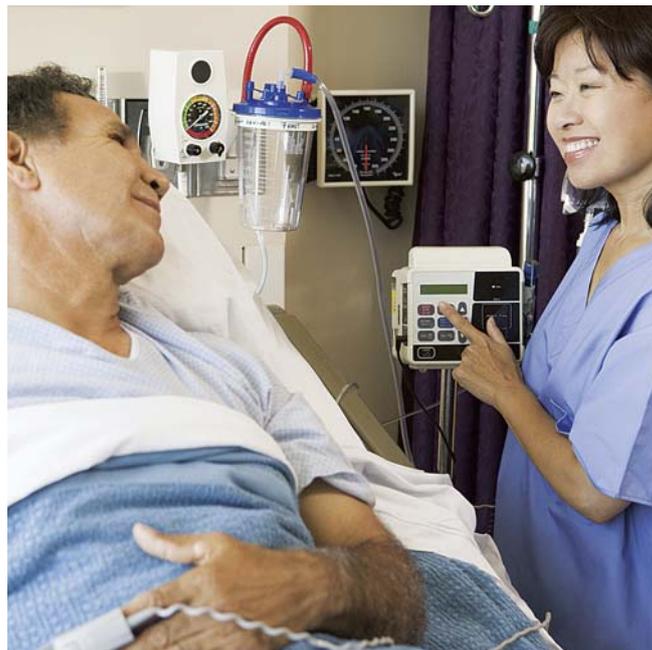


ANNUAL REPORT AND ACCOUNTS



2009/10



CRIMINAL RECORDS BUREAU ANNUAL REPORT AND ACCOUNTS 2009/10

Presented to the House of Commons pursuant to Section 7
of the Government Resources and Accounts Act 2000.

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Chief Executive's Statement



Our vision of the future is one in which the CRB is trusted by its stakeholders to support public protection and will be the core provider of comprehensive services for organisations to assist informed recruitment decisions.



I am pleased to introduce the 2009/10 Annual Report and Accounts for the Criminal Records Bureau (CRB).

Last year's report was my first as Chief Executive and I would like to take this opportunity to reflect on my introductory year, including the organisation's progress and achievement and the hard work of our staff. I have been impressed by the commitment that all staff have shown in what has been a challenging year as we prepared to deliver our part in the introduction of the Vetting and Barring Scheme (VBS).

Over the past 12 months we have continued to work closely with the Home Office and the Independent Safeguarding Authority (ISA) to deliver the initial launch of the VBS in October 2009. The Government has recently committed to a review of the criminal records and Vetting and Barring regime and has formally announced that the VBS will be remodelled to scale it back to proportionate, common sense levels. The details of this remodelling will be made available in due course. As a result, the ISA registration stage of the VBS has been halted and will not launch on 26 July as originally planned.

During the year, the CRB has continued to introduce internal changes to improve the experience of the customer. This has included reducing the number of potentially confusing contact points into the CRB and the introduction of a new Account Manager function to increase the support to our largest customers in order to understand their volumes and requirements. We have also introduced Customer Service Excellence standards throughout the business, which we aim to achieve this year.

The latest annual research suggests that our customers' satisfaction levels remain high and that there is continued support for CRB checks from our customers and the general public. However, we are not complacent and are seeking to work with our delivery partners such as the police, to further improve the timeliness of the service as requested by our customers.

In 2009/10 the demand for CRB checks continued to grow and we processed more than 4.4 million checks, the highest annual figure since the CRB's inception in 2002, bringing the total to more than 23 million CRB checks overall.

This is a significant achievement and we will continue to improve our service, specifically around the turnaround times for completing our checks. In the past year, the increased demand has affected our ability to issue 90% of Enhanced checks within 28 days.

As a result we are now actively engaging with our high-volume customers, on a monthly basis, to identify factors that will affect future demand. This process will help us to predict future volume more effectively and ensure that the right level of resources is in place. In addition, we will continue to work with the police to develop action plans, where required, to ensure that they can meet current and future demand.

Looking to the future, we have now completed the first phase of our e-Bulk service with over 30 Registered Bodies now able to access the service with processing times reduced by around 13 days. We are working with Registered Bodies to improve the service further and will continue to roll out the service to more of our customers, processing more checks electronically over the next year.

Our current Public Private Partnership (PPP) agreement with Capita is due to expire in 2012 and we have commenced work to ensure that the necessary supplier arrangements are in place. As part of this work, over the coming year, we will be working with the Security Industry Authority (SIA) and the ISA to research how the three organisations could work more closely to produce improved services to all of our customers.

In the forthcoming year, we will continue to strive for continuous improvement with a focus on data quality and timeliness, and also review our processes to improve efficiency. In partnership with the police, Registered Bodies and a range of public sector bodies, we will continue to work towards our vision.



Steve Long
Chief Executive
Criminal Records Bureau
14 July 2010

Management Commentary

Nature, Objectives and Strategies of the CRB

Our Role

The CRB, launched in 2002, is an Executive Agency of the Home Office and was established under Part V of the Police Act 1997. The CRB offers a service which enables organisations in the public, private and voluntary sectors to make better informed, safer recruitment decisions by providing them with information to enable them to determine whether candidates are unsuitable for certain work, in particular with occupations involving regular contact with children and vulnerable adults.

At the end of March 2010 the CRB had issued more than 23 million checks, of which approximately 20% have been issued free-of-charge to volunteers. The CRB provides services to approximately 4,230 directly-registered organisations and many thousands of others who use those bodies to access CRB checks. Over the past six years, CRB checks have directly prevented around 130,000 job offers being made to those considered unsuitable to work with children or vulnerable adults and acted as a deterrent to many more.

Our Values

Our core values set out the standards and behaviours by which we operate and are based on those used by the Home Office.

1. We deliver for the public – putting our customers at the centre of everything that we do;
2. We are professional and innovative – looking to continuously improve and develop people in a learning organisation;
3. We work openly and collaboratively – explaining to our people, partners and customers what we are doing and why;
4. We treat everyone with respect – valuing the diversity of our people, partners and customers.

Our Vision

We recognise that in order to ensure the delivery of services that match what our stakeholders want, we need to understand how they can be developed further yet remain focused on efficiently delivering the highest quality of information.

Our vision, therefore, of the future is one in which the CRB is trusted by its stakeholders to support public protection and will be the core provider of comprehensive services for organisations, to assist informed recruitment decisions.



Our Business

The CRB processed 4.4 million CRB checks in 2009/10. There are two levels of CRB check available: "Standard" and "Enhanced", the primary difference being that the latter includes a check against local police records. The CRB process, from the completion of the application form to the production of the final certificate, involves three main parties: the Registered Body; the CRB and, in the case of Enhanced CRB checks, police forces.

The CRB employs 673 staff and is located over two sites in Liverpool at Shannon Court and India Buildings.

Registered Bodies

Registered Bodies are responsible for authenticating the identity of the applicant and for ensuring that the application form is correctly completed.

CRB

The CRB's role is to initially capture and check applicant details supplied through Registered Bodies - a task undertaken by Capita under a PPP agreement. CRB staff match this information against corresponding data contained on the Police National Computer (PNC) system, and then transmit the applicant data to police forces for matching against their local systems (for Enhanced CRB checks). Capita issue the subsequent CRB certificate to both the applicant and Registered Body.

Police Forces

There are 43 separate police forces, and eight other police bodies who are responsible for matching applicant data against information stored on local databases – both conviction data and other intelligence – and deciding what relevant information should be disclosed. In order to ensure the timeliness of the CRB checking service, in 2009/10 police forces were expected to return 90% of search requests within 14 days.

Funding

The CRB is funded through the fees for CRB checks, which for 2009/10 were £36 for Enhanced CRB check applications and from October 2009, the fee for Standard applications was reduced by £5 to £26. The exception is voluntary employees who receive the service free-of-charge. In 2009/10 a total of 21% of all CRB applications were for voluntary employees. Any work in relation to the VBS is recharged to the Home Office and reimbursed as either a capital or revenue grant.

Strategic Context

In May 2006 the CRB published a Five-Year Strategic Plan which detailed our strategic objectives for the period. Whilst these objectives remain as our overall aim, in the rapidly changing environment in which we are now operating, the 2009/10 Business Plan outlined a revised set of Strategic Goals:

- Provide information that meets the customer, public and stakeholder requirements in quality, accuracy and timeliness;
- Provide a customer-focused service;
- Build a capable, flexible and motivated organisation;
- Deliver value for money services whilst remaining self-funding;
- Provide a comprehensive range of public safety, employment-vetting services to meet the needs of employers.

Financial Aims and Objectives

The CRB is a self-funding Agency which is dependent on the volumes of CRB checks processed each year to generate income. We have clearly defined financial accountability and report regularly through our governance committees and on an annual basis through our Annual Report and Accounts. We are audited by the Comptroller and Auditor General.

The CRB is required to maintain the self-funding status first achieved in 2006/07 and a self-funding budget has been set for 2010/11.



Management Commentary

Resources, Relationships and Principal Risks

Resources

Our Finances

The achievement of self-funding status in 2006/07 has been maintained in subsequent financial years and, as can be seen from the table below, is also forecast for 2010/11 (figures in £millions). The 2008/09 position has been restated to reflect the introduction of International Financial Reporting Standards (IFRS):

	2004/05	2005/06	2006/07	2007/08	2008/09 restated	2009/10	2010/11 (budget)
Surplus/(Deficit)	(7.9)	(2.2)	13.6	9.7	6.2	4.4	0.0

A large element of the CRB's costs are fixed and, as volumes have continued to increase since inception, each CRB check's share of these fixed costs has decreased. This reduction - combined with internal efficiency measures, IT system improvements and robust contractual arrangements with Capita - has helped reduce unit costs and secured self-funding status.

When setting the fees for the 2009/10 financial year, the CRB considered whether there was a case for actually reducing the level of fees in the light of the surplus generated in 2008/09. However, in view of the sensitivity of the financial position to changing volumes and a realisation that they could not continue to increase indefinitely, the CRB decided that the prudent approach was to seek a decrease of £5 to fees for Standard applications from 1 October 2009.

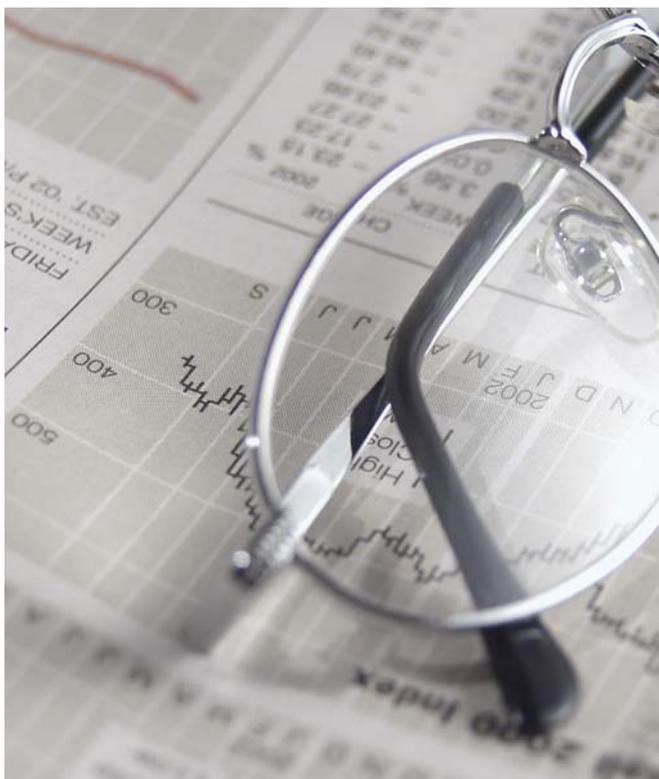
The CRB has prepared a break-even budget for 2010/11 without recourse to an increase in fees.

Our Employees

The CRB currently employs 673 highly committed staff, the majority of whom carry out the sensitive and demanding role of matching CRB applicant details against police records and lists.

The CRB's staff have continued to play a major role in achieving the high quality service now delivered to our customers. The satisfaction derived from this achievement was reflected in the 2009 staff survey results, which showed an improvement in job satisfaction, better communication and that staff are now strong advocates of the CRB. The survey also identified areas for improvement, particularly around People Management practices. This issue is being addressed through the development of a People Strategy based on the broader policies employed by the Home Office. During 2010/11 this strategy will be converted into practical steps to support and develop the CRB's workforce for the challenges ahead.

The framework that will underpin these activities is now in place. The focus is on regular performance reviews with dedicated sessions on learning and development. Core Home Office values have been adopted and a Skills and Behaviour Framework based around these has been developed to use as part of the Performance Management process.



Management of Risks

Risk Management Approach

An important governance consideration is how the CRB manages its risks. Key areas of development in 2009/10 have been:

- Consolidation of a Corporate Risk Management Strategy based on the Home Office Risk Management Policy;
- A revised and updated corporate risk register which aligns with the Business Plan;
- Implementation of a common approach to identifying risk across the business.

From the start of 2009/10 the Management Board implemented a Corporate Risk Management Strategy detailing the organisation-wide risk management approach. This approach is fully aligned with the Home Office Risk Management Policy and guidance.

To aid risk identification and reporting across the business, strategic threat areas have been identified and are used to identify risks and opportunities in each business area.

The six threat areas agreed by the Management Board are:

- Service Delivery;
- People;
- Partners and Stakeholders;
- Business Change;
- Finance;
- Strategy.

At the corporate level, each of the threat areas have been used to identify risks to the delivery of both the Business Plan and Strategy, with mitigating actions cascaded to appropriate action owners throughout the business. The corporate risks have recently been reviewed and refined to reflect the main risks the business currently faces.

In addition to supporting the Business Plan, the same threat areas are used at all levels to aid decision making and planning, with an escalation route to the Management Board if required.

The Management Board makes use of risk appetite and risk tolerance to determine the level of control for each risk and thereby the escalation rules, as well as the escalation path. Each area of the business has its own local risk register which feeds into a separate corporate document.



Risk Management is now a standing agenda item at each Audit Committee, which monitors the effective implementation of the Risk Management system and the embedding of Risk Management best practice across the organisation.

Risks are owned and managed by the most appropriate individuals across the business using the controls set at the corporate level. This approach enables risks to be identified, owned, managed and escalated from all levels of the organisation.

The overall process has resulted in the effective management of risks across the business which has led to the successful achievement of Level 3 of the Home Office Risk Management Maturity Model (RMMM).

Reporting of Personal Data Related Incidents

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.

Table 1: Summary of protected personal data related incidents formally reported to the Information Commissioner's office in 2009/10

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
Nil Return	N/A	N/A	N/A	N/A

Table 2: Summary of other protected personal data related incidents in 2009/10

Incidents deemed by the Data Controller not to fall within the criteria for reporting 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 document from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper document from outside secured Government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other	0

Table 3: Year-on-year total numbers of protected personal data related incidents prior to 2009/10

Total number of protected personal data related incidents formally reported to the Information Commissioner' Office, by category number							Total number of other protected personal data related incidents by category number						
	I	II	III	IV	V	Total		I	II	III	IV	V	Total
2008/09						0	2008/09						0
2007/08						0	2007/08						0
2006/07						0	2006/07						0
2005/06						0	2005/06						0

Relationships with Key Stakeholders and Partners

Impact on Society

Our effectiveness in delivering our vision has been evaluated through a series of Ipsos MORI polls. The latest results are encouraging and clearly demonstrate that the CRB continues to offer significant protection to children and the vulnerable by preventing unsuitable people from gaining access to these groups.



Other Stakeholders and Partners

The performance of the CRB is also dependent on the effectiveness of our principal partners and their staff. Consequently, the CRB engages with stakeholders via a series of consultative panels configured both to promote collaboration and to form an integral part of our Risk Management Strategy. The main features of these arrangements have been:

- Registered Bodies are being supported through an Account Management model that will work closely with them to understand their requirements, ensure compliance with our Code of Practice, focus on managing volume demands and on expanding the number of Registered Bodies who are able to access our services electronically to ensure our service meets customers' needs;
- Our contractual agreements with Capita ensure that service level agreements are in place, monitored and adhered to, which, in turn, allows us to identify if further support is required;
- The police forces work to service level agreements with us, which we use to monitor performance and we assess the impact of fluctuating volumes on their available resource. We will continue to develop our relationship with individual forces to ensure that changes are managed effectively;
- Other Government Departments such as the Department for Education (DfE) and the Department of Health (DH) have strong links with CRB as the services we offer are used by the organisations that they regulate. To strengthen these links further we have set up a stakeholder management forum with other Government Departments, Regulatory Bodies and Governing Bodies to ensure joined-up communications on common issues. We consult widely across Government on any development of our services and we will continue to maintain these good working relationships and seek opportunities for closer working to assist in the joined-up Government agenda;
- In preparing for the delivery of VBS, the CRB and ISA have developed strong links necessary for successful implementation. Since the end of the 2009/10 financial year, the Government has announced its intention to remodel the VBS back to 'proportionate, common sense levels.' At the time of publication, the project awaits the outcome of this work, before it can continue.

Management Commentary

2009/10 Development and Performance

Financial Summary

A summary of the 2009/10 accounts, compared to the 2008/09 position, is shown below. The movements have resulted in a reduction in the CRB surplus.

	2008/09	2009/10	Movement
	Restated for IFRS £m	£m	£m
Income	113.2	127.2	14.0
Production Costs			
Direct	77.4	82.9	5.5
Indirect	25.9	35.8	9.9
Sub-total	103.3	118.7	15.4
Surplus/(Deficit) on Operating activities	9.9	8.5	(1.4)
Change Costs			
Running costs	2.3	2.6	0.3
Development	1.4	1.5	0.1
Sub-total	3.7	4.1	0.4
Total Costs	107.0	122.8	15.8
Surplus/(Deficit)	6.2	4.4	(1.8)
CRB check volumes (m)	3.9	4.4	0.5

Explanation of Movements

Income

Although Enhanced application fees were frozen in 2009/10, Standard application fees were reduced by £5 to £26. Income rose by £14 million due to the continuing increase in volumes of CRB checks, which were up 12.8% from the previous year.

Production Costs

Costs have not risen in line with volumes during 2009/10. Production costs totalled £118.7 million, a rise of 14.9% compared with 2008/09.

The direct costs of production increased by £5.5m, a rise of 7%, significantly lower than the increase in volumes of CRB checks. This was as a result of increased efficiency within the organisation.

The increase in indirect production costs can be attributed to:

- A change in accounting practice to the use of International Financial Reporting Standards;
- A change in accounting policy for VBS expenditure; and
- Increases in pay and prices.

Change Costs

The total costs of £4.1 million shown in the Financial Summary can be broken down as follows:

	Expenditure (£'000)
Change Management	857
Programme Management	556
e-Services	1,623
PLX	262
Basics	171
Police ISA Costs	352
Other small changes	279
Summary	4,100

Change costs are the costs associated with future business development and strategic projects.

Capital Expenditure

In the year £11,441,000 was spent on capital expenditure (2008/09 £2,916,000). This relates mainly to expenditure on the VBS grant assets.

Cash Balances

As at 31 March 2010 the CRB's cash balance was £17.3 million (2008/09 £6.9 million).

Performance

The CRB has a set of Key Performance Indicators (KPIs) that act as a benchmark for our performance across the business; they particularly assist in the assessment of progress against the drivers behind our Strategic Aims.

As part of the monitoring process, monthly performance is reported both to the Management Board and the Executive Team, with exceptions highlighted to inform remedial action.

Achievement in 2009/10 against those targets is recorded opposite:

	Target	Performance	Measure	Source
Improving Delivery Times				
Enhanced CRB checks				
a. CRB to complete and send to police	90% checks in 10 days	87.1%	The time taken to process application from receipt in the CRB to despatch of application to police forces, excluding time out with customer.	System generated
b. Overall time for processing from receipt to issue	90% issued in 28 days	85.6%	The overall time – excluding time out with the customer – taken to process a valid application from receipt, to processing within the CRB and police forces and then to printing.	
c. Overall time for processing from receipt to issue	99% issued in 60 days	97.3%		
Standard CRB checks	95% issued in 10 days	98.2%	The overall time – excluding time out with the customer – taken to process a valid application from receipt to processing within the CRB and then to printing.	System generated
Calls to the Call-Centre	90% answered in 20 seconds	95%	The time taken to answer calls to the Call-Centre.	System generated
ISA Adult First checks / POVAFirst	98% completed in 2 days	99.8%	The overall time taken from the valid initial request received in the CRB to notification to Registered Body.	System generated

Improving Quality & Accuracy

Based on a statistically valid sample of CRB checks issued in the year, the CRB achieved an accuracy rate of 99.996% for 2009/10. The CRB appreciates the importance of the highest levels of accuracy in all endeavours, and the effects that any failure in this regard can have on individual applicants and the potential risk to society at large. To this end, the CRB aims for 100% accuracy, and has an ongoing programme working closely with our partners to ensure that accuracy is treated with the utmost importance throughout the end-to-end process, including regular education sessions with Registered Bodies.



Enhanced CRB checks

The significant number (230,000) of applications above the original forecast placed considerable pressure on the end-to-end business, meaning actual performance was marginally less than the primary target to process 90% of Enhanced CRB checks within 28 days.

The second-tier target to process 99% of Enhanced CRB checks within 60 days was also missed for the same reason.

A significant amount of work is being undertaken both internally and with customers to establish robust forecast volumes to assist planning.

Standard CRB Checks

Performance targets have been achieved throughout the period. Standard CRB checks do not require a search by police forces and the figure of 99.1% processed within 10 days of receipt also reflects well on the internal service provided by the CRB.

Calls to the Call-Centre

Performance target was achieved in 2009/10.

ISA Adult First Checks

Performance target was achieved in 2009/10.

CRB Certificate Disputes

Performance target was achieved in 2009/10.

Customer Satisfaction

The continued improvement and development of the CRB is reflected in a performance of 91% in 2009/10, against the target of 84%.

Complaints

Performance target was achieved in 2009/10.

Unit Cost Reduction

There is a commitment to reduce costs by 8% over three years (from 2008/09 – 2010/11) in accordance with the Department's wider Comprehensive Spending Review plans. In line with the Comprehensive Spending Review undertaken by Treasury we have worked closely with the Home Office Value for Money Team to establish a target for savings and how they are measured. In 2010/11 we will continue to update our value for money plan to ensure that we achieve the best possible efficiency savings which can be reflected when setting fees.

Sickness Absence Levels

The 11.1 days recorded in 2009/10 (11.3 days in 2008/09) reflects the level of sickness absence in the CRB and has been used as the basis for the 9-day target for 2010/11 although the CRB's longer-term goal remains eight days. CRB has introduced revised sickness monitoring procedures in order to reduce this figure.

Progress Against Key Projects

Research and Development

The CRB's development programme is managed through a Programme Board, which is responsible for ensuring that approved projects are implemented within budget and to set timescales, in line with strategic direction. Development costs are monitored and approved by the CRB Investment Board. Both the Programme Board and the Investment Board report to the CRB's Management Board and Executive Team.

Registered Bodies

We have worked closely with Registered Bodies to ensure that there is a more manageable network of organisations that access our service, enabling us to provide a high quality of support and advice, with Registered Bodies taking a more consistent approach to their role in the CRB checking process.

Police Forces

We have also worked closely with police forces to ensure that they are properly resourced to handle increased numbers of Enhanced CRB checks and we are currently assisting a number of key forces by undertaking lower-level checks on their behalf, to agreed quality standards.



VBS

In 2009, a phased approach to delivering VBS was introduced by the VBS Programme. This introduced a degree of overlapping development and transition activities as CRB continued to develop its contribution to the VBS Programme. Phase 4, which introduced Regulated Activity (with the effect that an ISA bar will apply to all parts of the children and vulnerable adult's workforce) was subsequently implemented, on time, in October 2009. Work on Phase 5, the major element of the scheme for CRB, continued and is now on hold until the outcome of the Government remodel of the VBS is known.



Electronic Services

The e-Bulk service supports CRB's strategic ambitions for provision of electronic services and the pilot went live with its first Registered Body in March 2009. Rollout implementation has continued to plan throughout the year and the target of connecting 30 Registered Bodies to the service was met in March 2010. The e-Bulk facility has improved the speed with which applications are handled and has enabled the processing of 100,000 applications to date with associated cost savings. More Registered Bodies will be connected to the service during 2010/11.

Police Local Cross Reference System (PLX)

The PLX development has at its core the aim of improving public protection by providing enhanced detection capabilities as part of the CRB checking process. Functionality to enhance the existing PLX search service was introduced on a six month pilot basis in June 2009 at seven police forces. Findings from the pilot showed that the system had increased the detection of relevant information as part of the checking process.

However, a number of operational issues were also revealed and the project was therefore paused, pending completion of a strategic review to establish the best way of achieving the desired outcomes in the context of potential availability of the Police National Database (PND) and planned changes generated in the wider Home Office context. Decisions on the way forward will be made by the end of the year.

Diversity

As an Executive Agency of the Home Office, the CRB is fully committed to meeting its statutory duties to actively promote and encourage equality and to eliminate discrimination in respect of race, gender and disability both within the organisation and throughout wider society through the provision of its services. It is also committed to promoting equality and eliminating discrimination on grounds of sexual orientation, religion/belief, age and gender identity and to delivering against the aims of the Home Office Diversity Strategy.

In meeting these aims and duties, we recognise the importance of consulting with our partners, customers and stakeholders across the seven key equality strands, i.e. race, disability, gender, gender identity, sexual orientation, age and religion/belief, to better understand what levels of service are required to promote equality and we are working closely with Home Office colleagues and external stakeholders to ensure that we do this.

To help achieve this, we established a CRB Equality Forum, which is made up of senior managers from across the business and meets on a regular basis to monitor and ensure compliance with our statutory obligations and wider commitments under the Home Office Diversity Strategy. We have also established an Equality, Diversity and Values Sub-Group, which consists of volunteers from across the business and aims to embed these concepts and values throughout the CRB and the services we provide. We also have a small Equality and Diversity team to provide day-to-day assistance to the business in meeting its equality and diversity duties and wider objectives.

To satisfy further these duties and objectives we have embarked on a programme to conduct Equality Impact Assessments (EIAs) against all of our new and existing policies, processes and procedures which will be publicly available as they are completed. This will help us to ensure that consideration is being given to how we meet and promote the equality needs of others.

We have also commenced on a programme of activity to ensure that all our staff are trained in equality and diversity best practice and will over the next year, broaden that understanding to not just individual responsibilities and compliance with statutory obligations but also to exploring the benefits of having a working environment where staff respect and value each others' diversity.

We will also continue to internally monitor our performance by contributing to the Home Office Annual Equality Monitoring Report (EMR) and through the Equality Forum, and the key performance indicators will be corporately assessed by the Home Office which will enable us to review our performance against comparable organisations and learn from their best practice.

Health and Safety

The CRB is committed to maintaining the standards required by the Health and Safety at Work Act 1974 and other United Kingdom and international regulations relating to the health and safety of its employees and the public. We will continue to raise staff awareness on all aspects of health and safety as required by the 1992 European Commission Health and Safety Directive. The CRB's health and safety arrangements are monitored by the Joint Health and Safety Committee, which meets at least once a quarter and is chaired by a CRB Director.

In order to support our commitment during 2009/10 the CRB undertook several new initiatives, including the rolling out of a new Stress Management Policy for managers and staff, and

partaking with the wider Home Office in two 'Health Weeks' that supported our Wellbeing Strategy. During the year the CRB also commenced closer working with other Home Office units on the joint development of policies and the sharing of best practices.

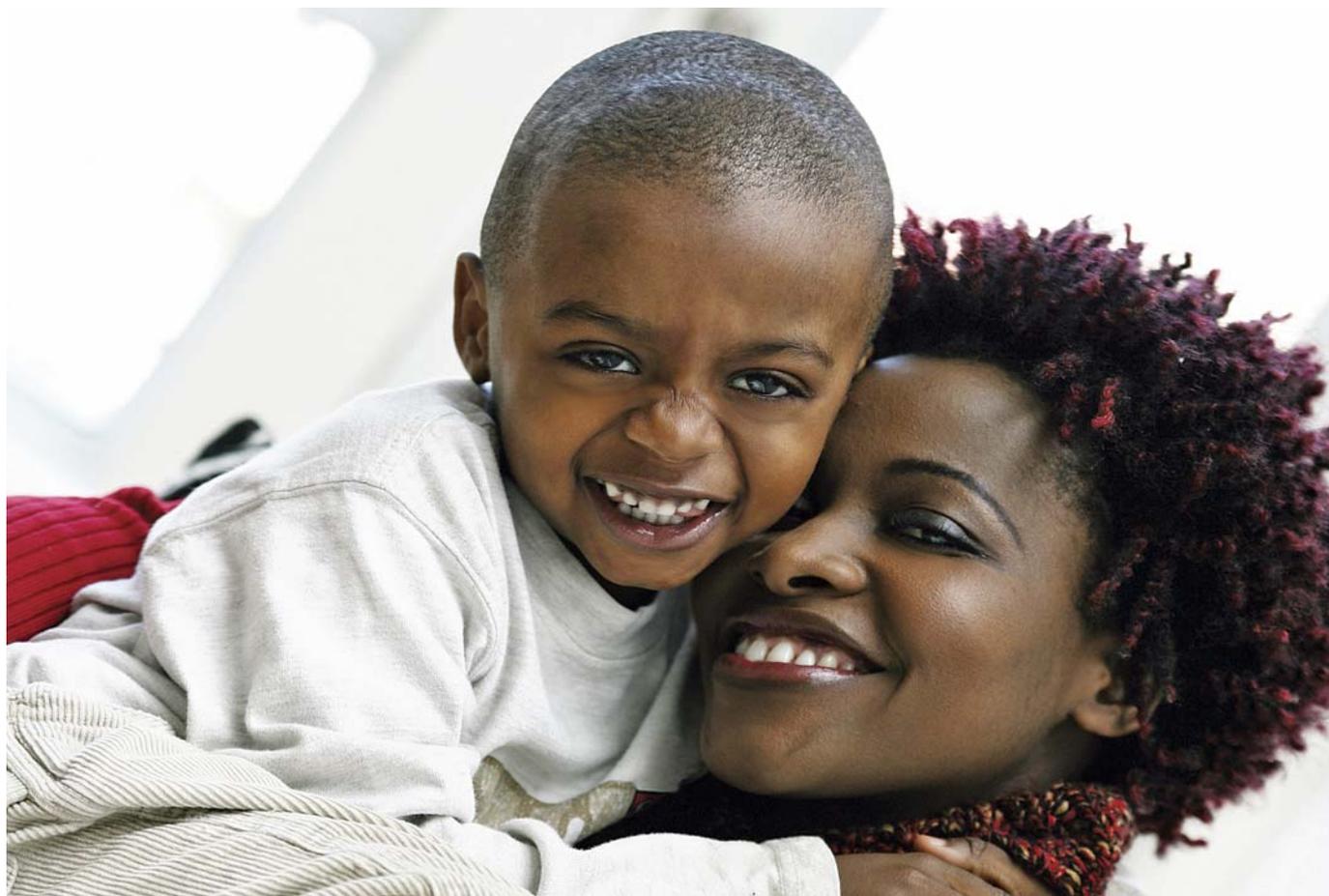
Payment Performance

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force, providing small businesses with a statutory right to claim interest from large businesses and all public sector bodies on payments that are more than 30 days overdue. Amended legislation - the Late Payment of Commercial Debts Regulations 2002 - came into force on 7 August 2002 providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been claimed by CRB creditors under this Act.

On 8 October 2008, the Prime Minister committed Government organisations to speed up the payment process, paying suppliers wherever possible within 10 working days. The standard terms and conditions in most contracts and the legislative periods within the Late Payment of Commercial Debts (Interest) Act 1998 remain at 30 days. The CRB has put systems in place during 2009/10 to meet the 10 day target.

The CRB's performance during the year against the 10 day target was 60.69% and against the 30 day target (of 100% payment of invoices) was 97.4% (2008/09 97.4%) of invoices paid within the agreed credit period.

The CRB will put systems in place during 2010/11 to meet a revised target for the payment process, paying suppliers wherever possible within five working days. The CRB will aim to pay 100% of invoices within the 10 day target.



Management Board

The Management Board members during the year were as follows:

Details of any significant interests held by Management Board members are maintained in a Register of Interests, which can be obtained from the Chief Executive's Office of the CRB.

Executive members:

Steve Long
Trevor Carlile (until Jan 2010)
Sue Quigley
Adele Townsend
Mark Reyland (from Jan 2010)

Non-Executive members:

Hugh Barrett
Mike Lewis
Charlie Pienkowski

The names, positions and brief personal details of the Management Board are also set out in the Remuneration Report. The Chief Executive is a permanent member of staff appointed by the Home Office under Senior Civil Service terms. The Civil Service Management Code contains provision for the termination of this contract, and is available from the website

www.civilservice.gov.uk.

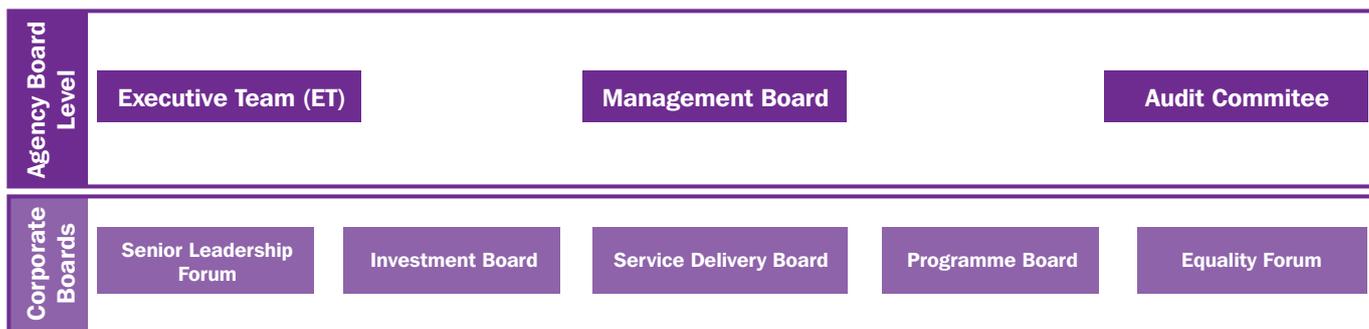
The remaining Executive Members' remuneration is within agreed pay scales adjusted to effect reasonable comparison with similar roles within the Civil Service. Full details are contained within the Remuneration Report.

Management Board members: meetings attended in 2009/10		Number of meetings in 2009/10			
		Management Board		Audit Committee	
Member	Status	Required	Present	Required	Present
Steve Long	Executive	5	5	4	4
Trevor Carlile (until Jan 2010)	Executive	4	4	-	1
Sue Quigley	Executive	5	5	-	1
Adele Townsend	Executive	5	5	-	3
Mark Reyland (from Jan 2010)	Executive	1	1	4	4
Hugh Barrett	Non-Executive	5	4	4	4
Mike Lewis	Non-Executive	5	5	4	4
Charlie Pienkowski	Non-Executive	5	5	4	3

Membership of the Audit Committee is restricted to Non-Executives although Executive members are invited to attend as required.

Corporate Governance

A robust organisational structure is an important element of the CRB's Corporate Governance arrangements and will assist the CRB in achieving its Strategic Goals. The structure below is underpinned by a small group of designated committees that each governs specific aspects of the CRB.



Management Commentary

Future Position – 2010/11 and Beyond

2010/11 Budget

For 2010/11 the CRB has produced a break-even budget without an increase in CRB application fees. The factors that have enabled this include:

- An increase in budgeted volumes of 230,000 in 2010/11;
- Capitalisation of some project costs;
- Funding of VBS related costs by the Home Office;
- A reduced development cost budget.

	2010/11 Budget £m
Operating Income	123.2
Other Income	2.5
Sub-total	125.7
Costs	
Cost of Sales	89.0
Admin Costs	36.7
Sub-total	125.7
Total Costs	0
Surplus/ (Deficit)	0
Other	
CRB check volumes (m)	4.4

Performance

The full list of targets for 2010/11 is:

Public Service Standard	Target
Enhanced CRB checks	90% to be issued in 28 days
Enhanced CRB checks	50% to be issued in 14 days from date of receipt of application
Standard CRB checks	95% issued in 10 days
Disputes with CRB checks	90% resolved within 21 days
Certificate Accuracy (our aim is 100% certificates free of error)	To maintain (or reduce) the already low number of Certificate errors each year
Customer Satisfaction	87% based on Annual IPSOS MORI survey results
All Complaints	95% resolved in 10 days
Electronic Applications	To issue 500,000 Certificates via the e-application route in 2010/11.

Strategic Challenges

The external and internal environments within which the CRB operates are changing and this poses a number of challenges and opportunities to the business:

- We will be working with Home Office colleagues to contribute to the forthcoming Spending Review;
- The implementation of the VBS remains a corporate priority though the project is currently on hold until the outcome of the recently announced Government remodel is known. The future scope and functionality of the VBS will remain uncertain until the Government has fulfilled its intention to remodel the scheme back to 'proportionate, common sense levels.' At the time of publication, the scope and full details of the redrawing process were still being finalised.
- Our e-Bulk service continues to rollout across the Registered Body community with the first phase being completed in March 2010 with over 30 Registered Bodies able to access the service. We are working with Registered Bodies to improve the service further, exploring the electronic route into our service by identifying examples of good practice, looking at how the service works for them and how the service can be improved. Following a period of time for the service to bed in, we are preparing to move to phase two of the rollout which will see our capacity increase, processing 500,000 applications by the end of 2010/11.

- A major piece of work for the CRB over the next three years will be to develop and deliver the service for monitoring and updating CRB checks. This will enable employers to identify where new criminal record information has become available for employees who have had a previous criminal record check. Over 80% of our customers have stated, when asked, that this would be a significant improvement to the current service we deliver. In response to this the CRB have undertaken a feasibility study and are working towards the delivery of this service within three years. This will realise the benefits to customers by reducing transactions, costs and bureaucracy;
- Our business relationship with police forces is crucial, in both the short-term ability to support forces to expand local capacity and the longer-term aims of identifying new ways of working more effectively. There are also a number of initiatives underway to improve the quality and availability of police data. The IMPACT Programme has already delivered improvements through the IMPACT Nominal Index (INI) which built upon the CRB PLX system, enabling police forces to establish which forces hold information on a person of interest. IMPACT will continue to comply with the Code of Practice for Management of Police Information (MOPI) to help standardise how forces handle their information over the next two years. Ultimately the IMPACT programme will deliver the PND which will provide a single access point for searching information held across forces' main local operational information databases and national police systems;
- Our current PPP Agreement with Capita is due to expire in 2012 and work is currently being undertaken to ensure that the necessary supplier arrangements are in place both pre and post 2012 to support any changes to IT systems and business processes that may be required as the service develops. In addition to this the CRB will play a key role in the wider procurement activity that is going on across the Home Office to ensure that a joined-up approach is taken to any cross-cutting issues which are identified;
- Within the Home Office there are currently three organisations that use PNC data via our service for the purposes of supporting employment decisions. These organisations are the CRB, SIA, and the ISA. Each organisation has some overlap in their customer base, and each is using differing technology to support their business. During 2009/10 the CRB played a central role when the Home Office Safeguarding and Public Protection Unit (SPPU) took the opportunity to review how the three businesses could work more closely to produce improved services to our joint customers following the expiry of the current contract with Capita Business Services. We are working together with the ISA and the SIA to develop a joint Procurement Strategy in order to reduce costs and duplication of effort;
- The CRB is currently working with the United Kingdom Borders Agency (UKBA) to explore processes for employers to be able to check employees Right to Work and legislation is now in place to support this. This is part of a wider initiative where the Home Office has recognised that across its business, employers are required to, or want to, have access to data held by the Home Office, for employment decisions. As a result, there is a review underway to look at how this might be delivered in a more co-ordinated way to employers;

- Over the last 12 months there have been some significant test cases around the content of CRB checks and our checks have been recognised as being robust, safe, fair and equitable throughout. Whilst the outcome of these cases does not warrant significant change, we are looking to recognise the findings and refine our service in light of these decisions.

We will work with key stakeholders to address the impact of these important challenges on CRB whilst ensuring that we continue to focus on delivering a successful CRB service that meets the needs of our customers and at the same time actively participating in the remodelling of VBS.

The Government has committed to review the criminal records and Vetting and Barring regime and scale it back to common sense levels. Details of this work will be made available in due course.

International Financial Reporting Standards (IFRS)

From 1 April 2009, the accounts of the CRB, along with other central Government departments and entities in the wider public sector, must be produced using IFRS, as interpreted for the public sector in the IFRS-based Financial Reporting Manual (FReM). Preparation for the efficient transition to IFRS based financial reporting for the CRB has been through adoption of the HM Treasury trigger point process in conjunction with National Audit Office (NAO).

For the first time, the 2009/10 accounts were prepared under IFRS-based reporting.

Provision of Information to Auditors

There is no relevant audit information of which the Auditors are unaware. I have taken all necessary steps to make myself aware of any relevant audit information and to establish that the Auditors are aware of that information.



Steve Long

Chief Executive
Criminal Records Bureau
14 July 2010

Remuneration Report

Remuneration Policy

The remuneration of Senior Civil Servants (SCS) is set following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- 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.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Service Contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

All the officials covered by this report hold appointments, which are open-ended until they reach the normal retiring age. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of senior staff in the CRB:

Remuneration (Audited)

Officials	2009/10		2008/09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Steve Long Chief Executive	90-95	–	5-10 full year equivalent 75-80N/A	–
Trevor Carlile Director of Service Delivery (until Jan 2010)	75-80 full year equivalent 90-95	–	95-100	–
Mark Reyland Head of Finance (from Jan 2010)	10-15 full year equivalent 50-55	–	–	–
Adele Townsend Director of Change and Business Integrity	70-75	–	55-60 full year equivalent 60-65N/A	–
Sue Quigley Director of Commercial and Procurement (and also Director of Service Delivery from Jan 2010)	80-85	–	10-15 full year equivalent 80-85N/A	–



Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Mr Carlile received allowances within the above remuneration to cover the expense of renting accommodation in Liverpool whilst in post.

This report is based on payments made by the CRB and thus recorded in these accounts. The salary of SCS is administered by the Cabinet Office and the above report included bonuses paid in year as a best estimate for this element of the remuneration receivable. Pay for non-SCS members is agreed by the Treasury via a pay remit - having first been approved by the Home Office.

Remuneration of the Non-Executive Directors (Audited)

There were three Non-Executive Directors who served on the Management Board and Audit Committee in 2009/10: Hugh Barrett, Mike Lewis and Charlie Pienkowski. Payments for the services are shown below:

	2009/10	2008/09
Hugh Barrett	£9,300	£9,200
Mike Lewis	£14,200	£12,800
Charlie Pienkowski	£17,000	£22,400

Non-Executive Directors do not receive any pension benefits. They are appointed initially on a three-year contract which can be mutually curtailed or extended. Non-Executive Directors are paid for the services they provide.

Benefits in kind (Audited)

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were no benefits in kind in 2009/10.

Pension Benefits (Audited)

Officials	Accrued pension at age 60 as at 31/3/10 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/10	CETV at 31/3/09	Real increase in CETV	Employer contribution and transfers in
	£'000	£'000	£'000	£'000	£'000	Nearest £'000
Steve Long Chief Executive	5-10 plus lump sum of 0-5	2.5-5 plus lump sum of 0-2.5	124	84	31	3
Trevor Carlile Director of Service Delivery (until Jan 2010)	30-35 plus lump sum of 95-100	0-2.5 plus lump sum of 2.5-5	564	507	13	1
Mark Reyland Head of Finance (from Jan 2010)	15-20 plus lump sum of 55-60	2.5-5 plus lump sum of 10-12.5	314	236	66	1
Adele Townsend Director of Change and Business Integrity	25-30 plus lump sum of 0-5	0-2.5 plus lump sum of 0-2.5	342	299	22	2
Sue Quigley* Director of Commercial and Procurement (and also Director of Service Delivery from Jan 2010)	0-5	0-2.5	40	3	16	21

* Sue Quigley is a member of the nuvos pension. Pension age for nuvos members is 65.



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 changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. 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' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October

2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is uprated in line with RPI. 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% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

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 arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any 2009/10 additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out 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 that is 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.



Statement on Criminal Records Bureau's and Chief Executive's Responsibilities

Under section 7(2) of the Government Resources and Accounting Act 2000 HM Treasury has directed the CRB to prepare a statement of accounts for each financial year. The accounts are prepared on an accruals basis and must give a true and fair view of the CRB's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the year.

In preparing the accounts the CRB is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer for the Home Office has designated the Chief Executive as the Accounting Officer of the CRB. 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 of proper records and safeguarding the CRB's assets, are set out in Managing Public Money published by HM Treasury.



Steve Long
Chief Executive
Criminal Records Bureau
14 July 2010



Statement on Internal Control

1. Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the CRB's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

I am assisted in meeting this accountability through my relationship with the Home Office. CRB's Strategy and Business Plan, which describes the CRB's approach to risk management, is agreed with the CRB's Sponsor Unit within the Home Office and approved by the Home Office Minister with responsibility for CRB. Each month I provide the Minister with a "Vital Signs" report of the previous month's service performance and an assessment of, and proposed mitigation of risk to performance in the months ahead. We also meet several times throughout the year to discuss these. Finally, there are standing invitations for a senior member from the Sponsor Unit and the Audit and Assurance Unit to attend CRB's Management Board and Audit Committee meetings.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the CRB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently and effectively. The system of Internal Control has been in place in CRB for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

3. Capacity to Handle Risk

The Agency's Management Board and Audit Committee have endorsed CRB's Risk Management Strategy. The Executive Team reviews and revises corporate risks raised for currency and relevance at each Executive Team meeting after which the Corporate Risk Register is amended to reflect the current situation. The CEO or a Director owns each of the risks on the Corporate Risk Register and along with risk management in general, these are standing agenda items at Executive Team, Management Board and Audit Committee meetings.

During the course of the year the Agency has developed and deployed a number of specific arrangements aimed at managing risks at lower levels including:

- The introduction of team level risk registers being used throughout the organisation as a means of identifying and managing risk. These risk registers too are standing agenda items at management team meetings. With this process beginning to embed across CRB from March 2010, we successfully achieved Level 3 of the Home Office's Risk Management Maturity Model;
 - The production and introduction of easy to access and follow guidance to enable effective risk management to become the normal way of working. The corporate risk co-ordination manager supplemented this guidance with a series of workshops for managers and their teams, enabling them to develop their own risk registers and manage the risks they face in achieving their objectives;
 - The delivery of presentations for people who are directly involved in risk management including those who are new to the organisation. This will eventually be delivered to every person in the Agency;
 - The introduction and establishment of a Risk Improvement Forum (RIF) whose primary objectives are to share good practice for managing risk, develop processes for exchanging and transferring risks between teams, refine the risk escalation process and offer a forum for people to exchange information regarding risk management;
 - The achievement of Practitioner status by completion of Management of Risk courses for two members of the Agency.
- ## 4. The Risk and Control Framework
- As part of its Risk and Control Framework, CRB continues to identify, evaluate, and monitor risk through:
- A Management Board, that includes three independent Non-Executive Directors, and which meets at intervals of two months, with regular review of significant risk and assurance issues;
 - An Audit Committee, comprising the three Non-Executive Directors, that meets quarterly. The Committee's Terms of Reference are available publicly and the Chair produces a formal annual report to the Board;
 - Regular reports by Internal Audit, to Government Internal Audit Standards (GIAS), which include recommendations for improvement.
- In addition to existing arrangements CRB has also established the following processes to identify, evaluate, control and manage risk:
- The Executive Team's appointment of a Corporate Risk Co-ordination Manager ensures that there is and continues to be a concerted approach to embed effective risk management within the organisation;
 - All levels of the organisation are encouraged to identify risks to the successful achievement of operational and corporate objectives using a unified strategy and guidance for defining their likelihood and impact;
 - Risk registers are now in place, updated regularly and the examination of risk is a standing agenda item at most management team meetings;
 - The application of individual appetites to each risk, irrespective of at which level it is identified, and definition of the level, in terms of a BRAG (black, red, amber, green) rating, to which the risk can be managed. A target date is included to focus the required actions needed to achieve this date;



- At the Corporate level, progress is now monitored monthly and the risks are discussed at Executive Team meetings;
- Risk awareness sessions are now included as part of the induction process for all new entrants;
- All business plans include the consideration of the main risks likely to arise in the period;
- The Change Programme and all projects are subject to risk analysis and the maintenance of project risk registers;
- Business Continuity Plans are being developed to manage the risks of loss of key premises and processes, although I recognise that we need to progress these with greater urgency.

With regard to the control and management of Information Assurance risks, CRB has continued to provide improved information assurance arrangements through the establishment of Information Asset Registers and Information Asset Owners (IAO) responsible for the information assets within their area, and who are trained in the effective management of information.

CRB's Information Assurance Control arrangements were assessed by the Home Office's office of the Chief Information Officer and found to be compliant with Level 2 of their information assurance maturity model.

During the course of this year, the following developments have taken place:

- A Director has been nominated as the CRB Senior Information Risk Owner (SIRO);
- The SIRO and IAOs meet quarterly to provide updates on the information assets they hold;
- IAOs have received risk management training delivered by the Home Office's Performance and Delivery Unit (PDU);

- Each IAO has produced an associated Information Asset Risk Register in order to ensure those assets are maintained and controlled securely. These are updated quarterly;
- Approximately 96% of our staff had undertaken the Level 1 information assurance e-learning package by the end of 2009;
- A refresher Level 1 course developed by the HO is due to be introduced later this year which everyone will need to complete;
- A Level 2 e-learning package has been developed which all IAOs are expected to complete and pass.

5. Review of Effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal Auditors and the executive managers within the department who have responsibility for the development and maintenance of the Internal Control Framework, and comments made by the external Auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. This consists of:

- Review by the Management Board of significant risks and the controls in place to manage them;
- Quarterly meetings of the Audit Committee at which all assurance activities are reviewed, including internal and external audit, risk management, and other reviews as appropriate;
- The maintenance of detailed risk registers; and
- Work carried out by Internal Audit and approved by the Audit Committee.



At the end of the financial year, the Head of Internal Audit produces an annual report which is presented to the Audit Committee. This report summarises the work completed during the year and identifies any significant issues which may impact upon the effectiveness of the CRB's control environment and which should be incorporated into this statement. An opinion on the adequacy and effectiveness of the CRB's systems of internal control is also provided in this annual report.

The overall audit opinion 2009/10 has improved from a low level to moderate, based on the results of internal audit reviews and general improvement in the overall risk management arrangements, resulting in the CRB meeting Level 3 of the Home Office's Risk Management Maturity Model. Control over Programme and Project Management arrangements has also improved significantly. Promising steps have also been taken to address considerable non-compliance with system controls, including key appointments in the finance area. Future progress with these will be kept in view by the Auditors.

The opinion also suggested that the Agency would need to anticipate and monitor closely the effect on major projects and industrial relations of any policy changes by the new Government and that more urgency is now needed to be brought to developing and testing Business Continuity Plans.

6. Significant Internal Control Issues

Three specific areas for improvement have been identified:

Financial Management - During 2009/10, the CRB recruited a Grade 6 qualified accountant as the Head of Finance. The incumbent reports directly to the Chief Executive and is also now a member of the Executive Team and Management Board.

A Financial Management Improvement Plan has been established to address existing control issues and improve financial monitoring.

These measures were taken in response to recurring evidence of non-compliance with basic controls in the finance areas during 2009/10 and earlier. I will ensure that their effectiveness going forward is closely monitored. I also intend to commission a wider review of compliance across the organisation.

The Home Office and CRB have recently undertaken a joint review of the strength of financial controls and processes within the CRB. The findings have concluded that, overall, the improvement initiatives that the CRB have put in place over the last financial year show a welcome, proactive drive to embed good financial management across the whole organisation.

Not all of the financial controls had reached the levels we were aiming for in time for the year-end accounts production process so further work will be required ahead of the planned review in 12 months time by the Home Office to monitor progress.

VBS - As part of our review of over-arching governance arrangements, project governance was strengthened across all project areas in that formal project boards were put in place and operated to agreed Terms of Reference under the scrutiny of the Programme Board. For VBS, this included agreed escalation routes into the main Home Office Programme and regular one-to-one contact and interaction between the Senior Responsible Officer (SRO) and Programme Manager. The improvements to governance were noted in an Independent Health Check review carried out in January 2010 which concluded that arrangements led to clear direction and decision-making. On a practical level, the VBS Project team has built a highly collaborative approach with Capita (our IT partners) particularly in the testing area, which has enabled key information to be quickly compiled, reported and acted upon when working level issues arose, contributing to greater assurance and confidence in the system under development.

After the end of the 2009/10 financial year, the Home Office announced the Government's intention to halt the VBS. The initial commitment to a review was outlined in the new coalition policy and a formal announcement has been made to Parliament that the Government intends to remodel the scheme. The scope and full details of the redrawing process are currently being finalised.

Business Continuity Planning - Although we made some progress in 2009/10 in developing plans to react to threats to business continuity, I recognise that we need to progress these with greater urgency.

No other significant internal control issues have been identified.

Steve Long
Chief Executive
Criminal Records Bureau
14 July 2010

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Criminal Records Bureau for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement, the Statement of Changes in Taxpayers' Equity, the Statement of Financial Position, the Statement of Cash Flows 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 Chief Executive and Auditor

As explained more fully in the Statement of Chief Executive Responsibilities, the Chief Executive 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 the financial statements in accordance with applicable law and 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 Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on the Financial Statements

In my opinion:

- The financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March 2010, and of the net operating cost, changes in taxpayers' equity and cash flows for the year then ended; and
- The financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on Other Matters

In my opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- The information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- Adequate accounting records have not been kept;
- The financial statements are not in agreement with the accounting records or returns;
- I have not received all of the information and explanations I require for my audit;
- The Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

16 July 2010

Amyas C E Morse

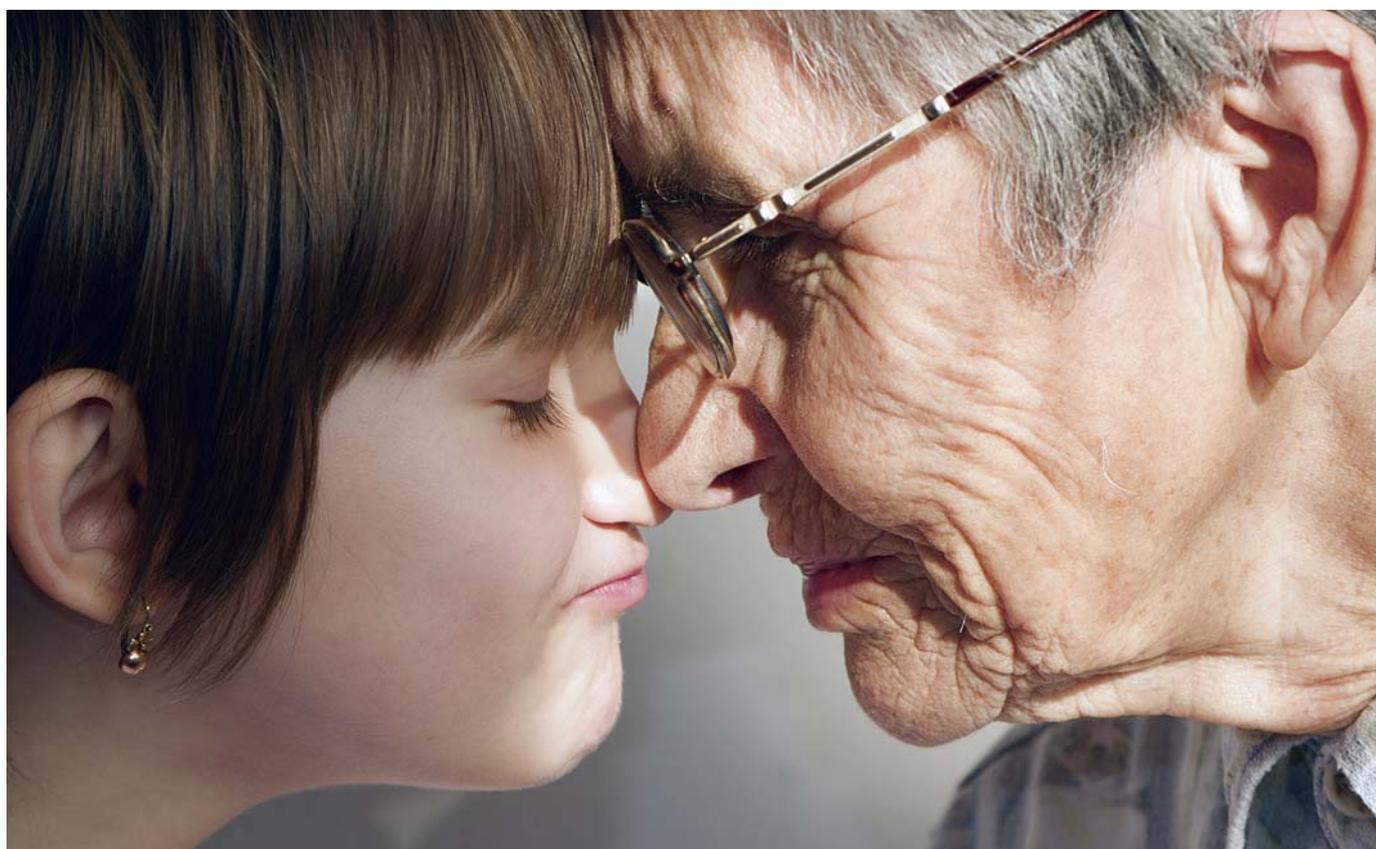
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Criminal Records Bureau Annual Accounts 2009/10

OPERATING COST STATEMENT

For the year ended 31 March 2010

	Note		2009/10 £'000	2008/09 £'000
		Staff Costs	Other Costs	Income
Operating Income	5		(125,883)	(113,117)
Other income	5		(1,395)	(726)
Staff costs	3	17,979		15,524
Cost of sales	4		82,987	72,485
Administration costs	4		20,021	18,534
Cost of capital	4		1,873	1,081
Totals		17,979	104,881	(6,219)
Net Operating Cost			(4,418)	(6,219)



CRIMINAL RECORDS BUREAU

STATEMENT OF FINANCIAL POSITION As at 31 March 2010

	Note	As at 31 March 2010 £'000	Restated As at 1 April 2009 £'000	Restated As at 1 April 2008 £'000
Non-current assets:				
Property, plant and equipment	6	1,967	2,116	2,908
Intangible assets		43,433	39,900	28,198
Total non-current assets		45,400	42,016	31,106
Current assets:				
Trade receivables	7	40,083	33,632	30,109
Other current assets				
Cash and cash equivalents	8	17,229	6,860	2,224
Total current assets		57,312	40,492	32,333
Total assets		102,712	82,508	63,439
Current liabilities:				
Trade and other payables: amounts falling due within 1 year	9	(4,493)	(2,306)	(2,073)
Other payables	9	(25,393)	(29,466)	(20,358)
Total current liabilities		(29,886)	(31,772)	(22,431)
Non-current assets plus net current assets		72,826	50,736	41,008
Non-current liabilities				
Other payables: amounts falling due within 1 year	9	(4,701)	(7,241)	(12,684)
Provisions	10	(95)	(62)	(55)
Total non-current liabilities:		(4,796)	(7,303)	(12,739)
Assets less liabilities		68,030	43,433	28,269
Taxpayers' equity:				
General fund		49,278	30,969	26,680
Government Grant Reserve		18,296	12,439	1,581
Revaluation Reserve		456	25	8
Total Taxpayers' equity		68,030	43,433	28,269



Steve Long
Chief Executive
Criminal Records Bureau
14 July 2010

CRIMINAL RECORDS BUREAU

CASH FLOW STATEMENT

For the year ended 31 March 2010

	Note	2009/10 £'000	2008/09 £'000
Cash flows from operating activities			
Net operating surplus (cost)		4,418	6,219
Adjustments for non cash transactions	4	10,619	9,661
(Increase)/decrease in trade and other receivables	7	(6,451)	(3,523)
Less movements in receivables relating to items not passing through the OCS		5,857	10,858
Increase/(decrease) in trade payables	9	(4,427)	5,509
Less movements in payables relating to items not passing through the OCS		6,375	(249)
Net cash inflow from operating activities		16,391	28,475
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(30)	(101)
Purchase of intangibles		(10,147)	(18,321)
Net cash outflow from investing activities		(10,177)	(18,422)
Cash flows from financing activities			
Funding from Home Office		16,664	3,000
CFER paid funding returned to Home Office		(6,664)	
Capital element of payments in respect of finance leases and on balance sheet PFI contracts		(5,845)	(6,807)
Net financing		4,155	(3,807)
Payments of amounts due to Consolidation Fund			
Net increase/(decrease) in cash and cash equivalents in period	8	10,369	6,246
Cash and cash equivalents at the beginning of the period	8	6,860	614
Cash and cash equivalents at the end of the period	8	17,229	6,860

CRIMINAL RECORDS BUREAU

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2010

	Note	General Fund £'000	Revaluation Reserve £'000	Government Grant Reserve £'000	Total Reserves £'000
Balance at 31 March 2008		26,456			26,456
Changes in taxpayers' equity 2007/08		232			232
Restated balances at 1 April 2008		26,688			26,688
Changes in accounting policy		(8)	8	1,581	1,581
Restated balances at 1 April 2008		26,680	8	1,581	28,269
Changes in taxpayers' equity for 2008/09					
Net gain/(loss) on revaluation of property, plant and equipment					
Net gain/(loss) on revaluation of intangible assets			17		17
Release of reserves to the operating cost statement					
Non-cash charges – cost of capital	4	1,081			1,081
Non-cash charges – auditor's remuneration	4	158			158
Non-cash charges – Home Office Payroll	4	50			50
Adjustments for restatement of non current assets					
Transfers between reserves					
Net operating cost for the year under IFRS		6,219			6,219
Total recognised revenue and expense for 2008/09		34,188	25	1,581	35,794
Funding from Parent		3,000			3,000
Government Grant Reserve				10,858	10,858
CFERs paid to the Consolidated Fund					
CFERs payable to the Consolidated Fund		(6,219)			(6,219)
Balance at 31 March 2009		30,969	25	12,439	43,433
	Note	General Fund £'000	Revaluation Reserve £'000	Government Grant Reserve £'000	Total Reserves £'000
Changes in taxpayers' equity for 2009/10					
Net gain/(loss) on revaluation of property, plant and equipment			218		218
Net gain/(loss) on revaluation of intangible assets			213		213
Net gain/(loss) on revaluation of investments					
Release of reserves to the operating cost statement					
Non-cash charges – cost of capital	4	1,873			1,873
Non-cash charges – auditor's remuneration	4	164			164
Non-cash charges – Home Office Payroll	4	59			59
Transfers between reserves					
Net operating cost for the year under IFRS		4,418			4,418
Total recognised revenue and expense for 2009/10					
Funding from Parent		16,664			16,664
Government Grant Reserve				5,857	5,857
CFERs paid and funding repaid to Parent		(451)			(451)
CFERs payable to the Consolidated Fund		(4,418)			(4,418)
Balance at 31 March 2010		49,278	456	18,296	68,030

CRIMINAL RECORDS BUREAU

NOTES TO THE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2009/10 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply 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 CRB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the CRB for specific reportable activities are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of certain non-current assets.

1.2 Administration Expenditure

The Operating Cost Statement is analysed between administration and programme revenue and expenditure. The classification of expenditure and revenue as administration or as programme follows the definition of administration costs set out by HM Treasury. All CRB's expenditure is classified as Administration expenditure.

1.3 Funding

The principal activities of the CRB are funded on a net resource basis from Home Office Request for Resources 1 - subhead C.

1.4 Pensions

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

1.5 Capital Charge

A charge, reflecting the cost of capital utilised by the CRB, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities except for cash balances with the Office of the Paymaster General and CFERs payable to the Consolidated Fund.

1.6 Operating Income

Operating income from continuing activities represents that generated from services provided during the year.

Operating Income Represents:

- Fees charged to applicants for applications for Enhanced and Standard checks of prescribed criminal record information;
- Fees charged to register corporate bodies and signatories to access the criminal record process.

The CRB recognises income on completion of the CRB application process, in line with the requirements of IAS 18 – Revenue. Up until this point, income is only recognised to the extent that costs have been incurred.

Operating income excludes other income payable to the Consolidated Fund.

Deferred Income

Income is deferred where an application fee has been received but when the application processing has not been fully completed.



1.7 Non-Current Assets

a. Property, Plant and Equipment

The CRB's non-current assets are stated at fair value. Major refurbishment works are capitalised and written off over the remaining length of the lease agreement.

b. Depreciation

Depreciation is provided on a monthly basis on all tangible fixed assets in the year of acquisition at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:

Refurbishment	Over the Period of the Lease
Equipment	2-11 years
Fixtures & Fittings	10 Years
Computers and Software	3-10 Years

c. Revaluation

The CRB's policy is to revalue annually by applying indices on the basis that this revaluation is material. The indices are compiled by the Office for National Statistics for each class of asset except for Assets under Construction.

Upward revaluations will be taken to the revaluation reserve, unless there has been a previous downward revaluation. In this case an amount equal to the downward revaluation, will be taken to the Operating Cost Statement, the balance being taken to the revaluation reserve.

d. Assets under Construction

All non-current assets being developed and not in operation at year end are capitalised as an asset under construction. Until the asset is brought into use no depreciation is recognised; however, once the asset is brought into use, depreciation is charged with the asset being transferred to the relevant 'Non-Current Asset' register immediately. The CRB does not revalue assets under construction.

e. Capitalisation

CRB's policy is to capitalise assets over £2,000 per item.

f. Intangible Assets

Intangible assets are measured on initial recognition at cost. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life and are assessed for impairment on an annual basis in accordance with IAS 36 – Impairment of Assets. The amortisation period and the amortisation method are reviewed at least at each financial year end.

In 2009/10, this has resulted in an increase of three years in the estimated useful economic life of the PLX information technology asset, and a reduction in the annual amortisation charge of £641,000 per annum. Intangible assets are amortised at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives.



g. Research and Development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when CRB can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value. Development expenditure is recognised when the conditions of IAS 38 – Intangible Assets have been satisfied.

Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

1.8 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities, where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.9 Commitments under Leases

Rental payments for land and buildings occupied by the CRB on the basis of operating leases are charged to the Operating Cost Statement on a straight line basis over the lease term.

1.10 Commitments under PPP Contracts

The CRB accounts for PPP transactions under IFRIC 12 Service Concession Arrangements. The CRB is considered to control the infrastructure in a public-to-private service concession arrangement because:

- The CRB controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price; and
- The CRB controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

The CRB recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IAS 17, with the service element and the interest charge recognised as incurred over the term of the concession arrangement. Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques, this is the approach which CRB has adopted.

The CRB recognises a liability for the capital value of the contract. That liability does not include the interest charge and service



elements, which are expensed annually to the Operating Cost Statement.

On initial recognition of existing PPP arrangements under IFRS, the CRB measured the non-current asset at the opening Statement of Financial Position date in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the date of the Statement of Financial Position, which will normally be the outstanding liability in respect of the property (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets are re-valued in accordance with the revaluation policy for property, plant and equipment (section 1.7 above). Liabilities are measured using the appropriate discount rate.

1.11 Fees and Charges

Fees and Charges has been prepared under the HM Treasury's Managing Public Money guide and not in accordance with IFRS 8 Operating Segments, because the CRB is considered to be a single reportable segment.

1.12 VBS

Under the criteria as set out in IAS 20, the funding from the Home Office to CRB for the funding of the VBS programme meets the criteria of a government grant, elements of which can be considered capital.

Non-current assets transferred from Home Office to CRB are considered to be Government grants. Grants received for capital expenditure relating to specific assets are credited to a government grant reserve. Each year an amount equal to the depreciation charge on the specific assets acquired will be released from Government grant reserves to the Operating Cost Statement over the useful economic life of the asset. Assets to the value of £5.857m (2008/09 £10.487m) were transferred to the CRB from the Home Office during 2009/10.

Those elements of the funding of the VBS programme which are considered not to be capital, are expensed to the Operating Cost Statement and matched by an equal amount of grant income. Expenditure of £1.377m was expensed in 2009/10 (2008/09 £0.636m) and was grant funded by £1.377m in 2009/10 (2008/09 0.636m).

Previously, costs were netted off against funding received.

2 First Time Adoption of IFRS and Changes in Accounting Policy

CRB has adopted IFRS for the first time in 2009/10 and so previous years have been restated under the same basis. Revaluation of assets has now been restated because of the material effect of revaluing assets under IFRS. This is not a change in accounting policy but an IFRS related restatement (see note 1.7c). Recognition of the CFER creditor in 2008/09 is the correction of a material prior period error. VBS changes are due to a material change in accounting policy (see notes 1.12).

As at 1 April 2008

	Note	Previous GAAP £'000	Effect of Transition to IFRS £'000	IFRS 1 April 2008 £'000	Change of Accounting Policy £'000	Restated IFRS 1 April 2008 £'000
Non-current assets:						
Property, plant and equipment	6	3,309	(402)	2,907	1	2,908
Intangible assets			26,618	26,618	(9)	26,609
Revaluation					8	8
Added assets					1,581	1,581
Total non-current assets		3,309	26,216	29,525	1,581	31,106
Current assets:						
Trade receivables	7	33,794	(3,685)	30,109		30,109
Other current assets						
Cash and cash equivalents	8	2,224		2,224		2,224
Total current assets		36,018	(3,685)	32,333		32,333
Total assets		39,327	22,531	61,858	1,581	63,439
Current liabilities:						
Trade and other payables: amounts falling due within 1 year	9		(2,073)	(2,073)		(2,073)
Other payables	9	(12,805)	(7,553)	(20,358)		(20,358)
Total current liabilities:		(12,805)	(9,626)	(22,431)		(22,431)
Non-current assets plus net current assets		26,522	12,905	39,427	1,581	41,008
Non-current liabilities						
Provisions	10	(55)		(55)		(55)
Other payables: amounts falling due after 1 year	9	(11)	(12,673)	(12,684)		(12,684)
Total current liabilities:		(66)	(12,673)	(12,739)		(12,739)
Assets less liabilities		26,456	232	26,688	1,581	28,269
Taxpayers' equity:						
General fund		26,456	232	26,688	(8)	26,680
Government Grant Reserve					1,581	1,581
Revaluation Reserve					8	8
Total Taxpayers' equity		26,456	232	26,688	1,581	28,269

Reconciliation of adjustments from previous
GAAP to IFRS as at 1 April 2009

As at 1 April 2009

	Note	Previous GAAP £'000	Effect of Transition to IFRS £'000	IFRS 1 April 2009 £'000	Change of Accounting Policy £'000	Restated IFRS 1 April 2009 £'000
Non-current assets:						
Property, plant and equipment	6	4,901	(2,631)	2,270	(154)	2,116
Intangible assets			27,567	27,567		27,567
Revaluation					25	25
Added assets					12,439	12,439
Loss on revaluation					(131)	(131)
Total non-current assets		4,901	24,936	29,837	12,179	42,016
Current assets:						
Trade receivables	7	41,410	(7,778)	33,632		33,632
Other current assets						
Cash and cash equivalents	8	6,860		6,860		6,860
Total current assets		48,270	(7,778)	40,492		40,492
Total assets		53,171	17,158	70,329	12,179	82,508
Current liabilities:						
Trade and other payables: amounts falling due within 1 year	9		(2,306)	(2,306)		(2,306)
Other payables	9	(15,539)	(7,709)	(23,248)	(6,218)	(29,466)
Total current liabilities:		(15,539)	(10,015)	(25,554)	(6,218)	(31,772)
Non-current assets plus net current assets		37,632	7,143	44,775	5,961	50,736
Non-current liabilities						
Provisions	10	(62)		(62)		(62)
Other payables: amounts falling due after 1 year	9	(6)	(7,235)	(7,241)		(7,241)
Total current liabilities:		(68)	(7,235)	(7,303)		(7,303)
Assets less liabilities		37,564	(92)	37,472	5,961	43,433
Taxpayers' equity:						
General fund		37,564	(92)	37,472	(6,503)	30,969
Government grant reserve					12,439	12,439
Revaluation reserve					25	25
Total Taxpayers' equity		37,564	(92)	37,472	5,961	43,433

	Adjustment £'000	General Fund £'000
Taxpayers equity at 31 March 2008 under UK GAAP		26,456
PPP – IT Assets		
Reclassification of prepayment – IFRIC 12; IAS 17	3,685	
Recognition of assets in the PPP contract – IFRIC 12; IAS 17	56,533	
Recognition of depreciation in the PPP contract – IAS 16	(34,002)	26,216
Debtors falling due after one year		
Reallocation of prepayment – IFRIC 12; IAS 17	(3,685)	(3,685)
Current liabilities – other payables		
Holiday pay accrual at 31 March 2008 – IAS 19	(24)	
PPP Restatement of income accrual removal – IAS 18	1,008	
PPP Finance lease creditor – IFRIC 12; IAS 17	(7,062)	
Restatement of deferred income – IAS 18	(3,548)	(9,626)
Non-current liabilities – other payables		
PPP Finance lease creditor – IFRIC 12; IAS 17		
PPP Deferred creditor – IFRIC 12; IAS 17	(12,673)	(12,673)
Change in accounting policy		
Change in accounting policy	(8)	
Revaluation of assets	8	
Addition of VBS assets	1,581	1,581
Taxpayers equity at 1 April 2008 under IFRS		28,269

	Adjustment £'000	General Fund £'000
Taxpayers equity at 31 March 2009 under UK GAAP		37,564
PPP – IT Assets		
Reclassification of prepayment – IFRIC 12; IAS 17	7,778	
Recognition of assets in the PPP contract – IFRIC 12; IAS 17	57,371	
Recognition of depreciation in the PPP contract – IAS 16	(40,214)	24,935
Debtors falling due after one year		
Reallocation of prepayment – IFRIC 12; IAS 17	(7,778)	(7,778)
Current liabilities – other payables		
Holiday pay accrual at 31 March 2008 – IAS 19	(170)	
PPP Restatement of income accrual removal – IAS 18	1,533	
PPP Finance lease creditor – IFRIC 12; IAS 17	(6,530)	
Restatement of deferred income – IAS 18	(4,852)	(10,019)
Non-current liabilities – other payables		
PPP Finance lease creditor – IFRIC 12; IAS 17	(7,235)	(7,235)
Change in accounting policy		
Surplus to consolidated fund creditor	(6,219)	
Net loss on revaluation – IAS 36	(279)	
Revaluation of assets	25	
Addition of VBS assets	12,439	5,966
Taxpayers equity at 1 April 2008 under IFRS		43,433

£'000

Net operating cost for 2008/09 under UK GAAP	6,819
Holiday pay accrual – creditor movement – IAS 19	(146)
PPP Depreciation – IAS 16	(9,212)
PPP Finance lease creditor I&E – IAS 17	(253)
PPP Interest charge – IAS 17	(943)
PPP Service charge – IAS 17	8,008
Income restatement – IAS 18 income adjustment	(1,304)
Income restatement – IAS 18 police cost and adjustment	526

Net operating cost for 2008/09 under IFRS	6,495
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Change in accounting policy

Loss on revaluation	(434)
Decrease in depreciation	158

Net operating cost for 2008/09	6,219
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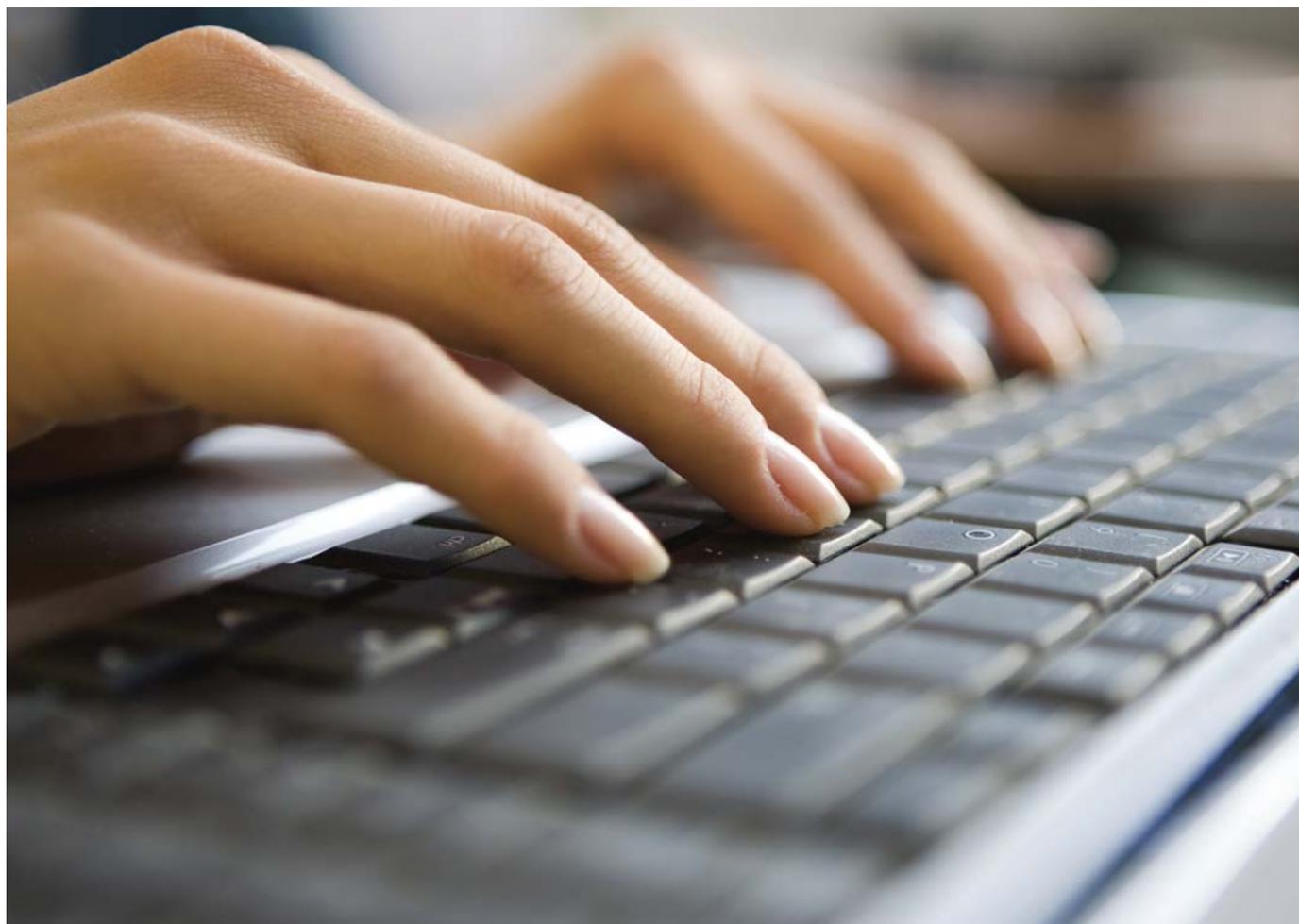


3. Staff Numbers and Related Costs

	2009/10 £'000			2008/09 £'000
	Total	Permanently Employed Staff	Others	Total
Staff costs comprise:				
Wages and salaries	15,098	13,104	1,994	13,232
Social security costs	932	932		761
Other pension costs	2,410	2,375	35	2,006
Sub Total	18,440	16,411	2,029	15,999
Less recoveries in respect of outward secondments	(461)	(461)		(475)
Total net costs	17,979	15,950	2,029	15,524
Charged to Admin Costs	17,979	15,950	2,029	15,524

In 2009/10 £992,000 salary costs were capitalised (2008/09 £371,000) this amount is not shown in the analysis above.

Included in the above are VBS revenue charges of £831,000 (2008/09 £604,000)





The PCSPS is an unfunded multi-employer defined benefit scheme but CRB is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk)

For 2009/10, employers' contributions of £2,351,006 were payable to the PCSPS (2008/09 £1,861,252) at one of four rates in the range 16.7% to 24.3% (2008/09: 17.1% to 25.5%) of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010/11, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2009/10 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £25,987 (2008/09 £15,561) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,947 (2008/09 £949) 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £3,422 (2008/09 £1,283).

Average Number of Persons Employed

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

	2009/10 Number			2008/09 Number
	Total	Permanent staff	Others	Total
Directly Employed	592	592		547
Other	22		22	22
Total	614	592	22	569

4. Other Administrative Costs

	Note	2009/10 £'000	2008/09 £'000
Interest charges		392	1,196
PFI service charges		50,162	44,815
Police and other data source costs		32,825	27,670
Non-cash items			
Depreciation	6	1,662	1,450
Amortisation	6	6,828	6,481
Net loss on revaluation			434
Cost of capital charges		1,873	1,081
Notional charges		59	50
Auditor's remuneration and expenses		164	158
Provision provided for in year	10	33	7
Unwinding of discount on provisions			
Accommodation		2,428	1,974
Professional fees		3,298	1,567
Other administrative costs		5,157	5,217
Total		104,881	92,100

Included in the above are VBS revenue charges of £546,000 (2008/09 £32,000).

During the year the Agency purchased the following services from its Auditor, the National Audit Office:

	2009/10	2008/09
Annual Report and Accounts	£133,500	£136,000
IFRS	£30,000	£22,000
Total	£163,500	£158,000

As required by regulations made under Section 494 of the Companies Act 2006, the Auditors have received no remuneration for non-audit work (2008/09 £ Nil).

5a. Revenue

	Note	2009/10 £'000	2008/09 £'000
Operating income	17	125,883	113,117
Miscellaneous income		18	90
Revenue grant received in respect of VBS		1,377	636
Total		127,278	113,843

5b. Analysis of Income Payable to the Consolidated Fund

In addition to Appropriations in Aid (A in A), the following income relates to the Agency and is payable to the Consolidated Fund:

	Note	2009/10 £'000	2008/09 £'000
Miscellaneous Income – Interest received		18	90
Total		18	90



6a. Property, Plant and Equipment:

	Leasehold Improvements £'000	Information Technology £'000	Furniture & Fittings £'000	Payments on Account & Assets Under Construction £'000	Total £'000
Cost or Valuation					
At 1 April 2009	3,743	9,255	165		13,163
Additions		1,265	30		1,295
Donations					
Disposals					
Reclassifications					
Revaluations	37	686	2		725
At 31 March 2010	3,780	11,206	197		15,183
Depreciation					
At 1 April 2009	3,519	7,483	45		11,047
Charged in year	77	1,566	19		1,662
Disposals					
Reclassifications					
Revaluations	35	471	1		507
At 31 March 2010	3,631	9,520	65		13,216
Net Book Value at 31 March 2010	149	1,686	132		1,967
Net Book Value at 31 March 2009	224	1,772	120		2,116
Asset financing:					
Owned	149		132		281
Finance leased					
On balance sheet PFI contracts		1,686			1,686
Net book value at 31 March 2010	149	1,686	132		1,967

There was an increase in valuation of tangible assets due to revaluation of Refurbishment £2,000 (2008/09 £12,000), information technology £215,000 (2008/09 nil), furniture and fittings £1,000 (2008/09 £5,000).

Restated

	Leasehold Improvements £'000	Information Technology £'000	Furniture & Fittings £'000	Payments on Account & Assets Under Construction £'000	Total £'000
Cost or Valuation					
At 1 April 2008	3,599	9,287	58		12,944
Additions		839	101		940
Donations					
Disposals					
Reclassifications					
Revaluations	144	(871)	6		(721)
At 31 March 2009	3,743	9,255	165		13,163
Depreciation					
At 1 April 2008	3,315	6,696	28		10,039
Charged in year	72	1,362	16		1,450
Disposals					
Reclassifications					
Revaluations	132	(575)	1		(442)
At 31 March 2009	3,519	7,483	45		11,047
Net Book Value at 31 March 2009	224	1,772	120		2,116
Net Book Value at 31 March 2008	285	2,592	31		2,908
Comparative net book value figures at 31 March 2008 include rounding difference of £1,000 per asset category.					
Asset financing:					
Owned	224		120		344
Finance leased					
On balance sheet PFI contracts		1,772			1,772
Net book value at 31 March 2009	224	1,772	120		2,116

6b. Intangible Assets – Software

	Information Technology £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation			
At 1 April 2009	55,291	18,824	74,115
Additions	1,835	8,312	10,147
Donations			
Transfers	3,158	(3,158)	
Impairments			
Revaluations	489		489
At 31 March 2010	60,773	23,978	84,751
Amortisation			
At 1 April 2009	34,215		34,215
Charged in year	6,828		6,828
Disposals			
Impairments			
Revaluations	275		275
At 31 March 2010	41,318		41,318
Net Book Value at 31 March 2010	19,455	23,978	43,433
Net Book Value at 31 March 2009	21,076	18,824	39,900
Asset financing:			
Owned			
Finance leased	19,455	23,978	43,433
On balance sheet PFI contracts			
Net book value at 31 March 2010	19,455	23,978	43,433

There was an increase in valuation of intangible assets due to revaluation of £214,000 (2008/09 nil). In 2009/10, there were no impairment charges to intangible assets (2008/09 £115,000).

Restated

	Information Technology £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation			
At 1 April 2008	49,264	6,923	56,187
Additions		18,321	18,321
Donations			
Transfers	6,420	(6,420)	
Impairments	(115)		(115)
Revaluations	(278)		(278)
At 31 March 2009	55,291	18,824	74,115
Amortisation			
At 1 April 2008	27,989		27,989
Charged in year	6,481		6,481
Disposals			
Impairments	(115)		(115)
Revaluations	(140)		(140)
At 31 March 2009	34,215		34,215
Net Book Value at 31 March 2009	21,076	18,824	39,900
Net Book Value at 31 March 2008	21,275	6,923	28,198
Asset financing:			
Owned			
Finance leased			
On balance sheet PFI contracts	21,076	18,824	39,900
Net book value at 31 March 2009	21,076	18,824	39,900

7. Trade Receivables and Other Current Assets

	31 March 2010 £'000	1 April 2009 Restated £'000	1 April 2008 Restated £'000
Amounts falling due within one year:			
Trade receivables	12,884	11,068	11,527
Deposits and advances			
VAT receivables net of payables	4,259	3,138	3,232
Staff receivables	104	68	52
Receivables – Government departments	10,412	7,478	3,250
Prepayments and accrued income	12,424	11,880	12,048
Total	40,083	33,632	30,109

7.1 Intra Government balances

Amounts falling due within one year			
Balances with other central Government bodies	14,926	10,863	6,869
Balances with local authorities	3,962	3,730	4,140
Balances with NHS trusts	1,435	1,440	1,656
Intra Government balances	20,323	16,033	12,665
Balances with bodies external to Government	19,760	17,599	17,444
Total	40,083	33,632	30,109

Balances with bodies external to Government for 2008/09 contains £8.149m which was previously reported within balances with local authorities. This amount has been reclassified to ensure comparability with the presentation of balances in 2009/10.

8. Cash and Cash Equivalents

	31 March 2010 £'000	1 April 2009 Restated £'000	1 April 2008 Restated £'000
Balance at 1 April	6,860	614	1,022
Net change in cash and cash equivalent balances	10,369	6,246	(408)
Balance at 31 March	17,229	6,860	614

The following balances at 31 March were held at:

Office of HM Paymaster General	14,508	86	2,224
Commercial: banks and cash in hand	2,721	6,774	(1,610)
Short term investments			
Balance at 31 March	17,229	6,860	614

9. Trade Payables and Other Current Liabilities

	31 March 2010 £'000	1 April 2009 Restated £'000	1 April 2008 Restated £'000
Amounts falling due within one year:			
Other taxation and social security			
Trade payables	4,493	2,306	2,073
Other payables			
Overdraft			1,610
Accruals and deferred income	16,484	16,717	11,686
Current part of finance leases			
CFER	4,418	6,219	
Current part of imputed finance lease element of on balance sheet PFI contracts	4,491	6,530	7,062
Current part of NLF loans			
Total	29,886	31,772	22,431

Amounts falling due after more than one year:

Other payables, accruals and deferred income		6	11
Finance leases			
Imputed finance lease element of on balance sheet PFI contracts	4,701	7,235	12,673
Total	4,701	7,241	12,684

9.1 Intra Government balances

Amounts falling due within one year			
Balances with other central Government bodies	4,438	6,218	2,292
Balances with local authorities	8,064	9,937	5,689
Intra Government balances	12,502	16,155	7,981

Balances with bodies external to Government	17,384	15,617	14,450
Total	29,886	31,772	22,431

Amounts falling due after more than one year			
Balances with other central Government bodies		6	11
Intra Government balances		6	11

Balances with bodies external to Government	4,701	7,235	12,673
Total	4,701	7,241	12,684

10. Provisions for Liabilities and Charges

	Dilapidations £'000	Total £'000	2008/09	2007/08
Balance at 1 April 2009	62	62	55	78
Provided in the year	33	33	7	7
Provisions utilised in the year				(30)
Balance at 31 March 2010	95	95	62	55

The provision for dilapidations is based on a square metre occupancy rate.

Analysis of expected timing of discounted cashflows

	Dilapidations £'000	Total £'000
In the remainder of the Spending Review period to 31 March 2011		
Between 1 April 2011 and 31 March 2016	95	95
Thereafter		
Balance at 31 March 2010	95	95

11. Contingent Liabilities

A contingent liability of £50,000 (2008/09 £140,000) relates to various legal claims against the CRB. The contingent liability reflects estimates of all known claims where legal advice indicates that the criteria for recognition of a provision has not been met.

12. Capital Commitments

	31 March 2010 £'000	1 April 2009 Restated £'000	1 April 2008 Restated £'000
Contracted capital commitments at 31 March 2010 for which no provision has been made			
Intangible assets	3,110	1,855	1,363

13. Commitments under Leases

13.1 Operating leases

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

	31 March 2010 £'000	1 April 2009 Restated £'000	1 April 2009 Restated £'000
Obligations under operating leases comprise:			
Buildings			
Expiry within 1 year	2,000	1,851	1,675
Expiry after one year but no more than 5 years	2,421	3,982	5,026
Expiry thereafter			
	4,421	5,833	6,701

14. Commitments under PFI Contracts

14.1 On-balance sheet

2009/10 was the eighth year of a ten year contract awarded under the PPP initiative to provide the CRB checking service.

	31 March 2010 £'000	1 April 2009 Restated £'000	1 April 2009 Restated £'000
Imputed finance lease obligations under on-balance sheet PFI contracts comprises:			
Rentals due within 1 year	5,372	4,909	6,292
Rentals due within 2 to 5 years	5,021	9,177	14,017
Expiry thereafter			
	10,393	14,086	20,309
Less interest element	(1,202)	(321)	(573)
	9,191	13,765	19,736

14.2 Charge to the Operating Cost Statement and Future Commitments

The total amount charged in the Operating Cost Statement in respect of the service element of on-balance sheet PPP transactions was £50,162,000 (2008/09 £49,720,000); and the payments to which the CRB is committed, analysed by the period during which the commitment expires is as follows:

	31 March 2010 £'000	1 April 2009 Restated £'000	1 April 2009 Restated £'000
Rentals due within 1 year			
Rentals due within 2 to 5 years	46,879	50,778	57,474
Expiry thereafter			
	46,879	50,778	57,474



15. Financial Instruments

IFRS7 requires disclosure in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments, and how they are managed.

Because of the largely non-trading nature of its activities, and the way in which Government Agencies are financed, the CRB is not exposed to the degree of financial risk faced by business entities.

The CRB has no powers to borrow, invest surplus funds or purchase foreign currency. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the department in undertaking its activities.

The CRB has no borrowings, relies primarily on the Home Office for cash requirements and is therefore not exposed to liquidity risks. The CRB also has no material deposits and all material assets and liabilities are denominated in Sterling, so it is not exposed to interest rate or currency risk. The fair value of cash is the same as the book value.

The maximum exposure to the CRB is the value of the joint creditors.

Financial Assets – Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. Provision is made when there is objective evidence that the Agency will not be able to recover the balances in full. Balances are written off when the probability of recovery is assessed to be remote.

Financial Liabilities – Trade and other payables are recognised at cost, which is deemed to be materially the same as fair value. Where the time value of money is material, payables are subsequently measured at amortised cost. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

16. Related-Party Transactions

The CRB has been an Executive Agency of the Home Office since 1 September 2003.

The Home Office is regarded as a related party. Material transactions between the Home Office and the CRB that occurred during the year ended 31 March 2010 are as follows:

- The net funding received from the Home Office and Other Government Departments under a gross running cost regime during the year was £10 million, this consists of £16.664m drawdown and £6.664m repaid to the Home Office (2008/09 a sum of £3 million was received from the Home Office). In addition, there have been additional transactions with the Home Office amounting to £3.7m (2008/09 £11.7 million) for recharging purposes. CRB received notional capital grant funding of £5.857m (2008/09 £10.858m) from the Home Office for VBS assets.
- The CRB incurred costs during the year of £32.8 million (2008/09 £28.2 million) to police authorities in respect of running and set up costs. In addition, the CRB has had a number of transactions with other Government Departments and other Government bodies.
- During the year ended 31 March 2010 (2008/09 nil), none of the Management Board members, key management staff or other related parties had undertaken any transactions with the CRB.

17. Fees and Charges for the year ended 31 March 2010

The CRB has a financial objective to achieve full-cost recovery.

Activity	Income £'000	31 March 2010 Costs £'000	Surplus/ (Deficit)	Income £'000	1 April 2009 Costs £'000	Surplus/ (Deficit)
Enhanced CRB checks	116,243	(114,365)	1,878	100,365	(97,653)	2,712
Standard CRB checks	7,903	(5,868)	2,035	11,037	(8,006)	3,031
POVAFirst	1,685	(1,102)	583	1,735	(1,175)	560
Other	70	(148)	(78)	70	(154)	(84)
Total	125,901	(121,483)	4,418	113,207	(106,988)	6,219

'Other' relates primarily to income received from applications by Registered Bodies and Countersignatories.

Notional Cost per paid Application (£) in 2009/10 *

	Cost (£'000)	Applications ('000)	Notional Cost (£)
Enhanced CRB checks	114,365	4,110	35.22
Standard CRB checks	5,868	294	25.21

*Cost of processing a paid CRB check application based on 21% of the application figure shown above being free-of-charge. Used for full-cost recovery purposes.

18. Losses and Special Payments

No exceptional kinds of expenditure such as losses and special payments that required separate disclosure because of their nature or amount were incurred during 2009/10 (2008/09 nil).

19. Events After the Reporting Period

In accordance with the requirements of IAS 10 Events After the Reporting Period, subsequent 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.

The Rt. Hon Theresa May MP was appointed Secretary of State for the Home Department; and Minister for Women and Equalities on 12 May 2010. The following appointment has also been made: Lynne Featherstone, Parliamentary Under Secretary for Equalities and Criminal Information.

On 15 June, the Home Secretary announced a remodel of the Scheme for registering people who have frequent contact with children or vulnerable adults through employment. Voluntary registration with the ISA for new employees and job movers was due to start on 26 July 2010. This registration has now been stopped.

The financial statements have been authorised for issue on the same date that the Comptroller and Auditor General signed the audit certificate.



Glossary

CETV	Cash Equivalent Transfer Value	NAO	National Audit Office
CRB	Criminal Records Bureau	PCSPS	Principal Civil Service Pension Scheme
DfE	Department for Education	PFI	Private Financial Initiative
DH	Department of Health	PLX	Police Local Cross Reference
e-Bulk	Multiple electronic applications and results	PNC	Police National Computer
EMR	Home Office Annual Equality Monitoring Report	PND	Police National Database
e-Services	Electronic Services	POVA	Protection of Vulnerable Adults
FReM	Financial Reporting Manual	PPP	Public Private Partnership agreement
GAAP	Generally Accepted Accounting Principles	RPI	Retail Prices Index
GIAS	Government Internal Audit Standards	RMMM	Home Office Risk Management Maturity Model
IFRS	International Financial Reporting Standards	SCS	Senior Civil Servants
IAO	Information Asset Owners	SIA	Security Industry Authority
INI	IMPACT Nominal Index	SIRO	Senior Information Risk Owner
Ipsos MORI	Marketing & Opinion Research International	SRO	Senior Responsible Officer
ISA	Independent Safeguarding Authority	UKBA	United Kingdom Borders Agency
KPIs	Key Performance Indicators	VBS	Vetting and Barring Scheme
MOPI	Management of Police Information		



Contact Information

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