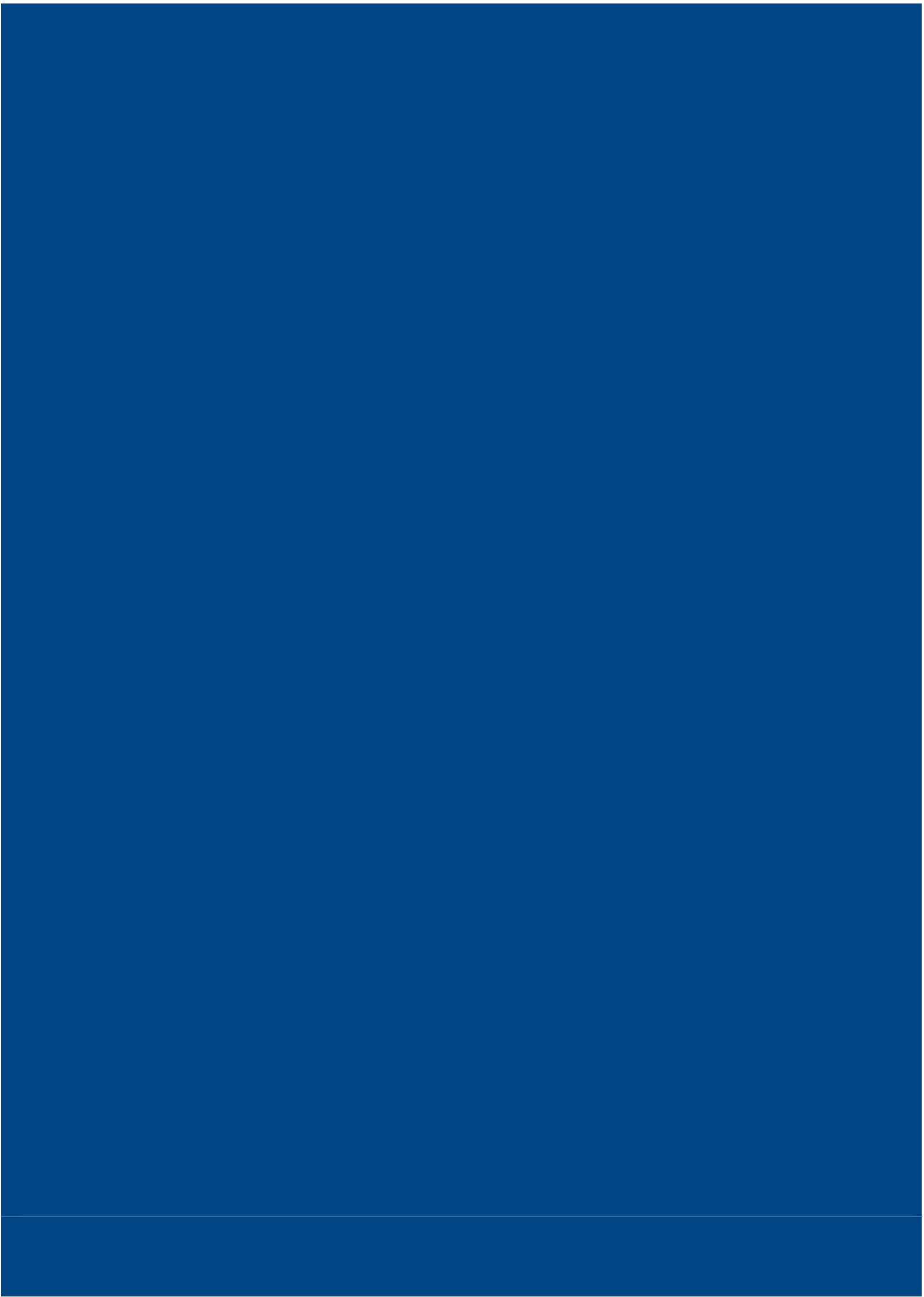




Ministry of Defence Police and Guarding Agency

CHIEF EXECUTIVE'S ANNUAL REPORT AND ACCOUNTS





Ministry of Defence
Police and Guarding Agency

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2004 – 2005

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19th July 2005

D.L. Clarke QPM
Chief Executive and Chief Constable

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Lloyd Clarke

Chief Executive's Foreword

Mr D L Clarke QPM

Previous Annual Reports have always been in the name of the Chief Constable. This is the first time that our Annual Report is in the name of the Chief Executive, reflecting the major change which took place on 1st April 2004 when the Agency doubled in size with the arrival of the 4000-strong MOD Guard Service (MGS).

It was also my last year as Chief Constable and Chief Executive. Looking back on the year I am content to have driven through the changes I wished to see, particularly in the governance of the Agency which needed to be modernised. We successfully completed a programme of work to maximise the effectiveness of the Agency Management Board which in turn led to a more strategic focus at the highest level of the Agency, and the critical success factors set out in the Corporate Plan Towards 2010 give an accurate view of how the Agency can be judged against the expectations of its customers in the armed forces and the wider MOD. Our outputs - what is expected of the Agency by the Defence community - are now more precisely defined and more focused on our contribution to defence capability.

The absorption of the Guard Service into the existing MDP Agency has completed its first year of operation, and nothing but good has come of it. Not only has the new centralised management of the MGS given the Service a tighter focus, its interaction with the MDP has been enthusiastic and professional. The beneficiaries of our broader-based security capability are the armed forces and the wider defence community, whom we exist to support and protect.

Indeed it is in the area of our own operational capability that we have perhaps made the greatest strides over the past year. The Divisional Support Groups, which replaced Area Policing Teams last year, have quickly demonstrated the benefits of our strategy to provide Divisional Commanders with greater flexibility, and to support the focus on intelligence-led policing which is now a common thread across UK police forces.

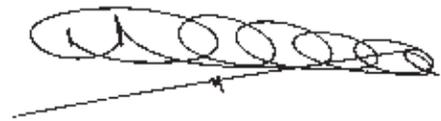
After extensive testing and assessment, the MDP is introducing its preferred primary weapon, the MP7 carbine which will replace the SA80 rifle, the MP5 and the Browning pistol, for most purposes. It represents a new generation of police firearm, and may become the weapon of choice for police forces across the UK. It is a light, small and accurate weapon capable of penetrating sophisticated body armour. The MDP is a heavily armed Force entrusted with armed security responsibilities at a number of Defence establishments which present a potential target to the terrorist. The new weapon is being rolled out across the Force in conjunction with a rigorous training programme.

The roll-out programme for implementation within MDP of the new national Airwave Radio system to be used by all police forces made considerable progress in year, with both equipment and service levels proving effective. Over 50% of MDP radios are now Airwave. The Command and Control element of the project kept pace, with three Divisional Control Rooms now operational in addition to the Force Central Control Room at HQ.

Internationally, MDP continued to punch above its weight. The Baghdad Police Training Academy was under MDP leadership throughout a critical year and our contribution in Kosovo continues to be highly valued by the Foreign & Commonwealth Office and the UN. An MDP Rapid Deployment Team has been assembled and trained, capable of responding at 72 hours notice to an international requirement in support of HM Government international objectives.

The small MDP CID teams remain unsung heroes, handling demanding workloads to the best standards, and the Fraud Squad, which plays its part in delivering the primary objectives of the Defence Management Board, has handled some high profile cases with resilience, linking effectively with the Serious Fraud Office.

It has been a privilege to lead the Agency over the last four and a half years. The MDPGA is a professional and motivated organisation with a unique role in the UK's Defence capability. I hope I have made a contribution which has helped to enhance the excellent reputation the Agency so richly deserves. There is no doubt in my mind that the Agency is in good shape and through hard work has earned the full confidence of the MOD and the armed forces, as it carries out its unique and wide-ranging role.



D L Clarke QPM
Chief Constable & Chief Executive 2000-2005



Role, Vision, Values and Outputs

AGENCY ROLE

To apply constabulary powers and high quality guarding to combat the principal risks of crime and disorder faced by the Ministry of Defence and to contribute to delivering security in a way which maintains Departmental confidence in the MDP and MGS.

AGENCY VISION

To excel at the civil policing and security guarding services we provide to the Ministry of Defence

AGENCY VALUES

Our Agency's purpose is to help secure a safe and just society in which the rights and responsibilities of individuals, families and communities are properly balanced.

We will carry out our Role :

- *with integrity*
- *treating everyone fairly, regardless of ethnic origin, religious belief, gender, sexual orientation, disability or social background*
- *efficiently and effectively*
- *through partnership*
- *in a way which obtains best value from police and guarding activities*
- *dealing speedily and transparently with Agency personnel wrongdoing*

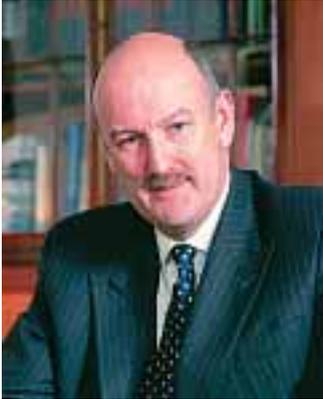
AGENCY OUTPUTS

The Defence Management Board, the Police Committee, our principal stakeholders and all who work within the Agency are all agreed that the main crime and security risks which the Ministry of Defence faces are:

- terrorist attack
- disruption and disorder caused by protestors
- theft of key assets
- major financial fraud

We will combat these crime and security risks by providing the Agency's 4 key outputs:

- **Armed Security:** the capability to deter and to respond to an armed attack on Ministry of Defence personnel and property.
- **Uniformed Policing:** the application of constabulary powers and civil police training to deter, detect and respond to crime and disorder and the investigation of non-serious offences.
- **Guarding:** the capability to provide visible unarmed security to the MOD estate to prevent and deter the realisation of security risks, ensuring that the MOD maintains its ability to deliver military capability.
- **Investigation of Serious Crime:** by trained CID officers.



Ian Andrews

2nd Permanent Under Secretary's Introduction

Mr Ian Andrews CBE TD

The new Ministry of Defence Police and Guarding Agency has now completed its first year of operation and, as this Report testifies, the expansion of the Agency has been smoothly achieved.

This initiative sets the scene for the development of the Agency in ways never envisaged when it was initially formed from the Ministry of Defence Police in 1996. Post 9/11 and in the light of more recent events in London, innovation and effectiveness in the delivery of security has been, and will continue to be, a priority for Defence, as elsewhere. The MDPGA's contribution to the overall security picture has greater clarity now, in large part because the Agency has redefined its Strategic Vision and Role and better articulated its capabilities to the wider Defence community.

The Agency's Corporate Plan now sets out clear objectives to be achieved over a five year horizon by means of a series of annual business plans designed to improve long term performance. Critical success factors have been identified which will focus the Agency on the right objectives, linking its role closely to the support of Defence Capability and delivery of the Defence Vision.

Although full clarity over the funding arrangements for the Guard Service (MGS) has not yet been accomplished, the overall shape is clear and the exercise of identifying funding obligations has helped to align expectations more realistically with ownership of the tasks placed on the Service.

The extent to which MDP and MGS operations can be integrated at various levels is being explored to see how greater effectiveness can be achieved. As part of this process, the plan to expose elements of the MGS to competition from commercial guard forces will be taken forward.

Much of what the Agency has achieved over the last four years has been due to the leadership of the former Chief Executive and Chief Constable, Lloyd Clarke, who retired in April 2005. I would like to take this opportunity to record my thanks and appreciation, and that of the Department, for all that he achieved during his tenure. He has left the Agency in a very healthy state for his successor, Steve Love, who is already making an impact by emphasising the importance of the organisation and its people being "match fit" for the challenges ahead. Steve is a very welcome new member of the Defence team.

Ian Andrews
Second Permanent Under Secretary of State

The Ministry of Defence Police Committee

Membership of the Committee

Mr Ian Andrews
2nd PUS (Permanent Under Secretary) (Chairman)

Mr Richard Hatfield
Personnel Director

Mr Robert Rooks
Director General (Security & Safety)

Brigadier Philip Mostyn
ACOS(Pers) HQ Land (Assistant Chief of Staff (Personnel) HQ Land Command)

Ann Kelly
Independent Member of the Police Committee

John Harris
Independent Member of the Police Committee

Bob Bowman
Secretary, MOD Council of Civil Service Unions
Independent Member of the Police Committee

Sally Osment
Vice Chair of the Army Families Federation
Independent Member of the Police Committee

Advisers to the Committee

Sir David O'Dowd CBE QPM CIMgt
Police Adviser (England & Wales)

Andrew Brown QPM, Chief Inspector of Constabulary Scotland
Police Adviser (Scotland)

End of Year Key Target Report

Key Target 1

The in-year target was to ensure that no more than 25% of duty time of dedicated patrol officers was spent on activities not directly related to patrol duties.

The performance achievement for this target was 23.5%, thereby achieving and indeed exceeding the target by 1.5%. A Key Target measuring patrol activity has not been set for 05/06, although this issue will still be monitored.

Key Target 2

The in-year target was to achieve 50% crime solving rate for the investigation of primary crime.

The performance achievement for this target was 67.4%, therefore exceeding the target by 17.4%. A crime solving target has been set for 05/06 to continue to focus the efforts of the Agency in this area.

Key Target 3

The target was to fulfil at least 95% of agreed customer taskings in year.

The MDP achieved 91.1% against this target, which was consistent with the figure achieved in the previous year. MGS achieved 95% of customer taskings. Overall, this has resulted in this target being partially achieved. The reason for the shortfall has been discussed and is understood both at Police Committee and at the Customer/Stakeholders Sub-Committee. This remains a target for 05/06.

Key Target 4

The target was to measure and evaluate MDP's effective contribution to security at those establishments where the Force undertakes security-related tasks.

Final achievement against this target was 91.4%, which achieved the target set in the previous quarter of 90.8%. Throughout the year the Agency demonstrated consistent achievement levels against this target. A qualitative target for implementing an action plan based on customer satisfaction with security has been set for 05/06.

Key Target 5

The in-year target was to recruit 15% women officers and at least 4% of officers from minority ethnic communities.

The Force has recruited 207 officers during 04/05. Of these 15 were female, which gives an overall percentage of 7.2%, therefore not achieving this element of the target. 4 officers from minority ethnic communities have been recruited, representing a percentage of 1.9%, also not achieving this element of the target. The target remains for 05/06.

Key Target 6

The target was to reduce the amount of overtime worked by each officer to no more than 8 hours per week averaged over a 17 week period.

At the end of the year only 13 officers had worked more than 8 hours overtime per week during the final 17 week period. This represents 0.4% of the total bearing of the Force. Throughout the year, strenuous efforts have been made by all Agency staff, contributing to the further reduction in overtime from the previous year. No Key Target has been set in this area for 05/06, although this issue will still be monitored.

Key Target 7

The in-year target was to reduce sickness by one hour per month per member of MDP and civilian staff.

Overall sickness for the end of the year averaged 7.28 hours per month per member of staff. This was reduced from 8.80 hours in 03/04. Therefore the Agency exceeded the target set by 1.52 hours. No Key Target on sickness has been set for 05/06, although this issue will still be monitored.

Key Target 8

The Agency target was to increase Fraud Awareness within the wider MOD and as a result to increase the amount of reported Fraud.

The Agency increased Fraud awareness through appointing liaison officers to 47 out of 51 identified MOD Agencies and increased the number of intelligence reports generated. However, the number of Fraud cases investigated by the MDP Fraud Squad was 67 compared with 108 in 03/04. This resulted in only partial achievement of the target. A Fraud target has been set for 05/06.

Agency Key Targets 2005/2006

Key Target 1 – Customer Satisfaction —————	By 31 March 2006, from a baseline established by the 2004 Customer Satisfaction Survey to have implemented an agreed plan to improve customer satisfaction with services provided.
Key Target 2 – Crime Solving Rates —————	By 31 March 2006, to achieve a crime solving rate of 50% for the investigation of crime that impacts significantly against Defence capability.
Key Target 3 – Customer Tasking —————	By 31 March 2006, to have delivered at least 95% of MDP & 95% of MGS funded and agreed customer taskings.
Key Target 4 – International Capability —————	By 31 March 2006, to have achieved all agreed International tasks with the Foreign and Commonwealth Office in support of wider Defence and foreign policy objectives.
Key Target 5 – Diversity —————	By 31 March 2006, within the overall recruitment of police officers, to have recruited at least 15% women and 4% from minority ethnic communities.
Key Target 6 – Fraud Reduction —————	By 31 March 2006, to have delivered a minimum of 10 Fraud Reduction Audits to identified MOD organisations.
Key Target 7 – Improving Efficiency —————	By 31 March 2006, to deliver all in-year options for achieving savings agreed with the Central Top Level Budget (CTLB).



David Ray

Chief of Staff and Deputy Chief Constable

Mr David Ray QPM

The Chief of Staff's area of responsibility includes providing strategic and national focus to the organisational development of the Agency.

Information Technology and Telecommunications (IT & T)

IT & T has continued to provide the Agency with a high quality service during the year.

A number of improvements to the MDP Computer Network have been delivered, such as the provision of access for all users to the MOD Human Resources Management System (HRMS) which is a precursor to the MOD's important HR Transformation Programme. Access for the Agency's Finance Staff to the latest version of the Departmental Finance Management System was also completed. A project was commenced to replace the bulk of the slow dial-up connections to the MDP Computer System with Broadband links. An agreement was reached with the MOD Director General for Information's department about how the Agency would use the Defence Information Infrastructure (DII), which would enhance our inter-operability with the rest of the MOD without prejudicing sensitive Police data.

The department has continued to work very closely with Project Contact, the plan to introduce the O2 Airwave radio system. The transition from our many diverse legacy radio systems to Airwave has continued, and over 50 percent of MDP Radio systems are now Airwave, which has improved the service to Police Officers on the ground dramatically. Implementation of Command and Control systems for use by the new Control Rooms has continued, which has transformed the MDP's ability to manage itself operationally. Design work for the integration of the Command and Control System with the Agency's telephone system was completed.

The Department designed and rolled out a web-based Intranet during the year with the facility to allow users to publish and manage their own information within a fixed overall structure. This has been enthusiastically taken up by many parts of the Agency and has the potential to transform internal communications.

The Department also planned and implemented the infrastructure changes required for a major series of office relocations at the Agency's Wethersfield HQ.

Corporate Communications

With the expansion of the Agency, corporate communication across 8000 staff nationwide is facing new challenges.

The MDP magazine *Talk Through* has established a quality benchmark as the best police magazine in the country, but other communication channels are needed too at a time of rapid corporate change. The year saw the introduction of an Agency Core Brief, designed to cascade strategic and top-level information across the whole Agency nationwide. It needs time to bed in, since effective nationwide distribution to over 200 Defence sites is not achieved overnight, but there is no doubt that staff welcome increased information flow from the top.

The introduction of the Agency intranet has progressed well over the year, publishing corporate information and News pages. This innovation has been welcomed too and next year marketing and promotion activity is planned to ensure that it takes root right across the Agency. The early signs are more than encouraging, with all HQ departments now contributing on-line and the News pages turning over regularly.

In terms of external communication, the MDPGA press office continues to increase its activity, in response to

growing media interest in the Agency. National security has been a major media focus for some time, and the role of the Agency inevitably invites press inquiry. The launch of the new MDP weapon, the MP7, replacing the SA80 rifle, attracted widespread media interest. The Agency websites seek to provide information to the public on the jurisdiction and accountability of the Agency, and the police press officers follow the standard ACPO rules on media handling, like any other police force.

The audio visual unit combines an increasing corporate communications commitment with technical operational support to CID officers. Valuable filming was done in Baghdad, to illustrate to the media the police training contribution of the MDP in the Iraq post-conflict reconstruction programme.

Airwave Radio Project

The implementation stage of Project Contact, which will deliver MDP's part of the national O2 Airwave radio system, has continued to progress significantly.

The Service roll-out program advanced considerably during the year, with 1292 Airwave radios being introduced into service. Despite some minor problems, both the Airwave service and the radio equipment have proved to be effective overall. Radio equipment faults, which have been minimal, have been dealt with promptly by the managed terminal service provider.

Throughout the year a close liaison has been maintained with the Defence Communications Service Agency (DCSA) and other MOD Airwave users in order to ensure a common contractual approach to the implementation of the new system.

The Control Room part of the project has developed significantly. NSPIS Command and Control courses have been run on a continuous basis at the MDP Communications Training Centre at HQ with 249 operators now trained in the use of the system. In addition to the Force Central Control Room, Command and Control has been introduced into three MDP Divisional Control Rooms. The system has proved effective and although a major innovation within the Force, control room operators have adapted quickly. The recent addition of a browser facility has allowed Senior Management to view the logs of past and ongoing incidents, operations and events.

Work has also commenced on making PNC accessible through Command and Control. The application is still in its infancy and the project team have established executive representation on the NSPIS National User Group which will ensure involvement in future development.

Extensive tests of the Integrated Communication Control System have been completed at HQ and the implementation of this system will commence when the Airwave national service network becomes available later in 2005. The project has remained within the time and cost tolerances set by the Investment Approval Board and it is anticipated that the entire project will be completed by the end of 2005/2006.

Divisional Support Group Officers policing a G8 Climate Control Conference in Exeter





Steve Beedle

Director of Resources and Planning

Mr Steve Beedle

The year was dominated by the amalgamation of four Branches into one Directorate: Business Development, Finance, Secretariat and Station Administration. The main objective was to ensure that the core functions of the Branches were integrated to the greatest extent practicable to provide more effective corporate services. By the end of the year the integration under a new Director had been achieved and improvements brought about in business processes, underpinned by an assurance from the Agency's Audit Committee on the thoroughness of our corporate governance regime.

Station Administration

During the course of the year an Estate Strategy was established aimed at deriving maximum training, operational and business benefit from the Agency's use of the HQ site at Wethersfield. The Estate Management Board has been formed from the main users of the site and its work has resulted in bringing more of the estate and buildings to a standard fit for its core purpose. Significant attention has been paid to the management of the multi-activity contract for essential site administration and further improvements in the quality of service provided.

Secretariat

The Secretariat continues to handle all parliamentary business and ministerial correspondence. During this year the Freedom of Information legislation came fully into force. The Agency publishes information proactively on the MOD FOI website (www.foi.mod.uk) and now has procedures in place which allow the Secretariat on behalf of the Agency to respond to all written requests for information. The branch also continues to oversee Agency compliance with the Data Protection Act 1998. A personal data audit programme has been established and the first planned audits are complete. A series of

Data Protection and Freedom of Information awareness briefings were provided and are continuing into the future, whilst Freedom of Information CD-ROM training was made available to all Agency staff via DBLearning and the Defence Electronic Learning Centre.

Finance

The MGS has been successfully incorporated into the core financial processes and the true cost of delivering the unarmed guarding tasks against Customer Supply Agreements (CSAs) has been reported to MOD Centre for funding in the coming year. The 2005 Short Term Planning process (STP05) resulted in a difficult budget settlement and there are uncertainties about how customer-based savings are to be delivered. Oracle, the MOD Accounting System, was introduced, albeit late and accompanied by teething troubles in the areas of management information and data access. An efficiency unit was introduced and in the first year there have been some notable successes in terms of reducing the cost of some support services and in identifying areas of business for management intervention. A significant feature of the year was the delivery of enhanced responsibilities of budget holders for the budget setting and in-year management processes. The challenge for the coming year will be in maximising the budget for the benefit of performance improvement.

Business Development

A major feature in the work done within the new Directorate was to develop a corporate approach to the Governance of the Agency. A project was completed to maximise the effectiveness of the Agency Management Board through a more focused approach towards key decision-making. The introduction of a dedicated Agency Board secretariat has been a success. The BD Research Team has been proactive in identifying "over the horizon" issues that may have an impact on the Agency. The Agency planning process has been renewed and, in conjunction with Finance branch, greater emphasis placed on performance and financial management through bilateral reviews between AMB members and the Chief Executive. Agency Consultancy Services have been under pressure to respond to the ever-increasing demands from customers for complement reviews, and the challenge they face in the coming year is to deliver a similar service to customers

employing the MGS. This was the first year of operation of the Customer Account Management team who have made contact with all customers at TLB level. This involvement has been appreciated and their role will be key to the achievement of a much clearer mutual understanding of future requirements. The Agency is routinely audited by Her Majesty's Inspectorate of Constabulary (HMIC) against ISO 9001:2000. The Force Inspection Team has provided to the HMIC comprehensive and quality-controlled data, through an internal audit process, to facilitate the current round of audits by HMIC, which is expected to report to the Chief Executive by October 2005. The Performance Measurement Team achieved great success in 04/05, streamlining the data capture process, thus providing improved performance information for Headquarters, Divisions and individual Stations. Implementation of a new user-friendly web-based application (SPSS), giving real time data reporting for the first time, will roll out during 05/06.

The Royal International Air Tattoo, R.A.F. Fairford





John Bligh

Director of Operational Support

Assistant Chief Constable John Bligh QPM

Central Control Room

Located at HQ Wethersfield in Essex, the Central Control Room (CCR) is the main communications and information centre for the MDP. It provides a central point of contact for Divisional HQs, specialist departments, stations, other police forces, and MOD and external agencies such as the Criminal Records Bureau, Driver Vehicle Licensing Agency and Forensic Science Service.

CCR also has responsibility for conducting Police National Computer checks and update transactions and for recording all crime reported to MDP in accordance with the National Crime Recording Standards.

Since May 2004 the NSPIS Command and Control system has been accepted into service by the Force. This has resulted in CCR becoming responsible for incident management and recording for MDP stations situated in East Anglia. It has also enabled CCR to conduct a watching brief of real time incidents in those Divisions which themselves have implemented Command and Control, thus ensuring that senior officers, not at the scene, have access to as much information as possible. As the Airwave radio system is rolled out across the United Kingdom, this ability will be extended to include National Roaming Units

Dogs

MDP's current total dog complement is 272 dog teams, consisting of Police Dogs grade one and two; Patrol Arm True dogs (under training for upgrade to Police Dog Grade Two status); Tactical Firearms Support dogs; Arms, Explosive Search (AES) dogs; Vehicle Search dogs; and Drugs Detection dogs. This year has seen an increase in customer requirements for funded and complemented search dog capability specific to the anti-terrorist role of control of entry and exit points at establishments.

Search Dog Teams carried out a total of 2,513 taskings for the year broken down into 2,124 AES and 389 Drugs taskings with numerous finds at various venues. These teams operate as an Agency asset managed by the Operational Support Department and are available as a national support resource. The Vehicle Search Dog teams that are deployed at units continue to provide high profile specialist support at establishments and as part of operations involving large amounts of vehicular traffic.

Operational Police Dog deployments of the Police One and Two grades at the 31 police dog holding units in addition to their core function have included frequent detached duties and 405 defence-related operational taskings and 56 taskings in support of other Forces.

Tactical Firearms Support dogs continue to be employed as a support resource and tactical option for the Agency. There are currently 19 qualified teams employed within the Agency. These are deployed across the Agency estate at various dog holding units.

Police dog related business within MDP is being progressed within the remit of the Police Dog Review project. A Divisional Dog Advisers infrastructure has been re-established, the ACPO National Police Dog Assessment Model (training and employment standards) has been agreed in readiness for implementation, a puppy management project is underway and negotiations with Defence Animal Centre at Melton Mowbray are being progressed in relation to the supply of dogs and handler training.

There are about 196 MGS dogs, with 341 handlers. Assessment work on their absorption into the Agency began in-year and is continuing.

MDP Firearms Policy

The Firearms Policy Unit has had to deal with a number of important issues throughout the year. Foremost amongst these has been the procurement of a new Force Firearm system.

MP7

By June 2006 the MDP will be deployed with the Heckler & Koch 4.6mm MP7 Personal Defence Weapon, as the weapon of choice for the Agency. This will have replaced the Browning pistol and SA80 rifles in the majority of armed police roles. The MDP have purchased a significant number of MP7s with the aim of offering a modern weapon system which presents a credible deterrent and significantly improves our capability to respond to an armed attack on personnel and the MOD estate. This will benefit our customers by upgrading our weaponry, enhancing the safety of our officers and those we protect, while reducing on-going training costs.

Baton Gun

The MDP have deployed Baton Guns across the country to provide a credible Less Lethal option to suitably trained officers who may be required to respond in situations which, while potentially dangerous, are more appropriately handled with without immediate recourse to conventional firearms. The aim is to provide a proportionate response and to assist in our commitment to comply, wherever possible, with the ACPO Codes of Practice on the Police Use of Firearms and Less Lethal Weaponry.

In addition the continuation of projects such as a new Force combined stab/ballistic body armour, procurement of equipment vests, Firearms Equipment Care Policy and

a revision of the Force Firearms Policy and Procedures manual has placed heavy demands upon this unit.

Operational Support Unit (OSU)

During the year the OSU through its North and South sub-units has continued to provide the Agency with a flexible police response to all and any identified needs, often at short notice. Both units continue to come under the direct operational control of the Operational Support Department and any taskings must be authorised by this department before being undertaken.

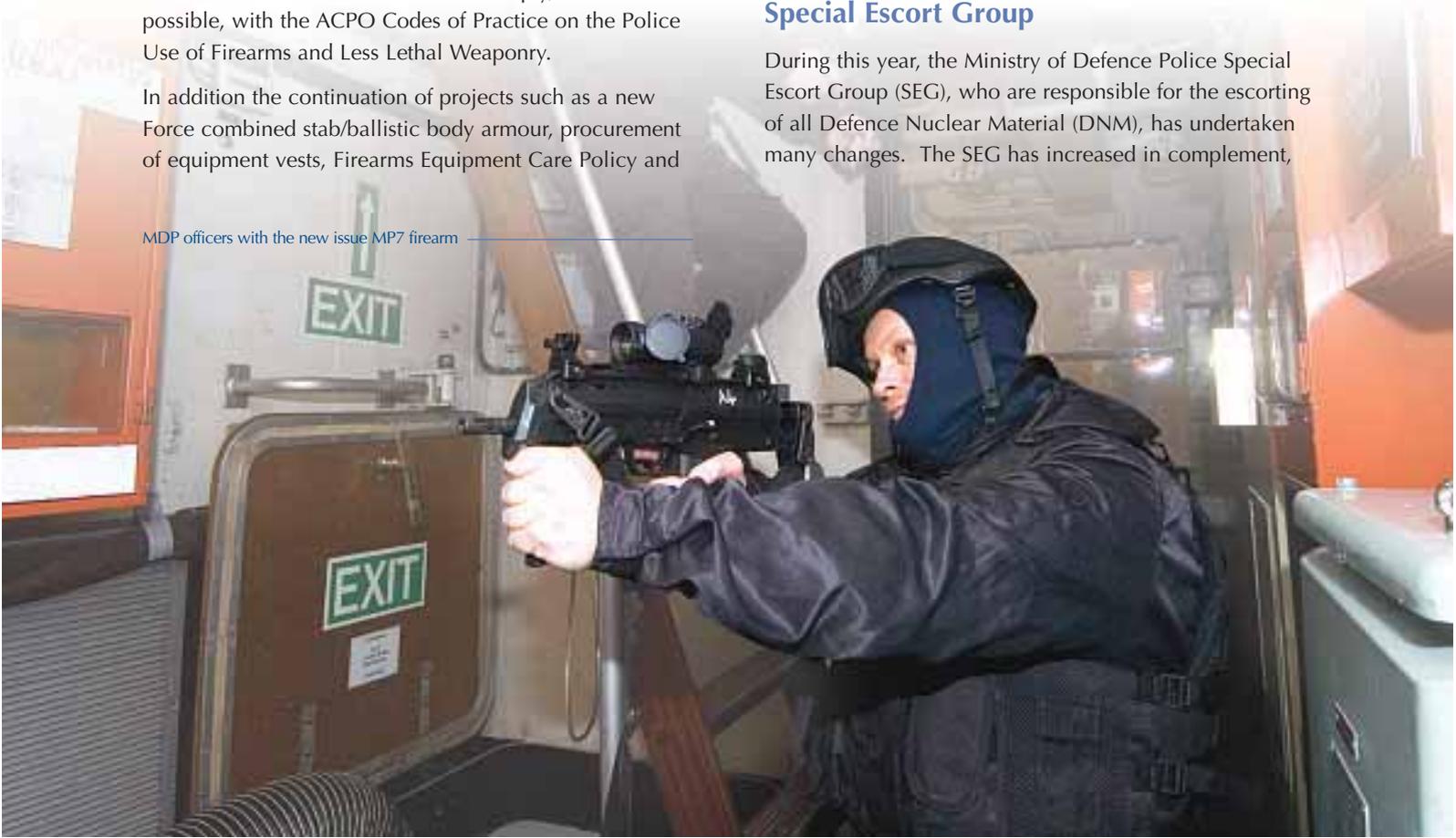
The actual duties carried out are dependent upon the specific needs of the Agency and its customers at any given time, and are prioritised appropriately. The unit still remains one of the Force's primary providers of a surge capacity.

The OSU provides expertise and support to the Agency in the specialist areas of Public Order, Search, CBRN (Chemical, Biological, Radiological or Nuclear) response, Working at Height and Firearms. The training and standards employed meet those laid down by the relevant ACPO Manuals of Guidance and Force Policy and Procedures Manuals. Probably the most high profile duty undertaken this year involved the co-ordination and completion of a large search operation in Northern Ireland utilising not only OSU officers but also staff from all the Agency search teams under the direction of the MDP Fraud Squad.

Special Escort Group

During this year, the Ministry of Defence Police Special Escort Group (SEG), who are responsible for the escorting of all Defence Nuclear Material (DNM), has undertaken many changes. The SEG has increased in complement,

MDP officers with the new issue MP7 firearm





Security on the fence

and has adjusted and amended many of its practices and procedures as a result of recommendations to, and endorsements by, the Defence Management Board (Nuclear). The SEG is now capable of providing a much more flexible service in the movement of DNM.

Fleet Management

It has been an active year for Fleet Management with over 140 new vehicles procured. New additions to the fleet included Ford Galaxys sourced as combined Traffic/ARV cars for the SEG and the roll out of the Divisional Support Group fleet. The roll out of Airwave radio installations has also peaked, with several hundred vehicle adaptors (VAs) installed over the period. The HQ vehicle pool celebrated its first anniversary by evidencing improved utilisation levels of HQ assets and savings to vehicle hire requirements.

Security requirements took an upwards turn with the initiation of a nationwide counter-terrorism survey following recommendations from NACTSO (National Counter Terrorist Security Office). A labour-intensive exercise focusing on more than 400 repair outlets for both the vehicle and marine fleet, it has been taken forward with the assistance of the Force Crime Reduction Officer and Counter Terrorism Advisor. Fleet Management has also been preparing for the renewal in 2005/06 of two Prime Contracts for Maintenance and Commissioning of the vehicle fleet and organised two Industry Days in February, attended by prospective industry suppliers. On the marine front, an Invitation to Tender for the supply of the next generation of MDP Police launches has been issued to potential suppliers, with the first of class expected to be in service in 2007.

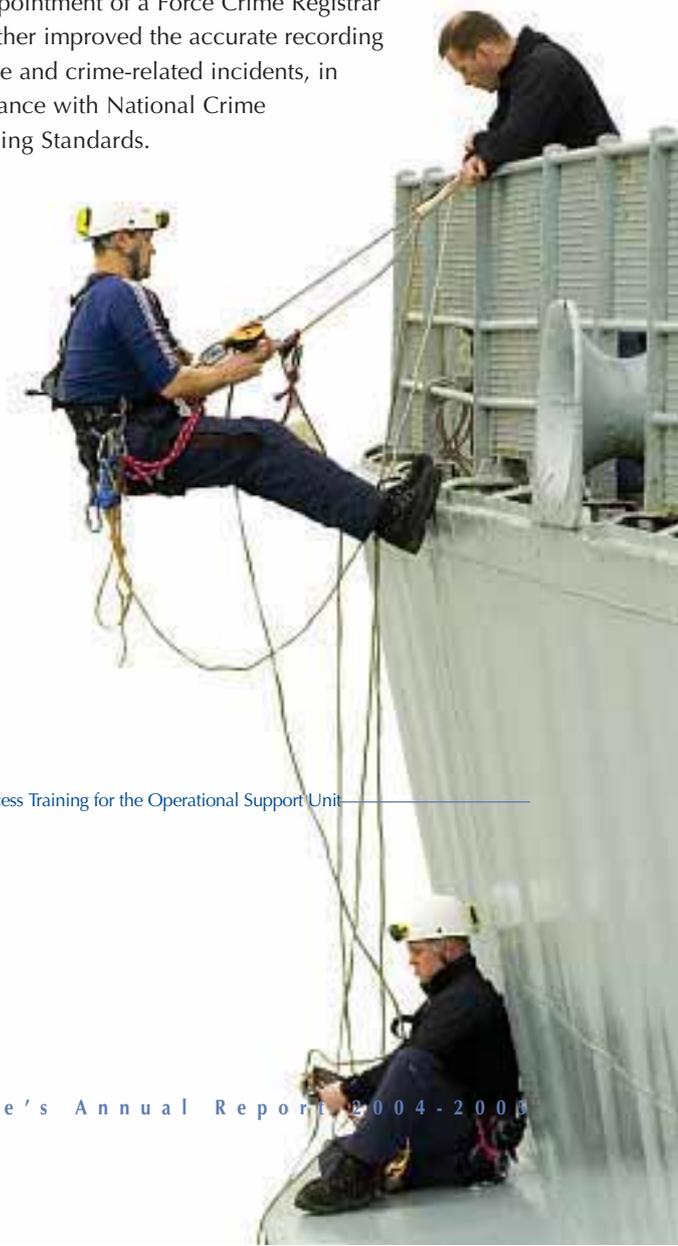
CID Headquarters

CID HQ Operations is primarily employed to support the Investigation of Crime by the provision of specialist resources from the Major Incident Unit and the Computer Crime Unit. External specialist training and the professional development of trainee Investigators is also administered by this department.

Crime Statistics

The introduction of the IRF (Initial Report Form) has ensured an increased accuracy in the input of data on the MOSS system, and enables the Crime Statistics Office to produce data as required by the Home Office and CCMDP in respect of such details as Ethnicity and Hate Crime offences. The reconfiguration of the MOSS system has also enabled the recording of crime to be identified as "impacting significantly on defence capability", in line with the new definition from 1st April 2005.

The appointment of a Force Crime Registrar has further improved the accurate recording of crime and crime-related incidents, in accordance with National Crime Recording Standards.



Rope Access Training for the Operational Support Unit



Road Traffic Accident Scenario with the Special Escort Group

Major Incident Unit

During the reporting year the Major Incident Unit (MIU) has utilised its static and mobile capabilities to support 14 investigations on the MOD Estate involving Fraud, large scale Theft and Serious Sexual Offences. Two of these investigations have involved the MDP and the Royal Military Police operating together within the major incident room in support of enquiries into the Theft of Firearms and a series of Rapes. The mobile capability has been extended by the installation of satellite communications which enables each vehicle to deliver voice, data and video back to HQ from any location in the UK and Europe. The system has now been upgraded to support any Agency IT system, including MOSS and Command and Control.

Computer Crime Unit

The Computer Crime Unit (CCU) forms part of the Headquarters CID Operational Department and has the responsibility to provide the Force with specialist support in relation to computer crime and the forensic recovery of computer-based evidence. There has been a substantial increase in the volume of electronic data being processed and the Unit has in the last 12 months provided assistance in support of 98 separate criminal investigations. Evidence has been recovered in support of a range of offences including Rape, Incest, Theft and Fraud, as well as illegal images.

The personal development of staff has continued to be a priority; with officers successfully completing advanced computer forensic courses covering high tech crime investigations, digital evidence retrieval and forensic analysis. Advanced training together with a re-location

to upgraded premises and the acquisition of additional workstations and the latest forensic tools, has enabled the Unit to enhance its overall efficiency and maintain high standards as well as providing the forensic ability to tackle some of the more complex issues generated by the rapid development of computer technology.

Force Intelligence Bureau

The Force Intelligence Bureau comprises four distinct functions: Crime Intelligence; Force Surveillance Unit; Special Branch; and the Counter Terrorism Security Advisor.

The primary function of the Bureau is to provide a proactive intelligence-led capability to the whole operational area of the Agency.

The continued increased threat level relating to terrorism directed at Defence Capability within the UK ensures that the resources of the Special Branch are focused on responding to intelligence to combat that threat. Defence assets continue to be threatened by unlawful protest and extremist disruption activities for which Special Branch is also providing the operational intelligence.

Following the introduction of the four Divisional Intelligence Bureaux the Crime Intelligence function has assumed responsibility for the proactive development of Cross-border and National Crime Intelligence in relation to those more serious crimes which could significantly affect Defence Capability.

The Force Surveillance Unit is tasked by both Special Branch and Crime Intelligence in support of their Intelligence Collection Plans and as a Force asset by the Divisional Intelligence Bureaux and the Fraud Squad.

The Bureau has fully implemented the principles of the National Intelligence Model and through the Agency Strategic and Tactical Tasking & Co-ordinating process deploys all of the above resources in accordance with its policing priorities and control strategy

The National Intelligence Model

The implementation of the National Intelligence Model commenced in 2003 and is now a vital driver in the business of the Agency.

Divisional Intelligence Bureaux have been created at the MDP Divisional Headquarters at Clyde, York, Foxhill, and Aldershot. These Bureaux became responsible for gathering all intelligence at divisional level. The principal role that they undertake is to supply the Divisional Tactical Tasking & Co-ordination Groups with qualified intelligence

to meet the business requirements of the Division. Those identified business requirements form the Divisional Control Strategy which links the outputs and identified crime or security risks outlined in the Agency Corporate Strategy. The process at Divisional level is replicated at Agency level to deal with issues that span the whole of the United Kingdom in respect of Defence business.

The fundamental aim is to ensure that we remain an intelligence-led organisation clearly focusing on the business of providing policing and security for Defence. The attainment of that aim is now clearly evidenced by the increasing use of intelligence in our operational planning and delivery of service. During the forthcoming year this will become evident in major operational events such as our policing contribution to the Trafalgar 200 event at Portsmouth and the G8 Summit in Scotland.

Fraud Squad

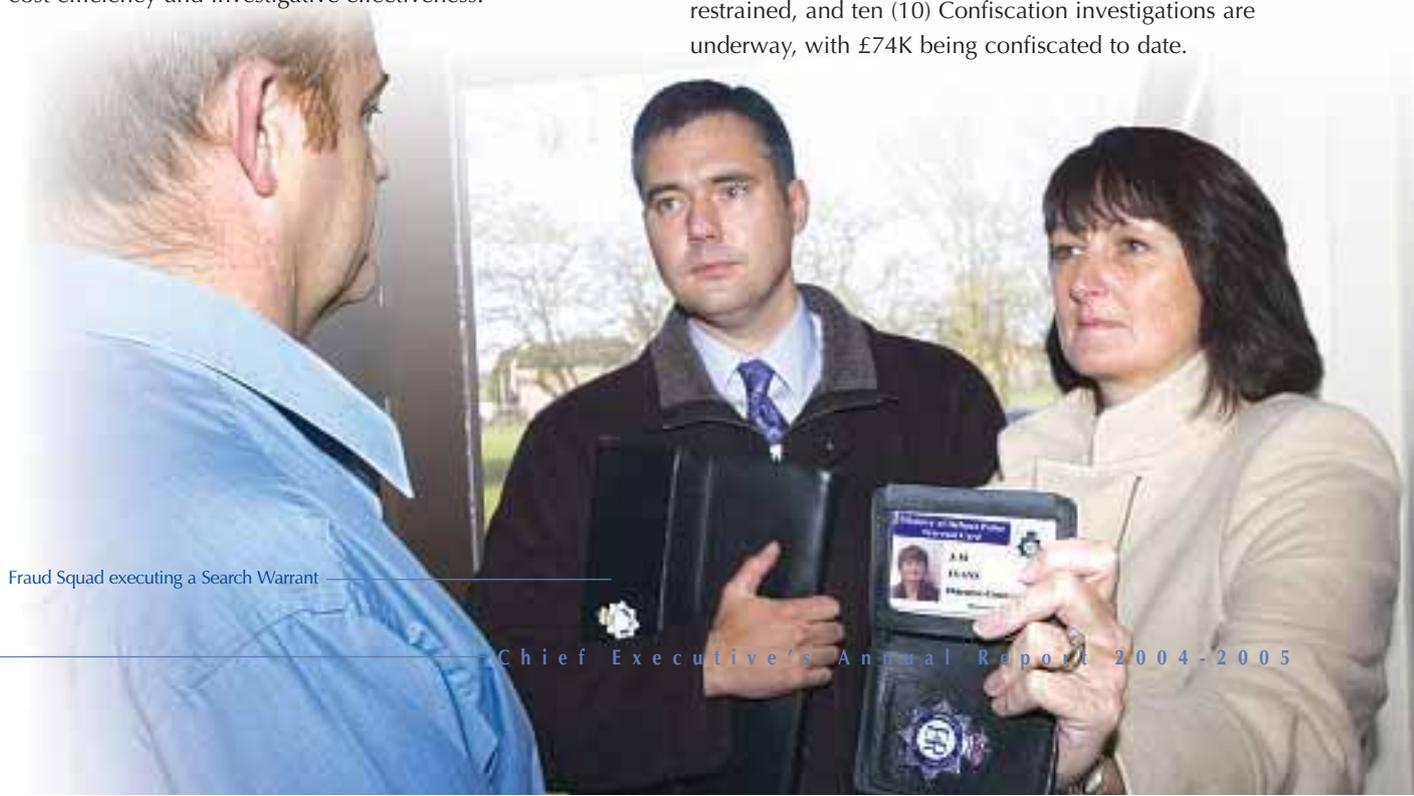
The financial savings made in Force during FY2003, which effectively reduced Fraud Squad investigative resources, came into effect during this reporting year. In order to minimise their impact, the Squad reorganized its operating structure to ensure that all available resources are directed towards the core Fraud Squad task of investigating serious and complex fraud and corruption.

Fraud Squad now has four recognised key outputs directly related to their business area, namely Reactive Investigations; Proactive Investigations; Financial Investigations; and Fraud Reduction. All Fraud Squad personnel are organised across these four key areas in order to harness investigative effort and maximise both cost efficiency and investigative effectiveness.

The robust Fraud Squad Control Strategy ensures that only relevant cases are investigated. In turn, these cases are continuously reviewed in order to ensure that optimum investigative time is spent in the pursuit of profitable lines of enquiry commensurate with likelihood of success. Irrespective of value, each individual investigation stands alone as a major enquiry and adequate resources must be applied to that investigation to ensure an efficient and effective enquiry, compliance with Human Rights and due completion of the process required for a successful prosecution. A strict interpretation and enforcement of the Fraud Squad Control Strategy has resulted in a form of 'screening out' of potential cases that fall into the lower stratum of fraud and corruption. These screened out cases are diverted to Divisional CID, and where appropriate other Agencies.

Prior to the staff reductions, Fraud Squad maintained an average case load of twenty-one (21) reactive investigations and thirty (30) cases undergoing vetting. Post staff reductions, the Squad has on average a managed caseload of thirteen (13) major investigations with a value exceeding many millions of pounds and seventy-four (74) cases which have undergone or are undergoing a vetting and evaluation process through the Pro-active Investigation Unit. Although the number of cases has reduced, the magnitude and complexity of the existing investigations is unparalleled in Fraud Squad history, with two major investigations being undertaken jointly with the Serious Fraud Office.

The Financial Investigation Unit (FIU) continues to support the whole Force and also works to assist the Service (military) Police where possible or appropriate. During the reporting period FIU had one Restraint Investigation with £1.15 million restrained, and ten (10) Confiscation investigations are underway, with £74K being confiscated to date.



Fraud Squad executing a Search Warrant



Robert Chidley

Director of Personnel and Professional Development

Assistant Chief Constable Robert Chidley

Personnel Management

The expansion of the Agency to include the MOD Guard Service doubled the size of our workforce to nearly 8000 staff. The statistics at Annex D give a breakdown of staff numbers in different categories. A tremendous amount of work was undertaken by the Agency's personnel teams to ensure as smooth a transition of personnel management responsibilities as possible.

The creation of new MGS Regional personnel teams quickly produced real benefits to the organisation and to individual members of the MGS, as inherited backlogs of casework and recruitment were tackled. The fact that many of the personnel teams were co-located with existing MDP personnel teams has ensured effective integration of personnel practices and processes.

The personnel management delegations given to MDP Divisional Commanders on 1 November 2003 have continued to bed in, and the service provided to line managers and police officers has been first class. All of the intended benefits of delegation have been realised, and providing a personnel management service closer to the point of delivery has ensured the delivery of better, more timely services. This has also led to greater involvement of line managers and individuals in the management of people issues.

However, the MOD's People Programme will take us into a further phase of change over the next three years, through the creation of the People, Pay and Pensions Agency (PPPA), a single service delivery organisation which will deliver personnel services to all MOD civil service staff and managers. The challenge for this Agency will be to become an effective customer of the PPPA, ensuring that we get the services we need in future. The reduction in personnel posts within the Agency between now and April 2008 will contribute to the efficiencies

MOD is required to achieve as a consequence of the Government's Gershon review, but will of course mean a difficult period of change for our personnel staff. Work continues with the MOD teams leading the People Programme to ensure that the MDPGA's requirements are fully understood and will be met by the PPPA.

Recruitment

The target for police recruitment for the year was set at 260. Of this overall recruitment target, Agency Key Target 5 stated that we should recruit a minimum of 15% female officers and 4% from minority ethnic communities. At the end of the year we had recruited a total of 207 officers. (The shortfall was due to a Probationer Training Course being re-scheduled from March into April, thereby adding the numbers from that course to the 2005/2006 figures). Of the eventual intake, 15 (7.24%) were female and 4 (1.93%) were from minority ethnic communities. We continue to attract a significant amount of interest from Home Department police officers wishing to transfer to the MDP.

Key Target 5 still presents the MDP with a real challenge. Major work is taking place to identify more efficient methods of reaching our targeted audiences, including a re-invention of our recruitment website to offer potential applicants, from all walks of life, much more information on our policing role.

The MDP has now fully embraced the new national police recruitment process known as SEARCH (Structured Entrance Assessment for Recruiting Constables Holistically). This process aims to standardise the recruitment of police officers across England and Wales. A new purpose-built assessment facility has been created at the Wethersfield HQ which allows the full recruitment process and all promotion processes to be administered professionally in one venue.

The volume of MGS recruitment during this year has been high, as a result of both inherited backlogs and general

turnover of staff. The majority of MGS recruitment is at CSO 5 level and is external recruitment, but we have also been successful in attracting a number of internal candidates into MGS management roles from other parts of the MOD.

Promotion

There were no promotion boards for the more senior ranks (Chief Inspector through to Chief Superintendent) during the 2004/2005 reporting period.

As reported in the 2003/2004 Annual Report, the MDP opted to withdraw from the OSPRE® promotion system and introduce a bespoke MDP process. The first MDP examination was delivered electronically to a total of 177 officers in May 2004. Officers serving in Kosovo and Iraq were also able to participate in the examination. 55 constables (46.2%) and 25 sergeants (43.1%) achieved success. An assessment centre was convened in September 2004 and this attracted 146 officers of constable and sergeant rank. A total of 44 constables (46.8%) and 34 sergeants (65.4%) achieved success. These officers were deemed qualified for promotion; the next part of the process was the selection interviews. These took place during November and resulted in the Force gaining 35 officers selected for promotion to sergeant and 29 officers selected for promotion to inspector. At the time of writing 89% of those selected had been promoted. Of those 84.2% had received a posting of their own preference and a further 15% had willingly accepted an alternative offer.

In the seven years that the MDP participated in OSPRE®, a total of 101 officers achieved success in Parts I and II. Since the inception of the bespoke system in 2003, a total

of 123 officers have achieved the equivalent qualification. This increase has been achieved not by diluting the knowledge and skills required, but instead by making the promotion system entirely relevant to the unique policing role of the MDP. The quality and robustness of the new process has been recognised by Middlesex University who, following 18 months of scrutiny, have now fully accredited the process.

Over 300 officers (constables and sergeants) have registered for the next promotion examinations in May 2005 and it is anticipated that in the region of 200 officers may attend for assessment in September 2005.

MGS and civilian staff achieve promotion through processes set by MOD for civil servants within its broader banded grades.

Staff Retention

Departures from the MOD Police have been monitored since January 1999.

The wastage rate for 2004/05 is 5.4%. This is a rise of 1.9%, but fewer female officers left the force (8) than in the previous year (11), resignations (including transfers to Home Department Forces) remain extremely low (67 officers / 1.9% wastage) and the number of officers from an ethnic minority leaving the Force remains less than 5 (0.1%).

The number of officers transferring to Home Department Forces continues to decline with only 8 (0.2%) doing so in 2004/05 (down from 0.6% and 1.2% in the previous 2 years).

A fuller analysis of information provided in officers' Exit Questionnaires for 2004/05 will consider any emerging patterns across the Force or within individual Divisions.

A testing time on a Driver Training Course



The use of Exit Questionnaires has now been extended to all Agency staff, including MGS, to enable effective monitoring of staff retention across the organisation.

MDP Performance and Development Review

A new Performance and Development Review (PDR) system for MDP officers will take effect on 1 April 2005. The two main reasons for developing a new PDR system were the need to take into account the new police Integrated Competency Framework (ICF) and the need to address the perceived weaknesses of the previous PDR system. The ICF is already being used to assess potential recruits, and promotion processes will also be changing over the coming year, thus aligning the MDP with Home Department police forces and ensuring that its key internal personnel processes are based on the same competency framework.

The new MDP PDR is similar to the one used by civilian staff and MGS officers, which brings the added advantage of having similar PDR systems in use across the whole Agency. It has a strong emphasis on development and on performance against objectives, which will be recorded through narrative assessments rather than being graded. The new process has also brought about a move away from individual report-year timings, which are difficult to track effectively, to standardised reporting dates for each rank.

A range of resources to support staff through this transition has been developed including a series of guidance leaflets, classroom-based training, e-learning and a network of PDR Support Officers.

Professional Standards

The MDP Professional Standards Department came into being on 1st April 2004, with the new Ministry of Defence Police (Conduct) Regulations 2004 also taking effect from this date. This brought the MDP Misconduct system into line with other forces with the 'standard of proof' in misconduct hearings changing from 'beyond reasonable doubt' to 'on the balance of probabilities'. The formation of 'Misconduct panels' is also a new innovation for the force and a number of courses have been delivered to Superintendent ranks and above who may be required to sit on misconduct panels (hearings).

At the same time the Independent Police Complaints Commission (IPCC) took over from the Police Complaints Authority (PCA).

The change from a Complaints and Discipline ethos to a Professional Standards emphasis was reinforced by the formation of a Professional Standards Intelligence Unit (PSIU) which currently consists of two police officers and a civilian

analyst. The Unit provides a focal point for all Agency members who may wish to provide information which is then evaluated, and if appropriate passed on to the two full time PSD investigation teams to progress any investigation or further enquiries that may be necessary. The formation of a more proactive department focusing on professional standards will enable the Agency to raise further our already high standards of integrity.

2004/05 saw an increase in recorded complaints against MDP officers. Complaints still remain consistently low over the last three years in comparison to previous years and still reflect well on all those MDP officers who daily discharge their duties in a professional manner without attracting any adverse comment. In addition, by the end of this reporting year, 79% of misconduct investigations / cases had been completed within the 120 day deadline which is a credit to the investigating teams within PSD and on Divisions.

Sir David O'Dowd and Ann Kelly, Police Advisor and Member of the Ministry of Defence Police Committee respectively, continue to provide expert advice and guidance through their quarterly inspection programme.

Diversity and Equality

The role of our Diversity and Equality Unit (DEU) is to promote and build upon a systematic approach to diversity. This will assist in ensuring that the Agency attracts and retains the widest pool of talent, reflecting the society it serves and that the service provided meets the diverse needs of the communities and customers we serve.

This year has seen a concentrated effort in highlighting the need for staff, at all levels, to recognise that there is no place within the MDPGA for harassment or bullying. To help achieve this we introduced a "zero tolerance" poster campaign, with a new poster issued every two to three months. Each poster is also featured on the back cover of the in-house magazine Talk Through to increase impact. The posters are distributed throughout the Agency, to ensure that the widest possible circulation is achieved and there has been much positive feedback from staff.

Work has continued on ensuring the Race Equality Scheme is kept updated and reflects current policies within the MDP. It has now been decided to expand the scheme to include all areas of Diversity and Equality and publish a MDP Equality Scheme, which will take account of current and forthcoming legislation covering race, religion, sexual orientation, disability, age and gender. This new approach is being viewed as a pilot which will help MOD decide how it will meet its obligations to publish equality schemes.

The Agency's Women's Staff Association is now well established and a first AGM and Development Day has been held, where the direction and priorities of the association were established and members took the opportunity to consider their personal and professional development. The benefits of support networks, for under-represented groups in the Agency, is well recognised and during the coming year the DEU will be working on forming groups for other minority staff. We also aim to establish regular meetings of the Diversity Forum which will help to capture the views of all agency staff and customers more effectively.

Performance on gender and race issues was again measured through participation in the Opportunity Now and Race for Opportunity benchmarking exercises. Both exercises revealed improvement in our performance and helped identify areas for further work, and these areas of development are included in action plans which form part of the Agency's overall Diversity Strategy.

Training Needs Analysis (TNA)

The MDP TNA Project Team distributed nearly 2,000 questionnaires to police officers from Constable to Chief Superintendent Rank, of which 32% were returned. In addition the team visited 26 Stations, holding focus groups with available staff, and carried out interviews with representatives of each HQ Department. The data gathered has identified what training is required to maintain the operational efficiency of MDP and what gaps, if any, exist in our current training delivery.

The TNA will be used to produce a five year training strategy to address any shortfall in training, incorporating training delivered at Central and Divisional Training Centres including Departmental (Specialist) Training e.g. OSU, SEG, CID, Fraud Squad. The costs associated with training will be identified along with the staff required to effectively deliver it.

The TNA will also produce a framework to enable managers to prioritise demands for training within the Agency ensuring that the needs of the Agency are balanced with the development needs of individuals. Individual role profiles will, in due course, contain reference to the training required for anyone filling the post.

Investors In People

The MDP was first accredited as an Investor in People in 1998 and has undergone successful reviews of its recognition at regular intervals. A review was undertaken in April 2004 using, for the first time, the IIP Profile tool, which enables an organisation to not only

satisfy itself that it continues to meet the IIP Standard, but also to identify from assessor gradings where its particular strengths and development areas lie.

The review was mostly very positive with the assessor concluding that we either met or exceeded the Standard in 94% of its areas. Across 35% of the IIP scorecard we were performing at a level described as "meeting the Standard beyond its basic requirements", having "introduced improvements identified during the previous review".

Areas of particular strength identified by the assessor were:

- our strategies and actions for ensuring equality of opportunity in the development of people
- the clarity of our organisational plans
- the clear links between learning and development and organisational plans
- the clear standards set for the development of people by managers
- the clear links between learning and development and improvement in our performance

Further, the assessor considered that the strategies put in place for supporting staff development which, in turn demonstrates top level commitment to developing people, "represent an organisation significantly exceeding the requirements of the Standard".

However he also identified some inconsistency in practice across the Agency, particularly in communication on development issues with staff. Work was set in hand to address this inconsistency and the assessor returned in April 2005 to assess our progress on the identified areas of development and to confirm that we continued to meet the Standard.

The review covered only the MDP side of the Agency, since it was not considered appropriate to assess the new expanded organisation at this time. The whole Agency including MGS will be assessed against the IIP Standard at a future date.

International Policing and Secondments

Throughout this year, the Ministry of Defence Police continued to enhance its reputation at the forefront of International Policing, with the MDP representing one third of all UK civilian police officers deployed abroad on Peace Support Operations or Post Conflict Reconstruction missions.

The MDP manages HM Government's policing commitment to the UN mission in Kosovo and provides up to seventy

officers to assist in bringing stability and democracy to this troubled area of the Balkans. Our officers are employed throughout the country, in a variety of tasks from community patrol and liaison officers, to those employed in strategic positions, dealing with current criminality as well as assisting the development of the Kosovo Police Service.

Following a request from the Overseas Territory Department at the FCO, the MDP increased the number of officers stationed on the Pitcairn Island to assist in facilitating the highly publicised and unprecedented criminal trial there. Although this commitment on the island, where MDP officers have served since 2000, was due to end at the completion of the trial, the FCO have requested that we continue to provide community police officers for the next twelve months.

The European Union Policing Mission in Bosnia has now reached a crucial stage, with the mandate for this mission due to end in 2005. The MDP continues to provide a Police Officer who acts as both mentor and monitor for the recently established Bosnian Police Service.

MDP police training support for the new Interim Government in Iraq continues to increase. Up to twenty officers at any time support the government's efforts in both Baghdad and Basra, with an additional six officers working at the International Police Training Centre in Jordan. These officers are employed in a variety of tasks with the aim of establishing a modern, accountable police service for Iraq, and establishing peace in the area. The largest police recruitment and training operation ever is now well under way, with a plan to train 130,000 Iraqi Police recruits at various locations including Baghdad, Basra and Amman in Jordan. MDP officers have been heavily committed to this programme, and the Director of the acclaimed Police Academy in Baghdad is an MDP officer.

Chief Inspector Mel Goudie watching Iraqi police probationers going through their paces in Baghdad.



Recognising the experience that has been gained by the MDP in the international policing arena, the FCO has contracted the Force, in partnership with the Police Training Centre, to provide pre-deployment training and post deployment re-integration for all UK police officers serving in overseas missions.

Attendance Management

Our in-house Occupational Health and Safety Service team has continued to make a significant impact in support of our work to proactively intervene in cases of long-term absence. High priority has been given to the management of police absences, since these are the most costly for the Agency. The team has worked closely with personnel management staff and line managers in the Divisions to support staff to return to work, in particular devising personal return to work programmes for individuals based on their specific needs. All this is supported by a revised Attendance Management Strategy which now has prominence in overall Agency business plans.

Sickness absence levels have as a result continued to decrease when compared to the previous year. Police medical retirements remained at the same level as the previous year (32 in total) representing 9.4 per 1000 officers. Whilst this is a significant improvement from the figure of approximately 16 per 1000 only a few years ago we continue to work towards the previous public service target of 3.72 per 1000. A key tool will be a new policy on restricted and recuperative duties, introduced to help us meet our duty to find reasonable adjustments under the Disability Discrimination Act 1998, the scope of which was extended to cover police officers from October 2004.

Safety, Health, Environment and Fire (SHEF)

A SHEF strategy has been agreed and implemented by the Agency Management Board, resulting in a SHEF performance target being incorporated within the annual business plan for the coming year. The performance target identifies and confirms MDPGA commitment to continued development of SHEF management, training and internal audit standards that ensure compliance with MOD mandatory requirements.



Gerry McAuley

Director of Divisional Operations

Assistant Chief Constable Gerard McAuley

The past year has been exceptional in terms of the challenges the Force has had to face. Three major initiatives were launched on 1st April 2004 against a backdrop of structural change and process management.

Undoubtedly, the combining of the MDP and the MGS into one centralised Agency was the key event and one that was managed effectively in terms of its impact upon MDP divisions. Greater opportunities now exist to further integrate operations between both organisations and progress towards this has been positive.

The adoption of the National Intelligence Model and its roll-out to operational level has started to alter the way business is done as has the introduction of Divisional Support Groups which have proved invaluable in providing Divisional Commanders with deployable police officers in support of critical Defence-related policing and security needs.

Underpinning many of the change issues impacting upon the Force has been the importance of improved business processes. For example, within the Divisional Operations business portfolio there is a structured series of bi-lateral performance reviews that take place between DDO and the Divisional Commanders. These reviews, using a combination of on-site visits and video conferencing technology, allow for an in-depth exploration of performance against business plans and form the basis of further discussion and review at HLB level. This more rigorous

Stop and Search duties at Whitehall

approach to our business has led to much clearer lines of accountability and contributed to enhanced corporate governance.

This process is not just about holding managers to account, it is also about identifying good practice and assisting Divisional staff to make best use of their resources and identify emerging issues for future planning. Divisional Commanders meet regularly with DDO to discuss ongoing issues and to update themselves on new systems and processes that will impact upon their staff. Major initiatives such as the move towards HRMS and the impact of ORACLE as a financial tool are just some of the key issues that are discussed at Divisional Commander meetings. It is within this meeting that corporate performance achievement across the portfolio is discussed and good practice shared. Again, it contributes to good corporate governance.

Whilst HQ divisional operations consists of only a small team, their involvement in all areas of business in support of the operational arm of the Force is significant. Representation on a wide range of user groups and consultative forums ensures that an operational perspective can be injected at the appropriate juncture, with due forethought being given to financial implications for the BLB.

Communication issues have been recognised as one of the key critical factors of success. Undoubtedly the roll-out and development of the Force Intranet has done much to bridge the communication gap. From launch day, HQ Divisional Operations has fully embraced this new communication medium and has set the standard for others to aspire to. As improved access to, and reliability of, IT connections are delivered, DDO considers that the intranet will quickly become the access point of choice for staff across the UK seeking professional information or access to wider police and MOD data. This, supported by a rigorous programme of station visits by DDO has maximized staff communication opportunities which is and will always be one of the most significant challenges faced by the MDP in discharging its nationwide, and increasingly global, remit.

A detailed account of the year's operational activities is contained in our separate Operations Annual Report.





Sandy MacCormick

Director Regional Operations, MOD Guard Service

Mr A W MacCormick



Guarding the gates to an MOD Establishment

At the end of its first full year within the Agency, the MOD Guard Service (MGS) has made considerable strides in its re-organisation. The Service has been transformed from a fragmented body, owned and administered by the various MOD Top Level Budgets (TLBs), into a strong, unified organisation owned by 2nd PUS within the Central TLB, with policy, administration and operational direction emanating from the Agency Headquarters at MDPGA HQ, Wethersfield. The TLBs, together with the Trading Funds are now the customers, which has been, for some more than others, a somewhat uncomfortable transition.

Vesting Day for the MDPGA was 1 April 2004, the fruition of Project UNITY, whose purpose was to establish the unified MGS structure. The Project has continued into its evaluation phase with a programme of culture change and feedback seminars internally, and a series of post-project interviews with stakeholders in the process, both in the MDPGA and the TLBs. Informed by these, a final report will wind the Project up.

From a top-down perspective, three issues have dominated the first year of corporate MGS business; funding, preparing for competition and licensing of the security industry.

It was clear from the outset that the transfer of MGS funding from TLBs to the Agency would not meet the figure identified by the Project UNITY team as necessary. The collection of actual data in-year was hampered by the late roll-out of the ORACLE financial accounting system in the Central TLB, then by problems with the reliability of the data. Finally, however, accurate in-year data have proved the reality of the underfunding and a case for a re-allocation of funds in favour of the Agency has been submitted to the Centre. At the time of writing, the Agency awaits a definitive response, upon which hangs the affordable level of recruitment into the MGS and the way ahead for tasking agreements with customers.

Early in the financial year, the Minister for the Armed Forces endorsed a plan to open the MGS to competition from commercial guard forces, lifting an embargo on competing unarmed guarding tasks performed by the MGS with effect from 1 April 2005. A cap on the total volume of the unarmed guarding task that could go to the commercial sector was set at 25%. A working group, chaired on 2nd PUS's behalf by the Director of Defence Security, was



MGS guard keeping a watch at HMNB Clyde

established to decide on the process for opening the MGS to competition, in particular how to approach governance, control of contracts and the bidding process. Work continues to identify the optimum way forward through what has proved to be a complex area. Opening the MGS to competition on a value for money basis will lead to opportunities for the MGS to acquire new MOD customers, as the full benefits of closer links with MDP colleagues and the synergy of being able to provide a complete security package from a single Agency accrue.

Although licensing of the manned guarding sector does not apply currently to in-house guard forces such as the MGS, the organisation is, at 2nd PUS's request, moving towards full compliance. The MGS will look to get the Security Industry Authority's (SIA) agreement that the MOD's own thorough security training more than meets the new licensing requirements. In addition, the MGS is working with EDEXCEL, one of the four SIA-endorsed awarding bodies, to ensure that our in-house training achieves full compliance. The risk in this is the absence of additional funding to meet the cost of licensing, so that the only viable financial way forward for the MGS is to spread the cost by phasing in the licences. To be sustainable in the longer term, provision will have to be included in future MDPGA resource allocations.

Operationally, the delivery of the unarmed guarding task locally has proceeded largely unchanged. An ongoing challenge is to recruit sufficient numbers into the Service to combat underbearing against complement at particular sites. At the national level, however, one of the benefits of the new structure is operational flexibility, as provision of the unarmed guarding service is no longer constrained by TLB "boundaries". An excellent example of this was seen in the augmentation of central London buildings by MGS from across the country to cover the heightened security requirement as the refurbished MOD Main Building was brought back into service and re-occupied, and the former recant buildings vacated. The delivery of the additional effort in central London was met by flexing operational assets - our trained men and women throughout the country - so that all tasks at all locations remained delivered. The fact that the MGS could fulfill the requirement was testament to the early success of the corporate structure.



The Meteorological Office at Exeter

The coming year will see continuing development of the business, both within the Agency and externally with our defence customers. We will continue to seek to remove any underbearing and will move into the world of competition with the commercial sector. As part of the MDPGA, the MGS could not be better placed to make a success of its new, corporate structure and to produce a high-quality, value for money service for the Department.



MGS provide a guarding service to the Army Air Corps, Wattisham

Agency Key Targets 2002-2005 ————— Annex A

KEY TARGET	2002-2003	2003-2004	2004-2005
<p>Patrol Activity</p> <p>To achieve at least 65% patrol activity from those officers devoted to patrolling.</p>	Yellow	Yellow	Target Developed in the Following Line
<p>By 31 March 2005, as a means of providing greater public reassurance, to ensure that no more than 25% of the duty time of dedicated patrol officers is expended on activities not directly related to patrol duties.</p>			Green
<p>Reported Crime</p> <p>To achieve a crime solving rate of 42% for the investigation of primary crime.</p>	Green	Target Developed in the Following Line	
<p>To achieve a crime solving rate of 48% for the investigation of primary crime and to maintain a 60% solving rate for the investigation of all crime by 31 March 2004.</p>		Yellow	Target Developed in the Following Line
<p>By 31 March 2005, as a means of reducing crime and protecting MOD property and interests, to achieve a crime solving rate of 50% for the investigation of primary crime.</p>			Green
<p>Recruitment & Diversity</p> <p>By 31 March 2003 to have implemented the Force Diversity Action Plan and, within the overall recruitment to the Force, to have recruited 30% women and 8% from minority ethnic communities</p>	Red	Target Developed in the Following Line	
<p>By 31 March 2004, within the overall recruitment to the Force, to have recruited at least 15% women and at least 6% from minority ethnic communities.</p>		Yellow	Target Developed in the Following Line
<p>By 31 March 2005, within the overall recruitment of police staff and as part of an overall programme to retain personnel levels, to have recruited at least 15% women and 4% from minority ethnic communities.</p>			Red
<p>Security Measures</p> <p>By 31 March 2003, to have the appropriate system in place to evaluate the Force's effective contribution to security measures at those establishments where the Force undertakes security related taskings.</p>	Green	Target Developed in Following Line	
<p>Using the system established in 2002/03, to measure and evaluate MDP's effective contribution to security at those establishments where the Force undertakes security-related tasks, and to seek to improve upon the baseline figure achieved in the previous quarter at individual establishments.</p>		Yellow	Target Developed in Following Line
<p>By 31 March 2005, in order to maintain appropriate levels of security as defined in relevant MDP CSAs, to seek to maintain and improve upon the average baseline Security Contribution Index score achieved in the previous quarter at each establishment contributing to the Index system.</p>			Green

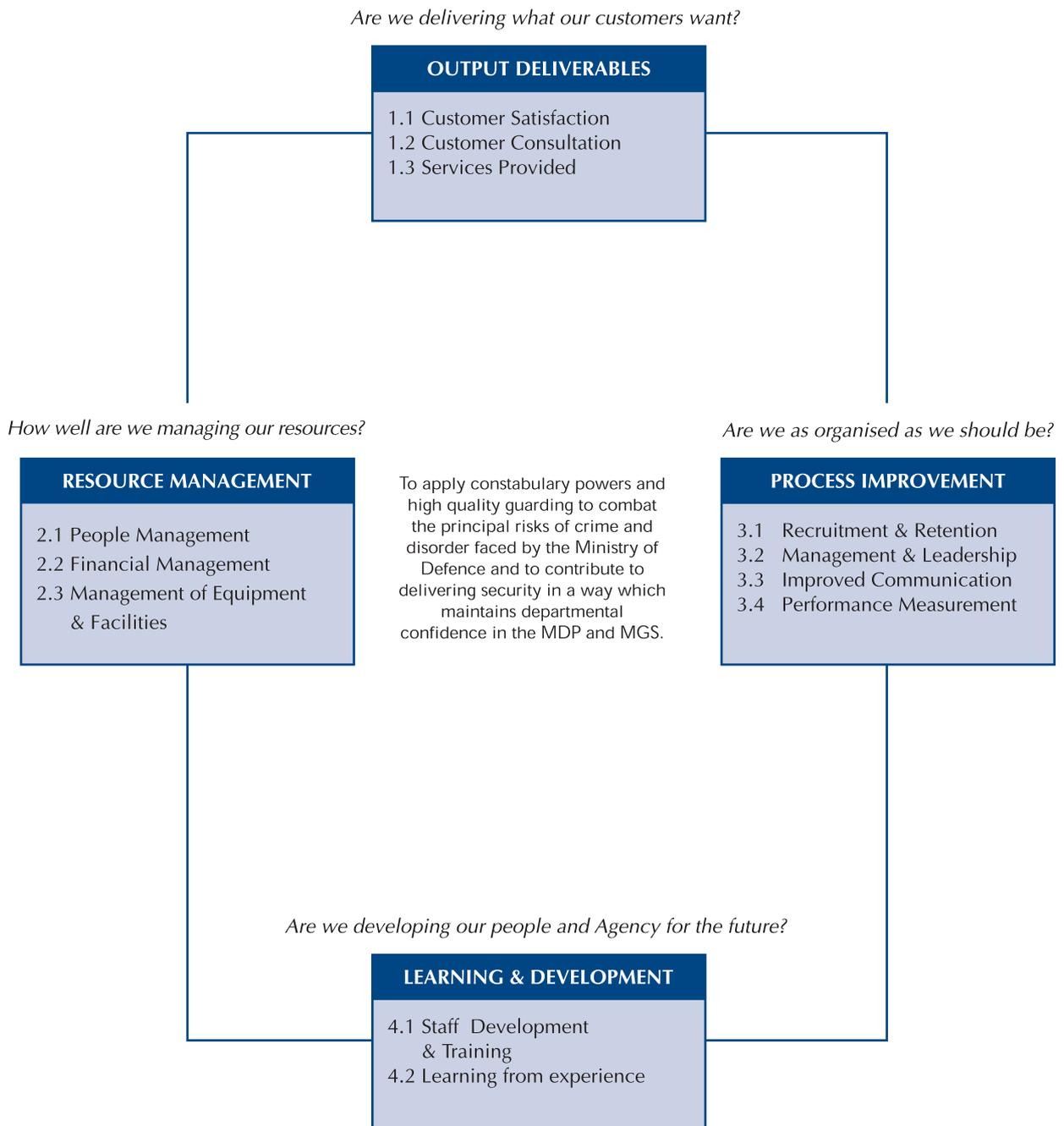
Annex A

KEY TARGET	2002-2003	2003-2004	2004-2005
<p>Customer Tasking</p> <p>To ensure that the Force fulfils at least 95% of its agreed customer taskings at those establishments where the Force undertakes security-related taskings.</p>	Yellow	Yellow	Target Developed in the Following Line
<p>By 31 March 2005, in order to deliver performance as defined in relevant establishment CSAs, to ensure that the Agency fulfils at least 95% of its funded and agreed customer taskings.</p>			Yellow
<p>Overtime</p> <p>By 31 March 2003 to reduce the amount of overtime worked by each officer to no more than 48 hours overtime per 28 day period, averaged over a 17 week period.</p>	Red	Target Developed in the Following Line	
<p>By 31 March 2004, excepting unforeseen operational commitments, to reduce the amount of overtime worked by each officer to no more than 32 hours overtime worked on the core programme of CSA-agreed tasks per 28 day period averaged over a 17 week period.</p>		Yellow	Target Developed in the Following Line
<p>By 31 March 2005, excepting unforeseen operational commitments, and with the intention of providing cost effective policing and guarding, as well as maintaining an appropriate work-life balance for personnel, reduce the amount of overtime worked by each officer to no more than 8 hours worked per week averaged over a 17 week rolling period.</p>			Yellow
<p>Sickness</p> <p>By 31 March 2005, in order to maintain a healthy and effective workforce and contribute to the achievement of other Key Targets, to reduce the overall level of sickness lost within the Agency (excluding MGS personnel) by 1 hour per member of staff per month against the corresponding achievement in the previous year.</p>			Green
<p>Fraud Reduction</p> <p>By 31 March 2005 to have provided greater clarity as to the extent of fraud within the MOD and thereby to have raised the awareness, by engaging with, and encouraging the MOD community to provide intelligence, with a view to increasing the number of reported fraud cases.</p>			Yellow

BSC Colour	Definition of target achievement
Green	Target achieved
Yellow	Minor deviation from target set

BSC Colour	Definition of target achievement
Amber	Major deviation from target set
Red	Serious weakness in performance against target set

Balanced Scorecard Summary Annex B



Agency Objectives ————— Annex C

OUTPUT DELIVERABLES

To ensure that the Agency is able to deliver its required outputs, to enable the Agency to meet customer requirements.

- 1.1 Customer Satisfaction: To seek continuous improvements in customer satisfaction with the services provided by MDPGA.
- 1.2 Customer Consultation: To increase levels of customer consultation and to work in active partnership.
- 1.3 Services Provided: To deliver a range of Policing and Security services of the highest quality as required by our customers.

RESOURCE MANAGEMENT

To ensure that the Agency provides a cost efficient service with the resources allocated.

- 2.1 People Management: To ensure the efficient management and development of personnel within the Agency.
- 2.2 Financial Management: To remain financially viable and achieve value for money.
- 2.3 Management of Equipment & Facilities: To ensure effective use of all resources.

PROCESS IMPROVEMENT

To operate processes which are cost effective, user friendly, fit the business requirement and to improve upon those processes.

- 3.1 Recruitment & Retention: To ensure that the processes used for the recruitment of staff are as effective as they can be, and to maintain an efficient and well motivated workforce.
- 3.2 Management & Leadership: To ensure that an effective management system is in place providing clear direction for the Agency and staff.
- 3.3 Improved Communication: To ensure effective internal and external communication and to improve the dissemination of information.
- 3.4 Performance Measurement: To ensure effective performance measurement providing examination and analysis of current performance, identifying opportunities for future improvements.

LEARNING & DEVELOPMENT

To ensure we continue to learn and develop as an Agency and as individuals to meet the challenges and requirements of the future and to be able to contribute to the Agency's corporate and business objectives.

- 4.1 Staff Development & Training: To provide staff with the training they need to deliver the Agency's services and to develop their own potential.
- 4.2 Learning from Experience: To ensure the Agency continues to learn from experience and shares 'good practice'.

Personnel Statistics Annex D

Police	Total	Male	Female
Chief Constable	1	1	0
Deputy Chief Constable	1	1	0
Assistant Chief Constable	3	3	0
Chief Superintendents	11	9	2
Superintendents	20	19	1
Chief Inspectors	69	65	4
Inspectors	120	113	7
Sergeants	487.5	448.5	39
Constables	2633	2382	251
Total Police Officers	3345.5	3041.5	304
Total Probationers	304	257	47
Civilian			
Band B1	3	3	0
Band B2	4.8	2.8	2
Band C1 (Senior Executive Officer)	19	15	4
Band C2 (Higher Executive Officer)	35	17	18
Band D (Executive Officer)	76.5	36.5	40
Band E1 (Administrative Officer)	185.5	37.5	148
Band E2 (Administrative Assistant)	36.5	0	36.5
Personal Secretary	1	0	1
Others	38	13	25
Total	399.3	124.8	274.5
MGS			
Civilian Security Officer C1	5	4	1
Civilian Security Officer C2	26	24	2
Civilian Security Officer D	91	82	9
Civilian Security Officer E1	514	495	19
Civilian Security Officer E2	3149	2898	251
Total	3785	3503	282

Complaints & Discipline Annex E

COMPLAINTS AGAINST THE POLICE 2004 - 2005

	2002/3	2003/4	2004/05
Total number of complaints	31	30	41
OUTCOMES			
Withdrawn	5	3	1
Locally resolved	18	6	17
Dispensation	3	6	2
Unsubstantiated	13	16	12
Substantiated	11	3	6
Total cases completed	50	34	38

MISCONDUCT HEARINGS 2004 - 2005

Classification	2003/4	2004/5
Dismissal from the Force	7	1
Requirement to Resign	1	3
Reduction in Rank	1	3
Reduction in Pay	0	0
Fine	2	0
Reprimand	4	5
Caution	0	2
Not Guilty	1	3
Total	16	17

Crime Statistics 2004-2005 Annex F

OFFENCE CATEGORY

CRIME	England, Wales & Northern Ireland		Scotland		% Solved
	Recorded	Solved	Recorded	Solved	
Assaults Non-Police	243	150	22	12	61.31
Assaults on Police	23	22	1	1	95.83
Bomb Hoaxes	3	2	0	0	66.67
Burglary	331	47	61	19	16.84
Child Sexual Offences	46	39	0	0	84.78
Criminal Damage	511	53	132	25	12.13
Customs Offences	3	3	0	0	100.00
Drugs Offences	20	20	4	2	91.67
Forgery	461	433	7	7	94.02
Fraud	1178	483	117	105	45.41
Life Threatening	15	10	1	1	68.75
Other Child Offences	4	1	1	1	40.00
Other Offences	481	387	76	49	78.28
Other Theft Act	1771	410	208	44	22.94
Public Order Offences	41	34	5	5	84.78
Sexual Offences	61	42	20	19	75.31
State Offences	0	0	1	1	100.00
Totals	5192	2136	656	291	41.50
United Kingdom overall total	Recorded 5848		Solved 2427		41.50

CRIME PROPERTY VALUES

United Kingdom overall	Stolen	Recovered	Damaged
2003/2004	£2,798,042	£280,661	£784,124
2004/2005	£5,916,019	£220,709	£565,596

Accounts for the period 1 April 2004 to 31 March 2005

FOREWORD TO THE ACCOUNTS

The accounts which follow cover the period 1 April 2004 to 31 March 2005 and have been prepared in accordance with a direction given by the Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

HISTORY

The Ministry of Defence Police and Guarding Agency in its current form resulted from an amalgamation of the Admiralty, War Office and Air Ministry Constabularies in 1971. The Ministry of Defence Police Act 1987 is the Statute under which the Ministry of Defence Police operate throughout the Defence Estate, in certain MOD contractors' premises and in protecting MOD property in transit between one Defence establishment and another. Defence Agency status was granted on 1 April 1996. The Ministry of Defence Guards merged with the Ministry of Defence Police on 1 April 2004. The Ministry of Defence Guards were formed in 1992 from a review that highlighted the need for a professional and coherent unarmed guard service. Since its inception, the Ministry of Defence Guards have developed into a force that provides unarmed guarding at over 200 sites.

PRINCIPAL ACTIVITIES

The services provided to customers in MOD and outside MOD are:

- A comprehensive policing service to all MOD establishments throughout the United Kingdom of Great Britain and Northern Ireland, in the protection of life, upholding the law and the prevention of criminal activities of all kinds.
- A guarding and, where necessary, a fully armed guarding security service to protect vital assets and personnel.
- A comprehensive criminal investigation service.
- Policing and guarding activities at specified locations external to MOD.
- Training for the MOD Police and Guard Services.

POST BALANCE SHEET EVENTS

The new Chief Constable, Steve Love, was appointed in May 2005. There are no other post balance sheet events.

FINANCIAL PERFORMANCE

The gross operating costs of the Agency for the year ended 31 March 2005 were £316.6M. Operating income totalled £29.8M. The balance, representing net operating costs, as detailed in the Operating Cost Statement was £286.8M.

Net Assets were £27.0M at 31 March 2005. This represented Net Current Liabilities of £4.6M, Fixed Assets of £32.6M, Long Term Debtors of £0.5M and the balance of £1.5M represents provisions for liabilities and charges. Changes in Fixed Assets are detailed in Note 8 to the accounts.

BUSINESS DEVELOPMENT AND REVIEW OF ACTIVITIES

These are fully described in the foregoing Report.

KEY PERFORMANCE TARGETS

Key Performance Targets are covered on pages 6 to 7 of the foregoing Report.

EQUAL OPPORTUNITIES POLICY AND EMPLOYMENT AND TRAINING OF DISABLED PERSONS

The Agency is committed to the MOD policy on equal opportunities and seeks to raise awareness of equal opportunities issues and promote best practice through the implementation of an equal opportunities action plan.

Police Officers who are injured or whose health deteriorates during their career are not automatically retired. Much will depend on the overall health of the individual, the nature of the injury and the likelihood of recovery in an acceptable timescale. Each case will be considered on its merits by the Occupational Health Service. Where retention is not possible, medical retirement terms are offered.

PENSION ARRANGEMENTS

These are covered at Notes 1(o) and 3(c) to the accounts.

MANAGEMENT OF THE AGENCY

The day to day management of the Agency is carried out by the Agency's Management Board which during the year consisted of:

David L Clarke QPM

Chief Constable and Chief Executive
(Until April 2005)

David A Ray QPM MA LLM(Cantab) FIMgt

Deputy Chief Constable

Paul A Crowther MA

Head of Secretariat
(Until April 2004)

Gerry P McAuley MSc MCIM

Assistant Chief Constable (Divisional Operations)

John P Bligh QPM

Assistant Chief Constable (Operational Support)

A McCormick

Director of Regional Operations
(Joined April 2004)

Robert Chidley

Assistant Chief Constable (Personnel and Training)
(Joined January 2005)

Sharon Taylor

Assistant Chief Constable (Personnel and Training)
(Until January 2005)

Steve Beedle

Director of Resources and Plans
(Joined May 2004)

Steve Love joined as Chief Constable and Chief Executive in May 2005. The new Chief Constable was recruited through open competition and has a fixed term contract of four years with a possible two year extension.

His appointment may be terminated in accordance with the Civil Service Management Code.

Details of Management Board members' remuneration are given at Note 3(d) to the Accounts.

No member of the Management Board holds any directorships or has any other significant interests that may conflict with their management responsibilities.

Paul A Crowther left the Agency in April 2004 and was replaced by Steve Beedle in May 2004.

POLICY ON THE PAYMENT OF CREDITORS

All MDPGA's bills, with the exception of a very small number of minor payments through a local imprest account, are paid through the Defence Bills Agency (DBA). In 2004-2005, DBA had a target of paying 99.9% of correctly presented bills within 11 calendar days of receipt. Actual performance against this target was 99.98%. No interest payments arose from the implementation of the Late Payment of Commercial Debts (Interest) Act 1998.

STAFF INVOLVEMENT

This is fully covered in the foregoing Report.

AUDITORS

The accounts of the Agency are audited by the Comptroller and Auditor General under section 7(3)(b) of the Government Resources and Accounts Act 2000. The notional cost of the statutory audit is £61,150. The auditors received no remuneration during the year for the provision of non-audit services.



S Love
Chief Executive

13 July 2005

Statement of the Agency's and Chief Executive's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, the Treasury have directed the Ministry of Defence Police and Guarding Agency to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction dated 16th February 2005. The Accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its net operating cost, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Agency is required to:-

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the 'going concern' basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Departmental Accounting Officer for the Ministry of Defence has designated the Chief Executive of the Ministry of Defence Police and Guarding Agency as the Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in 'Government Accounting'.

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 Agency 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 Government Accounting.

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 only provide 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 Agency

policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year end 31 March 2005 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 has defined risk as "A future uncertain event that could influence the achievement of our objectives and statutory obligations". This definition is published within the Agency risk management policy. Risk is viewed as both a direct threat to the business and opportunities that should be exploited. The Agency Management Board (AMB) endorsed the risk management policy in July 2002, since then it has been reviewed and updated to remain relevant for the Agency, this has included consideration for the

enlargement of the Agency with the addition of the Ministry of Defence Guard Service (MGS) in April 2004. An updated Corporate Governance policy was endorsed by the AMB in May 2004 to include the MGS within our Risk Management Framework. Since then the policy document has been updated to reflect the developments with the agreed Agency Strategic Vision, Role and Outputs. The management of risk within the Agency continues to have the full support of the AMB. The risk management policy is managed by the Business Development Department, which have linked the management of risk to the business planning cycle. A dedicated risk manager is employed to develop and manage the risk management process within the Agency, providing advice and training to Agency staff where necessary.

4. The risk and control framework

During the past year the Agency has undertaken a great deal of work to further cement the management of risk within the organisation. The enlargement of the Agency to include the MGS was a particular challenge as we sought to harmonise the risk management processes of two different corporate entities. We achieved this with the AMB endorsing a new Risk Register in May 2004; this was an inclusive document including risks against MDP and MGS business targets.

Each AMB member has constructed their own business plan with a risk register to support the delivery of the Agency business plan and inform the Agency risk register. The targets and risks contained within these documents are then cascaded throughout the Agency to ensure they are managed at the appropriate level within the organisation. The achievement against targets and the management of the risks are then reported on quarterly by their owner through the bi-lateral reporting system of the Agency. This allows the Agency to change and adapt its objectives based on the achievement of each

target and the realisation of risk within year. This has resulted in the production of AMB Portfolio risk registers with supporting Departmental, MDP Divisional and MGS Regional risk registers.

In addition to the work undertaken to cement the cascade of risk within the Agency a monthly Environmental Scanning Report is produced to inform all Agency managers of potential risks against their business. This report recognises that the climate of risk is constantly changing and its format has been reviewed this year to link it further to the business planning process. The Agency uses this report to update and identify new risks for inclusion within relevant risk registers. Risks are highlighted to portfolio owners within this report in order for them to prepare for any potential risks against their business based on the information provided.

The management of risk against Agency projects is another important area that has been developed this year. We have continued to utilise the Agency project management system and the associated risk documents that link all projects to the planning and risk cycles. To give strategic direction and oversight to all Agency projects we have formed the Agency Programme Board. This board met for the first time in November 2004 and it aims to bring together the management and implementation of all Agency projects. This will ensure they link together in an appropriate way and that the desired results of the projects are managed collectively to deliver realistic and tangible benefits to the business.

To advise on the effectiveness of the Agency's Corporate Governance, an Audit Committee was established in January 2004 to monitor the management of significant risks, the operation of internal control systems, the arrangements for the prevention of fraud and theft and the adequacy of internal and external audit and other assurance arrangements. The Committee's Annual Report for

2004/05 has been submitted to the Agency and I am pleased to receive their overall assurance that the systems in place are thorough and comprehensive and that the processes are appropriate, effective and comprehensive in their scope.

The Audit Committee has been active in reviewing the risk management framework within the Agency and as part of the assurance a Defence Internal Audit into our Risk Management framework was conducted in December 2004. The focus of this audit was to establish the assurance structure of the Agency and the resources and processes that underpin our Governance. This was to inform the Audit Committee on how the Agency currently operates. This audit was conducted with the full support of the Agency to review and enhance our existing risk management processes, ensuring we retain a robust system of risk management within the organisation. The resulting recommendations will be implemented this year.

Business continuity remained a high priority for the Agency during 2004. In May 2004 the AMB endorsed an updated Agency business continuity policy and strategy that linked business continuity to the Agency planning and risk management cycles. To support the implementation of these documents Business Development has produced business continuity guidelines to support the construction of Agency business continuity plans. Based on these we have constructed business continuity plan templates which have been utilised by MDP Divisions and MGS Regions to produce plans for the continuity of their outputs in the event of a disaster. In addition we have reviewed the headquarter's business continuity plan and amended the document within the new format. These plans prioritise outputs, staff and identify the resources needed to continue our business no matter what emergency occurs. To support the delivery of our business continuity objectives,

Business Development has been working with Divisional Operations, MGS Operations and Operational Support to construct a business continuity specific contingency plan template. This template will be populated by all Divisions and Regions during 2005 to make specific plans for enacting our business continuity needs. These contingency plans will be constructed with a link to the business plan and risk register to implemented actions for the most likely disaster scenarios that could impact upon the Agency.

The health and safety of our workforce remains a priority of the Agency. In line with the Central Top Level Budget we have implemented our own Safety Health Environment & Fire (SHEF) Action Plan. The AMB received quarterly updates on the implementation of this plan. The delivery of this document has been an issue for discussion during each quarter within the Agency Bi-Lateral meetings on business plan performance and risk management. To ensure its continued delivery we have integrated the SHEF plan into our planning process for 2005/06 with each AMB portfolio supporting an overarching Agency target for SHEF delivery.

The Agency has been participating in the Baseline Assessment process of Her Majesty's Inspectorate of Constabulary (HMIC). This assessment was the first undertaken as part of the requirement under the Police Reform Act 2002. The Agency was assessed in 2003 with a report submitted in March 2004. Since this time the Agency has been working to improve all areas within the assessment. However, the criteria for assessment were changed in 2004-05 to utilise the Police Performance Assessment Framework (PPAF) within the baseline. Evidence for this new assessment was submitted in January 2005 and we await these results. Once the up-dated baseline has been received by the Agency, the actions within the report will be linked to the planning cycle to ensure they are implemented.

5. Review of effectiveness

To build upon the progress made within 2004-05 we plan to undertake the following actions during the coming year:

- a. Implement the DIA audit recommendations.
- b. Review the Agency business continuity plans: The content and structure of the business continuity plans will be reviewed to establish their relevance and accuracy of the data. This will also involve the process for maintaining the plans to ensure they are up-dated on a timely basis as prescribed within Agency policy.
- c. Develop the Agency contingency plans: Ensuring Divisions and Regions construct contingency plans to deliver their business continuity aims.
- d. Continue to research and develop all Agency Corporate Governance processes ensuring we learn from good practice and meet the needs of the business.
- e. Utilise the Agency Programme Board: This board will be used to link, manage and assist in the delivery of all Agency projects, linking them to the objectives and targets within the Agency planning structure.
- f. Further integrate the Police Performance Assessment Framework (PPAF) process within the Agency risk and planning cycles. The updated HMIC PPAF report will be reviewed upon receipt and Business Development will communicate with all parts of the Agency to link recommendations into the planning and risk cycles for implementation over the next three years.
- g. Finally we will seek to maintain and improve upon the high standard of Corporate Governance we have achieved over the past years ensuring we remain an effective steward of public funds.

The Agency has an Inspectorate Department, which operates to standards defined by Her Majesty's Inspectorate of Constabulary (HMIC), which are

based on EFQM principles. They submit regular reports, which include an independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement. In addition to this, the Agency Finance Department conducts assurance audits to underpin our use of public money, these audits include the review of the use of the Government Procurement Card and travel and subsistence claims.

As Accounting Officer, I 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 Agency 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.

6. Significant internal control problems

There are no significant internal control problems. However, due to the limited financial information available in respect of the MGS on its merger with the MDP Agency on 1 April 2004, this has resulted in a qualification of the accounts by the external auditor, whose comments can be read on pages 40 to 43. The Agency has expended considerable effort to address this observation and the external auditor has been provided with the relevant MGS financial information, which is as accurate possible.



S Love
Chief Executive

13 July 2005

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

I certify that I have audited the financial statements on pages 43 to 60 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 46 to 48.

Respective responsibilities of the Agency, the Chief Executive and Auditor

As described on page 35, the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and whether in all material respects the expenditure and income have been applied

to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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

I review whether the statement on pages 35 to 38 reflects the Agency's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, except that the scope of my work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. However, the evidence available to me was limited in respect of the prior year comparative figures for the Ministry of Defence Guard Service element of the merged Ministry of Defence Police and Guarding Agency. There were no other satisfactory audit procedures that I could adopt to confirm that the prior year comparatives were not materially misstated.

In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

NOTE: The maintenance and integrity of the Ministry of Defence Police Agency's website is the responsibility of the Agency's Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Qualified opinion arising from limitation in audit scope relating to prior year comparative figures

- except for any adjustments that might have been found to be necessary had I been able to obtain sufficient information on the element of the comparative figures attributable to the Ministry of Defence Guard Service, the financial statements give a true and fair view of the state of affairs of the Ministry of Defence Police and Guarding Agency at 31 March 2005 and of the net operating cost, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In respect alone of the limitations of my work relating to the prior year comparative figures attributable to the Ministry of Defence Guard Service I have not obtained all the information and explanations that I considered necessary for the purpose of my audit.

Details of these matters are set out in my report on pages 41 to 42.



John Bourn
Comptroller and Auditor General

14 July 2005

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

Report by the Comptroller and Auditor General

Introduction

1. The Ministry of Defence Police and Guarding Agency (MDPGA) was established on 1 April 2004 through a merger of the Ministry of Defence Police and the Ministry of Defence Guard Service. Prior to this date the Ministry of Defence Police had been operating as an Executive Agency. The costs and income relating to the provision of guard services within the MOD had been accounted for as part of the running costs of individual MOD bodies. The new body was designed to bring all the costs of policing and guarding together in a single agency, to provide better management and clearer transparency of costs.
2. In 2003-04 the Ministry of Defence Police had gross operating costs of some £198.5 million with £23.2 million of income and net assets of £27.8 million. In 2004-05 the costs of the Agency had increased by 59% to £316.6 million and income had increased by 28.0% to £29.8 million, principally reflecting the inclusion of the costs and income of the guarding services. There were minimal changes to net assets.
3. The MDPGA is required, under S 7(2) of the Resources and Accounts Act 2000, to produce accounts which meet the financial reporting requirements specified in HM Treasury's Resource Accounting Manual (RAM). The RAM designates

the movement of responsibilities from one reporting entity to another within government as a Machinery of Government change. Such changes are accounted for as 'mergers' rather than 'acquisitions' and therefore should follow the requirements of FRS 6, Acquisitions and Mergers. To ensure comparability between accounting periods, the standard requires prior year comparative figures to be restated to incorporate the costs and assets of all the merged organisations.

4. Under Section 7(3) of the Resources and Accounts Act 2000, I am required to provide an audit opinion as to whether the financial statements of the MDPGA provide a true and fair view of the state of affairs of the entity. I have limited the scope of my audit opinion on these financial statements because:
 - the MDPGA was unable to provide me with sufficient evidence to support the prior year comparative expenditure of £113.6 million and income of £4.3 million for the Ministry of Defence Guard Service; and
 - because of this lack of evidence, I have been unable to audit these figures. There were no other audit procedures I could adopt to confirm that the prior year comparatives were not materially misstated.
5. This Report sets out my findings in more detail.

Determination of Prior year costs for the MOD Guard Service

6. In order to improve the management and control of the Ministry of Defence Guard Service (MGS), MOD management decided to merge the MGS with the Ministry of Defence Police to form the Ministry of Defence Police and Guarding Agency. The Service had operated under a distinct branding, but its costs had been incurred and recorded within each individual Ministry of Defence business unit. In attempting to reconstruct the data for the year immediately prior to the merger, the Agency was unable to confirm that accurate and complete data had been received from business units due to the way these costs had been recorded within local accounting systems.
7. As a result the comparative figures presented by the Agency for the Service were determined by adjusting the 2004-05 figures for inflation. The Agency was unable to carry out further substantiation of these figures, without incurring disproportionate costs and risk to the timely and proper preparation of the 2004-05 figures with no guarantee of materially improving the accuracy of the prior year figures. The Agency accepts that the figures presented for audit represent its best estimate of prior year expenditure, but believes there is some doubt as to their accuracy and completeness.

Future Effects of the limitation in scope

8. The purpose of the reorganisation of the MDP and MGS into the MDPGA was to address perceived weaknesses in the management, including financial management, of the Guard Service, and to bring these elements together with the Ministry of Defence Police under a single management structure. This issue does not affect the current year financial information and will not affect future accounting periods.



John Bourn
Comptroller and Auditor General

14 July 2005

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

Operating Cost Statement

For the year ended 31 March 2005

		2004/2005	2003/2004
	Notes	£'000	£'000
OPERATING COSTS			
Staff Costs	3	258,465	251,597
Supplies and Services Consumed	4	13,805	13,304
Accommodation Costs	5	14,321	14,760
Other Administration Costs	6	30,006	32,398
		316,597	312,059
OPERATING INCOME			
Less Income from Repayment Customers	2	(29,755)	(27,455)
		286,842	284,604

All activities undertaken during the year are continuing.

Statement of Recognised Gains and Losses

for the year ended 31 March 2005

		2004/2005	2003/2004
	Notes	£'000	£'000
Net gain on revaluation credited to the revaluation reserve	13	3,237	10,430
		3,237	10,430

The notes on pages 46 to 60 form part of these accounts

Balance Sheet

as at 31 March 2005

		2005	2005	2004	2004
		£'000	£'000	£'000	£'000
FIXED ASSETS	Notes				
Tangible Assets	8		32,610		32,331
Debtors: Amounts falling due after more than 1 year	10		481		421
Current Assets					
Stock	9	676		510	
Debtors: Amounts falling due within 1 year	10	4,920		3,240	
		5,596		3,750	
CURRENT LIABILITIES					
Creditors: Amounts falling due within 1 year	11	(10,240)		(7,171)	
NET CURRENT LIABILITIES			(4,644)		(3,421)
TOTAL ASSETS LESS CURRENT LIABILITIES			28,447		29,331
Provision for Liabilities and Charges	12		(1,451)		(1,484)
NET ASSETS			26,996		27,847
TAXPAYERS' EQUITY					
General Fund	14		9,562		7,930
Revaluation Reserve	13		17,434		19,917
Government Funds	15		26,996		27,847



S Love
Chief Executive

13 July 2005

The notes on pages 46 to 60 form part of these accounts

Cash Flow Statement

For the year ended 31 March 2005

		2004/2005	2003/2004
	Notes	£'000	£'000
Net Cash Outflow From Operating Activities		250,397	248,486
Capital Expenditure	22e	5,083	2,340
Net Financing from the Defence Resource Account	22d	(255,480)	(250,826)
Increase/ (Decrease) in Cash in Period		0	0
Reconciliation of Net Operating Cost to Operating Cash Outflow			
		2004/2005	2003/2004
	Notes	£'000	£'000
Net Operating Cost		286,842	284,604
Depreciation	8	(7,595)	(7,451)
Impairment Arising from a Fall in Market Value of Fixed Assets	8	(345)	0
Transfer of Tangible Fixed Assets		24	0
(Loss)/Gain on Disposal of Tangible Fixed Assets	4	(168)	13
MOD Non-cash Transactions (Excluding movement in early retirement provision)	22a/c	(27,231)	(27,183)
Adjustments for Movements in Working Capital other than Cash	22b	(1,163)	(1,698)
Movements in Provisions for Liabilities and Charges	22c	33	201
Net Cash Outflow From Operating Activities		250,397	248,486
Analysis of Capital Expenditure and Financial Investments			
		2004/2005	2003/2004
	Notes	£'000	£'000
Acquisition of Fixed Assets	22e	5,233	2,553
Proceeds from Disposal of Fixed Assets	22e	(150)	(213)
Net Cash Outflow From Investing Activities		5,083	2,340
Analysis of Financing			
		2004/2005	2003/2004
	Notes	£'000	£'000
From the Defence Resource Account	22d	255,480	250,826
Increase/ (Decrease) in Cash		0	0
Net Cash Requirement		255,480	250,826

The notes on pages 46 to 60 form part of these accounts

Notes to the Accounts

1 - STATEMENT OF ACCOUNTING POLICIES

a. Basis of Accounting

These accounts have been prepared in accordance with the 2004-05 Resource Accounting Manual issued by HM Treasury. The principal accounting policies adopted by the Agency are summarised below. The policies set out the framework within which the Agency conducts financial management and have been applied consistently in dealing with items considered material to the accounts.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of tangible fixed assets to reflect their current cost.

The Agency does not pay or receive money on its own account. Cash payments are made and receipts collected by the MOD central accounting organisation on behalf of the Agency.

b. Merger with Ministry of Defence Guard Service

With effect from 1 April 2004 the Ministry of Defence Guard Service (MGS) combined with the Ministry of Defence Police Agency (MDP) to form the Ministry of Defence Police and Guarding Agency (MDPGA). In accordance with HM Treasury guidance as laid down in the Resource Accounting Manual the combination has been accounted for as a merger. As a consequence the comparative figures, for 2003/2004, have been restated to include MGS operating costs. The 2003/2004 comparative figures have been restated as follows:

The average number of employees has been restated from 3,649 to 7,382, this represents MGS personnel of 3,733 who joined the Agency as a result of the merger.

There was no impact on the comparative balance sheet.

All figures for 2004/2005 include the costs of MGS.

c. Value Added Tax

The Agency is not separately registered for Value Added Tax (VAT). VAT collected is accounted for centrally by the Ministry of Defence. The Agency's accounts do however, include non-recoverable VAT attributable to its activities.

d. Income

Income represents the invoiced value of transactions with the private sector, the wider public sector and Government Departments other than the MOD. Income is accounted for and recognised in the Operating Cost Statement net of VAT.

e. Tangible Fixed Assets

Land & Buildings

Where MDPGA is the principal beneficial user of Departmental Estate it is treated as an asset of the Agency although legal ownership rests with the Secretary of State for Defence. Land and Buildings are capitalised where their value exceeds the Agency's capitalisation threshold of £4,500.

	Merged	Pre- Merger	
	2003/2004 MDPGA Restated	2003/2004 MDP	2003/2004 MGS
	£'000	£'000	£'000
Net Expenditure	284,604	175,316	109,288
Net Cash Outflow from Operating Activities	248,486	152,992	95,494

Other Assets

Plant, equipment, computers, boats and vehicles are capitalised where their cost or estimated purchase price is equal to or exceeds the Agency's capitalisation threshold of £4,500 and where their useful life exceeds one year. For fighting equipment, IT and communications equipment the capitalisation threshold of £4,500 relates to grouped assets.

Depreciation

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets, less their estimated residual values, on a straight line basis over their estimated useful economic lives.

The principal asset categories and their estimated useful economic lives are as follows:

Land and Buildings:	
- Land:	indefinite, not depreciated
- Freehold Buildings:	20-50 years
Fighting Equipment:	10 years
Vehicles:	
- Vehicles:	4 -10 years
- Boats:	6-20 years
Computer Equipment:	3-5 years
Communications Equipment:	12 years
Other Equipment:	3-10 years

Depreciation of assets under construction commences after they have been commissioned for policing activities.

Revaluation of Fixed Assets

MDPGA's fixed assets are formally revalued every five years as part of the MOD Quinquennial review of fixed assets. In the period between professional valuations assets are revalued annually using indices provided by the MOD.

Any reduction in valuation below historical cost arising either from the use of indices or from professional revaluation is treated by the Agency as an impairment and charged to the Operating Cost Statement.

Disposal of Tangible Fixed Assets

Assets declared for disposal are removed from tangible fixed assets only on disposal to a third party and any surplus or deficit is shown in the Operating Cost Statement under Operating Costs

f. Stock

Stocks are stated at the lower of current replacement cost (or historical cost, if not materially different from current replacement cost) or net realisable value.

g. Reserves

The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation and indexation adjustments on fixed assets.

h. Notional and Non Cash Charges

Intra-Departmental Charges

Non-cash amounts are included in the Operating Cost Statement for charges in respect of services provided from other areas of the MOD. The amounts so charged are calculated to reflect the full cost of providing these services to the Agency and include centrally provided training and administration costs.

With specific regard to accommodation on other sites, the costs communicated are based on actual costs supplied by the host establishment or estimates where actual costs were unavailable.

Audit Fee

MDPGA is not charged an audit fee by the National Audit Office. The audit fee shown represents the notional charge to the Operating Cost Statement based on the cost of the services provided.

i. Capital Charge

A charge reflecting the cost of capital utilised by the Agency is included in operating costs. The charge is calculated using HM Treasury's standard rate of 3.5% of the average value of net assets (3.5% 2003/04).

j. Early Retirement Scheme

The Civil Service White Paper, 'Continuity and Change' (CM2627) published in July 1994, announced new arrangements for funding early departure costs of civil servants departing between 1 October 1994 and 31 March 1997. Under these arrangements 20 per cent of the cost was to be borne by Agencies and Departments and the remaining 80 per cent, which would have otherwise fallen upon the Departments' running costs, was to be met centrally from the Civil Superannuation Vote. For 1996/97 the 80:20 arrangements applied only after the body had used all its existing 1996/97 expenditure provision for early departure costs.

HM Treasury issued a direction that the 20% borne by the Agency should be charged to the Operating Cost Statement straight away and taken to a Provision on the Balance Sheet. The Treasury also directed that a notional charge for the 80% element borne by the Civil Superannuation Vote should be reflected in the Agency's Operating Cost Statement each year. However, from 1 April 1999 H M Treasury's Resource Accounting Manual no longer requires this notional charge to be made.

With regard to retirements that took place after 1 April 1997, the MDPG Agency has made 100% provision for liabilities to be incurred in future years.

k. Provisions

Provisions for liabilities and charges have been established under the criteria of FRS 12 and are based on realistic and prudent estimates of the expenditure required to settle future legal or constructive obligations that exist at the Balance Sheet date.

Provisions are charged to the Operating Cost Statement. All long-term provisions are discounted to current prices by the

use of H M Treasury's Test Discount Rate, which is currently 3.5% (3.5% in 2003/04). The discount is unwound over the remaining life of the provision and shown as an interest charge in the Operating Cost Statement.

l. Leases

Rentals payable under operating leases are charged to the Operating Cost Statement over the term of the lease.

There are no assets held on finance leases or on hire purchase agreements.

m. Salary Advances

Where applicable, MOD staff are entitled to salary advances for house purchase, in accordance with MOD regulations. These advances are paid through the payroll system. Balances outstanding at 31 March 2005 relate to 96 MDP Officers and are included in Debtors at Note 10.

n. Taxation and Social Security

As the Ministry of Defence charges the Agency during the year with the gross payments, inclusive of PAYE and National Insurance contributions, due to Agency employees, the Department is liable for the payment of any liabilities which may be due to the HM Revenue and Customs or Department for Work and Pensions at the balance sheet date, and these are not disclosed in the Agency's Balance Sheet.

o. Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Armed Forces Pension Scheme (AFPS) which are described at Note 3c. These defined benefit schemes are unfunded and non-contributory except in respect of dependents' 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 or AFPS of amounts calculated on an accruing basis.

2 - INCOME

In addition to Policing, Guarding and Criminal Investigation services provided to the MOD Estate, MDPGA also provides these services to non-MOD Customers on a repayment basis. UK Customers include QinetiQ, DSTL, FCO and The Royal Mint.

The Overseas Customer is the United States Government. MDPGA provides services at sites utilised by US Visiting Forces (USVF).

Other Income derives from the use of parts of the MDPGA estate by non-MOD organisations.

The Agency is required, in accordance with the Treasury's Fees and Charges Guide, to disclose performance results for the areas of its activities where fees and charges are made. This segmental analysis is not intended to meet the requirements of Statement of Standard Accounting Practice 25: Segmental Reporting. Full cost recovery includes certain items not charged to operating costs.

	2004/2005			2003/2004		
	Turnover £'000	Cost £'000	Surplus/(Deficit) £'000	Turnover £'000	Cost £'000	Surplus/(Deficit) £'000
Repayment Work for non-MOD Customers	15,650	19,525	(3,875)	14,809	17,418	(2,609)
Repayment Work for Overseas Customers	13,227	17,892	(4,665)	11,917	20,828	(8,911)
Other Income	878	0	878	729	0	729
Total Activity	29,755	37,417	(7,662)	27,455	38,246	(10,791)

This shortfall stems from separate inherited agreements with customers, which prevents MDPGA from claiming the full cost of services provided.

3 - STAFF COSTS AND NUMBERS

a. Staff costs during the year were as follows:

	2004/2005				2003/2004			
	MDP £'000	Civilian £'000	Service £'000	Total £'000	MDP £'000	Civilian £'000	Service £'000	Total £'000
Wages and Salaries	116,096	99,325	24	215,445	120,287	90,169	28	210,484
Social Security Costs (ERNIC)	10,545	7,315	2	17,862	11,106	6,629	2	17,737
Superannuation	13,205	11,108	4	24,317	13,030	10,162	6	23,198
Early Retirement Costs	841	0	0	841	178	0	0	178
Total	140,687	117,748	30	258,465	144,601	106,960	36	251,597

b. The average number of full time equivalent persons employed during the year was as follows:

	2004/2005	2003/2004
MDP	Number 3,342	Number 3,296
Civilian including MGS, Non-Industrials and Industrial Service	4,092	4,085
	1	1
Total	7,435	7,382

The number of whole time equivalent staff who are classified as civil service staff was 7,434 (2004: 7,381).

c. The PCSPS and AFPS are unfunded multi employer defined benefit schemes but the Ministry of Defence Police and Guarding Agency is unable to identify its share of the underlying assets and liabilities.

A full actuarial valuation was carried out at 31 March 2003 for the PCSPS and at 31 March 2001 for the AFPS. Details can be found in the resource accounts of these schemes which are published and laid before the House of Commons. The PCSPS accounts are also available on www.civilservice-pensions.gov.uk.

For 2004/2005, employers' contributions of £24,310,116 were payable to the PCSPS (£23,184,335 in 2003/2004) at one of four rates in the range of 12% to 18.5% of pensionable pay based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates will increase from 2005/06, subject to revalorisation of the salary bands.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder

pension with an employer contribution. Employers' contributions of £3,131 (£2,081 in 2003/2004) were paid to one or more of a panel of four 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 £25, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirements of these employees.

For 2004/05 employers' contributions of £3,486 (2003/2004 £5,997) were also made to the AFPS in respect of service staff paid by MDPGA and these were similarly based on rates determined by the Government Actuary and advised by the Treasury. The applicable rate was 33.8% for officers and 18.2% for other ranks.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Early departure costs are partly funded from the Civil Superannuation Resource Account under the 80:20 scheme. The amount borne by the Agency in 2004/2005 was £841,136 (£178,135 in 2003/2004).

d. The salary and pension entitlements of the most senior members of the Ministry of Defence Police Agency were as follows: (with comparative salary disclosures for 2003/04):

	Salary 2004-2005	Salary 2003-2004	Real Increase in Pension and Lump Sum at Age 60	Total Accrued Pension at Age 60 and Lump Sum at 31 March 2005	Cash Equivalent Transfer Value (CETV) at 31 March 2004	Cash Equivalent Transfer Value at 31 March 2005	Real Increase in CETV After Adjustment for Inflation and Changes in Market Investment Factors
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
D L CLARKE	120 - 125	110 - 115	0 - 2.5 plus 2.5 - 5 lump sum	5 - 10 plus 15 - 20 lump sum	66	92	20
D A RAY	85 - 90	80 - 85	0 - 2.5 plus 2.5 - 5 lump sum	5 - 10 plus 15 - 20 lump sum	88	111	20
S MacCORMICK	60 - 65	N/A	N/A	N/A	2	16	12
P A CROWTHER	15 - 20	70 - 75	0 - 2.5 plus 0 - 2.5 lump sum	35 - 40 plus 100 - 105 lump sum	594	610	1
G P McAULEY	Consent to disclosure withheld						
J P BLIGH	85 - 90	85 - 90	2.5 - 5 plus 0 - 2.5 lump sum	2.5 - 5 plus lump sum N/A	20	40	16
R CHIDLEY	20 - 25	N/A	N/A	N/A	N/A	4	4
S BEEDLE	55 - 60	N/A	0 - 2.5 plus 0 - 2.5 lump sum	25 - 30 plus 80 - 85 lump sum	465	490	4
S TAYLOR	55 - 60	0-5	0 - 2.5 plus 2.5 - 5 lump sum	15 - 20 plus 50 - 55 lump sum	167	200	23

None of the above received any benefits in kind.

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.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Pension

Pension benefits for MDPGA and civilian staff are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (Classic, Premium, and Classic Plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium and Classic Plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality "money purchase" stakeholder arrangement 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 and Classic Plus. Benefits in Classic accrue at the rate of 1/80th of pensionable salary 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

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. 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).

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

Columns six and seven of the above table shows the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. The increase in CETV effectively funded by the employer is shown in the last column. It takes account of 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.

A CETV is the actuarially assessed capitalisation 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 the disclosure applies.

The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

e. Remuneration of the Members of the Police Committee

	2004/2005	2003/2004
	£	£
Committee Members' Fees	36,176	38,049
	36,176	38,049

Police Committee Members are employees of the MOD with the exception of four. Of these Committee Members, two receive fees for their services as board members and these are shown above. In addition to these fees, travel costs of £4,958 (£4,456 for 2003/04) were incurred by the Agency for these Committee Members.

4 - SUPPLIES AND SERVICES CONSUMED

	2004/2005	2003/2004
	£'000	£'000
Depreciation on Fixed Assets - excluding Land and Buildings	6,616	6,541
Impairment Arising from a Fall in Market Value of Fixed Assets	345	0
Write (back)/down of Stock	(7)	5
MOD Stores and Services	3,121	4,327
Vehicle/Equipment Support	3,562	2,444
Loss on Disposal of Tangible Fixed Assets	168	(13)
	13,805	13,304

5 - ACCOMMODATION COSTS

	2004/2005	2003/2004
	£'000	£'000
Utilities Consumed	486	422
Rent & Other Charges (CILOR)	405	423
Estates & Facilities Management Services	1,550	2,389
Depreciation on Buildings	979	910
Accommodation Stores	1,794	618
Communicated Costs Relating to Accommodation on Other MOD Sites	9,107	9,998
	14,321	14,760

6 - OTHER ADMINISTRATION COSTS

	2004/2005	2003/2004
	£'000	£'000
MOD HQ Overhead	14,422	13,380
Permanent Transfers	3,556	3,287
Travel and Subsistence	3,138	4,410
IT Maintenance and Software	2,207	3,137
Telecommunications	956	1,275
Leased Office Equipment	948	533
Professional Fees	1,658	2,036
Audit Fees	61	50
Recruitment	22	278
Shared Cost of Training Services	6	9
External Education, Medical and Welfare	702	854
Administration Services, Supplies & Expenses Excluding Leased Equipment	1,258	1,759
Unwinding of Discount on Provisions	38	45
Entertainment and Hospitality	57	34
Provision for Bad and Doubtful Debts	5	(17)
Provision for Housing Allowance	0	400
Interest on Capital	972	928
	30,006	32,398

7 - INTEREST ON CAPITAL

	2004/2005	2003/2004
	£'000	£'000
Land and Buildings	529	501
Vehicles	409	411
Fighting Equipment	98	98
IT & Comms	31	29
Assets Under Construction	55	0
Net Current Liabilities	(150)	(111)
	972	928

8 - TANGIBLE FIXED ASSETS

	Land & Buildings Dwellings	Land & Buildings Non-Dwellings	Plant, Machinery & Vehicles	Fighting Equipment	IT & Comms	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation as at 1 April 2004	2,614	13,484	25,786	4,453	2,852	306	49,495
Additions	0	0	1,792	5	0	3,436	5,233
Disposals	0	0	(819)	0	0	0	(819)
Revaluation	362	3,451	341	89	0	0	4,243
Reclassification and Transfers within MOD	0	(7)	88	4	306	(306)	85
Impairment	0	0	(183)	0	(147)	0	(330)
Cost or Valuation as at 31 March 2005	2,976	16,928	27,005	4,551	3,011	3,436	57,907
Depreciation to 1 April 2004	324	1,576	11,968	1,527	1,769	0	17,164
Current year Charge	174	805	5,737	353	526	0	7,595
Disposals	0	0	(501)	0	0	0	(501)
Revaluation	97	913	(88)	120	(50)	0	992
Reclassification and Transfers within MOD	0	0	32	0	0	0	32
Impairment	0	0	0	0	15	0	15
Depreciation to 31 March 2005	595	3,294	17,148	2,000	2,260	0	25,297
Net Book Value as at 31 March 2005	2,381	13,634	9,857	2,551	751	3,436	32,610
Net Book Value as at 1 April 2004	2,290	11,908	13,818	2,926	1,083	306	32,331

The transfers above are between MDPGA and the wider MOD.

Land and Buildings have been revalued as at 1 April 2004 as part of the Quinquennial review using the Beacon Book. Where values have not been determined by the Beacon Book, the Valuation Office Agency (VOA) was contracted to determine the valuation.

9 - STOCK

	2005	2004
	£'000	£'000
Ammunition Stores	198	257
Clothing Stores	489	271
Gross Total	687	528
Less Provision for Slow Moving Clothing Stock	(11)	(18)
Net Total	676	510

10 – DEBTORS

	2005	2004
	£'000	£'000
Amounts Falling Due Within One Year		
Trade Debtors	2,435	446
Prepayments and Accrued Income	2,429	2,729
Advance of Salary for House Purchase	61	71
	4,925	3,246
Less Provision for Bad and Doubtful Debts	(5)	(6)
	4,920	3,240
Amounts Falling Due in More Than One Year		
Advance of Salary for House Purchase	481	421
	5,401	3,661
Intra-Government Balances comprise:		
	2005	2004
	£'000	£'000
Balances with Central Government Bodies	347	24
Balances with Public Corporations and Trading Funds	779	1
	1,126	25

11 – CREDITORS

	2005	2004
	£'000	£'000
Amounts Falling Due Within One Year		
Trade Creditors	2,995	3,429
Accruals and Deferred Income	7,245	3,742
	10,240	7,171

There are no intra-government creditors included above.

12 - PROVISION FOR LIABILITIES AND CHARGES

	Early Retirement Costs	Housing Allowance Provision	Total
	£'000	£'000	£'000
Provision as at 1 April 2004	1,084	400	1,484
Provided in Year	841	0	841
Paid in Year	(512)	(400)	(912)
Unwinding of Discount On Provision	38	0	38
Provision as at 31 March 2005	1,451	0	1,451

Housing Allowance Provision

This provision represented the future liability to pay officers backdated housing allowance following a legal review of the processes for determining housing allowance eligibility.

Early Retirement Provision

This provision represents the future liability to pay officers and civilians early retirement pensions. There are no uncertainties with regard to the likelihood, timing and amounts that are due.

13 - REVALUATION RESERVE

	2005 £'000	2004 £'000
Revaluation Reserve as at 1 April	19,917	9,498
Add: Surplus on Revaluation of Fixed Assets	4,243	10,510
Less: Adjustment on Revaluation, Disposal and Transfer Backlog Depreciation	(14)	0
Transfer to General Fund	(992)	(80)
	(5,720)	(11)
Revaluation Reserve as at 31 March	17,434	19,917

14 - GENERAL FUND

	2005 £'000	2004 £'000
General Fund as at 1 April	7,930	14,464
Add: Net Financing from the Defence Resource Account	255,480	250,826
Non-Cash Expenditure Items (excluding movement in early retirement provision)	27,230	27,183
Non-Cash Capital Expenditure	44	50
Less: Net Operating Cost	(286,842)	(284,604)
Transfer From Revaluation Reserve	5,720	11
General Fund as at 31 March	9,562	7,930

15 - RECONCILIATION OF MOVEMENTS IN GOVERNMENT FUNDS

	2005	2004
	£'000	£'000
Government Funds as at 1 April	27,847	23,962
Revaluation Reserve Movements In Year	(2,483)	10,419
General Fund Movement in Year	1,632	(6,534)
Government Funds as at 31 March	26,996	27,847

16 - CAPITAL COMMITMENTS

There were capital commitments of £382,288 as at 31 March 2005.

17 - OTHER FINANCIAL COMMITMENTS

At 31 March 2005, the Agency was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2006. These leases were in respect of office and radio equipment.

	2005	2004
	£'000	£'000
Leases expiring:		
Within 1 year	1,169	36
Within 1 to 5 years	873	876
After 5 years	1,025	232
	3,067	1,144

18 - CONTINGENT LIABILITIES

No contingent liabilities have been identified at 31 March 2005.

19 - RELATED PARTY TRANSACTIONS

The Ministry of Defence Police and Guarding Agency is an executive agency of the Ministry of Defence.

The Ministry of Defence is regarded as a related party. During the year, the Ministry of Defence Police and Guarding Agency had a significant number of material transactions with the Ministry of Defence and with other entities for which the Ministry of Defence is regarded as the parent department. These include the Army Base Repair Organisation and the Defence Science and Technology Laboratory.

In addition, the Ministry of Defence Police and Guarding Agency has had a significant number of transactions with the Royal Mint and the Foreign and Commonwealth Office.

During the year none of the Board Members, key management staff or other related parties has undertaken any material transactions with the Ministry of Defence Police and Guarding Agency.

20 - POST BALANCE SHEET EVENTS

There have been no post balance sheet events other than the appointment of the new Chief Executive Steve Love.

21 – FINANCIAL INSTRUMENTS

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Because of the largely non-trading nature of its activities and the way in which government Agencies are financed, the Agency is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities, or for trading. The fair values of all the Agency's financial assets and liabilities approximate to their book values. In line with FRS 13, short term debtors and creditors (those which mature or become payable within 12 months from the balance sheet date) have been excluded from these disclosures.

Interest rate risk

The Agency has no financial assets and liabilities on which interest is earned or paid, and is therefore not exposed to significant interest rate risk.

Currency risk

The Agency does not transact in foreign currencies and therefore is not exposed to foreign currency risk.

Liquidity risk

The Agency is not exposed to significant liquidity risk, as liquidity requirements are met by financing from the Ministry of Defence Resource Account, and it has no borrowing facilities. The Department's resource requirements are voted annually by Parliament.

22 - NOTES TO THE CASH FLOW STATEMENT

a - Notional and Non-cash Costs

	2004/2005 £'000	2003/2004 £'000
Shared cost of training services	6	9
MOD Training costs specific to MDPGA	1,953	1,904
Audit Fee	61	50
MOD Purchased Ammunition stores	171	271
MOD Purchased Clothing Stores	27	219
Communicated costs relating to accommodation on other MOD sites	9,107	9,998
Interest on Capital	972	928
MOD HQ overhead	14,422	13,380
Early retirement costs	841	178
Unwinding of discount on provisions	38	45
	27,598	26,982

b - Movements in Working Capital Other Than Cash

	2004/2005 £'000	2003/2004 £'000
Increase in stocks	(159)	(145)
Movement in slow moving clothing provision	(7)	5
Increase in debtors	(1,740)	(327)
Increase in creditors	3,069	2,165
	1,163	1,698

c - Movement in Provision for Liabilities and Charges

	2004/2005 £'000	2003/2004 £'000
Increase (decrease) in provision for early retirement	367	(201)
(Decrease) in housing allowance provision	(400)	0
	(33)	(201)

d - Financing

	2004/2005 £'000	2003/2004 £'000
Payments on Defence Resource Account	270,000	262,975
Receipts on Defence Resource Account	(14,520)	(12,149)
	255,480	250,826

e - Capital Expenditure

	2004/2005 £'000	2003/2004 £'000
Payments to Acquire Tangible Fixed Assets	5,233	2,553
Receipts from Sales of Fixed Assets	(150)	(213)
	5,083	2,340

f - Major Non-cash Transactions Through the MOD
MOD non-cash costs which flow through the Operating Cost Statement are shown in note a above.

The total capital expenditure in the year was as follows:

	Note	2004/2005 £'000	2003/2004 £'000
Cash payments to acquire tangible fixed assets	8	5,233	2,553
Non-cash payments to acquire tangible fixed assets		44	50
Total Capital Expenditure		5,277	2,603

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