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# **Criminal Records Bureau**

## **Annual Report and Accounts**

### **2011-12**

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## **Annual Report and Accounts**

### **2011-12**

Presented to the House of Commons pursuant to Section 6(4) of the  
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## Chief Executive's Statement

In last year's statement, I set out the recommendations of the independent review to the Criminal Record Regime (Phase One) and of the government remodelling review of the Vetting and Barring Scheme (VBS). The government published the response to the Criminal Records Review on 6 December 2011 (Phases One and Two), at the same time as publishing the report to Phase Two of the review.

It is worth restating what the key recommendations were from these reviews to set the context of the achievements that the Criminal Records Bureau (CRB) has made over the past 12 months.

Recommendations of 'Phase One' included:

- Portability of CRB checks to be enhanced, with the development of a new system of updating certificates.
- CRB certificates to be issued to the applicant only.
- An independent review process of information released by a chief officer on a certificate.
- Improvements to the relevancy test applied for police intelligence released as a certificate.
- Introduction of a statutory Code of Practice.
- The use of additional police information to be abolished.
- Basic CRB checks will be offered by the CRB.

Recommendations of 'Phase Two' included:

- Exploration of the scope to expand the role of the Disclosure and Barring Service (DBS) over time to provide the customer-facing aspects of a range of disclosure services.
- Consideration of seeking agreements to allow the CRB to obtain criminal records from a person's country of nationality, where requested by an applicant and employer.
- Allowing British residents to obtain a Standard CRB certificate when applying for a post abroad.

Recommendations from the VBS review included:

- The scrapping of the registration requirements for those working in Regulated Activity.
- The scrapping of Controlled Activity.
- The merger of the CRB and the Independent Safeguarding Authority (ISA) into a single Non-Departmental Public Body (NDPB); this to be called the DBS.

Many of the recommendations made, and accepted, from the reviews have been included as provisions within the Protection of Freedoms Act 2012, which received Royal Assent in May 2012.

We have been provided with clear steers from Ministers as to their priorities and preferences in relation to sequencing of new developments. The government's

intention has always been that the proposed changes be introduced gradually, to ensure a seamless transition, and we will work with our partners to put necessary plans in place to create a proportionate public protection service that will help to safeguard some of society's most vulnerable people.

We reflected the government's intentions in the CRB Business Plan for 2011-12, published last year, which provides a logical and balanced approach to planning the CRB business priorities during this period. The Business Plan documents a series of activities to scope and develop the key business priorities.

The CRB has made huge strides in scoping and developing the systems and processes required to respond to the recommendations. Of particular note is the development of a new updating system, the Update Service. The CRB has led an intensive period of development for the system that will support the Update Service and has held a series of engagement events with its customers. The development has, in the main, been welcomed by our customer bases, where they have provided valuable insight into how they intend to use and integrate the system into their own processes.

The key 'organisational' recommendation that came from the reviews was combining the functions of the CRB and ISA into one newly created NDPB; this being the DBS. In February 2011, the Home Office announced that the intended date for the transfer of functions of the CRB and ISA to the new DBS would be 1 December 2012. This is naturally a major period of transition for the CRB and I am proud to say that our members of staff have responded to the announcements very sensibly and constructively. The period up to the formation of the DBS will be intensive both in terms of the work required to close off the CRB as an Executive Agency and start up of the new entity but I have every confidence in the abilities of the teams involved. I can assure customers that this will not have any impact on the service that is offered in the issuing of certificates.

On the theme of staff, again, the commitment that all of our staff have demonstrated this year has been pivotal to our success; particularly given the pending announcements of the formation of the DBS and the procurement exercise for a new commercial provider. I am fully appreciative of the hard work and dedication that they have given, to ensure that our service continues to be delivered as effectively and efficiently as possible.

The government set specific targets within its Spending Review for the CRB to achieve a reduction in headcount of 100 by 2015. I am pleased to say that the CRB achieved this target within 2011-12. We did this through allowing 136 individuals to leave the CRB through voluntary release schemes (and other departures), and I wish all these individuals the very best in their future pursuits. It is testament to the flexible approach of our staff that they have re-structured teams and processes to ensure the continuous effective operation of the CRB and continued to provide a value for money service to our customers.

In the past year, we have endeavoured to provide an increasingly customer-focused service, which was reinforced by our achievement of Customer Service Excellence standards across the organisation, which we have maintained for a third year. We have built on this by strengthening the Customer Services function to include multi-skilled teams that provide a more customer-focused interface throughout the checking process.

We have been subject to a series of audits over the past financial year, including voluntary audits by The National Archives (TNA) and the Information Commissioners Office (ICO). The overall response from the ICO was a high-assurance level and TNA identified a number of areas of good practice. We have very much welcomed the opportunity for review of CRB processes and systems and have benefitted from the positive feedback given.

In 2011-12, we processed 4.07 million applications; which was lower than previous years. We have consistently met all of our targets throughout 2011-12, including accuracy, timeliness of both Standard and Enhanced CRB checks and complaints.

To put this into context, the Public Service Standards (PSS) for the issue of Standard checks is 95% within 10 days and for Enhanced 90% within 28 days. The yearly performance for Standard checks was 99.9% being issued within 10 days and 95.4% of Enhanced being issued within 28 days. For customers, this means that the average time taken to issue a Standard from start to finish is 5.19 days and for an Enhanced 12 days. This demonstrates a vast improvement from recent years and has been achieved due to the effective working relationships between the Registered Body community, the CRB and our police partners.

We continued to enhance our internal control arrangements by further developing our systems of risk and information management, budgetary control, workforce planning, attendance management and business continuity planning, whilst encouraging initiatives to drive down costs in all areas of the business.

Our current Public Private Partnership (PPP) agreement with Capita will expire in March 2013. Following a full competitive procurement exercise, the contract for the provision of the contract from April 2013 will be announced shortly. The CRB very much looks forward to working with the contractor in the further development of the vetting service over the course of the new contract.

On a final note, we saw the departure of one of the CRB Non-Executive Directors, Mike Lewis, from the CRB Management Board in October 2011. I would like to take this opportunity to personally thank Mike for his contribution to the work of the CRB during his time in office as a Non-Executive Director and for the commitment and dedication he continuously displayed.

**Steve Long**  
**Chief Executive**  
**Criminal Records Bureau**  
**2 July 2012**

## **Management Commentary**

### **Organisation and Aims**

#### **Who we are**

The CRB is an Executive Agency of the Home Office and was launched in March 2002. It was established under Part V of the Police Act 1997. The CRB operates the CRB checking service from its offices in Liverpool.

Part V of the Police Act 1997 provides for the issue of three levels of certificates; the Basic certificate, the Standard certificate and the Enhanced certificate. The Basic certificate contains details of any convictions or conditional cautions considered to be 'unspent' under the terms of the Rehabilitation of Offenders Act 1974 (ROA). The Standard certificate contains details of all convictions (both spent and unspent under the terms of the ROA), with the Enhanced additionally involving a check of the ISA barring lists and a determination by a chief police officer as to whether information they hold is relevant to be included on the certificate.

A copy of the certificate is currently sent to the applicant and the registered person that countersigned the application form.

#### **What we aim to achieve**

The CRB provides a service which enables organisations in the public, private and voluntary sectors to make better informed, safer recruitment decisions, by providing them with information to enable them to determine whether candidates are unsuitable for certain work; particularly with occupations involving regular contact with children and vulnerable adults. The information provided by the CRB should be used by employers in conjunction with other recruitment tools, to determine if an individual is suitable for the position in question.

Our aim is to protect children and vulnerable adults by providing a first-class service to support organisations recruiting people into positions of trust; providing protection to the most vulnerable members of society.

#### **How we operate**

The CRB process, from completion of the application form to the production of the final certificate, involves three main parties: the Registered Body; the CRB and, in the case of Enhanced CRB checks, police forces.

The CRB process also involves a private sector partner, Capita, who are responsible for the initial capture of the applicant's details and the issue of the final certificate to both the applicant and the Registered Body.

#### **Registered Bodies**

Registered Bodies play a key role in the process prior to submission of the application. Registered Body responsibilities include the determination of whether a position is eligible for a CRB check, the verification of the identity of the applicant and for ensuring that the application form is completed correctly before sending to the CRB. In doing so,



Registered Bodies must adhere to the Conditions of Registration set out in regulations made under the Police Act 1997, as supported by the statutory CRB Code of Practice.

## **CRB**

The CRB matches the applicant's information against corresponding data contained on the Police National Computer (PNC). For Enhanced CRB checks, where relevant, the CRB transmits the application data to police forces for matching against their local systems and, if requested, will carry out a check of the ISA barred lists. The CRB undertakes a range of support functions for applicants, Registered Bodies and the police. We are also responsible for the corporate functions of the CRB.

## **Police forces**

Police forces are responsible for the determination of whether any information that they hold, both conviction data and other intelligence, is relevant to the application and whether this ought to be included on the certificate.

The CRB also work very closely with both individual chief officers within forces and the central lead provided by the Association of Chief Police Officers (ACPO).

## **Governance**

The CRB reports to the designated Home Office Minister, currently the Parliamentary Under-Secretary of State for Equalities and Criminal Information, Lynne Featherstone.

The strategic direction of the CRB is set by the CRB Management Board which includes the Chief Executive, together with the two other Operational Directors, the Head of Finance and a senior member of the Home Office. The Management Board includes two Non-Executive directors (this figure was reduced from three to two in October 2011). The corporate governance arrangements, including risk management, are set out in more detail in the Governance Statement which appears later in this document.

The full details of the 2011-12 Management Board members are set out in the Remuneration Report. A register of interests of all senior staff and Directors is maintained and is subject to annual examination by the Chair of the Audit Committee.

There have been no cases referred to the Parliamentary and Health Service Ombudsman (PHSO).

## **Risk Management**

The risk management process operates under the Home Office Risk Management Policy underpinned by a CRB Risk Management Strategy which was approved by the Executive Team, Management Board and Audit Committee. A set of corporate risks has been defined. Each is owned by a dedicated Board member with support from senior manager action owners. Further details of the system and in-year developments appear in the Governance Statement.

**Going Concern**

The financial statements have been prepared on a going concern basis.

In February 2011, the Home Office announced the recommendations to the review of the VBS. One of the recommendations was that there should be a single body created to provide a barring and criminal records service, by transferring the functions of both the CRB and the ISA into this body. The Home Office later announced that the new body would be called the DBS and that the body would operate as a NDPB.

The Protection of Freedoms Act 2012, which received Royal Assent on 1 May 2012, allows for the formation of the DBS and empowers the Secretary of State to transfer certain functions to the DBS by way of a Transfer Order. The Transfer Order will be accompanied by a Transfer Scheme concerning property, rights and liabilities. The Transfer Order is subject to Parliamentary approval and, if it is approved, it is the Secretary of State's intention to transfer the functions currently discharged by the CRB under Part 5 of the Police Act 1997 into the DBS in December 2012.

## **Our Resources**

### **Funding**

The CRB is generally a self-funding Agency and is dependent on the volumes of checks received each year to generate the required level of income, together with the level of fee set by the government. There are different levels of fee for Standard and Enhanced checks and volunteer applications are processed free of charge.

Income received by the CRB in relation to checks is banked into the Home Office bank account on a weekly basis. The income and associated receivable is recognised in the CRB accounts and the money is recognised in the Home Office accounts when received. The movement between the two entities is reflected through reserves and is shown as funding from the Home Office in the CRB's Statement of Taxpayers' Equity.

The fee levels throughout 2011-12 were £26 for Standard checks and £44 for Enhanced checks. The fee for the Enhanced certificate also includes an element of funding for the ISA and related barring functions. The CRB pays over receipts collected on behalf of the Home Office and does not recognise this as income.

### **2011-12 Expenditure**

The expenditure for 2011-12 is split into four main categories as shown in the Accounts: in relation to our private sector partner (£52.1m); in relation to police and other data source costs (£27.1m); staff costs (£18.4m) and other costs of administration (£14.5m).

### **Cash balances**

From the end of November 2011, the CRB ceased to use its bank accounts with Royal Bank of Scotland and Citibank and commenced using the Home Office bank account for all payments and receipts. The accounts actually closed in March 2012. As such, the CRB does not have any cash balances of its own as at 31 March 2012. The cash balance as at 31 March 2011 was £9.6m.

### **Capital expenditure**

During the year, £1.93m was spent on capital expenditure (2010-11 £4.1m). This relates mainly to expenditure required to ensure the current system is compatible with the requirements of the new Update Service.

### **Payment performance**

Following the original Late Payment of Commercial Debts (Interest) Act 1998, amended legislation – The Late Payment of Commercial Debts Regulations 2002 – came into force on 7 August 2002. This legislation provides all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been claimed by CRB creditors under this Act.

The Chancellor of the Exchequer announced in the 2010 budget that government departments should aim to pay their suppliers within five days. From June 2010, the CRB aimed to pay all compliant invoices (other than the most complex) within five days.

From December 2011, the responsibility for paying CRB invoices passed to the Home Office's Shared Service Centre.

Payment performance in 2011-12 against five day, 10 day and 30 day targets was as follows:

Five day – 95.8% (2010-11 – 89.3%)

10 day – 98.0% (2010-11 – 98.9%)

30 day – 99.6% (2010-11 – 99.9%).

### **Assets**

As at 31 March 2012, the CRB held non-current assets (net book value) of £22.9m. Of this amount, £22.5m related to intangible assets, mainly for development of a customer relationship management database through the PPP arrangement.

### **Staff**

During 2010-11, the CRB employed an average of 667 full time equivalent staff; representing a total salary cost of £21.6m. In 2011-12 this was reduced to an average of 542 (full time equivalent) following a number of voluntary early release schemes and other departures; representing a total salary cost of £18.4m. The CRB follows Home Office and Civil Service policies for the fair and open recruitment of staff. The CRB has incurred costs of £0.2m for the year in relation to consultancy expenditure.

### **Performance**

In 2011-12, the CRB issued 4.07 million checks, of which around 23.11% have been issued free of charge to volunteers. The CRB has seen a reduction in the volume of checks over the past year.

The CRB provides services to approximately 4,000 directly-registered organisations and many thousands of others who use those organisations to access CRB checks. Research suggests that CRB checks have prevented at least 150,000 job offers being made for positions working with children and vulnerable adults, and our checks have acted as a deterrent to many more.

Operational performance against our Key Performance Indicators (KPI) for 2011-12 appears in the following table.

<b>Public Service Standard</b>	<b>Target</b>	<b>Performance (2010-11 in brackets)</b>
Enhanced CRB checks	90% to be issued in 28 days (90%)	95.4% (88.0%)
Enhanced CRB checks	50% to be issued in 14 days from date of receipt of application (50%)	81.94% (55.6%)
Standard CRB checks	95% issued in 10 days (95%)	99.9% (98.4%)
Disputes with CRB checks	90% resolved within 21 days (90%)	98.8% (85.4%)
Certificate Accuracy (our aim is 100% certificates free of error)	To maintain (or reduce) the already low number of certificate errors each year	99.995% (99.996%)
Customer Satisfaction	87% based on Annual Ipsos MORI survey results (87%)	93% for organisations 92% for applicants (No survey in 2010-11)
All Complaints	95% resolved in 10 days (95%)	97.2% (98.1%)
Electronic Applications	To issue 500,000 certificates via the e-application route in 2011-12 (500,000)	1,015,436 (608,592)

The past year has been a period of continuous high performance for the CRB, with all our PSS targets being achieved. We recognise that this is not just about demonstrating how the CRB is performing, but is about how this helps those on ground level that are using certificates to assist in recruitment and other decisions.

The accuracy of CRB checks remains a top priority for the CRB and this year, although we maintained our extremely high level of accuracy at 99.995%, we appreciate that there is always room for improvement in this area. We will always aim to achieve 100% accuracy of our checks and will continue with our commitment to give this a high priority throughout our end-to-end process. We recognise however, that we are not always in control of the quality of the data held by the data sources that we check. We aim to manage customer expectations in this respect and have ensured that the dispute process is effectively managed to help our customers.

The CRB did not conduct any customer satisfaction research in 2010-11. We did however undertake customer satisfaction research in 2011-12 which has shown that:

- CRB's customer satisfaction rates are at record levels with a 93% and 92% satisfaction rate for organisations and applicants respectively.
- More than nine out of 10 organisations and applicants believe that CRB checks improve an organisations ability to protect vulnerable groups from harm.

- There is almost unanimous support (98%) from applicants for CRB checks on anyone working with children or vulnerable adults in a paid or voluntary capacity.
- In 2011, CRB checks helped employers prevent 20,000 unsuitable people from working with vulnerable groups.

### **Registered Body Satisfaction & Perception**

- The satisfaction rates of organisational customers is extremely high.
- More than nine out of 10 organisational customers (93%) are now satisfied with the service provided by the CRB.
- The number of organisational customers who are very satisfied with the CRB is at a record high with 45% being very satisfied with the CRB, compared to just one out of 10 in 2002.
- More than nine out of 10 organisations (92%) say CRB checks improve their ability to protect children.
- More than nine out of 10 organisations (93%) say CRB checks improve their ability to protect vulnerable adults.
- More than eight out of 10 organisations (84%) say access to CRB checks has improved the confidence of their customers in the recruitment decisions they make.
- Almost nine out of 10 organisations (89%) say access to CRB checks has improved their confidence in the recruitment decisions they make.

### **Applicant Satisfaction & Perception**

- Satisfaction with the overall experience of the CRB is at an all time high of 92% (62% very satisfied).
- Satisfaction with the application process is at an all time high (over nine out of 10: 91%).
- Over nine out of 10 applicants (92%) think it is easy to apply for a CRB check.
- Over eight out of 10 (85%) applicants are satisfied with the time it took to receive their CRB check.
- Almost unanimous support (98%) for CRB checks on anyone working with children or vulnerable adults in a paid or voluntary capacity.
- Almost nine out of 10 people (89%) say the CRB is making a positive difference in protecting children and vulnerable adults in this country.
- Over nine out of 10 applicants (92%) think that CRB checks are useful in helping organisations to make the right recruitment decisions.

### **Impact of CRB on Safeguarding**

- Independent research demonstrates that the CRB is continuing to make a difference to the protection of children and the vulnerable.
- Around 150,000 unsuitable people have been prevented from gaining access to children or the vulnerable, as a direct result of CRB checks, in the seven years covered by the research:
  - 20,000 in 2004 (out of 2.6 million checks)
  - 25,000 in 2005 (out of 2.7 million checks)
  - 15,000 in 2006 (out of 3.2 million checks)
  - 20,000 in 2007 (out of 3.3 million checks)
  - 18,000 in 2008 (out of 3.7 million checks)
  - 33,000 in 2009 (out of 4.2 million checks)
  - 20,000 in 2011 (out of 4.1 million checks)

- Only 0.5% of CRB applicants have had a job offer withdrawn as a result of their CRB check.

The CRB has, and will continue to, address our customer concerns on all aspects of the operation of the CRB. We have seen a 73% reduction in the number of complaints received against the previous year. We have ensured that we address and answer customer complaints in a timely manner; which can also be seen in our performance against the PSS targets where we resolved 97.2% complaints within 10 days.

## **Progress and Achievements**

The CRB has provided an increasingly customer-focused service, which was reinforced by our achievement of Customer Service Excellence standards across the organisation, which we have maintained for the third year. We have built on this by strengthening the Customer Services function to include multi-skilled teams that provide a more customer-focused interface throughout the checking process.

We have continued to actively engage with our customers, through our consultative panels, Registered Body Management function and other forums, about the operation of the CRB service. This has yielded extremely constructive feedback on the effectiveness of the CRB service and, importantly, what is expected with a view to improving service delivery for the customer.

In the last year, we have seen significant improvements in the timeliness of the police element of the service. We have achieved this by streamlining the processes so as to allow the forces to utilise their resources to focus on checks against those applicants where local intelligence requires a full police assessment of relevance. Our police colleagues have responded positively to the changes and have additionally continued to develop and enhance their local level processing arrangements. To put this into context, the CRB has seen a reduction in the average turnaround time of the police force element of the process from 28 days in recent years to 6.1 days in 2011-12.

A new customer training programme was introduced in 2010 to provide guidance and assistance to all newly registered organisations and countersignatories. The training programme provides useful information on the CRB service and focuses specifically on the features of the new application form; which was successfully introduced in July 2010. In 2010-11, the CRB conducted 180 training courses, training over 3,000 countersignatories; in 2011-12 the CRB conducted 210 training courses, training over 4,000 countersignatories.

The CRB has 60 Registered Bodies who are now accessing the e-bulk service which has enabled the electronic processing of nearly one million applications. The electronic service has improved the turnaround times for CRB checks; with average processing times of four days for Standard certificates and nine days for Enhanced certificates. We expect this to increase to approximately 1.4 million in 2012-13 from just over 1.0 million in 2011-12.

The CRB has continued to provide guidance to customers on the legislative framework that supports the CRB service and in particular has provided a range of advice to help

Registered Bodies determine whether a position is eligible for a Standard or Enhanced CRB check. This will be further developed in 2012-13.

## Looking Ahead

The activities planned for the year ahead are outlined in the CRB Business Plan. This is now available to view on the Home Office website.

The CRB has striven to provide as timely and accurate a service as possible and we will continue with this aim as a priority. In addition, our focus for the forthcoming year will be to develop our plans to continue with the implementation of the recommendations of the criminal records and VBS reviews, the pending creation of the DBS and the work leading up to, and connected with, the re-let of the CRB contract from April 2013.

The CRB will continue its plans to increase portability of CRB checks as it moves forward to develop the Update Service, which will enable employers to carry out an online check to establish if any relevant detail has changed since the original certificate was issued. This enhancement to the service will realise the benefits to customers by reducing transactions, costs and bureaucracy.

The CRB is committed to playing its part in any legislative, policy and operational changes and will work closely with Home Office colleagues and colleagues from other government departments on the commencement of provisions contained within the Protection of Freedoms Act 2012, along with supporting secondary legislation. The CRB will continue to work closely with its departmental partners within government to find ways to better use and integrate our IT systems. This will not only help to support the development of the new organisation, it will also improve operational efficiency and drive cost savings.

The CRB also needs to effectively communicate any agreed changes and developments to the people and organisations that work with vulnerable groups and to those who have a keen interest in vetting and safeguarding arrangements, and will continue to actively engage with all of our customer base and government partners.

The CRB will also develop its vetting role in line with coalition government objectives. In particular, we will:

- Ensure CRB strategies, policies and plans are consistent with the spirit and content of any new legislation.
- Demonstrate value for money in all its operations.
- Provide even greater transparency in the CRB's operations by publishing more information about what we do and through our reports to government.

The CRB remains committed to providing a timely, proportionate and consistent vetting service, while demonstrating good value for money.



## **Other Public Interest Information**

### **Health and Safety**

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

### **Publicity and Advertising**

The CRB supports the government's 'Transparency Programme', and our Director of Change and Business Integrity, Adele Downey, is the Transparency Champion for the CRB. The Transparency Programme enables the public to hold politicians and public bodies to account, to reduce the deficit and deliver better value for money in public spending and to realise significant economic benefits by enabling businesses and non-profit organisations to build innovative applications and websites using public data. We also follow the government's guidance on release of data in an open, non-proprietary standardised format.

### **Sickness absence levels**

The average number of days per person recorded as sickness in 2011-12 was 11.13 (2010-11 was 11.5).

Sickness absence levels within the CRB have begun to steadily decline and extensive efforts to reduce the average working days lost per member of staff continue. This has included introducing access to more detailed reporting from the Adelphi staff information system and providing increased support for managers in understanding their sickness levels and causes of absence; helping them become more proactive and confident in both supporting attendance and managing absence.

In addition, the compliance checking regime has been reviewed and improved with consistent processes being introduced, helping to ensure that managers are following the requirements within the sickness absence management policy. It will also provide increased assurance that appropriate support is being given to staff that are unwell, including referral to the Occupational Health Service and provision of reasonable adjustments where needed.

### **Disabled Persons**

The CRB is committed to a policy of equal opportunity for all staff. Assessment for recruitment, selection, appraisal, training and career progression is based on the individual's ability and suitability for the work and we operate within the guaranteed interview scheme for candidates with disabilities. We are committed to providing all staff with opportunities to maximise their skills and achieve their potential; offering flexible working arrangements wherever possible.

**Employee Involvement**

The CRB regularly updates staff in terms of training and team events, changes in processes and results achieved. This ensures that staff are aware of any changes within the service that could impact on their day to day working life and their contribution to the CRB.

**Conflict of Interests**

Details of any significant interests held by Management Board members are maintained in a Register of Interests, which can be obtained from the Chief Executive's Office of the CRB. No conflicts of interest were declared by Management Board members during 2011-12.

**Personal Data Related Incidents**

There were no reportable instances of personal data related incidents in 2011-12, or in previous years.

**Audit Fees**

These financial statements have been prepared in accordance with the Government and Resources Act 2000 and are subject to audit by the Comptroller and Auditor General. The notional audit fee for 2011-12 was £138,000 (£131,000 for 2010-11). No remuneration was paid to the National Audit Office (NAO) in 2011-12 (£Nil for 2010-11) for non audit work.

**Provision of Information to Auditors**

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

**Steve Long**

Chief Executive

Criminal Records Bureau

**2 July 2012**

## **CRB Sustainability Report 2011-12**

### **Sustainable Development**

The CRB/Capita partnership record data relating to our performance in terms of energy and water consumption, waste to landfill and recycling volumes, and we are committed to the process of sustainable development. Capita, our private sector partner, holds ISO 14001 Environmental Management accreditation. Looking ahead, the CRB/Capita partnership are committed to working with the Home Office Property General Sustainability team in contributing towards the Coalition's 'Greener Government' operations and procurement initiative, announced by the Environment Secretary in February 2011.

From 2011-12, in accordance with the Government Financial Reporting Manual (FReM), the CRB are required to include a discrete section within the Annual Report covering performance on sustainability during the year. It forms part of the Home Office consolidated report in the Home Office Annual Report and Accounts.

For most of 2011-12, the CRB occupied two leased offices in Liverpool (we vacated one of them at the end of 2011-12).

Under the terms of the lease/PPP arrangement, a service charge is paid to the landlord by Capita to cover several occupancy costs including:

- Energy – Gas and Electric
- Water
- Waste Management

Energy use in our building is for heating, lighting and electrical equipment. Water use is exclusively from washrooms and drinking water. Our office waste typically comprises paper, cardboard, food and drink waste and its packaging. We also have significant volumes of confidential waste which is disposed of by a specialist contractor and recycled.

Work on sustainability contributes toward the achievement of the CRB's strategic objectives. Our sustainability aim is to reduce the impact of our business on the environment. Improving sustainability in the CRB is closely linked to our work on value for money. Procurement work processes include sustainable and environmental assessments, and the CRB actively supports local suppliers to reduce the environmental impact through procurement.

This year, the CRB:

- Worked with Capita and the landlord to ensure better information on sustainability issues was provided.
- Improved the efficiency of IT and accommodation use. We support the cross-government Green ICT Strategy and the Home Office Group IT businesses are applying the best practice identified in the government Green ICT Workbook.

Sustainability is a key driver in consolidating our accommodation through the ongoing Home Office estates strategy. Home Office Group have published a common Green ICT message for printing and power guidance.

## Targets

We aim to deliver the Greening Government Commitments (GGC). They require us to significantly reduce our impact on the environment by 2015 (compared to a 2009-10 baseline) and to be more transparent (<http://sd.defra.gov.uk/gov/green-government/>). We have also been working to reduce our paper use and ensure that redundant ICT equipment is reused (within government, the public sector or wider society) or responsibly recycled.

## Summary of our Reported Performance

	2009-10	2010-11	2011-12
<b>Cost of utilities</b>	£364,809	£391,057	£364,587
<b>Buildings: tonnes CO<sub>2e</sub></b>	1,966	2,216	2,022
<b>Travel: tonnes CO<sub>2e</sub></b>	34	34	31
<b>Water consumed m3</b>	7,765	7,631	6,553
<b>Total waste tonnes*</b>	2	3	36

\* See Managing office waste for further explanation

## Other Requirements

### Supply Chain Impacts and Government Buying Standards

We request our suppliers demonstrate a strong commitment to supporting the delivery of GGC and support wider sustainability ambitions. We do this through the incorporation of sustainable practices into their provision of goods and services. We work closely with suppliers, and measure their sustainability and corporate social responsibility through the "CAESER" (<https://nqc.com/>) online self-assessment tool. Home Office is playing a key role in developing a cross-government strategy for corporate and social responsibility (and information assurance) that will report supply chain (out-sourced) emissions from government's key suppliers. This exercise is being led by government procurement.

## Paper

The CRB only uses 100% recyclable paper.

## **Information, Communication and Technology**

We have improved the efficiency of IT and its use in accommodation use. Sustainability is a key driver for our continued work on IT-rightsizing and flexible working and converging our IT arrangements.

## **CRC Energy Efficiency Scheme**

The CRB was not required to participate in the CRC Energy Efficiency Scheme.

## **Carbon Footprinting**

The HM Treasury guidance encourages departments to extend reporting beyond the minimum requirements. For the CRB, our priority is to measure energy used in a single building.

## **Mainstreaming Sustainable Development**

We are awaiting guidance from Defra on mainstreaming sustainable development in policy-making and their work on supplementary guidance to the Green Book. Current Treasury guidance includes whole life policy appraisals and referred to considerations of economic, social and environmental aspects.

The 2012-13 CRB and Home Office Business Plans contain a commitment to this agenda.

## **Biodiversity and Natural Environment**

Biodiversity is not material for the CRB estate and we do not undertake data collection on this aspect of sustainability.

## **People**

The CRB supported Earth Hour and Climate Week and encouraged other staff to do so as well. An e-learning package for staff on sustainability and energy awareness is now available. The CRB has sustainability champions.

## **Our Governance and Standards**

We report data on a regular basis to our sponsor department, the Home Office. Progress against the commitments is monitored by the Home Office Sustainable Development team with data being provided to the Home Office Sustainability Implementation Group (chaired by the Director of Shared Services). The CRB is a member of this Group, which meets at least quarterly and ensures that necessary action is taken to meet GGC and other commitments and reports to the Estates and Sustainability Board; chaired by Director General Financial and Corporate Services.

## About our data

Due to the service charge arrangements, and our reliance on third parties for the provision of our sustainability data, there are limitations to the accuracy of our non-financial data.

A significant proportion of the costs relating to sustainability are covered in the service charge payable to Capita. Working with Capita and our landlord, we shall continue to improve the information we receive so that we can better assess the impact of the CRB on the environment.

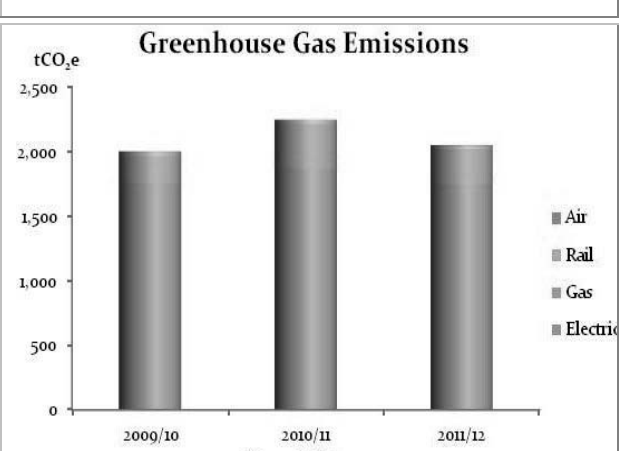
More detailed Home Office performance information, when it is available, will be linked from or provided at:

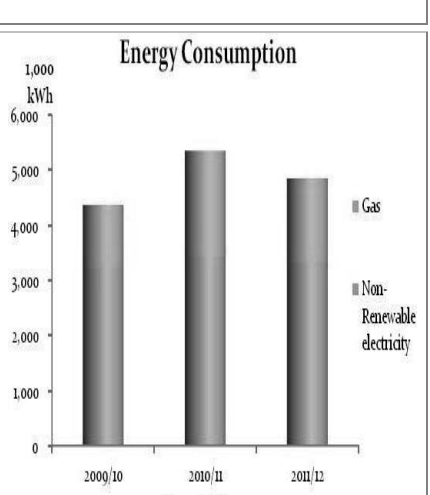
<http://www.homeoffice.gov.uk/about-us/sustainable-development/>

## Contact

You can contact the Home Office via: [sustainabilityenquiries@homeoffice.gsi.gov.uk](mailto:sustainabilityenquiries@homeoffice.gsi.gov.uk)

## DETAILED PERFORMANCE DATA YEAR BY YEAR

CARBON DIOXIDE EMISSIONS		2009-10	2010-11	2011-12	
Non-Financial Indicators (tCO <sub>2</sub> e)	Gross emissions for scopes 1 & 2	1,966	2,216	2,022	
	Gross emissions scope 3 business travel	34	34	31	
	Total Emissions	1,966	2,250	2,053	
	CRC Registration and License Expenditure	-	-	-	
Financial Indicators (£)	Expenditure on accredited offsets (e.g. GCOF).	40	40	41	
	Expenditure on official business travel	154,954	154,954	171,225	

Managing energy use from buildings			2009-10	2010-11	2011-12	
Non-Financial Indicators	Energy Consumption (kWh)	Electricity: Non-Renewable	3,226,559	3,435,515	3,319,423	
		Electricity: Renewable	-	-	-	
		Gas	1,144,154	1,917,330	1,529,713	
		Other (Oil)				
		LPG				
		Total kWh	4,370,713	5,352,845	4,849,136	
Financial Indicators (£)	Total Energy Expenditure		364,809	391,057	364,587	

**PERFORMANCE COMMENTARY**

Reported energy use and carbon dioxide emissions from our built estate have risen against the 2009-10 baseline but fallen against last year.

Carbon dioxide emissions from travel have fallen as we introduced austerity measures to restrict travel.

The amount offsetting credits have fallen this year.

**TARGETS**

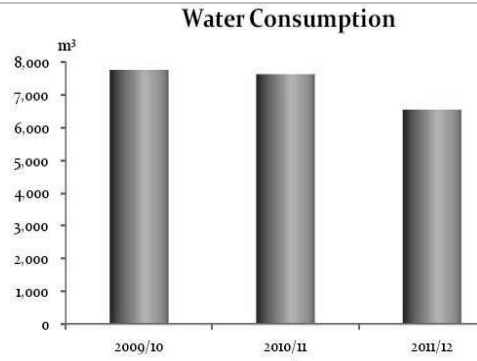
From 1 April 2011, new GGC require us to reduce greenhouse gas emissions from a 09-10 baseline from the whole estate and business-related transport and cut domestic business travel flights by 20% by 2015 from a 09-10 baseline.

**Description of terms and factors**

{A} *Scope 1 – Direct Greenhouse Gas Emissions* are from sources owned or controlled by the organisation. For this report this is emissions from heating boilers and our vehicles. *Scope 2 – Energy Indirect Emissions* are from the usage of purchased electricity.

{B} *Scope 3 – Other Indirect Emissions* are a consequence of our actions but occur at sources which not owned or controlled directly by us and are not classed as scope 2 emissions. In this report these are only from business travel using public transport, taxis and commercial airlines.

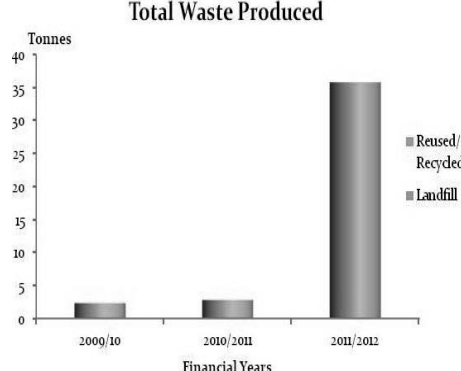
Based on Defra conversion factors (Oct 2010) for electricity, this is the five year rolling average. For air travel this is based on Government Procurement Service GCOFII conversion factors used to buy credits. Conversion factors for fleet and hire car are based on medium size diesel engine and grey fleet based on average size and fuel unknown.

Managing water use			2009-10	2010-11	2011-12	<b>Water Consumption</b> 
Non-Financial Indicators	Water Consumption (m³)	Supplied	7,765	7,631	6,553	
		Abstracted	-	-	-	
Financial Indicators (£)	Invoiced Water Supply Costs		23,373	17,878	14,967	

**PERFORMANCE COMMENTARY****TARGETS**

From 1 April 2011, new targets (GGC) require us to reduce water consumption from a 2009-10 baseline and report on office water use against best practice benchmarks.

- ≥6 m3 water consumption per FTE poor practice
- 4m3 to 6m3 per FTE good practice
- ≤4m3 per FTE best practice
- % offices meeting best/good/poor practice benchmark

Managing office waste			2009-10	2010-11	2011-12	<b>Total Waste Produced</b> 
Non-Financial Indicators (t)	Total waste		2	3	36	
	Non hazardous waste	Landfill	-	-	36	
		Reused/Recycled	2	3	-	
Financial Indicators (£)	Total disposal cost		125	154	9,834	
	Landfill		-	-	9,834	
	Reused/Recycled		125	154	-	

### PERFORMANCE COMMENTARY

The figures above reflect the data available at the time and are currently being investigated with our suppliers. If necessary, figures will be revised in future years to ensure a meaningful comparison.

### TARGETS

From 1 April 2011, new targets (GGC) require us to reduce the amount of waste we generate by 25% from a 2009-10 baseline, cut paper use by 10% in 2011-12 and ensure that redundant ICT equipment is re-used (within government, the public sector or wider society) or responsibly recycled.



## Remuneration Report

### Remuneration Policy

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

In reaching its recommendations, the Review Body has regard to the following considerations:

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

In making recommendations, the Review Body considers any factors that the government and other witnesses may draw to its attention. In particular it has regard to:

- Differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind.
- Changes in national pay systems, including flexibility and the reward of success, and job weight in differentiating the remuneration of particular posts.
- The need to maintain broad linkage between the remuneration of the three main remit groups, while allowing sufficient flexibility to take account of the circumstances of each group.
- The relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

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

Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

The disclosures within this Remuneration Report are subject to audit.

### Service Contracts

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

Unless otherwise stated below, all the named officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk).

### **Non-Executive members (Audited)**

Independent non-executive members of the CRB Management Board are recruited through fair and open competition. All non-executive members of the board are appointed by the Permanent Secretary. Non-executive members of the board are appointed for an initial period of three years, with a review and an option to extend for a further three years at the end of each three year period. All contracts were extended at the end of each three year period, in line with the dates shown below. The end date shown below is the date that the CRB is currently working to prior to the formation of DBS.

The start and end dates of the current Non-Executive Directors are as follows:

Non-Executive Director	Start Date	Current End Date
Hugh Barrett	January 2007	30 November 2012
Charlie Pienkowski	August 2005	30 November 2012

The start and end dates of the Non-Executive Director whose appointment ended during the year are as follows:

Non-Executive Director	Start Date	End Date
Mike Lewis	August 2004	4 October 2011

### **Remuneration Committees**

The Home Office Remuneration Committee work to Cabinet Office guidelines to determine the amount of non-consolidated performance-related pay for SCS within the Home Office. During 2011-12 the committee relevant to CRB's SCS members was comprised of:

<b>Pay Band 1 Remuneration Committee</b>
Dame Helen Ghosh (Chair), Kevin White, Helen Kilpatrick, Yasmin Diamond, Charles Farr, Stephen Rimmer, Jonathan Sedgwick, Peter Makeham and David Seymour.

The assessment and review of performance for SCS is based on individual performance. Individuals were ranked in four performance groups in each pay band.

- Group 1 – top 25% of performers
- Group 2 – next 40% of performers
- Group 3 – next 20-30% of performers
- Group 4 – bottom 5-15% of performers

For the 2010-11 performance year, only Group 1 was eligible for a non-consolidated performance payment.

The Senior Salaries Review Board (SSRB) determines the percentage of SCS pay that can be used for non-consolidated performance payments. Following SSRB recommendations, the Cabinet Office set the guidelines on senior civil service bonuses for all government departments.

For the 2010-11 performance year, Cabinet Office guidelines allowed for up to 5% of the SCS paybill to be used for these payments. The Home Office paid out 1.7% of the SCS paybill which equates to £283,500. The CRB's share of this was £4,500.

Bonus payments for the 2010-11 performance year were paid in July 2011. These were up to £10,000 (Pay Band 3); £7,000 (Pay Band 2) and £4,500 (Pay Band 1).

The assessment and review of performance for the 2011-12 performance year will be undertaken shortly.

### **Remuneration (including salary) and pension entitlements**

The following sections provide details of the remuneration and pension interests of the most senior CRB management (i.e. Board members).

## Remuneration (salary and payments in kind) (Audited)

Where an individual has only served for part of the year, the full year equivalent salary is reported in brackets.

Officials	2011-12				2010-11			
	Salary £000	Bonus Payments £000	Benefit s in kind (to neares t £100)	Total £000	Salary £000	Bonus Payments £000	Benefits in kind (to nearest £100)	Total £000
Steve Long <i>Chief Executive</i>	80-85	0-5	-	85-90	80-85	0-5	-	85-90
Adele Downey <i>Director of Change and Business Integrity</i>	65-70	-	-	65-70	65-70	0-5	-	70-75
Sue Quigley <i>Director of Service Delivery</i>	80-85	-	-	80-85	80-85	-	-	80-85
Mark Reyland <i>Head of Finance</i>	55-60	-	-	55-60	55-60	-	-	55-60

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2011-12	2010-11	Percentage change
The mid-point banded remuneration of the highest-paid director	£82,500	£82,500	0%
The median remuneration of the workforce (£)	21,613	19,455	+11.1%
Remuneration Ratio	3.8	4.2	

Total remuneration includes salary, and where applicable non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The table above shows that the 0.4 times reduction in the remuneration ratio arose because the mid-point banded remuneration of the highest-paid director remained constant whereas the median remuneration of the workforce increased by 11.1%; the latter being due to the reduction of employee numbers at our more junior grades.

Non-Executive Directors	2011-12		2010-11	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100) Restated
Hugh Barrett*	5-10	£2,700	5-10	£4,900
Charlie Pienkowski	20-25	£3,700	15-20	£3,500
Mike Lewis (until 4 October 2011)	5-10 (full year equivalent 10-20)	£1,100 (full year equivalent £2,200)	10-15	£4,100

\*The Legal Services Commission is paid directly for the services of Hugh Barrett. The figures quoted include irrecoverable VAT.

Non-Executive Directors do not receive any pension benefits. Charlie Pienkowski is Chair of the CRB Audit Committee and is also a member of the Home Office Audit Committee.

## Salary

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

## Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. Benefits reported are calculated as the taxable value and relate to travel, accommodation and subsistence costs for Non-Executive Directors to attend meetings.

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonus payments disclosed in this report for 2011-12 are bonus payments for the 2010-11 performance year which were paid in 2011. For prior year comparatives, the bonus payments are for the 2009-10 performance year which were paid in 2010. Payments relating to 2011-12 are yet to be finalised.

## Pension Benefits (Audited)

Officials	Accrued pension at pension age as at 31 March 2012 and related lump sum	Real increase / (decrease) in pension and related lump sum at pension age	CETV at 31 March 2012	CETV at 31 March 2011	Real increase / (decrease) in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Steve Long <i>Chief Executive</i>	10-15 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	165	143	8	-
Adele Downey <i>Director of Change and Business Integrity</i>	25-30 plus lump sum of 0-2.5	0-2.5 plus lump sum of 0-2.5	386	345	10	-
Sue Quigley <i>Director of Service Delivery</i>	10-15 plus lump sum of 0-2.5	2.5-5 plus lump sum of 0-2.5	112	74	13	-
Mark Reyland <i>Head of Finance</i>	20-25 plus lump sum of 65-70	0-2.5 plus lump sum of 0-2.5	367	335	4	-

## Civil Service Pensions

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium, classic plus** and **nuvos**. Increases to employee contributions applied from 1 April 2012. Benefits in **classic** accrue at the rate of 1/80 of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60 of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos**, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at: [www.civilservice.gov.uk/my-civil-service/pensions/index.aspx](http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's

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

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

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension 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. Where the individual was not in post for the full year, the CETV at 31 March 2011 represents the value as at their start date and the CETV at 31 March 2012 represents the value as at their end date.

The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2011 and 31 March 2012 have both been calculated using the new factors, for consistency. The CETV at 31 March 2011 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

**Steve Long**  
Chief Executive  
Criminal Records Bureau  
**2 July 2012**

## Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the CRB to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the CRB and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

The Accounting Officer for the Home Office has designated the Chief Executive as Accounting Officer of the CRB. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the CRB's assets, are set out in Managing Public Money published by HM Treasury.

**Steve Long**  
Chief Executive  
Criminal Records Bureau  
**2 July 2012**



## Governance Statement

As Chief Executive of the CRB, I have personal responsibility for maintaining a sound system of internal control to support the achievement of the CRB's and the Home Office's policies, aims and objectives, whilst safeguarding public funds and departmental assets.

This year's statement should be read in the context of our preparations for important organisational change. Ministers have decided that the functions of both the CRB and the ISA should be brought together under a new NDPB within the provisions of the Protection of Freedoms Act. The CRB will merge with the ISA to form this new organisation, to be known as the DBS, which will be in place from December 2012. The CRB has followed the requirements of the Corporate Code of Governance to the extent that it is deemed relevant and practical. The requirements of the Corporate Governance Code of Conduct in relation to the role of a nominations committee are discharged by the Executive Committee and moderated by a Non-Executive Director. The Home Office's Nomination and Governance Committee's remit also extends to the CRB.

Part of the overall governance arrangements that applied throughout the reporting year was the existence of a robust organisational structure to ensure delivery of strategic goals. This includes a team of three Executive Directors who meet fortnightly and a Management Board, CRB's Head of Finance, with three additional Non-Executive Directors (reduced to two mid-year) plus Home Office representation, who generally meet every two months. The purpose of the Management Board is to ensure that the CRB:

- Meets its strategic objectives and key targets.
- Monitors and scrutinises all aspects of performance to inform strategic decisions.
- Follows high standards in terms of integrity, accountability, probity, honesty and openness.
- Has high level policies and effective planning mechanisms in place.
- Conducts business in a proper and equitable manner in accordance with Treasury accounting rules.
- Adopts best practice for governance.
- Assesses and manages risk effectively.

The Audit Committee, which consists of the Non-Executive Directors, meets quarterly. The Accounting Officer, the Home Office and the National Audit Office are in attendance at all Audit Committee meetings.

Both the Management Board and the Audit Committee were very well attended throughout the year. Until recently, there was a representative of our commercial partner, Capita, on the Management Board, but due to the current contract relet exercise, they are now invited for selected agenda items only. The following table details the level of attendance at both the Management Board and Audit Committee in 2011-12:

Attendee	Area of responsibility	Audit Committee		Management Board	
		Number of meetings where attendance required	Number of meetings attended	Number of meetings where attendance required	Number of meetings attended
<b>Steve Long</b>	Chief Executive	-	3	5	5
<b>Adele Downey</b>	Director of Change and Business Integrity	-	4	5	4
<b>Sue Quigley</b>	Director of Service Delivery and Commercial	-	1	5	4
<b>Mark Reyland</b>	Head of Finance	-	3	5	5
<b>Charlie Pienkowski</b>	Non-Executive Director	4	4	5	5
<b>Hugh Barrett</b>	Non-Executive Director	4	4	5	5
<b>Mike Lewis</b>	Non-Executive Director	2	2	3	3

These top committees are supported by a set of designated committees which oversee significant financial investment, the change programme, the effective delivery of our front line service and the transformation programme, designed to take forward the recommendations of the recent government reviews of our service.

A strategic partnership has been developed during Capita's delivery of the business process and IT outsourcing services provided under the PPP agreement. The decision to extend the current contract with Capita was taken in August 2011, with revised terms and conditions effective from January 2012. The extended agreement is due to expire in March 2013.

This partnership with Capita will continue to deliver the current service with a forward focus on delivering a number of the CRR and VBS review recommendations and, most importantly, the Update Service.

Capita and CRB will also work closely over the coming months in readiness for the creation of the DBS and the transition to the new contract due to commence in April 2013.

A recent internal audit of Corporate Governance was undertaken by Home Office auditors with the objective of providing assurance on the adequacy of high level governance arrangements and the effectiveness of the control framework to support the business in successfully achieving its aims and objectives. The audit report provided a positive level of assurance in the second highest of four possible categories.

The assurance statement included the following: "Good practice is evident in the operation of the CRB Management Board, its sub-committees and in supporting

arrangements. We also confirmed a number of key skills and knowledge at Board level which will be beneficial in taking CRB successfully forward into DBS". The effectiveness of specific controls was confirmed as follows:

- The CRB has appropriate and effective governance structures.
- The Management Board is operating at the appropriate advisory and supervisory level.
- Board members have diverse and wide ranging experience, a good understanding of their roles and responsibilities and provide appropriate challenge.
- In May 2011 an exercise was run to self-assess the Board structure and its effectiveness using a questionnaire developed by third parties, including the National Audit Office (NAO). This resulted in an assessment of "good".
- Key terms of reference are up-to-date and set out clearly the roles and responsibilities of the Board and its sub-committees, including its Audit Committee.
- There is recent evidence of a continued commitment to assess and improve the effectiveness of the CRB's governance structures and efficiency of meetings. Board papers have recently been reviewed and improved and performance reporting has also seen improvement via the introduction of a Balanced Scorecard.
- Authors of Board and Executive Team reports are invited to the relevant meetings to introduce their report. This, in our view, provides for better accountability and allows for an efficient dialogue process.
- Internal Audit has a standing agenda item at Executive Team meetings. The Head of Internal Audit has regular one-to-ones with the CEO, Executive Directors and open access to the Chair of the Audit Committee.
- An effective Secretariat is established to support the Board and CEO. An annual schedule is communicated to advise members and attendees on the timing of Board/Sub-Committee meeting and paper issue dates.
- An annual exercise is run to identify any conflicts of interest. This issue is also a standing agenda for the opening of Board and Audit Committee meetings.

The CRB also has controls in place over the following.

- A fraud and whistle blowing policy is in place and available on the CRB intranet.
- Home Office values and ethics are well communicated.
- Financial and procurement delegation letters are clearly articulated from the Accounting Officer.

Helpfully, Home Office and the auditors also identified some issues relating to financial representation at Board level and classification and communication of policies, which are receiving attention, in preparation for the setting up of the DBS.

The CRB risk management process operates under the Home Office Risk Management Policy underpinned by a CRB Risk Management Strategy which was approved by the Executive Team, Management Board and Audit Committee. A set of corporate risks has been defined, with each having Board member ownership supported by Grade 6/7 action owners.

The corporate risks were reviewed monthly by the Executive Team and by the Management Board throughout the year. Risk registers have been produced in all Grade 6/7 functional areas and are reviewed at least monthly as part of management team meetings alongside other more traditional agenda items. Director level registers, reviewed and updated monthly, provide the means of escalating risks to the Executive Team and Management Board.

The key risks the CRB faced during 2011-12 were to maintain our quality of service in the face of implementing the recommendations of recent government reviews of the service, while at the same time preparing for the procurement of a new contract to support the delivery of the new DBS. These events had the potential to put our self-funding status at risk since uncertainty in the market through service changes can affect the annual profile of customer demand and hence our revenue.

These key risks were managed down through the employment of robust programme and project management, enhancement of demand forecasting techniques and frequent and meaningful engagement with customer and other external stakeholders including Registered Bodies, the police and the Home Office.

A Risk Improvement Forum (RIF) has been established, whose main purpose is to promote effective risk management, including sharing risks and mitigating actions. Its timetable enables matters raised to be produced as real time data for that month's Executive Team meeting.

Using the Home Office's risk measurement methodology, the overall gap between total risk score and the target set by the Board has been steadily managed down throughout the year by 60%.

The Corporate Risk Register has recently been refreshed by the Executive Team and Management Board to fully take account of the potential implications of preparing for and executing the forthcoming merger.

A recent Home Office audit of CRB's risk management arrangements provided a positive assurance with a rating in the second highest category out of four.

I am directed by Treasury guidance to provide a summary in this statement of any lapses of data security, other than trivial ones. I can confirm that there were none during the reporting year. Indeed, we have had favourable reviews in 2011 by the Information Commissioner's Office and the National Archives of our arrangements for compliance with Data Protection, Freedom of Information (FOI) and information storage and handling requirements. This position was also confirmed by an Internal Audit review.

There have been several references in this Governance Statement to Internal Audit reviews. I have a dedicated Internal Audit unit whose independence is assured by being employed directly by the Home Office rather than the CRB. They work to Government Internal Audit Standards. The Head of Internal Audit is required by Government Internal Audit Standards to provide me with an overall annual opinion on control, risk and governance. That opinion for 2011-12 states “CRB has developed credible operational procedures and controls and work continues to strengthen its financial controls. The outcomes of the work we have undertaken during 2011-12 support an opinion of consolidation within the organisation’s system of risk management, general stability in its systems of operational internal control and governance, but a need to further develop control and capability following integration into Home Office Finance Shared Service systems. It is in this context that an overall moderate assurance is appropriate for CRB for 2011-12.” (Assurance levels are High, Moderate, Low and None).

The Internal Audit opinion mentions work to strengthen financial controls. To this end, the CRB migrated all financial and transactional activities to the Home Office Shared Service Centre in November 2011. Following a review of financial practices by our Internal Audit colleagues, a number of recommendations were made and I am glad to say that the additional financial controls that have been introduced have further strengthened our processes and controls. Work will continue on strengthening our practices to ensure we are in a healthy position for the move to NDPB status and the formation of the DBS.

As well as the Head of Internal Audit’s annual report, I also receive an annual report from the Chair of the Audit Committee. For 2011-12, this includes the statement:

“Further progress has been made over the last year in improving the CRB system of internal control and consolidating the effective arrangements already in place for Risk Management and Information Assurance whilst making initial progress on Fraud Mitigation. The organisation has been growing in maturity and continues to perform well; achieving further significant improvements in operational delivery. The CRB is in good shape as it approaches its merger with ISA into the new DBS organisation. Transition is a key corporate risk, and maintaining continued high level operational performance will be challenging in this period. It is all the more important that the improvements to financial controls and management are implemented quickly and effectively as well as ensuring that effective governance, risk management and compliance with key processes and controls, including Information Assurance and Fraud, are maintained.”

**Steve Long**

Chief Executive

Criminal Records Bureau

**2 July 2012**

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

I certify that I have audited the financial statements of the Criminal Records Bureau for the year ended 31 March 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Chief Executive and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Criminal Records Bureau's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Criminal Records Bureau; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Records Bureau's affairs as at 31 March 2012 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the

Government Resources and Accounts Act 2000 and HM Treasury directions issued there under.

**Emphasis of Matter**

Without qualifying my opinion I draw attention to the disclosures made in note 1 concerning the application of the going concern principle in light of the proposal to merge the Criminal Records Bureau with the Independent Safeguarding Authority. This is subject to legislation and there is therefore uncertainty over whether the Criminal Records Bureau will continue to discharge the Secretary of State's responsibilities under Part 5 of the Police Act 1997 which it currently discharges.

**Opinion on other matters**

In my opinion:

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

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.

**Amyas C E Morse**

**Comptroller and Auditor General**

**National Audit Office**

**157-197 Buckingham Palace Road**

**Victoria**

**London**

**SW1W 9SP**

**6 July 2012**

## Criminal Records Bureau Annual Accounts 2011-12

### Statement of Comprehensive Net Expenditure

For the year ended 31 March 2012

				2011-12 £'000	2010-11 £'000 Restated
	Note	Staff Costs	Other Costs	Income	
<b>Administration Costs:</b>					
Staff costs	2	5,497	-	-	7,093
Other administrative costs	3	-	1,041	-	1,919
Operating income	5	-	-	(6,428)	(9,012)
<b>Programme Costs:</b>					
Staff costs	2	12,862	-	-	14,488
Programme costs	4	-	92,586	-	100,802
Income	5	-	-	(105,253)	(115,937)
Impairment		-	-	-	9,044
<b>Totals</b>		<b>18,359</b>	<b>93,627</b>	<b>(111,681)</b>	<b>8,397</b>
<b>Net Operating Costs</b>				<b>305</b>	

### Other Comprehensive Expenditure

	Note	2011-12 £'000	2010-11 £'000 Restated
Net (gain)/loss on revaluation of Property Plant and Equipment	6	(2)	245
Net (gain)/loss on revaluation of Intangibles	7	44	(750)
<b>Total Comprehensive Expenditure for the year ended 31 March 2012</b>		<b>347</b>	<b>7,892</b>

The notes on pages 43 to 68 form part of these accounts.



## Statement of Financial Position

as at 31 March 2012

	Note	31 March 2012 £'000	31 March 2011 Restated £'000	31 March 2010 Restated £'000
<b>Non-current assets:</b>				
Property, plant and equipment	6	397	956	1,967
Intangible assets	7	22,516	29,999	43,433
<b>Total non-current assets</b>		<b>22,913</b>	<b>30,955</b>	<b>45,400</b>
<b>Current assets:</b>				
Trade and other receivables	10	19,155	35,663	40,083
Cash and cash equivalents	11	-	9,633	17,229
<b>Total current assets</b>		<b>19,155</b>	<b>45,296</b>	<b>57,312</b>
<b>Total assets</b>		<b>42,068</b>	<b>76,251</b>	<b>102,712</b>
<b>Current liabilities:</b>				
Trade and other payables	12	(8,424)	(15,433)	(29,886)
Provisions	13	(62)	(70)	-
<b>Total current liabilities</b>		<b>(8,486)</b>	<b>(15,503)</b>	<b>(29,886)</b>
<b>Non-current assets plus net current assets</b>		<b>33,582</b>	<b>60,748</b>	<b>72,826</b>
<b>Non-current liabilities:</b>				
Provisions	13	(682)	(361)	(95)
Other payables	12	-	-	(4,701)
<b>Total non current liabilities</b>		<b>(682)</b>	<b>(361)</b>	<b>(4,796)</b>
<b>Assets less liabilities</b>		<b>32,900</b>	<b>60,387</b>	<b>68,030</b>
<b>Taxpayers' equity:</b>				
General fund		31,979	59,424	67,574
Revaluation reserve		921	963	456
<b>Total taxpayers' equity</b>		<b>32,900</b>	<b>60,387</b>	<b>68,030</b>

**Steve Long**  
Chief Executive  
2 July 2012

The notes on pages 43 to 68 form part of these accounts.

## Statement of Cash Flows

For the year ended 31 March 2012

		2011-12	2010-11
	Note	£'000	Restated £'000
<b>Cash flows from operating activities</b>			
Net operating surplus/(cost)		(305)	(8,397)
Adjustments for non-cash transactions	3&4	10,067	16,988
(Increase)/decrease in trade and other receivables	10	16,508	4,420
Increase/(decrease) in trade payables	12	(7,009)	(19,154)
Increase/(decrease) provisions	13	313	336
Payables relating to items not passing through the SoCNE		4,114	8,612
<b>Net cash inflow from operating activities</b>		<b>23,688</b>	<b>2,805</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	(10)
Purchase of intangible assets		(1,020)	(3,646)
<b>Net cash outflow from investing activities</b>		<b>(1,020)</b>	<b>(3,656)</b>
<b>Cash flows from financing activities</b>			
Funding from Home Office		(27,278)	2,606
Consolidated Fund Extra Receipts (CFER) paid (funding returned to Home Office)		(7)	(4,418)
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(5,016)	(4,933)
<b>Net financing</b>		<b>(32,301)</b>	<b>(6,745)</b>
<b>Net decrease in cash and cash equivalents in period</b>		<b>(9,633)</b>	<b>(7,596)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	9,633	17,229
<b>Cash and cash equivalents at the end of the period</b>	11	-	9,633

The notes on pages 43 to 68 form part of these accounts.

## Statement of Changes in Taxpayers Equity

For the year ended 31 March 2012

	Note	General Fund	Revaluation Reserve	Government Grant Reserve	Total Reserves
		£'000	£'000	£'000	£'000
<b>Balance at 31 March 2010</b>		<b>49,278</b>	<b>456</b>	<b>18,296</b>	<b>68,030</b>
Changes in accounting policy		18,296	-	(18,296)	-
<b>Restated balance at 1 April 2010</b>		<b>67,574</b>	<b>456</b>	<b>-</b>	<b>68,030</b>
Net gain/(loss) on revaluation of tangible assets		-	(245)	-	(245)
Net gain/(loss) on revaluation of intangible assets		-	750	-	750
Movements in reserves		-	2	-	2
Comprehensive expenditure for the year		(8,397)	-	-	(8,397)
Non-cash charges – auditor's remuneration	3	131	-	-	131
Non-cash charges – Home Office payroll	3	62	-	-	62
Funding from Parent		61	-	-	61
CFERs payable to the Consolidated Fund		(7)	-	-	(7)
<b>Balance at 31 March 2011</b>		<b>59,424</b>	<b>963</b>	<b>-</b>	<b>60,387</b>
Net gain/(loss) on revaluation of tangible assets		-	2	-	2
Net gain/(loss) on revaluation of intangible assets		-	(44)	-	(44)
Comprehensive expenditure for the year		(305)	-	-	(305)
Non-cash charges – auditor's remuneration	3	138	-	-	138
CFERs payable to the Consolidated Fund		(10)	-	-	(10)
Funding to Parent		(27,268)	-	-	(27,268)
<b>Balance at 31 March 2012</b>		<b>31,979</b>	<b>921</b>	<b>-</b>	<b>32,900</b>

The notes on pages 43 to 68 form part of these accounts.

## **Notes to the Agency's Accounts**

### **1. Statement of accounting policies**

These financial statements have been prepared in accordance with the Government Resources and Accounts Act 2000 and the 2011-12 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the CRB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the CRB are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### **New standards**

IFRS9 - Financial Instruments was issued in November 2009 and will become effective from January 2013. This IFRS will replace IAS39. It simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS39, and resulting in one impairment method. The CRB intends to apply the new standard in the accounting year 2013-14. The impact of applying this standard has not yet been quantified.

#### **1.1 Accounting convention**

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant, equipment and intangible assets.

#### **1.2 Going concern**

The financial statements have been prepared on a going concern basis.

In February 2011, the Home Office announced the recommendations to the review of the VBS and criminal records regime. One of the recommendations was that there should be a single body created to provide a barring and criminal records service, by transferring the functions of both the CRB and the ISA into this body. The Home Office later announced that the new Body would operate as a NDPB.

The Protection of Freedoms Act 2012, which received Royal Assent on 1 May 2012 allows for the formation of the DBS and empowers the Secretary of State to transfer certain functions to the DBS by way of a Transfer Order. The Transfer Order will be accompanied by a Transfer Scheme concerning property, rights and liabilities. The Transfer Order is subject to Parliamentary approval and, if it is approved, it is the Secretary of State's intention to transfer the functions currently discharged by the CRB under Part 5 of the Police Act 1997 into the DBS in December 2012.

IAS 1 requires management to disclose that the transfer of functions creates material uncertainty over whether CRB will continue to discharge the Secretary of State's responsibilities under part 5 of the Police Act 1997 which it currently discharges.

#### **1.3 Bank**

During 2011-12, the CRB transferred its banking processes from Royal Bank of Scotland and Citibank to the Government Banking Service (GBS) within the Home Office. This transfer was completed in March 2012.

Income received by the CRB in relation to checks is banked into the Home Office bank account on a weekly basis. The income and associated receivable is recognised in the CRB accounts and the cash is recognised in the Home Office accounts when received. The movement between the two entities is reflected through reserves and is shown as funding from the Home Office in the CRB's Statement of Taxpayers' Equity.

The main cash outgoings of the CRB are "real time" funded through the Home Office GBS. As a result, the CRB element of the GBS is taken to be zero at any given time, as, effectively the CRB is funded when required.

#### **1.4 Operating income**

Operating income from continuing activities represents:

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

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

#### **Deferred income**

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

#### **1.5 Monies collected on behalf of the Home Office**

The cost of an Enhanced check rose by £8 to £44 on 6 April 2011. The additional £8 is collected by the CRB on behalf of the Home Office, to fund the operational costs of the ISA, IT infrastructure and a contribution towards the development of the overarching criminal records regime.

The CRB pays over receipts collected on behalf of the Home Office. The CRB does not recognise this £8 as income in its accounts.

#### **1.6 Administration and programme expenditure**

The SoCNE is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the Agency. These include both the administration costs and associated operating income. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury and interpreted by the Home Office.

Income included in administration costs is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

The CRB is a front line service and the majority of its costs relate to the 'front line' service provision which according to the definitions are front line (programme) costs. The CRB does however, have support functions to deliver the front line services. It is these support functions that make up the administration costs. Programme income relates to income received in the provision of these front line services.

The Treasury announced in the 2010 Spending Review its intention to strengthen the spending framework and to drive down administration costs across the whole of Whitehall. As a result of this initiative, the definition of administration costs has been extended to cover NDPB's and other Arms Length Bodies. The Home Office has adopted this as policy in accordance with FReM Exposure Draft (11) 06, which was subsequently adopted in FReM 2011-12. The 2010-11 figures have been restated to incorporate this revised definition of administration costs (see note 22.2).

### **1.7 Pensions**

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

### **1.8 Property, plant and equipment**

Assets are stated at fair value. Major refurbishment works are capitalised and written off over the remaining length of the lease agreement.

#### **a. Depreciation**

Depreciation is provided on all property, plant and equipment from the month that the assets are brought into use. Depreciation is calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:

Leasehold improvements	Over the remaining period of the lease
Furniture and fittings	5 - 10 years
Information technology	3 - 10 Years

#### **b. Revaluation**

The CRB's policy is to revalue the cost of all property, plant and equipment assets that are in use, on the basis that the revaluation is material. Each class of property, plant and equipment is revalued using appropriate indices compiled by the Office for National Statistics. Upward revaluations are taken to the revaluation reserve, unless there has been a previous downward revaluation. In this case, an amount equal to the downward revaluation is taken to the SoCNE, the balance being taken to the revaluation reserve. The assets were re-valued at the end of the financial year 2011-12.

#### **c. Assets under construction**

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

An annual review of assets is undertaken to ensure that the purpose for which the asset is being constructed and its associated valuation is appropriate.

#### **d. Capitalisation**

The CRB's policy is to capitalise assets over £2,000 per item. From 1 April 2012, the CRB has changed this de-minimis capitalisation limit to £5,000, in line with the Home Office's capitalisation policy.

## **1.9 Intangible Assets**

### **a. Development**

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

Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value. Development expenditure is recognised when the conditions of IAS 38 - intangible assets - have been satisfied. Expenditure on software development is capitalised as an intangible asset, separately from its hardware where the hardware is able to operate independently of the software. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

### **b. Amortisation**

The useful lives of intangible assets are assessed to be either finite or indefinite. All intangible assets are currently assessed to have a finite life; however, the amortisation period and the amortisation method are reviewed at least at each financial year end.

Intangible assets are amortised at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives as follows:

Information technology	3-10 years
------------------------	------------

### **c. Revaluation**

The CRB's policy is to revalue the cost of all intangible assets that are in use, on the basis that the revaluation is material. Each class of intangible assets is revalued using the Gross Domestic Product (GDP) deflator index published by HM Treasury. Upward revaluations are taken to the revaluation reserve, unless there has been a previous downward revaluation. In this case, an amount equal to the downward revaluation is taken to the SoCNE, the balance being taken to the revaluation reserve. Intangible assets were re-valued at the end of the financial year 2011-12.

### **d. Research**

Research costs are expensed to the SoCNE in the year in which it is incurred.

## **1.10 Contingent liabilities**

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

## **1.11 Commitments under leases**

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

### 1.12 Commitments under PPP contracts

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

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

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

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

The CRB historically recognised a liability for the capital value of the contract. That liability did not include the interest charge and service elements, which were expensed annually to the SoCNE. At the year end there was no capital liability remaining.

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

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

The 10 year contract awarded under the PPP initiative came to an end on 31 March 2012. However, this contract has been extended to March 2013 with an option of a further three months if required. As such, no amounts falling due after more than one year are applicable.

Due to the change in the nature of the contract and the new charging arrangements that are now in force, accommodation and IT running costs can no longer be disclosed separately for the current year. Therefore, the accommodation charges and IT running costs provided through the contract are now shown within the Private Finance Initiative service charges line for comparative purposes in note 4.

The CRB expect the Home Office to re-let the new five year contract which will come into effect in April 2013. Home Office is currently evaluating the bids from suppliers to facilitate this process.

### 1.13 Critical accounting judgements and key sources of estimating uncertainty

The CRB is required, when applying its policies, to make judgements, estimates and assumptions. These judgements and associated assumptions are based on historical experience and other factors that are considered appropriate from external sources.



These judgements are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised.

The CRB assesses whether there are any indicators of impairment for all financial and non financial assets at the year end. Assets are tested for impairment when there are indicators that the carrying amount may not be recoverable.

#### **1.14 Provisions**

The CRB accounts for any provisions in accordance with IAS 37. The CRB makes provision to cover its obligations for reinstatement of its leasehold buildings to their original state before its occupation.

The CRB meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Agency provides for this in full when the early departure scheme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.8% in real terms. The Agency provides for legal or constructive obligations, which are of uncertain timing, or arise at the date of the SoFP on the basis of the best estimate of the expenditure required to settle the obligation.

#### **1.15 Reserves**

Reserves constitute the following:

- Revaluation Reserve - the upward revaluation amounts of property, plant and equipment and intangible assets.
- General Fund - funds accumulated by the usual operation of the business.

#### **1.16 Restatement of 2010-11 results**

The results for 2010-11 have been restated for the following reasons:

##### **a. Administration and Programme costs**

The results for 2010-11 have been restated to reflect the updated definition and scope of administration costs within government accounting (see note above on administration and programme expenditure).

##### **b. Removal of Government Grant Reserve**

The 2011-12 FReM (para 6.2.71) has withdrawn the option provided in IAS 20 (accounting for government grants) to offset the grant against the cost of an asset. The option provided in IAS 20 to defer grant income is restricted to income where the funder imposes a condition.

As the funding previously received in relation to VBS assets does not meet this criterion, this now means that the funding element should be recognised as income in the SoCNE. As a result, the CRB has removed the government grant reserve in 2011-12 and restated comparative figures.

### 1.17 Funding

The CRB relies on the income generated from fees to fund its core activities. Subject to agreement, the Home Office provides cash to fund specific non-fee funded activities.

### 1.18 Segmental reporting

The CRB undertakes statutory functions on behalf of the Secretary of State under Part V of the Police Act 1997 (as amended).

All the financial resources of the CRB are used towards the furtherance of these statutory functions. The CRB does not, therefore, have separate reporting or operating segments as envisaged by IFRS 8.

### 1.19 VAT

Output tax does not apply to the fees charged by the CRB. Input tax on purchases is only recoverable on certain expenditure. Irrecoverable VAT is charged to the relevant expenditure category. Where input VAT is recoverable, the amounts are stated net of VAT.

With the move to the wider Home Office shared service arrangements the CRB no longer accounts for VAT separately as these transactions are now managed under a wider VAT group basis.

## 2. Staff numbers and related costs

Staff costs comprise:

	2011-12 £'000			2010-11 £'000
		Permanently employed staff	Others	
Administration	Total			Total
Wages and salaries	3,644	3,503	141	6,069
Social security costs	270	270	-	299
Other pension costs	635	635	-	698
Early departure costs	984	984	-	295
<b>Sub Total</b>	<b>5,533</b>	<b>5,392</b>	<b>141</b>	<b>7,361</b>
Less recoveries in respect of outward secondments	(36)	(36)	-	(268)
<b>Total net costs</b>	<b>5,497</b>	<b>5,356</b>	<b>141</b>	<b>7,093</b>
<b>Programme</b>				
Wages and salaries	9,465	9,454	11	11,030
Social security costs	606	606	-	697
Other pension costs	1,567	1,567	-	1,818
Early departure costs	1,224	1,224	-	943
<b>Sub total</b>	<b>12,862</b>	<b>12,851</b>	<b>11</b>	<b>14,488</b>
<b>Total</b>	<b>18,359</b>	<b>18,207</b>	<b>152</b>	<b>21,581</b>

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

For 2011-12, employers' contributions of £2.243m were payable to the PCSPS (2010-11 £2.457m) at one of four rates in the range 16.7% to 24.3% (2010-11: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2009-10 and will remain unchanged until 2012-13. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £10,500 (2010-11: £19,187) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2010-11: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £638 - 0.8%; (2010-11: £0, 0%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £0 (2010-11: £0). Contributions prepaid at that date were £0 (2010-11: £0).

## 2.1 Average number of persons employed

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

	2011-12 number			2010-11 number
	Total	Permanent staff	Others	Total
Directly Employed	541	541	-	656
Other	1	-	1	11
Total	542	541	1	667

## 2.2 Reporting of Civil Service and other compensation schemes - Exit packages

Comparative data for 2010-11 is shown in brackets

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed		Total number of exit packages by cost band	
<£10,000	-	11	(67)	11	(67)
£10,000 - £25,000	-	50	(31)	50	(31)
£25,000 - £50,000	-	27	(11)	27	(11)
£50,000 - £100,000	-	6	(4)	6	(4)
£100,000 - £150,000	-	3	(-)	3	(-)
£150,000 - £200,000	-	-	-	-	-
<b>Total number of exit packages</b>	-	<b>97</b>	<b>(113)</b>	<b>97</b>	<b>(113)</b>
<b>Total resource cost £'000s</b>	-	<b>2,712</b>	<b>(1,399)</b>	-	-

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, as updated in December 2010. Where the Agency has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

### 3. Other Administrative Costs

	2011-12 £'000	2010-11 £'000
Non-cash items		
- Notional charges	-	62
- Auditor's remuneration and expenses	138	131
- Provision provided for in year	-	319
Other Administrative costs	903	1,407
<b>Total</b>	<b>1,041</b>	<b>1,919</b>

The auditors have received no remuneration for non-audit work (2010-11 £ Nil).

### 4. Programme Costs

	2011-12 £'000	2010-11* £'000
Interest charges	109	281
PFI service charges	52,085	51,536
Police and other data source costs	27,078	35,824
Non Cash Items		
- Depreciation	918	1,174
- Amortisation	8,982	8,786
- Impairment **	29	-
- Provision provided in the year	385	17
- Provisions utilised in the year	(55)	-
- Unwinding of discount on provisions	(17)	-
Professional Fees	482	1,706
Other Programme costs	2,590	1,478
<b>Total</b>	<b>92,586</b>	<b>100,802</b>

\* Accommodation and IT running costs were previously shown as a separate line in this note. However due to changes in charging arrangements from the supplier, (see note 1.12) this can not be shown separately for the current year. Therefore, the accommodation charges and IT running costs relating to the PPP contract are now shown within the PFI service charges line for comparative purposes.

\*\* The £9.044 impairment for 2010-11 is shown as a separate item on the SoCNE.

**5. Income**

	<b>2011-12 £'000</b>	<b>2010-11 £'000 Restated</b>
<b>Income</b>		
Fees charged for the provision of the CRB checking service classed as Programme income	105,253	108,886
Other income government grants received in respect of VBS	-	7,051
Fees charged for the provision of the CRB checking service classed as administration income	6,428	9,012
<b>Total</b>	<b>111,681</b>	<b>124,949</b>

**5.1 Consolidated Fund Income**

The following income relates to the Agency and is payable to the Consolidated Fund.

	<b>2011-12 £'000</b>	<b>2010-11 £'000</b>
Other income - interest received	10	7
<b>Total</b>	<b>10</b>	<b>7</b>

**6. Property, plant and equipment**

	<b>Leasehold Improvements £'000</b>	<b>Information Technology £'000</b>	<b>Furniture &amp; Fittings £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>				
At 1 April 2011	3,552	10,310	207	<b>14,069</b>
Additions		362		<b>362</b>
Reclassification	(15)	1	15	<b>1</b>
Revaluations	-	(2)	3	<b>1</b>
<b>At 31 March 2012</b>	<b>3,537</b>	<b>10,671</b>	<b>225</b>	<b>14,433</b>
<b>Depreciation</b>				
At 1 April 2011	3,534	9,491	88	<b>13,113</b>
Reclassification	(18)	(2)	24	<b>4</b>
Charged in year	21	882	15	<b>918</b>
Revaluations	-	-	1	<b>1</b>
<b>At 31 March 2012</b>	<b>3,537</b>	<b>10,371</b>	<b>128</b>	<b>14,036</b>
<b>Net Book Value at 31 March 2012</b>	<b>-</b>	<b>300</b>	<b>97</b>	<b>397</b>
<b>Net Book Value at 31 March 2011</b>	<b>18</b>	<b>819</b>	<b>119</b>	<b>956</b>
<b>Asset financing:</b>				
Owned	-	-	97	<b>97</b>
Finance leased	-	-	-	<b>-</b>
On balance sheet PFI contracts	-	300	-	<b>300</b>
<b>Net book value at 31 March 2012</b>	<b>-</b>	<b>300</b>	<b>97</b>	<b>397</b>

The revaluation reserve is comprised of £920k intangible assets and £1k tangible assets.

**6a. Property, plant and equipment (continued)**

	<b>Leasehold Improvements</b>	<b>Information Technology</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>				
At 1 April 2010	<b>3,780</b>	<b>11,206</b>	<b>197</b>	<b>15,183</b>
Additions	-	398	10	<b>408</b>
Revaluations	(228)	(1,294)	-	<b>(1,522)</b>
<b>At 31 March 2011</b>	<b>3,552</b>	<b>10,310</b>	<b>207</b>	<b>14,069</b>
<b>Depreciation</b>				
At 1 April 2010	<b>3,631</b>	<b>9,520</b>	<b>65</b>	<b>13,216</b>
Charged in year	121	1,031	22	<b>1,174</b>
Revaluations	(218)	(1,060)	1	<b>(1,277)</b>
<b>At 31 March 2011</b>	<b>3,534</b>	<b>9,491</b>	<b>88</b>	<b>13,113</b>
<b>Net Book Value at 31 March 2011</b>	<b>18</b>	<b>819</b>	<b>119</b>	<b>956</b>
<b>Net Book Value at 31 March 2010</b>	<b>149</b>	<b>1,686</b>	<b>132</b>	<b>1,967</b>
<b>Asset financing:</b>				
Owned	18	-	119	<b>137</b>
Finance leased	-	-	-	-
On balance sheet PFI contracts	-	819	-	<b>819</b>
<b>Net book value at 31 March 2011</b>	<b>18</b>	<b>819</b>	<b>119</b>	<b>956</b>

**7. Intangible assets**

	Information Technology	Assets under Construction	Total
Cost or Valuation	£'000	£'000	£'000
At 1 April 2011	71,366	10,076	81,442
Additions	-	1,569	1,569
Revaluations	(458)	-	(458)
<b>At 31 March 2012</b>	<b>70,908</b>	<b>11,645</b>	<b>82,553</b>
<b>Amortisation</b>			
At 1 April 2011	51,443	-	51,443
Charged in year	8,982	-	8,982
Revaluations	(388)	-	(388)
<b>At 31 March 2012</b>	<b>60,037</b>	<b>-</b>	<b>60,037</b>
Net Book Value at 31 March 2012	<b>10,871</b>	<b>11,645</b>	<b>22,516</b>
Net Book Value at 31 March 2011	<b>19,923</b>	<b>10,076</b>	<b>29,999</b>
<b>Asset financing:</b>			
Owned	-	-	-
Finance leased	-	-	-
On balance sheet PFI contracts	10,871	11,645	22,516
<b>Net Book Value at 31 March 2012</b>	<b>10,871</b>	<b>11,645</b>	<b>22,516</b>

Description	Name of asset	Net Book Value as at 31 March 2012 £'000	Remaining Life (months)
An upgrade to the IT that enables registered bodies to send bulk applications electronically	Ebulk	1,234	14
An upgrade to the IT that allows CRB to significantly increase its storage capacity	Technical Ceiling	2,477	36
The original customer relationship management system as developed by Capita	10 year assets	820	2
PLX is a database that contains nominal information records of local intelligence held across Local Police Forces	PLX	2,394	36
An upgrade to the IT that allows CRB to be able to transact greater amounts of data more efficiently	IT Upgrade	2,960	36
Upgrade to the IT originally developed for the VBS but brought into use early. This asset was originally funded by government grant	VBS grant Asset	986	36
	<b>Total</b>	<b>10,871</b>	



**7a. Intangible assets (continued)**

	<b>Information Technology £'000</b>	<b>Assets under Construction £'000</b>	<b>Total £'000</b>
<b>Cost or Valuation</b>			
At 1 April 2010	<b>60,773</b>	<b>23,978</b>	<b>84,751</b>
Additions	351	3,295	<b>3,646</b>
Impairments	-	(9,044)	<b>(9,044)</b>
Reclassifications	8,153	(8,153)	-
Revaluations	2,089	-	<b>2,089</b>
<b>At 31 March 2011</b>	<b>71,366</b>	<b>10,076</b>	<b>81,442</b>
<b>Amortisation</b>			
At 1 April 2010	<b>41,318</b>	-	<b>41,318</b>
Charged in year	8,786	-	<b>8,786</b>
Revaluations	1,339	-	<b>1,339</b>
<b>At 31 March 2011</b>	<b>51,443</b>	-	<b>51,443</b>
Net Book Value at 31 March 2011	<b>19,923</b>	<b>10,076</b>	<b>29,999</b>
Net Book Value at 31 March 2010	<b>19,455</b>	<b>23,978</b>	<b>43,433</b>
<b>Asset financing (Restated):</b>			
Owned	-	-	-
Finance leased	-	-	-
On balance sheet PFI contracts	19,923	10,076	29,999
<b>Net Book Value at 31 March 2011</b>	<b>19,923</b>	<b>10,076</b>	<b>29,999</b>

## 8. Financial Instruments

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

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

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

The CRB has no borrowings, relies primarily on the Home Office for cash requirements and is therefore not exposed to liquidity risks. The CRB also has no material deposits and all material assets and liabilities are denominated in Sterling, so it is not exposed to interest rate or currency risk. The CRB does not hold any cash assets as it uses the Home Office bank account for receipts and payments.

The maximum exposure to the CRB is credit risk to the value included in payables totalling £8.424m.

## 9. Inventories

The CRB did not hold any material inventories at 31 March 2012 (£nil at 31 March 2011).

## 10. Trade receivables and other current assets

	31 March 2012	31 March 2011	31 March 2010
	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>			
Trade receivables	12,091	17,653	23,296
VAT receivables net of payables	-	5,476	4,259
Prepayments	7,018	12,485	12,424
Staff receivables	46	49	104
<b>Total</b>	<b>19,155</b>	<b>35,663</b>	<b>40,083</b>

### 10.1 Intra-Government balances

Amounts falling due within one year  
Balances with other central government bodies

Balances with other central government bodies	543	11,905	14,926
Balances with local authorities	3,588	3,949	3,962
Balances with NHS trusts	894	1,049	1,435

#### Intra-Government balances

Balances with bodies external to government

<b>Intra-Government balances</b>	<b>5,025</b>	<b>16,903</b>	<b>20,323</b>
Balances with bodies external to government	14,130	18,760	19,760
<b>Total</b>	<b>19,155</b>	<b>35,663</b>	<b>40,083</b>

**11. Cash and cash equivalents**

	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	9,633	17,229	6,860
Net change in cash and cash equivalent balances	(9,633)	(7,596)	10,369
<b>Balance at 31 March</b>	<b>-</b>	<b>9,633</b>	<b>17,229</b>
The following balances were held at:			
Government Banking Service	-	9,633	14,508
Commercial: banks and cash in hand	-	-	2,721
<b>Balance at 31 March</b>	<b>-</b>	<b>9,633</b>	<b>17,229</b>

During 2011-12, the CRB transferred its banking processes to the Government Banking Service (GBS) within the Home Office, as explained in the accounting policies note. This transfer was completed in March 2012. As a result of this change, the CRB's cash balance at the year end was nil.

**12. Trade payables and other current liabilities**

	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>			
Trade payables	108	655	4,493
Accruals and deferred income	8,306	10,116	16,484
CFER	10	7	4,418
Current part of imputed finance lease element of on balance sheet PFI contracts	-	4,655	4,491
<b>Total</b>	<b>8,424</b>	<b>15,433</b>	<b>29,886</b>
<b>Amounts falling due after more than one year:</b>			
Other payables, accruals and deferred income	-	-	-
Imputed finance lease element of on balance sheet PFI contracts	-	-	4,701
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,701</b>

2011-12 was the final year of a 10 year contract awarded under the PPP initiative to provide the CRB checking service, as the contract came to an end on 31 March 2012. As such, no amounts are falling due at the year end. Under IFRIC 12, assets were treated as assets of the CRB. The substance of the contract was that the CRB had a finance lease and that payments comprised two elements - imputed finance lease charges and service charges.

At the end of March 2012, the finance lease creditor was fully settled. As a result, a lease arrangement no longer exists, and payments will no longer be split between imputed finance lease charges and service charges. Going forward, this contract has been extended to March 2013 with an option of a further three months if required. Consequently, payments made for the CRB checking service are charged in full to the SoCNE from April 2012.

**12.1 Intra-Government balances**

Amounts falling due within one year			
Balances with other central government bodies	153	3,518	4,438
Balances with local authorities	4,824	6,000	8,064
Balances with NHS trusts	92	-	-
<b>Intra-Government balances</b>	<b>5,069</b>	<b>9,518</b>	<b>12,502</b>
Balances with bodies external to government	3,355	5,915	17,384
<b>Total</b>	<b>8,424</b>	<b>15,433</b>	<b>29,886</b>
<b>Amounts falling due after more than one year:</b>			
Balances with bodies external to government	-	-	4,701
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,701</b>

**13. Provisions for liabilities and charges**

	Early departure costs	Dilapidations	Total	31 March 2011	31 March 2010
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2011	319	112	431	95	62
Provided in the year	-	385	385	336	33
Provisions utilised in the year	(55)	-	(55)	-	-
Unwinding of discount	(17)	-	(17)	-	-
<b>Balance at 31 March 2012</b>	<b>247</b>	<b>497</b>	<b>744</b>	<b>431</b>	<b>95</b>

Analysis of expected timing of discounted flows

	Early departure costs £'000	Dilapidations £'000	Total £'000
Not later than one year	62	-	62
Later than one year and not later than five years	143	497	640
Later than five years	42	-	42
<b>Balance at 31 March 2012</b>	<b>247</b>	<b>497</b>	<b>744</b>

**13.1 Early Departure Costs**

The CRB meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The CRB provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.8% in real terms.

**13.2 Dilapidations**

These provisions relate to anticipated dilapidation charges on various CRB leases.

Provision is made for estimated dilapidation costs on leasehold buildings. The costs are expected to be incurred between 2013 and 2018 as each lease expires. A dilapidation provision on vacated buildings is maintained until dilapidation negotiations have been finalised.

**14. Capital commitments**

	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Contracted capital commitments at 31 March 2012 not otherwise included in these financial statements			

Intangible assets	2,356	-	3,110
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Capital commitments at 31 March 2012 relates to work being undertaken in preparation for the Update Service.

**15. Commitments under leases**

## Operating leases

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

	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
		<b>Restated</b>	<b>Restated</b>
<b>Obligations under operating leases for the following periods comprise:</b>			
Buildings	-	-	-
Not later than one year	-	253	140
Later than one year and not later than five years	-	-	486
Later than five years	-	-	-
	<b>-</b>	<b>253</b>	<b>626</b>

Comparatives have been restated to remove PFI commitments which are shown in note 16.

## 16. Commitments under PFI contracts

### 16.1 On-balance sheet (SoFP):

2011-12 was the final year of a 10 year contract awarded under the PPP initiative to provide the CRB checking service. Under IFRIC 12, assets were treated as assets of the CRB. The substance of the contract was that the CRB had a finance lease and that payments comprised two elements - imputed finance lease charges and service charges. At the end of March 2012, the finance lease creditor was fully settled. As a result, a lease arrangement no longer exists, and payments will no longer be split between imputed finance lease charges and service charges. Upon expiry of the contract the CRB reserve the option to retain or transfer the title of the technical infrastructure for the payment of a nominal sum.

As explained in note 24, a contingency arrangement to extend this contract was put in place until March 2013 with an option of a further three months if required. Consequently, payments made for the CRB checking service are charged in full to the SoCNE from April 2012.

	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000
<b>Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprises:</b>			
Not later than one year	-	5,578	5,372
Later than one year and not later than five years	-	-	5,021
Later than five years	-	-	-
Less interest element	-	(923)	(1,202)
<b>Total</b>	<b>-</b>	<b>4,655</b>	<b>9,191</b>

### Present value of obligations under on-balance sheet service concession arrangements for the following periods comprises:

	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000
Not later than one year	-	4,655	5,372
Later than one year and not later than five years	-	-	3,819
Later than five years	-	-	-
Less interest element	-	-	-
<b>Total</b>	<b>-</b>	<b>4,655</b>	<b>9,191</b>

### 16.2 Charge to the SoCNE

The total amount charged in the SoCNE in respect of the service element of on-balance sheet (SoFP) PFI transactions was £52.085m (2010-11 £51.536m); and the payments to which the CRB is committed is as follows:

	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000
Not later than one year	28,072	48,000	-
Later than one year and no later than five years	-	-	46,879
Later than five years	-	-	-
	<b>28,072</b>	<b>48,000</b>	<b>46,879</b>

**17. Other Financial Commitments**

The CRB has not entered into any non-cancellable contracts during 2011-12 (£nil 2010-11).

**18. Contingent liabilities**

There were no contingent liabilities at 31 March 2012.

**19. Losses and Special Payments**

a. Losses: There were 17 losses reportable as set out in Managing Public Money with a total value of £14,000 in 2011-12.

b. Special payments: There were 210 cases of ex-gratia payments during 2011-12 (255 during 2010-11). The total amount paid was £379,476 (2010-11: £558,000). These payments relate to claims from members of the public for loss of earnings as a result of delays in the CRB checking service and claims of maladministration. There were no single payments above £250k. Additionally, a payment of £73,000 was made in respect of a personal injury claim.

c. Impairment: Downward revaluation of assets is charged to the revaluation reserve if the asset has previously been re-valued upwards. If no revaluation reserve exists for assets, then the charge goes directly to SoCNE. The amount charged to the SoCNE was £29,000 for revaluation and £42,000 was charged to the revaluation reserve (£9.044m impairment 2010-11 relating to VBS assets).

**20. Related-party transactions**

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

The Home Office is regarded as a related party with which the CRB has had various material transactions during the year.

a. The Home Office provided no capital grant funding in 2011-12 (2010-11: £7.051m as restated, as a notional capital grant for VBS related assets).

b. The cost of an Enhanced Check rose by £8 to £44 on 6 April 2011. The additional £8 is collected by the CRB on behalf of the Home Office, to fund the operational costs of the ISA, IT infrastructure and a contribution towards the development of the overarching criminal records regime. During the year the CRB collected £20.1m on behalf of the Home Office. Of this amount £19.6m has been paid over to the Home Office during the year and £0.5m was paid directly to the police for costs incurred on behalf of ISA. £2.7m is due from registered bodies and other customers at the year end and will be paid to the Home Office on receipt. None of these receipts or payments are recognised as income and expenditure in the accounts for the CRB. No receivables or payables are recognised in the accounts as cash is paid over when received.

c. The CRB had transactions with the National Policing Improvement Agency (NPIA) during 2011-12 of £1.171m (2010-11: £1.099m) to allow access to PNC checks for CRB staff.

d. The CRB had transactions with the Security Industry Authority (SIA) during 2011-12 of £3.280m (2010-11: £2.477m) relating to income for CRB checks during the year.

Police authorities are regarded as related parties. The CRB incurred costs during the period to 31 March 2012 year of £27.1m (2010-11: £35.8 m) with police authorities in respect of running and set up costs.

During the 12 month period ended 31 March 2012 (2010-11 nil), none of the Management Board members, key management staff or other related parties had undertaken any transactions with the



CRB. Compensation payments to key management personnel are included in the Remuneration Report.

## **21. Third Party assets**

The CRB has no reportable third party assets as at the SoFP date.

## **22. Prior period restatement**

The following changes have resulted in restatement of the 2010-11 comparatives:

### **22.1 Removal of Government Grant Reserve**

The 2011-12 FReM (para 6.2.71) has withdrawn the option provided in IAS 20 (accounting for government grants) to offset the grant received for the purchase of non-current assets. The option provided in IAS20 to defer grant income is restricted to income where the funder imposes a condition.

As the funding previously received in relation to VBS assets does not meet this criterion, this now means that the funding element should be recognised as income and taken through the SoCNE. As a result, the CRB has removed the government grant reserve in 2011-12 and restated comparative figures.

The impact of these changes on the SoFP and SoCNE for the year ended 31 March 2011 (and 31 March 2010 for removal of government grant reserve) are noted below.

**22.1 Prior year restatements (continued)****Statement of Financial Position for the year ended March 2010 (as restated)**

	Published accounts at 31 March 2010 £'000	Removal of Government Grant Reserve £'000	Restated at 31 March 2010 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	1,967	-	1,967
Intangible assets	43,433	-	43,433
<b>Total non-current assets</b>	<b>45,400</b>	-	<b>45,400</b>
<b>Current assets:</b>			
Trade receivables	40,083	-	40,083
Other current assets			
Cash and cash equivalents	17,229	-	17,229
<b>Total current assets</b>	<b>57,312</b>	-	<b>57,312</b>
<b>Total assets</b>	<b>102,712</b>	-	<b>102,712</b>
<b>Current liabilities:</b>			
Trade and other payables	(4,493)	-	(29,886)
Other payables	(25,393)	-	
<b>Total current liabilities:</b>	<b>(29,886)</b>	-	<b>(29,886)</b>
<b>Non-current assets plus net current assets</b>	<b>72,826</b>	-	<b>72,826</b>
<b>Non-current liabilities</b>			
Other payables	(4,701)	-	(4,701)
Provisions	(95)	-	(95)
<b>Total non-current liabilities:</b>	<b>(4,796)</b>	-	<b>(4,796)</b>
<b>Assets less liabilities</b>	<b>68,030</b>	-	<b>68,030</b>
<b>Taxpayers' equity:</b>			
General fund	49,278	18,296	67,574
Government grant reserve	18,296	(18,296)	-
Revaluation reserve	456	-	456
<b>Total Taxpayers' equity</b>	<b>68,030</b>	-	<b>68,030</b>

The presentation for trade and other payables has changed since the original 2009-10 SoFP was prepared. The analysis of the figures has been restated in line with 2011-12 presentation.

**22.1 Prior period restatements (continued)****Statement of Financial Position for the year ended 31 March 2011 (as restated)**

	Published accounts at 31 March 2011 £'000	Removal of Government Grant Reserve £'000	Restated at 31 March 2011 £'000
<b>Non-current assets:</b>			
Property, plant and equipment	956	-	956
Intangible assets	29,999	-	29,999
<b>Total non-current assets</b>	<b>30,955</b>	-	<b>30,955</b>
<b>Current assets:</b>			
Trade receivables	35,663	-	35,663
Other current assets			
Cash and cash equivalents	9,633	-	9,633
<b>Total current assets</b>	<b>45,296</b>	-	<b>45,296</b>
<b>Total assets</b>	<b>76,251</b>	-	<b>76,251</b>
<b>Current liabilities:</b>			
Trade and other payables * :	(655)	-	(15,433)
Other payables	(14,778)	-	-
Provisions **	-	-	(70)
<b>Total current liabilities:</b>	<b>(15,433)</b>	-	<b>(15,503)</b>
<b>Non-current assets plus net current assets</b>	<b>60,818</b>	-	<b>60,748</b>
<b>Non-current liabilities</b>			
Provisions **	(431)	-	**(361)
<b>Total non-current liabilities:</b>	<b>(431)</b>	-	<b>(361)</b>
<b>Assets less liabilities</b>	<b>60,387</b>	-	<b>60,387</b>
<b>Taxpayers' equity:</b>			
General fund	48,081	11,343	59,424
Government grant reserve	11,343	(11,343)	-
Revaluation reserve	963	-	963
<b>Total Taxpayers' equity</b>	<b>60,387</b>	-	<b>60,387</b>

\* The presentation for trade and other payables has changed since the original 2010-11 SoFP was prepared. The analysis of the figures has been restated in line with 2011-12 presentation.

\*\* Similar to the note above, the disclosure requirements for provisions are now split into current and non-current liabilities. The presentation of the 2010-11 figures has been updated to reflect this requirement.

## 22.2 Updated definition

The definition of administration costs and income was revised in 2011-12. This has resulted in the restatement of 2010-11 administration and programme income and expenditure.

### Statement of Comprehensive Net Expenditure (as restated)

	Published accounts at 31 March 2011 £'000	Removal of Government Grant Reserve £'000	Admin / programme restatement £'000	Restated at 31 March 2011 £'000
<b>Administration Costs:</b>				
Operating income	(122,858)	-	122,858	-
Release of funds from government grant reserve for impairment of assets	(9,044)	9,044	-	-
Cost of sales	83,300	-	(83,300)	-
Staff costs	21,581	-	(14,488)	7,093
Other administrative costs	19,421	-	(17,502)	1,919
Impairment	9,044	-	(9,044)	-
Operating income	-	-	(9,012)	(9,012)
<b>Programme Costs:</b>				
Staff costs	-	-	14,488	14,488
Programme Costs	-	-	100,802	100,802
Income	-	(2,091)	(113,846)	(115,937)
Impairment	-	-	9,044	9,044
<b>Totals</b>	<b>1,444</b>	<b>6,953</b>	<b>-</b>	<b>8,397</b>
<b>Net Operating Cost</b>	<b>1,444</b>	<b>-</b>	<b>-</b>	<b>8,397</b>

## 23. Fees and charges for the year ended 31 March 2012

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

Activity	31 March 2012			31 March 2011		
	Income £'000	Costs £'000	Surplus/ (Deficit)	Income £'000	Costs £'000	Surplus/ (Deficit)
<b>Enhanced CRB checks</b>	103,916	(105,685)	(1,769)	111,756	(114,236)	(2,480)
<b>Standard CRB checks</b>	6,549	(5,349)	1,200	4,722	(3,693)	1,029
<b>ISA Adult First</b>	1,160	(952)	208	1,420	(1,157)	263
<b>Other*</b>	56	-	56	1,119	(137)	982
<b>Total</b>	<b>111,681</b>	<b>(111,986)</b>	<b>(305)</b>	<b>119,017</b>	<b>(119,223)</b>	<b>(206)</b>

\*Other relates primarily to income (and associated costs) for applications by Registered Bodies and Counter signatories.

This information is provided for the Fees and Charges note only and not for IFRS8 purposes.

**Notional Cost per paid Application (£) in 2011-12 \***

	<b>Cost</b>	<b>£'000</b>	<b>Applications '000</b>	<b>Notional Cost £</b>
<b>Enhanced CRB checks</b>		105,685	3,805	27.77
<b>Standard CRB checks</b>		5,349	263	20.35

\* Cost of processing a paid CRB check application based on 23.11% of the application figure shown above being free-of-charge. Used for full-cost recovery purposes.

**24. Events after the Reporting Period**

These accounts were authorised for issue on the date that the accounts were certified by the Comptroller & Auditor General.

**DBS**

In February 2011, the Home Office announced the recommendations to the review of the vetting and barring scheme. One of the recommendations was that there should be a single body created to provide a barring and criminal records service, by transferring the functions of both the CRB and the ISA into this body. The Home Office later announced that the new body would be called the DBS and that the body would operate as a NDPB.

The Protection of Freedoms Act 2012, which received Royal Assent on 1 May 2012, allows for the formation of DBS and empowers the Secretary of State to transfer certain functions to the DBS by way of a Transfer Order. The Transfer Order will be accompanied by a Transfer Scheme concerning property, rights and liabilities. The Transfer Order is subject to Parliamentary approval and, if it is approved, it is the Secretary of State's intention to transfer the functions currently discharged by CRB under Part 5 of the Police Act 1997 into DBS in December 2012.

On 14 June 2012, Ministers announced the appointment of Adrienne Kelbie as the DBS CEO and Bill Griffiths as Non-Executive Chair of the DBS.

**PPP arrangement**

As highlighted in note 16, the current PPP arrangement for the Disclosure Service was due to expire on 11 March 2012 but, to allow time for the procurement exercise to replace both the Disclosure Services contract and the ISA contract for Barring Services, a contingency arrangement was put in place until 31 March 2013, with the option to extend for a further 3 months to 30 June 2013. The procurement exercise was advertised in the OJEU (Official Journal of the European Union) under EU regulations and was undertaken using the competitive dialogue process. Following Call for Final Tender, final tenders were evaluated against the agreed Evaluation Strategy and a recommendation for preferred supplier is now progressing through the approvals process.

**The Update Service**

The CRB is currently developing a new online service called the Update Service. This will help ensure that CRB checks are, in effect, portable thereby reducing the need for multiple checks.

## Glossary

ACPO	Association of Chief Police Officers
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipts
CPI	Consumer Price Index
CRB	Criminal Records Bureau
CRSC	The Update Service (formerly known as the Criminal Records Status Check)
DBS	Disclosure and Barring Service
e-Bulk	Multiple electronic applications and results
FOI	Freedom of Information
FReM	Financial Reporting Manual
GBS	Government Banking Service
GDP	Gross Domestic Product
GGC	Greening Government Commitments
ICM	Independent Complaints Monitor
ICO	Information Commissioners Office
IFRS	International Financial Reporting Standards
ISA	Independent Safeguarding Authority
KPI	Key Performance Indicator
NAO	National Audit Office
NDPB	Non Departmental Public Body
NPIA	National Policing Improvement Agency
OJEU	Official Journal of the European Union
PCSPS	Principal Civil Service Pension Scheme
PNC	Police National Computer
PPP	Public-Private Partnership
PSS	Public Service Standards
ROA	Rehabilitation of Offenders Act 1974
RIF	Risk Improvement Forum
SCS	Senior Civil Servants
SIA	Security Industry Authority
SoCNE	Statement of Comprehensive Net Expenditure
SoCTE	Statement of Changes in Taxpayers' Equity
SoFP	Statement of Financial Position
SSRB	Senior Salaries Review Body
TNA	The National Archives
VBS	Vetting and Barring Scheme



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