



# Annual Report and Accounts

2006-07



Criminal Records Bureau





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of the Government Resources and Accounts Act 2000.**

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# Contents

Chief Executive's Statement	3
Management Commentary	4-17
■ Nature, Objectives and Strategies of the CRB	
■ Resources, Relationships and Principal Risks	
■ 2006/07 Development and Performance	
■ Future Position – 2007/08 and Beyond	
Remuneration Report	18
Statement on Criminal Records Bureau's and Chief Executive's Responsibilities	21
Statement on Internal Control – 2007	22
The Certificate and Report of the Comptroller and Auditor General to the House of Commons	24
Criminal Records Bureau Annual Accounts 2006/07	26-39
■ Income & Expenditure Account	
■ Balance Sheet	
■ Cashflow Statement	
■ Notes to the Accounts	
Glossary	40
Contact Information	42

## **Chief Executive's Statement**

In my statement last year I promised that our then newly published five-year strategy would deliver real benefits and service improvements to our customers and that some of those benefits would be delivered in 2006/07, the first year of the strategy. I also looked forward to the Agency becoming self-funding and I am pleased to report that this was achieved along with considerable progress against a number of our strategic objectives.



For example, we successfully launched our first electronic service. Customers are now able to track their applications online. We commenced the first tranche of registration cancellations that will eventually culminate in a much smaller, more professional network of Registered Bodies. We developed a Joint Venture with the Identity and Passport Service on setting up a proof of concept project that will run through the summer 2007 and will in time make enhanced identification processes available to the Registered Bodies. We completed the roll out of the Quality Assurance Framework to assist in the consistent decision making at the Police Disclosure Units.

In early 2007 the CRB played a major role supporting the Overseas Crime 'Task Force' established by the Home Office to deal with the backlog of notifications, by other countries, of criminal convictions for UK citizens. The Agency carried out prompt retrospective checks of previous Disclosures and put in place interim arrangements for new Disclosure requests to ensure that any public protection issues relating to individuals featuring in the backlog were fully addressed.

Finally, we also launched our major programme to incorporate other data sources into the Disclosure service to further strengthen and improve the quality of the service we provide.

Nonetheless a year of good all round strategic progress, and one when we did not lose sight of the 'day job'. In fact the highest ever volume of Disclosure certificates, over three million, were issued in 2006/07, bringing the total since the Agency's inception to over 12 million. Despite some early year problems at some Police Disclosure Units which impacted on turnaround times of Enhanced Disclosures, we were able to meet the challenges posed by the higher than anticipated volumes while delivering a quality service, witnessed by the performance against our Key Performance Indicators. This progress has also been recognised by our customers. Last year was marked by our highest levels of customer satisfaction from a poll undertaken on our behalf by Ipsos MORI.

Looking to the second year of our strategy we have now published our 2007/08 Business Plan which details our work programme for the coming year which is primarily concerned with getting ready for the Vetting and Barring Scheme and rolling out electronic services. But also with various initiatives that will ensure the quality of the Disclosure service is subject to continuous improvement in support of our primary role 'to support those recruiting people into positions of trust.'

A handwritten signature in black ink, appearing to read "Vince Gaskell".

**Vince Gaskell**  
Chief Executive

## Management Commentary

### Nature, Objectives and Strategies of the CRB

**Our Role** Based in Liverpool, the Criminal Records Bureau (CRB) was established in March 2002 under Part V of the Police Act 1997 in response to public concerns about the safety of children and vulnerable adults. It became an Executive Agency of the Home Office in 2003 and is a public-private partnership (PPP) with Capita.

Operating under the Home Office Objective of 'Helping people feel safer in their homes and local communities' the CRB works with police forces and other stakeholders in ensuring that we are able to realise our mission:

**To help protect children and vulnerable adults by providing a first class service to support organisations recruiting people into positions of trust.**

This is achieved through the Disclosure service, which enables organisations to gain access to important criminal and other information for recruitment and licensing purposes.

The CRB assists organisations by identifying candidates who may be unsuitable for certain kinds of work. In doing this it particularly helps to provide protection for children and other vulnerable members of society. Due to the sensitive nature of our role and the information we supply we regard the accuracy and quality of our service as paramount.

The CRB is located in Shannon Court, Liverpool and employs 400 Home Office ('Agency') staff.





**Our Business** The organisation handled 3.237 million Disclosures in 2006/07. There are two Disclosure services: "Standard" and "Enhanced", the primary difference being that the latter includes a check against local police records. The Disclosure process, from the completion of the application form to the production of the final certificate, involves three main parties: the Registered Body (RB); the CRB and, in the case of Enhanced Disclosures, Local Police Forces (LPFs).

**Registered Bodies** Registered Bodies (RBs) are responsible for authenticating the identification of the applicant and for ensuring that the application form is correctly completed.

**CRB** The CRB's role is to initially capture and check applicant details supplied through RBs – a task undertaken by Capita under a PPP. Agency staff match this information against corresponding data contained on the Police National Computer (PNC) system, and then transmit the applicant data to LPFs for matching against

their local systems. Capita issue the subsequent Disclosure certificate to both the applicant and RB.

**Local Police Forces** There are 43 separate LPFs who are responsible for matching applicant data against information stored on local databases – both conviction data and other intelligence – and deciding what relevant information should be disclosed. In order to ensure the timeliness of the Disclosure service, in 2006/07 police forces were expected to return 90% of search requests within 14 days.

**Funding** The CRB is funded through Disclosure fees, which for 2006/07 were £36 for Enhanced Disclosure applications and £31 for Standard Disclosure applications. The exception is voluntary employees who receive the service free of charge. In 2006/07 a total of 20% of all Disclosure applications were for voluntary employees.

**Strategic Context** In May 2006 the CRB published a combined Five-Year Strategic Plan for 2006/07 which detailed the six key strategic objectives to 2010/11:

- Continuous improvement to existing service delivery
- The introduction of a Vetting and Barring Scheme (VBS)
- Access to the service electronically
- Extending the range of criminal data checked
- Development of new products
- Enhanced gateway to the Disclosure service

Details of the activities that will support these objectives in the second year of the five-year strategic period can be found in the 2007/08 Business Plan published in June 2007.

**Financial Aims and Objectives** The Agency's aim is to retain the self-funding status achieved in 2006/07 and a self-funding budget has been set for 2007/08 (see 'Future position – 2007/08 and beyond').

# Management Commentary

## Resources, Relationships and Principal Risks

### Resources

**Our Finances** After difficult earlier years the CRB has steadily improved its financial position and is now self-funding (figures in £millions):

#### Surplus/(deficit)

**2003/04** **(22.2)**

**2004/05** **(7.9)**

**2005/06** **(2.2)**

**2006/07** **13.6**

**2007/08** **7.9**

(budget)

This improvement can be attributed to a number of reasons. Undoubtedly the continuing increase in Disclosure volumes had been a significant factor. Large elements of the Agency's costs are fixed and as volumes have increased each Disclosure's share of these fixed costs has decreased. Also, the Disclosure fees were raised quite markedly in early years and more recently at or just above inflation rates. As the current fee levels are covering the Agency's current and projected costs a decision was taken not to seek any increase in 2007.

While the volumes and fee levels have increased the Agency's income it has consistently reduced unit costs through internal efficiency measures, system improvement investments and having in place robust contractual arrangements with Capita.

**Our Employees** The Agency's performance is testimony to the quality and commitment of our employees, supported by a positive working environment that is characterised by low turnover and sickness rates. The CRB seeks to maintain good communication with its staff through a monthly Team Brief, the CRB intranet, the staff newsletter 'Off the Record' and other staff notices and circulars. The relationship between Management and the Trade Union is administered through a Partnership Agreement.

**Research and Development** The CRB's development programme is managed through a Programme Board, which is responsible for ensuring that approved projects are implemented within budget and to set timescales, in-line with strategic direction. The Board reports to the CRB's Management Board and Executive Team.

## Management of Risks

### Principal Risks and Uncertainties

An important governance consideration is how the CRB manages its risks. The Agency adopts a cascade risk management methodology with strategic risks, identified and continually reviewed by the Management Board, and underpinned by lower level risks owned and managed locally.

In November 2006, the Management Board reviewed and agreed to modify the strategic risks to achieve a sharper focus on accuracy, timeliness and information technology.

While agreeing to modify the strategic risks, the Management Board also agreed a series of steps to comprehensively embed risk management across the Agency to make the regime relevant, instilled in the management culture and to assist in the achievement of its 2007/08 objectives. The modification led to the regrading of all previous risks apart from Governance Failure, which the Board felt was now sufficiently embedded in the organisation.

Strategic Risk	Description
<b>1 Demand management</b>	The CRB cannot fully control the demand on its services. Therefore continuous assessment and forecasting of short, medium and long-term demand is required if both reputation and operational damage is to be avoided.
<b>2 Accuracy</b>	The accuracy of the Disclosure products is pivotal to the CRB's reputation.
<b>3 Timeliness</b>	Delayed Disclosures can result in delayed or inappropriate recruitment.
<b>4 Relationship management</b>	The CRB cannot deliver a Disclosure service without its business partners and/or stakeholders.
<b>5 Business continuity failure</b>	The CRB's inability to continue or resume business delivery following commercial, IT, personnel or natural disaster would have serious reputational and operational implications for the organisation.
<b>6 Systems control / information system failure</b>	The mishandling of the sensitive data that support the Disclosure process would undermine the whole service while development of new IT systems is critical to the CRB's strategic direction.
<b>7 Critical project failure</b>	Ineffective project/change management and control may lead to critical project failure.

## Relationships with Key Stakeholders and Partners

**Impact on Society** The CRB's ultimate stakeholder is society and the community at large. Within that relationship, our role is to support the Home Office Strategic Objective of 'Helping people feel safer in their homes and local communities'. How effectively we support this objective has been evaluated through a series of Ipsos MORI polls. The latest results are encouraging and clearly demonstrate that the CRB continues to offer significant protection to children and the vulnerable by preventing unsuitable people from gaining access to these groups.

To supplement the polls, during 2007/08 the Agency intends to pilot a system to capture Outcome Measures and more systematically gauge the effect of the CRB's work on society and the community.

**Other Stakeholders and Partners** The performance of the CRB is dependent on the effectiveness of our principal partners and their staff. Consequently the CRB engages with stakeholders via a series of consultative panels that are configured both to promote collaboration and to form an integral part of our risk

management strategy. The main features of these arrangements are:

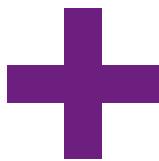
- A Service Delivery Board and a separate Commercial Board to oversee our contractual relationship with Capita
- A national Consultative Steering Group, and a series of sub-groups constituted by individual employment sectors, to progress issues relating to our relationship with RBs
- Specific Service Level Agreements (SLAs) for individual police forces for 2007/08

# Management Commentary

## 2006/07 Development and Performance

**Financial Position** A summary of the 2006/07 accounts, compared to the 2005/06 position, is shown below. The movements have resulted – for the first time since formation – in the CRB moving from a deficit to a surplus.

	2005\06 (£m)	2006\07 (£m)	Movement (£m)
<b>Income</b>	<b>75.9</b>	<b>93.2</b>	<b>17.3</b>
<b>Production costs</b>			
Direct	59.7	61.7	<b>2.0</b>
Indirect	15.5	14.6	<b>(0.9)</b>
<b>Sub-total</b>	<b>75.2</b>	<b>76.3</b>	<b>1.1</b>
<b>Surplus on operating activities</b>	<b>0.7</b>	<b>16.9</b>	<b>16.2</b>
<b>Change costs</b>			
Running costs	0.8	1.5	<b>0.7</b>
Development	1.0	1.7	<b>0.7</b>
<b>Sub-total</b>	<b>1.8</b>	<b>3.2</b>	<b>1.4</b>
<b>Total costs</b>	<b>77.1</b>	<b>79.5</b>	<b>2.4</b>
<b>Surplus/(deficit)</b>	<b>(1.2)</b>	<b>13.7</b>	<b>14.9</b>
Previously funded police set-up costs	1.0	0.1	<b>(0.9)</b>
<b>Surplus/(deficit)</b>	<b>(2.2)</b>	<b>13.6</b>	<b>15.8</b>
Disclosure volumes (m)	2.9	3.2	<b>0.3</b>



# Increased income by £4.6 million

## Explanation of Movements

**Income** The movement in income of £17.3 million is primarily the result of three factors:

- An increase in Disclosure fees of £2 for the 2006/07 financial year which increased income by £4.6 million
- The rise in Disclosure applications of 350,000 from 2005/06 increased income by £10.0 million
- Additional income derived from charging for the POVAFirst service which totalled £1.4 million

**Production Costs** Costs have not risen in line with volumes during 2006/07. Production costs totalled £76.2 million, which is a rise of 3% compared to 2005/06 against a 10% increase in Disclosure applications. There are three main factors:

- The 300,000 extra volumes above forecast caused a substantial reduction in the Unit Cost of production
- Revised contractual arrangements have reflected the efficiencies made by the CRB since 2002
- Police forces have become efficient in their utilisation of resources: the cost of police searches rose by 3% in 2006/07, but there was a 10% increase in the number made by LPFs

**Change Costs** The total change costs of £3.2 million shown in the financial position can be broken down as follows:

Project	Expenditure (£'000)
Standardisation of LPF processes	162
Interim system for cross checking of data by police forces	521
Changes to application form	18
VBS – commence design and implementation	120
Online enquiry service/platform	502
Checking additional sources for criminal data	94
Development of links overseas for sharing data	158
Reduce RB numbers	612
Other small projects	1,055
<b>SUMMARY</b>	<b>3,242</b>

**Capital Expenditure** In the year £362,000 was spent on capital expenditure (2005/06 £501,000). This all relates to the capitalisation of expenditure relating to the proposed electronic channel for services.

**Cash Balances** As at 31 March 2007 the CRB's cash balance was £1.2 million (2005/06 £0.3 million).

**Post Balance Sheet Events** In May 2007 the Home Office signed a contractual agreement with Logica CMG to provide services for the VBS.

The following changes have been made to the Management Board: Sue Moffatt left in May 2007. Trevor Carlile joined in June 2007.

## Accounting Policies

**2006/07 Policy** (See also 'Notes to the Accounts'.) There have been no changes made to the main accounting policies in 2006/07.

The accounts meet the requirements of the Financial Reporting Manual (FReM) and the 1985 Companies Act, plus any Accounting Standards issued or adopted by the Accounting Standards Board so far as these requirements are relevant.

Income generated from services provided during the year is almost entirely fees from applicants for Disclosures, the POVAFirst service and new RBs.

Some major enhancements to IT systems are included as a prepayment and written off over their useful life.

## Basis for Preparing the Accounts

A HM Treasury direction requires the CRB to produce the accounts to conform with the accounting principles and disclosure requirements of the FReM and in accordance with section 7(2) of the Government Resources and Accounts Act 2000.

**Performance** The CRB has a set of Key Performance Indicators (KPIs) that act as a benchmark for our performance across the business; they particularly assist in the assessment of progress against the drivers behind the first of our six key objectives: to improve the delivery of our services to all stakeholders (see 'Strategic Context').

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

Achievement in 2006/07 against those targets is recorded below.

Target	Performance Measure	Source		
<b>Improving Delivery Times</b>				
Enhanced Disclosures				
a. CRB to complete and send to police	90% checks in 10 days	96.5%	The time taken to process application from receipt in the CRB to despatch of application to LPFs, excluding time out with customer	System generated
b. Overall time for processing from receipt to issue	90% issued in 28 days	84.9%	The overall time – excluding time out with the customer – taken to process a valid application from receipt, to processing within the CRB and LPFs and then to printing	
Standard Disclosures	90% issued in 10 days	98.8%	The overall time – excluding time out with the customer – taken to process a valid application from receipt to processing within the CRB and then to printing	System generated
Calls to the call-centre	90% answered in 20 seconds	92.9%	The time taken to answer call to the call-centre	System generated
POVAFirst checks (Protection of Vulnerable Adults)	98% completed in 2 days	99.9%	The overall time taken from the valid initial request received in the CRB to notification to RB	System generated
<b>Improving Quality &amp; Accuracy</b>				
Disclosure accuracy	100% of Disclosures free of error*	99.88%	Error occurs where the Disclosure certificate does not reflect central criminal records	Clerical Derived from a statistically valid sample each month
Disclosure disputes	90% resolved in 21 days	97.8%	Time from receipt in CRB to resolution	Clerical
Complaints	95% resolved in 10 days	94.3%	Time taken from receipt in CRB to reply issued	Clerical
<b>Reducing Cost &amp; Bureaucracy</b>				
Unit cost of Disclosure production	Reduce 2005/2006 costs by 5% **	10.0%	The total costs of production divided by the number of valid Disclosure applications received	System generated
<b>People Aspects</b>				
Completion of strategic projects	100% on schedule	43%	The number of projects on schedule as % of all projects	Clerical
Average sick absence levels rolling 12 months	Less than 11 days	8.6	The total number of sick days divided by the total number of full-time equivalent staff	Clerical

\* Measure commenced January 2007 and reported performance is for period Jan-March 2007. Due to the delays in the verification of the checks carried out in March the above figure differs from that reported in the 2007/08 Business Plan published in June 2007 (99.94%)

\*\* Reported figure reflects the final audited costs for the CRB and is different from that contained in the CRB Business Plan (12%)

## Trends and Factors Influencing Performance

**Enhanced Disclosures** The end-to-end processing target was not achieved due to backlogs of applications in a small number of larger police forces who are responsible for a high volume of searches. This was primarily due to an unexpectedly large increase in demand of 10% greater than originally forecast, which placed significant short-term and medium-term resource pressures on police forces.

Although the 2006/07 achievement of 84.9% is only a marginal improvement on 2005/06 (84.3%) an increase in the resource deployed in police forces since late 2006 has brought benefits. The final quarter's achievement of 87.2% was a significant increase on

84.0% for the previous nine months. A further indication of progress is at March 2007 there were 140,000 applications awaiting processing within police forces compared to a peak of 264,000 in July 2006.

The CRB continues to optimise the time taken to process applications before action is taken by police forces. During the year 96.5% of internal checks were undertaken within 10 days of receipt, against a target of 90%.

**Standard Disclosures** Performance targets have been met throughout the period. Standard Disclosures do not require a search by police forces and the figure of 98.8% processed within 10 days of receipt also reflects well on the internal service provided by the CRB.

**Calls to the Call-Centre** Performance target has been achieved in 2006/07.

**POVAFirst Checks** Performance target has been achieved for 2006/07.

**Disclosure Disputes** Performance target has been achieved for 2006/07.

**Complaints** An unexpected increase in the volume of complex cases has meant that this target was not achieved.

**Sickness Absence Levels** The number of sick days on a rolling 12-month basis remained below the 11 days target throughout the year.

## A Summary of Progress Against Key Projects

Key tasks and objectives for 2006/07 as shown in the CRB Business Plan are detailed below.

Tasks	Objective	Progress Against Plan
Standardisation of LPF processes	Standardise police processes following implementation of QAF by December 06.	All activities to be undertaken by the Agency were completed by end March 07.
Interim system for cross checking of data by police forces	System enhanced by December 06 to allow risk-based withdrawal of address-based referrals to police.	First enhancements now scheduled for end September 07. Remaining changes due by June 08.
Introduce a revised SLA with local police forces	By June 06, develop SLA in conjunction with ACPO and LPFs' defined requirements, and clear lines of accountability with CRB and in the Disclosure Units through to ACPO.	SLA introduced April 06.
Implement findings from organisational review	Implement efficiency recommendations by March 07.	Completed with anticipated staff reductions exceeded. HR function reorganised and accommodation responsibility transferred to Capita.
Develop a new Disclosure application form	Feasibility study, pilot exercise and consultation by September 06.	Consultation completed by September 06.
VBS development	Agree Scheme specification with DfES; agree role of independent panel; agree charging model; design and implement system. All to be completed by end March 07.	Draft Scheme processes agreed. Programme go live date 29 September 08.
E-services – Phase 1	Roll-out of online application tracking and POVAFirst web-based services by June 06.	Online tracking commenced 02 January 07. The Agency decided not to proceed with POVAFirst web-based services.
E-services – Phase 2	Design and technical implementation of web-based and electronic bulk Disclosure applications during 2006/07.	Currently under development – go live date to be agreed.
New data sets	British Transport Police (BTP) data available to Disclosure service during 2006/07 and conduct feasibility study on other data sets.	BTP data was added to the Disclosure service. 25 September 06. Work continues on other data sources.
EU-wide vetting	Work with UK Central Authority (UKCA), ACPO, on defining CRB's role; modify CRB's systems. Conduct analysis of criminal records held across the EU. Open up discussions with Southern Ireland, France, Spain, Belgium and Czech Republic.	UKCA has been set up in Hampshire Constabulary. Work is ongoing to define roles and processes. Letters sent to European countries 31 December 06. Analysis of those that responded started end March 07. Only a limited number have stated they have the appropriate legislation in place.
Beyond EU vetting	Pilot supply of data from Australia by June 06 and all applicants with an Australian address checked against UK and Australia data by March 07. Open up discussions with Canada by September 06.	Progress has been slow due to a lack of response from Australia. Contact has been re-established so this work can now be re-planned. Work with Canada is delayed awaiting the outcome of the Australian pilot.
Basic Disclosure	Feasibility study subject to a signed business case. Design and technical implementation.	Project currently on hold at Agency's request, therefore the rescheduled date is currently unknown.
RB assurance programme	Complete risk-targeted visits to approximate RBs (c3000).	Completed and results presented to Executive Team in January 07.
Restructuring of the RB network	Commence selective removal from Register of those RBs failing to meet the application threshold limit.	The expected reduction is 10,000 RBs and by March 2007 a total of 6,000 had been de-registered.



**Diversity** The CRB takes seriously its statutory duty to actively promote equality across disability, race and gender equality groups in their access to the CRB Disclosure service and in the design, review and implementation of CRB business activities (policies, decisions, processes and practices). This includes ensuring that internal processes relevant to all employees of the CRB actively promote equality of opportunity to disability, race and gender equality groups within the current and prospective workforce of the CRB. In support of this the CRB published its first comprehensive Disability, Race and Gender Equality Scheme on the 1 May 2007 and

has established an Equality Forum as the vehicle for leading on the implementation of the associated action plans and equality impact assessment processes going forward.

The CRB also takes due regard of its associated duty to ensure equality of service delivery to Welsh customer groups under the Welsh Language Act 1993. The CRB has conducted a comprehensive review of the CRB Welsh Language Service in the last reporting year and is currently finalising a revised version of the CRB Welsh Language Scheme in partnership with the Welsh Language Board.

The CRB will continue to work closely with Home Office colleagues within the Strategic Diversity Action Team to ensure it is effectively able to address anticipated statutory obligations as they arise in the medium term.

Further information on CRB processes and guidance relevant to equality and diversity is accessible via the CRB website at **[www.crb.gov.uk](http://www.crb.gov.uk)** within the section 'Your Rights'.

**Health and Safety** The CRB is committed to maintaining the standards required by the Health and Safety at Work Act 1974 and other United Kingdom and international regulations relating to the health and safety of its employees and the public. It will continue to raise staff awareness on all aspects of health and safety as required by the 1992 EC Health and Safety Directive.

**Payment Performance** If there is no alternative contractual provision or other understanding, payment is due to be made within 30 days of receipt of a valid invoice. The CRB's overall performance during the year was 95.1% (2005/06 98.3%) of invoices paid within the agreed credit period.

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

**Management Board** The Management Board members during the year were as follows:

**Executive members**

Vince Gaskell

John O'Brien (until May 2006)

Rosa Davis (until May 2006)

Steve Long (until Jan 2007)

John Scullion

Sue Moffatt (from Oct 2006)

John Raftery (from Nov 2006)

**Non-Executive members**

John Holden (until Oct 2006)

Mike Lewis

Charlie Pienkowski

Cathy Raines (until July 2006)

Hugh Barrett (from Dec 2006)

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

The names, positions and brief personal details of the Management Board are also set out in the Remuneration Report. The Chief Executive is a permanent member of staff appointed by the Home Office under Senior Civil Service terms. The Civil Service Management Code contains provision for the termination of this contract. During 2006/07 John Scullion and Steve Long also came under the same arrangements.

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

**Corporate Governance** Full details of the CRB's governance arrangements in accordance with the requirements of DAO (GEN) 05/06 – Corporate governance: reporting – are contained within the 2007/08 Business Plan published in June 2007.

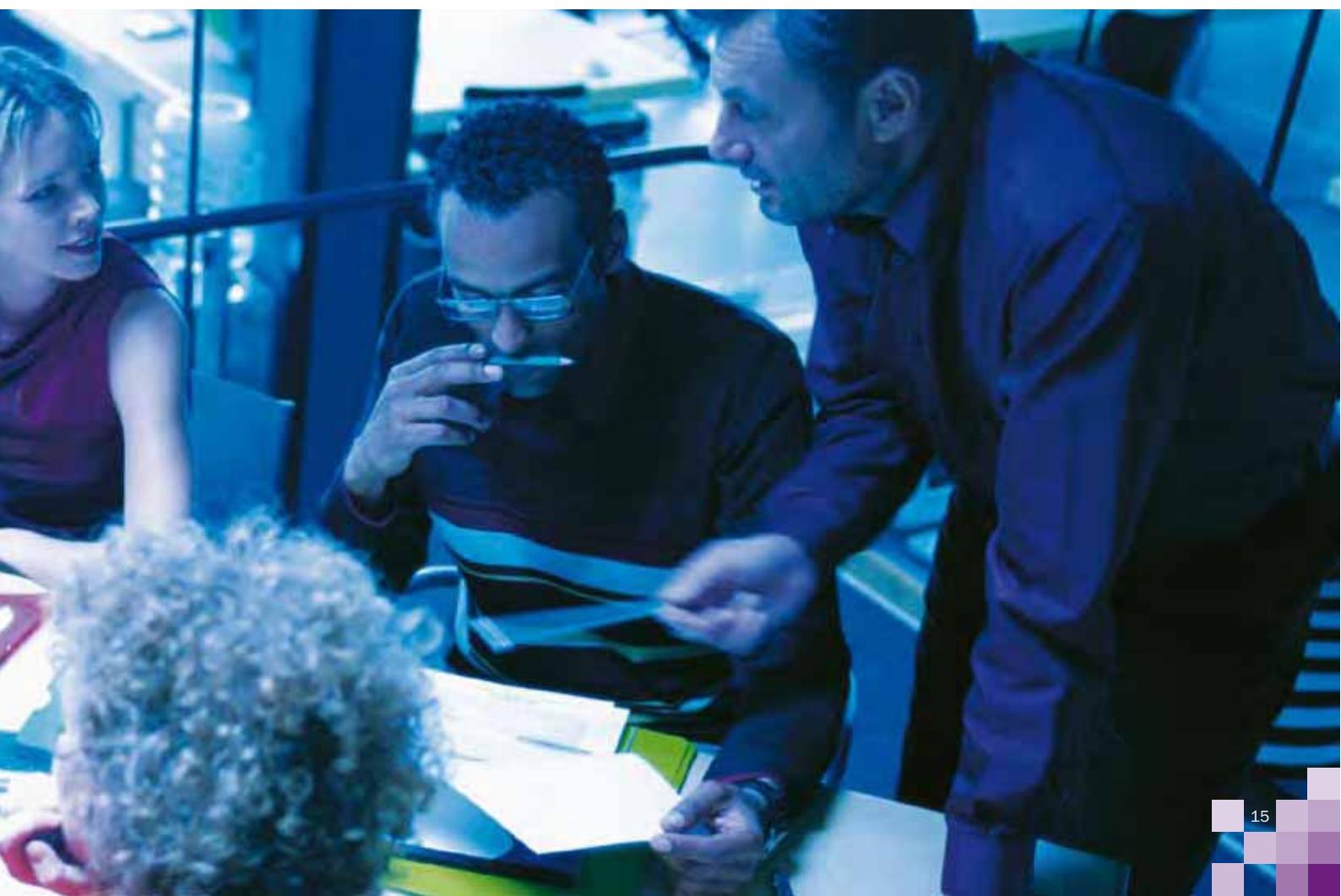


**Management Board members:  
meetings attended in 2006/07**

**Number of meetings in 2006/07**

Member	Status	Required	Present	Required	Present
Vince Gaskell	Exec	6	6	-	-
John O'Brien	Exec	-	-	-	-
Rosa Davis	Exec	1	1	-	-
Steve Long	Exec	4	4	-	-
John Scullion	Exec	6	6	-	-
Sue Moffatt	Exec	4	4	-	-
John Raftery	Exec	2	2	-	-
John Holden	Non-Exec	3	2	2	2
Mike Lewis	Non-Exec	6	6	4	4
Charlie Pienkowski	Non-Exec	6	6	4	4
Cathy Raines	Non-Exec	2	2	-	-
Hugh Barrett	Non-Exec	2	2	1	1

\*Membership of the Audit Committee is restricted to non-Executives although Executive members can and do attend



# Management Commentary

## Future Position – 2007/08 and Beyond

**2007/08 Budget** For 2007/08 the CRB will produce a break-even budget without an increase in Disclosure application fees. The factors that have enabled this include:

- An increase in volumes of 250,000 from 2006/07
- Capitalisation of some project costs
- Funding of VBS costs by the Home Office
- A reduced development cost budget

These figures are an update of those originally published in the 2007/08 CRB Business Plan, which budgeted for a surplus of £9.9 million. The Business Plan can be accessed via the CRB website.

2007/08 Budget	
<b>Income</b>	<b>102.2</b>
<b>Production costs</b>	
Direct	69.2
Indirect	21.5
<b>Sub-total</b>	<b>90.7</b>
<b>Change costs</b>	
Running costs	0.5
Development	3.1
<b>Sub-total</b>	<b>3.6</b>
<b>Total costs</b>	<b>94.3</b>
<b>Surplus/ (deficit)</b>	<b>7.9</b>
Disclosure volumes (m)	3.5

**Performance** The CRB has made a number of changes to its performance measures for 2007/08 – accuracy, quality, staff absences and customer satisfaction.

The full list of targets is:

	Target
<b>Improving Delivery Times</b>	
Enhanced Disclosure applications	
a. CRB to complete and send to police	90% checks in 10 days
b. Disclosures issued	90% issued in 28 days
c. Disclosures issued	99% issued in 60 days
Standard Disclosure applications	90% issued in 10 days
Calls to the call-centre	90% answered in 20 seconds
POVAFirst checks	98% completed within 48 hours
<b>Improving Quality &amp; Accuracy</b>	
Disclosure disputes	90% completion within 21 days
Disclosure accuracy (our aim is 100% Disclosures free of error)	To reduce the error rate by 10% year on year
Complaints	95% resolved in 10 days
Customer satisfaction	85% based on annual Ipsos MORI survey results
<b>Reducing Cost &amp; Bureaucracy</b>	
Unit cost of Disclosure production	Reduce cost by 5%
<b>Internal Development/People Access</b>	
Average sickness absence levels	8 days annually*

**Notes on Targets** VBS milestone of having strategic contract in place by May 2007.

\*Longer term commitment to a 6 day target for 2010 in line with Home Office aspirations.



**Change Programme** The benefits for our planned Programme of Change are not wholly financial, but are also intended to enhance the scope, quality and timeliness of the service. (There will also be financial benefits such as new streams of income and improved cost-effectiveness.) In parallel, though, our financial model will be re-aligned to reflect the impact of the Change Programme and will also be subject to continuous review, so as to ensure that the financial improvements, which have allowed the move to self-funding, are not reversed.

A full list of initiatives can be found in the 2007/08 Business Plan. The majority will build on the progress made in 2006/07 with particular emphasis placed on:

- The continuation of the work already done with DfES and DH on the new VBS
- The design and implementation of web-based and electronic functionality for the Disclosure service
- Working with organisations such as the Royal Military Police and Ministry of Defence to extend the range of data and criminal record sources available to the Disclosure service
- Continuing to work with the Home Office and police to develop opportunities for using data from overseas sources

**Provision of Information to Auditors**

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

A handwritten signature in black ink, appearing to read "Vince Gaskell".

**Vince Gaskell**

Chief Executive

Criminal Records Bureau  
5 July 2007

# Remuneration Report

**Remuneration Policy** The remuneration of Senior Civil Servants is set following independent advice from the Review Body on Senior Salaries.

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

- Suitably able and qualified people to exercise their different responsibilities
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff

- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- The funds available to departments as set out in the Government's departmental expenditure limits
- The Government's inflation target

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

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

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

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

## Remuneration (Audited)

Officials	2006/07		2005/06	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Mr Vince Gaskell Chief Executive	135-140	-	125-130	-
Mr John O'Brien Deputy Chief Executive (left May 2006)	5-10	-	110-115	-
Mrs Rosa Davis Director of Human Resources (left May 2006)	0-5	-	35-40	-
Mr Steve Long Director of Service Delivery (left Jan 2007)	50-55	-	50-55	-
Mr John Raftery Director of Service Delivery (from Nov 2006)	10-15	-	-	-
Mr John Scullion Director of Finance	65-70	-	55-60	-

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

Mr Gaskell receives an allowance within the above remuneration to cover the expense of renting accommodation in Liverpool whilst he is in post.

This report is based on payments made by the Agency and thus recorded in these accounts. The salary of Senior Civil Servants is administered by the Cabinet Office and the above report included bonuses paid in year as a best estimate for this element of the remuneration receivable.

Sue Moffatt is a permanent Senior Civil Servant who was on secondment to the CRB. The CRB paid £46,500 to the Home Office for her salary and expenses from October 2006 to March 2007.

#### Remuneration of the Non-Executive Directors (Audited)

There were five Non-Executive Directors who served on the Management Board in 2006/07: Hugh Barrett (from December 2006), John Holden (until October 2006), Mike Lewis, Charlie Pienkowski and Cathy Raines (until July 2006). Payments for the services are shown below:

	2006/07	2005/06
Hugh Barrett	£5,600	-
John Holden	£4,800	£14,300
Mike Lewis	£13,600	£15,600
Charlie Pienkowski	£19,200	£12,400
Jim Michie	-	£9,333
Cathy Raines	£2,240	£10,640

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

**Benefits in Kind (Audited)** The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. There were no benefits in kind in 2006/07.

#### Pension Benefits (Audited)

Officials	Accrued pension at age 60 as at 31/3/07 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/07 £'000	CETV at 31/3/06 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr Vince Gaskell Chief Executive	47.5 - 50 plus lump sum of 142.5 - 145	0 - 2.5 plus lump sum of 2.5 - 5	979	922	25	-
Mr John O'Brien Deputy Chief Executive (until May 2006)	5 - 10 plus lump sum of 15 - 17.5	0 - 2.5 plus lump sum of 0 - 2.5	76	73	1	-
Mrs Rosa Davis Director of Human Resources (until May 2006)	12.5 - 15 plus lump sum of 40 - 42.5	0 - 2.5 plus lump sum of 0 - 2.5	228	214	1	-
Mr Steve Long Director of Service Delivery (until Jan 2007)	2.5 - 5 plus lump sum of 0	0 - 2.5 plus lump sum of 0	45	32	10	-
Mr John Raftery Director of Service Delivery (from Nov 2006)	22.5 - 25 plus lump sum of 70 - 72.5	0 - 2.5 plus lump sum of 2.5 - 5	492	457	25	-
Mr John Scullion Director of Resources and Strategy	22.5 - 25 plus lump sum of 70 - 72.5	2.5 - 5 plus lump sum of 7.5 - 10	463	395	54	-

The Pension details for Sue Moffatt have not been provided on the basis that she is a core Home Office employee and her pension arrangements sit with the Home Office.

**Civil Service Pensions** Pension benefits 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 in the same way as in 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 from a selection of approved products. 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 arrangements can be found at the website **[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)**

#### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The 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 Civil Service Pension arrangements and for which the CS Vote has received a transfer payment commensurate with 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.

**Real Increase in CETV** This reflects the increase in CETV effectively funded by the employer. 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.

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

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

In preparing the accounts the CRB is required to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards 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 CRB will continue in operation

The Accounting Officer for the Home Office has designated the Chief Executive of the CRB as the Accounting Officer. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records and safeguarding assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Government Accounting.



**Vince Gaskell**  
Chief Executive

Criminal Records Bureau  
5 July 2007

# Statement on Internal Control – 2007

**1. Scope of Responsibility** As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the CRB's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. As Accounting Officer for the period under review at the date of these accounts, I am required to report on the state of internal control in the CRB during that period. I also recognise that I am fully accountable for the management, performance and future development of the CRB.

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

**2. The Purpose of the System of Internal Control** The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can, therefore, provide only reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the CRB's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently and effectively.

**3. Capacity to Handle Risk** The Agency has a Risk Management Strategy endorsed by the Board and Audit Committee. A Risk Register has been developed linking bottom up with top down risks. Ownership has been taken of strategic risks by named members of the Executive Team. Sub risks have been allocated to operational managers who report upwards monthly on their status. The top management Executive Team consider monthly a summary report of the status of strategic risks and quarterly the full register. The effectiveness of the system as it beds in is being monitored by the CRB's Audit and Assurance Unit. They report annually on the effectiveness of the overall arrangements.

We participate in the Home Office's risk improvement programme and attend relevant assurance, risk and control fora facilitated by the HM Treasury.

## 4. The Risk and Control Framework

The CRB has established the following processes to identify, evaluate, control and manage risk:

- A Management Board, including three independent Non-Executive Directors, which meets quarterly, with regular review of significant risk and assurance issues
- An Audit Committee that meets quarterly, comprising the three Non-Executive Directors. The Committee's terms of reference are available publicly and the Chair produces a formal annual report to the Board
- Regular reports by Internal Audit, to GIAS standards, which include recommendations for improvement
- The Head of Internal Audit has responsibility for evaluating the overall risk and control framework within the CRB
- A number of other internal committees are in place to address detailed governance matters
- Risk registers are maintained and reviewed regularly by Directorates
- All projects are subject to risk analysis and the maintenance of project risk registers
- Business continuity plans to manage the risks of loss of key premises and processes

**5. Review of Effectiveness in the Year to 31 March 2007** As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control in place in the year, and a process has been established to do this. This consists of:

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

On the basis of the work carried out under the direction of the Audit Committee, The Head of Internal Audit has produced an annual report setting out their opinion on internal control in the CRB for the year ended 31 March 2007. The report's overall assessment was:

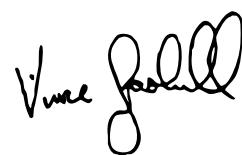
'As a result of the work we have summarised in this report we are able to offer substantial assurance over the effectiveness of the overall system of control in operation during the year. Having said that, there is always scope for improvement, and we have made a significant number of recommendations in the reports issued for the year. We are pleased to report, however, that these were invariably accepted readily by management and the implementation rate has been satisfactory.'

We have also carried out a review, using HM Treasury prescribed criteria, of the robustness of other various assurances received and found them to be generally comprehensive and reliable, with some minor enhancements recommended.

As internal auditors of the CRB, we are required to comply with Government Internal Auditing Standards and we are able to confirm that we have done so during the year and in the production of our report.'

## **6. Significant Internal Control Issues**

In my 2006 statement I recorded the completion of the two-year development plan to ensure the implementation of a system of internal control, fully embedded and compliant with the relevant Government requirements had been delivered successfully and that a robust system of risk management, control and governance was now in place. The new arrangements were fully operational throughout 2006/07 and I am now satisfied that there are no significant internal control issues, where work is not already in hand.



**Vince Gaskell**  
Chief Executive

Criminal Records Bureau  
5 July 2007

I certify that I have audited the financial statements of the Criminal Records Bureau for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account and Statement of Total 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. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

**Respective Responsibilities of the Agency, the Chief Executive and Auditor** The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration 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 and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory 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 issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Management Commentary is consistent with the financial statements. 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.

In addition, I report to you 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 HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Agency's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement 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 judgments 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.

**Audit Opinion** 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 2007, and of the surplus, total recognised gains and losses and cashflows 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
- The information given within the Annual Report, which comprises the Management Commentary, is consistent with the financial statements

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

**Report** I have no observations to make on these financial statements.

**John Bourn**  
Comptroller and Auditor General

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

09 July 2007

# Criminal Records Bureau Annual Accounts 2006/07

## Income & Expenditure Account for the Year Ended 31 March 2007

	Notes	2006/07 £'000	2005/06 £'000
Turnover from continuing activities	2a	93,167	75,864
Cost of sales	2b	(61,718)	(60,651)
<b>Gross surplus</b>		<b>31,449</b>	<b>15,213</b>
Administrative expenses	2c	(17,245)	(16,877)
<b>Operating surplus/(deficit)</b>	4	<b>14,204</b>	<b>(1,664)</b>
Cost of capital	5	(586)	(585)
<b>Surplus/(deficit) on ordinary activities</b>		<b>13,618</b>	<b>(2,249)</b>

All income and expenditure is derived from continuing activities.  
There are no recognised gains or losses other than the operating surplus.

# Criminal Records Bureau Annual Accounts 2006/07

## Balance sheet as at 31 March 2007

	Notes	as at 31 March 2007 £'000	as at 31 March 2006 £'000
<b>Fixed assets</b>			
Tangible assets	6	1,119	1,007
<b>Current assets</b>			
Work in progress		20	51
Debtors	7	27,316	22,776
Cash at bank & in hand	12	1,229	317
		28,565	23,144
<b>Current liabilities</b>			
Creditors falling due within one year	8	(8,790)	(9,876)
<b>Net current assets</b>		<b>19,775</b>	<b>13,268</b>
<b>Total assets less current liabilities</b>		<b>20,894</b>	<b>14,275</b>
Provision for liabilities and charges	13	(78)	(136)
		<b>20,816</b>	<b>14,139</b>
<b>Taxpayers' equity</b>			
General fund	9	20,816	14,139
		<b>20,816</b>	<b>14,139</b>

The financial statements have been authorised for issue on 25 July 2007  
by Vince Gaskell as Accounting Officer for the CRB.



Vince Gaskell  
Chief Executive

Criminal Records Bureau  
5 July 2007

# Criminal Records Bureau Annual Accounts 2006/07

## Cashflow Statement for the Year Ended 31 March 2007

	Notes	2006/07 £'000	2005/06 £'000
Net cash inflow from operating activities		8,862	4,591
Capital expenditure & financial investment		(250)	(501)
Net cash outflow from financing		(7,700)	(5,485)
Increase/(decrease) in cash in year	12	912	(1,395)
<b>Reconciliation of operating surplus to operating cash inflows</b>			
Surplus/(deficit) on ordinary activities		13,618	(2,249)
Non cash transactions	11a	1,009	881
Movements in working capital other than cash	11b	(5,765)	5,959
Net cash inflow from operating activities		8,862	4,591
<b>Analysis of capital expenditure &amp; financial investment</b>			
Purchase of fixed assets	6	(250)	(501)
Net cash outflow from investment activities		(250)	(501)
<b>Analysis of financing</b>			
Cash refunded to Home Office		(17,500)	(13,000)
Cash funding received from Home Office		9,800	7,515
Net cash requirement	9	(7,700)	(5,485)

# Criminal Records Bureau Annual Accounts 2006/07

## Notes to the Accounts for the Year Ended 31 March 2007

**Note 1. Accounting Policies** The accounts are prepared using the historical cost convention modified by the inclusion of fixed assets at current cost. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Financial Reporting Manual (FReM), the Companies Act 1985 and the accounting standards issued or adopted by the Accounting Standards Board so far as these requirements are relevant.

### Note 1.1 Fixed Assets

**a. Tangible fixed assets** The CRB's fixed assets are stated at current cost where this is material to the accounts. Major refurbishment works are capitalised and written off over the remaining length of the lease agreement.

**b. Depreciation** A full year's depreciation is provided on all tangible fixed assets in the year of acquisition at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:

Refurbishment	Over the period of the lease
Equipment	2-11 years
Fixtures & fittings	10 Years

**c. Revaluation** The CRB's policy is to annually re-value by applying appropriate indices compiled by the Office for National Statistics to each class of asset, except for Assets under Construction.

**d. Assets under construction** All tangible assets being developed and not in operation at the year end are capitalised as an asset under construction. Until the asset is brought into use no depreciation is recognised; however, once the asset is brought into use, a full year's depreciation is charged with the asset being transferred to the relevant 'Fixed Asset' register immediately.

**e. Capitalisation** The minimum level for capitalisation as a tangible asset is £2,000 per item. Costs associated with the PPP contract are not capitalised in the CRB's Balance Sheet in line with all relevant guidance.

**f. Research** All research expenditure is written off as incurred.

**Note 1.2 Operating Leases** Rental payments for land and buildings occupied by the CRB on the basis of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

**Note 1.3 Non-Cash Costs** A charge, reflecting the cost of capital utilised by the CRB, is included in operating costs (see 'Note 5'). The charge is calculated at the real rate set by HM Treasury (currently 3.5%) on the average carrying amount of all assets less liabilities except for cash balances with the Office of the Paymaster General.

**Note 1.4 Funding** The CRB principal activities are funded on a net resource basis from Home Office Request for Resources – (subhead C).

**Note 1.5 Pension Costs** The CRB participates in the Principal Civil Service Pension Scheme (PCSPS) which is a statutory defined benefit scheme. The CRB is required to pay an employer's contribution that is currently between 17.1% and 25.5% of pensionable pay depending on the grade of staff. These contributions are charged to operating expenses as and when they become due.

Past and present employees are covered by the provisions of the PCSPS that are described in 'Note 10' and also the 'Remuneration Report'. The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The CRB recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the CRB recognises the contributions payable for the year.

**Note 1.6 Work in Progress** Work in progress relates to applications initiated by the customer but not yet returned to the CRB. It is valued at the lower of actual unit processing cost relevant to the stage in production reached at 31 March 2007 or net realisable value.

**Note 1.7 Turnover from Continuing Activities** Turnover from continuing activities represents income generated from services provided during the year.

Turnover represents:

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

The CRB recognises income on the receipt of a counter-signed application. Monies received for Disclosure notices that are not expected to be returned are included in Other Creditors.

Disclosures for volunteers are issued free of charge.

**Note 1.8 PPP Transactions** PPP transactions ('Note 15') have been accounted for in accordance with Treasury Technical Note No. 1 (revised), entitled 'How to Account for PFI transactions' as required by the FReM. Where the CRB has contributed towards enhancements to assets under existing PPP arrangements, a prepayment for their fair value is recognised and amortised over the life of the PPP contract.

<b>Note 2a. Turnover</b>	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Issue of Disclosure notices	93,042	75,494
Registration of corporate bodies and signatories	125	370
	<b>93,167</b>	<b>75,864</b>
<hr/>		
<b>Note 2b. Cost of sales</b>		
PPP Service charges	44,096	42,530
Police and other data source costs	17,622	18,121
	<b>61,718</b>	<b>60,651</b>
<hr/>		
<b>Note 2c. Administrative costs</b>		
Staff (Note 3b)	10,180	9,985
Accommodation	1,621	1,599
PPP contract change costs	1,700	1,086
Other costs	2,684	2,658
(Decrease)/increase in provision for liabilities & charges	(58)	3
Provision for bad debts	2	170
Professional and legal fees	693	975
Depreciation	250	114
Internal audit fees	-	105
Non-cash costs		
NAO – external audit	136	146
HO payroll	37	36
	<b>17,245</b>	<b>16,877</b>

**Note 3. Staff Costs**

**a. See separate 'Remuneration Report' for Senior Staff pay and allowances**

<b>b. Total staff costs</b>	<b>2006/07</b>	<b>2005/06</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	7,743	7,801
National insurance	597	574
Pension costs	1,394	1,202
Employee costs	9,734	9,577
Contractor costs	446	408
<b>Total staff costs</b>	<b>10,180</b>	<b>9,985</b>

<b>c. The average staff numbers employed by the CRB during the year</b>	<b>2006/07</b>	<b>2005/06</b>
	<b>Number</b>	<b>Number</b>
With permanent employment contract	374	398
Other staff	3	10
	<b>377</b>	<b>408</b>

**d. Remuneration of the Non-Executive Directors (see 'Remuneration Report')**

**Note 4. Operating Surplus/(Deficit)**

The surplus for the year is shown after charging

	<b>Notes</b>	<b>2006/07</b>	<b>2005/06</b>
		<b>£'000</b>	<b>£'000</b>
Hire of plant and machinery		-	3
Depreciation	2c	250	114
Audit fees		136	146
Property rental		1,621	1,599

The auditors have received no remuneration for non audit work (2005/06 £ Nil).  
Property rental costs include the annual rental charge for Shannon Court and India Mill.

**Note 5. Interest on Capital** Notional interest on capital is made in accordance with HM Treasury guidelines at a rate of 3.5%

	2006/07 £'000	2005/06 £'000
Notional cost of capital	586	585

**Note 6. Tangible Fixed Assets**

	Fixtures and fittings £'000	Refurbishment £'000	IT equipment £'000	Assets under construction £'000	Total £'000
<b>Cost or valuation</b>					
At 1 April 2006	56	3,530	190	499	4,275
Transfers	-	-	701	(701)	-
Additions	-	-	-	362	362
<b>At 31 March 2007</b>	<b>56</b>	<b>3,530</b>	<b>891</b>	<b>160</b>	<b>4,637</b>
<b>Depreciation</b>					
At 1 April 2006	18	3,106	144	-	3,268
Charge for year	6	71	173	-	250
<b>At 31 March 2007</b>	<b>24</b>	<b>3,177</b>	<b>317</b>	<b>-</b>	<b>3,518</b>
Net book value at 31 March 2007	32	353	574	160	1,119
Net book value at 31 March 2006	38	424	46	499	1,007

The application of indices in the current year in accordance with the CRB's stated revaluation policy and HM Treasury guidance produced an immaterial result and no amendment has therefore been made (2005/06 immaterial and no amendment made).

**Note 7. Debtors & Prepayments**

<b>a. Debtors &amp; prepayments falling due within one year</b>	<b>2006/07 £'000</b>	<b>2005/06 £'000</b>
Trade debtors	12,529	10,012
VAT recoverable	2,616	2,153
Other HMG debtors	585	391
Staff debtors	48	30
Prepayments	11,148	10,098
Police set-up funding	-	87
Other debtors	146	5
<b>Total</b>	<b>27,072</b>	<b>22,776</b>

**b. Debtors falling due after one year**

IT costs prepayment > 1 year	244	-
<b>Total debtors</b>	<b>27,316</b>	<b>22,776</b>

**Note 8. Creditors**

	<b>2006/07 £'000</b>	<b>2005/06 £'000</b>
Overdraft	207	-
Trade creditors	2,970	35
Accruals	5,613	6,034
Prepaid Disclosure notices expected to be returned	-	408
Other creditors	-	3,399
<b>Total</b>	<b>8,790</b>	<b>9,876</b>

Following the re-negotiation of the PPP contract during 2003/04, the CRB recognises income on the receipt of a counter-signed application. Monies received for Disclosure notices that are not expected to be returned are included in 'Other Creditors'.

**Note 9. Reconciliation of Movements in General Fund**

	<b>Notes</b>	<b>2006/07 £'000</b>	<b>2005/06 £'000</b>
Balance at 1 April		14,139	21,106
Surplus/(deficit) on ordinary activities		13,618	(2,249)
Net funding from Home Office/OGD	16a	(7,700)	(5,485)
Notional cost of capital	5	586	585
Non cash costs	2c	173	182
<b>Balance at 31 March</b>		<b>20,816</b>	<b>14,139</b>

**Note 10. Pension Costs** The PCSPS is an unfunded multi-employer defined benefit scheme but the CRB is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003, details of which can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

The conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply to those employees

of the CRB who are Civil Servants. For the year to 31 March 2007 contributions of £1,393,710.54 were paid to the Paymaster General at between 17.1 per cent and 25.5 per cent of salary as determined by the Government Actuary and advised by HM Treasury. There were no contributions to a Partnership Pension Account.

Pension benefits 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). New entrants after 1 October 2002 may choose between membership of Premium or joining a good quality ‘Money Purchase’ stakeholder based arrangement with a significant employer contribution (partnership pension account).

Details of these schemes, which are available for all employees, are contained within the ‘Remuneration Report’.

**Note 11a. Non-Cash Transactions**

	Notes	2006/07 £'000	2005/06 £'000
Depreciation	6	250	114
Cost of capital	5	586	585
Other non cash costs	2c	173	182
<b>Total</b>		<b>1,009</b>	<b>881</b>

**Note 11b. Movements in Working Capital other than Cash**

(Increase)/decrease in debtors	(4,540)	2,561
Decrease in work in progress	31	25
(Decrease)/increase in creditors	(1,198)	3,370
(Decrease)/increase in provision for liabilities and charges	(58)	3
<b>Total</b>	<b>(5,765)</b>	<b>5,959</b>

**Note 12. Analysis of Movements in Cash Balances**

	2006/07 £'000	2005/06 £'000
Opening balance	317	1,712
Movement in CRB non-fee accounts	(74)	(44)
Movement on paymaster balance	986	(1,351)
Increase/(decrease) in cash	912	(1,395)
<b>Balance at 31 March</b>	<b>1,229</b>	<b>317</b>
Balance at commercial bank	-	74
Balance at office of paymaster general	1,229	243
<b>Balance at 31 March</b>	<b>1,229</b>	<b>317</b>
Net funds		
Balance at commercial bank	(207)	74
Balance at office of paymaster general	1,229	243
<b>Net funds at 31 March</b>	<b>1,022</b>	<b>317</b>

**Note 13. Provision for Liabilities and Charges**

	<b>Compensation to public £'000</b>	<b>Dilapidations £'000</b>	<b>Total 2006/07 £'000</b>	<b>Total 2005/06 £'000</b>
Balance at 1 April	95	41	136	133
Amount utilised	(93)	-	(93)	(63)
Arising in the year	28	7	35	66
<b>Balance at 31 March</b>	<b>30</b>	<b>48</b>	<b>78</b>	<b>136</b>

Provision has been made for various legal claims against the CRB. This provision reflects all known claims where the CRB believes that the claim will be successful and where the amount of the claim can be reliably estimated. Expenditure is likely to be incurred within one year of the balance sheet date.

**Note 14. Contingent Liabilities** As at 31 March 2007 the CRB had received claims for compensation the amount of which cannot be reliably estimated.

Full provision is made in the financial statements for all liabilities which are expected to materialise.

**Note 15. Lease Obligations and other Financial Commitments.****a. The CRB has annual commitments under operating leases which expire as follows**

	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Total at 31 March 2007 £'000</b>	<b>Total at 31 March 2006 £'000</b>
Within 1 year	-	-	-	3
Within 1 to 5 years	1,507	-	1,507	-
Over 5 years	134	-	134	1,845
	<b>1,641</b>	-	<b>1,641</b>	<b>1,848</b>

Land and buildings rental includes the annual rental commitment for Shannon Court and India Mill. These costs are also included in the estimated contract value shown below.

**b. PPP – Value and Length of Contract** 2006/07 was the fifth year of the ten year contract awarded under the PPP initiative to provide the Disclosure processing service. The contract (from March 2002 to March 2012) has an estimated total

value of £400m, with the actual final value determined by demand for Disclosure notices.

**c. Capital Commitments** The CRB has capital commitments of £404,000 as at 31 March 2007.

**Note 16. Related Parties** The CRB has been an Executive Agency of the Home Office since 1 September 2003.

The Home Office is regarded as a related party. Material transactions between the Home Office and the CRB that occurred during the year ended 31 March 2007 are as follows:

- a. The net funding paid to the Home Office and Other Government Departments under a gross running cost regime during the year was £7.7 million (2005/06 a sum of £5.5 million was paid to the Home Office).
- b. The CRB incurred costs during the year of £17.6 million (2005/06 £18.1 million) to police authorities in respect of running and set up costs.
- c. During the years ended 31 March 2007 and 2006, none of the Management Board members, key management staff or other related parties had undertaken any transactions with the CRB.

**Note 17. 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 CRB 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. The CRB has a technical overdraft at the Commercial Bank at 31 March 2007.

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

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

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

**Note 18. Intra-Government Balances**

	<b>Debtors falling due within one year £'000</b>	<b>Debtors falling due after more than one year £'000</b>	<b>Creditors falling due within one year £'000</b>
Balances with other central government bodies	3,796	-	51
Balances with local authorities	5,357	-	6,467
Balances with NHS Trusts	1,186	-	-
Balances with bodies external to government	16,733	244	2,272
<b>At 31 March 2007</b>	<b>27,072</b>	<b>244</b>	<b>8,790</b>
Balances with other central government bodies	2,974	-	-
Balances with local authorities	4,079	-	3,000
Balances with NHS Trusts	1,234	-	-
Balances with bodies external to government	14,489	-	6,876
<b>At 31 March 2006</b>	<b>22,776</b>	<b>-</b>	<b>9,876</b>

**Note 19. Fees and Charges for the Year Ended 31 March 2007** This note is to meet HM Treasury disclosure requirements for fees and charges and not for the purpose of SSAP25, which is not appropriate to the Agency. The financial objective of the CRB is to retain self-funding status in 2007/08.

<b>Activity</b>	<b>2006/07</b>			<b>2005/06</b>		
	<b>Income £'000</b>	<b>Costs £'000</b>	<b>Surplus/ (Deficit)</b>	<b>Income £'000</b>	<b>Costs £'000</b>	<b>Surplus/ (Deficit)</b>
Enhanced Disclosures	<b>85,983</b>	<b>(72,234)</b>	<b>13,749</b>	67,775	(71,002)	(3,227)
Standard Disclosures	<b>5,677</b>	<b>(6,132)</b>	<b>(455)</b>	7,721	(6,784)	937
POVAFirst	<b>1,382</b>	<b>(1,019)</b>	<b>363</b>	-	-	-
Other	<b>125</b>	<b>(164)</b>	<b>(39)</b>	368	(327)	41
<b>Total</b>	<b>93,167</b>	<b>(79,549)</b>	<b>13,618</b>	75,864	(78,113)	(2,249)

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

# Glossary

<b>ACPO</b>	Association of Chief Police Officers
<b>BTP</b>	British Transport Police
<b>CETV</b>	Cash Equivalent Transfer Value
<b>CRB</b>	Criminal Records Bureau
<b>DAO</b>	Dear Accounting Officer
<b>DfES</b>	Department for Education and Skills
<b>DH</b>	Department of Health
<b>EU</b>	European Union
<b>FReM</b>	Financial Reporting Manual
<b>FRS</b>	Financial Reporting Standards
<b>GIAS</b>	Government Internal Auditing Standard
<b>HMG</b>	Her Majesty's Government
<b>HR</b>	Human Resources
<b>Ipsos Mori</b>	Marketing & Opinion Research International
<b>KPI</b>	Key Performance Indicator
<b>LPF</b>	Local Police Force
<b>NAO</b>	National Audit Office
<b>NHS</b>	National Health Service
<b>OGD</b>	Other Government Departments
<b>PCSPS</b>	Principle Civil Service Pension Scheme
<b>PFI</b>	Private Financial Initiative
<b>PNC</b>	Police National Computer
<b>PPP</b>	Public Private Partnership
<b>POVA</b>	Protection of Vulnerable Adults List
<b>QAF</b>	Quality Assurance Framework
<b>RB</b>	Registered Body
<b>SLA</b>	Service Level Agreement
<b>UKCA</b>	United Kingdom Central Authority
<b>VAT</b>	Value Added Tax
<b>VBS</b>	Vetting & Barring Scheme



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