



ASSOCIATION OF  
CHIEF POLICE OFFICERS



**NPIA**  
National Policing  
Improvement Agency

National Policing Improvement Agency

# Annual Report and Accounts 2011/12

# **National Policing Improvement Agency**

# Annual Report and

# Accounts 2011/12

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## Foreword

By the Chairman of the Board

The NPIA has undergone a number of changes this year as it prepares for the transfer of its functions to successor bodies and the phase out of the agency. The first of the NPIA's functions, non-IT procurement, was transferred to the Home Office in October 2011 and the agency continues to engage positively with the Home Office to prepare for the smooth transition of the rest of its functions by the end of 2012. The NPIA has changed its ways of working to adapt to its more limited resources. In comparison with 2010, the agency has made substantial savings and reduced its headcount by 25 per cent.

Yet, despite the pressures of transition and reducing budgets, the agency has continued to deliver to its partners for the benefit of policing and to help improve the service received by the public. The agency has maintained the high-quality delivery of its critical national services. These specialist services directly support operational policing and have, in most cases, continued to exceed performance targets agreed with the police service.

One highlight of the year was the roll out of the new mobile identification service, which allows police officers to scan a person's fingerprints for identification purposes without having to bring them into custody. The devices have been provided to more than half of all forces in England and Wales this year, helping to cut the number of times officers return to the station, giving them more time to spend on the front line.

The NPIA has continued to provide bespoke professional advice and support to forces and authorities. In addition to the continuing theme of cost effectiveness, a major focus of the agency's work has been to help reduce unnecessary bureaucracy. This goal has been given further impetus in its work to develop Authorised Professional Practice (APP). This will reduce the burden on forces by shrinking substantially the volume of national guidance with which forces are expected to comply. Commissioned by the Association of Chief Police Officers, APP will be small, keenly focused and limited to core cross-cutting elements of policing business or specific business areas - such as public order policing - where national consistency is needed.

I would like to express my sincere thanks, and those of our Board, for the great effort NPIA staff have invested in achieving the agency's delivery objectives this year, and for the positive way they have reacted to the challenges facing the agency. I am also grateful for the ongoing advice and support received from our tripartite partners and the NPIA Board and Committee members. I look forward to a challenging, but successful, period ahead as the agency goes through transition.

**Peter Holland CBE DL**  
**Chairman**

# MANAGEMENT COMMENTARY

## Overview of Performance

The Government's police reform agenda includes the phase-out of the NPIA by the end of 2012, with retained functions being transferred to successor bodies. Since this decision was announced in July 2010, we have engaged with tripartite colleagues positively and energetically in support of this change, and we will continue to do so.

The NPIA has worked alongside colleagues in the police service and the Home Office to enable transition to happen efficiently and effectively. We established a formal agency-wide Transition Programme that was instrumental in the move of non-IT procurement to the Home Office during 2011. We have provided staff with knowledge and expertise to the parallel programme team in the Home Office to ensure the agency is ready for a smooth transition, and to limit the adverse impact on the service during this time of change. That we have, so far, been successful in this goal is clear. As one financial year ends and another begins, we have seen the transfer of five units into the Serious and Organised Crime Agency (SOCA) (preparatory to the establishment of the National Crime Agency). Their performance did not dip during this change and, as reported in the performance section that follows, colleagues in these units continued to provide effective, timely, and professional support to specific police investigations throughout the year. It is appropriate that I highlight in this annual report the work of these units for their particular contribution to reducing crime and improving public safety.

Through its four regional teams of investigative advisers, the agency's Crime Operational Support team provided specialist operational skills to assist police forces in resolving exceptional crime series and critical incidents. The National Missing Persons Bureau continued to support investigations into missing people, working with the police and related organisations, and specifically helping to match missing people and unidentified bodies. Working on around 1,500 cases a year, the Serious Crime Analysis Section provided analytical services using case files from intelligence departments in every UK police force, and valuable support work to policing in identifying links to serious sexual crimes nationally. The Specialist Operations Centre has dealt with over 60,000 enquires since it was established in January 2006. It provides advice to police forces on investigating crime, particularly in relation to conducting covert investigations. The centre also runs the Witness Intermediary Scheme, enhancing its support to help protect vulnerable members of our society. Finally, the Central Witness Bureau provides strategic and practical help and co-ordination to police officers across the UK supporting protected persons. Its National Witness Mobility Service has received more than 1,200 referrals to date.

Indeed, despite the challenges created by a transitional period, the focus of all in the NPIA has been firmly on providing a quality, timely service to the criminal justice sector. This focus is evident in a range of successes described in this year's report. This includes the within-budget completion of the Police National Database (PND) and its launch in June 2011. The PND allows forces to share and access locally-held intelligence and information, enabling them to see the full

intelligence picture immediately, to identify patterns of criminal behaviour much earlier, and to take action more quickly than was previously possible. The PND replaces a basic interim system that was brought in during 2005 in response to recommendations for change made by Lord Bichard. A second release of the PND, with even better functionality, is already planned.

Other evidence of the agency's continued focus on delivery is in the assistance we have given to the police service as it prepares for the delivery of a safe and successful Olympic and Paralympic Games in summer 2012. The NPIA's Airwave Team is working closely with the Olympic Security Directorate to ensure that police radio communications can cope with the additional demands from the Olympics. The agency is overseeing the increase in Airwave capacity and coverage at the Olympic Park and other sites across the country. This will be completed well ahead of the Games. In addition to site-based training delivery, the NPIA has also launched online training packages to help police from across the UK work together, and alongside other services and volunteers, in a consistent and coherent manner. This assurance of consistency is a significant success factor in the security operation underpinning public safety during London 2012.

The service can take confidence in preparations for the Games as these relate to the critical national ICT infrastructure, for during 2011/12 the agency ensured such infrastructure was available beyond the levels agreed. These services directly support the delivery of operational policing, and include the Police National Computer, which is critical to all working in the Criminal Justice Sector, the National DNA Database and IDENT1, the national fingerprint database.

The NPIA has also provided high quality training and development courses directly to the police service. This includes the Strategic Command Course - the gateway through which candidates for the most senior UK policing roles must pass. The agency has remained a preferred provider of training to colleagues from many overseas organisations and to UK partner agencies, such as SOCA, and has developed training for delivery within forces.

In conclusion, across the agency we have displayed, and will continue to do so, the three characteristics we identified some time ago as core to the agency's success in its final phase. We will be confident, allowing our actions and achievements to speak for themselves. We will demonstrate humility in getting on with job, putting service to the police and our communities before personal concerns. We will display ambassadorship, representing the agency with dignity and professionalism.

I wish to thank all colleagues in the agency for their continuing commitment and high standards of performance. I am confident that we will continue in this vein during the final months of operation, in order to deliver the commitments in our business plan for 2012/13.

**Chief Constable Nick Gargan QPM**  
**Chief Executive and Accounting Officer,**  
National Policing Improvement Agency  
14 June 2012

# Our Contribution to Improving Policing

## Progress against agreed targets

In the NPIA's business plan for 2011/12, the agency set out a list of 30 high level indicators and measures through which it would assess delivery against its priority areas. These areas were described in its business plan as follows:

- **Critical National IT Services** - supporting operational policing through high quality, accessible information and communications systems.
- **Specialist Operational and Support Services** - increasing policing capability and capacity, including through hands-on support, advice, training and sharing knowledge at local, national and international levels.
- **Cost Effectiveness and Reducing Bureaucracy** - supporting police forces and authorities to drive out value for money, including the provision of tailored support.
- **Transition** - ensuring the smooth transfer or closure of agency functions, with due diligence, and maintaining efficient and effective corporate governance until the agency is wholly phased out.

Performance monitoring against agreed and published measures was undertaken by the agency on a monthly basis through its Operating Board. Membership of the Operating Board comprised the agency's directors, with other attendees acting in an advisory capacity. The purpose of monthly monitoring was to: identify any potential problems with delivery; give support to work packages where needed and provide assurance to the Chief Executive Officer as to the status of the agreed performance measure. The NPIA Board agreed the performance indicators (PIs), and monitored progress against these.

All the performance information that follows is taken from the reports provided to the Committees and Boards named above, and the underlying data and interviews on which these are based. Other information throughout the Annual Report and Accounts is derived from internal management information systems.

Performance against the targets is explained in the tables that follow. All 30 indicators include a milestone or percentage target, with further breakdowns of the measures described where this better illustrates the extent to which the agency did, or did not, deliver on its commitments. Taking these breakdowns into account the summary totals 35.

### Key:

Status	Description	Total
Achieved to target	The activity was achieved as originally intended.	31
Not achieved	The performance indicator was not achieved exactly as articulated in the technical notes supporting the business plan.	4

## **Key Performance Indicators<sup>1</sup>**

<b>Indicator</b>	<b>Status<sup>2</sup></b>	
<b>Priority: Critical National Services</b>		
<b>1.1 Airwave</b>	<b>Target</b>	<b>Achieved to target</b>
Overall radio voice availability	99.74%	99.94% (2010/11: 99.96%)
Airwave is a secure national digital radio network for the use of the UK's emergency and public safety services.		
<b>1.2 Police National Computer (PNC):</b>	<b>Target</b>	<b>Achieved to target</b>
Availability	99.5%	99.9% (2010/11: 99.86%)
Service desk calls answered in 30 seconds	90%	97% (2010/11: 97.3%)
The PNC is a national tool run by the NPJA that holds details of people, vehicles, crimes and property, which can be electronically accessed by the police and other criminal justice agencies. Its service desk responds to technical queries concerning the running of the Police National Computer and associated systems.		
<b>1.3 IDENT1</b>	<b>Target</b>	<b>Achieved to target</b>
Enterprise availability of central systems	99.5%	100% (2010/11: 99.9%)
IDENT1 is the national repository of finger and palm prints and crime scene marks, used to identify offenders and search against crime scene marks.		
<b>1.4 National DNA Database</b>	<b>Target</b>	<b>Achieved to target</b>
Availability	99.5%	99.5% (2010/11: 99.8%)
The National DNA Database is used by the police to identify offenders and eliminate people from enquiries.		
<b>1.5 ViSOR</b>	<b>Target</b>	<b>Achieved to target</b>
Availability	99.5%	99.9% (2010/11: 99.83%)
ViSOR is a UK-wide system used by the police, prison and probation services to store and share information and intelligence on dangerous people.		

<sup>1</sup> All indicators that are measures of the availability of a system refer to the availability of that system between 1 April 2011 and 31 March 2012. These systems are expected to be available for use 24 hours a day, barring any scheduled down time for essential maintenance.

<sup>2</sup> Where available and directly comparable, 2010/11 data has also been included to show performance trends.

<p><b>1.6 National Firearms Licensing Management System (NFLMS)</b></p> <p>Availability</p> <p>The NFLMS is a national register of people who have applied for or been granted a firearms certificate.</p>	<p><b>Target</b></p> <p>98.5%</p>	<p><b>Achieved to target</b></p> <p>99.9% (2010/11: 99.89%)</p>
<p><b>1.7 National Ballistics Intelligence Service (NaBIS)</b></p> <p>Database availability</p> <p>National Ballistics Intelligence Service Database is a database of firearms and ammunition seized and recovered at crime scenes, and is used for matching weapons in linked crimes.</p>	<p><b>Target</b></p> <p>98.5%</p>	<p><b>Achieved to target</b></p> <p>99.9% (2010/11: 99.98%)</p>
<p><b>1.8 Police National Database</b></p> <p>The PND is a new national information sharing system that allows police forces and other PND user organisations to view each other's intelligence and other information directly. The next 'release' of the PND would provide new ways of searching and new functionalities.</p> <p>The target for this year was for progress to be in line with the agreed programme plan, in order to commence availability of the second release of PND in early 2012.</p>	<p>Two aspects of the programme were measured as described below.</p> <p><b>1.8a Not achieved</b></p> <p><b>1.8b Achieved to Target</b></p> <p>1.8a The IMPACT Nominal Index, a precursor to the PND, was switched off (with the agreement of forces) in March 2012, which was after the programme's intended deadline. The delay was at the request of a leading force in order to allow them to deal with an internal IT issue before fully implementing PND.</p> <p>1.8b The development of the second release was completed on schedule and has successfully passed the System Test Readiness Review. It is now undergoing testing. This upgrade to PND is on target to be released into use in 2012/13 as scheduled.</p>	
<p><b>Priority: Specialist Operational and Support Services</b></p>		
<p><b>2.1 Crime Operational Support</b></p> <p>Respond to enquiries by end of the next working day</p> <p>Case reports submitted to the Senior Investigating Officer in line with agreed terms of reference</p> <p>Crime Operational Support responds to requests from Senior Investigating Officers and provides expert assistance to Senior Investigating Officers dealing with serious crime investigations, and deploys advisors to forces to assist with particular investigations.</p>	<p><b>Target</b></p> <p>95%</p> <p>95%</p>	<p><b>Achieved to target</b></p> <p>99% (2010/11: 95%)</p> <p>100%</p>

<b>2.2 Uniform Operational Support</b>	<b>Target</b>	<b>Achieved to target</b>
Respond to enquiries by end of the next working day	95%	100% (2010/11: 98%)
Structured debrief reports provided in 28 days, or as agreed	95%	100% (2010/11: 100%)
Uniform Operational Support section provides advice, debriefing, learning and development in such matters as public order, firearms, civil contingencies and emergency planning (such as for widespread flooding or mass evacuations).		
<b>2.3 Specialist Operational Support</b>	<b>Target</b>	<b>Achieved to target</b>
Resolve enquires within the timescale agreed with the customer	95%	99%
Percentage of customers rating overall the service provided at "satisfied or above" (with 75% rating the service as better than satisfactory)	95%	99%
Specialist Operational Support comprises four units; Specialist Operations Centre, the Central Witness Bureau, and the Crime Operational Support and Uniform Operational Supports units (KPIs 2.1 and 2.2 refer). Its services are delivered to all UK forces, utilising teams of skilled specialist staff experienced in critical incidents, operational issues and serious crime investigations.		
<b>2.4 Serious Crime Analysis Section</b>	<b>Target</b>	<b>Achieved to target</b>
Analysis reports returned to investigations within deadline	95%	99% (2010/11: 99%)
Customers rating report as valuable	90%	100% (2010/11: 97%)
Percentage of analytical reports supplied that are actioned by the investigation	60%	84%
Serious Crime Analysis Section supports criminal investigations nationally by identifying the potential emergence of serial killers and serial rapists at the earliest stage of their offending. It provides reports to investigations concerning the likelihood of a serial killer or serial rapist being involved in a particular crime.		
<b>2.5 Missing Persons Bureau (MPB)</b>	<b>Target</b>	<b>Achieved to target</b>
Percentage of the relevant high risk missing persons cases supported by the MPB	80%	85%
The Missing Persons Bureau acts as the centre for the exchange of information connected with the search for missing persons, nationally and internationally.		

<p><b>2.6 Specialist Training Units and Teams</b></p> <p>These provide learning and development, assessment, capability and operational support to police and other law enforcement organisations. This includes delivering on our statutory responsibilities, maintaining professional registers, and delivering national services.</p> <p>The target for these units and teams was to deliver, in line with an agreed plan, a suite of courses to develop capability and capacity in priority areas as agreed with relevant ACPO leads</p>	<p><b>Achieved to target</b></p> <p>The suite of courses to develop capability and capacity in priority areas was delivered to plan, including the following courses:</p> <ul style="list-style-type: none"> <li>• Strategic Firearms Training (184 delegates trained)</li> <li>• Gold Public Order Command (146 delegates trained)</li> <li>• Multi Agency Gold Incident Command (262 delegates trained)</li> <li>• Police Search Team training (999 delegates trained)</li> </ul> <p>The NPIA carries out the statutory monitoring of Financial Investigators to ensure that they are appropriately trained to carry out their duties. Over 350 investigators were accredited during 2011/12.</p> <p>The National Guidance document for the National Decision Making Model (NDMM) was approved in August and the NDMM e-learning module was launched to schedule. The NPIA has delivered 'Train the Trainer' events to forces to aid the implementation of the NDMM. The agency is also reviewing courses it delivers, and embedding the NDMM into them as appropriate.</p>
<p><b>2.7 The National Police Air Service</b> is intended to replace geographically-based police air support with a national, borderless service. In 2011/12 the targets for the implementation team was to show that implementation was progressing to schedule to launch service in April 2012, and that a transition plan was in place by April 2012 for the forces moving to the service after the launch date.</p>	<p><b>Achieved to target</b></p> <p>The operating and funding models of the National Police Air Service (NPAS) have been agreed, and a draft order has been laid in Parliament to make this a specified function for collaboration to ensure that full benefits are realised. These are forecasted to include access for all forces to helicopter support 24 hours a day, 365 days a year for the first time. 97 per cent of the population of England and Wales will remain within 20 minutes flying time and it is projected to save the police service £15 million per year when fully operational. Forces will move to using the service in stages and the NPAS project board approved the transition plan in January 2012.</p>
<p><b>2.8</b> The NPIA is working with the Home Office <b>Communication Capabilities Directorate (CCD)</b>, which preserves the UK's communications data and interception facilities. The target was to develop and deliver agreed products (including training) for the CCD in line with agreed plans by March 2012</p>	<p><b>Not achieved</b></p> <p>This KPI was not been fully completed within the financial year 2011/12, albeit some 86 per cent of the target number (4,568) of candidates had been trained by end March 2012. For the NPIA to consider this performance indicator achieved in full demanded that the full complement of expected candidates undertook training. Delivery of training is mixed i.e. some training is delivered by NPIA and some by forces using trainers trained by the NPIA. Facilities were made available and a number of courses scheduled. These had to be cancelled owing to circumstances beyond the agency's control (including the August 2011 disorder and related investigations), preventing forces being able to release officers to the training.</p>

<p><b>2.9 Leadership and Talent Management.</b> The performance target was to deliver a programme of leadership development and support</p>	<p><b>Achieved to target</b></p> <p>The programme of leadership development was delivered to plan, including the delivery of the following courses:</p> <ul style="list-style-type: none"> <li>• Leading Powerful Partnerships</li> <li>• Foundation in Senior Leadership (FSL) Executive, Business and Professional Policing Skills modules</li> <li>• Senior Leadership Programme</li> <li>• Positive Action Leadership Programme</li> </ul> <p>1,310 delegates were trained across the four leadership development programmes outlined above.</p> <p>High Potential Development Scheme selection was completed on time, with results sent to forces and candidates in December 2011. 58 candidates were recommended from a total of 117.</p>	
<p><b>2.10 The Proceeds of Crime Centre</b> provides expert assistance to all police forces and 90 other UK law enforcement bodies investigating organised crime. Its corporate business plan target was intended to ensure that enquiries were responded to by end of the working day.</p>	<p><b>Target:</b> 95%</p>	<p><b>Achieved to target</b> 98% (2010/11: 96.5%)</p>
<p><b>2.11 Olympics Readiness</b> The NPIA's targets were to deliver support to relevant forces' planning and testing of Airwave in preparation for the Olympics, and to deliver a suite of e-learning, learning, development courses, and assessment processes.</p>	<p><b>Achieved to target</b></p> <p>The upgrades to the police radio system that are required to increase capacity and resilience in preparation for the Olympics have been installed and tested to plan.</p> <p>The first three elements of the suite of training products for the Olympics were completed to plan: the tracking process for Olympic training programme was completed in July; the awareness training was completed in October; and the Protection training delivered to 114 delegates in September.</p> <p>250 National Olympic Coordinator Centre (NOCC) staff have received training by the end of March 2012.</p>	

<b>Priority: Cost Effectiveness and Reducing Bureaucracy</b>	
<p><b>3.1 IT procurement</b> works with the police service and other stakeholders to support and deliver national collaborative IT contracts for police forces to use when acquiring technology products and services, thereby making savings.</p> <p>In 2011/12, one target was to implement a National Police Procurement Hub in line with programme milestones. This will simplify how police purchases are made, linking existing systems to the marketplace in a style similar to that of internet shopping. Another target was to realise the financial savings that will arise. A separate target was delivery of the IT savings plan for the police service for 2011/12.</p>	<p>Three key areas of activity were assessed as:</p> <p><b>3.1a Achieved to Target</b></p> <p><b>3.1b Not achieved</b></p> <p><b>3.1c Achieved to Target</b></p> <p><b>Achieved to target</b></p> <p>3.1a The National Police Procurement Hub was implemented in July 2011. The 'Amazon-style' online system streamlines the procurement process, enabling police forces to buy, invoice and pay for specified goods and services online. The Hub gives the police service the ability to select, purchase and pay for a range of approved goods and services online from 400 suppliers. It enables forces using the Hub to buy approved items such as IT, body armour, vehicles and a whole range of other goods and services, speedily and without excess cost or bureaucracy.</p> <p><b>Not achieved</b></p> <p>3.1b The Hub was forecast to realise £100k of savings in its first year of operation, before realising further, greater savings in its subsequent years of operation. A total of £54k of savings were identified in 2011/12 against this target. This is because by the end of March 2012, only five forces were live on the Hub, a smaller number than expected when the target was set. The main cause of this delay was an unexpected change in system requirements leading to a different security standard required for the technology. A number of forces are now anticipated to go live on the Hub in June 2012, after which achieving in excess of £1m savings is the next significant waypoint agreed with the project.</p> <p><b>Achieved to target</b></p> <p>3.1c £53.48m of cashable recurring savings have been made by forces against the baseline year of 2008/09, exceeding the target of £41.6m. Examples include: £5m saved through the service-wide adoption of a mandatory procurement framework for the purchase of IT hardware and software; £5m saved through the renegotiation of the IDENT1 contract and £1.8m saved by rationalising requirements across the Airwave service.</p>

<p><b>3.2 Delivery of the Information Systems Improvement Strategy (ISIS) programme in line with the programme plan.</b></p> <p>In 2011/12, one target was for the ISIS Programme Board to approve at least three business cases and agreed plans for delivery by the ISIS team. A second target was for the Procurement Strategy for the replacement of the current HOLMES2 system (Major Incident Service) to be approved and signed off by all governance bodies. A final area in which a corporate measure was agreed was that 500 mobile identification devices would be deployed to operational policing</p>	<p>Three key areas of activity were assessed as:</p> <p><b>3.2a Achieved to Target</b></p> <p><b>3.2b Not achieved</b></p> <p><b>3.2c Achieved to Target</b></p> <p><b>Achieved to target</b></p> <p>3.2a The Crime Mapper business case was approved in November 2011. Phase 2 Criminal Justice Digital Working, E-commerce portal and Police Activities Glossary (PAG) were all approved in February 2012.</p> <p><b>Not achieved</b></p> <p>3.2b The HOLMES2 system is used by the police to manage major incidents and is due to be replaced. The business case for the replacement has been developed in partnership with stakeholders throughout the year. This has included ensuring that the procurement strategy is cost effective and will provide the best value for money system for the police service. Due to delays in securing sufficient evidence to satisfy stakeholders that the strategy was sound, the procurement strategy was not agreed by the Home Office's Group Investment Board before the end of the financial year. The business case was subsequently agreed at the Board's April meeting.</p> <p><b>Achieved to target</b></p> <p>3.2c A total of 531 mobile identification devices have been delivered as planned. These devices enable officers to use fingerprints to identify people on the beat, helping to cut the number of trips officers make back to the police station and giving them more time to spend on the front line. For example, rather than arresting and detaining an individual to establish their identity, which can take up to several hours, it will now take a couple of minutes.</p>
<p><b>3.3 Our Value for Money (VfM) approach includes support to productivity improvement and transformational change delivered nationally and locally, underpinned by an evidence-driven approach of 'what works?'</b> The measure this year concerned whether the NPIA's VfM products and bespoke advisory and support services were relevant, valued and used by forces and authorities</p>	<p><b>Achieved to target</b></p> <p>The NPIA provides bespoke advisory services to police forces. Forces in which the NPIA has carried out commissions report 99.5% satisfaction with the service received. Additionally, a variety of specific pieces of work have been provided to forces throughout the year, including:</p> <ul style="list-style-type: none"> <li>• an assessment of future crime demand - the completed product has been uploaded to the 'Performance Analysis Community' on POLKA;</li> <li>• a strategic overview of budget reduction risks has been completed;</li> <li>• a suite of cost effectiveness workbooks have been published and are now situated in the 'Cost Effective Community' on POLKA; and</li> <li>• an evidence-based model for effective approaches to Continuous Improvement has been published on POLKA</li> </ul>

<b>3.4 Reducing Bureaucracy</b>	<b>Achieved to target</b>
<p>This target was measured in four ways. Firstly, to evaluate the benefits of the 'high risk' Reducing Bureaucracy Programme (RBP) projects and others as commissioned, in line with the Programme milestones.</p>	<p>The NPIA's Research, Analysis and Information unit has carried out, or is currently carrying out, evaluations on the pilots of projects that the RBP Board has identified as high risk. These have included the Domestic Abuse pilot, the Missing Persons pilot and the Sudden Death pilot. These evaluations have been, or are being, delivered in accordance with the relevant project plans.</p>
<p>Secondly, supporting RBP projects as commissioned, in line with programme plan governance and milestones.</p>	<p>The NPIA has provided portfolio management support to the National Reducing Bureaucracy Programme. In addition, different parts of the agency have accepted commissions from the RBP Board to carry out specific pieces of work. These include supporting the Crime Mapping project and the work to improve PDR systems in forces. The agency has also provided forces with tailored support to help them review their own practices in areas such as custody management and policy development.</p>
<p>We also committed to completing the doctrine audit and reducing the number of products.</p>	<p>The NPIA has led a transformation of the approach to national police guidance, building on a doctrine audit across ACPO business areas which revealed over 650 national manuals in circulation. The APP programme has consolidated this into eight areas of core practice covering cross-cutting themes common across policing and 17 areas of specific practice where additional detail is needed for reasons of risk, interoperability and in response to the Strategic Policing Requirement (SPR).</p>
<p>Finally, we committed to delivering the agency's commitments to the Approved Professional Practice (APP) workstreams in line with programme milestones.</p>	<p>This has led to a significant reduction in volume, for example across the eight areas of core practice the volume has been reduced by an average of over 50 per cent and the core APP on intelligence has replaced eight previous manuals. Chief Constable's Council agreed the eight core areas in April 2012 covering Intelligence; Information Management; Operations; Decision Making; Investigation; Engagement and Communications; Detention and Custody; and Prosecution and Case Management.</p>
	<p>The first specific APP (civil contingencies) was agreed in December, and work has continued on other specific APP products such as firearms, public order and counter terrorism. All the SPR areas will be finalised by end June 2012. APP content is being made available to the service on an interactive platform from July 2012, ahead of a formal launch in September.</p>

<p><b>3.5 Reducing bureaucracy within our control.</b> We committed to the identification and revision of the most 'high impact' bureaucratic customer-facing processes.</p> <p>The agency identified some key processes within its control and acted to reduce the bureaucracy associated with these, as described alongside.</p>	<p><b>Achieved to target</b></p> <p>The agency supported forces to use an existing software application to undertake required self-assessments in the Equality Standard for the Police Service. Those who adopted this process provided positive feedback on ease of use.</p> <p>The National Policing Curriculum is being developed and progress is on track. It is a catalogue of ACPO-approved detailed learning outcomes across operational and specialist policing. These learning outcomes will be the basis of all national learning programmes and should be used by all forces (as it has been designed for local contextualisation) and therefore should eliminate local duplication.</p> <p>The agency has developed common and shared learning for Public Protection. This identifies the skills and knowledge that are central to the prevention and investigation of violent offending. It consolidates this learning into one set of learning resources, significantly reducing duplication.</p>
<p><b>Priority: Transition</b></p>	
<p><b>4.1 Manage our financial resources</b> to maximise our capability to deliver service priorities.</p> <p>This was measured in two main ways; whether the agency ended the year within budget limits, and whether the required move to full cost recovery (for services already charged) was planned and agreed with the NPIA Board.</p>	<p><b>Achieved to target</b></p> <p>Financial results for 2011/12 are within budget. The total resource budget shows a £10m underspend to the end of March with the Capital budget showing a £5.3m underspend against the forecast figures.</p> <p>In order to comply with HM Treasury rules, the agency's existing charges for some of its services have been adjusted using a method that will bring about full cost recovery from those receiving these services. The method adopted was agreed by a working group that included representatives from those paying and receiving the services, such as ACPO and the APA. These charges are being increased on a phased basis, and forces and authorities have been advised of the new charging arrangements.</p>
<p><b>4.2 Manage change effectively</b> to live within our means and safeguard service delivery and our duty of care to staff. Measurement considered whether the decommissioning of products and services was progressing to plan, and whether staff exits and redeployments progressed to plan.</p>	<p><b>Achieved to target</b></p> <p>Those services that were due to be decommissioned, including the National Senior Careers Advisory Service, were decommissioned as planned. Staff were released or redeployed as required.</p> <p>The Targeted Voluntary Exit Scheme (TVE) was completed in April 2011. Following the preparation of savings plans for the 2012/13 financial year, the Chief Officer Team agreed that another formalised TVE scheme was unnecessary before the start of the new financial year. Only a small number of voluntary redundancies from specific corporate support functions were required to be completed by the end of March 2012</p>

<p><b>4.3 Help decision makers</b> identify the best institutional landscape and funding model for national support services to policing. The NPIA undertook to provide the Home Office with timely information, analysis or advice as it required</p>	<p><b>Achieved to target</b></p> <p>The Home Office has been provided with the information it require in a timely manner in order to plan effectively for the phase out of the NPIA. The agency provided the Home Office with an updated 'Service Risk Assessment', which is used to prioritise savings. This document, validated by ACPO and the APA, analyses the agency's functions and estimates the risk to policing and public protection of ceasing or reducing particular activities.</p> <p>The agency has also continued to provide information and advice to the Home Office teams that are setting up the bodies to which our functions will transfer. In addition, a small number of NPIA staff have been seconded to these teams to provide their expertise.</p>
<p><b>4.4 Migrate continuing functions</b> to successor bodies, and close those that will be decommissioned.</p> <p>This was assessed by whether the NPIA's due diligence programme plan has progressed to schedule, and whether the migration plan was delivered to schedule.</p>	<p><b>Achieved to target</b></p> <p>The due diligence programme plan has progressed to schedule in 2011/12. Non-IT procurement was successfully transferred to the Home Office in October 2011 and NPIA staff destined for the new National Crime Agency transferred to the Serious and Organised Crime Agency on 1 April 2012. Due diligence activity has been taking place in the rest of the NPIA as well to ensure a smooth transfer of functions in 2012. For example, NPIA staff have been reviewing information held electronically or as paper-based records and destroying any redundant, obsolete or trivial information. As well as helping to ensure a smooth, cost-effective transfer to other bodies, this work is also improving the agency's ability to search for information in response to Freedom of Information Act and has reduced information storage costs.</p> <p>The migration plan has progressed to schedule in 2011/12. The plan has continued to be updated in consultation with our counterparts in the Home Office, and the Transition Programme Board approved an updated migration plan at the end of January.</p>
<p><b>4.5 Support our staff and stakeholders with information</b>, and help them play their full part in successful change.</p> <p>The agency tested the effectiveness of the internal briefings and engagement, and tested the effectiveness of external briefings and engagement, in order to measure this performance area.</p>	<p><b>Achieved to target</b></p> <p>The agency monitors the effectiveness of its internal communications in several ways. It monitors the numbers of staff who view intranet new stories, Chief Officer blogs and Chief Officer webchats. The Communications Team also receives qualitative data on the effectiveness of information from a network of 'critical friends' within the agency. In March 2012, the staff survey reported that 70 per cent of respondents felt that they were provided with the "necessary information in order to do my job effectively".</p> <p>The Transition Programme Board has monitored the effectiveness of external communication, including trends in media coverage, social media activity and external e-communications metrics.</p>

<p><b>4.6 Continue cost-effective delivery of the agency's corporate governance and Parliamentary commitments.</b></p> <p>This was assessed against delivery of the Agency's statutory commitments arising from the Police and Justice Act 2006. Applying the statute naturally takes in a wide range of governance and performance elements as described alongside.</p>	<p><b>Achieved to target</b></p> <p>As a non-departmental public body, the agency is required to respond to Parliamentary questions and Freedom of Information (FOI) Act requests within prescribed timescales. In 2011/12, 95 per cent of FOI requests were achieved to target, against a target of 90 per cent. 96 per cent of Parliamentary Questions requests have been returned to time and we are in the top two of the Home Office family league table, which is above our target of being in the top 50 per cent of the table.</p> <p>The NPIA's Annual Report and Accounts 2010/11 was laid in Parliament on 4 July, which was earlier than in previous years. The Business Plan for 2012/13 was agreed by the NPIA Board in March 2012, as scheduled.</p> <p>The agency's Internal Auditors conducted an audit on corporate governance in February 2012 and gave this aspect of the agency's business a green rating.</p>
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# Financial Planning and Future Developments

## Introduction

The NPIA's business planning process fully integrates business, resource, and financial planning, including efficiencies, ensuring that robust workforce planning is undertaken in line with people, estate, procurement and transition requirements. The NPIA's Transition Programme co-ordinates the work associated with the phase out of the agency and the transition of the NPIA's functions into other bodies. The programme is managed by a Programme Board, chaired by the Chief Executive. This is supported by a Delivery Board and a dedicated Transition Team.

The agency ensures that value for money principles are adopted and this activity sits within a broader Value for Money Strategy, which is promulgated in part through the business planning process outlined above.

## Review of performance

The table below compares the NPIA's financial outturn for 2011/12 with its budget.

	<b>Budget £ million</b>	<b>2011/12 Spend £ million</b>	<b>(Over) / under spend £ million</b>
Resource DEL	355.8	344.0	11.8
Resource AME	5.2	7.0	(1.8)
Capital DEL	44.2	38.9	5.3
Resource + Capital	405.2	389.9	15.3

The outturn for resource spending for the year was £11.8 million less than the Departmental Expenditure Limit (DEL) budget and £1.8 million more than the Annually Managed Expenditure (AME) budget. The outturn for capital spending for the year was £5.3 million under budget.

## Going concern

The activities of the NPIA are primarily financed by the Home Office. The statement of financial position as at 31 March 2012 shows total assets, less liabilities, of £290.351 million. In 2010/11 this was £301.327 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. Known destinations are set out in the Future Development section of the Management Commentary.

Once the NPIA's functions have passed to other entities, the NPIA in its current legal form will be dissolved by the passage of primary legislation. The Crime and Courts Bill, which is currently before Parliament, includes the proposed legislation and is expected to be enacted in 2013. Legislative changes are at Parliament's discretion so there is uncertainty as to the nature and timing of changes that affect the NPIA's future.

The valuation methods used for the assets and liabilities of the NPIA depend on the future service use. Continued use, albeit in a different delivery body, should support the current valuations on a going concern basis.

The budget for 2012/13, 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. These will transfer to 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**

The valuation of the NPIA's building at Hendon, which is a specialist data centre, has been valued at depreciated replacement cost because it is built on rented land and cannot be sold on the open market.

The NPIA is 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 in 2002 and then to the NPIA on its vesting in April 2007. The Mansion House is used as offices, meeting rooms and is the home of the National Police Library. The Grade I and Grade II listed parts of the site undergo conservation in order to prevent further deterioration, as required by legislation and related regulations. The Mansion House and grounds are opened to the public annually on Heritage Open Day.

## **Key Relationships**

The NPIA is party to a number of contracts on its own behalf and that of the wider police service. Most significant amongst these is the relationship with Airwave Solutions Ltd. Airwave is 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 is a long-term contractual

partnership, as Airwave Solutions Ltd will be responsible for providing the service until 2020.

### **Auditors**

The NPIA uses internal audit services, provided by the Home Office. The charge for these services was £44,700, compared with £80,600 (restated) in 2010/11.

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 2011/12 was £128,000, compared with £132,000 in 2010/11. The NAO were not paid for any work of a non-audit nature during the year.

### **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 2011/12 the NPIA's policy, as required by the NPIA's Financial Memorandum, 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, as set out in the Office of Government Commerce's Policy Principles.<sup>3</sup> This will be the policy aim for 2012/13.

At 31 March 2012 NPIA's trade creditors of £6,028,000 amounted to four days as measured against all payments to suppliers in the previous year. At 31 March 2011 Creditors of £28,531,000 amounted to 18 days(restated). The NPIA incurred no late payment penalties in the year (£641 in 2010/11).

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

At the end of the financial year 2011/12, the principal risks facing the NPIA included those summarised and collated below. All risks and uncertainties are managed through an internal control system, further detail of which has been provided by the Chief Executive Officer in his Governance Statement.

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<sup>3</sup> Published March 2010 at [www.ogc.gov.uk](http://www.ogc.gov.uk)

The principal risks, summarised, include:

1. The absence of fully defined roles and responsibilities across the successor bodies in the new policing landscape – whilst they remain in development – impairs the transition process and limits the realisation of benefits.

**Mitigating Action:** The NPIA's Senior Management Team regularly engages with the Home Office, attends governance boards and has regular meetings with Ministers. The Home Office is clear that no critical functions or services will be transferred from the NPIA until the receiving organisation is ready. Our Transition Programme is continuing to prepare the agency for its functions' migration to other bodies, including keeping staff informed of developments and developing detailed migration plans in conjunction with the Home Office.

2. The loss of key staff, knowledge or skills, caused by the uncertainties around transition, trigger an unplanned change in staffing profiles, resulting in the agency's inability to achieve its commitments.

**Mitigating Action:** The risks specific to particular groups have been identified and managed at a directorate or corporate level as required. This management has involved: ongoing and comprehensive two-way communications, the identification of staff critical to business continuity and/or close-down and the planning of a coherent and staged transfer process for those passing on to successor organisations.

3. The budget may change in year as a result of changes to the delegation or additional costs arising from transition requirements. This could result in unplanned changes to the business plan.

**Mitigating Action:** The agency has prepared a balanced budget. It has introduced new budgetary controls and proactively monitors forecast expenditure and transition milestones in order to forecast budgetary pressures.

## Future developments

In July 2010, the Coalition Government announced its intention to phase out the NPIA as part of the wider changes to the national policing landscape. The bulk of the phase-out takes place in 2012 as described below.

Before the agency is phased out and its functions transferred to successor bodies, the NPIA has to discharge a number of statutory and contractual responsibilities, to which it has given effect in our 2011/12 Business Plan. In consultation with the agency's partners, and in line with its transitional status and reducing resources, the NPIA agreed three priority areas for the agency during 2012/13. They are described in its business plan as follows:

- **Providing critical national services** - the agency remains committed to supporting forces by assuring the availability of essential infrastructure and other critical services.
- **Readiness for transition** - the agency will do all that is within its power to ensure the readiness of its functions to be transferred to successor

bodies at agreed times and to enable closedown of the agency efficiently and with due diligence.

- **Managing the business** - the agency, through its Accounting Officer, remains directly accountable to Parliament for its handling of publicly funded resources. It is essential that governance and internal controls are maintained during the transition and close-down periods.

This plan has been fully costed for the full financial year, with proportions of the agency's budget to be transferred to successor bodies as they assume responsibility for its functions. On the basis of the budgetary delegation advised to date, the NPIA is confident that it will come in on budget for this financial year.

The NPIA's Transition Programme co-ordinates the work associated with the phase out of the agency and the transition of the agency's functions into other bodies. This is supported by a dedicated Transition Team and managed by a Programme Board, which is chaired by the Chief Executive and includes representatives of the NPIA's counterparts in the Home Office.

Some functions transferred during the 2011/12 financial year, with the following functions having moved into SOCA in April 2012 preparatory to the creation of the National Crime Agency in 2013:

- Central Witness Bureau;
- Crime Operational Support Unit;
- the National Missing Persons' Bureau;
- Serious Crime Analysis Section;
- and Specialist Operations Centre.

As announced in the Home Secretary's Written Ministerial Statement in March 2012<sup>4</sup>, the Proceeds of Crime Centre will also transfer in due course into the National Crime Agency. The NPIA's statutory powers to train, accredit and monitor Financial Investigators remain priorities, and, in due course, the Home Secretary intends to bring forward legislation to amend the Proceeds of Crime Act to allow for these responsibilities to be passed to the NCA.

The NPIA's non-IT procurement function moved into the Home Office in October 2011. Further NPIA functions will move to the Home Office in Autumn 2012.

These include:

- responsibility for the 101 non-emergency phone service;
- crime mapping;
- the NPIA's Automotive Equipment Section;
- the programme for implementing Schengen Information System (SISII);
- management of the contract for the Airwave radio system and its replacement (including associated staff);
- the National Police Air Service project team;
- NPIA's Police Science and Forensics services;
- pathology services;
- forensic and other non-ICT procurement;
- policy for Police Special Constables;
- some policy responsibility for Police Workforce Strategy;

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<sup>4</sup> Available at [www.homeoffice.gov.uk](http://www.homeoffice.gov.uk)

- and the secretariat for the Reducing Bureaucracy programme.

Additionally Hendon Data Centre Services, which includes critical functions such as the Police National Computer, will transfer to the Home Office as an interim measure in Autumn 2012.

A new police professional body is to be established under the Government's reforms of the policing landscape to further professionalise policing and create a body that directly supports police officers of all ranks and police staff. It is envisaged that NPIA functions outlined below will transfer to the new body:

- learning, development, strategy and curriculum;
- authorised professional practice;
- exams and assessments;
- the international academy;
- the National College of Police Leadership;
- uniformed operational support;
- some specialist training;
- key aspects of the Research, Analysis and Information unit;
- and the Criminal Justice and Local Policing Unit.

As announced in July 2011, the Government also intends to establish a Police Information and Communications Technology (ICT) company. The company will be responsible for the procurement, implementation and management of complex contracts for information technology, related business change and outsourcing services, supplying both national and local services for police. Some of the remaining NPIA functions and responsibilities may transfer to this new company.

The agency has reduced the organisation's headcount steadily over the past 18 months from over 2,200 to 1,619 staff members in March 2012. The majority of NPIA posts will transfer to the agency's successor bodies before the NPIA closes. A proportion of those staff who will not transfer through this process are thought likely to secure public sector posts through redeployment and other means, but it is anticipated that there will be a small number of redundancies once close-down concludes.

## Environmental, Social and Community Issues

### **The NPIA Estate**

The NPIA Estates Strategy aims to provide an estate that effectively and efficiently meets the current and future needs of the agency's functions and services. Throughout 2011/12, the agency has considered the future need for and potential use of most sites in light of the decision to phase out of the agency. Action has been taken to help achieve the Home Office's target for the NPIA of reducing the NPIA's spending on property by 50 per cent and to help future organisations that succeed the NPIA to operate from a reduced estate and more efficient starting point.

As part of its estates review, the agency accepted in principle the need to exit the Harrogate site. No final decision has been made on when to leave the site nor have any firm decisions been taken about alternative sites. The decision in principle follows consultation involving staff at the site and external partners such as police authority chairs, chief constables and Harrogate Council.

The possibility of disposing of the site, the feasibility of moving the training activities to other NPIA sites and finding alternative locations in the area for the other national police work provided, there are aspects being explored.

The NPIA's Bramshill site has also been the subject of a substantial review during 2011/12. As a result, the Home Secretary is currently consulting with the police service regarding options for this site.

In December 2011, the NPIA completed the consolidation of its two central London sites into one headquarters in the Home Office building at 2 Marsham Street. The move into its new headquarters has not only been a physical move of staff but a radical change in working practices. Workstations are shared, now with a ratio of seven desks to ten members of staff, and the whole ethos is the sharing of space and other office resources.

### **Sustainability Reporting**

This is the first year that the NPIA has been required to report sustainability information in its Annual Report and Accounts. The information that follows is provided in accordance with HM Treasury guidance<sup>5</sup>. The agency's reporting focuses on its large training estate as these present the greatest environmental challenges for the agency.

The NPIA, like all non-departmental government bodies, aims to meet the Government's Greening Government Commitments<sup>6</sup>. These state that, in order to reduce environmental impact by 2015, the Government will, against a 2009/10 baseline:

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<sup>5</sup> HM Treasury Public Sector Annual reports: Sustainability Reporting Guidance for 2011/12 Reporting available at [http://www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm)

<sup>6</sup> Available from <http://sd.defra.gov.uk/gov/green-government/commitments/>

- Reduce greenhouse gas emissions from the whole estate and business related transport;
- Reduce the waste generated by 25 per cent;
- Reduce water consumption, with reports on water use against best practice;
- Ensure procurement of sustainable and efficient products whilst reducing the impact of the supply chain:

The NPIA, through integration into the Home Office's return, regularly updates the Cabinet Office on its progress against these targets.

### Sustainability Performance Summary

The Greening Government Commitments are measured against a baseline year of 2009/10. For the waste and water consumption categories outlined below, data for 2009/10 and 2010/11 is incomplete so it does not provide a baseline against which to measure progress and has not been included. Monitoring systems within the Building Management System were improved in 2010/11 and 2011/12, in part to aid the collection of data for this report.

Area	2011/12	2010/11	2009/10
Greenhouse Gas emissions (Scopes 1, 2, 3 Business Travel including international air/rail travel) (tCO <sub>2</sub> e <sup>7</sup> )	12,128	12,050	12,986
Estate Energy (Electricity and Gas) Consumption (kWh)	26,825,946	27,788,033	28,885,241
Estate Energy (Electricity and Gas) Expenditure (£)	1,900,970	2,636,170	1,574,947
Estate Waste Amount (t)	200	n/a	n/a
Estate Waste Expenditure (£)	19,138	n/a	n/a
Estate Water Consumption (m <sup>3</sup> )	68,333	n/a	n/a
Estate Water Expenditure (£)	80,677	n/a	n/a

As part of the Transition Programme, future plans for the agency's estate will take environmental considerations into account, and successor bodies will develop the sustainability strategy. However, the agency will continue working to improve sustainability to ensure the successor bodies inherit the most efficient estate possible. In 2012/13, the agency will:

- Reduce energy use. In particular the agency will decommission and remove redundant air-conditioning units at Harrogate, and install motion-sensitive light controls into areas of Bramshill that do not currently have them.
- Further reduce waste and increase recycling across all sites. In particular, the agency aims to recycle almost 100 per cent of the waste generated by its Ryton site.
- Continue to encourage staff to take action to reduce the agency's environmental impact through environmental groups based at each site.

The full sustainability performance report is included at Appendix A.

<sup>7</sup> Metric tonnes of carbon dioxide equivalent

## **Social and Community Matters including employment**

As of 31 March 2012, the NPIA's headcount was 1,619 people. Headcount includes permanent employees, fixed contract, contractor/agency workers and secondees. Sickness absence figures however, are measured against a base of employees only on the payroll during the relevant period. In 2011/12, the average number of sickness absence days per employee, including long term sickness (i.e. more than one month) was 5.9 days, which is below the agency's target of no more than 7.5 days per person.

The NPIA has maintained a good level of engagement between its senior management team and staff throughout the year, using a variety of methods. A high level of corporate communication has been maintained in 2011/12 to help address the concerns of the agency's staff as the agency is phased-out.

The NPIA's Chief Executive Officer and chief officers each on rotation host an hour-long online webchat forum for all NPIA staff approximately twice a month. This provides an opportunity for staff to raise any issues or questions they may have. The Chief Officer Team updates a weekly interactive blog to help keep staff up to date on all issues facing the NPIA and new developments that take place during the year.

Throughout June 2011, and again in October 2011, the agency held a series of 'Time to Talk' staff engagement events. These took place across each of the agency's major sites to provide staff with the opportunity to question and listen to the Chief Officer Team.

The NPIA has a Staff Council set up at both directorate and agency level. The councils meet quarterly and discuss organisational issues ranging from working conditions to business performance matters. Representatives are nominated by staff and cover all directorates, the trades unions and the Police Federation. The agency also carried out staff surveys to identify concerns and help the agency to improve services and support to staff. Staff surveys were carried out by an independent agency to ensure confidentiality and took place in April 2011, August 2011 and February 2012. Following each survey, corporate and directorate action plans were put in place, in consultation with staff representatives, to address areas for improvement.

Several members of staff were recognised in the New Year's Honours List. Anne Harrison, Head of the NPIA's Specialist Operational Support unit, received the OBE for services to public protection. Duncan McGarry, who is the National Police Family Liaison Adviser, received an MBE in recognition of his services to the police, and CEO Nick Gargan received a QPM for services to policing. During the year, a number of Chief Constable's Commendations were awarded to staff in recognition of contributions to policing. A list of commendation recipients can be found at Appendix A. Other awards given to NPIA teams and individuals are detailed at Appendix B.

The NPIA provides opportunities for its people to give back to their communities. For example, some staff are special constables, directly improving public safety. The agency facilitates this by allowing them to take up to 15 days paid special leave to undertake their duties. Alternatively, staff have the option to take up to

five days special leave for voluntary work to support the community. All of those using this facility add their own time to the voluntary work undertaken.

### **Promoting equality, diversity and human rights**

The NPIA has a duty to promote equality and eliminate discrimination. There is a clear business case to do this, which is supported by legislation. The agency's Equality, Diversity and Human Rights (EDHR) unit is dedicated to providing support to the NPIA to ensure that duties are met as an employer and that it also supports the wider police service to meet its duties through the services the NPIA provides.

During 2011/12 the agency strengthened EDHR monitoring, equality analysis, equality assurance and compliance advice arrangements, as the NPIA implemented a voluntary exit scheme, targeted voluntary redundancy and restructures. Joint working by the agency's EDHR, HR and transition teams has helped to identify the impact on staff of its transition programme, and these teams continue to work with the new bodies as the future landscape of policing takes shape.

This year the EDHR team, working alongside other units, has focused on activities that support staff through the changes they may face. This includes supporting the development of policies that cover coaching and mentoring, career progression, and a skills database.

The agency has maintained its commitment to its Single Equality Scheme principles. The activities identified in the disability action plan last year have ensured the agency has a reasonable adjustment policy which supports its existing disabled employees and any prospective employees. Across the agency, people with an identified requirement have received bespoke IT equipment and travel and office assistance to improve their work experience. The agency has ensured that appropriate adjustments have been made where necessary, in buildings in which it is a joint tenant.

All NPIA policies, processes, publications and programmes have been reviewed through the Equality Analysis process and legal validation. The agency has in place a process that continually reviews policies for compliance to the Equality Act 2010 and the Welsh Language Act 1993. It is through this process that it has been able to identify activities in the organisation that require compliance with its Welsh Language Scheme (2010) and have ensured activities across the business have met obligations under the Welsh Language Act 1993.

Over the life of the Scheme, the agency can report 71 per cent (45 out of 63) of its actions have either been completed, or continue to be progressed in the agency. The agency has submitted a final report to the Welsh Language Board<sup>8</sup> that evidences the actions it has taken to deliver appropriate products bilingually year on year over the life of the Scheme.

In embedding equality analysis in the agency's policies, processes and programmes, the NPIA mitigates actual or potential adverse impact for people

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<sup>8</sup> Available at [www.npia.police.uk](http://www.npia.police.uk)

that have a protected characteristic and for those who do not. As equality issues come to light, the agency makes decisions to improve its equality outcomes, prevent discrimination and promote equality of opportunity. This has improved work experiences for staff, visitors and delegates and enhanced the reputation of the agency as a whole. Throughout the year, the agency has looked at areas concerning flexible working, marriage or civil partnership, caring responsibilities, reasonable adjustments, length and design of courses, grievances, bullying and harassment, reward and recognition and sickness and absence.

EDHR runs throughout the agency as it ensures products to the wider police service are compliant with equalities legislation and that the agency promotes fair practices.

The analytical support the EDHR team provides on equality and diversity in the NPIA has this year been commended by the agency's CEO. Sound analysis and professional expertise, provided by the EDHR unit, have been key to recent progression of equality and diversity activity within the agency and wider police service. The team's analysis and equality assurance work to national programmes has provided the agency's stakeholders and governing boards with evidence to ensure risks are highlighted early, and to avoid unintentional consequences for specific groups.

Since the completion of the Equality and Human Rights Commission Inquiry into Disability Related Harassment in June 2010, the agency has supported ACPO and the wider police service in responding to the inquiry and implementing subsequent recommendations. The EDHR unit is also supporting the service to respond to a Criminal Justice Joint Inspection on Disability Hate Crime, which is being conducted by Her Majesty's Inspectorate of Constabulary, Her Majesty's Crown Prosecution Service Inspectorate and HMI Probation.

To address issues regarding the use of stop and search ACPO are fully supporting the roll out of Next Steps, a diagnostic tool, by the NPIA. This tool enables the police service to increase community confidence through the accountable, effective, legitimate and economic use of the continued support of both the Independent Police Complaints Commission and the Equality and Human Rights Commission. Currently, the NPIA has successfully worked with a number of forces and will continue implementation of Next Steps throughout this year.

### **NPIA workforce representation**

The tables overleaf summarise changes in the diverse make-up of the NPIA between 31 March 2011 and 31 March 2012 and includes the main protected characteristics of age, disability, ethnicity, gender, religion and belief and sexual orientation.

Age	31 March 2012		31 March 2011	
	Volume	% Total	Volume	% Total
20 and under	1	0.1%	1	0.1%
21 – 30	209	12.9%	290	15.9%
31 – 40	428	26.4%	483	26.5%
41 – 50	522	32.2%	598	32.9%
51 – 60	403	24.9%	396	21.8%
61 +	56	3.5%	52	2.9%
<b>Total</b>	<b>1619</b>		<b>1820</b>	
<b>Disability</b>				
Disability Declared	62	3.8%	45	2.5%
No Disability Declared	1043	64.4%	993	54.6%
Prefer not to say	55	3.4%	57	3.1%
Unknown / Blank	459	28.4%	725	39.8%
<b>Total</b>	<b>1619</b>		<b>1820</b>	
<b>Ethnicity</b>				
Asian	95	5.9%	107	5.9%
Black	37	2.3%	47	2.6%
Chinese or Other	18	1.1%	23	1.3%
Mixed	23	1.4%	21	1.2%
White	1113	68.7%	1177	64.7%
Not Stated	99	6.1%	99	5.4%
Unknown / Blank	234	14.5%	346	19.0%
<b>Total</b>	<b>1619</b>		<b>1820</b>	
<b>Gender</b>				
Male	706	43.6%	1014	55.7%
Female	913	56.4%	806	44.3%
<b>Total</b>	<b>1619</b>		<b>1820</b>	
<b>Religion and Belief</b>				
Buddhist	10	0.6%	7	0.4%
Christian	662	40.9%	652	35.8%
Hindu	47	2.9%	48	2.6%
Jewish	11	0.7%	9	0.5%
Muslim	38	2.3%	34	1.9%
Sikh	14	0.9%	14	0.8%
Other	31	1.9%	35	1.9%
No Religion	388	24.0%	412	22.6%
Prefer not to say	128	7.9%	114	6.3%
Unknown / Blank	290	17.9%	495	27.2%
<b>Total</b>	<b>1619</b>		<b>1820</b>	
<b>Sexual Orientation</b>				
Bisexual	5	0.3%	5	0.3%
Gay / Lesbian	23	1.4%	22	1.2%
Heterosexual	1153	71.2%	1153	63.4%
Prefer not to say	158	9.8%	164	9.0%
Unknown / Blank	280	17.3%	476	26.2%
<b>Total</b>	<b>1619</b>		<b>1820</b>	

## Information assurance

The NPIA makes concerted efforts to ensure that its data and that of its partners is properly managed to assure its confidentiality, integrity and availability. In 2011/12, the agency has continued to promote the importance of information assurance (IA) in its daily activities and to maintain a level of awareness of the significant risks that can ensue from personal data loss. The NPIA's programme of work ensures that it manages information securely, effectively and in compliance with the recommendations made in the pan-government Data Handling Review (June 2008).

The Information Assurance Maturity Model (IAMM) has been designed by government to help Senior Information Risk Owners (SIROs) establish a comprehensive programme of work to achieve three main IA goals. These are:

- Embedding an information risk management culture within the organisation
- Implementing best practice IA measures
- Building an effective compliance regime.

In April 2011 the NPIA was assessed by the Home Office as being at IAMM Level 2.

Each NPIA Information Asset Owner (IAO) completes a quarterly information asset risk register which identifies the risks to each asset and the management of that risk. The process provides an organisation-wide view of information assets and the risks associated with each one for the NPIA SIRO.

All NPIA staff receive IA training as part of induction and are also required annually to complete an e-learning course, Protecting Information Training Level 1. All IAOs are required to complete the Level 2 training, and the NPIA SIRO and NPIA Deputy SIRO have completed Level 3 training.

Information security breaches are reported according to NPIA's information security management policy and procedure. This defines incidents as those that affect, or have the potential to affect, the confidentiality, availability or integrity of data. Incidents are then investigated and the lessons we learn are implemented. Those incidents affecting NPIA corporate networks are also reported to the Information Services Compliance and Risk team to feed into the accreditation of those networks. Any lessons learnt requiring infrastructure changes are implemented via a Change Advisory Board including both compliance and risk and technical subject matter experts.

A summary of personal data related incidents formally reported to the Information Commissioner's Office in 2011/12 would normally appear here as Table 1. This has been omitted as no incidents have been formally reported.

The following table summarises protected personal data incidents that have occurred during 2011/12. At the time of each incident, the agency reviewed the 'Guidance on Notification of Data Security Breaches' and concluded that these incidents were not notifiable. This is because there was very limited potential for harm to the data subjects, and the volume and sensitivity of the compromised data did not meet the thresholds identified in the Information Commissioner's guidance.

<b>Table 2: Summary of Other Protected Personal Data Related Incidents in 2011/12</b>		
Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the agency are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.		
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	2
IV	Unauthorised disclosure	6
V	Other	0

It should be noted that incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded 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 for this reason in 2011/12.

## About the NPIA

The NPIA is a Non-Departmental Public Body sponsored by the Home Office, with a remit that covers most of the UK. The duties and powers of the agency are vested in the tripartite NPIA Board, the membership of which is listed later in this Report. Tripartite refers to the Association of Police Authorities (APA), the Association of Chief Police Officers (ACPO), and the Home Office. The NPIA Board is required to provide governance and corporate oversight to the NPIA. The primary role of the ACPO, APA and Home Office members of the Board is (as for all members) to work in the best interests of the police service. The agency works with police forces and authorities to support them in performing their functions.

The agency is funded from two main sources: the Home Office as the government sponsoring department, and income from charges for specific services.

## Purpose

The NPIA's purpose is to **make a unique contribution to improving public safety**. In its 2011/12 Business Plan, the agency described four priorities for the year. They are:

- **Critical National IT Services** – supporting operational policing through high quality, accessible information and communications systems
- **Specialist Operational and Support Services** - increasing policing capability and capacity, including through hands-on support, advice, training and sharing knowledge at local, national and international levels
- **Cost Effectiveness and Reducing Bureaucracy** - supporting the multiagency Police Value for Money Unit established by the Home Office, assisting forces and authorities to drive our value for money, including through the provision of tailored support.
- **Transition** - ensuring the smooth transfer or closure of agency functions, with due diligence, and maintaining efficient and effective corporate governance until the agency is wholly phased out

## Vision

The NPIA will help to make its country and every citizen in it safer. When they need the police they will receive the right service, delivered to a consistently high standard. Services will be accessible when people require them, delivered with care, compassion and sensitivity.

The agency's vision is of a police service where the right staff have the time, skills, knowledge, information and equipment to give the best service, where careers are developed, where staff are recognised for good performance, and are led well by people that they and the community respect.

The agency's vision is of a strong public service, engaged with every community; a service that values the dedication of staff and volunteers, and believes that trust in the police service is crucial to a safe and confident society.

## **Status**

The NPIA was established under the Police and Justice Act 2006 and came into existence on 1 April 2007. The agency is currently scheduled to be phased out and the majority of its functions transferred to other bodies in 2012. As part of this Act, the following 'objects' were laid out for the agency:

- 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
- anything else that is reasonably expected in order to complete the above tasks.

## The NPIA's Chief Officer Team

There has been one personnel change at the Chief Officer team level during 2011/12. In July 2011, the NPIA's then Chief People Officer, Angela O'Connor, left the NPIA. DCC Paul Minton became the Director for the People and Development in addition to his role in the Policing Policy and Practice Directorate.

The NPIA's organisational chart showing Chief Officer Team responsibilities as at 31 March 2012 is on the following page<sup>9</sup>.

	<p><b>CEO Directorate</b></p> <ul style="list-style-type: none"> <li>Marketing and Communications</li> <li>Equality, Diversity and Human Rights</li> <li>Strategy</li> <li>Corporate Governance and Parliamentary</li> </ul> <p><b>Nick Gargan</b> Chief Executive T 020 3113 7213</p>
 <p><b>Paul Minton</b> Deputy Chief Constable and Chief Operating Officer T 020 3113 7211</p>	<p><b>Policing Policy and Practice Directorate</b></p> <ul style="list-style-type: none"> <li>Continuous Improvement</li> <li>Criminal Justice and Local Policing</li> <li>Practice Improvement</li> <li>Capability Support</li> <li>Protective Services</li> <li>Police Science and Forensics</li> <li>Research, Analysis and Information</li> <li>Cost Effectiveness</li> </ul> <p><b>People and Development Directorate</b></p> <ul style="list-style-type: none"> <li>Learning Delivery, including Proceeds of Crime Centre</li> <li>Learning and Development Strategy</li> <li>International Academy</li> <li>National College of Police Leadership</li> <li>Examinations and Assessment</li> <li>Workforce Strategy</li> </ul>
 <p><b>Tom McArthur</b> T 020 3113 7216</p>	<p><b>Operations Directorate</b></p> <ul style="list-style-type: none"> <li>Schengen (SIS) II Programme</li> <li>Specialist Operational Support</li> <li>Crime Analysis Unit</li> <li>Police National Computer</li> <li>Information Services</li> <li>Technology Product Management Unit</li> <li>Information and Communications Development</li> <li>Chief Technology Office</li> <li>Information Systems Improvement Strategy (ISIS)</li> <li>IMPACT Programme</li> </ul>
 <p><b>Dr David Horne</b> T 020 3113 7215</p>	<p><b>Resources Directorate</b></p> <ul style="list-style-type: none"> <li>Finance</li> <li>Human Resources</li> <li>Commercial and Procurement</li> <li>Property Services and Delivery</li> <li>SAP Competency Centre</li> <li>Internal Value for Money</li> </ul>

<sup>9</sup> Note that from 1 April 2012, Crime Analysis Unit and three teams of the Specialist Operational Support Unit (the Central Witness Bureau, Crime Operational Support Unit and Specialist Operations Centre) transferred to the Serious and Organised Crime Agency. The remaining team from the Specialist Operational Support Unit (Uniform Operational Support) moved to the Policing Policy and Practice Directorate.

# The NPIA Board and Register of Members' Interests

## Members' details

### **Peter Holland CBE DL**

Length of term: 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 both 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 Lord 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 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 Years Honours 2005.

### **Nick Gargan QPM**

Length of term: January 2011 – December 2012

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

Nick joined the NPIA in January 2010, initially as Chief Operating Officer and Deputy Chief Executive until stepping up to the role of Acting Chief Executive in September 2010. As Chief Executive, Nick is a member of ACPO Cabinet and Council as well as the High Level Working Group on Police Value for Money. He is 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.

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

### **Stephen Webb**

Length of term: July 2010 – June 2012

#### **Home Office member**

Stephen is currently 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 is 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.

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

Length of term: 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.

He received the OBE in the New Years Honours List 2001 for services to policing. Sir Hugh received a Knighthood in 2005. 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.

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

Length of term: April 2010 – March 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.

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

Length of term: May 2012 – December 2012

#### **Commissioner of the Metropolitan Police Service**

Bernard became the 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. Bernard joined the Metropolitan Police Service as Assistant Commissioner in July 2001, with responsibility for Human Resources, and returned to Merseyside Police in 2004 on appointment to 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 Bernard became the Acting Deputy Commissioner of the Metropolitan Police Service.

Bernard received the Queen's Police Medal in 2003.

### **Tim Godwin OBE QPM**

Length of term: September 2009 – December 2011

#### **Former Deputy Commissioner of the Metropolitan Police Service**

Tim retired from the police service in December 2011 after more than thirty years of service. He was appointed Deputy Commissioner of the Metropolitan Police Service in July 2009 and served as acting Commissioner from July to September 2011.

Tim received the OBE in the New Year's Honours List in 2003 and the Queen's Police Medal in the New Years Honour's list in 2009.

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

Length of term: April 2007 – March 2013

#### **Chairman APA**

Mark was elected Chair of the APA in October 2011, having served as Deputy Chair since 2009 and a Board member since 2003. He has been Chair of the West Yorkshire Police Authority since June 2003, having been a member of the Authority since 1999. He has been an elected Wakefield Metropolitan District

Councillor since 1998 representing the Castleford Central and Glasshoughton Ward. As a Councillor, Mark is currently Chairman of the Castleford Town Centre Partnership and Chair of the Wakefield Council Labour Group.

Mark was awarded an OBE for services to the Community and Policing in the 2012 Honours List.

Previous employment has spanned over 20 years in public and private sector organisations, including West Yorkshire County Council, the Citizens Advice Bureau, CableTel Ltd, the Rugby Football League and Halifax plc.

### **Cllr Rob Garnham**

Length of term: December 2009 – March 2013

#### **APA member**

Rob has 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 its Chair since 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, and 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.

### **Alan Edwards**

Length of term: July 2009 – June 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.

**Chris Hughes CBE**

Length of term: April 2007 – December 2012

**Independent member**

Chris is Chair of the Learning and Skills Network, an independent not for profit company delivering improvement training and research services to the further education and training sector. He is also Chair of two awarding bodies, Northern Council for Further Education and Signature.

Chris was formerly a specialist adviser to the House of Commons Select Committee on Educational Skills 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.

**David Marshall**

Length of term: April 2008 – December 2012

**Independent member**

For the last four 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. Currently, alongside his appointment to the NPIA Board, David is a Fellow at the Centre for Leadership Studies at the University of Exeter, and Chairman of the Centre for Excellence in Leadership. He is an experienced assessor, executive coach and team development adviser.

## Register of Members' Interests

Under Paragraph 18 of the April 2007 Code of Practice for Members of the Board of the National Policing Improvement Agency, the NPIA is required to publish the register of interests in the Annual Report. Board Members have declared interests as follows:

### **Peter Holland CBE DL**

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

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

### **Nick Gargan QPM**

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

- Member - Association of Chief Police Officers
- Trustee – Police Training Authority Trust
- Member - National Policing Improvement Agency Board

### **Stephen Webb**

#### **Home Office member**

- Trustee & Treasurer - Nuevas Esperanzas UK
- Advisory Council Member - The Dawes Trust
- Member - National Policing Improvement Agency Board

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

#### **ACPO President**

- 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
- Member - National Policing Improvement Agency Board

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

#### **ACPO member**

- 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 - National Policing Improvement Agency Board

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

#### **Commissioner of the Metropolitan Police Service**

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

**Tim Godwin OBE QPM<sup>10</sup>****Deputy Commissioner of the Metropolitan Police Service**

The interests below are those that Tim held whilst he was a NPIA Board member.

- Chair - London Criminal Justice Partnership
- Trustee - The Metropolitan Police Commissioner's Fund
- Trustee - The Metropolitan Police Sports Fund
- Member - Association of Chief Police Officers
- Member - Sentencing Council for England and Wales
- Member - National Policing Improvement Agency Board

**Cllr Rob Garnham****APA member**

- Councillor - Gloucestershire County Council
- Councillor - Cheltenham Borough
- 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 - National Policing Improvement Agency
- Accredited Independent Assessor - Office of the Commissioner for Public Appointments
- Independent Assessor - NHS Appointments Commission
- Member - Association of Police Authorities Board
- Member - Gloucestershire Police Authority
- Public Member - Gloucestershire Hospitals NHS Trust
- Public Member - Gloucestershire '2gether NHS Foundation Trust'
- Member - Royal National Lifeboat Institution
- Member - National Trust
- Member - Conservative Party
- Member - National Policing Improvement Agency Board

**Cllr Mark Burns-Williamson****Chairman APA**

- 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) (until March 2012)
- Member - Wakefield and District Housing Local Management Committee
- Member - National Policing Improvement Agency Board

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<sup>10</sup> These interests were those declared during his term of appointment, which ended in December 2011.

**Alan Edwards****Independent member**

- 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
- Advisory Board Member - KMPG Public Governance Institute
- Member - National Policing Improvement Agency Board

**Chris Hughes CBE****Independent member**

- Chair - Learning and Skills Network
- Chair - Northern Council for Further Education awarding body
- Chair - Signature (awarding body)
- Partner - Hughes Associates
- Advisor - Royal Anniversary Trust
- Member - National Policing Improvement Agency Board

**David Marshall****Independent member**

- Director - AM Consulting
- Fellow - Centre for Leadership Studies, University of Exeter
- Associate - t3 Consulting
- Associate - Kiddy and Partners
- Member - National Policing Improvement Agency Board

**Chief Constable Nick Gargan QPM**  
**Chief Executive and Accounting Officer,**  
**National Policing Improvement Agency**  
**14 June 2012**

# ACCOUNTING MATTERS

## Statement of the Accounting Officer's Responsibilities

Under 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 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 the NPIA and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State with the approval of the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments 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
- prepare the financial statements on a going concern basis

The Secretary of State for the Home Department has appointed the Chief Executive Officer 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 the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in 'Managing Public Money'.

**Chief Constable Nick Gargan QPM  
Chief Executive and Accounting Officer,  
National Policing Improvement Agency  
14 June 2012**

## Governance Statement

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### Statement

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 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. It can, therefore, provide only high and not absolute assurance of effectiveness.

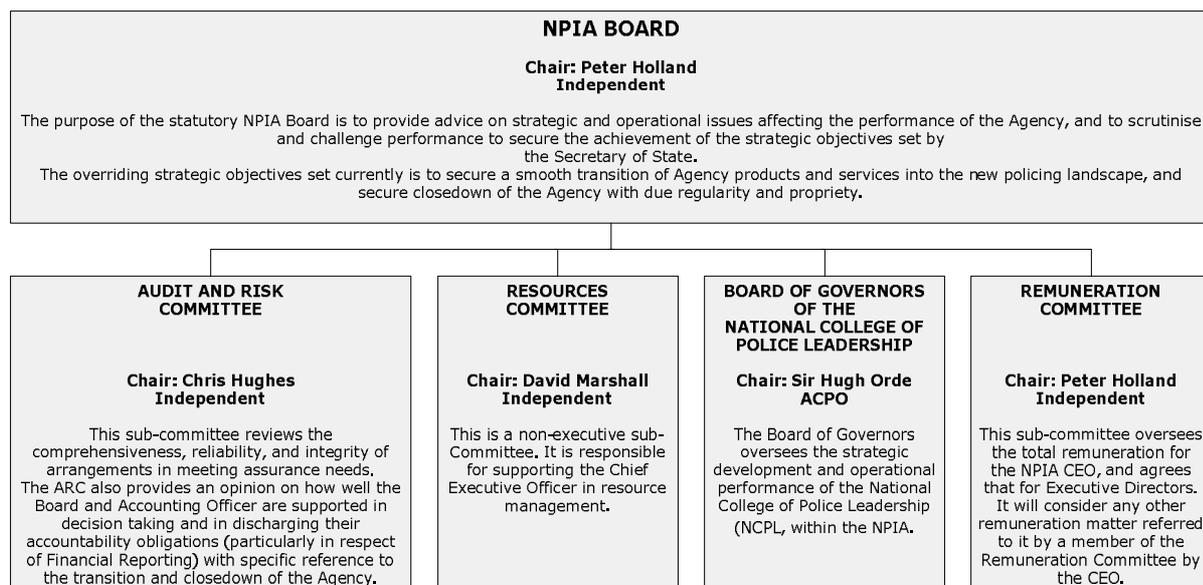
I confirm that I have reviewed the control system in operation within my area of responsibility. The work of internal auditors, the Audit and Risk Committee and executive managers who have responsibility for the development and maintenance of the control framework, informed my review. NPIA executive managers also provided me with written assurances concerning the systems of internal control operating within their areas of responsibility. Finally, Her Majesty's Inspectorate of Constabulary, for the first time, inspected the agency during its recent review into police integrity in England and Wales. It found no material issues.

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### Governance Framework

The NPIA Board is a statutory body that provides governance and corporate oversight. Its specific responsibilities encompass strategy, performance, risk, efficiency and capability. Membership of the Board includes representatives of the tripartite, (Home Office, ACPO and APA), and independent non-executives selected for the expertise they have in matters of audit, risk and resource management and for the external perspective that they bring. The Chairman conducts periodic performance appraisals of members to review their individual effectiveness. For 2011/12, his assessment was that all members had been fully effective.

The Board and subcommittees are as follows:



The Board has met seven times since April 2011, and was quorate for five of those meetings. ACPO was not in attendance at the meeting in November 2011, and the APA was not in attendance for the meeting in February 2012. When the meeting was not quorate, the Chairman had made arrangements for voting members to contribute their views in writing. Individuals' attendance records are as follows:

NPIA Chairman	Peter Holland CBE DL	7/7
NPIA CEO	Nick Gargan QPM	6/7
Independent members	Chris Hughes CBE	7/7
	David Marshall	5/7
	Alan Edwards	6/7
HOCPG Director	Stephen Webb	7/7
APA Chairman	Mark Burns-Williamson OBE	4/7
APA Nominee	Rob Garnham	5/7
ACPO President	Sir Hugh Orde OBE QPM	3/7
ACPO Nominee	Jim Barker-McCardle QPM	5/7
MPS Nominee	Bernard Hogan-Howe QPM	0/3*
	Tim Godwin OBE QPM	1/4*

= representation changed in year. During this time, the MPS has provided a non-voting ACPO level observer.

The effectiveness of Board is such that it has been determined by the sponsor department that there will be no change to its membership ahead of the NPIA being phased-out.

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 programme (about which more is explained below); performance; risk; financial management; estates; and people. These were in addition to the crosscutting oral updates I provided at each Board meeting about the current and future operating context for the agency and for policing more generally. The Deputy CEO fulfilled this role at the one meeting I was unable to attend.

In response to the publication by the Cabinet Office in July 2011 of a new Code of Corporate Governance, the Board commissioned the development of a new Framework Document regulating the relationship between the NPIA and its

sponsor unit in the Home Office. Whilst the Guidance does not apply explicitly to NDPB's, its application is good practice for the NPIA, the Board and its Committees. This Framework Document is now operational.

Additionally, the Board commissioned a review of the Terms of Reference for the Board and its Committees and the Codes of Conduct. This was to ensure that the internal governance framework complied with the latest guidance and that the operation of the Board and Committees remained effective, proportionate and transparent. In May 2012, the Board agreed amended terms of reference, now known as the Board Operating Framework. It determined to keep this framework and the performance of the Board and Committees under review as the agency nears close-down.

The only substantive area where I would identify a deviation from the Cabinet Office Code is that the Board has not established a Nominations and Governance sub-committee. My recommendation was not to do so because the proposed terms of reference are largely irrelevant to an organisation facing imminent close-down. The Audit and Risk Committee endorsed this approach on behalf of the Board.

The NPIA's Audit and Risk Committee continues to operate as a sub-committee of the NPIA Board, supporting the Board in discharging the latter's responsibilities for issues of risk, control, governance and associated assurance. In 2011/12, the Committee's scope of operation included:

- reviewing the comprehensiveness of assurances in meeting the Board / 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.

As with the Resources Committee, the Audit and Risk Committee reports to the Board after each of its meetings. The Committee's four scheduled meetings were quorate and an additional meeting – a "deep dive" – was held with independent members to provide them with an opportunity for closer scrutiny and challenge of the Transition Programme. This year, the Chairman of the Board also attended meetings of the Audit and Risk Committee for the purpose of Transition updates. The Audit and Risk Committee provides 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. For 11/12, its conclusion was that it could provide moderate assurance.

To discharge its responsibilities effectively, the Audit and Risk Committee receives various reports including progress reports from internal and external audit leads, changes to the risk register, draft and final accounts and the annual report of the NPIA. In May 2011, the Committee approved the internal audit plan prepared by the Home Office Audit and Assurance Unit. The number of audit days allocated (390) was fewer than in previous years, continuing a welcome downward trend in audit days since vesting. The audit plan changed considerably during the year to reflect the delays in transition activity, and the Head of Internal Audit has provided a detailed report on this to me and the

Committee. In this, she provided an overall opinion of moderate assurance. The Committee has subsequently included all these matters in its own annual report to the NPIA Board.

The Chair of the Audit and Risk Committee may commission other reports within the committee's terms of reference; this year they included reports on the exercises the agency undertook to manage the risk of financial loss more effectively. During the year, the Audit and Risk Committee required detailed progress reports regarding the Future of the NPIA Transition Programme and undertook the "deep-dive" previously described. With the agreement of the Committee, the Chair wrote to his counterpart in the Home Office Audit Committee. This was to inform the latter of the risk profile that the NPIA Committee deemed to have arisen from transition. The two Chairs have since met and agreed that further meetings would be prudent. I will now turn to the key issue of transition.

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### **Key Issues handled in year**

The phasing out of the agency by the end of 2012, as announced in July 2010, is an ever more significant issue that continues to:

- require significant resources to manage the programme for transition;
- divert resources from other parts of the business; and
- cause the loss of personnel and expertise.

Specific risks arising from this issue are as recorded on the Corporate Risk register and have been explained in the Annual Report. In summary, they are: the lack of detail available concerning the roles and responsibilities of successor bodies; and the loss of staff with key skills and knowledge. In-year change to the delegated budget is also a corporate risk, albeit not wholly arising from transition. Given the proximity to close-down, there are no corporate risks that are not transition-related.

Last year, I provided the assurance that our response to the announcement of phase-out and transition was constructive and immediate. Colleagues have continued to move forward in the same constructive spirit. As CEO, I chair the fortnightly internal Transition Programme Board that is embedded within the broader transition governance structures, including Home Office-led project boards and high level working groups. It oversees the work of a dedicated Transition Programme and membership includes the Chief Officer Team, other senior NPIA colleagues and Home Office and ACPO representatives. Its work is aligned with, and draws on the resources of, established business areas including strategy, finance, planning, performance and risk management and wider corporate governance, as well as outward-facing business delivery teams.

The changes to the police landscape impact directly on the agency and the police service. It is of critical importance that stakeholders have robust, effective and comprehensive planning capability and capacity in place to secure a smooth transition. In December 2011 and March 2012, the Home Secretary announced the destination of most of the NPIA's functions but some detail is still to be pinned down. Together with the challenging close-down timetable, this has increased the risk that service continuity will falter during the transition period. More immediately, risks to the NPIA's business delivery for the service continue to grow, as continued uncertainty leads to the loss of experienced staff. I should

add that the response thus far from NPIA staff to these changes has been overwhelmingly positive, professional and focused on meeting service needs, as evidenced by achievements against the business plan.

In addition to meeting these needs, successful development of the new landscape and new policing bodies is being supported by drawing on NPIA staff and expertise. I remain committed to doing all that I can to ensure that NPIA functions transfer successfully to successor bodies, with limited adverse impact on service. I will continue, as far as possible, to meet the resource and knowledge capital needs of our partners. However, increasing abstractions necessarily raise the risk of affecting our primary goal - to improve policing and public safety in collaboration with forces and authorities.

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### **Internal Controls and Risk Management**

The Chief Officer Team (COT) has executive responsibility for effective risk management and meeting the requirements of the Risk Management policy. In the individual capacity of Director, each Chief Officer ensures that risk management structures and processes are in place within his own directorate, including risk reviews, registers and escalation processes.

During 2011, the COT reviewed the managerial structures overseeing assurance. I expanded the scope of one of the units within the CEO Directorate to include specific responsibility for corporate governance matters. In the light of the specific risks faced by a closing agency, I have also established a cross-cutting Control and Assurance Oversight Group, led by this Unit, to address specific elements of the control and assurance system and take mitigating actions to avoid or manage related risks and weaknesses. The Group reports to OB and COT, via the Director of Resources, and will play a core role as we move to close-down with due diligence.

The NPIA's Operating Board (OB) is chaired by the Chief Operating Officer. OB meets monthly and its membership enables it to take an informed view of all of the seven themes within the Home Office Assurance Framework. The main purpose of OB is to monitor and scrutinise the performance of the agency, including the management of risk. It is the forum that co-ordinates mitigating action in relation to corporate level risks. OB reviews corporate risks to assess / confirm ratings, appetite, actions and progress. At each level in the organisation, including OB, risks are identified, evaluated and controlled through discussion of the nature, impact, likelihood and proximity of the risk. This process is followed by a consideration of new mitigating actions, with action owners tasked as appropriate. Risk owners will also consider the escalation or de-escalation of the risk according to factors such as context, risk appetite and the impact of the mitigating action taken thus far.

The agency has achieved exceptional levels of internal engagement when benchmarked against other organisations. This has facilitated effective two-way communication and the honest, early identification of risk. Agency-wide visibility of current, emerging and receding corporate risks has improved during the year and there is now a better understanding of the potential impact of the aggregation of a number of different risks. There is single-source access to risk registers held at corporate, directorate and unit or programme levels, excepting those risks that require a higher protective marking than that afforded by the

corporate intranet system. Appropriately vetted members of staff have access to these to assist me and Chief Officers in an assessment of the agency's overall risk profile.

I am pleased to report that neither any assurance area nor any area of specific executive responsibility (the agency's directorates), has been assessed below moderate assurance. In the area of financial management, the external auditors have commented positively on various aspects such as policy and processes and the high quality of the draft accounts, which reflects the work of many staff processing transactions. It should be noted that the NPIA has no delegated authority to make grants; grants are processed through the Home Office via the Sponsor Team.

In relation to information management, the agency's Senior Information Risk Owner is a Director. In March 2012, he oversaw an assessment against the Home Office Information Assurance Maturity Model that showed that the NPIA had met level two maturity in all six areas. This is, in part, as a result of mandatory training for all staff. More detail about information management during 2011/12 is included in the main body of the Annual Report.

The agency's financial management systems and processes ensure effective use of resources and value for money. Each of our major programmes or portfolios has been the subject of independent review, some on numerous occasions. An active Investment Board scrutinises capital investment decisions for strategic fit, deliverability and affordability and an internal audit review of investment decisions concluded with a green rating. In order to meet the budget challenges for 2011-12 and 2012-13, the agency identified efficiency measures, reviewed these in COT and monitored delivery against plan by use of a dedicated challenge team (PIIT Savings). As a result of the commitment to ensure higher value for money, the agency has been able to enter 2012-13 without cutting services to policing in spite of facing a falling delegation.

In some control areas, a high assurance level has proved appropriate. This applies to the People Management strand. Workforce planning has benefitted from the effective controls that are in place, including establishment monitoring and controls over entry and exit procedures. Appropriate development policies and procedures are in place and are widely adhered to including, by managers with responsibility for contractors and secondees. The staff surveys and pulse checks that have taken place over the past year have also provided evidence of effectiveness in this area.

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### **Progress against issues identified last year**

*Transition:* Written Ministerial Statements from December 2011 and March 2012 describe the progress made so far, but significant areas of risk remain outside the agency's control. We continue to alert stakeholders and the Audit and Risk Committee of the Home Office to the risks arising from delay.

*Delays caused by the Cabinet Office ICT Moratorium and the Home Office restrictions on CCL:* Joint working with the Home Office has, to some extent, mitigated the risks caused by these delays last year.

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**Overall Assessment**

In my opinion I am able to provide MODERATE ASSURANCE. The uncertainties described in the key issues section are the primary reason for being unable to provide a high assurance at this time.

**Chief Constable Nick Gargan QPM  
Chief Executive and Accounting Officer,  
National Policing Improvement Agency  
14 June 2012**

# Remuneration Report

## Remuneration policy

The policy and remuneration of the directors and other senior staff of the NPIA are overseen by the Remuneration Sub-Committee of the NPIA Board.

The Committee comprises:

- 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 has 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 requires 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. The Chairman, Chief Executive Officer, and Deputy Chief Executive Officer have fixed-term contracts of between three and five years.

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. The agency's Board comprises 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. The NPIA's Board Members are appointed under the Police and Justice Act 2006.

	<b>Date Appointed</b>	<b>Term Ends</b>	<b>Fee £'000</b>
<b>Independent Members</b>			
Alan Edwards	01 July 2009	30 June 2012	Overleaf
Chris Hughes CBE	01 April 2007	31 December 2012	Overleaf
David Marshall	21 April 2008	31 December 2012	Overleaf
Peter Holland CBE DL (Chairman)	01 April 2007	31 December 2012	Overleaf
<b>ACPO</b>			
Sir Hugh Orde OBE QPM	01 September 2009	31 August 2012	No remuneration
Jim Barker-McCardle QPM	01 April 2010	31 March 2013	No remuneration
<b>Metropolitan Police Service</b>			
Tim Godwin OBE QPM	01 September 2009	30 November 2011	No remuneration
Bernard Hogan-Howe QPM	1 May 2012	31 December 2012	No remuneration
<b>APA</b>			
Rob Garnham	01 December 2009	31 March 2013	No remuneration
Mark Burns-Williamson OBE	01 April 2007	31 March 2013	No remuneration
<b>Home Office</b>			
Stephen Webb	01 July 2010	30 June 2012	No remuneration
<b>Executive Members</b>			
Nick Gargan QPM (Chief Executive)	01 January 2011	31 December 2012	Overleaf

**Note: The dates stated above are as per their appointment letters. Any terms that extend beyond the expected life of the agency will be ended once the agency is decommissioned.**

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

Name with date Appointed	Salary and Allowances 2011/12 (full year equivalent)	Bonus Payments 2011/12 (full year equivalent)	Benefits in kind 2011/12 (to nearest £100)	Salary and Allowances 2010/11 (full year equivalent)	Bonus Payments 2010/11 (full year equivalent)	Benefits in kind 2010/11 (to nearest £100)
	£'000	£'000	£	£'000	£'000	£
Peter Holland (1 April 2007)	70-75 (120-125)	-	15,000	70-75 (120-125)	-	14,000
Alan Edwards (1 July 2009)	20-25	-	1,900	20-25	-	2,300
Chris Hughes (1 April 2007)	20-25	-	2,700	20-25	-	1,800
David Marshall (21 April 2008)	20-25	-	1,000	20-25	-	1,100

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 31/3/12	Total Lump Sum at pension age at 31/3/12	CETV at 01/4/11 (see below)	CETV at 31/3/12	Real increase in CETV	Pension scheme Civil Service or as shown)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Peter Holland (1 April 2007)	0-2.5	-	5-10	-	147	163	10	Broadly By Analogy to Premium

Independent Board members have no pension entitlements.

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

Name with date Appointed	Salary and Allowances 2011/12 (full year equivalent)	Bonus Payments 2011/12 (full year equivalent)	Benefits in kind 2011/12 (to nearest £100)	Salary and Allowances 2010/11 (full year equivalent)	Bonus Payments 2010/11 (full year equivalent)	Benefits in kind 2010/11 (to nearest £100)
	£'000	£'000	£	£'000	£'000	£
<b>Nick Gargan QPM</b>						
Chief Executive Officer (From 1 January 2011)	155-160	-	20,000	150-155	-	15,100
<b>Paul Minton</b>						
Deputy Chief Executive and Chief Operating Officer (From 1 January 2011)	145-150	-	-	35-40 (145-150)	-	-
<b>Dr David Horne</b>						
Director of Resources	125-130	-	-	125-130	-	-
<b>Tom McArthur</b>						
Director of Operations	120-125	-	-	110-115	-	-
<b>Angela O'Connor*</b>						
Chief People Officer (left 31 July 2011)	40-45 (125-130)	-	-	125-130	-	-

As Chief Executive Nick Gargan, had use of London Accommodation as part of his role, the cost of which amounted to £22,000 (2010/11: £22,200). This cost is not a taxable benefit.

\* Angela O'Connor left under Voluntary Exit terms on 31 July, 2011. The cost of the package she received was in the range £130,000-£135,000, including pay in lieu of notice.

### Employee Pay

The median employee pay at 31 March 2012 was £32,982, 19% of the Chief Executive Officer's total remuneration. (the median was £33,020 at 31 March 2011, 20% of the Chief Executive Officer's total remuneration)

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

Name with date Appointed	Real increase in pension £'000	Real increase in lump sum £'000	Total accrued pension at pension age at 31/3/12 £'000	Total lump sum at pension age at 31/3/12 £'000	CETV at 01/4/11 (See below) £'000	CETV at 31/3/12 £'000	Real increase in CETV £'000	Pension scheme (Civil Service or as shown)
<b>Nick Gargan QPM</b> Chief Executive Officer (From 1 January 2011)	5-7.5	107.5-110	75-80	545-550	812	1097	284	NPIA Police Scheme
<b>Paul Minton*</b> Deputy Chief Executive and Chief Operating Officer (from 1 January 2011)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Police Scheme (Force)
<b>Dr David Horne</b> Director of Resources	2.5-5	-	70-75	-	791	891	31	Nuvos
<b>Tom McArthur</b> Director of Operations	0-2.5	-	20-25	-	426	472	29	Premium
<b>Angela O'Connor</b> Chief People Officer (left 31 July 2011)	0-2.5	0-2.5	40-45	130-135	750	771	8	Classic

\* Deputy Chief Executive and Chief Operating Officer, Paul Minton, is seconded from the Metropolitan Police Service, 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 allowances to the extent that it 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. The Chief Executive 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 year to buy an annual rail season ticket, on the same terms as are available to all NPIA employees. During 2011/12 he repaid £500, leaving a balance at 31/3/2012 of £1,500, he also repaid all of the rail season ticket loan balance of £1,500 brought forward at 31/3/2011.

### **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 2011/12 are based on 2010/11 performance and bonuses paid in 2010/11 are based on 2009/10 performance. Following the emergency budget in June 2010, under the Government's Civil Service-wide pay freeze NPIA began its 2 year freeze, under which there are no annual pay awards/increases for NPIA staff who are paid more than £21,000, until July 2012. Therefore no bonuses were paid in 2010/11 or 2011/12.

### **Civil Service pensions**

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

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for **classic** and 3.5 per cent for **premium**, **classic plus**, and **nuvos**. Increases to employee contributions will apply from 1 April 2012. 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 in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos**, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3 per cent 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 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 per cent and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent 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 [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)

### **Seconded police officer pensions**

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

### **Other schemes**

The Police Pension scheme referred to below is the Police Pension Scheme 1987. The Chairman's scheme is Broadly By Analogy (BBA) to the Premium Civil Service Scheme. As part of these schemes, 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 expected future pensions liabilities of the officers. The NPIA commissioned the Government Actuary Department (GAD) to value the scheme liabilities as at 31 March 2012.

The basis for indexing the future pension liability changed from RPI to CPI in 2010/11, for more details see Note 21a) to the Accounts.

## **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 their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement 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 uses common market valuation factors for the start and end of the period.

**Chief Constable Nick Gargan QPM  
Chief Executive and Accounting Officer,  
National Policing Improvement Agency  
14 June 2012**

# **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 2012 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 2012 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.

## **Emphasis of Matter**

Without qualifying my opinion, I draw attention to the disclosures made in note 1 to the financial statements concerning the application of the going concern principle in light of the announcement to phase out the National Policing Improvement Agency. This is subject to legislation and there is therefore uncertainty whether the Agency will continue to operate in its current legal form.

## **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**

I have no observations to make on these financial statements.

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

**Date: 26 June 2012**

## The Statement of Accounts

### Statement of Comprehensive Net Expenditure For the year ended 31 March 2012

	<b>Note</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
<b>Expenditure</b>			
Staff costs	<b>3</b>	86,179	112,977
Depreciation, Amortisation and other Asset Costs	<b>4</b>	57,620	56,156
Other Expenditure	<b>4</b>	355,408	367,058
		<b>499,207</b>	<b>536,191</b>
<b>Income</b>			
Income from activities	<b>5</b>	(134,698)	(133,997)
Other Income		(1)	(1)
		<b>(134,699)</b>	<b>(133,998)</b>
<b>Net expenditure</b>		364,508	402,193
Interest payable to Consolidated Fund		11	17
<b>Net expenditure after interest</b>		<b>364,519</b>	<b>402,210</b>

### Other Comprehensive Expenditure

	<b>Note</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Net (gain)/loss on revaluation of Pension Liability	<b>21</b>	(696)	(2,470)
<b>Total Comprehensive Expenditure</b>		<b>363,823</b>	<b>399,740</b>

The NPIA was funded in the financial year 2011/12 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 £405.28 million (2010/11: £456.79 million).

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

The accounting policies and notes on pages 66 to 96 form part of these accounts.

## Statement of financial position

		<b>31 March 2012 £'000</b>	<b>31 March 2011 £'000</b>
	<b>Note</b>		
<b>Non-current assets:</b>			
Property, plant and equipment	<b>6</b>	229,147	258,702
Intangible assets	<b>7</b>	113,017	114,402
Financial Assets	<b>8</b>	467	427
<b>Total non-current assets</b>		<b>342,631</b>	<b>373,531</b>
<b>Current assets:</b>			
Trade and other receivables	<b>10</b>	25,346	26,726
Cash and cash equivalents	<b>11</b>	18,520	6,992
<b>Total current assets</b>		<b>43,866</b>	<b>33,718</b>
<b>Total assets</b>		<b>386,497</b>	<b>407,249</b>
<b>Current liabilities</b>			
Trade and other payables	<b>12</b>	(61,502)	(69,258)
Provisions	<b>13</b>	(3,472)	(2,872)
<b>Total current liabilities</b>		<b>(64,974)</b>	<b>(72,130)</b>
<b>Non-current assets less net current liabilities</b>		<b>321,523</b>	<b>335,119</b>
<b>Non-current liabilities</b>			
Provisions	<b>13</b>	(13,199)	(13,921)
Pension Liabilities	<b>21</b>	(6,073)	(6,271)
Other payables	<b>12</b>	(11,900)	(13,600)
<b>Total non-current liabilities</b>		<b>(31,172)</b>	<b>(33,792)</b>
<b>Assets less liabilities</b>		<b>290,351</b>	<b>301,327</b>
<b>Reserves</b>			
Pension Fund Reserve (Capital Reserve)		(6,073)	(6,271)
Trust Funds (Capital Reserve)		503	469
Donated Asset reserve (Capital Reserve)		1,910	1,910
Revaluation reserve		20,844	20,039
General reserve		273,167	285,180
<b>Total</b>		<b>290,351</b>	<b>301,327</b>

The accounting policies and notes on pages 66 to 96 form part of these accounts.

**Chief Constable Nick Gargan QPM**  
**Accounting Officer and Chief Executive Officer**  
**14 June 2012**

## Statement of cash flows for period ended 31 March 2012

		<b>2011/12</b>	<b>2010/11</b>
		<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>	<b>Note</b>		
Total Comprehensive Expenditure		(363,823)	(399,740)
Adjustments for:			
Depreciation	<b>4</b>	32,962	31,875
Amortisation	<b>4</b>	9,952	5,196
Impairment & Asset write Off	<b>4</b>	14,787	19,218
Indexation	<b>4</b>	-	130
IAS 19 Pension Revaluation	<b>21</b>	(198)	(1,860)
(Profit) / Loss on Disposal of Fixed Assets	<b>4</b>	(81)	(263)
Provisions provided in Year	<b>13</b>	2,595	2,861
Provisions written back	<b>13</b>	(154)	(375)
(Increase)/Decrease in trade and other receivables		1,380	(1,712)
Increase/(Decrease) in trade payables less movements in payables relating to items not passing through the Net Expenditure account		(9,456)	(29,017)
Use of provisions	<b>13</b>	2,709	13,329
		(2,563)	(1,900)
<b>Net cash outflow from operating activities</b>		<b>(311,890)</b>	<b>(362,258)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(9,106)	(29,611)
Purchase of intangible assets		(19,560)	(25,877)
Proceeds of disposal of property, plant and equipment		84	2,728
<b>Net cash outflow from investing activities</b>		<b>(28,582)</b>	<b>(52,760)</b>
<b>Cash flows from financing activities</b>			
Grants from parent department		352,000	415,000
<b>Net Financing</b>		<b>352,000</b>	<b>415,000</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>11,528</b>	<b>(18)</b>
Cash and cash equivalents at the beginning of the period	<b>11</b>	6,992	7,010
Cash and cash equivalents at the end of the period	<b>11</b>	18,520	6,992
Increase / (Decrease) in cash		<b>11,528</b>	<b>(18)</b>

The accounting policies and notes on pages 66 to 96 form part of these accounts.

## Statement of Changes in Taxpayer Equity for period ending 31 March 2012

	Note	Donated Assets Reserve £'000	Trust Funds £'000	Pension Fund Reserve £'000	Revaluation Reserve £'000	General Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2010</b>		<b>1,845</b>	<b>434</b>	<b>(8,131)</b>	<b>18,323</b>	<b>271,101</b>	<b>283,572</b>
Changes in accounting policy							-
<b>Restated balance at 1 April 2010</b>		<b>1,845</b>	<b>434</b>	<b>(8,131)</b>	<b>18,323</b>	<b>271,101</b>	<b>283,572</b>
<b>Changes in taxpayer's equity 2010/11</b>							
Net gain/(loss) on revaluation of property, plant and equipment		65			2,395	-	2,460
Net gain/(loss) on revaluation of intangible assets							-
Net gain/(loss) on revaluation of Pension Liability				2,470		(2,470)	-
Release of reserves to the I&E							-
Transfers between reserves		-	-	(610)	(679)	1,289	-
Retained Surplus/Deficit			36				36
<b>Total recognised Income and expense for 2010/11</b>			(1)			(399,740)	(399,741)
Grant from Parent Department - Resource						372,841	372,841
- Capital						42,159	42,159
<b>Balance at 31 March 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>
<b>Changes in taxpayer's equity 2011/12</b>							
Net gain/(loss) on revaluation of property, plant and equipment		-	-		805		805
Net gain/(loss) on revaluation of intangible assets							-
Net gain/(loss) on revaluation of Pension Liability			-	696		(696)	-
Release of reserves to the I&E							-
Transfers between reserves				(498)	-	499	1
Retained Surplus/Deficit			41				41
<b>Total recognised Income and expense for 2011/12</b>			(7)			(363,816)	(363,823)
Grant from Parent Department - Resource						326,043	326,043
- Capital						25,957	25,957
<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>

The accounting policies and notes on pages 66 to 96 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 Section 36, Schedule 1 of 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 2011/12 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 which is judged to be 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 financial memorandum.

Accounts for the Police Training Authority Trust (registered charity number 240439) have been consolidated within the accounts of the NPIA.

### Going concern

The activities of the NPIA are primarily financed by the Home Office. The statement of financial position as at 31 March 2012 shows total assets, less liabilities, of £290.351 million. In 2010/11 this was £301.327 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. Known destinations are set out in the Future Development section of the Management Commentary.

Once the NPIA's functions have passed to other entities, the NPIA in its current legal form will be dissolved by the passage of primary legislation. The Crime and Courts Bill, which is currently before Parliament, includes the proposed legislation and is expected to be enacted in 2013. Legislative changes are at Parliament's discretion so there is uncertainty as to the nature and timing of changes that affect the NPIA's future.

The valuation methods used for the assets and liabilities of the NPIA depend on the future service use. Continued use, albeit in a different delivery body, would support the current valuations on a going concern basis.

The budget for 2012/13, 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. These will transfer to 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.

#### **b) 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.

#### **c) 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.

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

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

#### **e) Property assets**

Fair value of properties is 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 are valued on an open market basis. Hendon is valued on a Depreciated Replacement Cost (DRC) basis.

**f) Non Property assets**

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

**g) Donated assets**

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

**h) 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 and 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 Donated Assets would be seen as Non Operational Heritage Assets. The heritage land and buildings are operational, and are valued in the same way as Property Assets as set out above. No Heritage Assets were disposed of during the year.

**i) Depreciation and amortisation**

Depreciation is 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 are 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 are reviewed annually.

**j) Assets held for sale**

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

**k) Intangible assets**

Intangible assets are defined as identifiable non-monetary assets without physical substance. Examples will include application software but operating software which forms an integral part of the related hardware is handled as tangible. Information Technology Software includes development costs. Software Licences are depreciated over the life of the associated asset.

**l) Impairments**

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

**m) Financial instruments**

Financial Investments, held by the Police Training Authority Trust, are in the form of unit trusts authorised as investments for charities. The units are 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 8 for more details.

**n) Inventories**

There are no material inventories held by the NPIA.

**o) Leases**

All leases are evaluated at inception to determine whether they are a Finance Lease or an Operating Lease. Traditionally the NPIA would not be permitted Finance Leases as this would constitute borrowing, however, prior to adoption of IFRS all leases were evaluated to ensure the nature of each lease. These 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 are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis; any lease incentives are identified and recognised as part of the net consideration agreed for the contract irrespective of its nature or timing.

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

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

**q) Value Added Tax (VAT)**

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

**r) Insurance**

NPIA self-insure for all aspects of insurance, except for vehicle insurance and international travel insurance, which is 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.

**s) 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.

**t) Research and development**

Research and development costs are written off in the year of expenditure, with the exception of allowable development costs which contribute directly to the value of asset, these will be capitalised.

**u) Foreign currency**

The NPIA only holds foreign currency as necessary, the only currency balance held is in Euros and only in quantities required in the near future.

**v) 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.

**w) 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.

**x) Estimates**

As described in IAS8, owing to the inherent uncertainty in business activity, preparing financial statements is not an exact science and 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 1a) above.

**y) Reserves** constitute the following:

- **Donated Assets**, which consists of the value of arts and antiques donated to NPIA, the Police Training Authority Trust and precursors
- **Trust Funds**, the investments and cash belonging to the Police Training Authority Trust, which is consolidated as noted above
- **Pension Fund reserve**, the total of the defined benefit pension schemes as set out in note 21
- **Revaluation reserve**, the upward revaluation amounts of Property, Plant and Equipment
- **General reserve**, funds accumulated by the usual operation of the business.

**z) 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. Analysis of net expenditure by directorate

<b><u>Net Expenditure by Directorate</u></b>	<b>2011/12</b> <b>£'000</b>	<b>2010/11</b> <b>£'000</b>
<b><u>Resource</u></b> (DEL)		
Chief Executive Officer	4,370	7,449
Resources	39,001	39,114
People and Development	16,310	23,329
Policing Police and Practice	14,972	16,909
Operations	269,368	281,275
Corporate	(4)	(117)
<b>Total</b>	<b>344,017</b>	<b>367,959</b>
<b><u>Resource</u></b> (AME)		
Impairment	7,344	14,658
Provision Movements	(359)	1,105
<b>Total</b>	<b>6,985</b>	<b>15,763</b>
<b><u>Capital</u></b> (DEL)		
Chief Executive Officer	-	3
Resources	3,813	8,795
People and Development	2,322	2,165
Policing Policy and Practice	120	9,194
Operations	32,622	39,881
Corporate	(3)	(2,464)
<b>Total</b>	<b>38,874</b>	<b>57,574</b>

Fixed asset impairments and indexation are charged to AME. Provision movements relate to net changes to provision balances during the year. From 2010/11 the non-cash effect of provision movements have been charged to AME.

The NPIA's budget delegations from the Home Office were reduced by £12.3m for Resource DEL and 23.9m for Capital DEL between 2010/11 and 2011/12. Budget cuts have been made across all directorates in 2011/12 in order to achieve these lower delegations.

The main changes between 2011/12 and 2010/11 were:

### **Resource DEL**

People and Development – Reduced expenditure in 2011/12 across a number of business units, combined with increased income.

Operations - Renegotiation of the core contract with Airwave Solutions Ltd, to provide digital communications to the police forces, has meant that the inflation-linked uplift to costs was less in 2011/12 than in 2010/11. Expenditure with Airwave Solutions Ltd to provide additional services for use in policing the London Olympics was also reduced in 2011/12.

### **Resource AME**

The reduction is due to lower buildings impairments in 2011/12.

### **Capital DEL**

Resources – Reduced expenditure on NPIA estate in 2011/12.

Policing Policy and Practice – Expenditure on Schengen Information System (SIS) II moved to Operations directorate from 2011/12.

Operations – Mobile Information Programme completed in 2010/11. The expenditure on Police National Database (PND) project reduced as it was implemented in 2011/12.

### **Administration Expenditure**

For 2011/12 the NPIA's budget for Resource DEL was split between Administration, covering support costs, and Programme, representing the costs of providing frontline services.

The following shows net expenditure under these headings:

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Administration	51,600	56,372
Programme	292,417	311,587

To allow comparison, net expenditure for 2010/11 has been split on the same basis as that used for 2011/12.

### 3. Staff numbers and related running costs

Staff costs comprise:	£'000			2011/12	2010/11
	Permanent	Secondees	Temporary / Casual	£'000	£'000
Wages and salaries	48,723	16,366	7,129	72,218	96,885
Social security costs	4,266	-	-	4,266	4,874
Other pension costs	9,587	-	-	9,587	11,210
Pension Fund Costs	498	-	-	498	610
Staff Leave Accrual	(103)	-	-	(103)	18
Sub Total	<b>62,971</b>	<b>16,366</b>	<b>7,129</b>	<b>86,466</b>	<b>113,597</b>
Less recoveries in respect of outward secondments	(287)	-	-	(287)	(620)
Total net costs	<b>62,684</b>	<b>16,366</b>	<b>7,129</b>	<b>86,179</b>	<b>112,977</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 2 (4 in 2010/11), are members of the defined benefit Police Pension Scheme. The Chairman is 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 are shown in Note 21. The seconding force is also responsible for the staff leave and so they do not feature in NPIA's staff leave accrual.

An additional £910,000 permanent, £152,000 secondees and £1,470,000 temporary/casual staff costs (2010/11 £59,000 and £4,365,000 respectively) 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	2011/12		2010/11	
	Permanent staff	Others	Number	Number
Directly Employed	1,324	-	1,324	1,538
Seconded in	-	250	250	274
Temporary/Casual	-	92	92	189
<b>Total</b>	<b>1,324</b>	<b>342</b>	<b>1,666</b>	<b>2,001</b>

Temporary and casual headcount includes a whole time equivalent of 56 (2010/11: 53) for Associate Tutors. Of the above 19 (2010/11: 74) whole time equivalent persons' costs were capitalised.

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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
2011/12 (2010/11)			
<£10,000	- ( - )	4 ( 44 )	4 ( 44 )
£10,000 - £25,000	- ( - )	5 ( 46 )	5 ( 46 )
£25,000 - £50,000	3 ( 1 )	6 ( 25 )	9 ( 26 )
£50,000 - £100,000	- ( 2 )	2 ( 18 )	2 ( 20 )
£100,000 - £150,000	- ( - )	1 ( 15 )	1 ( 15 )
£150,000 - £200,000	1 ( - )	- ( 4 )	1 ( 4 )
£200,000 - £250,000	- ( - )	1 ( 1 )	1 ( 1 )
£250,000 and over	- ( - )	- ( - )	- ( - )
<b>Total number of exit packages</b>	<b>4 ( 3 )</b>	<b>19 ( 153 )</b>	<b>23 ( 156 )</b>
<b>Total cost of exit packages (£'000)</b>	<b>280 ( 195 )</b>	<b>829 ( 5,927 )</b>	<b>1,109 ( 6,122 )</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.

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.

#### 4. Other expenditure

	Note	2011/12 £'000	2010/11 £'000
<b>Running Costs</b>			
IT Costs		33,963	37,187
IT Managed Services		51,631	46,139
Consultancy*		404	2,295
Estates Costs		17,485	15,825
Professional programme & Technical Services		243	20
Accommodation costs (including light and heat)		3,407	3,739
Travel/Vehicles costs		5,172	6,080
Professional Fees		1,806	2,119
Telecommunications		3,667	3,846
Staff & Customer Training		5,241	5,493
Receipts from settlement of claims		-	(4,132)
General Running Costs**		2,806	5,590
Audit Fees		128	132
Rentals under operating leases		5,948	5,503
PFI Liability Release (Airwave transferrable Assets)	<b>16</b>	(1,700)	(1,700)
PFI Liability imputed interest Charge		470	523
PFI service charges		218,267	227,709
Grants given***		6,286	11,615
<b>Non-cash items</b>			
Increase in Provisions		184	(925)
<b>Other Expenditure</b>		<b>355,408</b>	<b>367,058</b>
Depreciation		32,962	31,875
Amortisation		9,952	5,196
Loss / (profit) on disposal of asset		(81)	(263)
Impairment & write offs	<b>9</b>	14,787	19,218
Indexation		-	130
<b>Total Asset Costs</b>		<b>57,620</b>	<b>56,156</b>
<b>Total</b>		<b>413,028</b>	<b>423,214</b>

\* Consultancy consists of ad hoc advisory services provided to management and excludes outsourced ICT and professional services which support NPIA's usual business.

\*\* General running costs includes marketing and event costs £1,209,000 (2010/11: £1,430,000), photocopier and printing costs £740,000 (2010/11: £912,000), recruitment and staff welfare costs £110,000 (2010/11: £245,000).

\*\*\*Grants given includes amounts granted to Police Authorities for work connecting to the new police procurement portal, 3D laser scanning and £3.7m for the Schengen Programme's Sirene Bureau (2010/11: £7.1m).

## 5. Income

Income Source	2011/12 £'000	2010/11 £'000
<b>Income and Funding</b>		
Funding from Police Authorities	36,874	30,065
Funding from Scottish Executive	19,184	20,957
EU Grant	-	166
Other Funding	15,518	26,655
Information Services	48,872	40,118
People and Development Services	12,669	14,166
Other	1,570	1,853
<b>Total Income and Funding</b>	<b>134,687</b>	<b>133,980</b>
<b>Interest Received</b>	<b>11</b>	<b>17</b>
<b>Total Income</b>	<b>134,698</b>	<b>133,997</b>

### 5(a) Fees and charges

The NPIA's improvement agenda is funded both from the Police Grant and from police forces by charging for its services. Fees are charged for NPIA's 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.

	2011/12			2010/11		
	Cost £'000	Income and Funding £'000	Surplus/ (Deficit) £'000	Cost £'000	Income and Funding £'000	Surplus/ (Deficit) £'000
<b>Information Services</b>						
Airwave	242,345	30,440	(211,905)	250,551	41,077	(209,474)
Fingerprint identification (IDENT1)	35,177	20,444	(14,733)	31,396	14,771	(16,625)
Police National Computer (PNC)	32,007	36,010	4,003	30,741	35,643	4,902
Police Science and Forensics	6,393	1,440	(4,953)	6,987	1,233	(5,754)
Project support charges	29,454	16,964	(12,490)	31,771	16,805	(14,966)
Other information services	60,869	7,788	(53,081)	74,829	4,247	(70,582)
<b>Total Information services</b>	<b>406,245</b>	<b>113,086</b>	<b>(293,159)</b>	<b>426,275</b>	<b>113,776</b>	<b>(312,499)</b>
<b>People and Development services</b>						
Exams and Assessments	2,956	685	(2,271)	3,591	724	(2,867)
Learning and Development Services	21,397	14,449	(6,948)	20,197	11,016	(9,181)
Leadership Development Services	5,568	3,571	(1,997)	7,384	5,011	(2,373)
Other People and Development Services	6,170	880	(5,290)	10,199	1,155	(9,044)
<b>Total People and Development services</b>	<b>36,091</b>	<b>19,585</b>	<b>(16,506)</b>	<b>41,371</b>	<b>17,906</b>	<b>(23,465)</b>
Property recharges	24,301	769	(23,532)	27,801	891	(26,910)
Other	31,873	1,247	(30,626)	38,273	1407	(36,866)
<b>Total</b>	<b>498,510</b>	<b>134,687</b>	<b>(363,823)</b>	<b>533,720</b>	<b>133,980</b>	<b>(399,740)</b>

## 5(b) Charging policy

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

This policy is consistent with the 'ACPO/APA Guidance on Charging for Police Service – Paying the Bill 2' and is 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 has been established to move all charged services to full cost recovery by the end of the Spending Review period.

- I. **Airwave radio service.** Airwave is 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 is a long-term contractual partnership, as Airwave Solutions Ltd will be responsible for providing the service until 2020. The NPIA pays the core service charge for the Airwave police radio contract, a portion of which is funded by the Scottish Executive and the balance from Home Office grant-in-aid as a part of police grant funding. Additional funding has been provided by the Home Office for the development of the Airwave Olympic service.
- II. **Fingerprint Identification (IDENT).** The original IDENT1 service is funded by the Home Office through grant-in-aid and by the Scottish Executive. The more recent Livescan system costs are fully recovered from the forces and the cost of the UK Visa fingerprint service is paid for by the Home Office.
- III. **Police National Computer.** The portion funded by the Scottish Executive is calculated using the Barnett formula for public funding. The police forces in England and Wales pay a subscription which is proportional to their Police Grant allocation. Non police users pay a usage related charge.
- IV. **Police Science and Forensics.** The cost of hosting the national DNA database and developing scientific and forensic analysis methods for the police forces is funded by the NPIA from Home Office grant-in-aid with some income for accrediting those laboratories that send samples for matching.
- V. **Project support** charges include charges to 27 police forces for support and maintenance for which 100 per cent has been charged in 2010/11. All police authorities fund the Automatic Number Plate Recognition system (ANPR) as an element of their PNC subscription and other developing projects are either directly or indirectly funded. The Department for Transport is paying for the development of CRASH (Collision Recording and Sharing) system and the Home Office funds the Police National Chemical, Biological, Radiological, and Nuclear Centre.
- VI. **Other information services** mainly include the costs of internal IT systems, and the uncapitalised costs of the IMPACT and Schengen programmes. Some small amounts fund specialist operational support and interoperability.

- VII. **Exams and assessments** costs are mainly funded from Home Office grant-in-aid, but charges are made for bespoke events and those run for non England and Wales forces. New recruit assessment events are charged at cost to all forces.
- VIII. **Learning and development** services include full cost recovery of covert and forensic training courses and partial recovery of other specialist training courses.
- IX. **Leadership development** services are 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 is funded by the NPIA from Home Office grant-in-aid.
- X. **Other people and development** services are mainly strategic in nature and are not charged out. The income here is for financial investigator training and accreditation.
- XI. **Property recharges** include commercial rents and charges for accommodation and conference events. The costs include all of NPIA's estates costs that have not been allocated to the other fees and charges headings.

## 6. Property, plant and equipment

	Land £'000	Buildings £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Communications £'000	Information Technology £'000	Furniture & Fittings £'000	Antiques and Works of Art £'000	Operating Software £'000	Payments on Account & Assets under Construction £'000	Total £'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 Off	-	(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 Off	-	(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 31 March 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	-	-	-	-	-	-	-	-	-	-	-	-
<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>

**Notes**

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). Impairment adjustments by site are shown in Note 9. Bramshill, Harrogate, Harperley Hall and Ryton sites are valued on an open market basis. Hendon is 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 the year.

However, DTZ are aware that a training establishment in Kent was being marketed with an asking price of £7,500,000. The property comprises a period mansion house with ancillary buildings, staff, teaching and pupil accommodation, leisure facilities, purpose-built school buildings, parkland and woodland. The buildings extend to a total of 12,689 sq m (136,584 sq ft) and the land to 37.1 hectares (91.4 acres). There are a total of 60 student bedrooms. In terms of accommodation provided this is comparable to Bramshill Training Centre, although less extensive and provides no office accommodation. The ancillary teaching and training accommodation is more modern than that provided at Bramshill. The asking price of £7,500,000 equates to £54.91 per sq ft and £125,000 per bedroom.

In addition, an office campus in Surrey was being marketed at a quoting price of approximately £10,000,000. The building extends to a gross internal area of 11,897 sq m (128,067 sq ft) with a site area of approximately 20.23 hectares. The asking price equates to approximately £91.75 per sq ft.

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 have subsequently been revalued by use of indices issued by the Office of National Statistics. A rolling programme of further valuations has been implemented.

	Land £'000	Buildings £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Communications £'000	Information Technology £'000	Furniture & Fittings £'000	Antiques and Works of Art £'000	Operating Software £'000	Payments on Account & Assets under Construction £'000	Total £'000
<b>Cost or valuation</b>												
At 1 April 2010	5,847	93,808	2,964	2,474	6,155	217,347	41,404	7,653	1,865	10,577	31,447	421,541
Additions	-	3,558	216	66	1,257	-	11,234	32	-	-	3,376	19,739
Disposals	-	-	-	(290)	-	-	(7,968)	-	-	(387)	-	(8,645)
Impairments	(1,270)	(14,586)	(346)	-	-	-	-	-	29	-	-	(16,173)
Indexation	-	-	-	-	-	2,665	-	-	-	-	-	2,665
Write Offs	-	-	-	-	(28)	-	(21)	(9)	(13)	-	(767)	(838)
Reclassifications	-	6,334	-	706	404	467	11,350	81	-	1,497	(25,824)	(4,985)
Acquisitions	-	-	-	-	-	-	-	-	36	-	-	36
<b>At 31 March 2011</b>	<b>4,577</b>	<b>89,114</b>	<b>2,834</b>	<b>2,956</b>	<b>7,788</b>	<b>220,479</b>	<b>55,999</b>	<b>7,757</b>	<b>1,917</b>	<b>11,687</b>	<b>8,232</b>	<b>413,340</b>
<b>Depreciation</b>												
At 1 April 2010	-	40,144	344	1,759	2,853	41,711	29,905	5,845	-	7,974	-	130,535
Charged in year	-	2,548	60	360	1,264	17,050	8,142	765	-	1,686	-	31,875
Disposals	-	-	-	(281)	-	-	(5,512)	-	-	(387)	-	(6,180)
Impairments	-	(2,366)	-	-	-	-	-	-	-	-	-	(2,366)
Indexation	-	-	-	-	-	587	-	-	-	-	-	587
Write offs	-	-	-	-	(22)	-	-	(4)	-	-	-	(26)
Reclassifications	-	(1,149)	1,149	-	-	-	213	-	-	-	-	213
<b>At 31 March 2011</b>	<b>-</b>	<b>39,177</b>	<b>1,553</b>	<b>1,838</b>	<b>4,095</b>	<b>59,348</b>	<b>32,748</b>	<b>6,606</b>	<b>-</b>	<b>9,273</b>	<b>-</b>	<b>154,638</b>
<b>Net book value at 31 March 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>Net book value at 1 April 2010</b>	<b>5,847</b>	<b>53,664</b>	<b>2,620</b>	<b>715</b>	<b>3,302</b>	<b>175,636</b>	<b>11,499</b>	<b>1,808</b>	<b>1,865</b>	<b>2,603</b>	<b>31,447</b>	<b>291,006</b>
<b>Asset financing:</b>												
Owned	4,577	49,937	1,281	1,118	3,693	-	23,251	1,151	1,917	2,414	8,232	97,571
<b>Finance Leased</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
On-balance sheet PFI Contracts	-	-	-	-	-	161,131	-	-	-	-	-	161,131
<b>Net book value at 31 March 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>

## 7. Intangible assets

	Software Licences £'000	Information Technology £'000	Intangible AUC £'000	Total £'000
<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
Write Off	-	(128)	(6,699)	(6,827)
Reclassification	89	28,997	(31,919)	(2,833)
<b>At 31 March 2012</b>	<b>9,240</b>	<b>80,596</b>	<b>49,311</b>	<b>139,147</b>
<b>Amortisation</b>				
<b>At 1 April 2011</b>	<b>6,299</b>	<b>8,546</b>	-	<b>14,845</b>
Charged in year	851	9,101	-	9,952
Write Off	-	(128)	-	(128)
Reclassification	-	1,461	-	1,461
<b>At 31 March 2012</b>	<b>7,150</b>	<b>18,980</b>	-	<b>26,130</b>
<b>Net book value at 31 March 2012</b>	<b>2,090</b>	<b>61,616</b>	<b>49,311</b>	<b>113,017</b>
<b>Cost or valuation</b>				
<b>At 1 April 2010</b>	<b>14,729</b>	<b>3,288</b>	<b>89,195</b>	<b>107,212</b>
Additions	18	958	21,444	22,420
Disposals	(856)	(290)	(4,224)	(5,370)
Reclassification	(5,069)	41,515	(31,461)	4,985
<b>At 31 March 2011</b>	<b>8,822</b>	<b>45,471</b>	<b>74,954</b>	<b>129,247</b>
<b>Amortisation</b>				
<b>At 1 April 2010</b>	<b>9,056</b>	<b>1,793</b>	-	<b>10,849</b>
Charged in year	1,296	3,900	-	5,196
Disposals	(711)	(274)	-	(985)
Reclassification	(3,342)	3,127	-	(215)
<b>At 31 March 2011</b>	<b>6,299</b>	<b>8,546</b>	-	<b>14,845</b>
<b>Net book value at 31 March 2011</b>	<b>2,523</b>	<b>36,925</b>	<b>74,954</b>	<b>114,402</b>
<b>Net book value at 1 April 2010</b>	<b>5,673</b>	<b>1,495</b>	<b>89,195</b>	<b>96,363</b>

**Asset Financing:** All Intangible Assets are owned by the NPIA.

### Material intangible assets

Intangible assets include the following major projects:

Schengen Information System II	£23.8m	(2010/11: £26.7)
Pentip Penalty Notice Processing System	£17m	(2010/11: £15.4m)
Identity and Access Management	£18.9m	(2010/11: £17.9m)
Police National Database	£37m	(2010/11: £39.7m)

## Remaining Amortisation Period

Schengen Information System II	Not yet complete
Pentip Penalty Notice Processing System	Not yet complete
Identity and Access Management	9–10 Years
Police National Database	5-6 Years

## 8. 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 period end, there was £35,334 (£41,983 in 2011) cash and cash equivalents held by the Police Training Authority Trust.

<b>Investments held by the Trust amounted to</b>	<b>31st March 2012 £'000</b>	<b>31st March 2011 £'000</b>
<b>Non-Current Financial Assets</b>		
Common Investment Funds	454	414
Charity Funds	13	13
	<b>467</b>	<b>427</b>

## 9. Impairments

The NPIA carries out an impairment review of its tangible and definite life intangible assets when a change in circumstances or situation indicates that those assets may have suffered an impairment loss. More information is shown in Note 7. Intangible assets with indefinite useful lives are tested for impairment at least annually (there are currently no assets with indefinite lives). Detail of major write offs are disclosed at Note 22 below.

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
<b>Property</b>		
Harperley Hall	424	395
Bramshill	1,085	7,665
Harrogate	-	20
Ryton	5,835	5,943
	<b>7,344</b>	<b>14,023</b>
<b>Other</b>		
Antiques	-	
Write Off	7,443	5,195
	<b>14,787</b>	<b>19,218</b>

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

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
<b>Property</b>		
Hendon	(1,347)	(94)
Harrogate	542	(128)
	<b>(805)</b>	<b>(222)</b>

## 10. Trade receivables and other current assets

	<b>31 March 2012 £'000</b>	<b>31 March 2011 £'000</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	11,614	13,125
Less Provision for Impairment of Trade Receivables	(1,072)	(1,171)
Deposits and advances	274	324
Other receivables		
Tax including VAT	-	585
Accrued Charges	9,946	7,284
Prepayments	4,584	6,579
	<b>25,346</b>	<b>26,726</b>
 <b><u>Intra-government balances</u></b>		
	<b>£'000</b>	<b>£'000</b>
Balances with other central government bodies	9,976	11,278
Balances with police and local authorities	7,963	8,739
Balances with NHS Trusts	25	32
Balances with public corporations and trading funds	25	43
<b>Total intra government</b>	<b>17,989</b>	<b>20,092</b>
Balances with bodies external to government	7,357	6,634
	<b>25,346</b>	<b>26,726</b>

**11. Cash and cash equivalents**

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April</b>	<b>6,992</b>	<b>7,010</b>
Net change in cash and cash equivalent balances	11,528	(18)
<b>Balance at 31 March</b>	<b>18,520</b>	<b>6,992</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	18,520	6,992
<b>Balance at 31 March</b>	<b>18,520</b>	<b>6,992</b>

## 12. Trade payables and other current liabilities

	<b>31 March 2012 £'000</b>	<b>31 March 2011 £'000</b>
<b>Amounts falling due within one year</b>		
VAT	7,560	-
Other taxation and social security	2,203	2,892
Trade payables	6,028	28,531
Accruals and deferred Income	42,943	34,964
Staff Leave Accrual	1,068	1,171
Current part of imputed finance lease element of on-balance sheet PFI contracts	1,700	1,700
	<b>61,502</b>	<b>69,258</b>
<b>Amounts falling due after more than one year:</b>		
Imputed finance lease element of on-balance sheet PFI contracts	11,900	13,600
	<b>11,900</b>	<b>13,600</b>
<b><u>Intra-government balances</u></b>		
	<b>£'000</b>	<b>£'000</b>
Balances with other central government bodies	22,296	12,810
Balances with police and local authorities	4,450	9,759
Balances with NHS Trusts	98	12
Balances with public corporations and trading funds	12	88
<b>Total intra government</b>	<b>26,856</b>	<b>22,669</b>
Balances with bodies external to government	46,546	60,189
	<b>73,402</b>	<b>82,858</b>

### 13. Provisions for liabilities and charges

	<b>Conservation</b>	<b>Rationalisation</b>	<b>Other</b>	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>Total</b>	<b>Total</b>
				<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April 2011</b>	<b>10,513</b>	<b>5,007</b>	<b>1,273</b>	<b>16,793</b>	<b>16,207</b>
Provided in the year	1,826	218	551	<b>2,595</b>	2,861
Provisions not required written back	-	-	(154)	<b>(154)</b>	(375)
Provisions utilised in the year	(1,185)	(1,079)	(299)	<b>(2,563)</b>	<b>(1,900)</b>
<b>Balance at 31 March 2012</b>	<b>11,154</b>	<b>4,146</b>	<b>1,371</b>	<b>16,671</b>	<b>16,793</b>

<b>Analysis of expected timing of flows</b>	<b>Conservation</b>	<b>Rationalisation</b>	<b>Other</b>	<b>31</b>	<b>31</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>March</b>	<b>March</b>
				<b>2012</b>	<b>2011</b>
				<b>Total</b>	<b>Total</b>
				<b>£'000</b>	<b>£'000</b>
Not later than one year	1,000	1,101	1,371	<b>3,472</b>	2,872
<b>Current liability</b>	<b>1,000</b>	<b>1,101</b>	<b>1,371</b>	<b>3,472</b>	<b>2,872</b>
Later than one year and not later than five years	4,000	2,407	-	<b>6,407</b>	4,964
Thereafter	6,154	638	-	<b>6,792</b>	8,957
<b>Non-current liability</b>	<b>10,154</b>	<b>3,045</b>	<b>-</b>	<b>13,199</b>	<b>13,921</b>
<b>Balance at 31 March 2012</b>	<b>11,154</b>	<b>4,146</b>	<b>1,371</b>	<b>16,671</b>	<b>16,793</b>

#### Conservation provision

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.

#### Rationalisation provision

For early retirement pension payments made under terms of the Civil Service Scheme to employees who left on redundancy terms during internal restructures which 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.

**Other provisions cover:**

- Personal injury and employment claims valued using legal advice and where both the value and payment date is uncertain.
- The cost of restoring a leased property to its original state at the end of the lease in 2011, valued using professional advice and under negotiation.

**14. Capital commitments**

	<b>31 March 2012</b>	<b>31 March 2011</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	181
Intangible assets	5,793	10,944
<b>Total</b>	<b>8,764</b>	<b>11,125</b>

**15. 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 2012</b>	<b>31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Obligations under operating leases comprise:</b>		
<b>Land</b>		
Not later than one year	53	53
Later than one year and not later than five years	211	211
Later than five years	4,251	4,304
	<b>4,515</b>	<b>4,568</b>
<b>Buildings</b>		
Not later than one year	5,099	5,130
Later than one year and not later than five years	4,701	4,065
Later than five years	-	-
	<b>9,800</b>	<b>9,195</b>

**15.1 Finance leases**

There are no finance leases.

## 16. Commitments under PFI contracts

### a) Off-balance sheet

In 2000, the Police Information Technology Organisation (PITO), now 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 consists 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 is determined to be an off-balance sheet deal under IFRIC12 Service Concession Arrangements as the NPIA does not control access to the Service or use all but an insignificant amount of the output. Airwave is increasingly being used by the Fire and Ambulance Services as well as other public sector organisations.

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under PFI contracts comprise:		
<b>Total Liability</b>		
Not later than one year	216,422	210,384
Later than one year and not later than five years	929,611	903,675
Later than five years	505,782	748,140
<b>Total commitment under PFI</b>	<b>1,651,815</b>	<b>1,862,199</b>

It is anticipated that the charge for 2012/13 will be in the region of £216 million, and it increases each year by indexation.

### b) On-balance sheet

On-balance sheet communication assets, which are in Note 6, represent Airwave assets for London Underground and the resilience network, which have already been paid for. Further, a few assets are deemed as transferable to the NPIA at the end of the contract, providing that the NPIA pays Airwave Solutions Ltd the fair market value of said assets. The value on-balance sheet represents the current assessment of these assets' fair value, and these are treated as if they were a finance lease. The liability for these is set out below.

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under PFI contracts comprise:		
<b>Total Liability</b>		
Not later than one year	2,118	2,170
Later than one year and not later than five years	7,949	8,158
Later than five years	5,414	7,323
	<b>15,481</b>	<b>17,651</b>
Less Notional Interest	1,881	2,351
<b>Total commitment under PFI</b>	<b>13,600</b>	<b>15,300</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 £218,267,000 (2010/11: £227,709,000). £470,000 (2010/11: £523,000) has been imputed as the notional interest charge in the on-balance sheet PFI liability.

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

### **Contingent assets**

At 31 March 2012 NPIA had no material contingent assets within the meaning of IAS37.

### **Contingent liabilities**

At 31 March 2012 NPIA had no material contingent liabilities within the meaning of IAS37.

## **18. 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 Serious Organised Crime Agency (SOCA). The NPIA considers the police forces and police authorities in England and Wales to be related parties because senior police officers and police authority members are appointed by ACPO and APA 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 there were significant transactions with the Forensic Science Service, British Transport Police, HM Revenue and Customs, the Cabinet Office and the Department for Transport.

During the period ending 31 March 2012, no members of the Board or members of the key management staff have undertaken any material transactions with the NPIA.

## **19. 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 service of England and Wales, by the provision

of items, services, facilities and awards, thereby improving the efficiency and effectiveness of the service.

## **20. 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.

As noted in the Going Concern statement in note 1a, on 1 April, 2012, five functions of the NPIA transferred to the Serious Organised Crime Agency: Crime Operational Support, Specialist Operations Centre, Central Witness Bureau, Serious Crime Analysis and National Missing Persons Bureau. No adjustments have been made to these accounts in respect of this transfer.

Bernard Hogan-Howe, Commissioner of the Metropolitan Police Service, was appointed to the NPIA Board with effect from 1 May 2012.

There are no other material events after the reporting date.

## **21. 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 operates a defined benefit Police Pension Scheme for direct recruits from within the police service. 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 the 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 2012. Full provision for this liability in 2011/12 of £5.91 million (£6.13 million in 2010/11) 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 2011 .

## Pension disclosures - Police Pension Scheme 1987

### Past service liabilities

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>
Liability in respect of:		
Active members (past service)	(2,950)	(4,200)
Pensions in Payment	(2,960)	(1,930)
<b>Net pensions deficit</b>	<b>(5,910)</b>	<b>(6,130)</b>

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

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

	<b>Year Ending 31 March 2012</b>	<b>Year Ending 31 March 2011</b>
Rate of inflation	2.00%pa	2.65%pa
Rate of increase in salaries	4.25%pa	4.90%pa
Rate of increase in pensions	2.00%pa	2.65%pa
Rate of discounting scheme liabilities	4.85%pa	5.60%pa

#### Analysis of movement in scheme liability

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Net surplus / (deficit) at the beginning of year	(6,130)	(7,980)
Removal of provision for injury awards	N/A	N/A
<b>Net surplus / (deficit) at the start of current year</b>	<b>(6,130)</b>	<b>(7,980)</b>

#### Movement in the year:

Current Service Cost	(100)	(200)
Cost covered by employee contributions	(30)	(50)
Past Service Cost	-	980
Interest on pension liabilities (ie 'Finance Income')	(340)	(330)

Benefits paid (recurring element)	110	20
Benefits paid (lump sums)	290	520
<b>Total benefits paid</b>	<b>400</b>	<b>540</b>

Actuarial gain – changes in assumptions underlying the present value of the pension	290	910
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<b>Net deficit at the end of year</b>	<b>(5,910)</b>	<b>(6,130)</b>
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#### Expense recognised in profit or loss

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Current Service Cost (net of participants' contributions)	(100)	(200)
Interest cost	(340)	(330)
Any past service cost	-	980
<b>Total</b>	<b>(440)</b>	<b>450</b>

Actuarial gain/(loss) can be further analysed as follows:

Experience gains and losses arising on the pension liability	300	500
Changes in assumptions underlying the present value of the pension liabilities	(10)	410
<b>Actuarial gain / (loss)</b>	<b>290</b>	<b>910</b>

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

History of Experience gains and losses	2011/12	2010/11	2009/10	2008/09	2007/08
	£'000	£'000	£'000	£'000	£'000
Experience gains / (losses) on the scheme liabilities	300	500	(330)	(130)	-
Percentage of the liability at the end of year	5.1%	8.20%	-4.10%	-2.60%	-
Total actuarial gain / (loss)	290	910	(2,410)	640	600
Percentage of the liability at the end of year	4.9%	14.80%	-30.20%	12.60%	11.5%
Net Deficit at the end of year	5,910	6,130	7,980	5,080	5,240

Note: Employer contributions of £68,864 were received.

### c) By Analogy Pension Scheme

The NPIA also operates a 'Broadly By Analogy' (BBA) Pension Scheme for the 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 2012. 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.

### 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 2012) are as follows:

- Gross discount rate of 4.85% as prescribed by HM Treasury
- Earnings inflation rate of 4.25%
- CPI price inflation rate of 2.00% as prescribed by HM Treasury
- Net discount rate of 2.00% as prescribed by HM Treasury.

### Liability as at 31 March 2012

The capitalised value of accrued pension benefits payable under the NPIA's By Analogy pension arrangement as at 31 March 2012 is £163,000 (March 2011 £141,000). Full provision for this liability is reflected in the balance sheet. An actuarial gain of £6,000 was experienced in the year.

**d) Other police officers**

All other police officers are currently seconded to the NPIA and their seconding forces remain responsible for their pension benefits. The NPIA paid £2.7 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 2012</b>	<b>31 March 2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>BBA Scheme</b>	163	141
<b>Police Pension Scheme</b>	5,910	6,130
	<b>6,073</b>	<b>6,271</b>

**22. 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	35	7426
Losses of accountable stores	8	2
Special Payments	6	57
<b>Total</b>	<b>49</b>	<b>7,485</b>

Write-offs include the following:

- a) £6,700,000 relating to the Schengen Information System II project. Early project life costs of developing the business case and researching solutions were capitalised as assets under construction, which should not have been capitalised.
- b) £407,000 relating to fixtures and fittings works in offices which have since been vacated.

# APPENDIX A – SUSTAINABILITY PERFORMANCE REPORT

This is the first 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>11</sup>

The NPIA is an active participant in the Home Office Sustainability Implementation Group. 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 so provides a flawed baseline against which to measure progress and is not included in this report. Monitoring systems within the Building Management System were improved in 2010/11 and 2011/12, in part to help collect this data.

## Greenhouse Gas Emissions

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

The NPIA's CO<sub>2</sub> emissions total has decreased between 2009/10 and 2011/12.

## Building Energy

Non-financial indicators – energy use	2011/12	2010/11	2009/10
Electricity: Non-Renewable (kWh)	15,546,369	15,101,961	15,448,113
Gas (kWh)	9,561,733	11,265,257	12,551,515
Other – LPG (kWh)	407,081	220,835	297,347
Oil (kWh)	1,310,763	1,199,980	588,267
Financial indicators – energy use			
Total energy expenditure (£)	1,900,970	2,636,170	1,574,947

The total amount of energy used by the NPIA has decreased between 2009/10 and 2011/12. The balance of energy types also changed.

The Carbon Trust has carried out energy audits of Bramshill, Harperley Hall, Ryton, Hendon and Harrogate. The NPIA implemented a number of actions including:

<sup>11</sup> HM Treasury Public Sector Annual reports: Sustainability Reporting Guidance for 2011/12 Reporting available at [http://www.hm-treasury.gov.uk/frem\\_sustainability.htm](http://www.hm-treasury.gov.uk/frem_sustainability.htm)

- All sites: renting out or mothballing unused buildings, and putting insulation and trace heating/frost protection in all plant rooms.
- Bramshill: installing of photovoltaic cells on four buildings, and installing insulation and trace heating of the Mansion roof
- Harperley Hall: installing of photovoltaic cells, installing air source heat pumps.
- Ryton: installing solar panels and borehole pump to heat water in a building, and replacing old boilers with 9 new ones.
- Hendon: installing external photo cells to detect day and night and internal passive infra-red detectors to detect body motion.

#### Travel related

Area		2011/12	2010/11	2009/10
Fleet and Hire Car	Petrol (km)	46,257	603,066	718,557
	Diesel (km)	2,229,756	2,245,039	2,310,757
	Cost (£) fuel	216,457	209,584	194,616
Taxi	Taxis (km)	44,208	53,944	71,642
	Cost (£) fare	65,652	80,112	106,393
Rail	National (km)	3,718,012	3,702,928	3,044,163
	International (km)	15,817	20,374	24,093
	Cost (£) fare	894,797	854,857	828,961
Air Travel	Domestic Flights (km)	984,764	801,082	1,059,747
	European Flights (km)	154,014	261,946	572,909
	International Flights (km)	778,454	542,511	1,189,191
	Cost (£)	236,434	229,117	332,587

Where possible, teleconferencing and videoconference is used in preference to undertaking business travel. Where business travel is unavoidable, more cost- and carbon-efficient methods are encouraged. The success of this approach is evident in the change to the modes of travel. There have been changes in favour of rail over private hire or taxis, and in favour of diesel over petrol where this is an option. The agency's pool car fleet has been reduced by 30 per cent and tighter controls placed on size of hire cars and own car use.

#### Waste

Non-financial indicators	2011/12
Landfill (t)	80
Mixed Recycling (t)	121
Financial indicators	
Landfill (£)	6,365
Mixed Recycling (£)	12,773

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.

## Water use

<u>Non-financial indicators</u>	2011/12
Water Consumption (m <sup>3</sup> )	68,333
<u>Financial indicators</u>	
Water supply costs (£)	80,677

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.

## Sustainability information compared by headcount

To aid comparison between years, the table below shows the agency's sustainability performance divided by its headcount in those years. It should be noted that the agency has a large training estate and, although the number of staff has decreased between 2009/10 and 2011/12, training throughput has not, which is a contributing factor to the changes shown below.

Area	2011/12	2010/11	2009/10
Greenhouse Gas emissions (Scopes 1, 2, 3 Business Travel including international air/rail travel)	7.49 tCO <sub>2</sub> e per person	6.62 tCO <sub>2</sub> e per person	5.83 tCO <sub>2</sub> e per person
Estate Energy (Electricity and Gas) Consumption	16,569 kWh per person	15,268 kWh per person	12,970 kWh per person
Estate Waste Amount	0.12 t per person	n/a	n/a
Estate Water Consumption	42.21 m <sup>3</sup> per person	n/a	n/a

## Biodiversity and Natural Environment

The local natural environment is an important factor in estate management decisions. Ryton 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 effect of the NPIA on the newts' habitat is particularly taken into account when any new building work is under consideration.

Bramshill includes nearly 300 acres of parkland. This varied landscape of woods, lakes, formal gardens and terraces is managed to preserve the natural biodiversity.

## Sustainable Procurement and Asset Management

The NPIA aims to procure and manage its current assets in the most efficient way possible. During 2011/12, a number of changes to the way that the agency manages its IT assets have been made. These not only make its internal provision of IT more cost-effective, but also reduce the agency's impact on the environment. Examples of actions that have been taken in 2011/12 include:

- Reducing the number of printers from a ratio of 1 per 3 people to 1 per 25 people and improving the security of printouts.

- Reducing the number of servers, telephone lines, mobile phones and blackberries.
- Extending the life of equipment from 3 years to 5 years.
- Reducing number of servers.
- Rationalising phone lines and the number of devices per member of staff.

The agency uses its land holdings at Bramshill sustainably by:

- Growing fruit and vegetables to supply the delegate and staff canteen, cutting costs and reducing carbon footprint of transported food
- Using 10 tons of timber felled through woodland management as roofing material.
- Using other wood acquired through woodland management as bark mulching, or composting. This saves the agency approximately £2.5k per annum.

### **Sustainable Construction**

In recent years, any new buildings built on NPIA sites have been constructed to BREEAM (BRE Environmental Assessment Method) standards. These have included new accommodation blocks at Ryton and new buildings at Harperley Hall. These new buildings have included sustainable features such as solar panels and borehole heat sources to reduce energy consumption. The agency has also tried to reuse materials where possible, for example crushing old bricks to make hardcore fill.

The agency took environmental concerns into account when it vacated its secondary central London site in December 2011. As part of this closure, it recycled approximately 12 tons of paper and 1/2 ton of office equipment. Where possible, all furniture and equipment have been reused elsewhere on the estate. For all other surplus items, the agency instructed its waste disposal providers to dispose of them in an environmental-friendly way.

### **People**

Everyone working for the NPIA or on its behalf is required to carry out activities in line with the 'Home Office Environmental Policy'. Since April 2007, the agency has articulated its approach to environmental issues in an Environmental Policy Statement made by the CEO (revised January 2011). This statement describes the broad approach the NPIA is taking across its sites. All members of staff have ready access to this statement through the NPIA's intranet. The agency has 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.

The NPIA Environmental Working Group is now embedded within the agency with quarterly meetings to review actions and progress. At a site level there are Energy and Environment Teams to progress actions at a local level and engage staff and change behaviours.

## APPENDIX B – AWARDS

<b>Chief Constables Commendations - Group</b>
<p><b>Airwave Team:</b> Jim Bilsland; John Black; Bob Gellatly; Annette Henley; Ian Hutton; Geoff Lowe; Keith Murray; Stuart Orton; Adrian Parry; Trevor Winterbottom</p> <p>For work to ensure the continued and sustained availability of the Airwave service during the August 2011 riots in London and across England.</p>
<p><b>Airwave Max:</b> Jim Bilsland, Paul Westall, Tim Kavanagh, Christopher Haywood, David Murphy</p> <p>For supporting police forces in transforming their use of Airwave, providing information and recommendations to deliver efficiencies and increase effectiveness and value for money.</p>
<p><b>Capability Support Unit:</b> David Hudson, Supt Mark Lee, James Bottomley, Vicky Robinson, Dr Paul Quinton, CS Steven Hartley, Supt Derek Quinn, Sharon Gernon-Booth, Phil Carter, Niel Cuzen, CI Phil Wright, Mahendra Mepani, Insp Mike Hughes</p> <p>For commitment, drive and exceptional work, developing strong relationships with the Metropolitan Police Service, and providing advice and recommendations across diverse areas of policing activity.</p>
<p><b>Events team:</b> Sally Enoch, Jo Martin, Victoria Brown, Sue McAteer, Bethanie Monaghan, Sharon Tsang</p> <p>For showing resilience, flexibility and teamwork in difficult circumstances to build business and the agency's reputation, winning new clients, saving public money, consistently delivering high-quality events, and generating an exceptionally high level of income.</p>
<p><b>HR Business Partner team:</b> Lynda Guttenberg, Emma Hopkinson, Carol-Ann Sweeney, Danielle Nicholls, Louise Church, Lizzie Ingham, Katie Donaldson, James Mailer, Stacey Carter, Claire Bendall, Alison Hayward, Sherine Bryan</p> <p>For building credibility as a new team by showing positivity and commitment while successfully managing two voluntary exit schemes, numerous restructures and complex casework, and remaining available to support staff whenever required.</p>
<p><b>ID Team:</b> Matt Clark; Leon Dicks; Gary Sanders</p> <p>For a huge contribution to the provision of a counter terrorism continuity capability on the IDENT1 system in very challenging circumstances.</p>
<p><b>National Police Library Team:</b> Patricia Hughes, Graham Cline, Lynn O'Mahony, John Morgans</p> <p>For providing an exceptional level of service and responsiveness recognised across police ranks and by national leads such as Tom Winsor, despite being short-staffed and under immediate threat of closure.</p>
<p><b>National Police Promotions Framework Team:</b> Stuart Budgen; Isla Campbell; Jenny Kodz; Kathryn Searle; Helen Slimmon; Rachel Tuffin</p> <p>For contribution to the evaluation of the National Police Promotion Framework and the production of an excellent final report.</p>
<p><b>Operation Oceangrove Support:</b> Gemma Plummer, Amy Powell</p> <p>For showing expert analytical skills and determination in conducting an exemplary independent review of a high-profile investigation (by the Metropolitan Police Service into phone-hacking).</p>

<p><b>Operation Slingshot Team:</b> Louise Alphonsus; John Armstrong; Marie Barrett; Garry Dixon; Barry Edwards; Donna Harrison; Paul Hemming; Ruth Jefferson; Lucy Johnson; Sue Moffatt; Clive Poulton; Beth Reid; Emma Sheldrick; Rani Singh; Dave Smith</p> <p>For huge support to the Police Service during the closure of the forensic science service through "Operation Slingshot".</p>
<p><b>Organisational Development Team:</b> Karen Guerin; Graham Johnson; Helen Ogilvy</p> <p>For contribution to the development of a variety of transition support packages for staff despite limited resources.</p>
<p><b>Specials Team:</b> Damien Allen; Kelly Anderson; Joe Coates; Laura Empey; Neil Hepworth; Amardeep Mann; Rik Mullins; Melanie Straker</p> <p>For contribution to the development and implementation of the selection process for the recruitment of Special Constables.</p>
<p><b>Uniform Operations Team:</b> Chris Bowen; Stuart Ellis; Derek Evans; Andy Langford; Bryan Spence; Julie Wilkinson</p> <p>For the rapid response and dedication provided following the outbreak of the August 2011 riots in London and across the country.</p>
<p><b>Chief Constable Commendations - Individuals</b></p>
<p><b>Andy Beard</b> - For maintaining extremely high standards of personal achievement for his team, while driving forward the work of 'Team Bramshill' and raising over £3,000 for charity in the process.</p>
<p><b>Ian Brown</b> - For work on the Police Procurement Hub project under ISIS. Also recognising the critical nature of this work, in realising cashable savings for forces.</p>
<p><b>Helen Darby</b> - For an outstanding contribution to superior customer service, saving costs and reducing bureaucracy over the last nine months within the fleet management area.</p>
<p><b>David Dibble</b> - For a highly significant piece of work scoping the services (from custody to firearms licensing) that could potentially be provided at a national level, and the review of custody provision.</p>
<p><b>Lynda Guttenberg</b> - For the excellent level of understanding and support shown for colleagues dealing with difficult HR or business issues.</p>
<p><b>Steve Hatherall</b> - For dedication in closing almost one-third of the NPIA's £87m funding gap through the Spending Review period, and diligence in delivering the project.</p>
<p><b>Maggie Hyde</b> - For enthusiasm and determination when managing the HR Operations team, which resulted in excellent audit inspection feedback and a new easy-to-follow recruitment process.</p>
<p><b>Liz Jones</b> - For leading the two voluntary release schemes which have been run by the agency in the last year, as well as leading the resource planning and recruitment work for the agency during this period.</p>
<p><b>Nick Keane</b> - For an inspirational and enthusiastic approach in presenting the strategic and policy implications of social media to police forces.</p>
<p><b>Nick Kelly</b> - For leading the rapid development of a portfolio management tool for the ISIS programme and driving decisions on the continuation of major investment programmes.</p>
<p><b>Paul Lobb</b> - For making a key contribution to the expertise of an investigation into a double murder case in Dyfed-Powys.</p>
<p><b>Gurpreet Nandra</b> - For exceptional dedication, flexibility and dependability in providing administrative support to the unit, as well as agency-wide IT support.</p>

<b>Debbie Phillips</b> - For invaluable PA support to the unit, and tremendous effort above and beyond this role.
<b>Ian Pickard</b> - For a significant and sustained contribution to the Police National Computer (PNC) in taking forward a number of changes.
<b>Kevin Smith</b> - For work within the Specialist Operation Centre as the National Vulnerable Witness Adviser and leader of the Witness Intermediary Team.
<b>Dr Adrian West</b> - For commitment and dedication in support of major criminal investigations, helping forces resolve a large number of difficult and challenging inquiries.
<b>Jo Wilkinson</b> - For showing innovation with impact in professional networking and collaboration on POLKA.
<b>Steve Wilkinson</b> - For leading the Proceeds of Crime Centre and playing an instrumental role in tackling criminal finances through asset recovery and denial.
<b>Fred Berry (Greater Manchester Police)</b> - For acting as a single point of contact between the Serious Crime Analysis Section (SCAS) and Greater Manchester Police, and ensuring that SCAS are able to provide the force with the optimum level of support during the last five years.
<b>Other Awards</b> – Below are awards given to NPIA staff and teams by national bodies.
<b>Chief Technology Officer's (CTO) Unit Police Force Technology Award</b> was awarded for the new Code List Management System (CLMS) at the Emergency Service Awards. The awards recognise outstanding achievement in delivering effective and innovative public services. Developed by the NPIA's CTO Unit, CLMS is a web service which makes it easier for police forces to share data standards and develop interfaces. Benefits include better data quality and search accuracy, more efficient distribution of lists, and less duplication of information across the police service.
<b>Investigative Skills Training Team</b> <b>Police Federation National Detective Forum's Special Recognition award</b> was given to the team for their work helping, supporting and promoting detectives and their work.
<b>Dr David Horne</b> <b>A lifetime achievement award</b> for his work in procurement from the Association of Police Procurement and Contract Professionals.
<b>Laura Empey</b> - Examinations and Assessment Laura was named the British Psychological Society's <b>Occupational Psychology Practitioner of the Year</b> . She was handed the award for her work co-ordinating and managing a team of occupational psychologists, who worked alongside the agency and force colleagues to develop and roll-out the first national assessment process for forces recruiting special constables.

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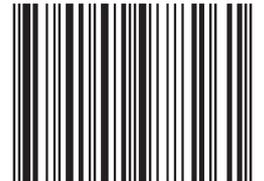
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