive Net Expenditure as the work is completed.

#### **f) Property, plant and equipment**

Non-current assets were carried on the statement of financial position at fair value. They were defined as assets where it was probable that an associated future economic benefit would flow to the NPIA and the cost could be reliably measured. These were acquired, or constructed, with the intention of being used on a continuous basis for a period of more than one year. Assets were only capitalised where the original purchase cost was equal to or more than £5,000, or where the asset is purchased within a group of similar assets that are valued at more than £5,000.

#### **g) Property assets**

Fair value of properties was established through a rolling programme of valuations, conducted by valuers using the Royal Institution of Chartered Surveyors (RICS) Practice Statements and United Kingdom Practice Statements contained within the RICS Valuation – Professional Standards, 2012 Edition (the "Red Book"). Bramshill, Harrogate, Harperley Hall and Ryton sites were valued on an open market basis. Hendon was valued on a Depreciated Replacement Cost (DRC) basis.

#### **h) Non Property assets**

The NPIA adopted a depreciated historical cost basis as a proxy for fair value where the assets had short useful lives or low value (or both). For assets not covered by that definition, i.e. Communications Assets, fair value was calculated by using appropriate indices. The asset classes' appropriate useful lives were reviewed annually.

#### **i) Donated assets**

Donated assets consisting of art and antiques were included in the valuation for insurance purposes as prepared by Webb Valuations Fine Art Ltd in November 2008. The nature of these assets means they were not depreciated. Many of the items were unique, and in line with the FReM definition of Heritage Assets, the value of each was unlikely to be fully reflected in a market price.

#### **j) Heritage assets**

Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Their value is unlikely to be fully reflected in a financial value derived from a market mechanism or price. They are irreplaceable; their value may increase over time even if their physical condition deteriorates, their life

may be measured in hundreds of years, and they may require significant maintenance. Many of the NPIA's Donated Assets would have been seen as Non-Operational Heritage Assets. The heritage land and buildings were operational, and were valued in the same way as Property Assets as set out above. The Heritage Assets were transferred either to the Home Office or to the College of Policing during the year.

### **k) Depreciation and amortisation**

Depreciation was provided on Non Current Assets on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated useful life. The anticipated useful lives of assets for the calculation of depreciation were as follows:

Land (freehold)	Not Depreciated
Buildings (including dwellings)	5 to 50 Years
Plant and machinery	5 Years
Computer hardware	3 to 7 Years
Software development	3 to 10 Years (to align with useful life of service)
Furniture and Fittings	5 to 10 Years
Art and antiques	Not Depreciated
Transport Equipment	5 to 7 Years
Communications Network	14 Years or to the end of contract

The depreciation method and the useful lives were reviewed annually.

### **l) Intangible assets**

Intangible assets were defined as identifiable non-monetary assets without physical substance. Examples included application software, but operating software that forms an integral part of the related hardware was reported as tangible. Information Technology Software included development costs. Software Licences were depreciated over the life of the associated asset.

### **m) Impairments**

The NPIA carried out an annual impairment review of its tangible and definite life intangible assets when a change in circumstances or situation indicated that those assets may have suffered an impairment loss. There are currently no intangible assets. The objective was to ensure that assets are carried for no more than their recoverable value.

### **n) Financial instruments**

Financial Investments (held by the Police Training Authority Trust), were in the form of unit trusts authorised as investments for charities. The units were valued at the price quoted on the latest statement from the unit trusts' managers before the last day of March in each year. There were no acquisitions or disposals of investments during the year. See note 9 for more details.

### **o) Inventories**

There were no material inventories held by the NPIA.

**p) Leases**

All leases were evaluated at inception to determine whether they were Finance Leases or Operating Leases. Traditionally, the NPIA would not be permitted to be a party to Finance Leases as this would constitute borrowing, however, prior to adoption of IFRS all leases were evaluated to ensure the nature of each lease and were seen to be Operating Leases. Further, all major contracts were assessed under IFRIC 4 to determine whether an arrangement contains a lease.

Payments made under operating leases were charged to the Statement of Comprehensive Net Expenditure on a straight-line basis; any lease incentives were identified and recognised as part of the net consideration agreed for the contract irrespective of the nature or timing of the consideration.

**q) Service concessions (PPP/PFI)**

The NPIA reviewed all contracts with regard to IFRIC 12 Service Concession Arrangements to ensure the correct treatment. If it was deemed that a contract qualified under IFRIC 12, then it was reviewed under IFRIC 4 to see if a lease was present. The accounting treatment was then undertaken in line with the determined lease type.

**r) Value Added Tax (VAT)**

Vocational training and examination services provided by the NPIA were exempt from VAT. Police National Computer services were provided on a statutory / monopoly basis, and were therefore deemed to be non-business for VAT purposes. Other services, funded by the Home Office from the Police Grant, were provided to forces on an agency basis and VAT was recovered from the forces. Expenditure in these statements is inclusive of VAT, to the extent that NPIA was not able to reclaim input VAT, in line with its exempt and non-business status.

**s) Insurance**

The NPIA self-insures for all aspects of insurance, except for vehicle insurance and international travel insurance, which were purchased at market value and accounted for directly to the Statement of Comprehensive Net Expenditure. The Home Office underwrite the risk associated with the self-insured element.

**t) Provisions**

Provision is made for early retirement, redundancy and property costs, when any relevant programme is announced and a constructive obligation is created, and also for the estimated liabilities for employment and injury claims.

**u) Research and development**

Research and development costs were written off in the year of expenditure, with the exception of allowable development costs which contributed directly to the value of asset, these were capitalised.

**v) Foreign currency**

The NPIA only held foreign currency as necessary. The only currency balance held was in Euros and only in quantities required in the near future. The Euro denominated bank account was closed in March 2013.

**w) Pensions**

Past and present employees are covered by the provisions of the Civil Service pension arrangements which are defined benefit schemes, are unfunded and, since 1 October 2002, can be contributory. The NPIA recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Civil Superannuation Fund of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Civil Superannuation Fund. The rate of employer's contribution is determined from time to time by the scheme's actuary and advised by HM Treasury. Contributions are charged to the Statement of Comprehensive Net Expenditure.

Employed Police Officers are covered by a defined benefit Police Pension Scheme, under the Police Pension Scheme 1987. The NPIA also operates an unfunded pension scheme for the Chairman, which is broadly analogous with the Principal Civil Service Pension Scheme and is known as "the BBA scheme".

The NPIA commissioned the Government Actuary's Department to value the Police Pension scheme's and the BBA scheme's liabilities. Full provision for these liabilities is reflected in the statement of financial position.

**x) Staff leave**

Under IAS19 - Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from electronic leave records.

**y) Estimates**

As described in IAS8, owing to the inherent uncertainty in business activity, preparing financial statements involves making numerous estimates.

Estimates are applied in:

- the useful lives of Property, Plant and Equipment and Intangible Assets
- determining the provision for Impairment of Trade Receivables
- the fair values of financial instruments, which are open to market risks
- actuarial assumptions relating to defined benefit pension schemes
- provisions for liabilities and charges.

IAS1 requires disclosure of key assumptions concerning the future and other key sources of uncertainty at the reporting date, that carry significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. The closure of NPIA and transfer of its activities to other bodies constitutes such an event, on which NPIA has taken the view that a going concern basis is appropriate as set out in note 1b) above.

**z) Reserves** constitute the following:

- **Donated Assets**, which consisted of the value of arts and antiques donated to NPIA, the Police Training Authority Trust and precursors. This reserve was transferred to the Home Office and the College of Policing during the year

- **Trust Funds**, the investments and cash belonging to the Police Training Authority Trust, which was consolidated in 2011/12, but not in 2012/13 as noted above
- **Pension Fund reserve**, the total of the defined benefit pension schemes as set out in note 22
- **Revaluation reserve**, the upward revaluation amounts of Property, Plant and Equipment all of which was transferred to the Home Office during the year
- **General reserve**, funds accumulated by the usual operation of the business.

#### **aa) Taxation**

The NPIA has registered for Corporation Tax, which is payable to the extent that property and interest income plus the grant-in-aid surplus over non-trading costs exceeds trading losses. All bank interest is remitted to the Consolidated Fund for Extra Receipts, but is also taxed as trading income.

## 2. Financial Position of transferred businesses

	Transfers to		
	SOCA	Home Office	College of Policing
	£'000	£'000	£'000
<b>Non-current assets:</b>			
Property, plant and equipment	54	191,160	25,584
Intangible assets	260	103,065	7,135
<b>Total non-current assets</b>	<b>314</b>	<b>294,225</b>	<b>32,719</b>
<b>Current assets:</b>			
Trade and other receivables	269	20,743	6,701
Cash and cash equivalents	-	-	2
<b>Total current assets</b>	<b>269</b>	<b>20,743</b>	<b>6,703</b>
<b>Total assets</b>	<b>583</b>	<b>314,968</b>	<b>39,422</b>
<b>Current liabilities</b>			
Trade and other payables	(606)	(20,326)	(9,589)
Provisions	-	(1,000)	-
Other liabilities	-	(1,700)	-
<b>Total current liabilities</b>	<b>(606)</b>	<b>(23,026)</b>	<b>(9,589)</b>
<b>Non-current assets less net current liabilities</b>	<b>(23)</b>	<b>291,942</b>	<b>29,833</b>
<b>Non-current liabilities</b>			
Provisions	-	(9,290)	(70)
Other payables	-	(11,050)	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>(20,340)</b>	<b>(70)</b>
<b>Assets less liabilities</b>	<b>(23)</b>	<b>271,602</b>	<b>29,763</b>
<b>Reserves</b>			
Donated Asset reserve (Capital Reserve)	-	535	1,375
Revaluation reserve	-	20,844	-
General reserve	(23)	250,223	28,388
<b>Total</b>	<b>(23)</b>	<b>271,602</b>	<b>29,763</b>

### 3. Analysis of net expenditure by directorate

<b><u>Net Expenditure by Directorate</u></b>	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
<b>Resource (DEL)</b>		
Chief Executive Officer	2,039	4,370
Resources	20,072	39,001
People and Development	9,999	16,310
Policing Policy and Practice	9,443	14,972
Operations	122,877	269,368
Corporate	(1,072)	(4)
Close Down	2,178	-
<b>Total</b>	<b>165,536</b>	<b>344,017</b>
<b>Resource (AME)</b>		
Impairment	-	7,344
Provision Movements	(3,041)	(359)
<b>Total</b>	<b>(3,041)</b>	<b>6,985</b>
<b>Capital (DEL)</b>		
Chief Executive Officer	-	-
Resources	1,985	3,813
People and Development	1,617	2,322
Policing Policy and Practice	(68)	120
Operations	6,263	32,622
Corporate	-	(3)
Close Down	(143)	-
<b>Total</b>	<b>9,654</b>	<b>38,874</b>

The NPIA's activities were migrated in phases to other organisations during the year. New delegated budgets were issued by the Home Office after each transfer. The NPIA's previous directorate structure was retained during the year and net expenditure was recorded within each directorate until all activity had ceased. From December 2012 – when no customer-facing activity occurred within the NPIA – all expenditure has been grouped together under the sub-heading of Close Down.

#### **Resource DEL**

The majority of the units within the People and Development and Policing, Policy and Practice directorates moved to the College of Policing from December 2012. The costs shown for these directorates within the NPIA consisted of eight months of a full-year's expenditure.

The Operations directorate transferred to the Home Office from October 2012. The expenditure within the NPIA represented approximately six months expenditure for these activities.

Units within the Chief Executive Officer and Resources directorates transferred to the College of Policing in December 2012 or the Close Down unit, or ceased activity at the end of December 2012.

Close Down consists mainly of staff expenditure directly relating to completing the statutory responsibilities of the agency, and ensuring it closes in good order, along with some staff severance costs.

Corporate costs cover the full year.

Net expenditure of £390,000 of the Proceeds of Crime Centre is included in the above analysis from April 2012 until its hosting by SOCA in November 2012 (£631,000 for 2011/12). An additional £243,000 net expenditure has been added to the financial statements as a notional expense to reflect the cost of this statutory responsibility to March 2013.

### **Resource AME**

In contrast to 2011/12, there were no buildings impairments charged to Resource AME in 2012/13. £3.0m of provisions were released during the year, causing a credit outturn.

### **Capital DEL**

The Capital DEL budget was significantly lower than in 2011/12. Capital expenditure was mainly related to some IT system construction in the People and Development and Operations directorates, before responsibility for these projects was transferred to the College of Policing and Home Office respectively.

### **Administration Expenditure**

The NPIA's budget is split between Administration, covering support costs, and Programme, representing the costs of providing frontline services.

The following shows net expenditure under these headings:

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Administration	23,975	51,600
Programme	141,561	292,417

The reduction in both Administration and Programme expenditure between 2011/12 and 2012/13 reflects the migration of both support and frontline functions from the Agency during 2012/13.

#### 4. Staff numbers and related running costs

Staff costs comprise:				2012/13	2011/12
	£'000	£'000	£'000	£'000	£'000
	Permanent	Secondees	Temporary / Casual	Total	Total
Wages and salaries	26,867	8,595	4,095	39,557	72,218
Social security costs	2,337	-	-	2,337	4,266
Other pension costs	4,838	-	-	4,838	9,587
Pension Fund Costs	400	-	-	400	498
Staff Leave Accrual	(587)	-	-	(587)	(103)
Sub Total	<b>33,855</b>	<b>8,595</b>	<b>4,095</b>	<b>46,545</b>	<b>86,466</b>
Less recoveries in respect of outward secondments	(482)	-	-	(482)	(287)
<b>Total net costs</b>	<b>33,373</b>	<b>8,595</b>	<b>4,095</b>	<b>46,063</b>	<b>86,179</b>

The majority of NPIA employees are members of the Civil Service pension arrangements, which are multi-employer defined benefit schemes. Employed police officers, currently nil (2 in 2011/12), are members of the defined benefit Police Pension Scheme. The Chairman in post until December 2012 was a member of a scheme which is analogous with Civil Service Premium scheme. All other police officers are seconded, and their seconding force remains responsible for their pension benefits. Full details of pension schemes are shown in Note 22. The seconding force is also responsible for the staff leave, and so they do not feature in NPIA's staff leave accrual.

An additional £1,152,000 permanent and £916,000 temporary/casual staff costs (2011/12 £910,000 permanent, £152,000 secondees and £1,470,000 temporary/casual staff costs) have been capitalised and are included as additions in Notes 6 & 7.

#### Average number of persons employed

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

Average number of persons employed			2012/13	2011/12
	Permanent staff	Others	Number	Number
Directly Employed	676	-	676	1,324
Seconded in	-	132	132	250
Temporary/Casual	-	45	45	92
<b>Total</b>	<b>676</b>	<b>177</b>	<b>853</b>	<b>1,666</b>

Temporary and casual headcount includes a whole time equivalent of 26 (2011/12: 56) for Associate Tutors. Of the above 34 (2011/12: 39 - restated) whole time equivalent persons' costs were capitalised.

#### 4(a) Reporting of Civil Service and other compensation schemes – exit packages

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
2012/13 (2011/12)			
<£10,000	- ( - )	13 ( 4 )	13 ( 4 )
£10,000 - £25,000	1 ( - )	23 ( 5 )	24 ( 5 )
£25,000 - £50,000	- ( 3 )	12 ( 6 )	12 ( 9 )
£50,000 - £100,000	- ( - )	7 ( 2 )	7 ( 2 )
£100,000 - £150,000	- ( - )	1 ( 1 )	1 ( 1 )
£150,000 - £200,000	- ( 1 )	1 ( - )	1 ( 1 )
£200,000 - £250,000	- ( - )	1 ( 1 )	1 ( 1 )
£250,000 and over	- ( - )	- ( - )	- ( - )
<b>Total number of exit packages</b>	<b>1 ( 4 )</b>	<b>58 ( 19 )</b>	<b>59 ( 23 )</b>
<b>Total cost of exit packages (£'000)</b>	<b>20 ( 280 )</b>	<b>1,903 ( 829 )</b>	<b>1,923 ( 1,109 )</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, including the future cash costs for early retirements, are accounted for in full in the year that departure is formally notified. Hence the 2012/13 figures above include the expected exit costs of all those who are due to leave under redundancy terms in 2013/14.

Where the NPIA has agreed early retirements, the costs additional to those of the retirees taking their pension at the usual retirement date are met by the NPIA 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.

Any amounts paid in lieu of contracted notice periods are not included in the table.

## 5. Other expenditure

	Note	2012/13 £'000	2011/12 £'000
<b>Running Costs</b>			
Information Technology		10,817	33,963
IT Managed Services		26,394	51,631
Consultancy*		(126)	404
Estates Costs		7,573	17,485
Professional programme & Technical Services		(6)	243
Accommodation costs (including light and heat)		1,931	3,407
Travel/Vehicles costs		2,976	5,172
Professional Fees		1,254	1,806
Telecommunications		1,468	3,667
Staff & Customer Training		2,564	5,241
General Running Costs**		1,673	2,806
Audit Fees		121	128
Rentals under operating leases		3,203	5,948
PFI Liability Release (Airwave transferrable Assets)	<b>17</b>	(850)	(1,700)
PFI Liability imputed interest Charge		235	470
PFI service charges		108,053	218,267
Grants given***		2,812	6,286
<b>Non-cash items</b>			
Increase/(decrease) in Provisions		(2,110)	184
<b>Other Expenditure</b>		<b>167,982</b>	<b>355,408</b>
Depreciation		15,278	32,962
Amortisation		6,407	9,952
Profit on disposal of assets		(3)	(81)
Impairment & write offs	<b>10</b>	115	14,787
Indexation		-	-
<b>Total Asset Costs</b>		<b>21,797</b>	<b>57,620</b>
<b>Total</b>		<b>189,779</b>	<b>413,028</b>

\* Consultancy consists of ad hoc advisory services provided to management and excluded outsourced ICT and professional services which supported the NPIA's usual business. The 2012/13 value reflects a write back of previous accrued expenditure.

\*\* General Running Costs include marketing and event costs £397,000 (2011/12: £1,209,000), photocopier and printing costs £299,000 (2011/12: £740,000), writing off bad debts £211,000 (2011/12: £17,000).

\*\*\*Grants given includes amounts granted to Police for work connecting to the new procurement portal and £2,074,000 granted for the Schengen programme's Sirene bureau (2011/12: £3,731,000).

## 6. Income

Income Source	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
<b><u>Income and Funding</u></b>		
Funding from Police Authorities	19,925	36,874
Funding from Scottish Government	10,857	19,184
EU Grant	-	-
Other Funding	10,899	15,518
Information Services	17,842	48,872
People and Development Services	8,817	12,669
Other	1,845	1,570
<b>Total Income and Funding</b>	<b>70,185</b>	<b>134,687</b>
<b>Interest Received</b>	<b>17</b>	<b>11</b>
<b>Total Income</b>	<b>70,202</b>	<b>134,698</b>

### 6(a) Fees and charges

The NPIA is funded both from the Police Grant and from police forces by charging for its services. Fees are charged for services as set out in the table below. This information is provided for the purposes of reporting fees and charges information, not to comply with IFRS 8. The cost shown is the total cost of the function, whether recharged or not and does not include overheads.

	2012/13			2011/12		
	Cost £'000	Income and Funding £'000	Surplus/ (Deficit) £'000	Cost £'000	Income and Funding £'000	Surplus/ (Deficit) £'000
<b>Information Services</b>						
Airwave	120,718	13,640	(107,078)	242,345	30,440	(211,905)
Fingerprint identification (IDENT1)	16,398	10,453	(5,945)	35,177	20,444	(14,733)
Police National Computer (PNC)	14,645	20,257	5,612	32,007	36,010	4,003
Police Science and Forensics	2,812	502	(2,310)	6,393	1,440	(4,953)
Project support charges	11,572	6,449	(5,123)	29,454	16,964	(12,490)
Other information services	24,550	5,446	(19,104)	60,869	7,788	(53,081)
<b>Total Information services</b>	<b>190,695</b>	<b>56,747</b>	<b>(133,949)</b>	<b>406,245</b>	<b>113,086</b>	<b>(293,159)</b>
<b>People and Development services</b>						
Exams and Assessments	2,107	666	(1,442)	2,956	685	(2,271)
Learning and Development Services	12,518	8,162	(4,356)	21,397	14,449	(6,948)
Leadership Development Services	3,359	1,872	(1,487)	5,568	3,571	(1,997)
Other People and Development Services	3,378	618	(2,760)	6,170	880	(5,290)
<b>Total People and Development services</b>	<b>21,362</b>	<b>11,318</b>	<b>(10,045)</b>	<b>36,091</b>	<b>19,585</b>	<b>(16,506)</b>
Property recharges	12,660	769	(11,891)	24,301	769	(23,532)
Other	11,125	1,351	(9,774)	31,873	1,247	(30,626)
<b>Total</b>	<b>235,842</b>	<b>70,185</b>	<b>(165,659)</b>	<b>498,510</b>	<b>134,687</b>	<b>(363,823)</b>

## 6(b) Charging policy

The Chief Officer Team determined that the cost recovery policy of the NPIA would be: 'for services that the NPIA charge for, costs will be recovered on a full economic cost basis'.

This policy was consistent with the 'ACPO/APA Guidance on Charging for Police Service – Paying the Bill 2' and was working towards the requirements of 'Managing Public Money'.

The NPIA reviewed its charging levels in 2011/12 and identified that it was not fully recovering the full economic costs of its charged services. In response, a plan was established for all charged services delivered by NPIA and its successor organisations to be on a full cost recovery basis by the end of the Spending Review period.

- I. **Airwave radio service.** Airwave was a digital trunked radio service for police and other emergency services in England, Scotland and Wales provided by Airwave Solutions Limited under contract to the NPIA. This was a long-term contractual partnership, as Airwave Solutions Ltd is responsible for providing the service until 2020. The NPIA paid the core service charge for the Airwave police radio contract, a portion of which was funded by the Scottish Government and the balance from Home Office grant-in-aid as a top-slice from police grant funding. Additional funding was provided by the Home Office for the development of the Airwave Olympic service. Responsibility for the provision of this service transferred to the Home Office on 1 October 2012.
- II. **Fingerprint Identification (IDENT).** The original IDENT1 service was funded by the Home Office through grant-in-aid and by the Scottish Government. The more recent Livescan system costs were fully recovered from the forces and the cost of the UK Visa fingerprint service was paid for by the Home Office. Responsibility for the provision of this service transferred to the Home Office on 1 October 2012.
- III. **Police National Computer.** The portion funded by the Scottish Government was calculated using the Barnett formula for public funding. The police forces in England and Wales paid a subscription which was proportional to their Police Grant allocation. Non police users paid a usage related charge. Responsibility for the provision of this service transferred to the Home Office on 1 October 2012.
- IV. **Police Science and Forensics.** The cost of hosting the national DNA database and developing scientific and forensic analysis methods for the police forces was funded by the NPIA from Home Office grant-in-aid with some income for accrediting those laboratories that sent samples for matching. Responsibility for the provision of this service transferred to the Home Office on 1 October 2012.
- V. **Project support** charges included charges to 27 police forces for support and maintenance. All police authorities funded the Automatic Number Plate Recognition system (ANPR) as an element of their PNC subscription. The Department for Transport was paying for the development of the

CRASH (Collision Recording and Sharing) system and the Home Office funded the Police National Chemical, Biological, Radiological, and Nuclear Centre. Responsibility for the provision of these services transferred to the Home Office on 1 October 2012.

- VI. **Other information services** mainly included the costs of internal IT systems, and the uncapitalised costs of the IMPACT and Schengen programmes. Some small amounts funded specialist operational support and interoperability. Responsibility for the provision of these services transferred to the Home Office on 1 October 2012.
- VII. **Exams and assessments** costs were mainly funded from Home Office grant-in-aid, but charges were made for bespoke events and those ran for non England and Wales forces. New recruit assessment events were charged at cost to all forces. Responsibility for the provision of these services transferred to the College of Policing on 1 December 2012.
- VIII. **Learning and development** services included full cost recovery of covert and forensic training courses and partial recovery of other specialist training courses. Responsibility for the provision of these services transferred to the College of Policing on 1 December 2012.
- IX. **Leadership development** services were charged at cost to overseas governments and sponsoring UK government departments, such as the Foreign and Commonwealth Office or Department for International Development. Leadership training for England and Wales police forces was funded by the NPIA from Home Office grant-in-aid. Responsibility for the provision of these services transferred to the College of Policing on 1 December 2012.
- X. **Other people and development** services were mainly strategic in nature and were not charged out. The income here was for financial investigator training and accreditation. Those services provided by the Proceeds of Crime Centre were hosted by SOCA from 1 November 2012.
- XI. **Property recharges** included commercial rents and charges for accommodation and conference events. The costs included all of NPIA's estates costs that had not been allocated to the other fees and charges headings.



**Notes on property, plant and equipment**

Arts and Antiques were valued by Webb Valuations Fine Art Ltd in November 2008.

The UK financial climate since the property valuations in March 2008 indicated that there was a possibility that the market value of NPIA's property may have been impaired. Land, buildings and dwellings were valued as at September 2011 by DTZ Debenham Tie Leung Limited (DTZ). Bramshill, Harrogate, Harperley Hall and Ryton sites were valued on an open market basis. Hendon was valued on a Depreciated Replacement Cost (DRC) basis. For the purposes of the valuation, DTZ considered recent sales of colleges with specialist teaching blocks, student accommodation and new office accommodation. There had been little in the way of comparable open market transactions of training centres across the UK during that year.

The valuation reports on the NPIA properties were prepared using the appropriate sections of the United Kingdom Valuation Standards contained within the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards – Global and UK, 2012 Edition (the 'Red Book'). The communication assets were revalued in 2011/12 by use of indices issued by the Office of National Statistics.

No properties remain, so no revaluation has been conducted during this year.

	Land	Buildings	Dwellings	Transport Equipment	Plant & Machinery	Communications	Information Technology	Furniture & Fittings	Antiques and Works of Art	Operating Software	Payments on Account & Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>												
At 1 April 2011	4,577	89,114	2,834	2,956	7,788	220,479	55,999	7,757	1,917	11,687	8,232	413,340
Additions	-	342	-	74	-	-	453	-	-	-	5,528	6,397
Disposals	-	-	-	(479)	-	-	-	-	-	-	(408)	(887)
Impairments	(744)	(11,235)	(259)	-	-	-	-	-	-	-	-	(12,238)
Write Offs	-	(613)	-	-	(20)	-	(1,697)	(4,693)	-	(95)	-	(7,118)
Reclassifications	-	3,100	-	26	555	-	4,135	-	-	-	(4,984)	2,832
<b>At 31 March 2012</b>	<b>3,833</b>	<b>80,708</b>	<b>2,575</b>	<b>2,577</b>	<b>8,323</b>	<b>220,479</b>	<b>58,890</b>	<b>3,064</b>	<b>1,917</b>	<b>11,592</b>	<b>8,368</b>	<b>402,326</b>
<b>Depreciation</b>												
At 1 April 2011	-	39,177	1,553	1,838	4,095	59,348	32,748	6,606	-	9,273	-	154,638
Charged in year	-	2,319	55	316	1,138	16,853	10,871	345	-	1,065	-	32,962
Disposals	-	-	-	(477)	-	-	-	-	-	-	-	(477)
Impairments	-	(5,557)	(142)	-	-	-	-	-	-	-	-	(5,699)
Write offs	-	(613)	-	-	(20)	-	(1,697)	(4,372)	-	(82)	-	(6,784)
Reclassifications	-	-	-	-	-	-	(1,536)	-	-	75	-	(1,461)
<b>At 31 March 2012</b>	<b>-</b>	<b>35,326</b>	<b>1,466</b>	<b>1,677</b>	<b>5,213</b>	<b>76,201</b>	<b>40,386</b>	<b>2,579</b>	<b>-</b>	<b>10,331</b>	<b>-</b>	<b>173,179</b>
<b>Net book value at 31 March 2012</b>	<b>3,833</b>	<b>45,382</b>	<b>1,109</b>	<b>900</b>	<b>3,110</b>	<b>144,278</b>	<b>18,504</b>	<b>485</b>	<b>1,917</b>	<b>1,261</b>	<b>8,368</b>	<b>229,147</b>
<b>Net book value at 1 April 2011</b>	<b>4,577</b>	<b>49,937</b>	<b>1,281</b>	<b>1,118</b>	<b>3,693</b>	<b>161,131</b>	<b>23,251</b>	<b>1,151</b>	<b>1,917</b>	<b>2,414</b>	<b>8,232</b>	<b>258,702</b>
<b>Asset financing:</b>												
Owned	3,833	45,382	1,109	900	3,110	-	18,504	485	1,917	1,261	8,368	84,869
Finance Leased	-	-	-	-	-	-	-	-	-	-	-	-
On-balance sheet PFI Contracts	-	-	-	-	-	144,278	-	-	-	-	-	144,278
<b>Net book value at 31 March 2012</b>	<b>3,833</b>	<b>45,382</b>	<b>1,109</b>	<b>900</b>	<b>3,110</b>	<b>144,278</b>	<b>18,504</b>	<b>485</b>	<b>1,917</b>	<b>1,261</b>	<b>8,368</b>	<b>229,147</b>

## 8. Intangible assets

	Software Licences £'000	Information Technology £'000	Intangible AUC £'000	Total £'000
<b>Cost or valuation</b>				
<b>At 1 April 2012</b>	<b>9,240</b>	<b>80,086</b>	<b>49,821</b>	<b>139,147</b>
Additions	-	-	3,880	3,880
Transfer to SOCA	(62)	(469)	(49)	(580)
Transfer to Home Office	(5,115)	(67,184)	(49,733)	(122,032)
Transfer to College	(1,914)	(12,071)	(3,012)	(16,997)
Disposals	-	-	-	-
Write offs	(2,329)	(1,107)	(40)	(3,476)
Reclassification	180	745	(867)	58
<b>At 31 March 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amortisation</b>				
<b>At 1 April 2012</b>	<b>7,150</b>	<b>18,980</b>	<b>-</b>	<b>26,130</b>
Charged in year	454	5,953	-	6,407
Transfer to SOCA	(62)	(258)	-	(320)
Transfer to Home Office	(3,679)	(15,288)	-	(18,967)
Transfer to College	(1,543)	(8,319)	-	(9,862)
Write Offs	(2,320)	(1,068)	-	(3,388)
<b>At 31 March 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value at 31 March 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cost or valuation</b>				
<b>At 1 April 2011</b>	<b>8,822</b>	<b>45,471</b>	<b>74,954</b>	<b>129,247</b>
Additions	329	6,256	12,975	19,560
Disposals	-	(128)	(6,699)	(6,827)
Reclassification (Restated)	89	28,487	(31,409)	(2,833)
<b>At 31 March 2012</b>	<b>9,240</b>	<b>80,086</b>	<b>49,821</b>	<b>139,147</b>
<b>Amortisation</b>				
<b>At 1 April 2011</b>	<b>6,299</b>	<b>8,546</b>	<b>-</b>	<b>14,845</b>
Charged in year	851	9,101	-	9,952
Disposals	-	(128)	-	(128)
Reclassification	-	1,461	-	1,461
<b>At 31 March 2012</b>	<b>7,150</b>	<b>18,980</b>	<b>-</b>	<b>26,130</b>
<b>Net book value at 31 March 2012</b>	<b>2,090</b>	<b>61,106</b>	<b>49,821</b>	<b>113,017</b>
<b>Net book value at 1 April 2011</b>	<b>2,523</b>	<b>36,925</b>	<b>74,954</b>	<b>114,402</b>

**Asset Financing:** All Intangible Assets were owned by the NPfA.

## Restatement Disclosure

The restatement of intangible assets as at 31 March 2012 was due to an oversight on the classification of an intangible asset as Information Technology rather than AUC. As per the principles of IAS 8 Changes in Accounting Policies, Accounting Estimates and Errors, we have restated the comparative amounts for the prior period presented in which the error occurred.

## 9. Financial instruments

As the cash requirements of the NPIA are met through grant-in-aid provided by the Home Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the NPIA's expected purchase and usage requirements, and the NPIA is therefore exposed to little credit, liquidity or market risk.

Cash and cash equivalents comprise cash held by the NPIA and the Police Training Authority Trust. The carrying amount of these assets approximates to their fair value. Cash and cash equivalents are categorised as loans and receivables under IAS39. At 31 March 2012 there was £35,334 cash and cash equivalents held by the Police Training Authority Trust. Responsibility for this trust including its Non-Current financial assets passed to the College of Policing on 1 December 2012.

Investments held by the Trust and recorded in the accounts of NPIA amounted to	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
<b>Non-Current Financial Assets</b>		
Common Investment Funds	-	454
Charity Funds	-	13
	<hr/> - <hr/>	<hr/> <b>467</b> <hr/>

## 10. Impairments

The NPIA carried out an impairment review of its tangible and definite life intangible assets when a change in circumstances or situation indicated that those assets may have suffered an impairment loss. More information is shown in Note 8. Intangible assets with indefinite useful lives were tested for impairment at least annually (there are currently no assets with indefinite lives). Amounts were written off where assets were found to be no longer used or could not be found at verification.

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
<b>Property</b>		
Harperley Hall	-	424
Bramshill	-	1,085
Harrogate	-	-
Ryton	-	5,835
	<hr/>	<hr/>
	-	<b>7,344</b>
<b>Other</b>		
Antiques	-	-
Write Off	115	7,443
	<hr/>	<hr/>
	<b>115</b>	<b>14,787</b>

Write offs consist of a large number of low Net Book Value assets which were not transferred to the successor bodies.

In addition, the following property valuations went through the revaluation reserve:

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
<b>Property</b>		
Hendon	-	(1,347)
Harrogate	-	542
	<hr/>	<hr/>
	-	<b>(805)</b>

**11. Trade receivables and other current assets**

	<b>31 March 2013 £'000</b>	<b>31 March 2012 £'000</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	55	11,614
Less Provision for Impairment of Trade Receivables	-	(1,072)
Deposits and advances	45	274
Other receivables		
Accrued Charges	80	9,946
Prepayments	-	4,584
Amount due from College of Policing	1,678	-
	<b>1,858</b>	<b>25,346</b>

**Intra-government balances**

	<b>£'000</b>	<b>£'000</b>
Balances with other central government bodies	1,760	9,976
Balances with police and local authorities	3	7,963
Balances with NHS Trusts	-	25
Balances with public corporations and trading funds	-	25
<b>Total intra government</b>	<b>1,763</b>	<b>17,989</b>
Balances with bodies external to government	95	7,357
	<b>1,858</b>	<b>25,346</b>

## 12. Cash and cash equivalents

	<b>31 March 2013</b> <b>£'000</b>	<b>31 March 2012</b> <b>£'000</b>
<b>Balance at 1 April</b>	<b>18,520</b>	<b>6,992</b>
Net change in cash and cash equivalent balances	(16,738)	11,528
<b>Balance at 31 March</b>	<b>1,782</b>	<b>18,520</b>

The following balances at 31 March  
were held at:

Commercial banks and cash in hand	1,782	18,520
<b>Balance at 31 March</b>	<b>1,782</b>	<b>18,520</b>

### 13. Trade payables and other current liabilities

	<b>31 March 2013</b>	<b>31 March</b>
	<b>£'000</b>	<b>2012</b>
		<b>£'000</b>
<b>Amounts falling due within one year</b>		
VAT	573	7,560
Other taxation and social security	289	2,203
Trade payables	65	6,028
Accruals and deferred Income	1,956	42,943
Staff Leave Accrual	17	1,068
Amount due to Home Office	1,712	-
Balance with SOCA*	115	-
Current part of imputed finance lease element of on-balance sheet PFI contracts	-	1,700
	<b>4,727</b>	<b>61,502</b>
<b>Amounts falling due after more than one year:</b>		
Imputed finance lease element of on-balance sheet PFI contracts	-	11,900
	<b>-</b>	<b>11,900</b>
<b><u>Intra-government balances</u></b>		
	<b>£'000</b>	<b>£'000</b>
Balances with other central government bodies	3,151	22,296
Balances with police and local authorities	1	4,450
Balances with NHS Trusts	-	98
Balances with public corporations and trading funds	-	12
<b>Total intra government</b>	<b>3,152</b>	<b>26,856</b>
Balances with bodies external to government	1,575	46,546
	<b>4,727</b>	<b>73,402</b>

\* The balance with SOCA results from the operational and administrative transfer of the Proceeds of Crime Centre (POCC) from the 1<sup>st</sup> November 2012.

## 14. Provisions for liabilities and charges

				2012/13	2011/12
	Conservation £'000	Rationalisation £'000	Other £'000	Total £'000	Total £'000
<b>Balance at 1 April 2012</b>	<b>11,154</b>	<b>4,146</b>	<b>1,371</b>	<b>16,671</b>	<b>16,793</b>
Provided in the year	-	34	-	34	2,595
Provisions not required written back	-	-	(849)	(849)	(154)
Transfers to Home Office	(10,290)	-	-	(10,290)	-
Transfers to College	-	-	(70)	(70)	-
Provisions utilised in the year	(864)	(1,073)	(397)	(2,334)	(2,563)
<b>Balance at 31 March 2013</b>	<b>-</b>	<b>3,107</b>	<b>55</b>	<b>3,162</b>	<b>16,671</b>
<b>Analysis of expected timing of flows</b>				<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>Conservation £'000</b>	<b>Rationalisation £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>	<b>Total £'000</b>
Not later than one year	-	824	55	879	3,472
<b>Current liability</b>	<b>-</b>	<b>824</b>	<b>55</b>	<b>879</b>	<b>3,472</b>
Later than one year and not later than five years	-	1,915	-	1,915	6,407
Thereafter	-	368	-	368	6,792
<b>Non-current liability</b>	<b>-</b>	<b>2,283</b>	<b>-</b>	<b>2,283</b>	<b>13,199</b>
<b>Balance at 31 March 2013</b>	<b>-</b>	<b>3,107</b>	<b>55</b>	<b>3,162</b>	<b>16,671</b>

### Conservation provision

This was for urgent repairs required to the Bramshill mansion (a Grade I listed building), and to the grounds and outbuildings (some Grade I and some Grade II), set out in a report of an unintrusive survey carried out by Gilmore Hankey Kirke and Scott Wilson Group PLC dated April 2009, and to meet the requirements of English Heritage. The costs of the required works have been estimated, but due to the nature of conservation work, must be uncertain. This provision transferred to the Home Office on 1 December 2012.

**Rationalisation provision**

This was for early retirement pension payments made under the terms of the Civil Service Compensation Scheme to employees who left on redundancy terms during internal restructures that were necessary to realise efficiency gains and budget reductions. These payments are made by the Civil Service pension payroll and reimbursed by NPIA up to the employee's Civil Service pension retirement date. This provision transferred to the Home Office on 1 April 2013.

**Other provisions cover:**

- Personal injury and employment claims valued using legal advice and where both the value and payment date are uncertain.
- The cost of restoring a leased property to its original state at the end of the lease, valued using professional advice and under negotiation.

**15. Capital commitments**

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Contracted capital commitments not otherwise included in these financial statements</b>		
Property, plant and equipment	-	2,971
Intangible assets	-	5,793
<b>Total</b>	<b>-</b>	<b>8,764</b>

**16. Commitments under leases**

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Obligations under operating leases comprise:</b>		
<b>Land</b>		
Not later than one year	-	53
Later than one year and not later than five years	-	211
Later than five years	-	4,251
	<b>-</b>	<b>4,515</b>
<b>Buildings</b>		
Not later than one year	-	5,099
Later than one year and not later than five years	-	4,701
Later than five years	-	-
	<b>-</b>	<b>9,800</b>

**16.1 Finance leases**

There are no finance leases.

## 17. Commitments under PFI contracts

### a) Off-balance sheet

In 2000, the Police Information Technology Organisation (PITO), which became part of the NPIA, entered into a 19-year Public Finance Initiative (PFI) arrangement to design, build and operate a digital radio system providing national secure voice and data coverage for UK policing (Airwave). The cost to the NPIA consisted of two elements:

- a core service charge, originally estimated to cost £1.18 billion over the entire 19-year life, payable monthly
- a menu service charge, initial estimated total cost of £290 million over 19 years, payable in respect of services provided over and above those within the core provision.

This was determined to be an off-balance sheet deal under IFRIC12 Service Concession Arrangements, as the NPIA did not control access to the Service nor use any but an insignificant amount of the output. Airwave was increasingly being used by the Fire and Ambulance Services as well as other public sector organisations. The Airwave contract was transferred to the Home Office on 1 October 2012

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under PFI contracts comprised:		
<b>Total Liability</b>		
Not later than one year	-	216,422
Later than one year and not later than five years	-	929,611
Later than five years	-	505,782
<b>Total commitment under PFI</b>	<b>-</b>	<b>1,651,815</b>

### b) On-balance sheet

On-balance sheet communication assets represented Airwave assets for London Underground and the resilience network, which had already been paid for. Further, a few assets were deemed as transferable to the NPIA at the end of the contract, providing that the NPIA paid Airwave Solutions Ltd the fair market value of said assets. The value on-balance sheet represented the current assessment of these assets' fair value, and these were treated as if they were a finance lease. The liability for these, which was transferred to the Home Office on 1 October 2012, is set out below.

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under PFI contracts comprised:		
<b>Total Liability</b>		
Not later than one year	-	2,118
Later than one year and not later than five years	-	7,949
Later than five years	-	5,414
	<b>-</b>	<b>15,481</b>
Less Notional Interest	-	1,881
<b>Total commitment under PFI</b>	<b>-</b>	<b>13,600</b>

### **c) Charge to the Statement of Comprehensive Net Expenditure and future commitments**

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of off-balance sheet PFI transactions and the service element of on-balance sheet PFI transactions was £108,053,000 (2011/12: £218,267,000). £235,000 (2011/12: £470,000) has been imputed as the notional interest charge in the on-balance sheet PFI liability.

## **18. Contingent assets and liabilities disclosed under IAS37**

### **Contingent assets**

In 2007, the NPIA sold a police training centre at cost to a government agency. The eventual price was dependent on planning permission and resale for development. The NPIA is expecting to receive additional funds of around £1 million once that sale has been completed.

At 31 March 2013, the NPIA had no other material contingent asset within the meaning of IAS37.

### **Contingent liabilities**

At 31 March 2013, the NPIA had no material contingent liability within the meaning of IAS37.

## **19. Related party transactions**

The NPIA is a non-departmental public body financed by grant-in-aid from the Home Office. The Home Office is regarded as a related party to the NPIA. The NPIA has various material transactions with the Home Office. Home Office grants-in-aid have been taken direct to reserves.

The Home Office sponsors other bodies. These bodies are regarded as related parties with which the NPIA has had various material transactions during the year, especially the College of Policing and the Serious Organised Crime Agency (SOCA). The NPIA considers the police forces, police authorities and latterly police and crime commissioners in England and Wales to be related parties because senior police officers, police authority members and police and crime commissioners were nominated by ACPO, APA and APCC respectively to serve on the NPIA Board.

In addition, the NPIA has had a number of transactions with other government departments and other central government bodies, especially the Scottish Government for the provision of services to the police forces of Scotland. Amongst the other transactions were significant transactions with the British Transport Police, HM Revenue and Customs, the Cabinet Office and the Department for Transport.

During the period ending 31 March 2013, no member of the Board or member of the key management staff has undertaken any material transaction with the NPIA.

## **20. Charitable Trust**

The Charities Commissioners for England and Wales, under the power of the Charities Act 1993, granted a scheme on 9 March 2004, creating The Police Training Authority Trust (registered charity number 240439). This was with the object of promoting life-long learning and continuous professional development to those employed in the police / police forces of England and Wales, by the provision of items, services, facilities and awards, thereby improving the efficiency and effectiveness of the service.

## **21. Events after the reporting period**

In accordance with the requirements of IAS10, post reporting period events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

On 1 April 2013, the Home Office took over responsibility for the Early Retirement provision pension payments. The provision and liability have been transferred as at that date.

On 1 April 2013, the Metropolitan Police Service took over responsibility for the payment of the two police pension scheme pensioners in payment. The remaining police pension scheme liability has been reversed in the NPIA as the scheme is unfunded and no funds transfer.

Board member appointments were made with effect from 1 April 2013 as set out in footnote 6 on page 19 in the Management Commentary.

On 25 April 2013, the Crime and Courts Act 2013 was given Royal Assent. Section 15 (2) and Schedule 8, when brought into force, abolish the NPIA.

Jim Barker-McCardle QPM resigned from his position appointed by the Secretary of State, after nomination by ACPO, on the NPIA Board with effect from 2 May 2013

There is no other material event after the reporting date.

## **22. Pension benefits**

### **a) Civil Service pension arrangements**

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes where the NPIA is unable to identify its share of the underlying assets and liabilities. The scheme actuary revalues the scheme centrally and reassesses contributions every four years.

**b) Police Pension Scheme**

The agency operated a defined benefit Police Pension Scheme for direct recruits from within the police / police forces. The Police Pension Scheme is identical to the Police Pension Scheme 1987.

As part of the scheme, the NPIA accepts liability for payment of the pension benefits in respect of the officers' past service with a police force, although no transfer values are payable from a former employer in respect of this liability, as well as their pensionable service whilst employed by the agency. Pension benefits will be paid as they fall due from NPIA resources. In order to comply with HM Treasury's Financial Reporting Manual and Accounts Guidance, the NPIA is required to provide in these accounts for the full value of the expected future pensions liabilities of these officers.

The NPIA commissioned the Government Actuary's Department (GAD) to value the scheme liabilities as at 31 March 2013. Full provision for this liability in 2012/13 of £3.32 million (£5.91 million in 2011/12) is reflected in the statement of financial position and is based on the assumptions and information set out in the following table and includes injury benefits. The GAD previously provided a full valuation for 31 March 2012.

## Pension disclosures - Police Pension Scheme 1987

### Past service liabilities

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
Liability in respect of:		
Active members (past service)	-	(2,950)
Pensions in Payment	(3,320)	(2,960)
<b>Net pensions deficit</b>	<b>(3,320)</b>	<b>(5,910)</b>

Liabilities are valued on an actuarial basis using the Projected Unit Method.

#### The main actuarial assumptions are as follows:

	<b>Year Ending</b>	<b>Year Ending</b>
	<b>31 March 2013</b>	<b>31 March 2012</b>
Rate of inflation	2.70%pa	2.00%pa
Rate of increase in salaries	3.95%pa	4.25%pa
Rate of increase in pensions	2.70%pa	2.00%pa
Rate of discounting scheme liabilities	4.10%pa	4.85%pa

#### Analysis of movement in scheme liability

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Net deficit at the beginning of year	(5,910)	(6,130)
Removal of provision for injury awards	N/A	N/A
<b>Net deficit at the start of current year</b>	<b>(5,910)</b>	<b>(6,130)</b>
<b>Movement in the year:</b>		
Current Service Cost	(80)	(100)
Cost covered by employee contributions	(30)	(30)
Interest on pension liabilities (ie 'Finance Income')	(290)	(340)
Benefits paid (recurring element)	120	110
Benefits paid (lump sums)	-	290
<b>Total benefits paid</b>	<b>120</b>	<b>400</b>
Actuarial gain – changes in assumptions underlying the present value of the pension	2,870	290
<b>Net deficit at the end of year</b>	<b>(3,320)</b>	<b>(5,910)</b>

#### Expense recognised in profit or loss

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Current Service Cost (net of participants' contributions)	(80)	(100)
Interest cost	(290)	(340)
<b>Total</b>	<b>(370)</b>	<b>(440)</b>
Actuarial gain can be further analysed as follows:		
Experience gains and losses arising on the pension liability	3,280	300
Changes in assumptions underlying the present value of the pension liabilities	(410)	(10)
<b>Actuarial gain</b>	<b>2,870</b>	<b>290</b>

## Pension disclosures - Police Pension Scheme 1987 (continued)

<b>History of Experience gains and losses</b>	<b>2012/ 13</b>	<b>2011/ 12</b>	<b>2010/ 11</b>	<b>2009/ 10</b>	<b>2008/ 09</b>	<b>2007/ 08</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Experience gains / (losses) on the scheme liabilities	3,280	300	500	(330)	(130)	-
Percentage of the liability at the end of year	98.8%	5.1%	8.20%	-4.10%	-2.60%	-
Total actuarial gain / (loss)	2,870	290	910	(2,410)	640	600
Percentage of the liability at the end of year	86.4%	4.9%	14.8%	-30.20%	12.60%	11.5%
Net Deficit at the end of year	3,320	5,910	6,130	7,980	5,080	5,240

### c) By Analogy Pension Scheme

The NPIA also operates a 'Broadly By Analogy' (BBA) Pension Scheme for the former Chairman, this scheme is analogous with the Civil Service Premium pension scheme.

The By Analogy Pension arrangement is operated by the NPIA under broadly the same rules as the Civil Service Premium pension scheme. The benefits valued are those accrued up to 31 March 2013. Liabilities relating to payments made before normal retirement age as compensation for early retirement under the terms of the Civil Service Compensation Scheme are excluded. The pension arrangements are unfunded, with benefits being paid as they fall due and guaranteed by the employer. There is no fund and, therefore, no surplus or deficit.

### By Analogy assumptions

The main financial assumptions to be adopted for the assessment of liabilities are announced by HM Treasury at the beginning of February each year. The demographic assumptions are consistent with those used elsewhere in Central Government for resource accounting purposes and from aggregate experience across all authorities with officers in the police pension schemes supplemented, as necessary, by appropriate standard tables.

The main financial assumptions (used to assess liabilities as at 31 March 2013) are as follows:

- Gross discount rate of 4.10% as prescribed by HM Treasury
- Earnings inflation rate of 3.95%
- CPI price inflation rate of 1.70% as prescribed by HM Treasury
- Net discount rate of 2.35% as prescribed by HM Treasury.

### By Analogy liability as at 31 March 2013

The capitalised value of accrued pension benefits payable under the NPIA's By Analogy pension arrangement as at 31 March 2013 is £349,000 (March 2012 £163,000). Full provision for this liability is reflected in the balance sheet. An actuarial loss of £7,000 was experienced in the year.

The actuarial valuation of the Broadly By Analogy Scheme changed during 2012/13 as additional employee contributions had not been recognised in previous valuations.

#### **d) Other police officers**

All other police officers were seconded to the NPIA and their seconding forces remained responsible for pension benefits. The NPIA paid £1.377 million in employer contributions to the relevant home force. The employer contribution is set at either 24.2 per cent or 25.5 per cent depending on the home force.

#### **e) IAS16 Pension liability per balance sheet**

	<b>31 March 2013</b>	<b>31 March 2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>BBA Scheme</b>	349	163
<b>Police Pension Scheme</b>	3,320	5,910
	<u><b>3,669</b></u>	<u><b>6,073</b></u>

### **23. Statement of losses and special payments**

The following are included in the Statement of Comprehensive Net Expenditure:

	<b>Number of cases</b>	<b>Amount £'000</b>
Write offs	40	151
Losses of accountable stores	-	-
Special Payments	4	311
<b>Total</b>	<u><b>44</b></u>	<u><b>462</b></u>

No individual case exceeds the detailed disclosure limit of £250,000.

# APPENDIX A – SUSTAINABILITY PERFORMANCE REPORT

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## General information

### People

Everyone working for the NPIA or on its behalf is, and was, required to carry out activities in line with the 'Home Office Environmental Policy'. From April 2007, the agency articulated its approach to environmental issues in an Environmental Policy Statement made by the CEO, and this was revised in 2011. This statement describes the broad approach that the NPIA took across its sites. All members of staff had ready access to this statement through the NPIA's intranet. The agency also adopted some green principles that provide staff with simple, practical steps that they can take to minimise the agency's impact on the environment, for example shutting off unused computers and lights, thinking before automatically printing, etc.

### Biodiversity and Natural Environment

The local natural environment is an important factor in estate management decisions. Ryton, which was within the NPIA estate until December 2012, is home to a population of great crested newts. The great crested newt and its habitat are protected by law because the species has declined significantly over recent decades, largely due to habitat loss. The potential effect of any new building work on the newts' habitat formed part of the business case when any new build was proposed. The new owner of this estate, the College of Policing, is fully aware of this requirement.

The Bramshill estate includes nearly 300 acres of parkland. This varied landscape of woods, lakes, formal gardens and terraces was managed (within financial constraints) to preserve the natural biodiversity as required by the listed status of the property.

### Sustainable Procurement and Asset Management

The NPIA sought to procure and manage its current assets in the most efficient way possible. As a result of the transfers to successor bodies, the vast majority of these assets have been transferred or made subject to an accounting treatment as appropriate, the details of which are in the accounts. However, when part of the NPIA estate, land holdings were used sustainably by, for example:

- Growing fruit and vegetables to supply the Bramshill delegate and staff canteen, cutting costs and reducing the carbon footprint of transported food
- Using timber felled during woodland management as roofing
- Using other wood acquired through woodland management as bark mulching, or composting

## Sustainable Construction

Any new buildings constructed on the NPIA estate were built according to BREEAM (BRE Environmental Assessment Method) standards. These included accommodation blocks at Ryton and buildings at Harperley Hall. These buildings included sustainable features such as solar panels and borehole heat sources to reduce energy consumption. The agency also tried to reuse materials where possible, for example crushing old bricks to make hardcore fill. Surplus items of furniture are reused where possible, being stored on site until needed in order to reduce our off-site footprint.

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## Greening Government Commitments

This is the second year that the NPIA has been required to provide sustainability information in its Annual Report and Accounts, and that provided is in accordance with HM Treasury guidance<sup>7</sup>. Since 1 January 2013, the NPIA has been exempt on grounds of not meeting the de minimis threshold, and so the data included in this report is not a full year's worth. The legal requirement to complete NPIA carbon registration was fulfilled by incorporation within the Home Office return.

The Greening Government Commitments are measured against a baseline year of 2009/10. For waste and water consumption categories, data for 2009/10 and 2010/11 is incomplete and is therefore a flawed baseline against which to measure progress. Monitoring systems were improved in 2010/11 and 2011/12, and we have tried since to continue improving the accuracy and completeness of the data recorded.

## Sustainability information compared by headcount

We have not provided this table this year because the substantial changes to headcount and estate renders such illustrations meaningless.

## Greenhouse Gas Emissions

Area	CO <sub>2</sub> emissions (tCO <sub>2</sub> e)			
	2012/13	2011/12	2010/11	2009/10
Building energy	7,540	10,364	10,372	10,968
Travel related	1,077	1,764	1,678	2,018
<b>Total</b>	<b>8,617</b>	<b>12,128</b>	<b>12,050</b>	<b>12,986</b>

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<sup>7</sup> HM Treasury Public Sector Annual reports: Sustainability Reporting Guidance for 2012/13 Reporting available at [http://www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm)

## Waste

The NPIA has taken action to reduce the amount of waste sent to landfill by both reducing the amount of waste generated and by increasing the amount of waste that is recycled. One of the agency's sites (Harrogate) now recycles 100 per cent of all of its non-food waste. No NPIA waste is sent for incineration or is hazardous waste.

Non-financial indicators	2012/13	2011/12	2010/11*	2009/10*
Landfill (t)	76	80	61	32
Mixed Recycling (t)	92	121	62	24
<b>Total tonnes</b>	<b>168</b>	<b>201</b>	<b>123</b>	<b>56</b>

Financial indicators	2012/13	2011/12	2010/11*	2009/10*
Landfill (£)	6,287	6,365	4,589	2,530
Mixed recycling (£)	6,932	12,773	7,210	3,544
<b>Total (industrial average) cost</b>	<b>133219</b>	<b>19,138</b>	<b>11,799</b>	<b>6,074</b>

\* = incomplete data, therefore not to be considered baseline years

## Energy Use

Since the Carbon Trust carried out energy audits of Bramshill, Harperley Hall, Ryton, Hendon and Harrogate, the NPIA implemented changes in its management and use of energy. As shown in the table below, the NPIA's energy use reduced over time:

Non-financial indicators (kWh)	2012/13	2011/12	2010/11	2009/10
Electricity:				
Non-Renewable	11,382,185	15,546,369	15,101,961	15,448,113
Gas	7,996,887	9,561,733	11,265,257	12,551,515
Other - LPG	541,660	407,081	220,835	297,347
Oil	487,785	1,310,763	1,199,980	588,267
<b>Total kWh consumed</b>	<b>20,408,507</b>	<b>26,825,946</b>	<b>27,788,033</b>	<b>28,885,241</b>

Financial indicator£				
<b>Total energy expenditure</b>	<b>1,449,412</b>	<b>1,900,970</b>	<b>2,636,170</b>	<b>1,574,947</b>

## Travel

Where possible, we undertook teleconferencing and videoconferencing in preference to undertaking business travel. Where business travel is unavoidable, more cost- and carbon-efficient methods were and continue to be encouraged. The success of this approach is evident in the changes shown in the tables below.

<b>Mode</b>	<b>Non-financial indicator (km)</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>
Fleet / Hire Car	Petrol	643,031	1,283,641*	603,066	718,557
	Diesel	2,037,573	2,601,874*	2,245,039	2,310,757
Grey Fleet*	All fuels	1,202,361	2,301,162	2,688,848	2,694,257
Taxi	Taxis	44,232	78,261*	53,944	71,642
Rail	National	2,010,886	3,718,012	3,702,928	3,044,163
	International	6,083	15,817	20,374	24,093
Air Travel	Domestic	774,795	984,764	801,082	1,059,747
	European	167,925	154,014	261,946	572,909
	International	823,690	778,454	542,511	1,189,191

<b>Mode</b>	<b>Financial Indicator</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>
Fleet / Hire Car	(£) fuel	151,374	242,161*	209,584	194,616
Grey fleet*	(£) fuel	298,845	571,950	668,309	669,653
Taxi	(£) fare	79,980	141,512*	80,112	106,393
Rail	(£) fare	515,398	984,797	854,857	828,961
Air Travel	(£) fare	258,646	236,434	229,117	332,587

\* Please note that some elements in these tables are either newly reported this year, or information has been restated from that shown previously

### Water use

The NPIA has implemented several measures during the year to reduce the agency's estate's water usage, including installing rainwater recovery systems to service some of the accommodation blocks at Bramshill and Ryton.

Non-financial indicators	2012/13	2011/12	2010/11	2009/10
Water consumption (m <sup>3</sup> )	46,882	68,333	No data offered	

Financial indicators	2012/13	2011/12		
Water supply costs (£)	61,036	80,677	No data offered	

## APPENDIX B – CHIEF CONSTABLE’S COMMENDATION

Individual Commendations	
Recipient	Citation Summary
Lee Evans	For an immense contribution to the HR team at a time of significant change and transition including: designing and delivering the voluntary exit schemes, and implementing the 2012 pay award
Gerry Donnellan	For a unique and highly valued contribution to police training, with the introduction of the first National Gold Public Order Command Course
David Chapman	For setting personal plans to one side and agreeing to stay on in an organisation that was in need of experienced, steadfast, expert, calm leaders
Karen Guerin	For the dedication and commitment shown in supporting the agency and its staff over the last 12 months via Next Steps workshops and ensuring the agency retained its IiP status
Jeff Goodright	For the commitment, professionalism and tenacity in developing and delivering cutting edge investigative techniques relating to digital media and open source investigation
Louise MacDonald	For the outstanding achievement in overseeing the transfer of over 600 staff and some of the most important critical systems in policing into the Home Office
Michele Edge	For the exceptional work over the last two years in the development and implementation of the Next Steps programme into the police service
Kate Paradine	For building and leading the team managing the transition of services from the NPIA into the College of Policing

Martin Jebb	For the personal commitment in defining and refining the scope of Release 2 of the Police National Database and ensuring that the vision was translated into reality
<b>Individual Commendations (continued)</b>	
<b>Recipient</b>	<b>Citation Summary</b>
Alistair Campbell	For the commitment and professionalism in the timely design, implementation and national delivery of Surveillance Firearms Integration Training
Christopher Bowen	For designing, developing and delivering a national Protestor Liaison Course against a very short time frame to meet the significant policing demands of 2012
Stephanie Dormer	For providing support for the work of the NPIA, for colleagues and chief officers that has been consistently excellent
Catriona Lang	For providing support for the work of the NPIA, for colleagues and chief officers that has been consistently excellent

Continued/

<b>Group Commendations</b>	
<b>Recipient</b>	<b>Citation Summary</b>
<b>CI SAM Development Team</b> Danielle Dunne Marcus Hall Nicky Miller Julia Morris Steve Precious Jo Wilkinson Levin Wheller	For the role in the development of the first ever evidence-based tool for organisational change across public and private sectors
<b>Undercover Review Project</b> Louise Dennis Louise Dukalskis Jennifer Rix Gordon Ryan	For outstanding professionalism throughout the 'Review of Selection, Training and Support of Undercover Officers' which represented a significant contribution in this sensitive and nationally critical area of policing
<b>Forensic Training Team</b> Peter Boyd Duncan Brown Roger Charles Paul Dearing Soren Fidler-Moore Julienne Foster Sam Frost Phil Grieveson Chris Johnson Judith Kirby Abigail Lagden Graeme Lumsdon Tom Patrick Ray Wilde Iain Wilson	For demonstrating high levels of flexibility, dedication and responsiveness during a period of great pressure, which has enabled the Forensic Centre to meet challenging customer requests whilst still maintaining excellent standards of service
<b>NPAS Project Team</b> Simon Newman Michelle Cole Louise Kimsey Peter Stacy Iain Tookey	For the outstanding achievement in delivering the National Police Air Service project and to recognise the effort, commitment, adaptability and determination in delivering the first truly national operational policing function
<b>CJS Reform Project</b> Nick Kelly Roy Harper Bill Swan	For the vital contribution in helping the police service to move towards a digital way of working, one of the most important areas of reform across the Criminal Justice System

<b>Group Commendations (continued)</b>	
<b>Recipient</b>	<b>Citation Summary</b>
<p><b>Corporate Business Planning</b></p> <p>Elizabeth Dermody Chris Ellisdon Ruth Nichols</p>	<p>For the outstanding contribution to the Agency, improving business as usual, taking on additional roles and contributing to the transition to new bodies</p>
<p><b>SOCA Transition</b></p> <p>Lizzie Ingham Danielle Nichols</p>	<p>For providing an exceptional level of professional HR support to the NPIA to SOCA transition project. 170 roles transferred and the support provided ensured 100% acceptance by the transferees</p>
<p><b>Procurement Contract Transfer Team</b></p> <p>Tina Butler Alison Rooke Rani Singh</p>	<p>For the sheer drive, determination, hard work and long hours that led to the successful commercial transfer of critical police service contracts from the NPIA to the Home Office</p>
<p><b>Marketing and Communications Unit</b></p> <p>Ann Blundy Vincent Burke, Helen Charles Lulu Gravergaard Verity Hambrook-Skinner Graham Lane Peter Mandich Graham Marshallsay, Valentine Murombe-Chivero Jeremy Pinel Joleen Smith</p>	<p>For the unflagging contribution to the NPIA's communications; continuing to deliver high quality internal and external communication and engagement support throughout a complex transition programme</p>
<p><b>POLKA Team</b></p> <p>Kate Grady Jon Burrell Steven Dally Lloyd Gale-Ward Chris Heyes Davina Lawrence Simon Lewis</p>	<p>For the persistence and dedication in challenging traditional ways of working to create a culture of online collaboration for policing</p>

<b>Group Commendations (continued)</b>	
<b>Recipient</b>	<b>Citation Summary</b>
<p><b>Practice Improvement Unit</b></p> <p>Giles Herdale  Anna Akerman  Natalie Benton  Caroline Burns  Joanne Carrington  Elena Collins  Gemma Crosby  Alison Crosse  Nicola Hamilton  Ian Henderson  Helen Hopwood  Carol James  David Jones  Amie Levy  Jeff Longrigg  Gemma McKenzie  Neil McLean  Steve Mort  Phil Murray  Caroline Murray  Frank Pike  Corinne Read  Sharon Reid  Earl Robinson  Kathy Robinson  Fazeelat Saleem  Mary Schollum  Emma Sell  Helen Slater  Jo Taylor  Carolina Villaneda  Jane Woodrow  Bob Youldon</p>	<p>For the commitment and professionalism in developing, consolidating and publishing Authorised Professional Practice (APP) under considerable pressure.</p>
<p><b>People and Development Governance Team</b></p> <p>Mark Byers  Lynne Graham</p>	<p>For the commitment and professionalism in dealing with the sickness outbreak at Ryton which ensured services continued and the reputation of the agency was upheld</p>

<b>Group Commendations (continued)</b>	
<b>Recipient</b>	<b>Citation Summary</b>
<p><b>Olympic Airwave Project</b></p> <p>John Babalola            John Black            Frank Hall            Christopher Haywood            Tony Ivory            Jonathan Kalisch            Graham Keens            Mark Kirkham            Geoff Lowe            David Murphy            Rod Potter            Lee Shanks            Bob Siu            Ari Toivonen            Trevor Winterbottom</p>	<p>For delivering police communications for a secure London 2012 that boosted coverage, capacity and functionality of the Airwave network in the Olympic Park, throughout London and other key Olympics venues.</p>
<p><b>Olympic Training Project</b></p> <p>Jon Aveling            Martin Bagshaw            Paige Baird            Vincent Breen            Colin Bunner            Andrew Dominguez            Janine Foxhall            Anne French            Esther George            Tina Hanson            Michael Harris            Eliot Humberstone            Diane Kennedy            Adam Matthews            Gigi Misra            Mark Osborne            Sunil Pallen            Claire Pettifor            Marcella Rogers            Barbara Ryan            Robert Searle            Nathaniel Smith            Carol Smythe            Vikesh Tailor            Peter Twidle            Julie West            Geoff Williams</p>	<p>For responding to a wide range of challenges including changing milestones and additional deliverables to oversee the Olympics training of over 3,000 individuals and delivery of 5 e-learning modules that achieved over 320,000 police service completions.</p>

<b>Group Commendations (continued)</b>	
<b>Recipient</b>	<b>Citation Summary</b>
<p><b>Project Percil</b></p> <p>Matt Clark            Patrick Condon            Chris Cooper            Leon Dicks            Rob Godwin            Guy Harris            Graham Hicks            Juliette Layne            Christine New            Nilesh Pattani            Penny Quan            Anjna Sabharwal</p>	<p>For the successful delivery of Project Percil, new IDENT1 capability, in time for the Olympics. The new capability has brought significant benefits to the broader client community and resulted in recognition for the NPIA's role in supporting national security.</p>

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