



CRB



Criminal Records Bureau



Annual Report and Accounts 2005/06

Annual Report

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Criminal Records Bureau

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Chief Executive's Statement



I am pleased to report another year of progress and achievement for 2005/06, the second full year of operation as a stand alone Executive Agency of the Home Office and my third as Chief Executive of the CRB.

Nearly three million Disclosure certificates were issued in 2005/06, bringing the total since the Agency's inception to over nine million. Seven out of nine Key Performance Indicators were met and while disappointed that we did not achieve the target for processing Enhanced Disclosures the principal reason for not doing so was outside our control, but our own internal performance improved considerably. I am confident that changes already implemented and planned, together with the co-operation of the Association of Chief Police Officers (ACPO) and all Local Police Forces (LPFs), will result in an improved performance in 2006/07.

Sir Michael Bichard's report on the tragic events of Soham continued to have a major influence on the activities of the Agency in its dealings with its Registered Body community, the police forces and Other Government Departments (OGDs).

The 11 recommendations that sought changes to guidance, and practice within the Registered Bodies have now all been implemented. The local cross reference database known as I-PLX was fully rolled out to all police forces by August 2005 strengthening the employment vetting process by enabling access to a wider and more comprehensive set of Police information. Our work with the Education and Health Departments has laid the foundations for the introduction of a Vetting and Barring Scheme, recommended by Sir Michael, in which the CRB will play a major role.

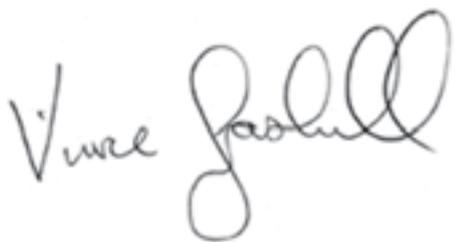
2005 saw an increase in the number of non-Executives. This strengthening of Board level governance was underpinned by improvements in the internal controls and introduction of new risk management arrangements within the Agency.

The CRB's financial performance continued to improve with a much-reduced deficit in 2005/06. This is against a backdrop of issuing over 20% of all Disclosures free of charge for volunteers. The Agency will continue to look for efficiencies, but in order to set a fully self-funding budget for 2006/07 I sought a one-off, higher than inflation fee increase that would allow the financing of an ambitious development programme, detailed in the joint Five-Year Strategy and 2006/07 Business Plan published in May 2006.

The strategy will deliver real benefits and service improvements to our customers over the coming months and years, most noticeably with the development of electronic services, the extension of the range of data and criminal record sources, enhancements to the Registered Body service gateway, the development of new services and the setting up of the Vetting and Barring Scheme. The Strategy is available from our Communications team and our website (www.crb.gov.uk).

I believe we can deliver the strategy by building on the progress made in recent years through the continued hard work and dedication of our staff, and because we are passionate about our role in helping to protect children and vulnerable adults through our vision:

“Supporting those recruiting people into positions of trust.”

A handwritten signature in black ink that reads "Vince Gaskell". The signature is written in a cursive style with a large, stylized 'V' and 'G'.

Vince Gaskell

Chief Executive

Criminal Records Bureau

7 July 2006

1 Management Commentary

Nature, objectives and strategies of the CRB

Our role

Based in Liverpool, the Criminal Records Bureau (CRB) was established under Part V of the Police Act in 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 Home Office Objective 1 – *people are and feel more secure in their daily lives* – 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 2.9 million Disclosures in 2005/06. 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 - this task is undertaken by Capita. Agency staff match that 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 Local Police Forces (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 2005/06 police forces were expected to return 90% of search requests within 14 days.

Funding

The CRB is funded through Disclosure fees, which for 2005/06 were £34 for Enhanced Disclosure applications and £29 for Standard applications, the exception is voluntary employees who receive the service free of charge. Any shortfall in fees is met by contributions from the Home Office or Other Government Departments (OGDs). (See 'Funding' risk in 'Principal Risks and Uncertainties')

Strategic Context

Since 2004 there have been a number of significant developments that have impacted upon the Agency's strategic approach. The Bichard Inquiry recommendations mean that greater emphasis should be placed on adherence to the Code of Practice by Registered Bodies, as well as widening the scope of the Disclosure service. In 2006 it was announced that the CRB would have a key role in the development and the running of the Vetting and Barring Scheme – a Bichard recommendation.

Elsewhere the future development of IMPACT – a new police system to replace the Police National Computer (PNC) – and ID cards have implications on how the CRB interacts with the police and how RBs authenticate applicants respectively. The Agency works closely with the Programme Boards of these two projects.

In light of these developments, in May 2006 the CRB published a combined Five-Year Strategic Plan for 2006/07 to 2010/11 and Business Plan for 2006/07. The document outlined six key strategic objectives, 'The Drivers for Change', for the organisation:

Continuous improvement to existing service delivery This will enable the CRB to take advantage of immediate changes in police technology to reduce referrals and consequently turnaround times, whilst also improving existing management arrangements. This also involves a review of the Agency's own structures and processes, so it is best equipped to take forward the major business changes proposed. This is done by:

- Improving quality and accuracy
- Reducing cost and bureaucracy
- Developing capacity
- Improving delivery times

The introduction of a Vetting and Barring scheme The development of a register to confirm, or otherwise, that an individual should work with children or vulnerable adults. The register would be updated continually and be available to prospective employees for checking online.

Access to the service electronically Where an electronic transaction – rather than the existing paper form – is the primary means of application.

Extending the range of criminal data checked This encompasses increasing the scope of the service by checking applicant data against new sources of information held, for example, by the British Transport Police (BTP); also the potential exchange of information with EU and non-EU countries.

Development of new products A feasibility study is being undertaken to explore the market demand and the technical options for supplying a new product (i.e. a Basic Disclosure).

Enhance gateway to Disclosure service A reduction in the number of RBs will help facilitate the introduction of an electronic service, improve the assurance process and also the quality of applications.

Financial Aims and Objectives

In line with an earlier strategy document for 2004/5 – 2006/07, which specified that by the end of that period the CRB would be self-financing, a self-funding budget has been set for 2006/07 (see 'Future position – 2006/07 and beyond').

Resources, relationships and principal risks

Resources

Our finances

Over the last three years the CRB has steadily reduced its operating deficit in order to help secure self-funding (figures in £millions):

	2003/04	2004/05	2005/06	2006/07 (Budget)
Surplus/(Deficit)	(22.2)	(7.9)	(2.2)	2.4

This improvement has been achieved through:

- Increased Disclosure volumes generating economies of scale
- Reduction in unit costs
- Robust contractual arrangements
- Greater expertise within the organisation that has reduced the need for external contractors
- Annual fee increase

Our employees

The significant progress made by the CRB since 2002 has been primarily due 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 its monthly Team Brief, the CRB intranet, the staff newsletter 'Off the Record' and other staff notices and circulars. The relationship between Management and 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

The top nine risks to the Agency appear in the table below. Each risk is assigned to a Director who is responsible for reporting its status to the Executive Team as part of the Monthly Management Reporting Regime.

RISK	COMMENTARY ON APPROACH
Disclosure Failure	A management checking unit has been set up and has introduced a quality checking framework encompassing the whole end to end process. An external review of the effectiveness of core process decision-making has been commissioned.
Unmanageable Demand	Demand is managed on three timescales. Short and medium term management is done through regular collaboration between policy, operations and customer service functions. Longer-term demand is managed through collaboration at senior level with Other Government Departments and stakeholders.
Governance Failure	An organisational framework is in place including a Management Board and Executive Team with strong non-executive representation. Risk management is embedded in the normal management process. Policies on fraud, whistle blowing and a register of interests have been introduced.
Funding Uncertainty	Break-even has been forecast for 2006/07, based on assumptions about volumes and the proportion of free Disclosures (volunteers). These assumptions are kept under constant review.
Infiltration	Comprehensive risk-assessed pre-appointment checks in place.
Partnership Breakdown	Consultative panels liaise with stakeholders. Regular meetings take place with strategic partner, Capita, at top and senior management level. The CEO has regular meetings with Association of Chief Police Officers (ACPO) representatives. A standardised SLA with Local Police Forces is under development.
Business Continuity Failure	A project will be undertaken to update the overarching and local Business Continuity Plans. These plans will be fully tested in September 2006.

RISK	COMMENTARY ON APPROACH
Critical Project Failure	PRINCE2 methodology is applied. Individual project risk status is reported monthly to the Executive Team.
HR Systems Failure	Cabinet Office legislatively compliant policies for recruitment, conditions of service and discipline are in use. A review of performance assessment is making good progress. A strategic review of pay is planned for 2006.

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 Home Office Objective 1 – *people are and feel more secure in their homes and daily lives*. How effectively we support this objective has been evaluated through a series of MORI polls – these results have been encouraging, showing a growing perception of public awareness of our role.

An internal audit was conducted in March 2006 to help establish if further measures can be adopted to gauge the effect of the CRB on society and the community. The findings and way forward will be discussed in the summer of 2006 by the CRB Management Board.

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 as 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 for individual police forces for 2006/07

2005/06 Development and Performance

Financial Position

A summary of the 2005/06 accounts, compared to the 2004/05 position, is shown below. The movements outlined have resulted in the CRB making substantial inroads into the deficit reported in 2004/05 (which in itself showed a healthy reduction from the loss of £22 million in 2003/04). For the first time, in 2005/06 the CRB showed a surplus on operating activities (before Change Costs).

	2004/05 £m	2005/06 £m	Movement £m
Income	65.2	75.9	10.7
Production Costs			
Direct	52.2	59.7	7.5
Indirect	17.9	15.5	(2.4)
Sub-total	70.1	75.2	5.1
Surplus/(Deficit)			
On Operating activities	(4.9)	0.7	5.6
Change Costs			
Running costs	0.0	0.8	0.8
Development	2.0	1.0	(1.0)
Sub-total	2.0	1.8	(0.2)
Total Costs	72.1	77.1	4.9
Surplus/(Deficit)	(6.9)	(1.2)	5.7
Previously funded Police set-up costs	1.0	1.0	0.0
Surplus/(Deficit)	(7.9)	(2.2)	5.7
Disclosure volumes (m)	2.5	2.9	0.4

Explanation of Movements

Income

The movement in income is the result of two factors – an increase in Disclosure fees of £1 for the 2005/06 financial year (net change £2.9m) and a substantial increase in volumes. An additional 100,000 annual Disclosures drives up income by approximately £2.6m.

The CRB is able to fund an element of free of charge applications within the Disclosure fee, but this falls short of the figure required to meet the overall costs of the 20% of applications that are currently free of charge. Consequently the CRB has sought contributions from Other Government Departments (OGDs) to meet this entire shortfall. A sum of £7.1 million was paid over in 2004/05 with no amount being received in 2005/06.

Production costs

Direct costs rose broadly in line with Disclosure volumes (14% increase against a 16% rise in volumes). Indirect costs relate to those incurred solely within the Home Office side of the CRB: these have significantly reduced in the past 12 months, mainly due to efficiencies and increased automation of operational processes – for example the clerical interaction on Disclosure applications has halved. These changes have resulted in a reduction within Indirect costs of £2.4m during the year (or 13.4%) when Disclosure volumes have risen by 16% in the same period.

Change Costs

A £7.7m budget was included in our 2005/06 Business Plan for the Programme of Change. Monitoring progress in the early part of the year indicated that several projects could not proceed as originally envisaged – for several reasons mostly out of the CRB's control – and consequently, where practicable, steps were taken to redistribute the balance of funds between projects. Even with this necessarily corrective action, development spending this year is £5.8m less than forecast. For a detailed update on individual projects, see the Performance section.

Project	Budget (£'000)	Expenditure (£'000)
Interim system for cross checking of data by police forces	1,163	471
Changes to application form	500	0
Reduce RB numbers	1,237	223
Development of electronic access to service	500	0
Standardisation of LPF processes	680	254
Feasibility study for Basic Disclosure application	250	349
Checking additional sources for criminal data	800	63
ID Authentication Pilot for RBs	500	0
Notification of new PNC matches on existing applicants	1,000	132
Development of links overseas for sharing data	780	0
Other small projects	211	302
Summary	7,621	1,794

Capital expenditure

In the year £501,000 was spent on capital expenditure (2004/05 £24,000). This includes an amount of £499,000 following the capitalisation of expenditure relating to the proposed electronic channel for services.

Cash balances

As at 31 March 2006 the CRB's cash balance was £0.3 million (2004/05 £1.7 million).

Post balance sheet events

Management Board members, John O'Brien and Rosa Davis left the CRB on secondment in May 2006.

Accounting policies

2005/06 Policy

See also Notes to the Accounts. There have been no changes made to the main accounting policies in 2005/06.

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 and new RBs.

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 2005/06 against those targets is recorded below.

	Target	Performance	Measure	Source
Improving Delivery Times				
Enhanced Disclosures	90% issued in 28 days	84.3%	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.	System generated
Standard Disclosures	93% issued in 14 days	99.6%	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
New RB applications	90% registered in 56 days	90.8%	The overall time – excluding time out with the customer – taken to process a valid RB application from receipt, to processing within the CRB and then to printing.	System generated
Calls to the Call-Centre	90% answered in 20 seconds	91.3%	The time taken to answer calls to the call-centre.	System generated
POVAFirst checks (Protection of Vulnerable Adults)	98% completed in 2 days	98.2%	The overall time taken from the valid initial request received into the CRB, to notification to RB.	System generated
Improving Quality & Accuracy				
Disclosure Disputes	90% resolved in 21 days	98.1%	Time from receipt into CRB to resolution.	Clerical
Complaints	95% resolved in 10 days	91.7%	Time taken from receipt into CRB to reply issued.	Clerical
Reducing Cost & Bureaucracy				
Unit cost of Disclosure production	Reduce 2004/2005 cost (-) by 5.0% (Target = £27.39)	£26.10	The total costs of production divided by the number of valid Disclosure applications received.	System generated
People Aspects				
Average sick absence levels rolling 12 months	Less than 11 days	8.8	The total number of sick days divided by the total number of full-time staff.	Clerical

Trends and factors influencing performance

Enhanced Disclosures

Performance 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 Disclosures. We are, however, seeing a continued improvement in accordance with agreed recovery plans – the final quarter of 2005/06 saw the CRB achieve 86.1% against 83.8% for the first nine months of the year.

Standard Disclosures

Performance targets have been met throughout the period. Standard Disclosures do not require a search by police forces and the figure of 99.6% processed within 14 days reflects well on the internal service provided by the CRB.

New RB Applications

The original target of 90% within 28 days shown in the 2005/06 Business Plan was rebased, following consultation with Ministers, to 56 days – as it was recognised by all parties that the original timescale was unrealistic due to the complexity of the process.

In the light of changing business objectives and consequent redeployment of resources, the achievement of this target is no longer critical to the effectiveness of the CRB and from 2006/07 it will not be classed as a Key Performance Indicators (KPI), although it will continue to be monitored internally.

Calls to the Call-Centre

Performance targets have been met throughout the period.

POVA First Checks

The performance target has been achieved for 2005/06.

Disclosure Disputes

The performance target has been achieved for 2005/06.

Complaints

Until August, resolution of complaints exceeded the target of 95%. For the final few months they have been below the target due to a number of reasons – increased volumes of e-mails since changes to the website and delays due to an increase in cases requiring referral to other areas (this has caused a drop from 95.5% in the first five months to 91.7% by the year-end).

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 2005/06 as shown in the CRB Business Plan are detailed below:

Tasks	Objective	Progress against Plan
Assurance visits	Planned visits to 3,000 RBs in 2005/06.	1,300 visits completed by March 2006, resources now increased to ensure revised target of 3,000 visits by November 2006 is achieved.
Vetting and Barring	Feasibility study regarding CRB role completed and outcomes communicated to the DfES by July 2005, for inclusion in overall Business Plan.	Feasibility study completed to schedule. Legislation to support service had second reading in House of Lords in March 2006.
New data sources	Programme of work relating to SOCA Bill completed by October 2005.	Programme of work completed to schedule. Dialogue ongoing with HM Revenue & Customs and other new data sources.
RB network changes	Public consultation in 2005 to assess the impact of the legislative changes due on 1 January 2006.	Consultation undertaken and regulations in place. A pilot exercise will commence in early 2006/07.
ID authentication pilot	Complete pilot scheme in July 2005 and report to CRB Executive Team. Implement immediately if pilot successful.	Following report from Pilot it was decided not to proceed with scheme.
Interim Police Cross Checking System	Roll-out in all LPFs in England and Wales so fully operational by October 2005.	The final force went 'live' in August 2005.
Police quality assurance framework (QAF)	Standardise police processes following implementation of QAF by December 2005.	Project rescheduled. Plan and commitment to have all 43 forces using QAF by revised completion date of October 2006. (A total of 14 use QAF by end of 2005/06).
Police Service Level Agreement (SLA)	Revised SLA to be put in place by September 2005.	Service level agreements in place for 2006/07.
E-Commerce	Develop an electronic solution for the submission of Disclosure applications.	System hardware and software tested with the first application (On-line tracking of application progress) due for implementation in Summer 2006.
New application form	Feasibility study and pilot exercise completed by July 2005.	Project rescheduled. Pilot started in March 2006 with report due to be completed in June 2006.
Basic Disclosure Service	Feasibility study completed by September 2005.	Feasibility study commenced at end of 2005/06 and scheduled for completion in May 2006.

Diversity

The CRB has a responsibility for promoting diversity and developing equality and remains committed to implementing best practice in the Civil Service. To this end, the CRB has established an Equal Opportunity Action Plan and assesses its performance against targets set in the plan. The CRB is an Equal Opportunities Employer.

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 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 98.3% (2004/05 98%) 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
Rosa Davis
Steve Long
John Scullion

Non-Executive members:

John Holden
Jim Michie (until November 2005)
Mike Lewis
Charlie Pienkowski (from August 2005)
Cathy Raines (from August 2005)

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.

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 combined Five-Year Strategic Plan and Business Plan for 2006/07 published in May 2006.

Future position – 2006/07 and beyond

2006/07 Budget

For 2006/07 the CRB will produce a break-even budget (see below). The factors that have enabled this include:

- A Disclosure fee increase of £2 to fund our programme of change and RPI increases
- Introduction of a charge for the POVA^{First} service
- A tighter control over applications from volunteers, ensuring that only those that are appropriate can apply for a Disclosure
- Recent changes that have enabled a greater balance between support functions and front-end activities
- Revised contractual arrangements to reflect the efficiencies made by the business since it commenced in 2002

	2006/07 Budget
	£m
Income	87.9
Production Costs	
Direct	61.5
Indirect	17.1
Sub-total	78.6
Change Costs	
Running costs	0.4
Development	6.5
Sub-total	6.9
Total Costs	85.4
Less previously funded Police set-up costs	0.1
Surplus/ (Deficit)	2.4
Disclosure volumes (m)	3.0

Performance

The CRB has made a number of changes to its performance measures for 2006/07 – including for the first time a specific measure of the quality of Disclosure content. There will also be a specific indicator for the internal performance of the organisation prior to the despatch of applicant data to police forces, and a corresponding reduction in the target for the processing of Standard Disclosures – from 14 days to 10 days.

The full list of targets is:

Improving Delivery Times	Target
Enhanced Disclosure applications	
a. CRB to complete and send to Police	90% checks in 10 days
b. Overall time for processing from receipt to issue	90% issued in 28 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
Improving quality and accuracy	
Disclosure Disputes	90% resolved within 21 days
Disclosure quality	100% Disclosures free of error
Complaints	95% resolved in 10 days
Reducing cost and bureaucracy	
Unit costs of Disclosure production	Reduce cost by 5%
Internal development/people aspects	
Completion of strategic projects	100% on schedule
Average sickness absence levels	Less than 11 days annually

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 CRB Five-Year Strategy and Business Plan 2006/07. The majority will build on the progress made in 2005/06 with particular emphasis placed on:

- The standardisation of police processes
- The continuation of the work already done with DfES and DH on the new Vetting and Barring Scheme
- The design and implementation of web-based and electronic functionality for the Disclosure service
- Working with organisations such as the British Transport Police (BTP) to extend the scope of the service as well as the development of overseas vetting procedures

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.



Vince Gaskell

Chief Executive

Criminal Records Bureau

7 July 2006

Remuneration

2 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 of 60. 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 Criminal Records Bureau:

Remuneration (Audited)

Officials	2005-06		2004-05	
	Salary £	Benefits in kind (to nearest £100)	Salary £	Benefits in kind (to nearest £100)
Mr Vince Gaskell <i>Chief Executive</i>	125-130	–	115-120	–
Mr John O'Brien <i>Deputy Chief Executive</i>	110-115	–	115-120	–
Mrs Rosa Davis <i>Director of Human Resources</i>	35-40	–	35-40	–
Mr Steve Long <i>Director of Customer Relations</i>	50-55	–	50-55	–
Mr John Scullion <i>Director of Finance (from Nov 2004)</i>	55-60	–	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 additional to his salary 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.

Remuneration of the Non-Executive Directors (Audited)

There were five Non-executive Directors who served on the Management Board in 2005/06: John Holden, Mike Lewis, Jim Michie (until November 2005), Charlie Pienkowski (from August 2005) and Cathy Raines (from August 2005). Payments for the services are shown below:

	2005/06	2004/05
John Holden	£14,300	£15,500
Mike Lewis	£15,600	£10,000
Jim Michie	£9,333	£16,000
Charlie Pienkowski	£12,400	–
Cathy Raines	£10,640	–

Non-executive Directors do not receive any pension benefits.

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 2005/06.

Pension Benefits (Audited)

Officials	Accrued pension at age 60 as at 31/3/06 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/06 £'000	CETV at 31/3/05 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mr Vince Gaskell <i>Chief Executive</i>	45 – 47.5 plus lump sum of 135 – 137.5	0 – 2.5 plus lump sum of 2.5 – 5	923	719	22	–
Mr John O'Brien <i>Deputy Chief Executive</i>	2 – 2.5 plus lump sum of 12.5 – 15	0 – 2.5 plus lump sum of 2.5 – 5	69	37	19	–
Mrs Rosa Davis <i>Director of Human Resources</i>	12.5 – 15 plus lump sum of 37.5 – 40	0 – 2.5 plus lump sum of 0 – 2.5	221	165	5	–
Mr Steve Long <i>Director of Customer Relations</i>	2.5 – 5 plus lump sum of 0 – 2.5	0 – 2.5 plus lump sum of 0 – 2.5	31	8	20	–
Mr John Scullion <i>Director of Finance</i> <i>(from Nov 2004)</i>	17.5 – 20 plus lump sum of 57.5 – 60	0 – 2.5 plus lump sum of 2.5 – 5	387	288	24	–

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

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.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

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

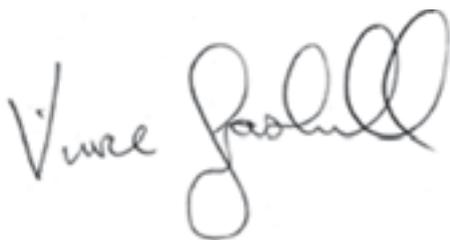
3 Statement on Criminal Records Bureau's and Chief Executive's Responsibilities

Under section 7(2) of the Government Resources and Accounting Act 2000 the 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 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; and
- 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 the Treasury and published in Government Accounting.



Vince Gaskell

Chief Executive

Criminal Records Bureau

7 July 2006

4 Statement on Internal Control – 2006

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. The 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 the 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, 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 on their status monthly. 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 will 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 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, that meets quarterly, with regular review of significant risk and assurance issues.
- An Audit Committee comprising the three non-executive directors that meets at least quarterly.
- Regular reports by internal audit, to GIAS standards, which include recommendations for improvement. The CRB internal audit services were provided on an out-sourced basis during 2005-6.
- The Head of Audit and Assurance has responsibility for developing 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 2006

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 2006. The report's overall assessment was:

“In our opinion, as a result of the work we summarise in this report we are able to offer substantial assurance over the effectiveness of the controls in operation during the year. This assurance is based on the work we have directly performed, whether in undertaking a full review ourselves or in assessing the conclusions drawn by the internal audit and assurance unit.

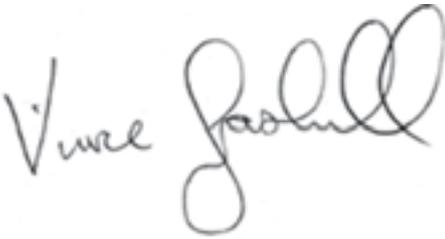
Nonetheless our detailed work did highlight a number of deficiencies in control. The most significant are those over the accurate operation of the Police Disclosure Units, and the work of the Registered Bodies. Neither is

of course directly under the control of the Agency, but they are nevertheless significant to its reputation. However, active steps are being taken to improve their work further. More generally with only a small number of exceptions, management has now implemented the recommendations that we have made in our reports in both this and earlier years. It will be appreciated that many of these improvements did not take effect until after the start of the financial year.

As internal auditors of 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 2005 Statement on Internal Control I recorded the progress made to the financial and risk management arrangements in the CRB during 2004/05, the first year in a two-year development plan to ensure the implementation of a system of internal control, fully embedded and compliant with the relevant Government requirements. I can now state that the second year of that plan has now been delivered successfully and that a robust system of risk management, control and governance is now in place and operating effectively.



Vince Gaskell

Chief Executive

Criminal Records Bureau

7 July 2006

The Certificate

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

I certify that I have audited the financial statements of the Criminal Records Bureau for the year ended 31 March 2006 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account 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 there-under 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 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 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 28 to 30 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 statements on internal control cover 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. This other information comprises only the Chief Executive's Statement, the unaudited part of the Remuneration Report, and the Management Commentary. 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.

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 deficit, total 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

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

11 July 2006

CRB Accounts – Year ended 31 March 2006

Income and Expenditure Account

for the year ended 31 March 2006

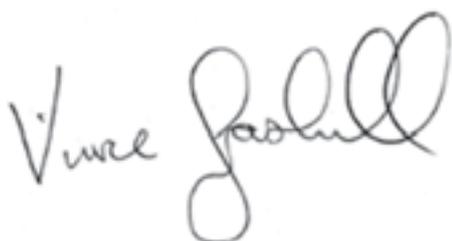
	Notes	2005/06 £'000	2004/05 £'000
Turnover from Continuing Activities	2a	75,864	65,239
Cost of Sales	2b	(60,651)	(52,276)
Gross Surplus		15,213	12,963
Administrative Expenses	2c	(16,877)	(19,956)
Operating Deficit	4	(1,664)	(6,993)
Cost of Capital	5	(585)	(975)
Deficit on Ordinary Activities		<u>(2,249)</u>	<u>(7,968)</u>

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

Balance Sheet

as at 31 March 2006

	Notes	as at 31 March 2006 £'000	as at 31 March 2005 £'000
Fixed Assets			
Tangible Assets	6	1,007	620
Debtors			
Debtors falling due after one year	7b	0	88
Current Assets			
Work in Progress		51	76
Debtors	7a	22,776	25,249
Cash at Bank & in Hand	12	317	1,712
		<u>23,144</u>	<u>27,037</u>
Current Liabilities			
Creditors falling due within one year	8	<u>(9,876)</u>	<u>(6,506)</u>
Net current assets			
		13,268	20,531
Total assets less current liabilities			
		14,275	21,239
Provision for liabilities and charges			
	13	<u>(136)</u>	<u>(133)</u>
		<u>14,139</u>	<u>21,106</u>
Taxpayers' Equity			
General Fund	9	<u>14,139</u>	<u>21,106</u>
		<u>14,139</u>	<u>21,106</u>



Vince Gaskell

Chief Executive

Criminal Records Bureau

7 July 2006

Cashflow Statement

for the year ended 31 March 2006

	Notes	2005/06 £'000	2004/05 £'000
Net Cashflow from Operating Activities		4,591	9,152
Capital Expenditure & Financial Investment		(501)	(24)
Net Cashflow from Financing		<u>(5,485)</u>	<u>(11,459)</u>
Increase/(Decrease) in cash in year	12	<u>(1,395)</u>	<u>(2,331)</u>

Reconciliation of Operating Deficit to Operating Cash Inflows

Deficit on Ordinary Activities		(2,249)	(7,968)
Non cash transactions	11a	881	3,878
Movements in Working Capital other than cash	11b	<u>5,959</u>	<u>13,242</u>
Net Cashflow from Operating Activities		<u>4,591</u>	<u>9,152</u>

Analysis of Capital Expenditure & Financial Investment

Purchase of Fixed Assets	6	<u>(501)</u>	<u>(24)</u>
Net Cash Outflow from Investment		<u>(501)</u>	<u>(24)</u>

Analysis of Financing

Cash refunded to Home Office and Other Government Departments		(13,000)	(37,050)
Cash funding received from Home Office and Other Government Departments		<u>7,515</u>	<u>25,591</u>
Net Cash Requirement	9	<u>(5,485)</u>	<u>(11,459)</u>

Notes to the Accounts

for the year ended 31 March 2006

Note 1. Accounting policies

The accounts are prepared using the historic 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 (FRM), 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 Criminal Records Bureau's (CRB) fixed assets are stated at current cost. 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 of 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 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 fixed asset is £2,000 per item. Costs associated with the Public Private Partnership (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 Statement 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 the Income and Expenditure Statement. 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 is currently funded on a gross cost basis from Home Office.

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 16.2% and 24.6% 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 2006 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.

Disclosures for volunteers are issued free of charge.

Note 1.8. Public Private Partnership (PPP) transactions

PPP transactions (Note 15) have been accounted for in accordance with HM Treasury Technical Note No. 1 (revised), entitled “How to Account for PFI transactions”, as required by the FReM.

Note 2a. Turnover

	2005/06	2004/05
	£'000	£'000
Issue of Disclosure notices	75,494	64,697
Registration of corporate bodies and signatories	370	542
	<u>75,864</u>	<u>65,239</u>

Note 2b. Cost of sales

	2005/06	2004/05
	£'000	£'000
PPP service charges	42,530	39,831
Police and other data source costs	18,121	12,445
	<u>60,651</u>	<u>52,276</u>

Note 2c. Administrative costs

	2005/06	2004/05
	£'000	£'000
Staff	9,985	11,246
Accommodation	1,599	1,467
PPP contract change costs	1,086	2,021
Other costs	2,658	2,934
Increase in provision for liabilities and charges	3	13
Provision for bad debts	170	(1,375)
Professional and legal fees	975	598
Depreciation	114	496
Impairment of assets	–	2,108
Assets written off	–	109
Internal audit fees	105	149
Non-cash costs		
NAO – External audit	146	146
HO Payroll	36	36
HO Accounts Branch	–	8
	<u>16,877</u>	<u>19,956</u>

Note 3. Staff costs

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

b. Total staff costs

	2005/06	2004/05
	£'000	£'000
Salaries	7,801	8,271
National Insurance	574	645
Pension costs	1,202	897
Employee costs	9,577	9,813
Contractor costs	408	1,433
Total staff costs	9,985	11,246

c. The average staff numbers of employed by the CRB during the year:

	2005/06	2004/05
	Number	Number
With permanent employment contract	398	449
Other staff	10	24
	408	473

The 2004/05 staff numbers now include 'Other staff' not included in prior year accounts.

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

Note 4. Operating deficit

The deficit for the year is shown after charging:

		2005/06	2004/05
	Notes	£'000	£'000
Hire of plant and machinery		3	12
Depreciation	2c	114	496
Audit fees		146	146
Property rental		1,599	1,467

The auditors have received no remuneration for non audit work (2004/05 £ 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%.

	2005/06 £'000	2004/05 £'000
Notional Cost of Capital	<u>585</u>	<u>975</u>

Note 6. Tangible fixed assets

	Fixtures and Fittings £'000	Refurbish- ment £'000	IT Equipment £'000	Asset under construction £'000	Total £'000
Cost or Valuation					
At 1 April 2005	54	3,530	320	–	3,904
Additions	2	–	–	499	501
Assets written off	–	–	(130)	–	(130)
Disposals	–	–	–	–	–
At 31 March 2006	<u>56</u>	<u>3,530</u>	<u>190</u>	<u>499</u>	<u>4,275</u>
Depreciation					
At 1 April 2005	12	3,035	237	–	3,284
Charge for year	6	71	37	–	114
Assets written off	–	–	(130)	–	(130)
Disposals	–	–	–	–	–
Depreciation	–	–	–	–	–
At 31 March 2006	<u>18</u>	<u>3,106</u>	<u>144</u>	<u>–</u>	<u>3,268</u>
Net Book Value at 31 March 2006	38	424	46	499	1,007
Net Book Value at 31 March 2005	42	495	83	–	620

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 (2004/05 immaterial and no amendment made).

Note 7. Debtors & Prepayments

a. Debtors & Prepayments falling due within one year

	2005/06	2004/05
	£'000	£'000
Trade debtors	10,012	11,418
VAT Recoverable	2,153	2,247
Other HMG debtors	391	675
Staff debtors	30	32
Prepayments	10,098	9,802
Police set up funding (Note 7b)	87	1,049
Other debtors	5	26
Total	22,776	25,249

b. Debtors falling due after one year

	2005/06	2004/05
	£'000	£'000
Police set up funding	-	88

The CRB agreed to fund the set up costs incurred by police forces in providing the search activities on its behalf. These set up costs relate to IT, accommodation and recruitment and the advances to police forces have been included in debtors.

The advance payments made to the police will be written off over five years, the anticipated life of the underlying assets purchased by the police forces through the advances.

Note 8. Creditors

	2005/06	2004/05
	£'000	£'000
Trade creditors	35	118
Accruals	6,034	3,917
Prepaid Disclosure notices expected to be returned	408	858
Other creditors	3,399	1,613
Total	9,876	6,506

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

		2005/06	2004/05
	Notes	£'000	£'000
Balance at 1 April		21,106	39,368
Deficit on ordinary activities		(2,249)	(7,968)
Net funding from Home Office/OGDs	16a	(5,485)	(11,459)
Notional cost of capital	5	585	975
Non cash costs	2c	182	190
Balance at 31 March		14,139	21,106

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).

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 2006, contributions of £1,201,642 were paid to the Paymaster General at between 16.2% and 24.6% of salary as determined by the Government Actuary and advised by HM Treasury. There were no contributions payable 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

		2005/06	2004/05
	Notes	£'000	£'000
Depreciation	6	114	496
Cost of Capital	5	585	975
Other non cash costs	2c	182	190
Impairment in assets	6	–	2,108
Assets written off	6	–	109
Total		881	3,878

Note 11b. Movements in working capital other than cash

	2005/06	2004/05
	£'000	£'000
Decrease (Increase) in Debtors	2,561	11,758
Decrease in Work in Progress	25	7
Increase (Decrease) in Creditors	3,370	1,464
Increase in provision for liabilities and charges	3	13
Total	5,959	13,242

Note 12. Analysis of movements in cash balances

	2005/06	2004/05
	£'000	£'000
Opening Balance	1,712	4,043
Movement in CRB non-fee accounts	(44)	(740)
Movement on Paymaster Balance	(1,351)	(1,591)
Decrease in Cash	(1,395)	(2,331)
Balance at 31 March	317	1,712
Balance at Commercial Bank	74	118
Balance at office of Paymaster General	243	1,594
General	-	-
Balance at 31 March	317	1,712

Note 13. Provision for liabilities and charges

The CRB has accounted for estimates of its future liability in respect of compensation claims in this year's annual accounts. As at 31 March 2006 this represented £95,000 (2004/05 £98,500).

	Compensation		Dilapidations	Total	
	to staff	to public		2005/06	2004/05
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April	4	94	35	133	120
Amount utilised	(4)	(59)	-	(63)	(59)
Arising in the year	-	60	6	66	72
Balance at 31 March	-	95	41	136	133

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 1 year of the balance sheet date.

Note 14. Contingent liabilities

As at 31 March 2006 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:

	Land and Buildings	Other	Total at 31 March 2006	Total at 31 March 2005
	£'000	£'000	£'000	£'000
Within 1 year	–	3	3	3
Within 1 to 5 years	–	–	–	–
Over 5 years	1,845	–	1,845	1,695
	1,845	3	1,848	1,698

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

2005/06 was the fourth 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 no capital commitments as at 31 March 2006.

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 2006 are as follows:

- The net funding paid to the Home Office and Other Government Departments under a gross running cost regime during the year was £5.5 million (2004/05 a sum of £11.5 million was paid to the Home Office).
- The CRB incurred costs during the year of £18.1 million (2004/05 £12.4 million) to police authorities in respect of running and set up costs.
- During the years ended 31 March 2006 and 2005, 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 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 that 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 the CRB is 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

	Debtors falling due within one year £'000	Debtors falling due after more than one year £'000	Creditors falling due within one year £'000
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
At 31 March 2006	22,776	–	6,876
Balances with other			
central government bodies	5,666	88	–
Balances with local authorities	3,512	–	–
Balances with NHS Trusts	1,886	–	–
Balances with bodies external to government	14,185	–	6,506
At 31 March 2005	25,249	88	6,506

Note 19. Fees and Charges for the year ended 31 March 2006

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.

	Income & Expenditure	Enhanced Disclosures	Standard Disclosures	Registered Bodies	Counter Signatories
Turnover from continuing activities	75,864	67,775	7,721	325	43
Cost of sales	(60,651)	<u>(55,514)</u>	<u>(4,810)</u>	<u>(250)</u>	<u>(77)</u>
Gross surplus	15,213	12,261	2,911	75	(34)
Administrative expenses	(16,877)	<u>(14,969)</u>	<u>(1,908)</u>	<u>–</u>	<u>–</u>
Operating (deficit)/surplus	(1,664)	(2,708)	1,003	75	(34)
Cost of capital	(585)	<u>(519)</u>	<u>(66)</u>	<u>–</u>	<u>–</u>
(Deficit)/Surplus on ordinary activities	<u>(2,249)</u>	<u>(3,227)</u>	<u>937</u>	<u>75</u>	<u>(34)</u>

The financial objective of the CRB is to become self-funding by 2006/07.

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