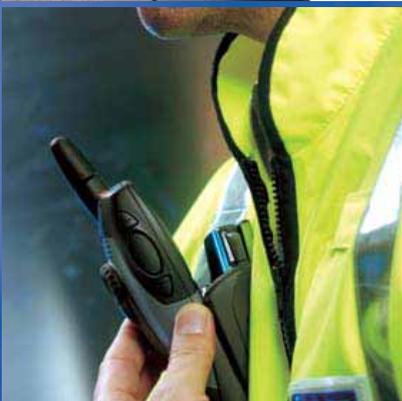


Annual Report & Accounts

2005 to 2006



INVESTOR IN PEOPLE



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Presented to Parliament by the Secretary of State for the Home Department in pursuance of paragraph 17(2) of Schedule 8 to the Police Act 1997 and by the Comptroller and Auditor General in pursuance of paragraph 16(5) of Schedule 8 to the Police Act 1997.

Ordered by the House of Commons to be printed on 24 July 2006.

The Stationery Office
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£17.75

HC1409

Designed and produced by Daniel West & Associates London.

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Foreword

By the Chairman of PITO Board



Chris Earnshaw FREng
Chairman, PITO Board

It is pleasing to be able to report that 2005-6 was a year of considerable progress in a number of areas, including some programmes that have previously seen delays.

The most significant progress has been in areas where the business objectives have been clearly defined and agreed with all stakeholders. Particular highlights were the completion of the Airwave infrastructure deployment in all forces of England, Scotland and Wales, significant progress with the NSPIS Custody and Case and National Management Information Systems and the national launch of a palm print identification capability. Similarly we have seen the rapid adoption of the ViSOR (Violent Offender and Sex Offender Register) system on a nationwide basis as a result of close collaboration between PITO and many forces.



“The next year is likely to be the last for PITO in its current form.”

The Board has taken a critical look at all our programmes and, in the case of Schengen, took the view that the programme should be halted rather than continuing to struggle on. This was for a combination of business, technical and commercial reasons which together meant continuation was not considered viable. Taking timely decisions to stop activity can be as important (and complex) as starting anew.

PITO has also looked carefully at the basic infrastructure supporting critical ICT applications, particularly the issues of resilience and long-term viability of the Police National Computer (PNC) and the underlying communications infrastructure. In the case of the former, I am pleased that government has agreed to further near-term investment to improve the systems that underpin the PNC, notwithstanding that there are longer-term plans for more radical changes to the structure of the wider police national databases as a consequence of the IMPACT programme. The PNC transaction total in January 2006 (10,870,276) set a new monthly record and represents an increase of 27% on December 2005 figures.

The adoption by the Police Service of the revised Information Systems Strategy for the Police Service (ISS4PS) is the culmination of much work between PITO, Central Customer and the Association of Chief Police Officers (ACPO) and, in particular, collaboration with the ACPO Information Management Business Area (IMBA). It provides a much clearer foundation for ongoing work, including that

necessary to support the creation of the new strategic forces in England and Wales. The strategy is endorsed by the tripartite, made up of the Home Office, Association of Police Authorities (APA) and Association of Chief Police Officers (ACPO).

Whilst continuing with business as usual, the senior executive team has also been heavily engaged in planning for the transition to the National Policing Improvement Agency (NPIA), which we expect to launch in 2007. All concerned are committed to ensuring lessons learnt are carried forward.

The Board is grateful for the commitment shown by all PITO staff over the year, particularly in light of the uncertainty to many, posed by the changes that will be necessary as we anticipate the launch of the NPIA next year.

The next year is likely to be the last for PITO in its current form. We have a clear plan and much remains to be completed over the coming year.

Central Customer Overview

By Phillip Jacobs, Director Central Customer



The Home Office Police Minister approved the implementation of the Central Customer function within PITO in late 2002, its principal purposes being:

- To identify and prioritise operational and organisational information management requirements for the police service
- To provide a single voice with vested authority to agree trade-offs in time, cost and functionality on behalf of ACPO
- To secure service-wide commitment for the take-up of national solutions

The latest review and update of the Police Service Capability Strategy and Prioritised Plan was approved by PITO Board in September 2005 and subsequently endorsed by ACPO. The Plan played an essential role in support of IS/IT planning, both for forces and for PITO itself, by informing the PITO Forward Plan. Its core methodology, which has been favourably evaluated by the Home Office Internal Audit and Assurance Unit, contributed to the delivery of specific work packages undertaken by Central Customer towards the establishment of the National Policing Improvement Agency (NPIA).

Central Customer also continued to support forces in realising business benefits from national solutions and to assist them through the development of outline business cases for strategic systems.

Central Customer continues to fulfil its strategic role, in support of the Police Service and of the wider stakeholder community, through the effective networking of its trusted expertise in police information management requirements, thereby also assisting and informing PITO's delivery programme.

Airwave in Norfolk Constabulary

Officers in Norfolk have seen real benefits from using Airwave terminals in everyday policing during the trials. Police National Computer (PNC) checks can be conducted through the terminals, removing the need to speak to the control room and reducing bottlenecks in getting access to the information due to dispatcher workloads and availability. Officers believe direct access to vehicle information would save 5-10 minutes per shift and would lead to an increase in PNC use and make them more effective in their day-to-day duties.

Using Airwave, officers in Norfolk during the trials are also able to receive up-to-date information on briefings. Briefings are usually conducted in police stations at the start of a shift but are often shortened or missed due to heavy workloads. Using Airwave, officers in Norfolk can access the briefing section on their force intranet, which provides up-to-date and tailored briefing information to vehicle and hand-held terminals, based on the patrol area of the officer concerned. It takes 15-30 seconds to retrieve the information, which can include intelligence and images.

Norfolk's Airwave terminals are even working while they recharge. They are stored in Local Area Network(LAN)-connected lockers when they are not being used, which allows the terminal and spare battery to be charged, and accessed directly by the network. This allows terminal reconfiguration and software updates to take place in slow time when the radio is not required, and means the radios do not have to be taken out of action for changes to be made. The potential efficiency savings mean that the initial cost outlay for the locker procurement will be recouped very quickly and allows the Airwave team in force to provide a very efficient and professional service to the Airwave users within Norfolk.

Mark Jode, Airwave Service Manager for Norfolk Constabulary said: "The above demonstrates the real benefits that can be achieved from utilising all aspects of the Airwave system, which in turn plays its part in Keeping Norfolk Safe."

Management Commentary: Overview of Performance

By the Chief Executive of PITO



Phillip Webb
Chief Executive, PITO

Overall, 2005-06 has been a very successful year in which PITO's staff have continued to deliver major programmes. Despite facing significant operational challenges from the terrorist activity in London and to its infrastructure following the oil depot explosion at Hemel Hempstead, PITO continued to provide essential IT and communication systems and services to police forces in the UK and other law enforcement agencies. Additionally, PITO has played an active part in contributing to the preparatory work for transition to, and the creation of, the NPIA. The challenge for the final year of PITO's existence before the establishment of the NPIA will be to continue to deliver a major programme of work whilst undergoing change programmes to the new agency.



“In total, 34 performance measures out of 38 (89%) were completed within the financial year.”

The PITO Business Plan for 2005-06 included 15 Key Performance Indicators (KPIs) and made reference to Performance Indicators (PIs), which underpinned the KPIs. There were 24 PIs which were monitored throughout the year. The work for 12 of the KPIs was completed, although contracts for Airwave fallback and network resilience improvements were signed a few days after the target dates. The KPIs on Custody and Case and National Firearms Licensing Management System (NFLMS) were missed, whilst the Schengen project was formally suspended by the Home Office and has therefore not been included in the final assessment.

A total of 22 PIs were achieved. In total 34 performance measures out of 38 (89%) were completed within the financial year. In many cases targets have been exceeded through implementation at an additional number of sites or ahead of time. Particular success stories relate to the number of operational users of Airwave, the roll-out of national searching of palm prints and marks and the delivery of operational services to police forces to agreed national standards.

Despite many of the difficulties regarding the roll-out of the NSPIS Custody and Case Preparation applications, 20 out of 23 forces contracted to take this NSPIS product did so by the end of March 2006. The other three forces are awaiting resolution of ongoing funding problems with the Home Office before taking the applications.

The KPI regarding NFLMS was missed and this work will be carried forward to 2006-07. Beta testing in two forces revealed major issues regarding business processes and inconsistencies in firearms data. A change in the implementation strategy to that of separate implementations for NFLMS and Police National Computer (PNC) plus an alignment of working practices with good practice guidelines will allow the re-run of the live pilot during the first quarter of the financial year 2006-07.

In view of the Home Office decision to end the Schengen (SIS1) project, following advice from PITO Board, project work has now begun on developing a next generation solution (SIS2).

A highlight achieved in March 2006 was hitting the NMIS KPI target for Ready for Service in 37 forces with at least one interface. A total of 34 forces have accepted the complete NMIS system and the remaining three are due to do so by July 2006.

Improvement in stakeholder and customer relations was demonstrated through the results of the stakeholder survey which was carried out in March 2006. Measurable achievements have been delivered with key stakeholders, and communications have improved via monthly updates and conference seminars. Further work with some stakeholders is required and is planned for next year.

Central Customer

In its fourth year of operation, Central Customer has continued to fulfil its prime role by identifying and prioritising information management requirements for the Police Service. Whilst many key requirements remain relatively unchanged over the short to medium term, the nature of policing is dynamic, and significant changes influence the political, social, economic and technical contexts within which policing services are delivered. This has compelled a further evaluation and review of the Police Service Capability Strategy and Prioritised Plan to ensure its continued validity, and the resulting Plan was duly approved by PITO Board and endorsed by ACPO Cabinet in 2005. It continues to provide PITO with the comprehensive capability requirements for policing, which take into account requirements to assist in the achievement of targets set by the National Policing Plan and the Home Office Police Science and Technology Strategy.

Although the introduction of the Police and Justice Bill in Parliament on 25 January 2006 formally signalled arrangements for the abolition of PITO and the creation of the National Policing Improvement Agency (whose objectives include 'the provision of support to listed police forces in connection with... information technology...'), this has added to, not reduced, the scope of service delivery by Central Customer, with a number of work packages being delivered by the Director and his staff in collaboration with the Chief Executive (Designate) of the Agency and the NPIA Programme Board.

Otherwise, 'business as usual' for Central Customer has produced a series of discrete project deliverables, in addition to its ongoing benefits realisation strategy for the systems and services that PITO is delivering for its customers and users. Amongst the former, significant milestones in strategic projects include the signing-off of the outline business requirement for HOLMES 2020 (a major crime investigation system that will become the replacement for HOLMES2) and support for the development of the IMPACT Programme business requirements, which has led to the award of a contract to the Criminal Justice IT organisation for the development and delivery to forces of a technical solution. Central Customer staff were key participants in the delivery of cross-Directorate programmes of work, which included Project LANTERN (mobile live identification technology), PNN3, Project PentiP (penalty notice processing), and the IMPACT Programme.

New areas of work for 2005-06 included the establishment of a capability portfolio for Community Policing, through which the Police Service requirement for associated IS/IT will be established and defined, in collaboration with project teams working in this business area. The Director of Central Customer has also seconded full-time representation to the IMPACT Business Requirements Team in support of his Programme Board role as Senior User.

Whilst resourcing continues to be a significant challenge for PITO as a whole, in common with other parts of the public sector, Central Customer has continued to work within such practical constraints.

As far as possible, Central Customer is committed to maximising business benefits for individual forces and for the Police Service in general, in line with its responsibilities to agree trade-offs in time, cost and functionality on behalf of ACPO and to secure service-wide commitment for the take-up of national solutions.

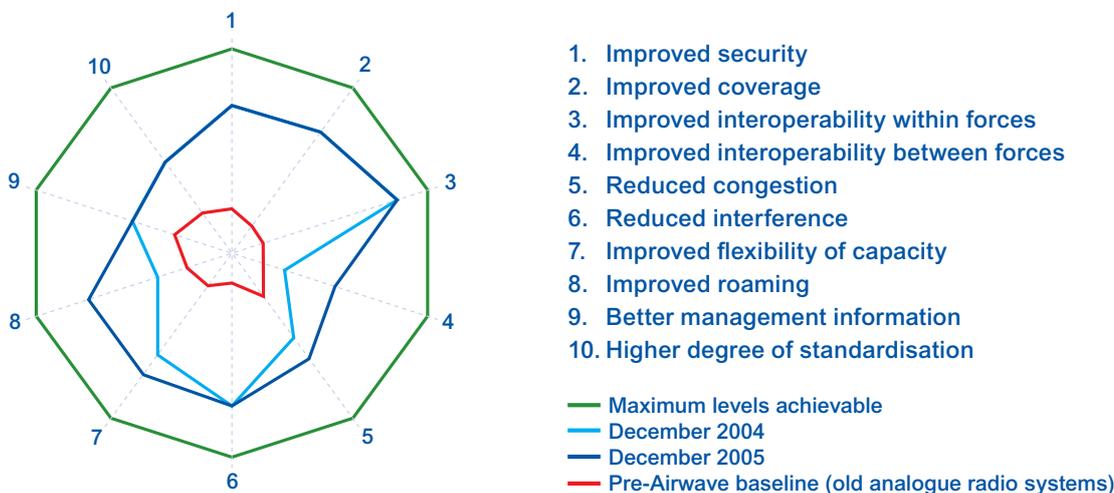
Communications – Airwave

In the year 2005-06 some significant milestones were achieved within the highly successful Airwave programme. The principal targets were the completion of the infrastructure roll-out, continued support to forces migrating onto the Airwave system and the award of two contracts for the National Fallback Service. All four of the related KPIs were achieved except for the slight over-runs due to administrative delays, which had no detrimental effect on the overall programme. All forces in England, Wales and Scotland had reached their Ready For Service dates by 10 May 2006,

slightly ahead of target and within the originally contracted budget. By the end of March 2006, just under 150,000 police officers were using the service against a target of 145,000. Major contracts for the improvement of the fallback service and network resilience were signed in August and October 2005 at a total cost of £350m.

Airwave is a comprehensive programme of work covering continuous upgrades to the service, the development of advanced security features and extension of the service to additional areas including the London Underground. Performance Indicators relating to the availability of national roaming between forces and the roll-out of Airwave (mobile) access to the PNC were achieved ahead of time. The contract for the provision of Airwave in the London Underground is extremely complex as it involves combining two separate Public Finance Initiatives (PFI) contracts. The target date for agreement of the contract by December 2005 proved over-optimistic but the aim is now to secure it

Figure 1: Realisation of Airwave benefits



by September 2006. This will be a significant achievement when it is delivered because of the complexity of negotiations with several contracting partners.

The Communications Directorate also supports national IT infrastructure work. The main target in 2005-06 was to conduct proof of concept testing for the Unified Police Security Architecture which would provide a national control system for access to police IT systems. This target was achieved, and work to develop and roll out a system is now under way.

In summary, the improvements that Airwave provides to policing continue to grow.

Figure 1 shows major improvements in interoperability within and between forces during the last year.

Criminal Justice Administration

The past year has seen significant progress with the NSPIS Custody and Case Preparation Programme. The software is stable and is in widespread use across the country. NSPIS Custody is now live in 17 Forces. NSPIS Case Preparation is live in 20. These Forces are reporting real business benefits from the use of these systems and these benefits are now being reflected in Forces' Efficiency Plans.

A total of 30 (out of the 43 Police Forces of England and Wales) have now committed to taking NSPIS Case Preparation. 26 of these Forces have also contracted to take NSPIS Custody. The initial deployment and subsequent roll-out of these systems will continue throughout 2006-07 and will be

completed in all Forces – other than the Metropolitan Police Service (MPS) – by the end of the year.

In terms of IT development, two significant new versions of the products (Versions 4 and 5) were delivered in 2005-06 and these have now been deployed to all Forces. These versions provide all of the core functionality required to meet existing business requirements. Work is currently under way on the development and testing of release 5.1. This release provides the capability to enable Forces to send and receive data to and from the other criminal justice organisations (i.e. CPS, Courts and DVLA). This Release will be available in May 2006 and will be deployed in all Forces by September 2006.

The governance arrangements changed in 2005, when the emphasis changed from the technical delivery of the NSPIS products to a business-led project, focused on the realisation of benefits from their use. This has entailed changes to the overall programme management structure, but this has been achieved without any significant disruption. PITO, ACPO and Home Office staff are now working together closely in this new structure to ensure that the Programme achieves its goals.

Looking ahead to 2006-07, the primary objectives are to complete the deployment and roll-out to all contracted Forces and to begin the process of joining up to the other criminal justice organisations. The roll-out of the systems to the MPS will present a new set of challenges, but sound preparations have been made and their first group of Boroughs will go live in the summer of 2006.

Crime and Intelligence

Late last financial year the Violent Offender and Sex Offender Register (ViSOR) was delivered to all forces in England Scotland and Wales. Other members of the criminal justice sector such as prisons and social services are keen to install the system and ViSOR has also helped improve the quality of the data held. Over 8,000 duplicate records have been discovered and representatives from the ACPO Crime portfolio have instigated a benefits measurement process which will be reported on next year.

The success of ViSOR was recognised when it received two awards. An e-Government national award, being highly commended in the Public Sector Body section and a Kable BT Government Computing award for Innovation - ViSOR was awarded Best Project in the Government to Government category. This product's capability continues to expand to allow the criminal justice fraternity to better manage these serious offenders.

Further significant progress was made during 2005-06 with the roll-out of the National Management Information System (NMIS). A total of 37 forces are now Ready for Service with the vast majority having accepted the complete NMIS system. This supports the government's approach in standardising the collection of data on police forces, in order to better measure performance and improve comparative analysis.

After Beta testing in two forces revealed major issues regarding business processes and inconsistencies in firearms data it was

decided to carry forward work on NFLMS to 2006-07. Separate implementations for NFLMS and Police National Computer (PNC) will now be carried out. Together with an alignment of working practices with good practice guidelines, these changes will allow the re-run of the live pilot during the first quarter of the financial year 2006-07.

The Schengen Information System (SIS1) was designed to create a European equivalent of the Police National Computer to search for relevant indices on persons, vehicles and property of interest to law enforcement agencies. The original intention was to ensure that SIS1 was ready for service by February 2006. However, the Home Office decided to end SIS1 and project work has now begun on developing a solution for SIS2.

Technical support for the IMPACT Programme was provided in delivering the availability of the IMPACT Nominal Index (INI) to forces in England and Wales on schedule in December 2005. This is a significant milestone in the IMPACT programme and achieves one of the key recommendations of the Bichard Inquiry. It enables child abuse investigation officers to use the Index to establish whether any other force holds information about a person of interest to an investigation and to obtain that information.

Identification

The provision of the national fingerprint identification system in England and Wales transferred to new contractual arrangements under the IDENT1 Service from 1 April 2005. The seamless transfer was quickly followed

by the successful roll-out of 41 Livescan units to custody suites throughout Scotland. Some significant problems were encountered implementing palm searching on IDENT1 but these were overcome and the capability was successfully deployed in February, meeting the KPI.

This year saw 1.5 million ten-print transactions, and 1.4 million scenes of crime marks were searched producing some 69,000 identifications. In the first two months of palm searching a further 1,350 identifications were made. The National Fingerprint Collection stands at 6.42 million individuals, the National Palm database at 1.8 million, and the Unidentified Marks database at 1.2 million.

One of the key benefits of the IDENT1 Service is the agreement by the Scottish Executive to the migration of their fingerprint data with those from England and Wales which takes us one step closer to a truly unified collection in the UK.

The staff of the National Fingerprint Office (NFO) successfully transferred to PITO from the Metropolitan Police Service on 1 April 2005. The unit has provided ongoing key operational technical support and advice to the 43 Police Forces of England and Wales for matters associated with fingerprint data held on IDENT1, the Police National Computer (PNC) and the interface between those systems.

By regular database reconciliation and continual investigation, analysis and problem solving, the unit has provided a key audit and assurance function to ensure the ongoing integrity of the National Fingerprint

Database. Additionally, the unit has supported the work of the National Fingerprint Board and its sub-groups, particularly in the areas of fingerprint bureau performance, business benefit, national standards for fingerprint bureaux, development of effective and accurate data gathering and analysis tools for bureaux usage of IDENT1 and investigation of serious crime.

The Biometrics Team has provided specialist technical support to Identification Projects, including the roll-out of Palms searching and algorithm fusion for IDENT1, accuracy evaluations for Lantern, and development of the user requirements for FIND in order to ensure that it will be able to support a future automated search capability.

The new layout for the biometrics laboratory has proved very successful and demonstrations and presentations have been given to industry, government departments and academic researchers as well as to PITO staff. Access to the lab is now controlled via the latest 3D face recognition technology and a variety of biometric products are on permanent display inside, including 2D and 3D face recognition systems, as well as examples of iris and fingerprint based systems.

The Biometrics Team continues to build on its existing strong links with industry, academia and other government agencies, both nationally and internationally. It is currently working with several universities in the UK to help them gain funding from the Engineering and Physical Sciences Research Council (EPSRC) for several new

projects under the recent 'Fighting Crime, Increasing Security' initiative. It also plays an important role in supporting the various Home Office identity related projects (e.g. through participation on HOSIS sub-groups, the cross government Biometric Working Group and the Goldfinger biometric practitioners' group).

The Team also represents PITO's interests on both BSI and ISO standards bodies concerned with biometrics standardisation. A number of such standards will be used for future government projects employing biometric technologies. The Team is also working with the American National Standards Institute (ANSI) on its forthcoming update to the National Institute of Standards and Technology (NIST) standard for the exchange of biometric data. This is the standard currently used by the IDENT1 service and law enforcement agencies worldwide for exchanging biometric data, and it is essential that PITO plays an active role in its future development.

A new version of the identification technology Roadmap was produced last year and a short update has just been completed to reflect changes since its publication. It was recently made more widely available on the internet, via the European Biometrics Forum.

National Standards for Image Capture were developed, published and accepted by ACPO and ACPOS for use across the UK. Good progress has been made on the Facial Images National Database (FIND) Pilot which will be operational during 2006.

The Lantern Project seeks to develop and deploy a mobile identity check capability.

The results from the technical demonstrator which was successfully deployed at Northampton have been a fundamental input to the pilot currently being designed which will deploy 100 Lantern units across ten police forces. Alongside the pilot, work is under way to develop the strategy for future enhancement and further deployment of mobile identity check capability.

Work continues on the National Video Identification Strategy (NVIS) for ID parades project which aims to converge the two established systems PROMAT and VIPER towards NVIS both in technical standards and operational procedures. Following feasibility studies the establishment of a single database for use by both systems has been approved. The agreement between forces and the Home Office PSU for the collection of meaningful operational statistics, setting of common KPIs and a core operational process are well advanced and should be completed by April 2007.

Integration and Technical Authority

The Information Systems Strategy for the Police Service (ISS4PS) is the overarching strategy for information technology in the Police Service. Without an overall guide, each IT programme will work to develop its own particular business goals, without considering how it fits into the rest of the Police Service IT world. By following the policies, principles and roadmap of the ISS4PS, each programme is able to contribute to and benefit from a holistic view of IT in the Police Service.

ITAD was contracted by ACPO to refresh the ISS4PS from its original four volume report produced in 2002. It now has two volumes. Volume 1, aimed at senior management, is around 20 pages and describes the policies for police IT and links this to key government strategy and policy papers. It was approved by ACPO Council in January 2006. Volume 2, technical in nature and aimed at IT staff and suppliers, is currently completing its approval cycle.

The strategy is underpinned by key standards. e-GIF is supplemented with additional standards and frameworks developed by ITAD that are specific to Police Service operations. They are designed to simplify information sharing, enable interoperability and encourage reuse across the forces and with shared national police systems.

The ISS4PS programme now moves into a new stage. The team is already supporting key projects, such as IMPACT, to help them achieve their business goals while also complying with and contributing to the ongoing development of the ISS4PS.

Public Safety and Reassurance

During the London bombings, a number of PITO applications were used. Police Portal was used to send messages to key teams and request information from the public. The public were also asked to send in digital photographs via email or to text video pictures to the portal for use by the MPS. The Portal prime purpose is to allow the public to report low level crime, hate crime or intelligence information via this secure

medium. Some forces have started to use the Portal to engage communities in crime reporting (neighbourhood watch, etc.) and public broadcasts (missing persons, looking for specific cars, etc.). A number of excellent results have been obtained from this system.

PNC and IDENT1 Services

During 2005-06 the Police National Computer (PNC) met and exceeded a very challenging operational performance target. Its system availability score was 99.48% against a target for the year of 98.5% despite another increase in demand.

The importance of PNC to the Police Service and the wider Criminal Justice community was highlighted when PNC reached for the first time the remarkable milestone of ten million hits a month in January 2006.

These excellent performance figures were achieved despite the increasingly dated technology on which PNC is based. Upgrading the hardware and where necessary some of the software as part of a re-platforming project was initiated in early 2006. This will provide PNC with the necessary tools to maintain its current level of performance prior to the inception of the Police National Database (PND).

Overall throughout the year service delivery was generally good with unprecedented levels of identifications from crime scenes achieved and work processed through the system. However, service delivery did suffer during November following the deployment of a major upgrade to the central system which took significantly longer than

expected. Action was taken to remedy the situation and a series of measures set in place and implemented with the system supplier to ensure service delivery returned to the expected levels, with increased emphasis placed on service continuity over the implementation of upgrades.

Support Services

PITO maintained its attention on organisational and personal development during 2005/06 in order to provide a firm foundation during a period of major change with the transition to the NPIA.

PITO was re-accredited as an Investor in People (IiP) in November 2005, and at the end of 2005, PITO won recognition for its Enterprise Resource Planning system when it received the SAP Quality Award.

Other key business improvements continue to be sharpened and as this report went to press, PITO was expecting to achieve accreditation of its business management systems and processes against the international standard ISO9001.

These improvements included: a management competency framework for managers to measure against; an improved performance appraisal process to ensure the consistency of the Performance Appraisal and Development Scheme (PADS) across the organisation; a team briefing process to give all staff regular access to consistent corporate updates, and a new staff newspaper.

PITO established a small working group in July 2005, chaired by the Chief Executive, to develop an implementation plan to realign its business to take account of the End-to-End review and the emerging NPIA proposals. PITO staff have provided support to the NPIA Implementation team and to the consultants who have conducted work on the business model for the new agency. A detailed baseline document was prepared and provided to the NPIA Implementation team as part of their preparatory work for the establishment of the NPIA due to be operating from April 2007. At the financial year end the NPIA business model was being finalised and PITO was awaiting details of the programmes and staff who would move across to the NPIA. The implementation plan and transitional arrangements will be a major change management programme for PITO during 2006-07.

Financial Planning and future developments

PITO's aim is to be a trusted and valued partner in the delivery and the operation of information and communications solutions to meet the needs of the Police Service, its partners and stakeholders. Since 1 April 1998, PITO has been financed mainly by grant-in-aid from the Home Office. Additional operational income is raised through charging for services, such as the Police National Computer.

PITO produces a Business Plan which offers an overview of financial activities and forecasting for the financial year along with

information about delivery achievements, the benefits of PITO's programmes and projects and revised business aims and objectives. This plan is updated and approved every year (usually in January) by the Home Office.

Once the Home Office has approved the Business Plan, the Accounting Officer delegates budgets accordingly. The total budget for PITO in 2005-06 was £343.598m.

PITO's Business Plan is available on our website at www.pito.org.uk and it includes detailed funding requirements.

Review of Performance

The table below compares PITO's financial outturn for 2005-06 with its budget:

	Budget £m	2005 Spend £m	Over/ (Under) £m
Total Resource DEL	209.322	211.576	2.254
Total Capital DEL	134.276	101.370	(32.906)
Resource DEL + Capital DEL	343.598	312.946	(30.652)

The Resource DEL overspend of £2.254m mainly relates to the write-off of the Schengen Stage 1 project which was previously capitalised.

The Capital DEL £32.906m underspend relates mainly to the rescheduling of the Custody & Case Preparation and Airwave Ground Based Network Resilience

programmes, and the cancellation of Schengen Stage 1 project.

PITO's Statement of Accounts for the year ended 31 March 2006 on page 54 shows a retained deficit for the year of £27.563m. The deficit results from the requirement to report Grant-in-Aid on a cash basis and expenditure on an accruals basis. During the year, PITO received cash Grant-in-Aid from the Home Office of £266.692m. Accrued income from the police forces and the Scottish Executive totalled £40.535m and other operating income was £6.904m.

There was a backdated VAT assessment in respect of Input tax requested from HM Revenue and Customs but not recharged to forces as required under PITO's agency status. Although no penalty was levied upon PITO, the application of 3 year cap for VAT recovery to 2nd quarter 2005 resulted in a net £7m charge against grant income this year.

Grant totalling £30.668m in respect of asset acquisitions was deferred to the Government Grant reserve. An amount of £8.644m depreciation charge was released from the Government Grant reserve. The Buncefield fire and the cancellation of Schengen Phase 1 resulted in the disposal of assets with NBV of £7.645m and the release of an equal amount from the Government Grant reserve.

Net fixed assets employed by the Office increased by £17.378m in 2005-06, of which £16.003m was represented by assets in the course of construction, namely the Airwave National Fallback Service.

The Hendon building was revalued during the year by external chartered surveyors and the appropriate adjustment was made to the revaluation reserve.

Going Concern

The accounts of PITO are prepared on a going concern basis as there is an assumption that even during times of change, the business of a Government entity will have continuity, albeit in another body. The creation of the NPIA will result in the dissolution of PITO and it is known that PITO will be transferred to the NPIA. The activities, responsibilities and liabilities of PITO now and until dissolution and of those of NPIA following its formation are underwritten by the Home Office.

Auditors

Under paragraph 16(5) of Schedule 8 to the Police Act 1997 the Comptroller and Auditor General audits the Statement of Accounts and lays a copy of the statement and his report before both Houses of Parliament. The amount of the audit fee for 2005-06 was £43,000 (2004-05: £42, 600).

Provision of Information to Auditors

There is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Description of principal risks and uncertainties

As described in the Statement on Internal Control,(see page 51) PITO operates a rigorous risk management framework. At the end of the financial year 2005/06 the principal risks included the following:

- Failure to secure appropriate budget may occur during the next three years thereby causing a negative impact to major delivery on all PITO programmes
- Delay in establishing the annual budget provision for work programme thereby causing an impact on delivery of programmes
- Failure to prepare, evaluate and select commercially sound and technically competent suppliers for life time solutions thereby causing ineffective delivery, delay or development of PITO business
- Inadequate processes for market development for supplier management may occur during the life of projects thereby causing an impact to the effectiveness and delivery of PITO business
- Failure to provide appropriate skilled people in a timely fashion may occur during the year thereby causing an impact to resource programmes, projects and support functions

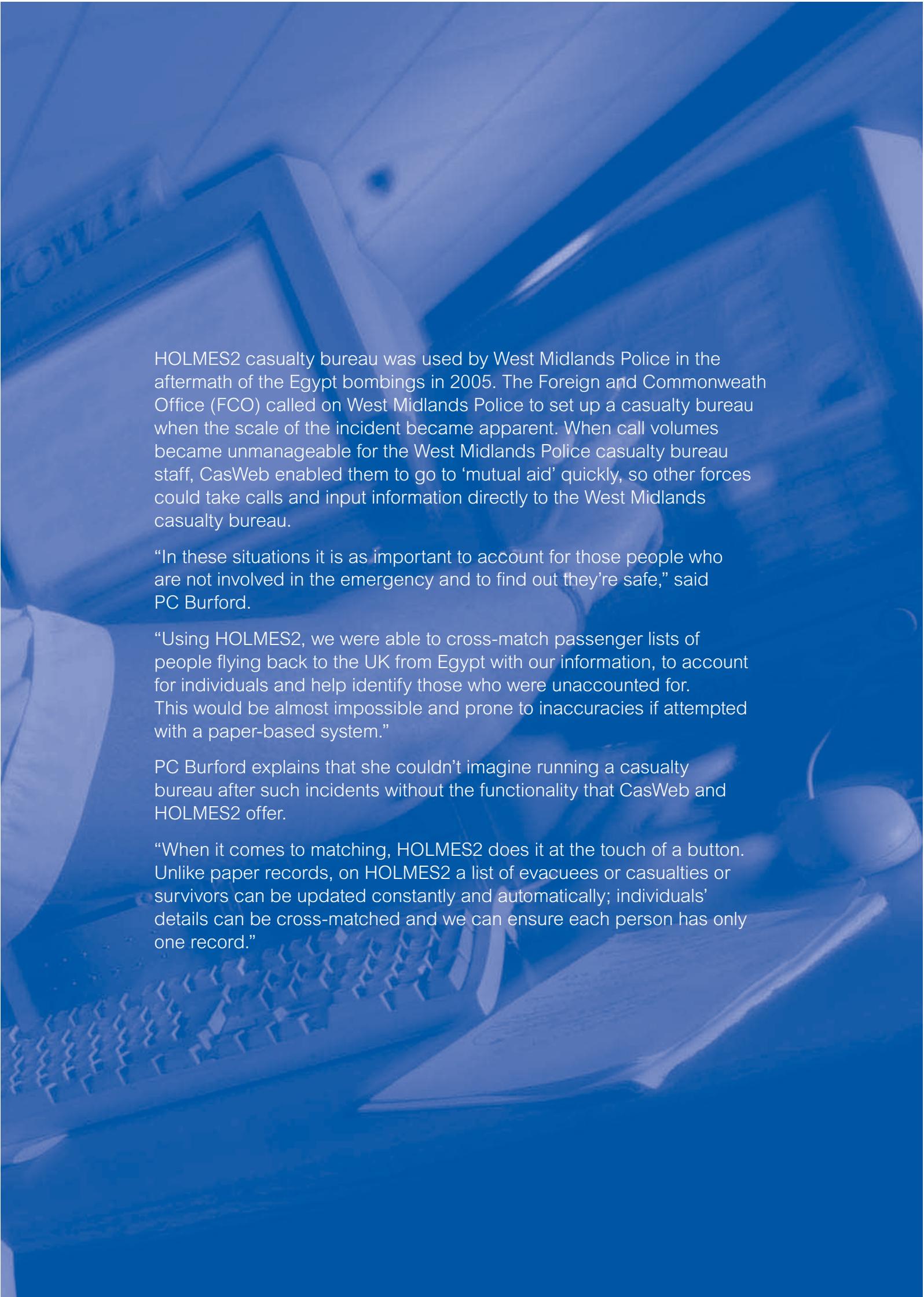
- Failure to comply with PITO resource management procedures and processes (including managing effectively the changing needs of projects and services for resources) may occur during the year thereby causing an impact to PITO business
- Failure to recognise and manage changing strategic and user requirements and priorities may occur during the year thereby causing an adverse effect on the take-up of PITO programmes/projects and/or a negative impact on PITO's reputation.
- Inconsistent take-up of PITO solutions may occur during the year thereby causing an impact to the life of Police/CJA effectiveness, operability and business benefits.
- Failure to integrate Police ICT systems and linked systems may occur during the year thereby causing an impact to the life of Police/CJA effectiveness, operability and business benefits.
- Technical regulatory authority failure to impose decisions on customers may occur during the year thereby causing an impact on PITO business.
- Lack of clarity and uncertainty regarding the NPIA's functions and responsibilities during 2005/06 and beyond causing an impact on PITO's effectiveness including such items as Governance, Legal Status, HR issues, Business Continuity, timescales and programme delivery.

Review of performance measures

PITO's Forward Plan for 2005/06 included 15 Key Performance Indicators (KPIs) and 24 Performance Indicators (PIs). The KPIs and PIs were calculated by assessing the current position of PITO's programmes, projects and services and aligning future performance targets with key stakeholder requirements, including those of the Home Office. Of these, 10 KPIs were achieved or exceeded whilst two were achieved but not within the target time. The KPIs on Custody and Case and NFLMS were missed and the Schengen project was formally suspended by the Home Office and is therefore not included.

A total of 22 of the PIs have been completed – thus overall 32 out of 38 (84%) of the performance measures were achieved within the target time. The diagram below illustrates one of the most successful years in PITO's history.



A person is seen from the side, working at a desk. They are wearing a light-colored shirt and a watch. Their hands are on a computer keyboard. In the background, there is a computer monitor and a mouse. The entire image has a blue overlay. The text is white and positioned in the upper left quadrant of the image.

HOLMES2 casualty bureau was used by West Midlands Police in the aftermath of the Egypt bombings in 2005. The Foreign and Commonwealth Office (FCO) called on West Midlands Police to set up a casualty bureau when the scale of the incident became apparent. When call volumes became unmanageable for the West Midlands Police casualty bureau staff, CasWeb enabled them to go to 'mutual aid' quickly, so other forces could take calls and input information directly to the West Midlands casualty bureau.

"In these situations it is as important to account for those people who are not involved in the emergency and to find out they're safe," said PC Burford.

"Using HOLMES2, we were able to cross-match passenger lists of people flying back to the UK from Egypt with our information, to account for individuals and help identify those who were unaccounted for. This would be almost impossible and prone to inaccuracies if attempted with a paper-based system."

PC Burford explains that she couldn't imagine running a casualty bureau after such incidents without the functionality that CasWeb and HOLMES2 offer.

"When it comes to matching, HOLMES2 does it at the touch of a button. Unlike paper records, on HOLMES2 a list of evacuees or casualties or survivors can be updated constantly and automatically; individuals' details can be cross-matched and we can ensure each person has only one record."

Performance against Key Performance Indicators



Measuring Performance

In judging PITO performance, the following criteria have been used:

- Where the Performance Indicator includes a milestone, achievement to time (or not) will be reported. If the milestone is not achieved at the stated time, the reason for delay and actual date delivered (if applicable) will be reported.
- Where the Performance Indicator includes a quality or scope criterion, achievement of the stated quality (or not) will be reported. If the stated quality level is not achieved, the reason and what was actually delivered will be reported.
- Where all criteria (including time and quality criteria) are met, the Performance Indicator is reported as **'achieved'**.
- Where only one attribute (time or quality) is delivered, the Performance Indicator is reported as **'not achieved'**.
- Where neither time nor quality criteria are met, the Performance Indicator is reported as **'not achieved'**.

Where a Performance Indicator or a Key Performance Indicator was changed in the year:

- The original Performance Indicator or Key Performance Indicator will be shown.
- The revised Performance Indicator or Key Performance Indicator will be reported.
- The authority for the change will be indicated.
- Achievement will be judged against the revised Performance Indicator using the categories defined previously.

Key Performance Indicators

Delivery area and performance theme	Target	Achievement
Delivery of IT and Communications Systems		
Airwave Roll-out of Airwave	To achieve Ready for Service in all forces in England, Scotland and Wales by May 2005.	Achieved Roll-out of Airwave to all forces in England, Scotland and Wales was completed on schedule in May 2005.
Airwave Migration of Airwave	To continue to support force migration to achieve 145,000 of police users (82%) by March 2006.	Achieved and exceeded The target was met by February 2006 and by the end of 2005 the number of operational users of Airwave was approaching 150,000.
Airwave Improve fallback service	To place contracts for fallback arrangements by 31 July 2005.	Achieved although contract signed 10 days after target. Contracts for fallback arrangements were signed on 11 August 2005. This was an administrative delay which had no detrimental effects.
Airwave Improve network resilience	To place contracts for improved network resilience by 30 September 2005.	Achieved although contract signed 25 days after target. Contracts for improved network resilience were signed 26 October 2005. There were no detrimental effects from this delay.
Identification Delivery of palm print search capability	Ensure national searching of palm prints and marks is available for operational use in all forces in England, Wales and one bureau in Scotland by February 2006.	Achieved Despite difficulties due to defects discovered during palm search testing, the roll-out to the final 3 fingerprint bureaux was completed on February 28 2006.
NSPIS Custody and Case Preparation Manage supplier delivery	Ensure that both NSPIS Custody and Case Preparation applications are rolled out by March 2006, to those forces contracted as at May 2005.	Not achieved By May 2005 23 forces were contracted to take NSPIS Custody and Case Preparation. Roll-out was achieved to 20 of these forces. However, the remaining 3 have process, funding, value for money or resource issues that prevented the full target being achieved.

Delivery area and performance theme	Target	Achievement
Delivery of IT and Communications Systems (continued)		
National Firearms Licensing Management System Delivery to police forces	Ensure NFLMS is Ready for Service in all forces in England and Wales by August 2005 and is installed and operational in at least ten forces by March 2006.	Not achieved The NFLMS Beta trials in the Met and Lancashire had to be abandoned due to data errors in back record conversion. A review of the pilot resulted in a change of strategy to separate implementations of NFLMS and PNC and an alignment to best practice guidelines. This will enable a re-run of the pilot early in financial year 2006/07.
NMIS Management of supplier delivery	Ensure NMIS is Ready for Service in an additional 11 forces, with at least one interface, by March 2006. (Total of 37 forces).	Achieved and exceeded All 37 forces are Ready for Service and 34 forces have accepted the complete NMIS system.
Schengen Manage supplier delivery	To ensure Schengen is Ready for Service by February 2006.	Not achieved This project was formally suspended by the Home Office. (Ratified by Programme Board on 23 February 2006).
Delivery of National IT Services		
Operational Services Service delivery to agreed national standards	Deliver information services such that: PNC system availability >98.5% IDENT1 overall service score >98 ViSOR system availability > 98.5%	Achieved 1. PNC system availability 99% 2. IDENT1 overall score >98 3. ViSOR system availability 98.15%.
Efficiency and Effectiveness		
Review of PITO	Develop an implementation plan by October 2005 to realign PITO business in line with the End-to-End review and the emerging NPIA proposals.	Achieved The plan was delivered in October 2005 and has continued to evolve as the NPIA proposals have developed during the year.
Review of PITO	Deliver a measurable improvement in stakeholder and customer relations by March 2006.	Achieved A stakeholder survey was completed and measurable improvements have been achieved such as monthly updates and conference seminars.

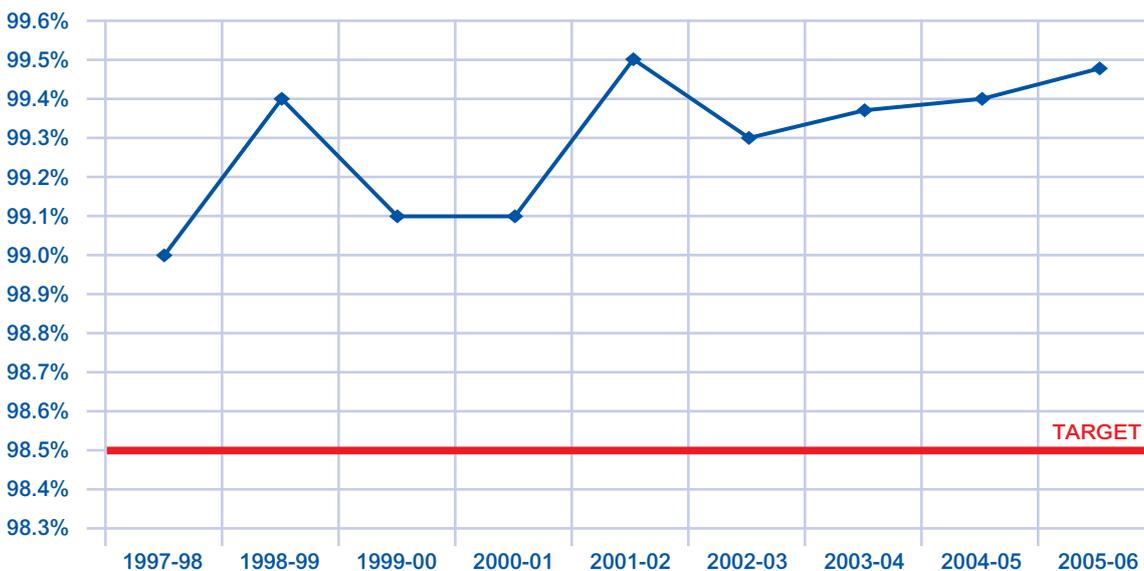
Benefits realisation	To implement a strategy to support and enable forces and partners to realise the benefits of PITO enabled programmes and projects, and to provide quarterly progress reports on business benefits achieved.	Achieved Strategy delivered following publication of guidance on Benefits Management and finalisation of the handbook. Progress reports produced during the year.
Non-IT procurement transfer	To develop an implementation plan by December 2005 for the transfer of all non-IT procurement to the Procurement Centre for Excellence (PEPS).	Achieved PITO provided the necessary planning with PEPS to enable this to occur. PEPS were unable to do so as they are not a contracting authority and did not have the resources. Awaits start-up of the NPIA.
Efficiency and effectiveness	Deliver an annual efficiency gain of at least 3% on overhead costs.	Achieved and exceeded The total annual efficiency gain was 5%.

Current and Past Performance Compared

Some PITO Key Performance Indicators have been measured for a number of years.

This allows comparison of our performance over time. PNC availability for the period 1996/97 to 2004/05 is shown in **figure 3**.

Figure 3: PNC Availability



* Measured as 100% availability if service supplied for 365 days a year, 24 hours a day. Non-availability includes both planned and unplanned outages. Target 98.5% availability.

What we delivered in 2005 to 2006

In our 2005/06 Business Plan, we set out detailed measures and the performance levels we would achieve. Delivery against these performance criteria are set out in this section.

Requirement Provision

1. Deliver the Police Service Capability Plan to inform the PITO Forward Plan 2006-2011 by September 2005.

Achieved

The Police Service Capability Strategy and Plan were delivered and agreed by the PITO Board in September 2005.

Acquisition Management and Delivery

Airwave

2. Recommended UPSA implementation to be advised to all UK forces by December 2005.

Achieved

Testing on the Proof of Concept (Phase I) is complete. A report was sent to ITAG members in December 2005.

3. Ensure national roaming is available by March 2006.

Achieved ahead of time

Completed October 2005.

“The Police Service Capability Strategy and Plan were delivered and agreed by the PITO Board in September 2005.”

4. To secure the contract for the implementation of Airwave on the London Underground network by December 2005.

Not Achieved

Gaps between PITO requirements and Supplier’s ability to meet them. Now likely to be achieved September 2006.

5. Complete national roll-out of the Airwave PNC service by September 2005.

Achieved ahead of time

This was completed on 30 August 2005.

Identification

6. Define the implementation strategy for nationwide mobile identification checks using Lantern by July 2005.

Achieved and exceeded

The implementation strategy for nationwide mobile identification checks using Lantern has been defined. Contracts are now in place with suppliers for the pilot deployment of Lantern devices across selected forces. Work is under way to prepare the pilot forces for implementation.

7. Establish image standards for National Video Identification (Parade) service (NVIS) by May 2005.

Achieved

Image standards for the National Video Identification (Parades) service have been established. The consultation process is continuing and further work is being undertaken to investigate the convergence of current systems to the established image standards.

8. Establish operational requirement for Facial Image National Database (FIND) by July 2005.

Achieved

The PI for production of the operational requirement has been completed. Deployment Strategy & Training Strategy for the Pilot have been issued. Work on the Procurement Strategy has commenced and further work breakdown packages have now been defined.

9. Deliver an updated Identification Roadmap by February 2006.

Achieved

The Identification Roadmap has been updated by production of an annex covering developments.

Service Supply

10. Install a national IP-based STIF/DCT replacement gateway to the PNC in order to assist forces in replacing their X.25 connectivity by December 2005.

Achieved

11. Let contract for the replacement of the existing police portal by September 2005.

Achieved

12. Ensure the contract for the design, development and implementation of PentiP is awarded by March 2006.

Not Achieved

Following a survey of all forces in the UK, the Project Board has agreed the proposed scope for PentiP and a two stage procurement route. Project now proceeding towards an OGC 2 Gateway review in April and issue the OJEU notice shortly afterwards. The award of contract, according to the agreed procurement route is anticipated to be in February 2007.

Integration and Technical Authority

13. Complete Futures Lab technology refresh by December 2005.

Achieved

All work necessary for the acceptance of Omega, other than the installation of Omega itself, is complete. Given the latest estimates by the Custody and Case Preparation project for the delivery of Omega, all work that it is possible to do this financial year has been done and therefore this PI is complete.

14. Deliver CorDM v5 by November 2005.

Achieved

Release 5 of the Corporate Data Model (CorDM) and the Corporate XML (CorXML) was published on 22 November 2005.

15. Publish draft ISS4PS refresh by June 2005.

Achieved

The ITAG session of 7/8 June approved the distribution of ISS4PS v3.0 Volume 1 (Draft) to all Chief Constables and the ISS4PS Steering Group Members.

16. Audit one-third of those non-police organisations with direct access to the Police National Computer to ensure usage conforms to security guidelines by March 2006. Note:PI changed to exclude prisons.

Achieved

Audits of all organisations except prisons were completed.

Support Services

Corporate Services

17. Lead the IIP re-accreditation project with further reviews in May and October 2005.

Achieved

Formal notification of successful re-accreditation was received in December 2005.

18. Launch the PITO benefits management website to police forces by December 2005 and produce a PITO benefits management handbook by March 2006.

Achieved

The website was launched for police forces in December 2005 and in discussion with forces the benefits management handbook was finalised and issued in March 2006.

19. Complete the implementation of ERP by September 2005 with business benefits realisation achieved by March 2006.

Achieved and exceeded

PITO's ERP system received a SAP Quality award.

20. Undertake a pre-assessment audit of PITO's compliance with the ISO 9001 standards by March 2006.

Achieved

A pre-assessment audit was completed in December 2005.

21. Achieve efficiency improvements of 5% through improved Facilities Management services (ICT and office accommodation) by January 2006.

Achieved

Finance and Legal

22. Operate sound financial controls, measured by external auditors providing an unqualified audit report on the 2005 to 2006 annual accounts.

Achieved

Compliance with Public Sector Payments Policy

23. PITO's policy, in line with Government requirements, is to pay all invoices within 30 days of receipt unless a longer payment period has been agreed or the amount billed is in dispute. In the year ending 31 March 2006, on average, 85.3% (2004-05: 74.2%) of invoices were paid within 30 days of receipt.

Achieved

Secretariat

24. Monitor PITO on its obligations under the Freedom of Information Act, including timeliness of response to requests.

Achieved

Improving the Environment and our Greening Policy

PITO continues actively to support improvement in the environment through our greening policy, first introduced in 1999.

Measures taken recently include the following:

- Recycling waste white paper therefore reducing the impact on the environment, and taking steps to reduce this waste further by installing duplex printing trays on all compatible printers.
- Redundant IT equipment is recycled where appropriate and mobile telephones are disposed of through charities
- Reducing energy usage, as well as improving the working environments, by replacing the majority of CRT monitors with TFT screens which all comply with the TCO99 standard
- Continuing to recycle printer toner cartridges and completing a programme of installing energy efficient and environmentally friendly office printers, photocopiers and equipment
- Continuing to encourage all members of the workforce to use public transport for business travel
- Encouraging and persuading suppliers to operate and supply environmentally friendly, policies/products and educating them on the organisation's sustainable objectives
- The PNC reduced its print output to forces by 2 million pages. This was achieved by customising delivery and improvements to batch processing jobs to eradicate waste.



PITO has helped save the Police Service up to £30m a year by securing framework arrangements for the purchase of vehicles and vehicle spare parts. PITO has worked in partnership with the National Association of Police Fleet Managers (NAPFM) and the Association of Chief Police Officers (ACPO) to increase the buying power of the Police Service to make good, long-term savings.

The framework arrangements enable customers to order vehicles and parts at pre-agreed, competitive prices offering them maximum contractual protection and value for money. With discounts obtained under these frameworks, police can save large sums of money on the vehicles themselves, replacement glass, new tyres and on additional spare parts.

One of the key benefits of such contractual agreements is the savings on the actual procurement and tenders of vehicles that forces previously had to manage individually – which was costing over £150,000 per force.

Marc Roffey, the Senior Purchasing Manager who leads the PITO fleet procurement team said: “Our success clearly demonstrates the real benefits of the early buy-in and support of the Police Service and is an excellent example of collaborative procurement in practice. We are keen to build upon this achievement and are already actively exploring ways by which we can deliver even greater efficiency savings and other value added services to our customers.”

Other government departments and the Office of Government Commerce (OGC) are currently looking to PITO and the NAPFM as an example of best practice in fleet procurement and are keen to utilise the knowledge gained. PITO is also currently agreeing similar arrangements to procure police helicopters and additional equipment.

Promoting Racial Equality and Diversity

The Race Relations (Amendment) Act 2000 places a general duty on PITO and other public authorities to:

- Promote racial equality
- Work towards the elimination of unlawful discrimination
- Promote equality of opportunity and good race relations between people of different racial groups

PITO is achieving this through its Equality and Diversity Action Programme – a three year action plan to address the requirements of the Act. In 2004, action taken included:

- An annual workforce review of ethnicity, gender, disability and work patterns
- An equal pay audit

- Raising staff awareness of responsibilities under the Act (e.g. through internal newsletters, staff notices, the annual staff survey and equality training).

PITO will continue to implement equality requirements in light of the Race Relations (Amendment) Act 2000.

Some illustrations of PITO’s workforce profile as at 31 March 2006 are shown in the following charts and table.

The numbers of PITO staff according to grading band and ethnicity is shown in **figure 4**. The bands reflect increased responsibility and type of work, with Band G being the highest graded Director. **Figure 5** shows PITO staff segmented by grading band and gender, whilst **figures 6 and 7** describe PITO’s workforce profile.

Figure 4: Numbers of PITO staff by grade and ethnicity

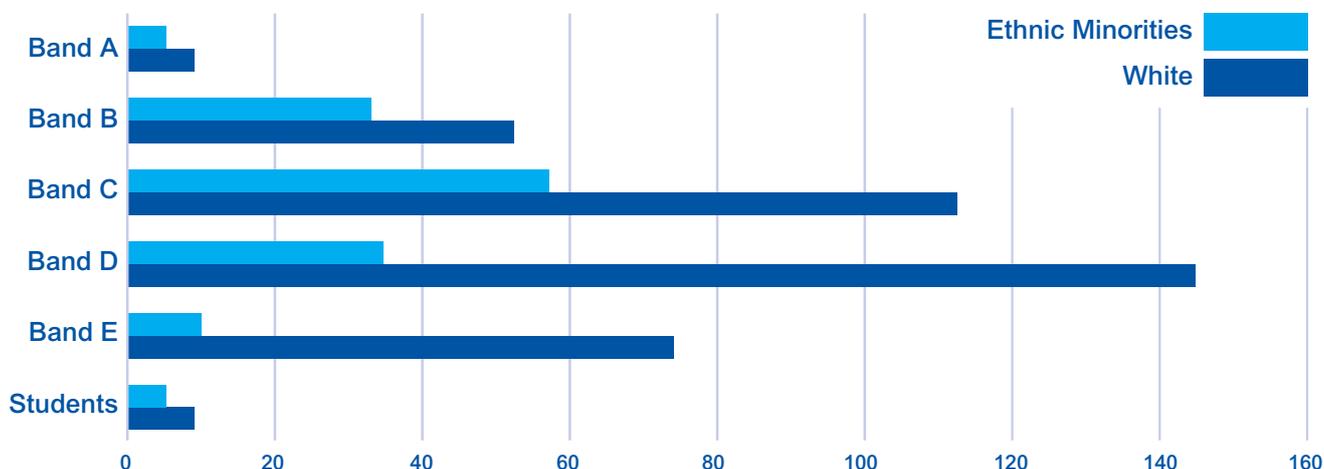


Figure 5: Numbers of PITO staff by grade and gender

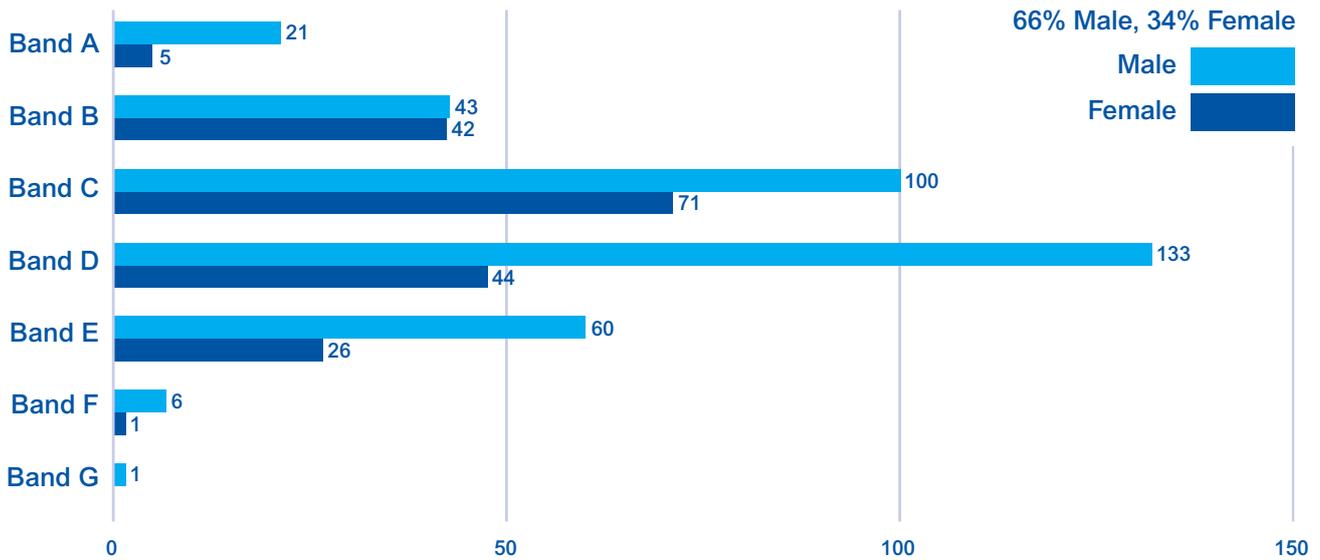
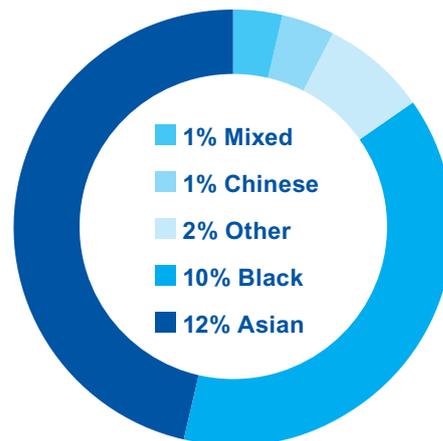


Figure 6: Disability profile at 31 March 2006

Gender		
Male	3	33.33%
Female	6	66.67%
Total	9	100.00%

Ethnic Origin		
Asian Indian	1	11.11%
Asian Other	1	11.11%
Black Caribbean	1	11.11%
White British	4	44.44%
White Other	2	22.22%
Total	9	100.00%

Figure 7: PITO workforce profile % (74% white)



PITO as an Organisation

Our Status

PITO, the Police Information Technology Organisation, provides information technology and communications systems and services to the police and other criminal justice organisations within the United Kingdom.

PITO is a non-departmental public body (NDPB) initially established by Part IV of the Police Act 1997. Governance of PITO is exercised through that Act, subsequent statutory instruments and the Police Reform Act 2002. PITO acquired its statutory status on 1 April 1998. The duties and powers of PITO are vested in the tripartite PITO Board.

The organisation is a body corporate with a remit which includes England, Wales and Scotland. The Home Office is its sponsor department. PITO operates within a policy framework established by Ministers through a Management and Financial Statement, the published corporate business plans and through guidance on the operation of NDPBs formally issued to it by its sponsor department or other government departments.

Our Purpose

The purpose of PITO is to support the UK police and other criminal justice organisations in reducing crime and the fear of crime, improving the administration of justice and diminishing the social and economic consequences of crime. We provide that support through the provision of information and communication technology, either directly or through contracts with suppliers.

In keeping with that overall aim, the Government has set the following as key objectives for PITO:

- To determine, in partnership with the Police Service, their corporate requirements for information and communications systems, including how to interface effectively with the public and other criminal justice organisations, and to exploit developing technologies to meet those requirements.
- To develop, procure and manage delivery of national information technology and communications systems in support of effective policing.
- To maintain a strategic approach to local information technology systems, by co-ordinating their development and delivery where common standards and systems are needed in the interests of effective policing.



“We provide support through the provision of information and communication technology, either directly or through contracts with suppliers.”

- To facilitate the achievement of maximum value for money across police use of information and communications systems and to enhance value for money generally across policing by providing an overall procurement, contract management and advisory service.
- In addition, the organisation will, as necessary, advise Ministers on the exercise of their powers to regulate the use by police forces of information technology equipment or systems.

Our Vision

PITO's vision is to be a trusted and valued partner in the delivery and operation of information and communication solutions to meet the needs of the Police Service and its partners and stakeholders.

Our Values

We...

- **Respect** and deliver against our customers' business needs
- **Work** in partnership with our key stakeholders and others
- **Add value** through our skills, experience and ability to innovate
- **Strive** to be best in class in all we do
- **Invest** in the skills and well-being of our people
- **Operate** as an ethical organisation which respects the individual and values diversity, gender and equality of opportunity
- **Are conscious** of the wider environment and needs of society
- **Operate** in the interests of the public service in accordance with our statutory function and all relevant legislation.

PITO Board Membership

Mr Chris Earnshaw

Chairman
8 March 2004 – 31 March 2007

Miss Ailsa Beaton

Director of Information, Metropolitan Police Service
17 July 2000 – 30 April 2006

Dr Louise Bennett

Independent Board Member
10 June 2002 – 9 April 2005

Mr Alan Brown

Assistant Commissioner
1 November 2005 – 30 October 2007

Mr Andy Ford

Acting Director Policing Policy, Home Office
1 November 2005 – 1 May 2006

Mr Paul Garvin

Chief Constable, Durham Constabulary
1 September 2002 – 30 November 2005

Mr Peter Holland

Association of Police Authorities
6 October 1997 – 29 September 2006

Mr Philip Jacobs

Director, Central Customer
24 May 2004 – 23 May 2007

Mr Thomas Lloyd

Chief Constable, Cambridgeshire Constabulary
3 October 2002 – 31 May 2005

Mr Stephen Long

DCC, Wiltshire Constabulary
1 December 2005 – 30 November 2007

Dr Claire Monaghan

Scottish Executive
19 July 2004 – 17 April 2006

Mr Barrie Patman

Association of Police Authorities
1 September 2004 – 31 August 2007

Mr Alan Peirce

Association of Police Authorities
15 March 2004 – 14 March 2007

Mr Stephen Rimmer

Director Policing Policy, Home Office
24 May 2004 – 31 October 2005

Cllr Gurudeo Saluja

Convention of Scottish Local Authorities
1 April 2002 – 31 March 2008

Mr Mike Somerville

Independent Board Member
1 November 2005 – 31 October 2007

Mr John Suffolk

Director, CJIT, Home Office
1 March 2004 – 15 May 2006

Mr Martin Taylor

Independent Board Member
10 June 2002 – 9 June 2005

Mr Roy Toner

Police Service of Northern Ireland
1 May 2003 – 30 April 2007

Mr Phillip Webb

PITO, Chief Executive
24 May 2004 – 23 May 2007

Mr Peter Wilson

Chief Constable, Fife Constabulary
1 September 2001 – 30 September 2006

PITO Board Members, Biographical Notes

Mr Chris Earnshaw, Chairman

Mr Chris Earnshaw was appointed as the Chairman of PITO in March 2004. He is Managing Director of Oakleigh Ventures Ltd and serves as an advisor to several private equity groups in the technology sector. He is a non-executive director of On Relay Ltd. He has held a number of senior executive positions in the telecoms industry, most recently with British Telecom where he was a member of the Executive Committee. In his time with BT, Mr Earnshaw was Group Engineering Director from 1999 to 2002 and Managing Director of Networks and Systems for four years prior to that. In the latter role he had responsibility for BT's UK and global networks and service, IT design and operation and R&D. Mr Earnshaw is a Fellow of the Royal Academy of Engineering and Vice President and Trustee of the Institution of Electrical Engineers. In 2001 he was awarded the (US) Institute of Electrical and Electronic Engineering Ernst Weber Award for industry leadership. He served on the UK Engineering and Technology Board as an independent industry director (2002-2005)

Miss Ailsa Beaton

Miss Ailsa Beaton is one of ACPO's three representatives on the PITO Board. For the last four years, she has held the post of Director of Information for the Metropolitan Police Service where she is responsible for information, computing, technology and call handling. Prior to joining the MPS, Miss Beaton held management positions in a number of large international organisations including Group IS/IT Director for ICL, Senior Partner for PA Consulting Group and several sales management posts for General Electric (USA). Her early career, after graduation, was in accountancy. Miss Beaton is a Chartered Engineer, a Fellow of the British Computer Society and a Chartered IT Professional. She represents London on ACPO's Information Management Business Area and a number of its sub-committees, chairing its Police Portal Programme Board.

Dr Louise Bennett

Dr Louise Bennett began her career in 1968 as a Scientist at the Ministry of Overseas Development. In 1975 she moved to the MoD, Department of the Chief Scientist (RAF) where she worked as an Operations Analyst. Dr Bennett worked as a Superintendent for the Royal Aircraft Establishment from 1980 until 1987. In 1988 she joined Thorn EMI electronics where she worked as Head of Information Technology until she was appointed Director of Technology for Thorn Security and then

Director High Integrity Division for Thorn Security & Electronics. From 1994 to 1997 Dr Bennett worked for Logica as Director Government then Director UK Consulting. Since 1997 she has held a portfolio of executive and non-executive directorships principally consulting in risk management and corporate governance. For the last 12 years she has been an independent member of the Defence Scientific Advisory Council evaluating Defence R&D, particularly in the areas of human sciences, communications and IT.

Mr Alan Brown

Mr Alan Brown has 30 years' service and joined the Metropolitan Police Service as a cadet in 1974. He was promoted to sergeant after four years and served in every rank in CID up to and including detective superintendent. He also had uniform experience as an inspector for just over a year. He was promoted to chief superintendent in 1997 taking over command of Brompton division for eighteen months.

In November 1999 he was promoted to commander in specialist operations where he served for a short time before being appointed as commander in the serious crime group. On 9 June 2003, he was appointed to his current position DAC specialist projects (deputy to assistant commissioner, specialist crime).

Mr Andy Ford

Mr Andy Ford BSC Hon., MBA has spent 26 years in the civil service, 23 of those in policing. He started his career as a graduate scientist at Police Scientific Development Branch. He has held many policy roles and was part of the sponsorship team for the Forensic Science Service. Mr Ford was a PITO Board Member in his role as Head of the Police Finance and IT Unit.

Mr Paul Garvin

Mr Paul Garvin is an ACPO member who first stepped out on the beat in 1969, where he rose through the ranks to become head of Hartlepool CID in 1992. Since then he has been area commander for Hartlepool, head of human resources and Assistant Chief Constable Management Support and Divisional Operations in West Yorkshire Police, Deputy Chief Constable in Durham becoming the Chief Constable in 2002. Mr Garvin was a member of ACPO's Crime Business Area and the portfolio holder for technology in crime investigation. He was also the Chairman of the County Durham and Darlington Local Criminal Justice Board. He retired from the Police Service in August 2005.

Mr Peter Holland

Mr Peter Holland began his career as a journalist on local and national newspapers before joining Reuters management. He is a Board member of Centrex and was Chairman of Hertfordshire Police Authority until May 2003. He is Vice-Chairman of the APA and Chairman of the Information Sub-Committee of the APA. Mr Holland served until 2002 as an independent member of the National Crime Squad and the National Criminal Intelligence Service Authorities and is Chairman of the Telecommunications Ombudsman Service. He is a Deputy Lieutenant and became a CBE in 2005 for services to policing.

Mr Philip Jacobs

Mr Phillip Jacobs took up the newly created role of Deputy Chief Constable, Director of Central Customer in May 2003. The directorate was set up as a body of central expertise to identify and prioritise the Police Service's information and communications technology requirements, which PITO will then deliver, and to secure commitment to an integrated approach from chief officers. Mr Jacobs, a police officer for 32 years, spent the first 23 years with the Metropolitan Police and the next six in Surrey. He then moved to Hampshire Constabulary where his most recent post was Assistant Chief Constable (Operations). He has a first class honours degree in law from King's College, London, and Cambridge University diplomas in supervisory management and criminology. He is a fellow of the Institute of Public Sector Management and a fellow of the Chartered Institute of Management.

Mr Thomas Lloyd

Another ACPO member of the PITO Board was Mr Tom Lloyd, Chief Constable of Cambridgeshire Constabulary. Mr Lloyd joined the Met in 1974 and performed a wide range of uniformed and specialist roles, including chief superintendent for two London divisions, and as commander, the Director of Strategic Co-ordination. He transferred to Cambridgeshire Constabulary in 2000 to become its Deputy Chief Constable. He chaired ACPO Information Management Business Area. He left the Police Service in May 2005.

Mr Stephen Long

Mr Stephen Long joined Leicestershire Constabulary in 1978 and served in a variety of operational posts to Chief Inspector. In 1990 he transferred to the Suffolk Constabulary, as Sub-Divisional Commander at Bury St Edmunds. He carried out a number of roles including Area Commander and Head of Operations. In 2000 he joined Wiltshire Constabulary as Assistant Chief Constable Operations and in 2003 was promoted Deputy Chief Constable. His current portfolio includes IT, Reform and Development, Professional Standards, Criminal Justice, Vulnerability and Diversity, and Domestic Violence. Mr Long has responsibility for the implementation of a national video identification strategy and a Facial Images National Database (FIND), and has recently taken on the role of ACPO lead for science and technology.

Dr Claire Monaghan

Dr Claire Monaghan was appointed the Scottish Executive representative on the PITO Board from August 2004. Having spent ten years undertaking research and consultancy on resource equalisation and public sector efficiency, she joined the Scottish Executive in 1999 concentrating on local government finance and modernisation post-devolution. She then joined the Justice Department and spent two years as head of family law policy and legislation including the law on physical punishment of children, the legal rights of transsexuals, civil partnerships for same sex couples, and preparations for reforming Scots family law. Dr Monaghan was then appointed Head of Police Division 2 with the responsibility for the sponsorship and review of common police services, forensics and fingerprints, disclosure issues including Bichard, community safety and crime reduction, violence reduction, and regulation of the private security industry.

Mr Barrie Patman

Mr Barrie Patman has been involved with the Police Service since 1997 as a member of Thames Valley Police Authority. He has served as Vice-Chairman of the Authority and Chairman of the ICT sub-committee. He has had extensive experience in ICT starting with British Airways where he was involved in setting up the world's first commercial packet switching network. He moved on to BOC where he was consultant on computer standards. As an active member of the British Computer Society he helped to found the Operations Management specialist group. His later career has included a broad range of management positions in the Oracle Corporation and Cable and Wireless. Mr Patman has various roles for the Association of Police Authorities and is an executive member of his Local Authority.

Mr Alan Peirce

Mr Alan Peirce was appointed Vice-Chairman of Surrey Police Authority in June 2003 after serving for six years as Chairman. He has served on the authority since it was created in 1994. Mr Peirce has a keen interest in policing issues, at a local and national level and is an active member of the Association of Police Authorities. He is a professional engineer and holds a post as senior lecturer at Brunel University. He is also a Surrey County Councillor for Lightwater.

Mr Stephen Rimmer

Mr Stephen Rimmer joined the Home Office in 1984 and worked in a variety of administrative posts there and in the Northern Ireland Office until 1993. Having been involved in the Prison Service bid to run Strangeways Prison after the 1990 riot, he was Deputy Governor there for two years, before working in the Cabinet Office as Director of the Central Drugs Co-ordination Unit until 1998. He subsequently became Governor of first Gartree Prison in Leicestershire and then Wandsworth Prison. He became Director of Policing Policy in the Home Office in January 2002, with responsibility for all areas of police policy work other than the Standards Unit. He left the Home Office on secondment to the Metropolitan Police Service in October 2005.

Cllr Gurudeo Saluja

Dr Gurudeo Singh Saluja is an Aberdeenshire Councillor and Convener (Chairman) of the Grampian Joint Police Board. He is a member of the Scottish Airwave Programme Board and Common Police Services Programme Board. He is a former chairman of the Grampian Racial Equality Council. Gurudeo was born in India and educated in India, Canada and the UK. He became an OBE in 2005 for services to community relations in Scotland.

Mr Michael Somerville

Mr Mike Somerville joined PITO as an independent Board member in November 2005. He previously held a number of senior executive positions over a period of ten years with Barclays Bank, including most recently the role of Head of Technology for the Barclays private banking, wealth management and international banking businesses. He also held leadership roles in Barclays Investment Bank (Barclays Capital) firstly in developing the IT strategy and global operating models and secondly in the formulation and foundation of new eCommerce businesses. Over these periods he led and oversaw a period of major technology transformation and restructuring centred on the delivery of global platforms and selective outsourcing. Prior to Barclays Mike had global responsibility for Treasury and Finance systems for Midland Bank/HSBC. He also established a small start-up financial database business within the Thomson publishing organisation. His early years in technology were spent as a consultant with Accenture (then Andersen Consulting), mainly working in the manufacturing and insurance sectors on bespoke systems design and implementation programmes. Mr Somerville is a Physics graduate and he qualified as a chartered accountant and worked for two years in France before moving into the newly-emerging technology disciplines in 1979.

Mr John Suffolk

Mr John Suffolk was appointed Director General of Criminal Justice IT (CJIT) in February 2004. He has a background of over 25 years' experience in IT and major transformation programmes. Mr John Suffolk has worked in the engineering and financial service industries and has extensive experience in delivering IT-enabled change. He has had many and varied roles at director level, including as an IT Director twice in different organisations, as well as Customer Services Director, Operations Director and a Managing Director. His experience of running large, national businesses means he has the track record and insight to lead major IT-enabled transformation programmes which deliver clear business benefits.

Mr Martin Taylor

Mr Martin Taylor graduated from Cambridge with a MA in English Literature in 1976 when he joined British Airways. From 1981 to 1991 Mr Taylor worked for the Mars Group. In 1991 Mr Taylor moved to Courtaulds where he worked as Group IT Executive until 1996. He worked as EMI's Senior Vice President (IT), until August 2001 and then spent two years advising various European media and technology companies. In 2003 he became the Group CIO of Cable & Wireless. Mr Taylor is also the non-executive director of a music recognition and delivery business in the USA and Director of a technology company based in Cambridge. His term of appointment ended in June 2005.

Mr Roy Toner

Mr Roy Toner joined the Royal Ulster Constabulary in June 1981 and has worked in a variety of operational roles. In 1998 he moved to Her Majesty's Inspector of Constabulary (HMIC) as a staff officer, and then worked with a multi-disciplinary Foreign and Commonwealth team delivering training on community policing for ethnic minority communities in Eastern Europe. Mr Toner returned to the Police Service of Northern Ireland in 2000 and worked as a uniform operational commander then as a District Commander before the Northern Ireland Policing Board appointed him to the rank of Assistant Chief Constable. Mr Toner is responsible for Corporate Development & Change Management for the PSNI.

Mr Phillip Webb

Mr Phillip Webb has been Chief Executive of PITO since October 2001. Prior to joining the organisation, he was the Chief Information Officer with the Defence Evaluation and Research Agency (DERA) and subsequently QinetiQ on privatisation. He is an experienced board level executive and strategic planner with a track record of delivering major programmes. His career has covered the fields of electrical, electronic and nuclear engineering before moving into the computer science discipline. He maintains a wide circle of contacts in industry, academia, defence and law enforcement circles. Mr Webb's engineering career began in 1967 at the Royal Naval College, Greenwich, where, after graduating, he held both scientific research and teaching

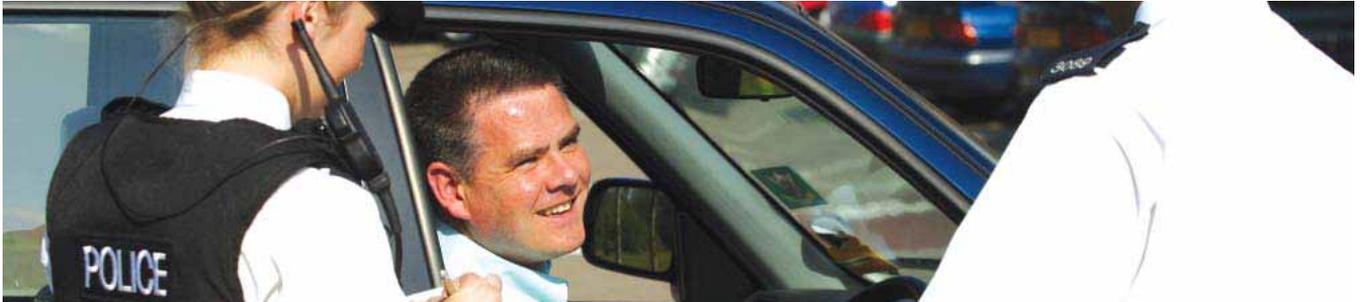
posts. He later developed a wealth of high-level experience in ICT issues with organisations including the Admiralty Research Establishment and the Defence Research Agency (DRA), and spent sometime as Senior Scientist with the Admiralty's Applied Psychology Unit. He took up the post of Director of Information Systems for DRA in 1991 and assumed the wider responsibilities of CIO with the formation of DERA in 1995. The rapid growth in technology, market testing, outsourcing and the exploitation of e-business formed the backdrop to his task of developing DERA's role in the knowledge economy and the build-up to its privatisation in July 2001. Mr Webb has published and presented extensively on ICT and Knowledge Management and represents PITO on numerous national and international committees. He is Chairman of the Board of the University of Portsmouth and maintains a keen interest in scientific research.

Mr Peter Wilson

Mr Wilson joined Edinburgh City Police in 1973 and served throughout the City of Edinburgh and widely within the enlarged Lothian and Border Police. He graduated in law at the University of Edinburgh in 1983. A large part of his service was spent in CID both in operational duties in Division and as Head of the Force Fraud Squad. In 1988 he was officer in charge of the HOLMES incident room in the Lockerbie Incident Control Centre. In 1993 he was seconded to Her Majesty's Inspectorate of Constabulary in the rank of Chief Superintendent before returning to Lothian and Borders Police as

Detective Chief Superintendent in 1995. In July 1997 he took up duty as ACC of Grampian Police with responsibility for operational matters. In January 1999 he was appointed Deputy Chief Constable and was awarded the QPM in June 1999. In January 2001 Mr Wilson was seconded to HM Inspectorate of Constabulary once more, on this occasion as Assistant Inspector. In April 2001 he took up his current post as Chief Constable of Fife Constabulary.

Register of Members' Interests



Under Paragraph 15 of the Code of Practice for Board Members, the Chairman and other members are required to declare any personal, business or other interests which might conflict with their responsibilities as members or which members of the public might reasonably think could influence judgement. The register for 2005-06 is summarised in accordance with Annex C to the Code.

Other than those listed elsewhere in this report, members have declared the following:

1. Employment, office, trade, profession or vocation which is remunerated or in which the member has a pecuniary interest

2. Remunerated directorships

Louise Bennett – Director Vivas Ltd;
Director Uppergrade Ltd.

Chris Earnshaw – Managing Director,
Oakleigh Ventures Ltd,
Director, On Relay Ltd.

Peter Holland – Chairman,
Telecommunications Ombudsman
Service.

Mike Somerville – Director, Avistra Ltd.

3. Paid consultancies

Louise Bennett – Defence Scientific
Advisory Council Independent member.

Chris Earnshaw – Interregnum plc.

Martin Taylor – The Roberts Group.

4. Public Offices held in connection with the Police Service, police authorities or local government

Ailsa Beaton, Head, ACPO Information
Management Business Area.

Peter Holland – Vice Chairman, APA; Member, Hertfordshire Police Authority.

Tom Lloyd – President, Cambridgeshire & Peterborough Council for Voluntary Youth Services.

Barrie Pattman – Member Thames Valley Police Authority, Executive Member Wokingham District Council.

Alan Peirce – Surrey County Councillor, Member of Surrey Police Authority.

Gurudeo Saluja – Aberdeenshire Councillor; Convener, Grampian Joint Police Board.

5. Financial interest in any company in the IT sector, whether or not they supply goods or services to police forces or police authorities

Louise Bennett – Shareholder in BT and Vodaphone.

Chris Earnshaw – On Relay Ltd, Onsite Systems Incorporated, shareholder in O2 and BT.

Mike Somerville – Shareholder in Cornwell IT Consultancy and Vanco Communications.

Martin Taylor – Director, Tagtec Ltd; Advisor, Musikube llc; Cable and Wireless plc.

6. Gifts and hospitality received in connection with membership of PITO

Chris Earnshaw – attended the O2 Annual Customer Dinner where he received a bottle of champagne, which he donated to charity; and was a guest at various ACPO and APA events.

Peter Holland – entertained by O2 at the Rugby International, England v Wales at Twickenham.

Philip Jacobs – entertained by BT as a guest at the Royal Opera on two occasions.

7. Significant political activity in the last five years

Barrie Pattman – Conservative Party member, Councillor for Wokingham District Council.

Alan Peirce – Conservative Party member for Surrey County Council.

Gurudeo Saluja – Liberal Democrats candidate in local authority election.

8. Other relevant interests

Louise Bennett – Advisory Board of the Defence Academy; Integration Authority of the Defence Procurement Agency.

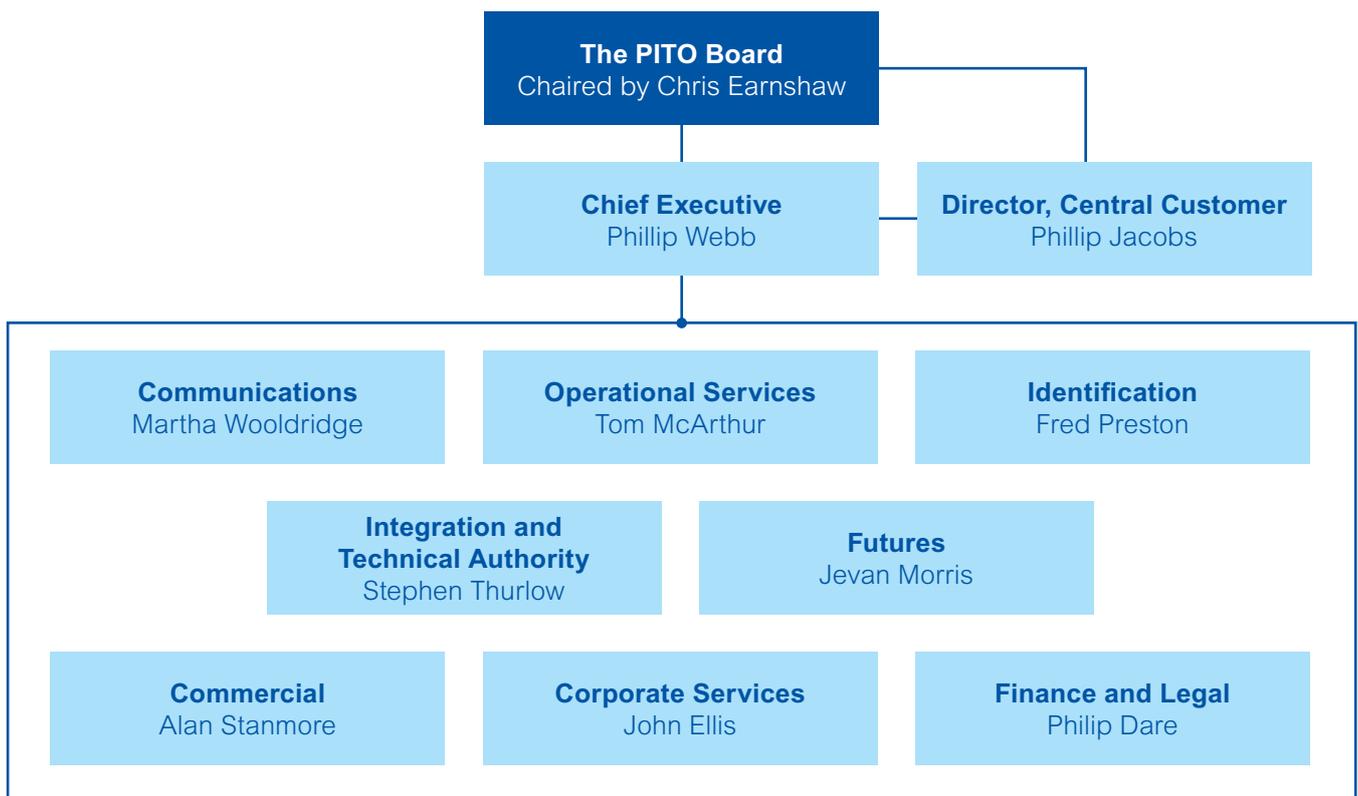
Chris Earnshaw – Vice President of the Institution of Electrical Engineers (also a member of several engineering, science and technology professional organisations and registered charities).

Peter Holland – Director of St John's Ambulance, non-executive Director of International Engineering Consortium (US, not-for-profit organisation).

Gurudeo Saluja – Director of Council of Ethnic Minority Voluntary Organisation (Scotland) and of Black and Minority Ethnic Elders Group (Scotland).

PITO's organisational structure

Figure 7: PITO's organisational structure as at 31 March 2006.



Phillip Webb
Chief Executive and Accounting Officer
Police Information Technology Organisation

18 July 2006

Remuneration report

Remuneration policy

PITO's Remuneration Policy for its CEO and Directors is overseen by PITO's HR unit and the Remuneration Sub-Committee of the PITO Board.

The Committee comprises of Mike Somerville, Lousie Bennett and Chris Earnshaw.

In considering and agreeing recommendations, the Committee has regard to:-

- rewarding staff competitively with other organisations, to motivate and retain its qualified and suitably skilled people
- meeting its obligations under equal pay and other employment legislation consistently
- rewarding staff within PITO's available resources.

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. PITO follows these principles and related employment legislation.

Appointment of Directors

Directors are appointed through open and fair competition for either a fixed term or open contract depending upon the needs of the Organisation.

Salaries, emoluments and pension entitlements of the senior management team (audited)

	Column 1 Salary, including performance pay 2005-06	Column 2 Salary, including performance pay 2004-05	Column 3 Benefits in kind (rounded to nearest £100) 2005-06 & 2004-05	Column 4 Real increase in pension and related lump sum at age 60	Column 5 Total accrued pension at age 60 at 31/3/06 and related lump sum	Column 6 CETV at 31/3/05	Column 7 CETV at 31/3/06	Column 8 Real increase in CETV after adjustment for inflation and changes in market investment factors	Column 9 Employer contribution to partnership pension account including risk benefit cover to nearest £100
	(£k)	(£k)	(£k)	(£k)	(£k)	(nearest £k)	(nearest £k)	(nearest £k)	
P Webb (Chief Executive)	125 – 130	125 - 130	-	0 – 2.5 plus 2.5 - 5 lump sum	50 – 55 plus 150 – 155 lump sum	905	1129	37	498
J Ellis	85 - 90	80 - 85	-	0 - 2.5 plus 3.5 – 5.0 lump sum	10 – 15 plus 0 – 5 lump sum	269	352	31	89
M Wooldridge	80 – 85	75 – 80	-	0 - 2.5 plus 5 – 7.5 lump sum	30 – 35 plus 90 – 100 lump sum	517	679	36	-
J Morris	75 – 80	70 - 75	-	0 – 2.5 plus 2.5 – 5 lump sum	5 – 10 plus 15 – 20 lump sum	84	128	21	-
F Preston	70 – 75	70 – 75	-	0 – 2.5 plus 2.5 – 5 lump sum	25 – 30 plus 85 – 90 lump sum	457	603	35	-
S Thurlow	70 – 75	70 - 75	-	0 – 2.5 plus 0 – 2.5 lump sum	10 – 15 plus 15 – 20 lump sum	135	194	24	-
P Dare	70 – 75	70 – 75	-	0 – 2.5 plus 5 – 7.5 lump sum	30 – 35 plus 100 – 105 lump sum	577	759	52	-
AD Gilchrist	70 – 75	70 – 75	-	0 – 2.5 plus 0 – 2.5 lump sum	0 – 5 plus 0 – 5 lump sum	14	23	4	-
T McArthur	75 – 80	70 – 75	-	0 – 2.5 plus 0 – 2.5 lump sum	0 – 5 plus 0 – 5 lump sum	53	106	41	-

Chairman and PITO Board Members

	Column 1 Salary, including performance pay 2005-06	Column 2 Salary, including performance pay 2004-05	Column 3 Real increase in pension and related lump sum at age 60	Column 4 Total accrued pension at age 60 at 31/3/05 and related lump sum	Column 5 CETV at 31/3/05	Column 6 CETV at 31/3/06	Column 7 Real increase in CETV after adjustment for inflation and changes in market investment factors	Column 8 Employer contribution to partnership pension account including risk benefit cover to nearest £100
	(£k)	(£k)	(£k)	(£k)	(nearest £k)	(nearest £k)	(nearest £k)	
Chris Earnshaw Chairman (2 days a week)	70 - 75	70 - 75	-	-	-	-	-	-

PITO has not entered into any pension arrangements with the Principal Civil Service Pension Scheme in respect of the Chairman.

Salary

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

Benefits in kind

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

Pension

Columns 5 & 6 of the above table show the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period.

Column 7 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.

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 the other pension details, include the value of any pension

benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities 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 figures for 31 March 2005 have been restated using the new factors so that it is calculated on the same basis as the CETV figures for 31 March 2006.

Total expenditure on PITO Board members' allowances, including travel and subsistence, was £31,598. In 2004-2005, this expenditure was £39,072.

Two independent members receive a daily fee of £409 for the first 11 meeting appearances and thereafter £400. All other Police Authority representatives are paid a daily fee of £400.

All Board members are part-time and therefore their posts are not pensionable.

Pension Liabilities

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but PITO is unable to identify its share of

the underlying assets and liabilities. From 1 October 2002, employees 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**.

(i) Classic Scheme

Benefits 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. Members pay contributions of 1.5% of pensionable earnings. On death, pensions are payable to the surviving spouse at a rate of half the members pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill-health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

(ii) Premium Scheme

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 commute some of their pension to

provide a lump sum, up to a maximum of 3/80ths of final pensionable earnings, for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). Members pay contributions of 3.5% of pensionable earnings. On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

(iii) Classic Plus Scheme

This is essentially a variation of **Premium**, but with benefits in respect of service before 1 October 2002 calculated broadly as per **Classic**.

Pensions payable under **Classic**, **Premium** and **Classic Plus** are increased in line with the Retail Prices Index.

(iv) Partnership Pension Account

This is a stakeholder type arrangement where the employer pays a basic contribution of between 3% and 12.5% (depending on age of the member) into a stakeholder pension product. The employee does not have to

contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

(v) Police Officers

Seconded police officers are members of the pension schemes managed by their associated police forces.

For 2005-2006, employer's contributions of £3,839,255 including £167,148 for the Chief Executive and Directors were payable at one of four rates in the range 12.0 to 18.5 per cent of pensionable pay, based on salary bands. In 2004-2005 employer's contributions were £2,660,336 and this included £138,289 for the Chief Executive and Directors. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Phillip Webb

Chief Executive and Accounting Officer
Police Information Technology Organisation

18 July 2006

The Accounts 2005 to 2006

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

PITO's responsibilities

Under Paragraphs 16 and 17 of Schedule 8 to the Police Act 1997, PITO is required to prepare annually its report and statement of accounts in the form and on the basis determined by the Secretary of State, with the consent of Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of PITO's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts PITO is required to:

- observe the Accounts Direction issued by the Secretary of State with the approval of the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed in accordance with the Government Financial Reporting Manual (GFRM), and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that PITO will continue in operation.

The Secretary of State has appointed the senior full-time official, the Chief Executive, as the Accounting Officer for PITO. His relevant responsibilities as Accounting Officer, including his responsibilities for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in Government Accounting.

[Phillip Webb](#)

Chief Executive and Accounting Officer
Police Information Technology Organisation

18 July 2006

Statement on Internal Control

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control which supports the achievement of PITO'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. I report monthly to both PITO Board and the Minister on progress towards meeting PITO's objectives as laid out in our annual business plan. Risks to the achievement of PITO's objectives are also discussed in my monthly reports, along with the action being taken to manage these risks. Issues of significance may be discussed personally with the Minister, at one of our regular bilateral meetings, or communicated by letter. Further assurance is provided to the Minister as matters pertaining to PITO performance are discussed monthly with officials in our parent Department. I also report regularly on financial, auditing, human resource and planning policies and actions to relevant PITO Board sub committees following exploration of these issues with PITO Directors and formal and regular executive meetings.

2. The purpose of the system of internal control

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

3. Capacity to handle risk

I chair risk management workshops on a quarterly basis which are attended by executive managers and their representatives. These risks are collectively owned by all executive managers, although named individuals take the lead on managing identified risks to PITO as an organisation. Decisions made at the workshop are ratified by the executive and subsequently endorsed by our Audit Sub-Committee.

As a delivery organisation, project managers and their support staff undertake formal PRINCE2 training, the UK Government standard for IT project management. In addition, PITO adopts OGC guidelines on a range of policies and procedures relating to good practice in project and programme management. These embrace the proper management of risk. PITO has a dedicated internal project and programme management capability.

4. The risk and control framework

PITO has developed a risk management framework that outlines how its risks are identified, managed and monitored. Executive managers identify risks that pose a threat to PITO as an organisation. Risks are assessed in terms of probability and impact, against objective criteria. These objective criteria have been used to define PITO's risk appetite, the level to which PITO is prepared to tolerate risk. Risks are monitored using a computerised database and presented in a corporate risk register. The register is discussed at the quarterly workshops. Decisions taken at these workshops include whether the current probability and impact ratings are correct, whether management actions are appropriate and sufficient and whether any new risks have been identified and should be added to the corporate risk register. The results of the workshop are reported formally to executive management and our Audit Sub-Committee following each workshop.

Project managers identify, assess and manage project risks according to PRINCE2 methodology. The executive provides the link between project risks and those that might impact across the organisation.

5. Review of effectiveness

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

Each year I develop an audit plan for assessing the PITO system of internal control which is balanced and takes account of past audits and perceived priorities. The results of those audits include an opinion on the effectiveness of controls and weaknesses which should be addressed. Planned audits are intended to range across the full spectrum of PITO systems. The results of audits are discussed with me, shared with the relevant executive managers and the PITO Audit Sub-Committee and submitted to the PITO Board. In addition, where it comes to my attention that an issue might merit additional review outside this cycle, I commission an audit in a specific area, in conjunction with the PITO Audit Sub-Committee.

6. Significant internal control problems

In December 2005 a major explosion and fire at the Buncefield fuel depot at Hemel Hempstead resulted in the damage beyond repair of the Operation Services Directorate Disaster Recovery facility, which was housed in third party premises close by. This created a significant increase of risk in PITO's ability to provide services to forces in the event of an outage at our main Hendon Data Centre site.

Within two months a replacement DRS facility was brought into operational use at an interim site. Until a permanent solution is found the risk remains high.

A project team has been assembled in order to establish a permanent replacement disaster recovery site and it is planned that this will be operational within the 2006-07 financial year. During the interim period I will be closely monitoring and managing the risk accordingly.

There were no other significant internal control problems during the year ended 31 March 2006 and up to the date the account was signed.

Phillip Webb

Chief Executive and Accounting Officer
Police Information Technology Organisation

18 July 2006

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of PITO for the year ended 31 March 2006 under Schedule 8 of the Police Act 1997. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of PITO, Chief Executive and Auditor

PITO and the Chief Executive are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with Schedule 8 of the Police Act 1997 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of PITO's and Chief Executive'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 the Police Act 1997 and HM Treasury directions made thereunder. 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 PITO 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 51 and 52 reflects PITO'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, nor have I considered whether the Accounting Officer's

statements on internal control cover all risks and controls, or form an opinion on the effectiveness of PITO'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 Foreword, Central Customer Overview, Management Commentary and the unaudited part of the Remuneration Report. 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 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 PITO and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Police Information Technology Organisation'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.

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with Schedule 8 of the Police Act 1997 and directions made thereunder by HM Treasury, of the state of the Police Information Technology Organisation's affairs as at 31 March 2006 and of its deficit 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 Schedule 8 of the Police Act 1997 and HM Treasury directions made thereunder; 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

20 July 2006

Statement of Accounts

	Note	2005-06 £000	2004-05 £000
Income & Expenditure Account for the year ended 31 March 2006			
Income			
Grant-in-Aid and Other Funding	2	303,542	278,451
Fee Income	3	2,009	1,451
Other Income	3	4,895	4,587
Total Operating Income from Continuing Operations		310,446	284,489
Expenditure			
Salaries and Wages	4	(32,526)	(26,564)
Other Operating Costs	5	(296,247)	(247,670)
Depreciation	6	(8,297)	(3,808)
Notional Cost of Capital		(1,151)	(1,172)
(Deficit) / Surplus before appropriations		(27,775)	5,275
Notional Cost of Capital Reversal		1,151	1,172
Retained (Deficit) / Surplus for the year before appropriations		(26,624)	6,447
Appropriations to Consolidated Fund Extra Receipts		(939)	(808)
Retained (Deficit) / Surplus for the year		(27,563)	5,639
Statement of Total Recognised Gains and Losses for the year ended 31 March 2006			
Retained (Deficit)/ Surplus for the year before appropriations		(26,624)	6,447
Movement on Government Grant Reserve		13,891	3,388
Unrealised surplus on revaluation of assets	9	2,279	1,145
Total recognised Gains and Losses in the period		10,454	10,980

	Note	2006 £000	2005 £000
Balance Sheet as at 31 March 2006			
Fixed Assets			
Tangible Assets	6	48,204	32,862
Intangible Assets	6	6,354	4,318
		54,558	37,180
Current Assets			
Debtors and Prepayments	7	37,571	65,642
Cash at Bank	11	6,591	8,470
		44,162	74,112
Creditors (amounts falling due within one year)	8	(39,943)	(25,311)
Net Current Assets		4,219	48,801
Total Assets less Current Liabilities		58,777	85,981
Creditors (amounts falling due after more than one year)	8	(1,542)	-
Provisions for Liabilities and Charges	18	(357)	(384)
Deferred Income	19	(29,695)	(47,021)
		27,183	38,576
Reserves			
Income and Expenditure Reserve	9	(27,511)	52
Deferred Government Grant Reserve	9	49,931	36,040
Revaluation Reserve	9	4,763	2,484
		27,183	38,576

Note: The notes on pages 58 to 74 form part of these accounts

Phillip Webb
Chief Executive and Accounting Officer
Police Information Technology Organisation

18 July 2006

	Note	2005-06 £000	2004-05 £000
Cash Flow Statement for the year ended 31 March 2006			
Net Cash Inflow from operating activities	10	16,385	13,077
Receipt from sale of fixed assets		1	5
Returns on Investments and servicing of finance			
Appropriations to Consolidated Fund Extra receipts		(939)	(808)
Capital expenditure and financial investment			
Payments to Acquire Fixed Assets		(30,668)	(9,510)
Net Cash (Outflow) before Financing		(15,221)	2,764
Financing			
Grant-In-Aid for Capital Expenditure		30,668	9,510
Deferred Income		(17,326)	(12,873)
(Decrease) in Cash	11	(1,879)	(599)

Notes to the Statement of Accounts:

1. Accounting Policies

Accounting conventions

The Statement of Accounts has been prepared in accordance with the Accounts Direction given by the Secretary of State for the Home Department with the consent of the Treasury, under Schedule 8 paragraph 16(3) of the Police Act 1997.

The accounts have been prepared using the historical cost convention modified by the inclusion of fixed assets at current cost. The accounts meet the accounting and disclosure requirements of the Companies Act 1985 and the accounting standards issued or adopted by the Accounting Standards Board to the extent that the requirements are appropriate.

The creation of the National Policing Improvement Agency (NPIA) on 1 April 2007 and the abolition of PITO through the Police and Justice Bill 2006 will make 2006-07 the final year of operation in the organisation's current form. The accounts have been prepared on the 'going concern' basis and no adjustment has been made to the carrying value of assets. The accounting treatment for a transfer of functions within central government is currently based on merger accounting and therefore the carrying value of assets would form the basis for any future transfer.

Fixed Assets

Intangible and Tangible assets are capitalised when the purchase price is £5,000 or more on an individual basis or £200 or more on a group basis.

Where fixed assets are acquired utilising grant-in-aid funding, they are capitalised and depreciated as below. The grant is accounted for as Government Grant Reserve and released to income over the useful life of the assets.

Asset Categories: Freehold buildings

Buildings are stated at cost or valuation and are depreciated over their useful lives up to a maximum of 50 years.

The Police National Computer building at Hendon, which is deemed to be owned by PITO, was revalued on 7 June 2005 by Jonathan Rhodes BSc MRICS, Partner, of Donaldsons (External Chartered Surveyors) on the basis of depreciated replacement cost and in accordance with RICS appraisal and valuation manual.

Computer equipment

Computer Equipment, consisting of hardware, software and network communications, is depreciated over its useful life between 3 and 5 years.

Furniture and fittings

Furniture and fittings are depreciated over their useful lives of 10 years.

Motor vehicles

Motor Vehicles are depreciated over their useful lives of 3 years.

Office equipment

Office Equipment is depreciated over its useful life of 5 years.

Assets in the course of construction

Assets in the course of construction are not depreciated until they are brought into use.

Revaluation

In order to disclose fixed assets in the Balance Sheet by reference to current costs, the appropriate index has been applied to each asset (Source: Office of National Statistics Price Index Numbers for Current Cost Accounting). Any permanent diminution in the value of fixed assets is charged to the Income and Expenditure Account. Assets are not revalued in their year of acquisition as their current and historical cost would not be materially different.

Finance leases

When assets are financed by lease agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright at the present value of the total rental charges payable during the payment period of the lease. Assets held under a finance lease are disclosed under the same category as owned assets and depreciated over the shorter of the lease term and the useful economic life of the asset.

The amounts of the obligations under finance leases, net of finance charges allocated to future periods, is disclosed in the notes to the accounts.

Operating leases

Payments made under operating leases on Land and Buildings and Equipment are charged to expenditure as incurred.

Notional charges

In accordance with Treasury guidance, a notional charge for the cost of capital employed in the period is included in the Income and Expenditure Account along with an equivalent reversing entry below operating surplus/deficit. The charge for the period is calculated using Treasury's discount rate of 3.5% applied to the mean value of capital employed during the period.

Pension costs

The employees of PITO are covered by the Superannuation Acts 1965 and 1972, and subsequent amendments. Pension benefits are provided by the Principal Civil Service Pension arrangements. The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by the Treasury and contributions are charged to the Income and Expenditure Account.

Value Added Tax

PITO is registered for VAT and has received H M Revenue & Customs' agreement to apply normal VAT rules when making a business supply of services which may be in direct competition with the private sector.

Grant in Aid

PITO receives the majority of its income by way of Grant in Aid from the Home Office. The grants received are in respect of specific projects and items of expenditure. Grant for specific projects is transferred to deferred income and released to Income and Expenditure account over the life of PITO's involvement in the project. Prepayments are released to Income and Expenditure account and matched to the corresponding deferred income.

Acquisitions made in respect of fixed assets in the year funded by Grant-in-Aid is taken to Deferred Government Grant Reserve at the end of the financial year. The deferred amount is then released back to Income and Expenditure account equal to depreciation charged for the year.

Recognition of income

PITO recognises income, net of VAT, on an accruals basis at the transaction amount or the amount which the customer is committed to pay.

2. Grant

	2005-2006 £000	2004-2005 £000
Grant received from Home Office	266,692	237,844
Funding from Police Authorities	20,667	19,872
Scottish Executive (under SLA)	19,868	11,250
Total	307,227	268,966
Transfer to Government Grant Reserve in respect of fixed asset acquisitions	(30,668)	(9,510)
Release of Government Grant Reserve in respect of depreciation charged	8,436	5,543
Release of Government Grant Reserve in respect of loss on revaluation	626	2,479
Depreciation Adjustment for downward revaluation	(139)	(1,900)
Transfer to Deferred Income	(156,043)	(117,373)
Release from Deferred Income	173,369	130,246
Release of Government Grant reserve in respect of disposals		
- Purchased Prior years	6,369	-
- Purchased Current year	8,889	-
Transfer of Government Grant reserve in respect of depreciation on assets disposed		
- Purchased Prior years	(5,163)	-
- Purchased Current year	(2,242)	-
Total	310,661	278,451
Prior years' VAT adjustment ¹	(7,119)	-
Total	303,542	278,451

¹ VAT assessment in respect of backdated Input Tax recovered from HM Revenue and Customs but not recharged to forces as required under PITO's agency status. Although no penalty was levied upon PITO, the application of 3 year cap for VAT recovery to 2nd quarter 2005 resulted in a net £7m charge against grant income this year.

3. Operating Income

	2005-2006 £000	2004-2005 £000
Police National Computer charges to non police organisations	2,004	1,447
Other Charges	<u>5</u>	<u>4</u>
Fee Income	2,009	1,451
Other receipts	3,956	3,779
Bank Interest	<u>939</u>	<u>808</u>
Other Operating Receipts	4,895	4,587
Total	<u>6,904</u>	<u>6,038</u>

4. Salaries and Wages

a) Analysis of staff numbers

The average number of full-time equivalent persons (including senior management) employed during the year, analysed by business activity, was as follows:

	2005-2006	2004-2005
Directorates		
Chairman's Office	1.6	1.4
Chief Executive's Office	2.0	1.3
Development & Implementation	183.8	174.9
Finance, Purchasing and Corporate Services	122.0	142.9
Operational Services	179.0	149.4
Communication Services (Airwave)	55.0	55.2
Central Customer	6.6	8.2
Total	550.0	533.3

The average number of full-time equivalent persons on secondment, agency/temporary, and contract staff employed during the year, was as follows:

Staff on inward secondment		
Development & Implementation	-	1.0
Operational Services	0.3	-
Finance, Purchasing and Corporate Services	1.9	2.7
Communication Services (Airwave)	1.0	-
Police Secondees	65.6	77.0
Total	68.8	80.7
Agency/temporary and contract staff		
Agency/temporary staff	-	14.0
Contract Staff	153.2	112.0
Total	153.2	126.0

The number of other employees (which does not include seconded police officers), including senior operational staff, whose remuneration, excluding pension contributions, exceeded £50,000 was as follows:

	2005-2006	2004-2005
Directorates		
£50,000 - £54,999	31	28
£55,000 - £59,999	13	12
£60,000 - £64,999	4	5
£65,000 - £69,999	3	3
£70,000 - £74,999	4	4
£75,000 - £79,999	2	1
£80,000 - £84,999	1	1
£85,000 - £89,999	1	-

PITO's aggregate payroll costs, including Home Office Seconded salaries & wages, were as follows:

	2005-2006	2004-2005
	£000	£000
Aggregate payroll		
Wages and Salaries	20,086	18,996
Social Security Costs	1,761	1,682
Other Pension Costs - Principal Civil Service Pension Costs (PSCPS)	3,839	2,643
- Partnership Pension	-	17
Agency Fees	6,840	3,226
Total	32,526	26,564

The Pension Scheme Actuary valued the PCSPS scheme as at 31 March 2003. The details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

5. Other Operating Costs

	2005-2006 £000	2004-2005 £000
Accommodation / rent and rates	5,531	5,676
Hire of plant & machinery	3,111	3,010
IT Equipment		
- Airwave	168,962	137,375
- Other	60,437	53,373
IT Support and Maintenance	7,562	9,111
Staff training and development costs	786	794
Seconded Police Officers	4,555	4,231
Audit fee	43	43
Office equipment	730	420
Travelling and subsistence		
- PITO Staff	1,729	1,837
- Board Members ¹	1	9
- Taxation	84	136
Loss on revaluation	626	2,479
Loss on disposals ²	4,842	248
Other expenditure ³	37,248	28,928
Total	296,247	247,670

Notional costs of Home Office services provided to PITO in 2005-2006 are not reflected in these accounts. These costs are included in total Home Office expenditure, although not significant within their overall sums. A Home Office review is underway to develop a more robust methodology for calculating these costs for inclusion in future periods.

¹ For 2005-06, board members fees have been included in Note 4 under 'Wages and Salaries'. The recategorisation also includes **2004-05** comparatives.

² The loss on disposal relates to irreparable damage caused to equipment housed at our DRS site close to the Buncefield fuel depot which caught fire on 11 December 2005

³ For 2005-06, agency costs have been included in Note 4 under 'Agency Fees'. The recategorisation also includes **2004-05** comparatives.

6. Fixed Assets

	Freehold Building	Motor Vehicle	Software	Hardware Services	Hardware (PCs)	Office Equipment	Furniture & Fittings	Assets in the Course of Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2005	14,243	7	4,948	6,252	7,139	280	4,997	8,495	46,361
Revaluation	2,695	-	-	-	-	1	37	-	2,733
Loss on Revaluation	-	-	(155)	(259)	(212)	-	-	-	(626)
Additions	274	-	1,674	7,989	459	49	244	19,979	30,668
Disposals	-	-	(29)	(5,377)	(1,453)	(7)	(220)	(1,803)	(8,889)
Transfer of software assets in course of construction when bought into use	-	-	2,167	-	-	-	-	(2,167)	0
At 31 March 2006	17,212	7	8,605	8,605	5,933	323	5,058	24,504	70,247
Depreciation at 1 April 2005	3,058	6	630	1,536	2,017	96	1,838	-	9,181
Revaluation	442	-	-	-	-	-	-	-	442
Reduction in Depreciation	-	-	(25)	(60)	(70)	1	15	-	(139)
Backlog Depreciation	-	-	-	-	-	-	10	-	10
Provided in the year	604	-	1,661	1,871	3,778	47	475	-	8,436
Disposals	-	-	(15)	(949)	(1,065)	(5)	(208)	-	(2,242)
Write-off prior year revaluations	-	1	-	-	-	-	-	-	1
At 31 March 2006	4,104	7	2,251	2,398	4,660	139	2,130	-	15,689
Net Book Value at 31 March 2006	13,108	-	6,354	6,207	1,273	184	2,928	24,504	54,558
Net Book Value at 31 March 2005	11,185	1	4,318	4,716	5,122	184	3,159	8,495	37,180

Included in Hardware (PCs) are assets held under finance lease with NBV £2,975k and depreciation charge £213k.

7. Debtors and prepayments

		2005 - 06 £000	2004 - 05 £000
Trade Debtors		3,526	3,649
Other Debtors		4,070	14,770
	Salary overpayments	72	6
	Staff advances (incl. Imprest loans)	197	185
	Accommodation Deposits	11	12
Prepayments	AIRWAVE	24,093	30,964
	Other	5,602	16,056
	Total	37,571	65,642
Debtor Categories	Balances with other central government bodies	7,596	18,419
	Balances with local authorities	-	-
	Advances and Deposits	280	203
	Prepayments	29,695	47,020
	Total	37,571	65,642

8. Creditors

	2005 - 06 £000	2004 - 05 £000
Amounts falling due within one year		
Trade Creditors	21,607	7,528
Other Creditors	18,252	17,653
Other Creditors – Taxes and Social Security	84	130
Total	39,943	25,311
Amounts falling due after more than one year		
Finance Lease	1,542	-
Creditor categories		
Balances with other central government bodies	3,570	374
Balances with public corporations and trading funds	73	2,461
Other	36,300	22,476
Total	39,943	25,311

9. Reserves

	Income & Expenditure Reserve	Deferred Government Grant Reserve	Revaluation Reserve	Total
	£000	£000	£000	£000
At 1 April 2005	52	36,040	2,484	38,576
Deficit for the year	(27,563)	-	-	(27,563)
Gain on Revaluation of assets	-	-	2,290	2,290
Backlog Depreciation	-	-	(10)	(10)
Grant deferred for additions	-	30,668	-	30,668
Transfer for depreciation on disposals				
- Purchased prior years	-	5,162	-	5,162
- Purchased current year	-	2,242	-	2,242
Release for asset disposals				
- Purchased prior years	-	(6,369)	-	(6,369)
- Purchased current year	-	(8,889)	-	(8,889)
Release for depreciation	-	(8,436)	-	(8,436)
Release for loss on revaluation	-	(626)	-	(626)
Release for downward depreciation	-	139	-	139
Write-off on Motor Vehicle Revaluation Account	-	-	(1)	(1)
At 31 March 2006	(27,511)	49,931	4,763	27,183

10. Reconciliation of operating (deficit)/surplus to the net cash inflow from operating activities

	2005 - 06 £000	2004 - 05 £000
Operating (deficit) / surplus	(27,775)	5,275
Depreciation provided in year	8,436	5,543
Backlog depreciation due to revaluation	442	165
Release of Government Grant Reserve in respect of loss on revaluation	626	2,479
Depreciation Adjustment for downward revaluation	(139)	(1,900)
Decrease / (Increase) in debtors relating to operating activities	28,267	14,024
(Decrease) / Increase creditors relating to operating activities	16,088	(7,799)
Increase in Dilapidation Provision	11	10
Decrease in Pension Provision	(38)	(25)
Notional cost of capital	1,151	1,172
Release from Deferred Government Grant - Depreciation	(8,426)	(5,543)
Release from Deferred Government Grant – Loss on revaluation	(488)	(579)
Release for disposals	(8,889)	248
Transfer of assets from Home Office	-	7
Adjustment for backdated VAT	7,119	-
Net cash Inflow from operating activities	16,385	13,077

11. Analysis of balances of cash shown in the balance sheet

	As at 1 April 2005 £000	Cash Flow £000	As at 31 March 2006 £000
Cash at bank	8,470	(1,879)	6,591

12. Capital commitments

	At 31 March 2006 £000	At 31 March 2005 £000
Commitments contracted	133,801	2,272
Authorised but not contracted	-	385

The capital commitments of £133,801k as at 31 March 2006 relate to Airwave Cluster Hot Standby and Ground Based Network Resilience systems. These allow the parallel running of switches and the provision of extra resilience to the Airwave network respectively.

13. Commitments under operating leases

	2006 Land and Buildings £000	2006 Other £000	2005 Land and Buildings £000	2005 Other £000
Leases expiring:				
Within 1 year	-	14,367	-	14,367
Over 5 years	2,907	167,509	2,783	159,531
Total	2,907	181,876	2,783	173,898

14. Related party transactions

The Police Information Technology Organisation is an Executive Non-Departmental Public Body primarily financed by Grant-In-Aid from the Home Office.

The Home Office is regarded as a related party. PITO has had various material transactions with the Home Office. Grant-In-Aid is shown in the Income and Expenditure Account.

PITO considers the police forces in England and Wales to be related parties as senior police officers are involved on the PITO Board. During the year PITO received £20.67 million from the forces for the provision of the Police National Computer (PNC).

Apart from those disclosed above, none of the Board members, members of key management staff or other related parties has undertaken any material transactions with PITO during the year.

15. Contingencies

At 31 March 2006, there existed two unresolved legal cases in respect of PITO employees.

16. Financial targets

No financial targets were set for the Police Information Technology Organisation for the year ended 31 March 2006.

17. Fees and charges

Non-police organisations are charged for the use they make of the PNC facilities based on the volume of their PNC transactions. A comprehensive review of PITO's policy on PNC charging is about to be undertaken. This is in order to ensure that the charging policy is consistent throughout all categories of customers and that no element of cross subsidisation is present.

Service charges are made for the management of Police National Network and for the administration of the NAFIS Bureau service. The income is included in Note 3 to the accounts.

	2005 - 2006			2004 - 2005		
	PNC £000	Other £000	Total £000	PNC £000	Other £000	Total £000
Fee income						
PNC charges to non-police organisations	2,004	-	2,004	1,447	-	1,447
Other	-	5	5	-	4	4
Total	2,004	5	2,009	1,447	4	1,451
Associated costs	(2,364)	(5)	(2,369)	(1,484)	(4)	(1,488)
Deficit	(360)	-	(360)	(37)	-	(37)

18. Provisions

	Dilapidation £000	Pension £000	Total £000
1 April 2005			
Opening provision	192	192	384
Payment during the year	-	(53)	(53)
Charge / (Credit) for the year	11	15	26
31 March 2006			
Closing provision	203	154	357

Dilapidation Provision

A dilapidation provision of £200,000 was set up in 2000 in respect of PITO's leased accommodation at New King's Beam House. This provision is required to cover the cost of restoring New King's Beam House to its state when the lease was acquired. The leased accommodation and the economic benefits are to be transferred over eleven years.

The provision included in the accounts is the estimated restoration cost of £200,000 indexed at the Retail Price Index over eleven years and discounted at the recommended Treasury rate for commercial arrangements of 4.8%. The rate for 2005-06 was 5.5%

Pension Provision

Since 2002, PITO recognises a provision to cover the continuing annual payments to staff who take early retirement. The provision reflects PITO's agreed future annual contributions and will continue until the staff reach retirement age. Economic benefits are to be transferred over a period of 10 years.

The annual compensation payments are increased each year in line with movements in Retail Price Index and cash flows are discounted at 2.8%, that is, Treasury rate excluding inflation. The rate for 2004-05 was 3.5%

19. Deferred income

	Airwave £000	Others £000	Total £000
1 April 2005			
Grant Received	-	156,043	156,043
Released to income and expenditure	(6,872)	(166,497)	(173,369)
At 31 March 2006	24,093	5,602	29,695

20. Derivatives and other 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 organisations are financed, PITO 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. PITO has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Organisation 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.

Liquidity risk

The Organisation is financed by Grant-In-Aid from the Home Office for both Capital and Revenue expenditure.

Interest Rate Risk

PITO is not exposed to significant interest rate risk.

Currency Risk

PITO is not exposed to any currency risk because the Organisation does not trade in currencies other than sterling.

Interest rate profile

The following two tables show the interest rates of PITO's financial liabilities and assets.

Financial Liabilities

	Total £000	Floating rate financial liabilities £000	Fixed rate financial liabilities £000	Non interest bearing financial liabilities £000	Weighted average interest rate %	Fixed rate financial liabilities Weighted average period for which rate is fixed Years	Non interest bearing financial liabilities Weighted average period until maturity Years
At 31 March 2006							
Sterling	357		357		7	8	7
Gross financial liabilities	357		357		7	8	7
At 31 March 2005							
Sterling	384	-	384	-	7	8	7
Gross financial liabilities	384	-	384	-	7	8	7

Financial Assets

	Total	Floating rate financial assets	Fixed rate financial assets	Non interest bearing financial assets	Weighted average interest rate	Fixed rate financial assets	Non interest bearing financial assets
	£000	£000	£000	£000	%	Weighted average period for which rate is fixed	Weighted average term
						Years	Years
At 31 March 2006							
Sterling	30,684	6,591	24,093	-	8	9	Note a
Gross financial assets	30,684	6,591	24,093	-	8	9	
At 31 March 2005							
Sterling	39,435	8,470	30,965	-	8	9	
Gross financial assets	39,435	8,470	30,965	-	8	9	

Fair values

Set out below is a comparison by category of book values and fair values of the Organisation's financial assets and liabilities as at 31 March 2006.

	Book value £000	Fair value £000	Basis of Fair valuation
Primary financial Instruments Financial assets			
Cash at bank	6,591	6,591	
Prepayment on AIRWAVE project	24,093	24,093	Note a
Financial liabilities			
Provisions	357	357	Note b

Notes:

- Prepayment on AIRWAVE is to be extinguished over the remaining four years. The fair value is not significantly different from book value.
- Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate plus 2 per cent in real terms.

21. Losses and special payments

During 2005-06, it was decided by the Home Office to cancel the Schengen Phase 1 project. Following an impairment review carried by PITO, assets to the value of £3.599m were written off within the income and expenditure accounts.

Glossary of terms

The Police Service and Criminal Justice System, like most areas of Government, makes extensive use of acronyms. This glossary explains what the acronyms stand for and what they mean.

Acronym	Meaning	Explanation
ACPO	Association of Chief Police Officers.	The professional body of chief police officers for England, Wales and Northern Ireland (ACPO) and Scotland (ACPOS).
ACPOS	Association of Chief Police Officers of Scotland	
ACPO IMBA	Association of Chief Police Officers Information Management Business Area	ACPO business is divided into Business Areas of which Information Management is one.
Airwave		A digital national radio communication service used by the police in England, Wales and Scotland.
APA	Association of Police Authorities	England and Wales Police Authority body providing a collective voice of police authorities' role in policing.
ASBO	Anti-Social Behaviour Order	Recent directive designed to prevent anti-social behaviour.
CJS	Criminal Justice System	The system for the administration of justice in England and Wales which embraces the Police, Magistrates' Courts, Crown Courts, Crown Prosecution Service and the National Offenders Management Service.
CJX	Criminal Justice Extranet	See PNN.
CorDM	Corporate Data Model	Format of all data items used by any police application.
COSLA	Convention of Scottish Local Authorities	Scottish Police Authority body providing a collective voice of their role in policing.
End to End Review	A review of PITO during 2004	NDPBs should be reviewed regularly and this review was announced by the Police Minister in January 2004
FIND	Facial Image National Database	Planned national database to house facial images.
ICT	Information and Communication Technology	Information technology and the communications technology needed for police operational purposes.

IDENT1		Platform to support wider identification capabilities, including the national automated fingerprint and palm print identification service.
IMPACT	Intelligence Management Prioritisation Analysis Co-ordination and Tasking	Proposed intelligence system for information sharing, analysis, briefing, investigation and crime recording.
ISS4PS	Information Systems Strategy for the Police Service	ACPO strategy prepared for the Police Service outlining an increased role for IT in information systems to help meet the government's aim of modernising policing.
LANTERN		Proposed portable Livescan system
LIVESCAN		Hardware and software for the electronic recording of a person's fingerprints.
NAFIS	National Automated Fingerprint Identification System	PITO service for the recording and comparison of fingerprints.
NCIS	National Criminal Intelligence Service	NCIS works on behalf of all the UK's law enforcement agencies to provide a range of intelligence products and services to aid the fight against serious and organised crime.
NDPB	Non Departmental Public Body	A government body with specific delegated responsibilities.
NFLMS	National Firearms Licensing Management System	An application on PNC for managing the licensing of firearms owned by the public.
NIM	National Intelligence Model	Produced by NCIS on behalf of the ACPO Crime Committee to reinforce professionalism within the intelligence discipline of law enforcement. It is currently being implemented across all police forces in the UK.
NMIS	National Management Information System	Software to provide management information and statistical returns (Annual Data Returns) at force level.
NPIA	National Policing Improvement Agency	A new agency being established in the Police and Justice Bill to rationalise the work of many of the existing policing related agencies and improve policing.
NSPIS	National Strategy for Police Information Systems	The 1994 tripartite strategy for development and use of common, compatible IT systems for the Police Service of England and Wales.

NVIS	National Video Identification Strategy	Strategy for making available nationally video images for identification parades based on agreed standards.
Operational Use	In operational use.	When a system or service has been implemented in a force and end users are making use of, and deriving benefit from that system or service.
PentiP	Penalty Notices Project	A planned joint, national, integrated police/courts penalty notice processing solution.
PFI	Private Finance Initiative	A system for providing capital assets for the provision of public services.
PLX	Police Local Cross Reference System	A national nominal index of persons on whom police force(s) hold information.
PNC	Police National Computer	A police and CJS information service for the UK.
PNN	Police National Network	The Police Service's line communications network.
PPAF	Police Performance Assessment Framework	Performance measures that span the remit of police work
Ready for Service		Has been installed, tested and accepted by the user community as a working system or service.
Schengen		The Schengen Information System will enable the authorities of signatory countries to have access to reports on persons and objects for the purposes of border checks and controls and other police and customs checks.
SENTINEL		Proposed national Child Protection System.
UPSA	Unified Police Security Architecture	An approach to improve security and access architecture.
ViSOR	Violent Offender and Sex Offender Register	A PNC database of violent, dangerous and sex offenders for the police and probation service.