



Ministry of Defence Police and Guarding Agency

Annual Report and Accounts
2005 - 2006



HC 1206



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Police and Guarding Agency
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S. B. Love
Chief Executive

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MDP Officers provide armed support to MGS Guards



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Foreword

Mr S B Love – Chief Constable and Chief Executive

THIS HAS BEEN MY FIRST YEAR AS CHIEF EXECUTIVE OF the Agency and Chief Constable of the MOD Police Force (MDP), and I could not have chosen a more eventful start to my association with this unique security and policing organisation.

Leading up to the summer of 2005, our planning to support the high-level Trafalgar 200 events at HM Naval Base Portsmouth, and the G8 Summit in central Scotland, required us to manage the deployment of substantial policing resources, much of it specialist skills, at the same time as continuing to perform all our agreed security and policing tasks right across the UK Defence estate. What we could not have foreseen was an almost immediate test of our resilience as we moved virtually without a break into Operation Toga, the aftermath of the July London bombings, when we surged to reinforce the security of the Whitehall area of the capital and to support our hard pressed colleagues in the Metropolitan Police Force, again without reducing agreed commitments to the wider Defence Estate.

I learned a lot from those months about the strengths of this Agency. The demands on us could hardly have been more testing, but we met them and enhanced our reputation. The MDP is only 1.5% of the national policing strength in numbers, but has over 8% of the national CBRN capability, a major marine force, the biggest fraud squad outside London, the largest dog capability of any police force, and is providing 45% of all the UK's international policing presence as well as running the international training for overseas police deployments from all UK police forces. On the guarding side, our MGS guards now get nationally accredited training.

The summer of 2005 certainly provided yet further evidence of the value of MDP Divisional Support Groups (DSGs) in providing surge capability within Divisions and when required across Divisions, to meet national commitments. With taskings closely managed by the Divisional tasking and co-ordination process, the Force is able to quickly re-prioritise officers to emerging threats such as those seen last July. DSG officers are able to perform a range of tasks all the way through to armed policing and security. And their deployment

does not create the kind of staffing shortfall issues that arise when officers are seconded away from dedicated policing duties at MOD units.

But the real place where match-fitness stands or falls is at the local station. It is part of the day job of anyone in charge of anything in this Agency to make sure that their people and their function are put to exercise under emergency conditions and that everyone will know what to do in a crisis. This exercise culture will grow in the future, with the Guard Service playing its full part.

Our sign-up to Airwave radio, the national radio infrastructure for all emergency services, has continued to raise our game in communications effectiveness. It was used to good effect during the Trafalgar 200 events at Portsmouth, where for the first time MDP, the Royal Navy and Hampshire Police had a common radio system for special policing and security operations. It was also used widely by MDP and Scottish Forces during the G8 Summit. We completed the roll-out of Airwave to MDP officers in February 2006, and nationally the O2 Airwave Service programme was completed with the join-up of the national infrastructure in October 2005. We also took the decision to equip the MGS with Airwave radio in order to enable the service to have secure interoperability with MDP, with Home Office and Scottish Office police forces and with other MOD users.

Command and Control is now established as the common system for incident reporting and resource deployment. The Control Room element of the project has continued to progress and all the MDP Divisional Control Rooms, with one exception at this stage, have been equipped with the NSPIS Command and Control system. Airwave enables control room staff to maintain digital (encrypted) radio communication with all MDP staff anywhere in the UK.

Taking its constituent parts together, the Command and Control project was the largest of its kind for the Agency, and



its successful implementation takes us immediately to a new level of operational efficiency.

In the area of crime against Defence personnel and assets, it continues to be the case that there is a ready criminal market for almost everything that goes with defending the country - equipment, machinery, clothing, fuel, engines, parts, firearms, etc. Large amounts of money are spent on defence supply and manufacture contracts and the potential for serious fraud and theft is ever present. If just one per cent of the Defence budget is in some way being stolen or siphoned off, that comes to more than the entire budget of this Agency. Once again, the Agency is able to report significant successes this year in recovering money and assets for the Defence estate.

As a result of the MOD People Programme, one of the Department's biggest Change Programmes, we are set to reduce our personnel staff from 89 to 19 by 2008 with many of the current posts ending during late 2007. This is a challenging time for those who, in spite of an uncertain future, are still very much needed to support our line managers and are maintaining their resolve admirably.

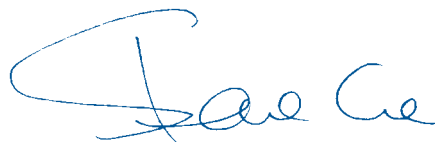
At the end of the second full year of its corporate structure within the Agency, the professional delivery of MOD Guard Service (MGS) outputs on the ground continues unabated. At the Headquarters level, however, the issues of securing the correct level of funding for the MGS and of developing a suitable management structure for the Service remain frustratingly intractable. Preparing for commercial competition of up to 25% of the Department's unarmed guarding task continues.

Our Training Centre, based at HQ Wethersfield, is now the Agency Training College, providing training for both police

officers and guards. Fully accredited across all its centres with the awarding body Edexcel, it boasts facilities of an extremely high standard.

The Armed Forces, which it is our job to support and protect, are heavily involved on tough commitments overseas. This means that this Agency has to be alert to ways of freeing them up from home based security roles, and also ready to support them in their post-conflict reconstruction overseas. Internationally, a small number of MDP officers remain deployed directly to Iraq, involved in the training of new Iraqi police officers. We also contribute to the multi-national effort to train new Iraqi police officers at the Jordanian International Police Training Centre. In Kosovo, our presence is still the highest of any UK police force and our contribution to Foreign Office and United Nations objectives in the region remains firm.

My first year as Chief Executive has not lacked either incident or achievement. If all that is asked of us is to be delivered, we need to remain match fit in every respect, deploying our unique skills in protecting the Defence community. Our capability is a proven one, and we look to next year with confidence.



S.B. Love
Chief Constable & Chief Executive

Control Centre, Whitehall





2nd Permanent Under Secretary's Introduction

Mr Ian Andrews CBE TD

LAST YEAR, I WELCOMED Steve Love to the Department as he took up the reins of his appointment as MDPGA Chief Executive and Chief Constable of the Ministry of Defence Police. As this Report describes, his first year has been eventful and demanding.

The July bombings in London required an immediate surge of additional armed security to reinforce the protection of the Whitehall area of the capital, and we were all impressed by the speed with which the MDPGA responded to this challenge. The ability of the Agency to respond to events, without disruption to its standing security role across the Defence community, is a critical factor in judging its contribution and they were not found wanting.

The year had already tested the Agency, with events to mark the two hundredth anniversary of the Battle of Trafalgar in Portsmouth and the unprecedented levels of security required for the inter-governmental G8 Summit at Gleneagles. The MDP were heavily involved in both, largely supporting Home Department Police Forces with their specialist policing skills.

Indeed, the heavy demands placed on the Agency have made it necessary to assess the extent to which all the tasking expected of it right across the Defence community can be delivered in the same way in the future. Funding constraints will inevitably require some adjustments, but there is no doubt that the capability of the MDPGA to deliver a high quality security service, both armed and unarmed, is highly valued by the Department. As the Guard Service is fully integrated into the Agency, and the new Command and Control incident management system beds in, resources will be even more efficiently deployed, offering the Department an increasingly capable service which can only, in the light of current threat levels, grow in importance.

Nor should we overlook the policing skills which the Agency can bring to the stewardship of our large procurement budgets. We are fortunate in the quality and integrity of our personnel in procurement through whose efforts we deliver the major battle winning hardware on which our armed forces depend. But we need to be vigilant in ensuring that we continue to conduct our procurement in a way which minimises the risk of fraud or product substitution. Here too the Force has a vital role to play – in support of our procurement teams – in deterring such activities.

Internationally, the reputation of the MDP is well established, not just in Kosovo where they have led the United Kingdom contribution to the post conflict reconstruction work spearheaded by the UN, but also in Iraq where they have been working in very challenging conditions to assist the development of a national Police Service. There has been no lack of support from the Agency for the effort of the Armed Forces in these regions, as they work with international colleagues to try to improve the infrastructure of war damaged zones.

The MDPGA is becoming ever more closely integrated within the Defence community as security remains a high priority for many of our key sites in the UK, including those occupied by US Visiting Forces. I am pleased to report that, under Steve Love's leadership, the MDPGA is rising to the challenge, and I have every confidence that they will continue to do so.

Ian Andrews

Second Permanent Under Secretary of State

Armed MDP patrols following the London bombings



Role, Vision, Values and Outputs

STRATEGIC VISION

To be recognised as the leading policing and guarding organisation for the Ministry of Defence

AGENCY ROLE

Delivering effective Policing and Guarding as a part of the UK's Defence capability

AGENCY VALUES

We will carry out our Role:

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

AGENCY OUTPUTS

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

- terrorist attack and the threat of it
- disruption and disorder caused by protesters
- theft of and/or criminal damage to key assets
- major financial fraud

We will combat these crime and security risks through the Agency's 6 key outputs:

- Armed Security: the capability to deter and to respond to an armed attack on Defence personnel and property.
- Uniformed Policing: the effective use of police powers to deter, detect and respond to crime and disorder.
- Guarding: the provision of unarmed guarding to Defence personnel and property.
- Crime Investigation: the investigation of crime that impacts significantly against Defence capability.
- International Capability: the contribution of specialist Policing and Guarding expertise in support of wider Defence and foreign policy objectives.
- Policy: contributing to Defence policing and guarding policy.

In delivering the outputs we will directly contribute to the Defence vision of being a force for good in the world. We will provide a policing and guarding service fit for the challenges of today, ready for the tasks of tomorrow and capable of building for the future.

The Ministry of Defence Police Committee

MEMBERSHIP OF THE COMMITTEE

Mr Ian Andrews

2nd Permanent Under Secretary (Chairman)

Mr Richard Hatfield

Personnel Director

Mr Robert Rooks

Director General, Security & Safety

Brigadier Philip Mostyn

Assistant Chief of Staff (Personnel) HQ Land Command

Ann Kelly

Independent Member

John Harris

Independent Member

Bob Bowman

Secretary, MOD Council of Civil Service Unions

Independent Member

Sally Osment

Vice Chair of the Army Families Federation

Independent Member

ADVISERS TO THE COMMITTEE

Sir David O'Dowd CBE QPM CIMgt

Police Adviser (England & Wales)

Andrew Brown QPM,

Chief Inspector of Constabulary for Scotland

Police Adviser (Scotland)

End of Year Key Target Report

KEY TARGET 1:

The in-year target was to have implemented an agreed plan to improve customer satisfaction with services provided.

Action Plan cascaded to all MDP Divisions. Divisional and Regional Targets formulated for 2006/07. A Customer Satisfaction target has been formulated for 06/07.

KEY TARGET 2:

The in-year target was to achieve a crime solving rate of 50% for the investigation of crime that impacts significantly against Defence capability.

MDP achievement against this target was 38.6%. This achievement was against the new definition of Crime which focuses our investigation of crime on that which impacts significantly against Defence capability. This target has been refined for 06/07.

KEY TARGET 3:

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

MDP customer taskings as agreed in Customer Service Agreements have recorded 91.9% achievement, which is 3.1% below the target figure. This is slightly above the performance achieved last year which was 91.1%. Performance against this target was 89.4% for the MGS, compared with 95% last year. The reasons for this shortfall have been discussed and are understood both at the Police Committee and at the Customer/Stakeholder Sub-Committee. This remains a target for 06/07.

KEY TARGET 4:

The target was to achieve all agreed International tasks with the Foreign and Commonwealth Office in support of wider Defence and foreign policy objectives.

The MDP has maintained its commitment to meet and deliver agreed FCO tasks. This remains a target for 06/07.

KEY TARGET 5:

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

Overall 263 MDP officers were recruited. 14.83% of these were female and 1.14% were from minority ethnic communities. Therefore the Agency partially achieved this target. This target has been refined for monitoring in 06/07.

KEY TARGET 6:

The target was to have delivered a minimum of 10 Fraud Reduction Audits to identified MOD organisations.

This target was completed. All audits conducted and reports were issued. A Fraud Key Target has been formulated for 06/07 to monitor assets recovered by work of the MDP.

KEY TARGET 7:

The in-year target was to deliver all in-year options for achieving savings agreed with the Central Top Level Budget.

The Agency has not been able to achieve the full value of its savings target, attached to the Customer Supply Agreements. However, in a drive to improve efficiency the Agency has set an efficiency Key Target for 06/07 to ensure the delivery of its efficiency plan.

Agency Key Targets 2006/07

KEY TARGET 1:

Customer Satisfaction

By 31 March 2007, to have increased overall customer satisfaction with MDP & MGS services to 90%.

KEY TARGET 2:

Crime Detection Rates

By 31 March 2007, to have increased the detection rate of crime that impacts significantly against Defence capability by 3% above the level achieved in 2005/06.

KEY TARGET 3:

Customer Tasking

By 31 March 2007, to have delivered at least 95% of MDP and 95% of MGS funded and agreed customer taskings.

KEY TARGET 4:

International Capability

By 31 March 2007, to achieve all International agreed tasks with the Foreign and Commonwealth Office in support of wider Defence and foreign policy objectives.

KEY TARGET 5:

Diversity

By 31 March 2007, to have increased the number of female officers by 6% and ethnic minority officers by 5% within the Agency from the levels recorded in 2005/06.

KEY TARGET 6:

Fraud Reduction

By 31 March 2007, to have demonstrated the recovery or prevention of loss to the MOD of a minimum of £2M in assets based on all Fraud investigation activities within the Agency.

KEY TARGET 7:

Improving Efficiency

By 31 March 2007, to have achieved efficiency targets and measures as detailed within the Agency efficiency plan.



Chief of Staff and Deputy Chief Constable

Mr David Ray QPM

PROJECT CONTACT

PROJECT CONTACT completed the roll-out of Airwave radio to MDP officers in February 2006, and we now have 2227 radios in service across the UK. Nationally, the O2 Airwave Service

infrastructure was completed in October 2005. The following month, the Agency took the decision to equip the MGS with Airwave radio in order to enable the service to have improved communications with MDP, with Home Office and Scottish Office police forces and with other MOD users. As a result, a contract has been placed with O2 for 1410 Airwave Direct radios for MGS and the roll-out programme is ongoing.

Airwave radio has continued to prove its operational value. It was used to good effect during the Trafalgar 200 event at Portsmouth, where for the first time MDP, the Royal Navy and Hampshire Police had a common radio system for special policing and security operations. It was also used widely by MDP and Scottish Forces during the G8 Summit. Airwave allowed the MDP Gold Commander to maintain contact at all times with officers involved in the operation and ensured that every officer was kept 'all informed' as events occurred.

Although O2 are continuing to develop the system, the Agency has confidence in the stability of the national infrastructure and its flexibility. The performance of the Leased Managed Terminal Service provider has been satisfactory and no major problems have arisen. The liaison

with the Defence Communications Agency and with other MOD Airwave users has been maintained to ensure a consolidated approach to contractual issues with both O2 Airwave and the radio supplier.

The Control Room element of the project has continued to progress and all the Divisional Control Rooms, with the current exception of Fairford, have been equipped with the NSPIS Command and Control system. Command and Control is now established as the common system for incident management and resource deployment. As the control room operators gain in confidence and expertise, the system is becoming an increasingly valuable operational tool. The addition this year of Divisional access to the Police National Computer has been completed, allowing officers on operations to obtain PNC checks via the control rooms, and speeding up the PNC process generally. The Integrated Communication Control System has not yet been implemented due to network security difficulties and the need to establish suitable network capacity for the system. However, the Agency is in negotiation with DCSA in order to resolve these matters and it is anticipated that implementation will take place during the next financial year.

Project Contact formally closed at the end of March 2006, with only the implementation of the Integrated Communication Control System remaining as outstanding business. The project was the largest of its kind for the Agency. Many project lessons have been learned and will be documented to benefit future projects.

Airwave radio was rolled out nationwide



IT AND TELECOMMUNICATIONS

The IT&T Department has continued to deliver a high quality service to its customers within the Agency during the year.

Improvements to the MDP computer network which have been delivered in year include: secure access to the Internet; replacement of the majority of dial-up links with faster broadband connections; providing the latest version of the MOD's Departmental Financial Management System for Agency finance staff; and migration of the technical architecture to one based on Windows 2003; access to the Criminal Justice Extranet; and e-mail to the Police National Network.

We procured and installed £1.2 million worth of new Information Technology, replacing obsolete equipment, improving the resilience of operational Information systems, and assisting in the implementation of more flexible working practices by replacing some CID desktop computers with laptop computers.

We continued to work with Project Contact to replace the obsolete legacy radio systems with the Airwave system. As noted already, the new Airwave capability has dramatically improved the service to police officers on the ground. It has enhanced interworking with other police forces and, together with new technology delivered to Control Rooms, has improved the operational management of the MDP. When Project Contact closed, the remaining project staff were absorbed into the IT&T Department to carry on with some post-project activities such as business benefits realisation.

Providing support to a number of other areas of the Agency, such as the Defence Training Review Team, continues to be a key role. New Agency Information Management and Information Systems strategies were produced and initial work on the IMPACT programme was carried out before the task was passed to the Business Development team. An Agency Records Management Team was recruited and trained.

CORPORATE COMMUNICATIONS

The Press Office remained a busy focus for media inquiries, predominantly on criminal justice matters, though several features in magazines covered the MDP's International Policing role in territories such as Iraq and Kosovo. The Force was the lead profile in *The Sharp End*, a new police magazine distributed to all Home Office police officers in England & Wales, presenting MDP as an example of a truly national police force, facing operational and communications challenges not normally faced by the average county force. In the summer of 2005, an MDP press officer was seconded to the central G8 police media handling team based at Glenrothes in Fife, a contribution warmly appreciated by our Scottish police colleagues.

Internal communications across the Agency and within the MOD continued to improve. The Agency was featured on the MOD intranet (DefenceNet) almost on a monthly basis, a great deal more than previously. Our own intranet,

established last year, though progressing now needs further development. The two Agency staff magazines, *Talk Through* and *Flashlight* - for police and guards respectively - are an important part of the communications mix, and are setting high standards. *Talk Through*, which is regularly seen by journalists, devoted significant coverage to the G8 Summit and T200 events in which MDP officers played a key part, and then later to the post July 7th events in London when Operation Toga was rolled out to reinforce central London security in Whitehall. These high profile operations remind everyone, officers and the Defence community alike, why this Agency exists and why its work is important. Our photographers were indispensable in getting this important message across.

A new series of publications, designed to brief officers and guards on important developments within the Agency, has been well received. Whilst electronic communication is speedy and efficient at the management level, it needs to be supported by good quality information flow in other formats to ensure that the large number of officers and guards who do not work at a desk are kept up to date in ways that suit their working conditions.

For the first time, the MDP nominated a candidate for the annual Community Police Officer of the Year awards sponsored by the *Police Review* magazine. Since the community policing role of our officers on the Defence estate is very different to the role as performed in Home Office forces, our nomination was particularly welcomed by the organisers. PC Pete Smith, the Unit Beat Officer (UBO) and a popular figure with service families at RAF Coningsby, did the Force proud as our nominee.





Director of Resources and Planning

Mr Steve Beedle

FINANCE

THE AGENCY FINANCE teams were particularly challenged in having to resource, manage and account for the plethora of additional, often unforeseen, operational commitments in the year -

ranging from support for the G8 Summit and the T200 events, to the London bombings and the rapid re-enforcement of MOD sites. Restructuring and recruitment is in hand to reduce the pressures on staff in the coming year but the ability to meet Agency financial reporting obligations remains a major business risk.

The performance of the finance teams has been hampered by continued underfunding problems for which a long term resolution with MOD has yet to be reached, thus making it difficult to deliver all of the business plan objectives. This has done little to maintain staff morale and has contributed to the understaffing of the branch throughout the year. Experienced staff have been hard pressed to deliver a satisfactory level of service to budget holders. We look to MOD initiatives such as Simplify and Improve and the new Planning Budgeting and Forecasting tools together with adequate funding to improve matters in the forthcoming year.

The branch has successfully introduced a combined Assurance and Efficiency capability which provides the Audit Committee with a comprehensive programme of reviews. The Agency bilateral process has also been provided with much more information to assist with continuous performance improvement.

BUSINESS DEVELOPMENT

Significant activities this year included: the embedding of Agency Business Continuity planning within the organisation and the development and promulgation of an enhanced Business Continuity Plan template; the work to form the basis of a policy configuration system which is being developed in 2006/2007 to manage and maintain Agency policy; and the work to update the MDP Patrol Companion which provides legal references to operational MDP officers in a handy form, updating all relevant amendments to legislation.

The Business Development Research Team continued to identify emerging issues that impact upon the outputs of the Agency and these have been proactively tracked and monitored through the Agency bilateral process.

The Agency Consultative Services team which largely deals with complementing assessments has responded to the increase in their workload in respect of MGS stations and has recorded its busiest year ever with over 30 complement reviews completed. This level of demand is expected to continue as customers and the Agency alike seek more efficient and effective policing and security services at the point of delivery. The Customer Account Team is currently reviewing the Customer Satisfaction Survey with a view to focusing on those tasks of most importance to MDPGA customers.

During the year the Programme and Project Support Office was established to promote, develop and support good practice in project management throughout the Agency, enabling project managers to manage their projects better.

The MDP is subject to an ongoing rigorous external assessment process by Her Majesty's Inspectorate of Constabulary (HMIC) using the Baseline Assessment model. A round of HMIC audits was completed by March and HMIC are expected to deliver their findings to the Chief Executive in October 2006.

DSGs carrying out a sweep of the static helicopter display in preparation for the 2005 Air Day at RNAS Culdrose



SECRETARIAT

The Secretariat continues to handle all Agency parliamentary business and ministerial correspondence. The Agency publishes information proactively on the MOD Freedom of Information website (www.foi.mod.uk) and now has procedures in place which allow the Secretariat on behalf of the Agency to respond to all written requests for information. The branch also continues to oversee Agency compliance with the Data Protection Act 1998 and dealt successfully with 124 Subject Access Requests in year. A personal data audit programme has been established and the first planned audits are complete. Data Protection and Freedom of Information awareness briefings are regularly provided whilst FOI and personal data training is available to all Agency staff via DBLearning and the Defence Electronic

Learning Centre. In the first full year of implementing the Agency's obligations under FOI it responded to 191 requests and met all of the agreed timescales for response.

HQ ADMINISTRATION

Administration of our HQ site at Wethersfield in Essex - the only estate for which the Agency has responsibility - is now based on the Estate Strategy agreed by the Agency Board back in January 2005. We have continued to progress the objective of improving the condition of the site, making it a better place in which to work, train and live. In excess of 20 projects were completed in year, resulting in more buildings being brought into use and others made fit for purpose.

We have focused attention on making the site SHEF compliant, concentrating on fire prevention and safety measures for the personnel who sleep overnight at HQ. In addition, buildings considered to be a Health and Safety hazard and which could not be economically refurbished have been demolished.

The year has also seen the successful transfer of responsibility for the site's water-related assets to C2C, as part of the MOD's national Project Aquatrine, and, as the year closes, we prepare to transfer site maintenance to the Regional Prime Contractor under the stewardship of MOD Defence Estates. The one disappointment was the slippage again in the long awaited refurbishment of the student living accommodation. This has been due to delays in processing by the MOD Estates organisation.





Director of Operational Support

Assistant Chief Constable John Bligh QPM

HEADQUARTERS

OPERATIONAL SUPPORT provides a range of services, both uniform and CID, in support of the operational outputs and objectives of the Agency. In addition to providing equipment,

and the services of the Operational Support Units, the Special Escort Group, CID Headquarters and the Fraud Squad, the department also creates policy on vehicle and marine fleet capability and on operational planning.

MDP FIREARMS POLICY

The Firearms Policy Unit has continued to deal with important issues throughout the year. In addition to the acquisition of a provisional licence awarded for compliance with the ACPO Codes of Practice on the Police Use of Firearms and Less Lethal Weapons, the Unit has been responsible for the delivery of two Home Office supported counter-terrorism exercises. Updates to firearms policy, along with work being done to ensure Codes of Practice compliance, continue to place significant demands on the Unit.

MP7

By the end of December 2006, the MDP will have deployed the Heckler & Koch 4.6mm Personal Defence Weapon (MP7) as the weapon of choice for the Agency. This is incrementally replacing the MP5, Browning Pistol and SA80 rifles in the majority of armed police roles. The MP7 was rolled out with the aim of offering a modern weapon system which presents a credible deterrent and significantly improves our capability to respond to an armed attack. It also enables us to meet most armed requirements with a single weapon thereby reducing to a minimum dual arming. This will continue to benefit our customers, our officers and those we protect whilst reducing on-going training costs and abstractions from duty.

BATON GUN

The MDP continues to deploy the Baton Gun to trained officers across the country to enable them to respond at appropriate locations and situations with a proportionate less lethal option. Changes have been made to the ammunition configuration this year. This has entailed the acquisition, training for and deployment of a new Attenuating Energy Projectile (AEP) round.

PAVA & TASER

Work began in 2005 on the introduction of the PAVA incapacitant spray, a less lethal option, into the Force. 3500 sets have been purchased, training

began in December and is due for completion in 2006. A working party was also set up during the year to look at the possibility of introducing the Taser weapon as another less lethal option, thereby bringing the MDP into line with Home Department and Scottish Office forces. It is hoped that trials will begin in the summer of 2006.

DOGS

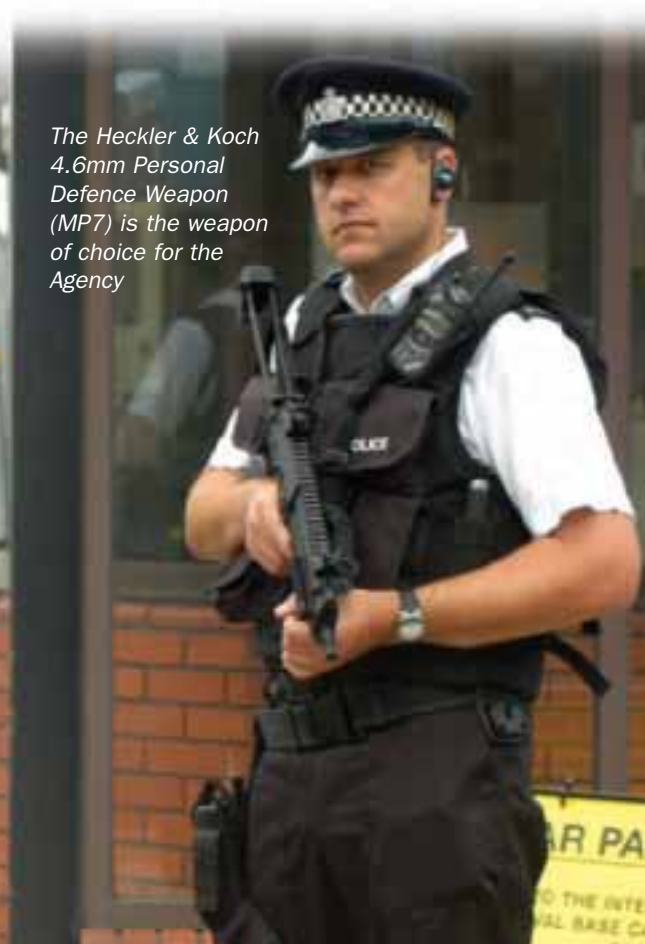
MDP's current total dog complement is 266 dog teams, consisting of Police Dogs grade One and Two; Patrol Arm True Dogs (under training for upgrade to Police Dog Grade Two status); Tactical Firearms Support Dogs; Arms, Explosive Search (AES) Dogs; Vehicle Search Dogs; and Drugs Detection Dogs.

Search Dog Teams carried out a total of 2565 taskings over the year broken down into 2180 AES and 385 drugs taskings with numerous finds at various venues. These teams operate as an Agency asset managed by the Operational Support Department and are available as a national support resource. During Op Toga, the search dogs provided support to the Metropolitan Police and the British Transport Police following the London bombings on 7 July 2005.

The Vehicle Search Dog teams that are deployed at units continue to provide high profile specialist support at establishments and as part of operations involving large amounts of vehicular traffic.

Operational Police Dog deployments of the Police One and Two grades at the 31 police dog holding units have included frequent detached duties in addition to their core function. They carried out 354 defence-related operational taskings and 88 taskings in support of other Forces.

The Heckler & Koch 4.6mm Personal Defence Weapon (MP7) is the weapon of choice for the Agency





*The MDP
Operational
Support Unit*



Patrolling the Solent during the week long Trafalgar 200 celebrations

Tactical Firearms Support Dogs continue to be employed as a support resource and as a tactical option for the Force. There are currently eight qualified teams deployed across the Defence estate at various dog holding units.

Police dog related business within MDP is being progressed within the remit of the Police Dog Programme. A Divisional Dog Adviser infrastructure has been re-established, the ACPO National Police Dog Assessment Model (training and accreditation standards) has been implemented and a home kennelling trial has been completed. Negotiations with Defence Animal Centre at Melton Mowbray are being progressed in relation to the supply of dogs and handler training.

MGS DOGS

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

OPERATIONAL SUPPORT UNIT

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

The actual duties carried out are dependent upon the specific needs of the occasion at any given time and are prioritised appropriately via the Force’s Tactical Tasking and Co-ordinating Group. The OSU still remains one of the Agency’s primary providers of surge capacity. In fact OSU North had an increase in taskings of 76% compared with the previous year and OSU South an increase of 97.5%.

The OSU provides expertise and support in a range of specialist areas, such as Public Order, Defensive Search, CBRN response, Rope Access and Cutting and Firearms. They also provide search and firearms teams for the nuclear convoys. The training and standards employed in all of these

specialist areas meet those laid down by the relevant ACPO Manuals of Guidance and by the MDP Policy and Procedures Manual.

2005 was one of the Agency’s busiest and most challenging years. High profile, pre-planned events such as policing of the G8 Summit, the Trafalgar 200 celebrations at Portsmouth, real-time policing and security for Exercise Senator and the movement of large quantities of small arms all required the full support of the OSU. OSU also supplied support to AWE during Block the Builder protests. All of the policing objectives associated with these challenging and demanding policing operations were successfully met.

The 7 July 2005 London suicide bombings and the post-incident policing and security operation (Operation Toga) quickly became the Force’s most challenging event in 2005, in particular for the OSU. Shortly after the bombings, OSU officers were deployed on the streets of the capital in support of MDP operations in Whitehall and also in support of the Metropolitan Police Diplomatic Support Groups at other key, strategic locations. This rapid deployment of the OSU highlighted the unit’s effectiveness as a specialist resource and its strategic importance to the Force in terms of surge capacity and operational resilience.

CENTRAL CONTROL ROOM

Located at our Wethersfield HQ in Essex, the Agency Central Control Room (CCR) is the 24/7 central communication and information centre for the Agency. It provides an internal central point of contact for Divisional Headquarters, Stations, Divisional Support Groups and specialist Force departments; externally for contact with Visiting Forces, other police forces, the wider MOD and with external agencies such as Driver Vehicle Licensing Agency, the Land Census Team, Forensic Science Service, Criminal Records Bureau, the O2 Airwave network, and the Courts.

CCR has a number of primary business areas. The facilities afforded to operational policing, via 24 hour access to the Police National Computer, can access details on driver licences, insurance, MOT, or firearms certificate holders.

CCR has extensive search capabilities through the VODs and QUEST systems and provides the creation of records for processed persons, vehicles and property and the recording and maintenance of DNA.

CCR deals with the central recording of crime reported in accordance with the National Crime Recording Standards and maintains close liaison with the Divisional Criminal Justice Units. It monitors escorted Defence Nuclear Material and Defence Nuclear Weapons movements with direct interface to DN&NARG, AWE and Home and Scottish Office Police Forces. It also monitors the movement of explosives and sensitive material. The implementation of NSPIS Command and Control has resulted in significant advances in incident recording and management. CCR manages and records incidents for North East Division south of the Humber, as well as for specialist departments including the Operational Support Unit, the Force Surveillance Unit and the Fraud Squad. It also maintains a watching brief of real-time incidents across all MDP Divisions. O2 Airwave has provided CCR with the facility to talk direct to officers within their control area.

Projects under way will strengthen the facilities available through the Central Control Room and through MDP's communications networks with the Royal Military Police and other agencies including Home Office Forces and the Highways Agency. This ensures that both command and operational officers have greater access to valuable resources and information.

SPECIAL ESCORT GROUP

The Special Escort Group (SEG), responsible for the escorting of all Defence Nuclear Material (DNM), has continued to develop procedures in order to provide

maximum protective policing for Director Nuclear Movements. During the past twelve months the SEG has also provided support to the wider Defence customer at Trafalgar 200, Whitehall, at HMNB Clyde and at AWE Division.

Demonstration on use of the PAVA incapacitant spray



MDP motor cycle teams carried out escort duties at T200



CID HEADQUARTERS

The principal role of CID HQ is to provide the Force with the necessary specialist officers, equipment and support to allow it to investigate serious and complex allegations of crime.

CID HQ is responsible for the Fraud Squad, Force Intelligence Bureau (including Special Branch), Computer Crime Unit, Major Incident Unit, Crime Reduction and Community Safety Department, Crime Review Team, and the Crime Statistics Department. The external professional development training of CID officers throughout the Force and that of trainee investigators is co-ordinated from the centre.

CRIME STATISTICS AND CRIME REGISTRAR

To improve the management information offered by the department to the Force a number of new methods of displaying statistical data in graphical form have been developed. These now build upon the revised Force definition of relevant crime introduced in April 2005, which has been characterised as the investigation of crime that impacts significantly against Defence Capability.

The Force Crime Registrar's office continues to introduce initiatives to ensure that crime recorded by the Force conforms to the requirements of the new National Crime Recording Standard (NCRS) in England, Wales and Northern Ireland, and the Scottish Crime Recording Standard (SCRS) throughout the Scottish Division. A number of compliance and other crime audits have been conducted throughout the reporting year. The results show that there has been a marked improvement in conformity to the Home Office counting rules, and the principles of NCRS.

COMPUTER CRIME UNIT

The Computer Crime Unit has responsibility for providing the Force with specialist support in relation to computer crime and the forensic recovery of computer based evidence.

During the past 12 months the Unit has provided assistance in support of 78 separate criminal investigations requiring the forensic examination and analysis of over 12,500 GBs of data, stored on a variety of media which included 251 computer drives, 2,000 CDs/DVDs and 1,302 other disks. This is an increase of over 56% on data volumes analysed in the previous year.

Evidence recovered by the Unit has supported officers during their investigations into a wide range of inquiries, including sudden death, rape, possession or distribution of indecent images of children, theft, fraud, and racial hatred offences.

A breakdown of where the Unit obtains its work is:

CID Operations	60%
Fraud Squad	20%
Other	20% (includes Professional Standards and Intelligence departments)

MAJOR INCIDENT UNIT

The Major Incident Unit (MIU) continues to support the investigation of Major Crime undertaken by the Force. The MIU use the HOLMES 2 computer system, so that it can, when appropriate, be fully integrated with any Home Department Police Force system.



During the reporting period, the MIU was successfully deployed to three national events: Trafalgar 200, the G8 Summit, and the July bombings in London (at the request of Metropolitan Police Service). For T200 the Force was required to provide a Casualty Information Unit, using its mobile facilities, as part of the contingency planning for the event.

In addition, the Unit has supported ten investigations using either its mobile or static resources.

FORCE INTELLIGENCE BUREAU

The terrorist attacks in the UK in July 2005 have ensured that Special Branch is firmly focused on the threat from terrorism, especially where it affects Defence capability. The Force continues to support the requirements of policing operations where the emphasis is on providing intelligence on suspicious activity involving Defence assets.

The high level of commitment by the Agency to counter terrorism measures is further illustrated by the close links now forged between MDP Special Branch officers based at Divisional level and the Regional Intelligence Cells which have created a National Special Branch Network. This linkage is not only beneficial in respect of the exchange of counter terrorism intelligence know-how, but also for co-operation in the area of domestic extremism.

Protest involving unlawful activity and public disorder activities have continued against Defence assets at Aldermaston, Clyde, Croughton, Devonport and Menwith Hill. Intelligence gathering around these activities continues to focus on providing operational commanders with qualified information to assist in meeting their operational requirements.

The development in capability of the Divisional Intelligence Bureaux over the last two years has allowed our centrally based Crime Intelligence assets to be re-aligned to meet the requirements of intelligence production at a higher level. The benefit has been especially notable in areas of high importance, for example theft of Defence key assets such as firearms, ammunition or explosives. This area of risk is also being targeted in conjunction with other partners within the Defence Police community.



MDP community police with the younger generation at RAF Aldergrove, Northern Ireland

The Force Surveillance Unit continues to be fully utilised across the full range of operational taskings. The deployment of covert policing by the Unit is regulated by legislation and the process is independently scrutinised by the Office of the Surveillance Commissioner. There continues to be integration and sharing of surveillance capabilities among the Defence Police community where Defence assets are at risk.

MDP is currently making preparations for acceptance onto the IMPACT programme, which is the Police national intelligence database for England and Wales, and the SID programme which is the equivalent for Scotland.

CRIME REDUCTION AND COMMUNITY SAFETY

The Force runs two Defence Police Crime Reduction courses each year and places for this are shared between other Defence Police and the Force. Over the past 12 months 42 RAF Police, 12 Royal Military Police and 4 Royal Navy Provost have been trained alongside 12 MDP officers.

All Crime Reduction Officers participate in the National Crime Reduction, as well as MOD specific and station specific programmes. In addition, they are part of the MOD Road Safety Programme.

MDP has 35 accredited Crime Reduction Officers. Since the MOD is the biggest land owner in the UK and is committed to wildlife preservation, the Crime Reduction department is also responsible for 44 officers who as part of their duties are accredited Wildlife Crime Officers, stationed throughout the Force.

MDP FRAUD SQUAD

The Fraud Squad continues to contribute significantly to the work of the Agency through its four key units - Proactive Investigation, Reactive Investigation, Financial Investigation and Counter Fraud and Corruption. The Squad seeks to combine effective education and prevention advice with robust enforcement of the law in support of the MOD's policy of 'zero tolerance' of these offences.

A significant step forward for the Squad, and indeed the MOD as a whole, is the creation of the Defence Irregularity Reporting Cell - the DIR Cell - at the Fraud Squad HQ at Wethersfield. DIR Cell provides a central reporting cell for Fraud, Theft and Irregularity in respect of public assets within the MOD. It will replace all alternative reporting procedures

and will ensure that all suspicions are handled effectively by the most appropriate department or law enforcement Agency and provide a facility for accurate capture of statistics.

The Cell will initially be staffed by personnel from the MDP Fraud Squad, the Defence Fraud Analysis Unit (DFAU) and the Defence Estates Fraud Prevention Unit (DE FPU). It is hoped that in the future a representative from the Service Police will also join the team. Referrals will be monitored by Cell personnel through to conclusion to ensure that there is consistent and accurate handling of all allegations and that statistical data is compiled for the Treasury and other Departments for analysis.

All cases accepted for investigation by the Fraud Squad are by definition serious and/or complex fraud or corruption matters. Most have a value at risk of several hundred thousand pounds; many involve millions. Cases are continuously reviewed in order to ensure that optimum investigative time is spent in the pursuit of cost-effective lines of enquiry which are proportionate to the likelihood of success and are in keeping with the Fraud Squad Control Strategy. All potential cases which fall into lower range fraud are passed to Divisional CID, and, where appropriate, other agencies to deal.

During 2005 the Squad has, on average, managed a caseload of 20 investigations, 14 of which are protracted and 2 of which are run jointly with the Serious Fraud Office.

The Proactive Investigation Unit has processed nearly 300 prospective referrals with 152 undergoing an evaluation/development process for onward transmission to relevant investigative departments.

The Financial Investigation Unit (FIU) continues to support the whole Force and also works to assist the Service Police where possible. During the reporting period the FIU managed 37 financial investigations and provided assistance in many other cases.

Several successful prosecutions throughout the year have led to convictions and the recovery of some £600,000 with further sums of £500,000 currently under restraint. There is also strong emerging evidence that recent enquiries have had a dramatic disruptive effect on fraud in certain sections of Defence expenditure.

In year, the Counter Fraud and Corruption Unit met the Force Key Target to deliver 10 Fraud Reduction Audits ('Health Checks') to identified Top Level Budgets and Trading Funds. The process has allowed the Fraud Squad to engage with the greater Department in a way never before achieved. Organisations have benefited significantly from the Health Checks, which have encouraged decision makers to consider the vulnerability to fraud and corruption in their risk assessment processes as well as to agree and develop measures to mitigate these risks. Whilst it is difficult to put a monetary value on the positive effect of this preventative work, feedback from the recipients suggests that the Health Checks have been of considerable benefit to the Agencies involved.

During the year the Squad has also designed a Corruption Training Module to be delivered in conjunction with National Fraud Training. This meets a need identified by both the ACPO National Fraud Working Group (NFWG) and the Organisation for Economic Co-operation and Development (OECD). The MDP's expertise in the field of corruption investigation is recognised both nationally and increasingly internationally.



Director of Regional Operations, MOD Guard Service

Mr Sandy MacCormick

AT THE END OF THE second full year of its corporate structure within the Agency, the professional delivery of MOD Guard Service (MGS) outputs on the ground continues unabated. At the

Headquarters level, however, the issues of securing the correct level of funding for the MGS and of developing a suitable management structure for the Service remain frustratingly intractable. Preparing for commercial competition of up to 25% of the Department's unarmed guarding task continues.

NATIONAL SECURITY INSPECTORATE SILVER CERTIFICATE

Operationally, the organisation has again qualified for the National Security Inspectorate (NSI) Silver Certificate, following a series of inspections by NSI staff. These inspections assure the organisation's adherence to BS7499 and BS7858 standards, which in turn give assurance of the quality of service on the ground. Looking ahead, the Gold standard is in our sights. Throughout the year, a performance measurement tool has been developed and is now a sophisticated measure of performance against targets signed up to by customers.

AIRWAVE COMMUNICATIONS

A major programme to introduce the Airwave communications system into the Service was begun. This is a powerful facility that will enable the disparate elements of the Agency to communicate readily when the operational need arises. Its introduction will also have the potential to improve a number of managerial and supervisory functions, as well as providing isolated and singleton sites with a much improved assurance of safety than is currently possible. A comprehensive training plan will ensure that guards are able to make best use of the system.

MGS FOUNDATION TRAINING

A major step forward was achieved in MGS Foundation Training, where together with Agency Learning and Development staff and in consultation with Edexcel, the course content has been revised to include material necessary to qualify guards for the Security Industries Authority licence. In the commercial sector, it is a mandatory condition of employment that guards be licensed. Although not yet mandated for in-house guard services such as the MGS, it is anticipated and is particularly relevant for the MGS as the organisation prepares for competition with the commercial sector. It has also demonstrated the commitment of the Agency to professionalising the MGS by bringing forward parity between it and the commercial sector.



An MGS dog patrol at Bulford Garrison

Maintaining security

This programme of SIA licensing was further developed towards the end of March 2005 to enable the organisation to license all existing guards over the next five years.

In keeping with the continued integration of HQ functions as between MDP and MGS, an important change of responsibilities took place during the year. The MGS Learning and Development functions migrated from my portfolio to the Director of Personnel and Professional Development portfolio. We are now engaged in a project designed to ensure that MGS requirements are effectively incorporated as an integral part of the Agency's training structure.

MGS INTEGRATION

As further integration between MGS and MDP takes place, increasingly the Agency headquarter departments are providing a joint service to both badges. There has been a growing recognition of the need for uniformed MGS personnel in certain specialised functional departments of the Agency to develop better policies and processes to enable the MGS to work more effectively as a single organisation. The Agency Management Board approved the integration of MGS headquarter responsibilities into the broader Agency headquarter departments at the end of 2005 and areas such as Customer Account Management, Agency Consultancy Services and Operational Support have worked towards developing roles for MGS within their areas of expertise.

It has also been encouraging that MGS continues to secure new business. In 2005 MGS expanded its non-UK customer services with a security complement established at US Visiting Forces bases at RAF Mildenhall and RAF Lakenheath thus enhancing the MDPGA presence at those sites and enabling the Agency to provide the US with both security and policing at their UK bases. With the Agency Consultancy Services department now having responsibility for reviewing customer requirements for both policing and guarding this has enabled the organisation to assess customer opportunities for MGS as part of their security solution.

FUNDING AND RECRUITMENT

The position on proper funding of the MGS remains unresolved. An in-year increase in budget enabled the organisation to meet all taskings at local level and to recruit to maintain these taskings, but the long-term issue of how to ensure full funding for all taskings was not resolved. The shortfall which occurred when MGS was transferred from localised management to Agency corporate responsibility has still not been worked through for future years. It is to be hoped that the latest MOD budgetary round (for 2007 onwards) is the medium by which MGS manpower control and resource control totals will be harmonised. In the meantime, the organisation will continue to do all it can to minimise costs while delivering the current level of tasking.

Recruitment of MGS officers continued in 2005/06 and aimed to close a significant gap between our actual strength and the size of organisation required to deliver our customers' tasking requirements. Whilst the gap has reduced it has remained significant which has inevitably caused problems in terms of peak periods. In 2005/06 reinforcement of one Regional area by means of a surge capability of volunteer officers was more commonplace, with instances of officers from Glasgow covering operational shortfalls in London. A national recruitment campaign had been intended in early 2006 to significantly improve the situation but that has been deferred until the MOD resourcing issues are resolved.

In order to allow the newly corporate organisation to bed-in, it had been agreed that competition of unarmed guarding requirements currently undertaken by the MGS would not commence until April 2005. During March 2005, the Minister for the Armed Forces stated that whilst the competition process would not be shelved, it would nonetheless not proceed until the MGS was adequately resourced to compete against commercial companies and until a code of practice preventing the operation of a "two-tier" workforce was introduced in Central Government departments. Preparatory work has been given a welcome boost by the appointment of a Deputy Director to work on the Unarmed Guarding Competition work, a new post within my portfolio. The new appointee is progressing matters in conjunction with staff from the Directorate of Defence Security. It is envisaged that during the 2006/07 business year the project will be fully scoped and that all outstanding issues will be resolved to enable the competition process to commence. A MOD Steering Group will be established to oversee the process and to ensure top level governance of the project.

The coming year will see a closing of the gap between the amount of tasking currently undertaken and the resourced staff level. If competition with the commercial sector is to become a reality, the MGS will play a proactive part in the process.



Director of Divisional Operations

Assistant Chief Constable Gerard McAuley

OPERATIONALLY, THE PAST year was yet another exceptionally challenging one for the Agency. The major operational issue was the terrorist attack in London on 7 July and the manner in which the Agency played its part in

dealing with the threat of further attacks. MDP Divisions responded outstandingly at the time in providing reassurance and protection to the Defence community under Operation Toga as well as in supporting the wider policing and security operation in the capital. MDP Divisional Support Group (DSG) units were on the ground within 35 minutes to provide additional security and protection for MOD personnel and key MOD assets in central London.

This is yet further evidence of the value of DSGs in providing surge capability within Divisions and when required, across Divisions, to meet national commitments. With

taskings closely managed by the Divisional tasking and co-ordination process, the Force is able to quickly re-prioritise officers to emerging threats such as those seen last July. DSG officers are able to perform a range of tasks from community policing through to armed policing and security, using a range of less lethal weaponry. Their deployment does not create the kind of staffing shortfall issues that arise when officers are seconded away from dedicated policing duties at MOD units.

The Force also supported a number of important MOD commitments and additional tasks involving the provision of protective policing services and armed guarding at key MOD sites for example at Aldermaston and Burghfield and within our South East Division where additional support to the policing of RMA Sandhurst has been required. Other high profile events that placed a heavy demand on MDP resources were the provision of DSG, marine policing and other specialist units, including the Special Escort Group, for the security of the G8 summit and related events in Scotland and



A USAF Black Hawk at HMS Gannet during the G8 Summit



Protecting Fleet assets in the Firth of Forth during the G8 Summit

for T200, the Trafalgar 200 celebrations incorporating the International Fleet Review. MDP were at the forefront of planning and policing major parts of both these events, working in partnership with local police forces and external agencies. Throughout these significant detachments the dedication and expertise shown by MDP officers in meeting these commitments, whilst maintaining core tasks in protecting the Defence community, has been of the highest standard.

The use of the National Intelligence Model process continues to be a valuable asset for the Force with its methodology of intelligence-led allocation of policing resources. This has also been beneficial to Divisional CID staff in the management and investigation of significant crime against the Defence Estate and for the more effective co-ordination of CID and uniformed officers. As the process has bedded in, Divisional Commanders have taken the opportunity to review the practical application of the model, ensuring that stakeholder participation is fully incorporated.

Divisional bilateral performance reviews continue to drive forward performance improvement and have identified good practice as well as emerging financial and planning issues for the Agency. For example in continuing to support some of the additional operational tasks, the costs and the longer term question of how this will be managed in terms of competing with core tasks is fully considered within the process. Other emerging issues are the need to review the MDP relieving margin and to address budgetary issues such as capitation rates and income variances as well as managing the organisational challenges afforded by changes to MOD HR practices.

The Force, in developing its "match fitness" and firearms capability has continued with its roll-out of the utility weapon, the Hechler and Koch MP7. This is a single weapon system

that will replace the current two operational weapons whilst still providing the capability for MDP officers to fully meet all aspects of armed policing and nuclear guarding. The MP7 once fully rolled out during 2006 will enable the Force to reduce the training time to that required for a single weapon system and enable the Force to focus on a more qualitative approach to firearms training. The visual impact of the MP7 as a deterrent has already been commented upon positively by staff and customers alike and the ease of use and accuracy of the weapon is proving popular with those undertaking training.

In a national organisation, communication is always a significant challenge and indeed is a critical success factor for the Divisional Operations business area. During 2005/06 full use of the Agency and MOD intranets was made to brief staff. This was perhaps most evident in communicating the legislative change affecting certain key MOD sites under the Serious Organised Crime and Police Act 2005 and the Terrorism Act 2006 in respect of the new offence of criminal trespass. In seeking to further develop the use of the intranet by Divisional staff and to identify potential improvements to business processes and efficiency a reducing bureaucracy initiative has been launched on the Agency intranet. Although in its early stages a number of staff proposals have been submitted, which will be evaluated for process improvement in the year ahead. With a senior team dispersed throughout the UK, Director Divisional Operations has led the way in using video conferencing to bridge the mileage gap, reducing travelling time and expense considerably and at the same time lowering the environmental impact of such travel whether by air or road.

A detailed account of the year's operational activities is contained within our separately published Operations Annual Report.



Director of Personnel & Professional Development (DPD)

Assistant Chief Constable Robert Chidley

LEARNING AND DEVELOPMENT

THE YEAR HAS BEEN A pivotal year for the Learning & Development department. College status was achieved for

the HQ Training Centre and a new Management Training facility was launched at the Wethersfield HQ. The completion of a major piece of work in the form of a 5-year Training Strategy now enables the department to set out policy and action planning to a multi-year timeframe and also to produce a suite of documents that captures the College vision and ethos for the Agency's whole approach to Learning and Development.

A project was initiated to develop and consider the support necessary to further integrate MGS training requirements within the overall framework of the Agency's Training Strategy and its associated policies and procedures. The project has been communicated to the Trades Unions and the Defence Police Federation, and is due to report with conclusions and recommendations in October 2006.

MDPGA TRAINING COLLEGE

The change of name from Police Training Centre (PTC) to Agency Training College (ATC), was more than symbolic and the College now represents the amalgamation of the former PTC and the former MGS Training Wing. Early last year the two training departments were successfully brought together and the result is that police officers, guards and civilian staff work side by side to provide a full range of developmental and training opportunities for the Agency as a whole.

It has been a busy year of refurbishment at the College where we can now boast facilities of an extremely high standard, with classrooms fully fitted with state-of-the-art equipment, providing a more productive, comfortable and professional learning environment.

The College is now fully accredited across all its centres with the awarding body Edexcel, and continues to progress stronger links with other awarding bodies to formally recognise academic standards across the spectrum of courses delivered. One of the ATC's early successes was the MGS Foundation Course; which is accredited to Security Industry Authority Licensing standard and on successful completion of the course, all MGS guards are being awarded the BTEC Level 2 in Security Operations.

The ATC has maintained and improved its increasing commitment to training UK personnel deployed to International Policing overseas missions such as Kosovo, Iraq, Jordan and Sudan. The College is responsible for the training of all UK police officers in post conflict resolution and policing support operations.

The College's own in-house Course Design Unit continues to develop bespoke learning products suited to the diverse roles of Agency staff. Courses are designed in line with the

recommendations contained within Managing Learning, as published by HMIC. The deployment of e-learning throughout the Agency is now complete, affording access to over 300 courses via a variety of access options including a hardware and software loan service.

FIREARMS TRAINING CENTRE (FTC)

Over 2005-2006, the principal task of the Firearms Training Centre was to develop and deliver training to support the roll-out of the new MP7 weapon throughout the Force.

FTC aligned all firearms training with the National Police Firearms Training Curriculum (NPFTC) to achieve compliance with the (National) Code of Practice on Police Use of Firearms and Less Lethal Weapons. The aim is to convert our Provisional Licence into a Full Licence with accredited status in the year ahead.

FTC also provided additional training to support national operations, and developed and delivered training in Command and Control of various incidents to Divisional trainers and officers having those responsibilities. Additionally, Divisional Support Group officers were trained to meet the particular needs of increased staffing in certain establishments.

MANAGEMENT TRAINING CENTRE (MTC)

The Management Training Centre (MTC), a branch of the MDPGA College, opened in February 2006. It was a significant advance towards enabling all Agency managers to be equipped with the skills to be more effective in their jobs. The type of courses run varies from 'soft skills' courses where managers learn about people management to courses that have more focus on operational command.

The MTC is headed by an MDP Inspector who works with a team of four trainers. The training team is the first to represent every part of MDPGA staff and comprises one Civilian D Grade, one MGS CSO3 and two MDP Sergeants.

The mission of the MTC is to provide high quality management training to junior and middle managers within the Agency. Wherever possible, courses will offer a path to recognised management qualifications through external awarding bodies such as the Institute of Leadership and Management. Training courses can be run at the Wethersfield HQ or locally in response to customer demand.

DRIVER TRAINING CENTRE (DTC)

The Driver Training Centre continued to provide a diverse number of courses to meet the operational needs of the Force. Five years into adopting a driver training policy, the department has made significant strides. It has assisted with further Instructor availability both at HQ and within MDP Divisions by reducing the numbers of personnel yet to receive minimum training. Police vehicle collisions reduced dramatically with only one injury this year compared with seventeen in the previous year. Damage to vehicles was also reduced to £16K this year compared with £58K the previous

Officers based at Gosport became the first in the Force to deploy with the new MP7 firearm



year. The policy of making training available to all police officers, from Basic to Advanced level, adds to the professionalism of the Force and significantly reduces risk to those who need to drive marked vehicles in the public domain.

DEFENCE TRAINING REVIEW

The Defence Training Review (DTR) is a 25-year, £15 billion Public Private Partnership programme across the MOD which aims to deliver modern, cost-effective, specialist training, improved accommodation and facilities, and through rationalisation offer significant savings from a reduced training estate.

It comprises two packages with several components in each. MDPGA forms part of the Police, Security and Guarding component and a dedicated team has been working to ensure that the organisation is sufficiently represented during negotiations and through the life of the project.

The project has reached the end of the initial evaluation of proposals submitted by the two bidders involved, and an announcement of the Preferred Bidder for each package is expected to occur in the late Autumn of 2006. Then extensive consultation towards final agreement on the contract will be conducted, with Contract Signature expected to take place in the Autumn of 2007. It is anticipated that the DTR Project will lead to training improvement opportunities for MDPGA.

PERSONNEL MANAGEMENT

When the MOD Guard Service joined the Agency to form the MDPGA in April 2004, a great deal of work was done in setting up Divisional and Regional personnel teams. Unluckily, this hard work coincided with a decision by MOD to dramatically alter the nature of HR service delivery. Just as we were starting to reap the benefits of divisionalisation we found ourselves required to change once again.

The People Programme is one of MOD's biggest Change programmes. It is set to make an estimated cost saving of £280m, albeit through the loss of approximately 1500 HR posts which amounts to half the MOD HR population. The MDPGA is set to reduce its number of personnel staff from 89 to 19 by 2008 with many of the current posts ending during late 2007. This is a challenging time for personnel staff who, in spite of an uncertain future, are still very much needed to support line managers and are maintaining their resolve admirably.

The People Programme itself is getting into full swing. The new People, Pay and Pensions Agency (PPPA) has been formed and Agency line managers must now take responsibility for internal recruitment of their civilian staff, for reporting and monitoring sick absence on-line through the MOD's HRMS system and for maintaining HRMS records for their staff. Over the coming months they will also be required to take on external recruitment activity and towards the latter part of the year take a more pro-active involvement in casework issues such as long-term sick absence and poor performance. Faced with so much that is unfamiliar, this will be a challenging and time-consuming period for many line managers.

The MDPGA HR Business Partner organisation has also been formed, a total of 19 posts made up of former Agency personnel staff and new entrants. This new department will provide strategic HR support to the Agency. In July 2006 the first element of the "forward-deployed" PPPA office will be formed at Wethersfield to provide dedicated police HR services. The remainder of our HR services will transfer to the PPPA in April 2007.

Experience of the PPPA to date has been mixed. However the Agency will continue to work closely with the Human Resources Service Delivery (HRSD) and PPPA managers to ensure that our HR requirements are understood and catered for throughout and beyond the changes.

RECRUITMENT & RETENTION

The overall target for police recruitment for the year was set at 260, with a Key Target (KT5) of 15% female officers and 4% from minority ethnic communities. At the end of the year we had recruited a total of 264 police officers. Of the eventual intake, 39 (14.8%) were female and 3 (1.14%) were from minority ethnic communities.

Work continues to identify innovative and effective methods of reaching our targeted police recruitment audiences. A bespoke cinema advertisement was commissioned to be shown in general - and specifically at some 'Bollywood' - cinemas in and around the London & Reading areas. The MDP continues to use the national police recruitment process known as SEARCH (Structured Entrance Assessment for Recruiting Constables Holistically) at our dedicated facilities at HQ Wethersfield.

We continue to attract a significant amount of interest from Home Department police officers wishing to transfer to the MDP.

DEPARTURES

The turnover for MDP officers in year was 5.1%. This is a decrease of 0.3% over the previous year, and the number of female officers leaving the Force remains low (0.3%) as does the number of ethnic minority officers leaving the force (less than 0.1%). Resignations (including transfers to Home Department Forces) are up by 0.4% compared to the previous year but remain extremely low (2.3%).

Turnover rates for civilian staff and MGS officers are comparable – 8.0% and 6.7% respectively, giving a turnover rate for the Agency as a whole of 6.1%.

Because of the way in which data for these groups has been collated, civilian and MGS leavers are not currently categorised in the same manner as MDP. They can also leave the MDPGA by transfer to another part of MOD. However, we aim to use the opportunities presented by the new HR Business Partner arrangements to better understand and intervene where unwelcome trends appear.

Demonstration on restraining techniques



Exit questionnaires continue to provide further data for all Agency staff as to individual reasons for resignation and supporting information for emerging patterns. A full review of the way these and other exit interviews might assist to ensure that staff are offered adequate central and local support where necessary is in progress.

PROMOTION

Selection processes took place for chief inspector and superintendent ranks, consisting of a paper sift, written exercise and selection interview. 29 chief inspectors applied for promotion to superintendent rank, resulting in 19 progressing to the written and interview stages of the process. Of this 9 (47.4%) were selected for promotion. 52 inspectors applied for promotion to chief inspector rank, resulting in 24 progressing to the written and interview stages. Of these 11 (45.8%) were selected and promoted.

281 officers (209 constables and 72 sergeants) attended the bespoke MDP exam element of the promotion process in 2005. Of these, 94 constables (45%) and 32 sergeants (44.4%) achieved success. 61 constables (42.4%) and 25 sergeants (42.4%) also passed the subsequent assessment centre. These officers went forward for the selection interviews, which took place during November 2005, where 45 (69.2%) constables and 25 (69.4%) sergeants were successful.

By the year end, over 90% of those selected had been promoted, most to their preferred posting. The quality and robustness of the MDP promotion process continues to be recognised by Middlesex University which has fully accredited the process.

DIVERSITY AND EQUALITY

The role of our Diversity and Equality Unit (DEU) is to promote and build upon a systematic approach to diversity. This assists in ensuring that the Agency attracts and retains the widest pool of talent, reflecting the community it serves.

The Chief Executive has demonstrated his personal commitment to our diversity work by taking the lead in work to form a Diversity Programme Board, which will shape and direct our diversity agenda in future. The first piece of work for the Programme Board will be to agree a new Diversity Action Plan for the Agency to drive forward our strategic goals for diversity. Those goals are:

- To secure a better, more effective workforce by establishing a workplace culture where people are treated with dignity and respect, where difference is valued, and where harassment and bullying are not tolerated
- To expand the pool of talent in the Agency by recruiting and retaining a workforce which is representative of the community we serve at all levels in the organisation
- To understand our customers and their staff better by building and maintaining links with the people we serve so that we are better able to recognise customer needs
- To ensure that our services are fully accessible to our customers
- To get a good reputation as an Agency by consulting on and communicating our policies, plans and progress on diversity effectively, both internally and externally
- To take our people with us by ensuring that they are educated and trained to enable them to fulfil their responsibilities on diversity



In step at a graduation day march past

During the year there has been a continuing effort to highlight the Agency's "zero tolerance" stance on harassment and bullying, with the completion of a poster campaign which ran for some nine months and featured four different designs. Work was also completed on the development of a new procedure for handling complaints of harassment or bullying made against police officers. The procedure is aligned with the arrangements which apply to other MOD and Service staff whilst remaining consistent with police misconduct arrangements.

The MDP is required to produce a race equality scheme (RES) and a disability equality scheme, with an impending requirement for a gender equality scheme. Annual reports of progress on the RES have been published as part of an overall report prepared by MOD and it has been decided that the MDP requirement to prepare equality schemes should, in future, be met as part of an overarching MOD Diversity and Equality Scheme. This takes account of current and forthcoming legislation covering race, religion, sexual orientation, disability, age and gender. A key feature of the work to prepare the MDP element of the MOD Scheme was the assessment of over 50 existing policies unique to the MDP using an equality impact assessment toolkit developed in-house. This work has given us reassurance that our policies are both non-discriminatory and, wherever possible, that they contribute to the elimination of discrimination.

The Agency's Women's Staff Association (WSA) held its second AGM and Development Day giving members the opportunity to consider their personal and professional development. The WSA aims to ensure that women's needs and interests are recognised by the Agency but opens membership to male staff as well as women – a fact that is acknowledged as good practice in a recent MOD report on diversity. The benefits of support networks for under-represented groups in the Agency is well recognised and the DEU is working with members of such groups to form networks for other staff.

Performance on gender and race issues was again measured through participation in the Opportunity Now and Race for Opportunity benchmarking exercises. Both exercises revealed further improvement in our performance and helped

identify areas for development, and these are now included in our action plans.

MDP PERFORMANCE AND DEVELOPMENT REVIEW

A new Performance and Development Review (PDR) system for MDP officers was introduced in April 2005. The two main reasons for developing a new system were the need to take into account the new police Integrated Competency Framework (ICF) and the need to address the perceived weaknesses of the previous PDR system. The ICF is already being used to assess potential recruits, and promotion processes will also be changing during 2006, thus aligning the MDP with Home Department police forces and with MOD personnel processes.

Further work is now being undertaken on the ICF "activities", or functional competences, to make them fit for purpose for use in the MDP, and this will further strengthen the PDR process. The functional competences also link to national occupational standards with the long-term potential of allowing officers to collate evidence for a range of awards and qualifications through work-based activities.

The new MDP PDR is similar to the one used by civilian staff and MGS officers, bringing the added advantage of having similar PDR systems in use across the whole Agency. It has a strong emphasis on development and on performance against objectives, which will be recorded through narrative assessments rather than being graded. The new process has also brought about a move away from individual report-year timings, which are difficult to track effectively, to standardised reporting dates for each rank. A range of resources to support staff through this transition has been developed including a series of guidance leaflets, classroom-based training, e-learning and a network of PDR support officers.

ABSENCE MANAGEMENT

To optimise the positive impact of the in-house Occupational Health and Safety Service (OHSS) team, a strategic plan setting out actions both to directly support attendance management and to put in place good practice in

relation to Occupational Health and Safety was prepared. Following widespread consultation this strategy was approved by the Agency Management Board and is being incrementally put into practice.

Personnel staff at HQ and Divisional/Regional level have continued to make a significant effort to support our work to proactively intervene in cases of long-term absence. High priority continues to be given to the management of police absences, since these are the most costly for the Agency. The OHSS team has worked closely with personnel management staff and line managers in the Divisions to support staff to return to work, in particular devising personal return to work programmes for individuals based on their specific needs.

An Attendance Management Strategy Plan for FY05/06 was approved by the Agency Management Board with actions incorporated into portfolio Business Plans. Under this strategy two reports have been prepared to monitor progress and submitted to Director Personnel and Professional Development (DPD) for wider consideration. Police medical retirements fell from 32 in the previous two years to 25 representing 7.2 per 1000 officers. For the forthcoming year the new HR Business Partners located at Divisional and Regional level are seen as integral to our efforts to see policy and process translated into universal application of good practice at the working level.

SAFETY, HEALTH, ENVIRONMENT & FIRE (SHEF)

SHEF issues have been progressed through a dedicated process, led by DPD, to bring together a comprehensive network across the Agency, which in the past has been disparate owing to the number of establishments and personnel involved. There is a performance target contained within the MDPGA business plan to monitor and measure Agency SHEF performance against existing MOD mandatory standards, while providing a flexibility that will enable the

Agency to react to new SHEF threats, and accommodate legislative or MOD Policy and Procedural change.

PROFESSIONAL STANDARDS DEPARTMENT

The Professional Standards Department (PSD) has built on the previous year’s successful performance in managing public complaints and misconduct investigations more robustly and professionally. The department was assessed by HMIC in October 2005, as part of a national inspection of all PSDs in England and Wales. The department received a “Fair” grading, a pleasing outcome for a team which had only been in its present format for eighteen months at that time. The department will be reviewing and implementing, where appropriate, the recommendations of HMIC in the coming year.

The department’s small Intelligence Unit remains a focal point for information evaluation and intelligence development. It has been heavily engaged in providing a vetting service, particularly for the selection of probationary police officers. Over 1000 checks have been completed during the past fourteen months. The Unit has also provided support for PSD covert operations and other suitable investigations.

2005/06 saw a decrease in recorded complaints against MDP officers. Complaints still remain consistently low over the last three years in comparison with previous years and reflect well on all those MDP officers who daily discharge their duties in a professional manner without attracting any adverse comment. In addition, by the end of this reporting year, 97% of misconduct investigations/cases had been completed within the 120 day deadline - a credit to the investigating teams within PSD and on Divisions. PSD investigation teams have been ably supported by a number of officers seconded from MDP Divisions, who have made full use of a unique development opportunity and insight into a specialist area of the Force’s responsibilities.

Staff within PSD maintain good working relationships with the Independent Police Complaints Commission (IPCC)



MDP training Iraqi police officers at the Jordanian International Police Training Centre

MDP continues to support the police training mission in Iraq, both in Baghdad and Basra



although the Force has yet to sign a formal agreement with the Commission. Only 2 complaints have been voluntarily referred to the IPCC and no cases have been supervised/managed by IPCC staff as a result. There have been fewer discipline hearings (4) than in previous years.

Sir David O'Dowd and Ann Kelly, Police Adviser (England and Wales) and Independent Member of the Ministry of Defence Police Committee respectively, continue to provide expert advice and guidance and independent scrutiny through their quarterly inspection programme.

Increasing staff awareness of professional standards and integrity issues is provided through a PSD input to all police Probationer Training Programmes and to the Leadership and Management Courses for newly appointed managers.

INTERNATIONAL POLICING AND SECONDMENTS

MDP has continued to enhance its reputation as a centre of excellence within the field of International Policing. The Force maintains a level of support to international missions which represents 45% of all UK civilian police officers deployed abroad on peace support operations or post conflict reconstruction missions.

Through the Foreign & Commonwealth Office, MDP manages the UK's policing commitment to the UN mission in Kosovo, providing up to seventy officers to assist in bringing stability and democracy to this European post conflict zone. Whilst continuing to deploy officers to the region in executive policing roles, MDP officers now also make significant contributions to the monitoring effort and have for the first time deployed officers to the UN's police-run Central Intelligence Unit located within the capital Pristina.

At the request of the FCO's Overseas Territories Department (OTD), MDP continued to deploy officers to the Pitcairn Islands in a community policing role, a task which the MDP have now carried out for 6 years, having originally been asked to supply officers on a short term basis for 3-6

months. Long-running and highly publicised criminal trials have now been completed and offenders have been sentenced. However one appeal to the Privy Council remains outstanding, and until it is resolved there remains a tense and difficult policing environment within this small isolated community.

Also at the request of OTD, the MDP's own International Rapid Response Team was deployed successfully to Diego Garcia, utilizing marine officers and others with specialist training to assist with an emotional and potentially problematic return visit to the island of former occupants.

The European Union Policing Mission in Bosnia was unexpectedly extended this year in the form of a new mission, and the MDP now provides a small number of police officers to this small but important mission.

All this year, the MDP continued to support the police training mission in Iraq, both in Baghdad and Basra, albeit in smaller numbers. MDP also supply officers for this theatre in liaison and mentoring roles for the British Military and the New Iraqi Police service respectively. The MDP commitment is expected to rise again moderately in the new reporting year.

In tandem with the officers deployed directly to Iraq, involved in the training of new Iraqi Police Officers, MDP also contribute to the multi-national effort to train new Iraqi Police officers at the Jordanian International Police Training Centre, a mission which is due to end in December 2006.

The Sudan is another international deployment location for MDP officers which commenced this year, with two officers deployed to assist with the European Union/African Union combined mission in Darfur.





Following the success achieved by MDP in being selected to supply training to officers from all over the UK going on international missions on behalf of the FCO, we have now been selected in addition to provide a logistics support and clothing and equipment service to all UK police officers on missions, and a kitting-out service to personnel deployed overseas.

Agency Key Targets 2003 – 2006

Annex A

KEY TARGET	2003 - 2004	2004 - 2005	2005 - 2006
MDP Patrol Activity			
To achieve at least 65% patrol activity from those officers devoted to patrolling.	Yellow	Target Developed in the following line	
By 31 March 2005, as a means of providing greater public reassurance, to ensure that no more than 25% of the duty time of dedicated patrol officers is expended on activities not directly related to patrol duties.		Green	Target Discontinued
Reported Crime			
To achieve a crime solving rate of 48% for the investigation of primary crime and to maintain a 60% solving rate for the investigation of all crime by 31 March 2004.	Yellow	Target Developed in the following line	
By 31 March 2005, as a means of reducing crime and protecting MOD property and interests, to achieve a crime solving rate of 50% for the investigation of primary crime.		Green	Target Developed in the following line
By 31 March 2006, achieve a crime solving rate of 50% for the investigation of crime that impacts significantly against Defence capability.			Red
Recruitment & Diversity			
By 31 March 2004, within the overall recruitment to the MDP, to have recruited at least 15% women and at least 6% from minority ethnic communities.	Yellow	Target Developed in the following line	
By 31 March 2005, within the overall recruitment of police staff and as part of an overall programme to retain personnel levels, to have recruited at least 15% women and 4% from minority ethnic communities.		Red	Target Developed in the following line
By 31 March 2006, within the overall recruitment of police officers, to have recruited at least 15% women and 4% from minority ethnic communities.			Yellow
Security Measures			
Using the system established in 2002/03, to measure and evaluate MDP's effective contribution to security at those establishments where the Force undertakes security-related tasks, to seek to improve upon the baseline figure achieved in the previous quarter at individual establishments	Yellow	Target Developed in the following line	
		Green	Target Discontinued
Customer Tasking			
To ensure that the Force fulfils at least 95% of its agreed customer taskings at those establishments where the MDP undertakes security-related taskings	Yellow	Target Developed in the following line	
To ensure that the Agency fulfils at least 95% of its funded and agreed customer taskings		Yellow	Yellow

KEY TARGET	2003 - 2004	2004 - 2005	2005 - 2006
Overtime			
By 31 March 2004, excepting unforeseen operational commitments, to reduce the amount of overtime worked by each officer to no more than 32 hours overtime worked on the core programme of CSA-agreed tasks per 28 day period averaged over a 17 week period	Yellow	Target Developed in the following line	
By 31 March 2005, excepting unforeseen operational commitments, and with the intention of providing cost effective policing and guarding, as well as maintaining an appropriate work-life balance for personnel, reduce the amount of overtime worked by each officer to no more than 8 hours worked per week averaged over a 17 week rolling period		Yellow	Target Discontinued
Sickness			
By 31 March 2005, in order to maintain a healthy and effective workforce and contribute to the achievement of other Key Targets, to reduce the overall level of sickness lost within the Agency (excluding MGS personnel) by 1 hour per member of staff per month against the corresponding achievement in the previous year.		Green	Target Discontinued
Fraud Reduction			
By 31 March 2005 to have provided greater clarity as to the extent of fraud within the MOD by raising awareness; and by engaging with the MOD, to encourage it to provide intelligence, with a view to increasing the number of reported fraud cases.	Yellow	Target Developed in the following line	
By 31 March 2006, to have delivered a minimum of 10 Fraud Reduction Audits to identified MOD organisations.			Green
Customer Satisfaction			
By 31 March 2006, from a baseline established by the 2004 Customer Satisfaction Survey to have implemented an agreed plan to improve customer satisfaction with services provided.			Green
International Capability			
By 31 March 2006, to achieve all International agreed tasks with the Foreign and Commonwealth Office in support of wider Defence and foreign policy objectives.			Green
Efficiency			
By 31 March 2006, deliver all in-year options for achieving savings agreed with the Central Top Level Budget (CTLB).			Red

BSC Colour	Definition of target achievement
Green 	Target achieved
Yellow 	Minor deviation from target set
Amber 	Major deviation from target set
Red 	Serious weakness in performance against target set

Balanced Scorecard Summary

Annex B



Agency Objectives

Annex C

OUTPUTS

To meet customer requirements

- 1.1 – **Customer Satisfaction:** To continually improve customer satisfaction with the range and quality of services delivered by the MDPGA.
- 1.2 – **Customer Consultation:** To listen and respond to the needs of our customers increasing their satisfaction with MDPGA services.
- 1.3 – **Services Provided:** To meet the needs of the Department and our customers with our services as part of the UK's Defence capability.

RESOURCES

To efficiently manage our resources

- 2.1 – **People Management:** To ensure the effective and efficient development and deployment of personnel within the Agency to deliver our outputs.
- 2.2 – **Financial Management:** To remain financially viable and achieve value for money safeguarding public funds.
- 2.3 – **Management of Equipment & Facilities:** To ensure the effective use of all resources to deliver high quality services to our customers to meet their needs.

PROCESSES

To operate efficient processes for the delivery of our outputs

- 3.1 – **Recruitment & Retention:** To recruit and retain a skilled and motivated workforce to deliver the outputs of the Agency ensuring we remain capable of responding to and meeting customer needs.
- 3.2 – **Management & Leadership:** To ensure effective management processes are in place to support the delivery of Agency outputs providing clear direction for Agency staff.
- 3.3 – **Improved Communication:** To ensure effective internal and external communication and improve the passage of information.
- 3.4 – **Performance Measurement:** To measure Agency performance to develop, enhance and improve on services delivered to our customers.

DEVELOPMENT

To build for the future developing the Agency and its staff

- 4.1 – **Staff Development & Training:** To provide all Agency staff with the training and development opportunities they need to realise their own potential and effectively deliver Agency outputs.
- 4.2 – **Develop Our Business:** To embrace business change and develop our outputs to enhance the services offered to our customers.

Personnel Statistics

Annex D

STRENGTH AT 31 MARCH 2006

Police	Total	Male	Female
Chief Constable	1	1	0
Deputy Chief Constable	1	1	0
Assistant Chief Constables	3	3	0
Chief Superintendents	11	9	2
Superintendents	26	24	2
Chief Inspectors	67	64	3
Inspectors	131	122	9
Sergeants	505	465	40
Constables	2744	2462	282
Total Police Officers	3489	3151	338
Total Probationers	291	247	44
MGS			
CSO 1	6	5	1
CSO 2	19	18	1
CSO 3	83	72	11
CSO 4	503	482	21
CSO 5	3256	2980	276
Total MGS	3867	3557	310
Civilians			
Grade 5	0	0	0
Band B1	1	1	0
Band B2	3	1	2
Band C1 (Senior Executive Officer)	22	17	5
Band C2 (Higher Executive Officer)	38	19	19
Investigation Officer Physical 1	0	0	0
Investigation Officer Physical 2	2	2	0
Band D (Executive Officer)	112	50	62
Band E1 (Administrative Officer)	258	54	204
Band E2 (Administrative Assistant)	39	6	33
Personal Secretary	0	0	0
Others	55	21	34
Total Civilians	530	171	359

Complaints & Discipline

Annex E

COMPLAINTS AGAINST THE POLICE 2005 -2006

	2003/4	2004/5	2005/6
Total number of complaints cases recorded during the year	30	41	34
OUTCOMES			
Withdrawn	3	1	4
Locally resolved	6	17	9
Dispensation granted by PCA	6	2	2
Unsubstantiated	16	12	16
Substantiated	3	6	6
Total cases completed, including cases carried over	34	38	37

DISCIPLINARY HEARINGS 2005 - 2006

Classification	2004/5	2005/6
Dismissal from the Force	1	1
Requirement to Resign	3	4
Reduction in Rank	3	0
Reduction in Pay	0	0
Fine	0	0
Reprimand	5	2
Caution	2	0
Not Guilty	3	2
Total (charges)	17	9

Crime Statistics 2005-2006 Annex F

OFFENCE CATEGORY

CRIME	England, Wales & Northern Ireland		Scotland		% Solved
	Recorded	Solved	Recorded	Solved	
Assaults Non-Police	260	101	13	9	40.29
Assaults on Police	15	14	0	0	93.33
Bomb Hoaxes	5	0	0	0	0
Burglary	303	40	116	66	25.30
Child Sexual Offences	13	6	0	0	46.15
Criminal Damage	586	65	158	22	11.69
Customs Offences	3	0	0	0	0
Drugs Offences	27	18	10	9	72.97
Forgery	43	38	1	2	90.91
Fraud	214	110	98	84	62.18
Life Threatening	11	4	0	0	36.36
Other Child Offences	3	0	0	0	0
Other Offences	233	114	73	59	56.54
Other Theft Act	1848	205	190	52	12.61
Public Order Offences	39	26	2	2	68.29
Sexual Offences	61	21	5	4	37.88
State Offences	1	0	1	1	50.00
Totals	3665	762	667	310	24.75
United Kingdom overall total	Recorded 4332 Solved 1072				24.75

CRIME PROPERTY VALUES

United Kingdom overall	Stolen	Recovered	Damaged
2004/2005	£5,916,016	£220,709	£565,596
2005/2006	£6,281,304	£1,126,158	£393,204

Management Commentary for the year ended 31 March 2006

HISTORY

The Ministry of Defence Police (MDP) was formed in 1971 from the amalgamation of the Admiralty, War Office and Air Ministry Constabularies, and in 1996 became a Defence Agency within the MOD. In 2004, the Agency was enlarged to include the MOD Guard Service (MGS) and was renamed the MOD Police & Guarding Agency (MDPGA). The Agency Chief Executive is also Chief Constable of the MDP, which has a statutory status under the Ministry of Defence Police Act 1987. The Act defines the jurisdiction of the Force and confers constabulary powers on its officers, many of whom carry firearms. The MGS was formed in 1992, following a review which identified the need for a professional unarmed guarding service across the Defence estate. Until 2004, MGS officers were tasked and managed locally by Service and MOD units. Since the creation of the MDPGA however, MGS has a corporate structure and its management is the responsibility of the MDPGA Management Board.

PRINCIPAL ACTIVITIES

- **Armed Security:** the capability to deter and to respond to an armed attack on Defence personnel and property.
- **Uniformed Policing:** the effective use of police powers to deter, detect and respond to crime and disorder.
- **Guarding:** the provision of unarmed guarding to Defence personnel and property.
- **Crime Investigation:** the investigation of crime that impacts significantly against Defence capability.
- **International Capability:** the contribution of specialist policing and guarding expertise in support of wider Defence and foreign policy objectives.
- **Policy:** contributing to Defence policing and guarding policy.

POST BALANCE SHEET EVENTS

See Note 20 to the Accounts.

FINANCIAL PERFORMANCE

The gross operating costs of the Agency for the year ended 31 March 2006 were £343.8M. Operating income totalled £31.2M. The balance, representing net operating costs, as detailed in the Operating Cost Statement was £312.6M.

Net Assets were £26.9M at 31 March 2006. This represented Net Current Liabilities of £2.7M, Fixed Assets of £30.2M, Long Term Debtors of £0.4M and the balance of £1.0M represents provisions for liabilities and charges. Changes in Fixed Assets are detailed in Note 8 to the accounts.

The Agency is a Higher Level Budget and Management Group reporting to the Central Top Level Budget. As such we also produce accounts for consolidation into the Departmental Resource Accounts. These accounts do not include communicated costs.

Further details of our resources, including personnel, assets and equipment can be found in the directors' report and Annexes C and D.

BUSINESS DEVELOPMENT AND REVIEW OF ACTIVITIES

These are fully described in the foregoing Report, there have been no significant changes to the Agency's objectives and activities. There are issues surrounding the funding of MGS that remain unresolved, as detailed in the foregoing report by Director of Regional Operations. There is a resource gap between that which the Agency is tasked to do and the budget allocation. This gap is to be closed through a full review of the Agency's activities by customer to re-align tasking and funding.

MDP is subject to external assessment by Her Majesty's Inspectorate of Constabulary using the baseline assessment model. MGS has qualified for the National Security Inspectorate (NSI) Silver Certificate following inspection by NSI. MGS aims to ensure that all guards hold licences with the Security Industry Authority. The licensing programme is due to commence next year and aims to license all guards over a period of three years.

The strategies for achieving the Agency's objectives along with the development and performance of the Agency are highlighted in the foregoing report.

KEY PERFORMANCE TARGETS

Key Performance Targets are covered on page 9 of the foregoing Report.

CONTRACTUAL ARRANGEMENTS

The Agency has a contractual arrangement with Vivista and O2 to supply the Airwave telecommunications and command and control services as outlined in the foregoing report by Deputy Chief Constable.

RISKS AND UNCERTAINTIES

MOD plans to enable some MOD establishments to open the provision of unarmed guarding services up to competition.

Details of the Agency's policies for risk management can be found in the Statement on Internal Control.

EQUAL OPPORTUNITIES POLICY AND EMPLOYMENT AND TRAINING OF DISABLED PERSONS

The Agency has a Diversity and Equality Unit (DEU) the role of which is to promote and build upon a systematic approach to diversity. A diversity programme board is being formed to shape and direct the diversity agenda. The Agency also has a Race Equality Scheme (RES) along with a disability equality scheme. An annual report of progress on the RES has been published as part of the overall MOD report.

Further information regarding diversity and equality can be found in the foregoing report. The Agency employed 173 disabled personnel as at 31 March 2006.

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

PENSION ARRANGEMENTS

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

MANAGEMENT OF THE AGENCY

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

Steve Love

Chief Constable and Chief Executive (Joined May 2005)

David L Clarke QPM

Chief Constable and Chief Executive (Until April 2005)

David A Ray QPM MA LL(M Cantab) FIMgt

Chief of Staff and Deputy Chief Constable

Gerry P McAuley MSc MCIM

Director Divisional Operations and Assistant Chief Constable

John P Bligh QPM

Director Operational Support and Assistant Chief Constable

Sandy McCormick

Director of Regional Operations

Robert Chidley

Director Professional Development and Assistant Chief Constable

Steve Beedle

Director Resources and Planning

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

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

Details of Management Board members' remuneration are given in the Remuneration Report.

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

David L Clarke QPM left the Agency in April 2005.

POLICY ON THE PAYMENT OF CREDITORS

All MDPGA's bills, with the exception of a very small number of minor payments through a local imprest account, are paid through the Defence Bills Agency (DBA). In 2005-2006, DBA had a target of paying 99.9% of correctly presented bills within 11 calendar days of receipt. Actual performance against this target was 99.9%. No interest payments arose from the implementation of the Late Payment of Commercial Debts (Interest) Act 1998.

STAFF INVOLVEMENT

Employees are kept informed of all relevant matters through MDPGA Intranet, the *Talk Through* and *Flashlight* magazines and through other periodic publications. Weekly Force Orders are issued to MDP officers.

Employees are represented by trade unions (membership of which is voluntary) who are involved with negotiations on matters including Terms and Conditions of employment.

AUDITORS

The accounts of the Agency are audited by the Comptroller and Auditor General under section 7(3)(b) of the Government Resources and Accounts Act 2000. The notional cost of the statutory audit is £80,000. The auditors received no remuneration during the year for the provision of non-audit services.

As far as I am aware, there is no relevant audit information of which the Agency's auditors are unaware; I have taken all necessary steps to make myself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

S Love

Chief Executive

3 July 2006

Remuneration Report for year ending 31 March 2006

REMUNERATION POLICY

In the absence of a remuneration committee, the salary and pension entitlements of the senior members of the Ministry of Defence Police and Guarding Agency are determined by the advice and recommendations of the Senior Salaries Review Body.

SALARIES AND PENSION ENTITLEMENTS

The salary and pension entitlements of the most senior members of the Ministry of Defence Police and Guarding Agency were as follows (with comparative salary disclosures for 2004/05):

	Salary 2005-2006 £'000	Salary 2004-2005 £'000	Real Increase in Pension and Lump Sum at Age 60 £'000	Total Accrued Pension at Age 60 and Lump Sum at 31 March 2006 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2005 £'000	Cash Equivalent Transfer Value at 31 March 2006 £'000	Real increase in CETV after adjustment for inflation and changes in market investment factors £'000
S Love	120-125	N/A	0-2.5 plus lump sum N/A	0-2.5 plus lump sum N/A	N/A	18	15
D L Clarke	5-10	120-125	0-2.5 plus 0-2.5 lump sum	5-7.5 plus 15-17.5 lump sum	92	N/A	N/A
D A Ray	110-115	85-90	0-2.5 plus 2.5-5 lump sum	7.5-10 plus 22.5-25 lump sum	111	153	29
A W MacCormick	Consent to disclosure withheld						
G P McAuley	100-105	75-80	2.5-5 plus 7.5-10 lump sum	25-27.5 plus 75-77.5 lump sum	269	317	37
J P Bligh	95-100	85-90	0-2.5 plus lump sum N/A	2.5-5 plus lump sum N/A	40	64	20
R Chidley	85-90	20-25	0-2.5 plus lump sum N/A	0-2.5 plus lump sum N/A	4	12	12
S Beedle	70-75	55-60	2.5-5 plus 7.5-10 lump sum	30-32.5 plus 92.5-95 lump sum	490	582	75

In addition to the above salary, Mr Clarke received a payment of £10,000 for services rendered after the termination of his employment.

The table above is subject to audit.

None of the above received any benefits in kind.

SALARY

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

BENEFITS IN KIND

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

PENSION

Pension benefits for MDPGA and civilian staff are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (Classic, Premium, and Classic Plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium and Classic Plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium and Classic Plus. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

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

Further details about the Civil Service Pension (CSP) arrangements can be found at the website www.civilservice-pensions.gov.uk

Columns six and seven of the above table shows the member's Cash Equivalent Transfer Value (CETV) accrued at the beginning and the end of the reporting period. The increase in CETV effectively funded by the employer is shown in the last column. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A CETV is the actuarially assessed capitalisation value of the pension scheme benefits accrued by a member at a

particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

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

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

S Love

Chief Executive
3 July 2006.

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

Under section 7(2) of the Government Resources and Accounts Act 2000, the Treasury has directed the Ministry of Defence Police and Guarding Agency to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction dated 16 January 2006. The Accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its net operating cost, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the 'going concern' basis, unless it is inappropriate to presume that the Agency will continue in operation.

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

Statement on Internal Control

1. SCOPE OF RESPONSIBILITY

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

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency for the year end 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. CAPACITY TO HANDLE RISK

The Agency has substantive risk management and business continuity policies that are periodically reviewed by the Agency Management Board (AMB). Underpinning these are detailed guidance and templates that are maintained by our subject matter experts. Our Business Development Department actively researches these areas to ensure the Agency continues to adapt these processes to reflect developments within the organisation and the wider public sector.

The Agency has defined risk as "A future uncertain event that could influence the achievement of our objectives and statutory obligations". This definition forms the basis of our risk management cycle and forms the corner stone of our risk management policy. It ensures that we seek to identify the risks against our business and through our processes seek to manage the risk at the appropriate level within the organisation. The management of risk within the Agency continues to have the full support of the AMB with each member formulating their own risk register against their respective portfolio business plan targets. These form the basis of the risk cascade within the Agency.

Our business continuity plans prioritise our outputs and identify staff needed to continue their delivery. In the event of an emergency we can continue to deliver our core business and work towards business as usual in a structured manner. Overall our business continuity plans are designed to continue the core functions of the Agency

headquarters, our MDP Divisional headquarters and the MGS Regional headquarters. Our MDP and MGS stations contribute to the Business Continuity Plans of their host establishments.

4. THE RISK AND CONTROL FRAMEWORK

To advise me on the effectiveness of the Agency's Corporate Governance, my predecessor established an Audit Committee in January 2004 to monitor on the Chief Executive's behalf the management of significant risks, the operation of internal control systems, the arrangements for the prevention of fraud and theft, and the adequacy of internal and external audit including other assurance arrangements. The Committee's Annual Report for 2005/06 has been submitted to the Agency and I am pleased to receive their overall assurance that the systems in place are thorough and comprehensive and that the processes are appropriate, effective and comprehensive in their scope, with appropriate actions taken to address concerns and issues which have arisen.

Over the past year we have worked with the encouragement and support of the Audit Committee to continually improve and develop our Corporate Governance in order to effectively maintain our match fitness and ability to deliver our outputs. This work has included the development of the risk management cycle to take into account the changes in the business planning process. The basis of the Agency risk register cascade is our Corporate Risk Register through which our risks and risk appetite are determined. This document has been completely reviewed and updated. The AMB endorsed a revised Corporate Risk Register during their Board meeting on 31 October 2005. In addition to this we have defined a Critical Event Risk Register to cover mitigation actions against circumstances that will seriously impact upon our outputs. The AMB are now in the process of periodically reviewing and updating these documents to ensure we have effective mitigation plans in place. The mitigation plans identified within the Critical Event Risk Register are linked to the HQ business continuity plan. This ensures that managers have access to all emergency planning assumptions in the event of an emergency.

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

In addition to our risk register cascade the Agency has an Environmental Scanning facility that works throughout the year to identify, highlight and promulgate issues which may impact on the organisation. Issues are identified, reviewed and a brief is produced to be sent to relevant action managers, they are then linked where appropriate to the bi-

lateral process for tracking and reporting. This allows us to report on the impact these issues may have on the Agency and how they may affect the achievement of planned business activities. Supporting all of this activity is the production of a bi-weekly environmental scanning report which is widely available to Agency staff. A monthly summary is then produced and sent for reference to all AMB members and Board Advisers.

A key area of assurance in the way we run Agency projects is the work of our Programme Review Board. Through their series of quarterly meetings they provide robust assurance to the way in which Agency projects are managed. An important aspect of their work is their strategic overview of all projects ensuring that all activities contribute to the common goals of the organisation. They have identified a core group of 13 projects which are standing items for report on their meeting agenda. This list of projects is under constant review to ensure new projects are included where appropriate. A new aspect of their work is the development of a Project Management Audit Project. This is currently in its draft stages but will enable the project support office to effectively audit how project management is undertaken within the Agency over the coming year.

To underpin all of our assurance activities I established an in-house Agency Assurance Team on 30 September 2005. This team has conducted an initial review on all Agency core assurance activities and this information has been used to populate an assurance report for each board member. Using these portfolio reports, I now discuss the progress on core assurances with the relevant board member as part of the Bi-Lateral reporting process. In addition, the Assurance Team acts as a link to the Agency Audit Committee, providing them with a variety of information to review as part of their normal agenda. The Audit Committee has encouraged and supported the formation and development of the Assurance Team which will be a key point of engagement for them within the Agency.

5. REVIEW OF EFFECTIVENESS

To build upon the progress made within 2005-06 we plan to undertake the following actions during the coming year:

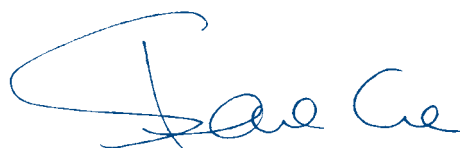
- a. Continue to research and develop all Agency Corporate Governance processes ensuring we learn from good practice and meet the needs of the business.
- b. Establish a timetable of Business Continuity Plan testing to ensure match fitness of response to unforeseen circumstances.
- c. Review the Agency Corporate Governance and Business Continuity Policies to ensure relevance to the Agency and that they can deliver required assurances.
- d. Continue to embed the work of the Agency

Assurance Team within the Agency Bi-Lateral process to ensure all management board portfolios monitor and report on their assurance activities effectively.

The Agency has an Inspectorate Department, which operates to standards defined by Her Majesty's Inspectorate of Constabulary (HMIC). They submit regular reports, which include an independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement. Part of the work of HMIC is a Baseline Assessment of the Agency in line with other Home Office Forces. This process generates "Areas for Improvement", which are linked to the Agency Bi-Lateral process so that Board Members can report on achievement in line with other assurance activities.

In addition to this, the Assurance Team conducts annual Finance Inspections on all principal Budget Holders and Budget Managers within the Agency in order to ensure that the relevant delegations and financial controls are in place and being maintained. Other compliance checks carried out by the Assurance Team to underpin our use of public funds include an audit of travel and subsistence claims and reviews on advances of salary for season tickets. A new overtime audit has been approved by the board and this is due to begin in the new financial year.

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.



S Love

Chief Executive

3 July 2006

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 Ministry of Defence Police and Guarding Agency for the year ended 31 March 2006 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

RESPECTIVE RESPONSIBILITIES OF THE AGENCY, THE CHIEF EXECUTIVE AND AUDITOR

The Agency and Chief Executive are responsible for preparing the Annual Report and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regularity requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the Financial Statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions under the Government Resources and Accounts Act 2000. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 42-43 reflects the Agency's compliance with HM Treasury's guidance on the Statement on Internal Control and I report if it does not. I am not required to consider whether the Accounting Officer's Statement on Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test

basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

OPINIONS

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2006 and of the net operating cost, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



John Bourn
Comptroller and Auditor General
18 July 2006

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

Operating Cost Statement

for the year ended 31 March 2006

		2005/2006	2004/2005
OPERATING COSTS	Notes	£'000	£'000
Staff Costs	3	280,905	258,465
Supplies and Services Consumed	4	13,555	13,805
Accommodation Costs	5	13,760	14,321
Other Administration Costs	6	35,626	30,006
GROSS OPERATING COSTS		343,846	316,597
OPERATING INCOME			
Less Income from Repayment Customers	2	(31,208)	(29,755)
NET OPERATING COST	14	312,638	286,842

All activities undertaken during the year are continuing.

Statement of Recognised Gains and Losses

for the year ended 31 March 2006

		2005/2006	2004/2005
	Notes	£'000	£'000
Net gain on revaluation credited to the revaluation reserve	13	1,951	3,237
Recognised gains during the year		1,951	3,237

The notes on pages 48 to 60 form part of these accounts

Balance Sheet

as at 31 March 2006

	Notes	2006 £'000	2006 £'000	2005 £'000	2005 £'000
FIXED ASSETS					
Tangible Assets	8		30,170		32,610
CURRENT ASSETS					
Stock	9	742		676	
Debtors: Amounts falling due within 1 year	10	3,754		4,920	
Debtors: Amounts falling due after more than 1 year	10	467		481	
		4,963		6,077	
CURRENT LIABILITIES					
Creditors: Amounts falling due within 1 year	11	(7,224)		(10,240)	
NET CURRENT LIABILITIES			(2,261)		(4,163)
TOTAL ASSETS LESS CURRENT LIABILITIES			27,909		28,447
Provision for Liabilities and Charges	12		(1,027)		(1,451)
NET ASSETS			26,882		26,996
TAXPAYERS' EQUITY					
General Fund	14		12,975		9,562
Revaluation Reserve	13		13,907		17,434
GOVERNMENT FUNDS	15		26,882		26,996

S Love
Chief Executive
3 July 2006

The notes on pages 48 to 60 form part of these accounts

Cash Flow Statement

for the year ended 31 March 2006

		2005/2006	2004/2005
	Notes	£'000	£'000
Net Cash Outflow From Operating Activities		281,831	250,397
Capital Expenditure	23e	1,285	5,083
Net Financing from the Defence Resource Account	23d	(283,116)	(255,480)
Increase/(Decrease) in Cash in Period		0	0

Notes to the Accounts

1. STATEMENT OF ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

These accounts have been prepared in accordance with the 2005-06 Financial Reporting Manual and with a Direction dated 16 January 2006, both issued by HM Treasury. The principal accounting policies adopted by the Agency are summarised below. The policies set out the framework within which the Agency conducts financial management and have been applied consistently in dealing with items considered material to the accounts.

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

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

B. VALUE ADDED TAX

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

C. INCOME

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

D. TANGIBLE FIXED ASSETS

Land & Buildings

Where MDPGA is the principal beneficial user of Departmental Estate it is treated as an asset of the Agency although legal ownership rests with the Secretary of State for Defence. Land and Buildings (all freehold) are capitalised where their value exceeds the Agency's capitalisation threshold of £10,000 (2005: £4,500). The change to the capitalisation threshold has not made a material difference to the accounts.

Other Assets

Plant, equipment, computers, boats and vehicles are capitalised where their cost or estimated purchase price is equal to or exceeds the Agency's capitalisation threshold of £10,000 (2005: £4,500) and where their useful life exceeds one year. For fighting equipment, IT and communications equipment the capitalisation threshold of £10,000 (2005: £4,500) relates to grouped assets. The change to the capitalisation threshold has not made a material difference to the accounts.

Depreciation

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

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

Land and Buildings:

Land	indefinite, not depreciated
Freehold Buildings	20-50 years

Fighting Equipment: 10 years

Vehicles:

Vehicles 3-10 years

Boats 6-20 years

Computer Equipment: 3-5 years

Communications Equipment: 12 years

Other Equipment: 3-35 years

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

Revaluation of Fixed Assets

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

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

Disposal of Tangible Fixed Assets

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

F. STOCK

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

G. CREDITORS

Individual creditors and accruals of less than £1000.00 are not included as they are deemed to be immaterial.

H. RESERVES

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

I. NOTIONAL AND NON CASH CHARGES

Intra-Departmental Charges

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

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

Audit Fee

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

J. CAPITAL CHARGE

A charge reflecting the cost of capital utilised by the Agency is included in operating costs. The charge is calculated using HM Treasury's standard rate of 3.5% of the average value of net assets (3.5% in 2004/05).

K. EARLY RETIREMENT SCHEME

The Civil Service White Paper, *Continuity and Change* (Cm 2627) published in July 1994, announced new arrangements for funding early departure costs of civil servants departing between 1 October 1994 and 31 March 1997. Under these arrangements 20 per cent of the cost was to be borne by Agencies and Departments and the remaining 80 per cent, which would have otherwise fallen upon the Departments' running costs, was to be met centrally from the Civil Superannuation Vote. For 1996/97 the 80:20 arrangements applied only after the body had used all its existing 1996/97 expenditure provision for early departure costs.

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

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

L. PROVISIONS

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

Provisions are charged to the Operating Cost Statement. All long-term provisions are discounted to current prices by the use of HM Treasury's Test Discount Rate, which is currently 2.2% (3.5% in 2004/05). The discount is unwound over the remaining life of the provision and shown as an interest charge in the Operating Cost Statement.

M. LEASES

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

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

N. SALARY ADVANCES

Where applicable, MOD staff are entitled to salary advances for house purchase, in accordance with MOD regulations. These advances are paid through the payroll system. Balances outstanding at 31 March 2006 relate to 65 MDP Officers and are included in Debtors at Note 10.

O. TAXATION AND SOCIAL SECURITY

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

P. PENSIONS

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

The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS or AFPS of amounts calculated on an accruing basis.

Notes to the Accounts

2. INCOME

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

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

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

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

	2005/2006			2004/2005		
	Turnover	Cost	Surplus/ (Deficit)	Turnover	Cost	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Repayment Work for non-MOD Customers	15,782	22,256	(6,474)	15,650	19,525	(3,875)
Repayment Work for Overseas Customers	15,093	21,002	(5,909)	13,227	17,892	(4,665)
Other Income	333	0	333	878	0	878
Total Activity	31,208	43,258	(12,050)	29,755	37,417	(7,662)

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

3. STAFF COSTS AND NUMBERS

a. Staff costs during the year were as follows:

	2005/2006				2004/2005			
	MDP	Civilian	Service	Total	MDP	Civilian	Service	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages and salaries	127,953	98,597	0	226,550	116,096	99,325	24	215,445
Social Security costs (E R N I C)	11,613	7,268	0	18,881	10,545	7,315	2	17,862
Superannuation	20,036	15,277	0	35,313	13,205	11,108	4	24,317
Early Retirement Costs	161	0	0	161	841	0	0	841
Total	159,763	121,142	0	280,905	140,687	117,748	30	258,465

Civilian Wages and salaries include costs of £59,000 (2005: Nil) for agency/temporary staff

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

	2005/2006	2004/2005
	Number	Number
MDP	3,462	3,342
Civilian including MGS, Non-Industrials and Industrial	4,338	4,092
Service	-	1
	7,800	7,435

The number of whole time equivalent staff who are classified as civil service staff was 7,800 (2005: 7,434), including 2 (2005: Nil) agency/temporary staff.

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

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

For 2005/2006, employers' contributions of £35,308,158 were payable to the PCSPS (£24,310,116 in 2004/2005) at one of four rates in the range of 16.2% to 24.6% of pensionable pay based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation.

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

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,217 (£3,131 in 2004/2005) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £25, 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirements of these employees.

For 2005/06 employers' contributions of £Nil (2004/2005 £3,486) were also made to the AFPS in respect of service staff paid by MDPGA and these were similarly based on rates determined by the Government Actuary and advised by the Treasury.

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

Early departure costs are partly funded from the Civil Superannuation Resource Account under the 80:20 scheme. The amount borne by the Agency in 2005/2006 was £161,002 (£841,136 in 2004/2005).

d. Remuneration of the Members of the Police Committee

	2005/2006	2004/2005
	£	£
Sir David O'Dowd	16,885	13,889
S Osment	3,973	5,814
J Harris	9,932	8,075
A Kelly	11,240	8,398
	42,030	36,176

Police Committee Members are employees of the MOD with four exceptions. These four receive fees for their services as shown above. In addition to these fees, travel costs of £4,848 (£4,958 for 2004/05) were incurred by the Agency for these Committee Members.

Notes to the Accounts

4. SUPPLIES AND SERVICES CONSUMED

	2005/2006	2004/2005
	£'000	£'000
Depreciation on Fixed Assets - excluding Land and Buildings	4,327	6,616
(Reversal of Impairment)/Impairment of Fixed Assets	(471)	345
Write (back)/down of Stock	0	(7)
Write (up)/down of Fixed Assets	903	0
MOD Stores and services	3,618	3,121
Vehicle/Equipment Support	4,979	3,562
Loss on Disposal of Tangible Fixed Assets	199	168
	13,555	13,805

The (reversal of impairment)/impairment of fixed assets (£471,000) includes £634,000 for a previous period, being the correction arising from the quinquennial review undertaken in 2003 which had been included in the revaluation reserve in error.

5. ACCOMMODATION COSTS

	2005/2006	2004/2005
	£'000	£'000
Utilities Consumed	566	486
Rent & Other Charges (CILOR)	402	405
Estates & Facilities Management Services	1,850	1,550
Depreciation on Buildings	1,120	979
Accommodation Stores	1,728	1,794
Communicated Costs Relating to Accommodation on Other MOD sites	8,094	9,107
	13,760	14,321

6. OTHER ADMINISTRATION COSTS

	2005/2006	2004/2005
	£'000	£'000
MOD HQ Overhead	15,509	14,422
Permanent Transfers	4,107	3,556
Travel and Subsistence	4,746	3,138
IT Maintenance and Software	1,983	2,207
Telecommunications	1,180	956
Leased office equipment	1,886	948
Professional Fees	618	1,658
Audit Fee	80	61
Recruitment	250	22
Shared Cost of Training Services	0	6
External Education, Medical and Welfare	1,143	702
Administration Services, Supplies & Expenses excluding leased equipment	2,662	1,258
Unwinding of Discount on Provisions	42	38
Entertainment and Hospitality	41	57
Provision for Bad and Doubtful Debts	3	5
Debtors balance written off	415	0
Provision for Housing Allowance	0	0
Cost of Capital	961	972
	35,626	30,006

Operating lease expenditure (£'000) amounting to £3,784 (2005 £3,034) is included above and relates to other types of lease i.e. non-plant and machinery leases.

7. COST OF CAPITAL

	2005/2006	2004/2005
	£'000	£'000
Land and Buildings - Dwellings	82	42
Land and Buildings - Non Dwellings	464	487
Plant & Machinery	14	247
Vehicles	337	162
Fighting Equipment	101	98
IT & Comms	23	31
Assets Under Construction	67	55
Net Current Liabilities	(127)	(150)
	961	972

Notes to the Accounts

8. TANGIBLE FIXED ASSETS

	Land & Buildings Dwellings £'000	Land & Buildings Non Dwellings £'000	Plant, Machinery £'000	Transport Other £'000	Single Use Military Equipment £'000	Information Technology & Comms. £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation as at 1 April 2005	2,976	16,928	518	26,487	4,551	3,011	3,436	57,907
Additions	0	0	40	901	87	0	694	1,722
Disposals	0	(1)	0	(7,135)	0	0	0	(7,136)
Revaluation	140	518	84	1,839	48	(141)	0	2,488
Reclassification/Transfers within MOD	0	(336)	195	1,217	1,738	(761)	(3,436)	(1,383)
Impairment/Write down	0	0	0	0	(1,486)	0	0	(1,486)
Cost or Valuation as at 31 March 2006	3,116	17,109	837	23,309	4,938	2,109	694	52,112
Depreciation to 1 April 2005	595	3,294	234	16,914	2,000	2,260	0	25,297
Current year Charge	204	916	122	3,681	342	182	0	5,447
Disposals	0	0	0	(6,649)	0	0	0	(6,649)
Revaluation	27	55	69	127	21	(234)	0	65
Reclassification/Transfers within MOD	0	(52)	(70)	(617)	(2)	(759)	0	(1,500)
Impairment/Write down	0	0	0	0	(718)	0	0	(718)
Depreciation to 31 March 2006	826	4,213	355	13,456	1,643	1,449	0	21,942
Net Book Value as at 31 March 2006	2,290	12,896	482	9,853	3,295	660	694	30,170
Net Book Value as at 1 April 2005	2,381	13,634	284	9,573	2,551	751	3,436	32,610

The transfers above are between MDPGA and the wider MOD.

Land and Buildings were revalued as at 1 April 2004, all other assets were revalued as at 1 April 2003 as part of the quinquennial review process using the Beacon Book. Where values have not been determined by the Beacon Book, the Valuation Office Agency (VOA) was contracted to determine the valuation.

9. STOCK

	2006 £'000	2005 £'000
Ammunition Stores	256	198
Clothing Stores	497	489
Gross Total	753	687
Less Provision for Slow Moving Clothing Stock	(11)	(11)
Net Total	742	676

10. DEBTORS

	2006 £'000	2005 £'000
Amounts Falling Due within one year		
Trade Debtors	1,358	2,435
Prepayments and Accrued Income	2,348	2,429
Advance of Salary for House Purchase	56	61
	3,762	4,925
Less Provision for Bad and Doubtful Debts	(8)	(5)
	3,754	4,920

Amounts Falling Due in More Than One Year

Advance of Salary for House Purchase	467	481
	4,221	5,401

Analysis of Debtors

	2006 £'000	2005 £'000
Balances with Central Government Bodies	1,216	347
Balances with Public Corporations and Trading Funds	682	609
Intra-Government Balances	1,898	956
Balances with bodies external to Government	2,323	4,445
Total Debtors at 31 March	4,221	5,401

Notes to the Accounts

11. CREDITORS

	2006	2005
	£'000	£'000
Amounts Falling Due within one year		
Trade Creditors	3,213	2,995
Accruals and Deferred Income	4,011	7,245
	7,224	10,240

There are no intra-government creditors included above.

12. PROVISION FOR LIABILITIES AND CHARGES

	Early Retirement Costs
	£'000
Provision as at 1 April 2005	1,451
Provided in Year	161
Paid in Year	(627)
Unwinding of Discount On Provision	42
Provision as at 31 March 2006	1,027

Early Retirement Provision

This provision represents the future liability to pay officers and civilians early retirement pensions. There are some uncertainties with regard to the likelihood, timing and amounts that are due arising from assumptions made regarding the life expectancy of retirees and changes to Treasury discount rates.

13. REVALUATION RESERVE

	2006	2005
	£'000	£'000
Revaluation Reserve as at 1 April	17,434	19,917
Add: Surplus on Revaluation of Fixed Assets	2,885	4,243
Less: Adjustment on Revaluation, Disposal and Transfer	(634)	(14)
Revaluation	(300)	(992)
Transfer to General Fund	(5,478)	(5,720)
Revaluation Reserve as at 31 March	13,907	17,434

14. GENERAL FUND

	2006	2005
	£'000	£'000
General Fund as at 1 April	9,562	7,930
Add: Net Financing from the Defence Resource Account	283,116	255,480
Non-Cash Expenditure Items (excluding movement in early retirement provision)	27,358	27,230
Non-Cash Capital Expenditure	99	44
Less: Net Operating Cost	(312,638)	(286,842)
Transfer from Revaluation Reserve	5,478	5,720
General Fund as at 31 March	12,975	9,562

15. RECONCILIATION OF MOVEMENTS IN GOVERNMENT FUNDS

	2006	2005
	£'000	£'000
Government Funds as at 1 April	26,996	27,847
Revaluation Reserve Movements In Year	(3,527)	(2,483)
General Fund Movement in Year	3,413	1,632
Government Funds as at 31 March	26,882	26,996

16. CAPITAL COMMITMENTS

There were capital commitments of £NIL as at 31 March 2006.

17. OTHER FINANCIAL COMMITMENTS

At 31 March 2006, the Agency was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2007. These leases were in respect of office and radio equipment.

	2006	2005
	£'000	£'000
Leases expiring:		
Within 1 year	32	1,169
Within 1 to 5 years	2,470	873
After 5 years	2,014	1,025
	4,516	3,067

18. CONTINGENT LIABILITIES

No contingent liabilities have been identified at 31 March 2006.

19. RELATED PARTY TRANSACTIONS

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

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

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

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

Notes to the Accounts

20. POST BALANCE SHEET EVENTS

On 1 April 2006 the Ministry of Defence transferred responsibility for accounting for fixed assets from the Ministry of Defence Police and Guarding Agency to other parts of the Ministry of Defence. Where the Agency retains the risks and rewards of ownership of these assets, they will continue to be accounted for on the Agency's balance sheet in accordance with FRS5 and SSAP 21. In other cases, the costs of the use of these assets will be communicated to the Ministry of Defence Police and Guarding Agency by the asset owners and charged to the operating cost statement. Consequently, these centrally accounted for assets will not be included on the Agency's balance sheet as they will be accounted for as operating leases under SSAP 21. There is no effect on the 2005-06 accounts as a result of this change, and as a result no adjustments have been made to these financial statements.

21. LOSSES AND SPECIAL PAYMENTS

An historic balance emanating from a change in accounting systems at Defence Bills Agency has been written off. The Agency is content that no assets or cash have been lost or remain un-recovered and that this is a book-keeping loss. There were no other losses in 2005-06.

22. FINANCIAL INSTRUMENTS

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

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

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

Interest rate risk

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

Currency risk

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

Liquidity risk

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

23. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Net Operating Cost to Operating Cash Outflow	Notes	2005/2006	2004/2005
		£'000	£'000
Net Operating Cost		312,638	286,842
Depreciation	8	(5,447)	(7,595)
Impairment Arising from a Fall in Market Value of Fixed Assets	4	471	(345)
Transfer of Tangible Fixed Assets		(749)	24
(Loss)/Gain on Disposal of Tangible Fixed Assets	4	(199)	(168)
MOD Non-cash Transactions (Excluding movement in early retirement provision)	23a/c	(27,358)	(27,231)
Adjustments for Movements in Working Capital other than Cash	23b	2,051	(1,163)
Movements in Provisions for Liabilities and Charges	23c	424	33
Net Cash Outflow From Operating Activities		281,831	250,397

Analysis of Capital Expenditure and Financial Investments		2005/2006	2004/2005
	Notes	£'000	£'000
Acquisition of Fixed Assets	23f	1,573	5,233
Proceeds from Disposal of Fixed Assets	23e	(288)	(150)
Net Cash Outflow From Investing Activities		1,285	5,083

a - Notional and Non-cash Costs		2005/2006	2004/2005
		£'000	£'000
Shared cost of training services		0	6
MOD Training costs specific to MDPGA		2,086	1,953
Audit Fee		80	61
MOD Purchased Ammunition stores		0	171
MOD Purchased Clothing Stores		0	27
Communicated costs relating to accommodation on other MOD sites		8,094	9,107
Cost of Capital		962	972
MOD HQ overhead		15,509	14,422
Early retirement costs		161	841
Unwinding of discount on provisions		42	38
		26,934	27,598

b - Movements in Working Capital other than cash		2005/2006	2004/2005
		£'000	£'000
(Increase) in stocks		(66)	(159)
Movement in slow moving clothing provision		0	(7)
Decrease/(increase) in debtors		1,180	(1,740)
(Decrease)/increase in creditors		(3,165)	3,069
		(2,051)	1,163

c - Movement in Provision for Liabilities and Charges		2005/2006	2004/2005
		£'000	£'000
(Decrease)/increase in provision for early retirement		(424)	367
(Decrease) in housing allowance provision		0	(400)
		(424)	(33)

d - Financing		2005/2006	2004/2005
		£'000	£'000
Payments on Defence Resource Account		300,478	270,000
Receipts on Defence Resource Account		(17,362)	(14,520)
		283,116	255,480

Notes to the Accounts

e - Capital Expenditure	2005/2006	2004/2005
	£'000	£'000
Payments to acquire tangible fixed assets	1,573	5,233
Receipts from sales of fixed assets	(288)	(150)
	1,285	5,083

f - Major Non-cash transactions through the MOD

MOD non-cash costs which flow through the Operating Cost Statement are shown in note a above.

The total capital expenditure in the year was as follows:

	Note	2005/2006	2004/2005
		£'000	£'000
Cash payments to acquire tangible fixed assets	8	1,573	5,233
Accrual for tangible fixed assets		149	0
Non-cash payments to acquire tangible fixed assets		99	44
Total Capital Expenditure		1,821	5,277

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