

# CIVIL NUCLEAR POLICE AUTHORITY



## REPORT AND ACCOUNTS

2006/2007

HC850

# CIVIL NUCLEAR POLICE AUTHORITY



## REPORT AND ACCOUNTS

2006/2007

Presented to Parliament pursuant to  
Schedule 10, Part 4, Section 12, Paragraphs 8 and 9 of the Energy Act 2004

Ordered by the Houses of Parliament to be printed 24 July 2007

© Crown Copyright 2007

The text in this document (excluding any Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any queries relating to the copyright in this document should be addressed to

The Licensing Division, HMSO, St Clements House, 2-16 Colegate, Norwich, NR3 1BQ.  
Fax: 01603 723000 or e-mail: [licensing@cabinet-office.x.gsi.gov.uk](mailto:licensing@cabinet-office.x.gsi.gov.uk).

# CIVIL NUCLEAR POLICE AUTHORITY

## REPORT AND ACCOUNTS

2006/2007

<b>Contents</b>	<b>Page</b>
Chairman's Statement.....	2
Chief Constable's Summary of Performance .....	7
Accounting Officer's Statement .....	18
Statement of Police Authority and Accounting Officer Responsibilities	27
Statement on Internal Control.....	28
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament .....	34
Financial Statements .....	37
Glossary .....	54

## **Chairman's Statement**

It is my pleasure to report on a second successful year in the life of the United Kingdom's newest Police Authority and Constabulary. In doing so I find it hard to believe that this organisation, with all its challenges, considerations and constraints, has come as far as it has since its creation in April 2005.

The first year necessarily required the establishment of the staples of governance required by any public authority – robust financial performance measures, risk and audit management, human resources and business planning – all of which fall under the remit of the Police Authority. With those foundation blocks firmly in place we have begun to build a policing organisation that is clear about its identity, focused on its mission and aligned with the needs of those stakeholders who rely on its unique services. And it is important to remember that uniqueness and the different and specialised nature of the Constabulary's role. If the Constabulary was not different it would not exist. We are, in many ways, a unique policing organisation and one with a jurisdiction spanning more than one legal system, more than one country and many areas of regional governance. The specialist firearm capabilities of the Constabulary are at the heart of the value it adds to the sites and activities policed and to the wider UK policing effort, safeguarding a unique national asset from severe terrorist threat. The outgoing Director-General of MI5, Dame Eliza Manningham-Buller has warned of the real possibility of terrorists attempting a chemical, biological, radiological or even nuclear attack while the Home Secretary has spoken of the terrorist aim to cause "unconstrained damage" to the UK, its assets and its way of life. Preventing them from being able to do so is – and must remain - our primary role.

In our three year Policing Plan we said that we would focus on three Key Strategic Priorities - Key Strategic Priority 1: Protect nuclear material and facilities on designated nuclear licensed sites and in transit throughout the UK and international arena, meeting the requirements of the Nuclear Security Regulator (OCNS). Key Strategic Priority 2: To ensure that the Constabulary is managed in a way which gets the best from all its resources, especially staff, and demonstrates value for money, whilst maintaining the confidence of the public. Key Strategic Priority 3: Maintaining and improving understanding between the Constabulary, its nuclear customers, the public, other stakeholders and the Government, including politicians, throughout the UK. In many ways these reflect the armorial motto on our coat of arms: Protection, Security and Service.

What have we done to live up to that motto and to discharge our role efficiently and effectively?

With the benefit of Her Majesty's Inspector of Constabulary's baseline assessment to guide us and a reinforced Police Authority and Command Team to deliver the much needed changes within the Constabulary, we have together focused our efforts on establishing the core capabilities demanded of our services. More particularly, in relation to the three Key Strategic Priorities I would highlight the following activity from the last 12 months:

## **Key Strategic Priority 1**

We have received a review of the Memoranda of Understanding from the Acting Chief Constable illustrating the resilience of the Constabulary's capabilities at local level and the efficacy of practical partnership arrangements that are a key part of our operational strategy. We will use that review and the other ongoing work around operational capabilities to enhance the service that the Constabulary provides. This year brought some real challenges around the deployment of armed officers at licensed nuclear sites; the respective responsibilities imposed by our legislative framework and the legitimate expectations created by our constitution. These complex but critical matters are the subject of ongoing discussion and I will report back on the outcome in due course.

More specifically the past year has seen significant performance improvements at the command team level. Led by the Acting Chief Constable and ably supported by the temporary Deputy and Assistant Chief Constables who stepped into a difficult and challenging situation, the command team has prepared the way to move the Constabulary into a new forward-looking era. I wish to record my personal thanks to the Command Team for their conspicuous efforts and early results in this regard. From the lessons we have learned and the progress made in this time I also propose to recommend to our Senior Appointments Committee that the Police Authority establishes a permanent post of Assistant Chief Constable.

In the meantime our principal aim continues to be the provision of armed policing services to the civil nuclear industry.

## **Key Strategic Priority 2**

A key requirement over the last year has been to establish an operating and administrative base for the Police Authority. I am pleased to report that the Authority's offices at Hinton House have been in operation since last September and we have appointed an Officer Manager to assist members and officers with their substantial workload. At Police Authority level we have consolidated our Committee activity, compressing the meetings programme and maximizing the time available for members to discharge their responsibilities. The Police Authority has now established a presence on the Criminal Justice Extranet (CJX) system giving it a credible and secure email service which will be rolled out from HQ across the Constabulary in the coming year.

Working with the chief officer team we have brought about improvements in working practices, we are looking closely at continued modernisation throughout the organisation, starting with the HQ functions and the report of the Modernisation Review will be ready soon. On a wider scale the command team has piloted a new BCU command structure which will be fully evaluated shortly. The Constabulary has also introduced the National Intelligence Model (NIM) throughout the organisation and the Police Authority committee structure is now allied to it.

In short we have begun to optimise resource usage and to ensure that there is a clear line of sight from all support functions to the point of service delivery.

### Key Strategic Priority 3

We have continued to strive for greater interaction with stakeholders, particularly the wider public. The Police Authority meeting held in Ayrshire last October was well received by those who attended from the local community and I propose to hold further, more inclusive public meetings in the future. Similarly the strategic conference in November stimulated important debate among stakeholders from within the nuclear industry, the wider policing family and associated public authorities. Extending and deepening the Authority's engagement with its stakeholders is high on my list of personal aims for the coming year.

Over the last 12 months I and my members and officers have devoted a significant amount of time and energy to strengthen strategic partnerships and clarify our role within wider national policing issues. The Police Authority has worked closely with key stakeholders such as HMIC and the Association of Police Authorities to improve understanding of our service upon which government, nuclear operators and ultimately the public rely.

There will be significant changes in the Home Office and the way in which it discharges its responsibilities for policing and Counter Terrorism across the UK: the extent to which this will impact on the Constabulary has yet to be identified. Similarly there is a current high level debate on the best way to protect the critical national infrastructure and the future role of the Police Authority and Constabulary. My members and I are fully engaged in this debate and are ensuring that the position of the Constabulary and its potential contribution are carefully considered.

In conclusion we have come a long way in a short time. We are a unique policing organisation, with special responsibilities and carrying the trust of the people of the UK – and beyond. We have a lot to be proud of and a lot more to do.



A handwritten signature in black ink that reads "Melvyn Smith J.P." with a horizontal line underneath.

Melvyn Smith J.P.  
Chairman  
Civil Nuclear Police Authority

## **Civil Nuclear Police Authority**

The Energy Act 2004 created the Civil Nuclear Police Authority (the Police Authority) as an executive Non-Departmental Public Body (NDPB) which was sponsored by the former Department of Trade and Industry (DTI) and from 28 June 2007 by the Department for Business, Enterprise and Regulatory Reform (DBERR). Members of the Police Authority are appointed by the Secretary of State. The Police Authority has an independent Chairman, two independent members and four representatives from the nuclear industry.

The function of the Police Authority is to ensure that the Civil Nuclear Constabulary (the Constabulary) is efficient and effective and meets the policing requirements of stakeholders in the nuclear industry in accordance with the strategic direction set by the Police Authority. Objectives and performance targets for the Constabulary are agreed with the Chief Constable and then set by the Police Authority and published in the Annual Policing Plan, which is available on our Constabulary website.

A key objective for the Police Authority is to verify the continued effectiveness of Constabulary operations in line with the security standards set by the Director of Civil Nuclear Security. The Authority provides the framework for strong strategic governance and accountability to the Secretary of State and is also responsible for increasing openness and transparency in the activities of the Authority and Constabulary.

The Police Authority's members are appointed under Part 1 of Schedule 10 to the Act. The Act allows for between 7 and 13 members, all of whom are appointed by the Secretary of State. Independent members are appointed in accordance with the Code of Practice issued by the Commissioner for Public Appointments. Members employed by the nuclear site operating companies policed by the Constabulary are put forward by their companies.

### **Police Authority Members**

#### **Chairman:**

Melvyn Smith J.P. (Independent)

#### **Members:**

Robert Armour (BE)

Dr John Crofts (UKAEA)

Trevor Farrington (Urenco)

Dr Roger Howsley (BNFL)

John McNeill (Independent)

Dame Elizabeth Neville (Police Advisor to the Police Authority - Independent)

#### **Executive Director:**

Fraser Sampson

The Civil Nuclear Police Authority Management Statement and Financial Memorandum agreed with the former Department of Trade and Industry set out the arrangements for the operation of the Police Authority. In doing so it recognises that some members are put forward by the nuclear site operating companies. Such members in practice are Directors of, or are employed by, the organisations that operate nuclear sites and have declared that although they are employed by the operators, in practice no questions of conflict have arisen. Over the period under review the Executive Director has received no declaration of any interests which may conflict with members' fiduciary duties.

### **Police Authority Contact Details**

Civil Nuclear Police Authority  
Hinton House  
Risley  
Warrington  
Cheshire  
WA3 6AS

Telephone – 01925 833300  
Fax – 01925 833301  
[info@cnpa.pnn.police.uk](mailto:info@cnpa.pnn.police.uk)  
[www.cnpa.police.uk](http://www.cnpa.police.uk)

## **Chief Constable's Summary of Performance**

I am pleased to present this overview of performance, which is a summary of the report on the activities of the Civil Nuclear Constabulary being published in the Civil Nuclear Police Authority Annual Review for 2006-2007. In so doing I pay tribute to my predecessor, Mr W F Pryke, and particularly to Mr J Smith, who stood in as Acting Chief Constable, for it is under his tenure that the performance summarised herein was achieved.

### **The special nature of the Civil Nuclear Constabulary within the UK policing service**

The Civil Nuclear Constabulary is a fully constituted police force with a specific remit defined in the Energy Act 2004 to provide a policing service to civil nuclear sites and nuclear materials whether at a specific UK facility or in transit. In undertaking this specialist role the Constabulary continuously deploys armed officers to protect such materials and facilities. Such deployment, uniquely amongst UK Police Forces, extends internationally when nuclear material is transported to other countries.

In the nature of meeting this remit the majority of the Constabulary's activities are directed towards a protective stance and therefore the national policing performance framework, which focuses on the domains of reducing crime, investigating crime, promoting public safety, and providing assistance, provides a very limited model for assessing the Constabulary's efficiency and effectiveness. As a result the Civil Nuclear Police Authority specify objectives and performance targets which, whilst reflecting the applicable targets from the National Policing Plan, are specifically designed to reflect the importance of the activities to the Constabulary's core role of protecting nuclear materials and sites.

### **The Constabulary's operating environment**

#### The Terrorist Threat

Worldwide there are thousands of terrorist attacks each year on energy infrastructure. The scope of these attacks ranges from blackmail through kidnap to explosion and murder. All countries, be they net energy producers or consumers, realise the impact a successful major attack on their energy infrastructure would have on their economies and on public confidence.

Within the UK the changing nature of the terrorist threat, the scale of planning for terrorist activities, and the opportunities for disruption of public life have been recognised. The Government has responded to this changing threat by creating a new focus for preventing terrorism by splitting the Home Office to concentrate on policing and protection, and establishing a separate Ministry of Justice. The Civil Nuclear Constabulary is part of the countermeasures to terrorist threats and is tied into national arrangements through the nuclear security regulator and through the Association of Chief Police Officers Committee on Terrorism and Allied Matters.

The Civil Nuclear Constabulary has played its part in improving the protection of the energy sector of the critical national infrastructure by enhancing the protection given to nuclear electricity generation stations.

Countering terrorism is a fundamental aspect of the Constabulary's activities, and is achieved through a combination of maintaining personnel and equipment capability; gathering, analysing and communicating intelligence; and deploying resources to appropriate duties which are varied to limit the predictability of our response to an incident.

### National Policing Initiatives

The Civil Nuclear Constabulary was created under the Energy Act 2004 and, whilst it is not a body under the Police Act 1996 and the Police (Scotland) Act 1997 (with the exception of the collaboration agreements sections of those Acts), it seeks to conform with national policing initiatives in so far as they apply to its specialist remit. Accordingly during the year the Constabulary has assessed national initiatives such as the Witness Charter; the Code of Practice on Police Information; the Quality of Service Commitment; the National Briefing Model; the IMPACT Programme; the Police National Network for IT; and has developed plans to implement these within the boundaries of the Constabulary's activities for its specialist remit.

### **Constabulary overall performance**

The Constabulary has had a very challenging year with considerable growth in the number of officers to accommodate the permanent deployment to nuclear generating stations, the enhancement of working practices to counter the increased terrorist threat and the uncertainties inherent in periods of organisational change.

Overall the Constabulary delivered 76% of the improvement objectives within the planned timescales set by the 2006-2007 Annual Policing Plan. It also delivered a mean performance of 98% achievement against the basket of eight key performance indicators for its core duties associated with protecting nuclear material and facilities. The regulatory requirement for specified numbers of armed officers deployed at each site 24 hours per day, 365 days in the year was met. Forecasting of expenditure was much improved over previous years with targets for year end outturn being forecast within 5% at the end of quarter 2 and 2% at the end of quarter 3 being met and improved upon.

### **The Police Authority's requirements**

The Civil Nuclear Police Authority's Policing Plan 2006-2007 set objectives and targets under three Key Strategic Priorities:

1. Protect nuclear material and facilities on designated nuclear licensed sites and in transit throughout the UK and international arena, meeting the regulatory requirements of the Office of Civil Nuclear Security (OCNS).
2. Ensure that the Constabulary is managed in a way which gets the best from all its resources, especially staff, and demonstrates value for money, whilst maintaining the confidence of the public.

3. Maintain and improve the understanding between the Constabulary, its nuclear customers, the public, other stakeholders and the Government, including politicians, throughout the UK.

Progress that has been made in addressing each of these priorities is outlined below.

## **Delivery of objectives / projects**

### Deployment to Nuclear Electricity Generating Stations

The programme of extending the armed protection of civil nuclear facilities to generating stations was completed with the establishment of a permanent support unit at Hinkley Point power station on 31 March 2007. This programme was delivered within the two years stipulated by the OCNS and involved the sifting of thousands of applications for employment to recruit and train some two hundred new Authorised Firearms Officers and their deployment to generating stations throughout the UK.

The programme needed the coordination of many departments across the Constabulary, including the human resources team to process the applications, the Constabulary Training Centre to deliver multiple foundation courses to qualify the recruits as Authorised Firearms Officers, the procurement, estates, IT and stores teams to ensure that sufficient facilities and equipment were available at the new locations, and the existing operational units which released experienced officers so that the new units had a pool of practical nuclear policing knowledge from which to draw. Interim arrangements to provide armed protection prior to permanent deployment were created through the establishment of a mobile Tactical Response Group.

An unintentional, but welcome, side effect of the deployment has been the perception by local communities surrounding nuclear generating stations that levels of crime in those areas have reduced due to the deterrent effect of a continuous high visibility police presence.

### Escort Operations

A review of the Operations Department was completed in the light of the changing threats to the movement of nuclear materials and to re-assess the practices that have been established over the ten years since the Department had been established. The review concluded that the resilience of the Department needed to be enhanced and that changing circumstances meant that Constabulary protection of marine and road movements would be better served by dedicated specialist officers for one or the other transport mode rather than selecting from a single pool available for both modes. Enhancements to training were identified and are being delivered.

Three shipments of MOX fuel to Europe were successfully completed without the security of the nuclear material being compromised.

## Constabulary Communications Centre Upgrade

A lease arrangement was completed for the Constabulary Headquarters which allowed the relocation and upgrading of the Constabulary Communications Centre which plays an essential role in the management of incidents and in the monitoring of nuclear materials movements. The project for the upgrade was started and progressed well towards its completion date of the start of June 2007.

## Information Management

The national initiative to improve the management of police information following the Bichard Enquiry into the Soham murders has delivered the Code of Practice on the Management of Police Information (MOPI): full implementation of which is required by 2010. The information strategy and the necessary policies have been developed to comply with requirements of the MOPI and the other applicable legislation for a Government NDPB.

## National Incident Recording Standards

The Constabulary has implemented its incident logging system to comply with the national standard for incident recording. The majority of incidents of interest to the Constabulary were not reflected in the national categorisation and therefore the Constabulary had developed its own additional categories to help analysis of incidents. The system was developed and rolled out on time to meet the national target for implementation from April 2006 and was used through the year to inform tactical and strategic intelligence assessments.

## **Building organisational capability**

### Enhanced Patrol Strategy

The Constabulary has always kept the threat to nuclear facilities under review and adopted changed practices to respond to the perceived threat. During the year this ongoing review has led to the adoption of an enhanced patrol strategy with more overt patrolling by armed officers outside the boundaries of nuclear sites. The adoption of the strategy precipitated an increase in the numbers of trained officers and appropriate equipment and vehicles.

### IT Strategy

The Constabulary has been constrained by its IT network inherited from its origins as an organisation operating as part of the UKAEA and tying in to site networks operated by BNFL and Urenco. The extension of deployment to British Energy and British Nuclear Group (BNG) electricity generation station sites and the potential for break up of the BNG and UKAEA organisations under the Nuclear Decommissioning Authority's plans for competition for the management of nuclear site decommissioning have highlighted the risks of the IT network not being adequate for its future purpose. Accordingly an IT strategy has been developed for the Constabulary, approved by the Police Authority, and plans have been developed for the creation of an independent IT network tied into the national police IT infrastructure. The first phase of this, the connection of the Police Authority offices at

Risley to the Criminal Justice secure network, has been delivered. The strategy envisages an independent secure network connected to the CJX network being delivered to all Constabulary locations by 2009.

### Duty Rostering

A project has been started for delivery in the autumn of 2007 to replace the Constabulary's current site based system, Pallisade, for allocating officers to the required duties; this is proceeding to schedule. The new system, provided by Crown Software, will use a Constabulary-wide database of duties and officers' skills and qualifications to allow for wider planning and resource analysis, it will be operated by operational planning staff and will provide improved functionality over the Pallisade system.

### Police Officer Training

A costed training plan complying with national police training requirements for format and content has been prepared, approved and implemented. Performance against indicators shows that the plan is being achieved in practice. The plan encompasses all training undertaken by officers and police staff. The National Occupational Standards for policing have been mapped and the requirements have been incorporated into all internal training courses.

### People Management

A people management strategy was set and is largely being delivered to time though resource restrictions caused through the need to recruit additional police officers for the deployment to nuclear power generating stations, the enhanced patrol strategy, and staff shortage have limited the delivery of some of the objectives of the strategy. Within the strategy the development of a common system for Performance and Development Reviews for police officers and staff, compliant with the National Occupational Standards, has been completed. The necessary adjustments to practices to comply with age discrimination legislation have been implemented, proposals for developing changes to the reward & recognition strategies have been developed and the Constabulary has received re-accreditation of its Investors in People award.

### Corporate Social Responsibility

The Constabulary has always been aware of its responsibilities to the public and shares the Government's expectation for the common values for the police service to:

- Show fairness and integrity;
- Show freedom from corruption;
- Show respect for liberty and compassion;
- Be free from racism;
- Serve all communities equally;
- Be committed to protecting individuals and the common well-being.

The Constabulary values statement has been updated to reflect this expectation.

An assessment of the relative strength of the Police Authority and the Constabulary's appreciation of Corporate Social responsibility issues has been conducted using the CSR Competency Framework developed by the former Department for Trade and Industry based on an earlier assessment of the elements of the AGENDA Scotland model for social responsibility which were considered applicable to the Constabulary's specialist role. This will then provide a basis for measuring year on year improvement.

The Police Authority has already indicated that it wishes the Constabulary to improve its environmental management arrangements within the framework of coordination with environmental management systems on nuclear sites and a programme for doing this is being prepared.

### **Collaboration**

The Constabulary is a very small organisation by comparison with Home Office and Scottish Executive police forces, yet has to operate within the same disciplines and requirements. This is achieved by prioritisation on those aspects that support the Constabulary's core activities and by collaborating with external organisations to share the benefits and practices that those organisations and the Civil Nuclear Constabulary can contribute.

### **Centrex Recruitment**

The substantial recruitment programme needed to fulfil the deployment to nuclear generating stations in addition to normal replenishment of wastage would have placed intolerable burdens on operational police officers to conduct assessment centres under the previous in-house arrangements. Accordingly the Constabulary has collaborated with the Central Police Training and Development Authority (Centrex, now part of the National Policing Improvement Agency) to utilise their expertise in holding assessment centres for police recruits. The basis of the assessments has been agreed between the Constabulary and Centrex and includes national policing tests and specific tests to assess the candidates' suitability as Civil Nuclear Constabulary Authorised Firearms Officers.

### **Estate Strategy**

The Constabulary has engaged with nuclear site operators and the Nuclear Decommissioning Authority (NDA) (as the new owner of the property at sites within the national decommissioning remit) to ensure that accommodation occupied by the Constabulary is maintained and developed so as to be fit for future needs. Accommodation has been occupied at nuclear electricity generating stations to meet the timescales for the deployment set by the OCNS. The Constabulary has also contributed to the plans for relocation of the Police Station at the Harwell site with UKAEA, plans for the relocation of the Police control room at Sellafield with British Nuclear Group, and in conjunction with Urenco have planned and occupied the new main gate accommodation at the Capenhurst site.

## Modernisation Reviews

The Police Authority has commissioned a modernisation review of functions within the Constabulary Headquarters which has been undertaken by staff from Devon and Cornwall Constabulary. In addition best value reviews of the Corporate Communication and Legal functions will be conducted in 2007-8 by the Temporary Deputy Chief Constable who is on secondment from Lothian and Borders Police.

## Procurement

The Constabulary has sought to leverage benefit from economies of scale in procurement by utilising national policing and governmental framework agreements when purchasing goods and services and sharing services with other parties. Examples of where significant procurement gains have been made over previous contracts/arrangements have been in procurement of body armour, use of firearms ranges, vehicle fleet management, stores systems and insurance. The Constabulary is a member of the North West Procurement Group. This group was established to improve police procurement practices and achieve economies of scale/efficiencies through combining purchasing power and procurement resources.

## International Training

The arrangements developed in previous years for training of Russian nuclear power station security staff in collaboration with the former Department of Trade and Industry, BNFL and the US Department of Energy have been further enhanced during the year building on the Constabulary's track record of delivering professional training to its own staff.

## **Key performance indicator results**

### Protecting Nuclear Material and Facilities

Performance Indicator	Target	Achievement
Deploy armed officers to planned duties	100%	100.00%
Deploy police dog patrols to planned duties	100%	94.16%
Attend alarm indications	100%	99.98%
Conduct offsite duties to programme	100%	100.00%
Confirm fence integrity	100%	100.00%
Test security equipment functionality	100%	99.85%
Search vehicles and personnel	100%	100.00%
Officers participating in exercises in the year	95%	89.67%

The majority of the targets on protection of nuclear material and assets are set on achieving the stated requirement 24 hours per day, 365 days per year, at all sites. The standards are difficult to meet given the limitations on the numbers of officers employed and the need for specialist qualifications to conduct the required duties.

The deployment level for police dog patrols was less than planned because of a shortage of trained dogs and sickness of individual dog handlers which could not be mitigated within the pool of qualified officers. Recruitment of police dog handlers and training of police dogs is planned to improve the performance levels.

The target for participation of officers in exercises was not met because of high levels of new recruits who were unable to participate because there was no exercise planned at their designated location between their recruitment and the end of the year and the high level of secondments used to ensure that other performance targets were met across all locations (e.g. Dungeness and Torness).

38 local and three full scale exercises were held in the year. The major exercises included one table top (the first involving the Constabulary at a nuclear electricity generating station) and two live play exercises. All three major exercises involved the Constabulary, the site operators and the local police force and emergency services. As intended, lessons learned from exercise debriefings have been fed back into improvements in practice.

#### Management of the Constabulary

Performance Indicator	2005-6	Target	2006-7
<b><i>Health &amp; Safety</i></b>			
Number of lost time accidents per 100,000 hours worked	0.36	0.34	0.46
Number of lost time accidents reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)	7	Not set	9
Number of accidents involving injury	77	Not set	51
Number of 'near misses' reported	26	Not set	59
<b><i>Absence management</i></b>			
Average number of working hours lost per annum due to sickness, per officer.	78.6	75	82.3
Average number of working hours lost per annum due to sickness, per police staff member	54.8	50	74.0
<b><i>Recruitment and Retention</i></b>			
% shortfall of strength	2.8%	5%	2.1%
Police Officer Turnover Rate	7.1%	10%*	5.4%
Police Staff Turnover Rate	11.2%		10.4%

Performance Indicator	2005-6	Target	2006-7
<b><i>Diversity</i></b>			
% of police officers who are female compared to overall strength.	15.4%	17%	15.2%
% of police officers from minority ethnic groups	0.7%	2%	0.6%
% of police staff from minority ethnic groups	2.7%	2%	3.1%
Ratio of officers from minority ethnic groups resigning to all officers' resignations.	0	Less than 1.5:1	0
<b><i>Training</i></b>			
% of courses delivered against planned courses	Not available	95%	97.3%
% of planned attendance at training courses achieved	Not available	95%	98.8%
<b><i>Crime</i></b>			
Number of crimes recorded	84	Not set	44
Number of detections	22	Not set	5
Detection rate	29%	Not set	13%

\*For 2006-7 a single combined target for all employees was set and the definition of turnover rate included planned retirements.

Health and safety has been a priority and a strategy for improving health and safety has been endorsed by the Police Authority. The substantial increase in the number of 'near misses' recorded is encouraging and is indicative of an improving safety culture.

The increased levels of absence through sickness is disappointing and is believed, in part, to be attributable to feelings of uncertainty within the Constabulary which is common to all organisations undergoing significant change.

The lack of progress on the figures for the diversity indicators is disappointing. Females and especially minority ethnic groups are under-represented by comparison to their distribution in the general population. Recruitment strategies to improve the submissions of applications from under-represented sections of society are being developed.

Targets for the delivery of training and attendance were exceeded. A notable achievement, given the uncertainty in training requirements resulting from increased recruitment and the need to comply with statutory obligations at a time when staff were taking up new roles with expanded services being provided at more sites.

The crime figures appear to show a marked reduction in the level of crime and also in the percentage detected. However, the previous year's crimes and detections include one case where the Scottish Procurator Fiscal chose to classify a series of crimes by one individual as separate crimes thereby substantially affecting the figures for that year. Targets were not set for crime or detections because with the low numbers of crimes a small number of individual events lead to large statistical variations. In fact the level of crime on nuclear sites remains very low and the detection rate is in line with previous years.

#### Improving the Understanding of our Role

Performance Indicator	2005-6	2006-7
<b><i>Publications</i></b>		
Annual Policing Plan published by 31 March	31 March 2006	21 March 2007
Strategic Plan published by 31 March	31 March 2006	21 March 2007
Annual Chief Constable's Report published	20 July 2005 (2004/5 report)	9 June 2006 (2005/6 report)
Annual Report and Accounts published	Not applicable (2004/5 report)	17 July 2006 (2005/6 report)
<b><i>Freedom of information</i></b>		
Requests received	20	5
% of requested responded to within 20 working days	100%	100%
<b><i>Consultation and feedback</i></b>		
Site stakeholder meetings attended	Not available	100%
Complaints received	6	5
Complaints locally resolved	2	5
Complaints substantiated	3	0

The documents which the Police Authority is required to produce under the Energy Act were all completed and published within the required timescales.

The reduction in the number of requests for information is believed to be because of the greater interest shown in the Constabulary and Police Authority in their initial year of existence. The request rate is very low by comparison with other police forces and may reflect either satisfaction with the service being delivered, difficulty in making contact, or diminished levels of interest. The internet websites are being developed in 2007 to improve accessibility of information and provide alternative contact routes.

In addition to local site stakeholder meetings the Acting Chief Constable and the Chairman of the Police Authority attended and participated in the Nuclear Decommissioning Authority national stakeholder meeting.

The Constabulary has reviewed the requirements of the national quality of service commitment in the light of its specialist role and made an assessment to determine how it performs against the National Policing Quality of Service Standards. The review concluded that many of the requirements are based on typical activities undertaken in Home Office and Scottish Executive police forces for their local communities, and are of limited application to the Constabulary in conducting its core duties under the Energy Act 2004. The review confirmed that the Constabulary believes that it is compliant with the requirements for complaints handling and for implementing the victims' charter. Plans are in place to implement the witness's charter during 2007-2008. Several areas for improvement were identified in the review and these are being pursued, for example improving website content to make it easier to contact the Constabulary.

## Accounting Officer's Statement

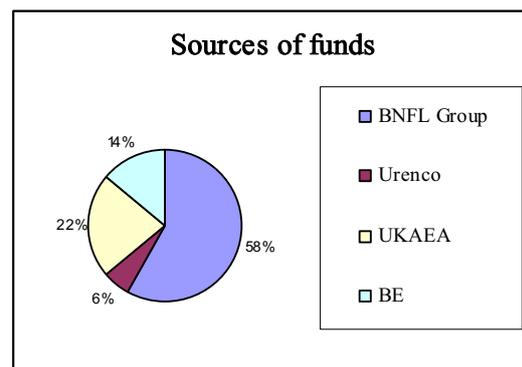
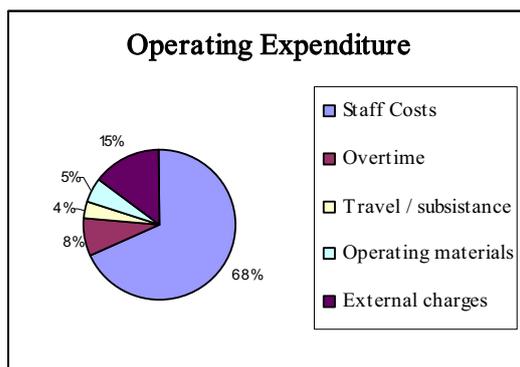
This is my first reporting year as Accounting Officer for the Civil Nuclear Police Authority incorporating the Civil Nuclear Constabulary. The scope of this report is to provide a management commentary upon the operations of the organisation and its financial performance as outlined in the financial accounts and the accompanying notes to the accounts for the year ended 31 March 2007.

The Secretary of State for Trade and Industry (the Secretary of State), pursuant to Paragraph 12, Schedule 10 of the Energy Act 2004, has provided an Accounts Direction to the Civil Nuclear Police Authority. The Direction requires the Police Authority to prepare accounts in accordance with the Government's Financial Reporting Manual (FRM).

I acknowledge my responsibility for preparing accounts that give a true and fair view of the state of affairs, net cost of operations and cash flows of the Police Authority for the year ended 31 March 2007.

All accounting records have been provided to the National Audit Office, and all transactions undertaken by the Police Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Police Authority meetings have also been supplied.

Operating expenditure for the year totalled £44.3 million, for which the nuclear operators, predominantly British Energy (BE), United Kingdom Atomic Energy Authority (UKAEA), British Nuclear Fuels Limited Group subsidiaries (BNFL) and Urenco, provided direct funding. Our investment in capital for the year was £1.8 million. Capital expenditure and working capital requirements were funded by the provision by the former DTI of £6 million grant in aid. An analysis of the operating expenditure for the year and the source of the funds are shown below.



Operating expenditure has increased during 2006/07 when compared to 2005/06 due largely to two reasons. The continued rollout of policing services to 9 additional sites which was completed by the end of this financial year and the introduction of the enhanced patrolling strategy. Capital expenditure has also increased to cope with the 9 additional sites plus our new Constabulary Communications Centre, implementation of a Duty Management System and the normal replacement of vehicles.

## **Civil Nuclear Constabulary**

The Constabulary was established on 1 April 2005 as directed by the Energy Act 2004. The Constabulary reports to a newly formed, independent Police Authority, the Civil Nuclear Police Authority; it operates under the strategic direction of the DBERR (formerly the DTI). The Civil Nuclear Constabulary was previously known as the UKAEA Constabulary, under which name it operated for fifty years.

The Civil Nuclear Constabulary (CNC) is a specialist armed police service dedicated to the civil nuclear industry with Operational and Support Units based at civil nuclear sites in England, Scotland and Wales, with over 800 Police Officers and Staff. Constabulary Headquarters is based at Culham in Oxfordshire. The purpose of the Constabulary is the protection of nuclear licensed sites and safeguarding nuclear material in transit. Throughout the year the Civil Nuclear Constabulary has experienced a period of growth as we extend our policing services to enhance security arrangements at civil nuclear power stations in addition to those nuclear sites where the Constabulary was already deployed. The Constabulary works in partnership with Home Office Forces and Scottish Executive Forces at each site. Policing services required at each individual site are agreed with nuclear operators in accordance with the Nuclear Industries Security Regulations 2003 and ratified by the UK regulator, the Office for Civil Nuclear Security (OCNS).

### **Chief Officer Team**

#### **Chief Constable:**

Richard Thompson

#### **Temporary Assistant Chief Constable**

Peter Driver

#### **Deputy Chief Constable:**

James Smith

#### **Director of Corporate Services**

Rod Mercer

#### **Temporary Deputy Chief Constable**

James Coupland

### **Staff Involvement**

The Civil Nuclear Constabulary is in a period of growth and offers more career opportunities to police officers and staff than it has ever done before. Extending police services to enhance security at civil nuclear power stations has had an impact on the entire organisation, with officers taking up opportunities at the 9 new Support Units and the Enhanced Patrolling Strategy. The recruitment team has met the demand for growth this year and the Training Centre increased the amount of foundation courses delivered. Our people management strategy, including progressing the programmes for leadership development and competencies, is vital to the organisation. A full report on the Authority's People Management Strategy, People Awards, Employee Organisations, leadership development and the development of the Integrated National Competency Framework can be found in the Chief Constable's Summary Report Section for 2006/07. It should also be noted that the Civil Nuclear Constabulary was reaccredited in its own right for IIP at March 2007.

## **Pension Arrangements**

Further information on pensions can be found in the Financial Statements (Note 6) and the Remuneration Report.

## **Equality and Diversity**

The Police Authority is committed to encouraging and achieving a working environment which is underpinned by fairness to all individuals, where diversity is recognised, encouraged and valued, and where the concept of individual responsibility is accepted by all. This vision extends beyond the employment relationship and encompasses the needs of all stakeholders and members of the community policed by the Constabulary.

Over the next three years, the diversity strategy will support the delivery of our strategic aims and deliver our commitment to the nuclear industry and local communities. Recognising there is no end state for diversity management, through continual progress, the Police Authority aims to achieve the following:

- increased knowledge and awareness of the diverse needs of the site and local communities to ensure all interactions between the Constabulary and site employees / contractors / visitors and general public are appropriate and understood.
- a workforce that is representative of the communities the Constabulary polices.
- an equality scheme ensuring compliance as a minimum against relevant legislation reaching all parts of the organisation in practical terms and the impact of policies on all sectors of the community is understood.
- all employees will be aware of and understand their role in embracing diversity and delivering its aims through access to a portfolio of relevant diversity training material.
- The Disability Discrimination Act 1995 (DDA) was extended to include the Police Service in October 2004. As such, the small number of Constabulary officers/staff with disabilities are given priority on restricted duties and office type work, if available. Reasonable adjustments are looked at on an individual basis and separate records of absence are held for absences relating to disability and are discounted from threshold payments, promotion and selection etc. A Risk Assessment Panel operates for new applicants with disabilities to ensure every opportunity for supporting prospective employment is considered. Occupational Health is consulted on all disability issues and disabled officers / staff are offered regular referrals. An Absence Monitoring Group continues to meet to agree individual return to work action plans and individual restricted duties where appropriate.

## **Business Development and Performance**

The key strategic priorities for 2006/07, as set out in the 2006/07 Annual Policing Plan were:

- To protect nuclear material and facilities on designated nuclear licensed sites and in transit throughout the UK and international arena, meeting the requirements of the OCNS.
- To ensure that the Constabulary is managed in a way which gets the best from all its resources, especially staff, and demonstrates value for money, whilst maintaining the confidence of the public.
- To maintain and improve understanding between the Constabulary, its nuclear customers, the public, other stakeholders and the Government, including politicians throughout the UK.

Performance against these priorities and a set of key performance indicators for the organisation are outlined in the Annual Policing Plan and the Chief Constable's Summary Report Section for 2006/07.

### **Payment of Suppliers**

The Police Authority complies with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890), and with the Late Payment of Commercial Debts (Interest) Act 1998 as amended. We follow the guidance on timing of payments given in the Government Accounting Manual (Chapter 16).

The Police Authority pay over 99% of their suppliers within 30 days from the date the correctly presented invoice is processed. The method of calculating this figure is not per Treasury guidance, but plans have been put in place to rectify this for 2007/08. This method may overstate the performance of the Authority.

### **Resources Available to the Entity**

Further information on the resources available to the entity can be found in the Financial Statements, the Annual Policing Plan for 2006/07 and the Chief Constable's Summary Report Section for 2006/07.

### **Key Stakeholders**

The key stakeholders for the Police Authority and Constabulary include:

Department for Business, Enterprise and Regulatory Reform  
 (formerly the Department of Trade and Industry)  
 Nuclear Decommissioning Authority  
 Office for Civil Nuclear Security  
 Nuclear Operators  
 Employee and Employer Organisations  
 Association of Police Authorities  
 Association of Chief Police Officers  
 Her Majesty's Inspectorate of Constabulary  
 Local Communities

The future of the Police Authority is closely related to the future of its key stakeholders. Any future changes to legislation which alter the contents of the Energy Act 2004 may directly effect the organisation. As the nuclear decommissioning

process proceeds the Police Authority/Constabulary may face a reduction in the number of sites to be policed, however if the government decide in favour of a new build programme and the construction of a new waste depository the remit of the Police Authority/Constabulary may expand. Additionally changes to the corporate structure and governance of stakeholders such as BNFL Group subsidiaries and UKAEA may also have a consequent impact upon the Police Authority/Constabulary.

### **Social and Community Policies**

Objectives and further information have been outlined in detail in the Chief Constable's Summary Section for 2006/07 under corporate social responsibilities.

### **Environmental Policy**

The Constabulary was previously part of UKAEA and subject to their environmental policy. As such, systems to address environmental impacts are already in place. The Police Authority has asked for a formalisation of an environmental management policy and procedures, for which work is underway.

### **Risk**

The Police Authority has adopted a Risk Management Framework which provides a foundation for developing a risk management culture covering both operational and strategic business risks. Operational risks and mitigating strategies are included in a risk register which is being reviewed. The key risks have been identified and prioritised and are kept under continuous review. The identification of strategic risks for inclusion in the risk register was adopted by the Police Authority in autumn 2006. Thereafter a continuous risk review programme was rolled out.



Richard Thompson  
Accounting Officer, Civil Nuclear Police Authority  
6 July 2007

## **Remuneration Report**

The Police Authority operates within the principles set out in the Police Authority Management Statement and Financial Memorandum with regard to Police Authority Operator Members, Independent Members, the Executive Director and the Chief Officer Team's remuneration policies and practice as approved by the Secretary of State. The principal implementation arrangements are set out below.

### **Procedures for setting remuneration**

The Police Authority Chairman and Independent Members' remuneration is determined by the Secretary of State with the approval of HM Treasury in accordance with the Energy Act 2004. The remuneration of the Executive Director and Chief Officer Team is set by the Police Authority (within the terms of the Management Statement and Financial Memorandum) through its Senior Appointments Committee as detailed below. Operator Members receive no remuneration or fees from the Police Authority.

Membership of the Senior Appointments Committee:

Melvyn Smith J.P. (Chairman)  
Dame Elizabeth Neville  
Dr Roger Howsley

### **Statement of remuneration policy and details of remuneration**

The individual components of, and arrangements for, the remuneration packages are:

#### **Basic salary and benefits**

The Executive Director and the Chief Officer Team receive a basic salary which is reviewed annually.

The Chief Constable, Bill Pryke, retired on 30 September 2006 and the Deputy Chief Constable, James Smith took over as Acting Chief Constable until 11 June 2007 when Richard Thompson took up the post of Chief Constable.

On the 3 October 2006, James Coupland was seconded from Lothian and Borders Police and commenced in the post as temporary Deputy Chief Constable. On the 10 October 2006 Peter Driver was seconded from Greater Manchester Police and commenced in the post of temporary Assistant Chief Constable. Both secondees were in post at 31 March 2007.

Independent Members receive a stipend from the Secretary of State as shown in the table below.

#### **Performance related bonuses**

A Performance related bonus based on objectives achieved through the reporting period is payable to the Executive Director and the Chief Officer Team. This is a

percentage based bonus related to basic salary of up to 15%, based on the Performance and Development Reviews of the individuals concerned.

## Pensions

The Executive Director and the Chief Officer Team are members of the Combined Pension Scheme that pays an annual pension based on pensionable final earnings together with a lump sum of three times the pension at normal retirement age. Benefits are also payable in the event of death or ill health retirement. Police Authority Independent Members are not members of that or any other Authority-related scheme while Operator Members make their own pension arrangements through their employers.

The temporary ACPO members remain within their Home Office/Scottish Executive pension schemes.

*The following tables are subject to audit.*

## Fees

Independent members are entitled to fees that are determined by the former DTI. They do not receive contractual performance related bonuses nor pension entitlements but are reimbursed for reasonable expenses in line with Police Authority policy.

<b>Police Authority Members</b>	<b>Salary/ Fees £</b>	<b>Benefits £</b>	<b>Bonus £</b>	<b>2007 Total £</b>	<b>2006 Total £</b>
Melvyn Smith J.P. (Chairman)	25,000	-	-	25,000	29,000
Robert Armour	-	-	-	-	
John Crofts	-	-	-	-	Consent not given
Trevor Farrington	-	-	-	-	
Roger Howsley	-	-	-	-	
John McNeill	17,500	-	-	17,500	14,846
Elizabeth Neville	17,500	-	-	17,500	21,500
Fraser Sampson*** (Executive Director)	76,479	7,193	12,577	96,249	15,563
<b>Chief Officer Team</b>					
Bill Pryke*	56,841	6,352	-	63,193	116,468
James Smith***	106,683	7,877	14,947	129,507	23,150
Rod Mercer	71,680	7,877	6,556	86,113	Consent not given
James Coupland**	67,806	17,436	5,502	90,744	
Peter Driver**	60,706	15,685	4,585	80,976	

\*Salaries and benefits are for the year to 30 September 2006 when Bill Pryke retired.

\*\* James Coupland and Peter Driver are on secondment from Lothian and Borders Police and Greater Manchester Police Authority respectively. No salaries, fees or bonuses were paid directly to them. The figures quoted are the amounts paid to the respective Police Forces.

\*\*\*Bonus payments cover 05/06 and 06/07.

### Pension entitlements

The pension entitlements shown in the table below are those that would be paid annually on retirement based on service to 31 March 2007 and include the value of added years paid for by Members of the CPS.

	Accrued Pension 2006	Lump Sum 2006	CETV* 2006	Inc. in accrued pension	Increase in lump sum	Increase in CETV*	Accrued pension 2007	Lump sum 2007	CETV* 2007
	£	£	£	£	£	£	£	£	£
<b>Police Authority</b>									
Fraser Sampson (Executive Director)	176	529	2,351	997	2,991	13,295	1,173	3,520	15,646
<b>Chief Officer Team</b>									
Bill Pryke**	49,702	149,106	835,809	712	2,136	12,112	50,414	151,242	847,921
James Smith	288	863	4,976	1,307	3,921	22,601	1,595	4,784	27,577
Rod Mercer	1,022	3,066	13,714	922	2,766	12,369	1,944	5,832	26,083

\*Cash Equivalent Transfer Value

\*\*Pension of £50,414 pa commenced 01/10/2006. A compensation payment of £111,393 was also paid.

Members of the pension scheme have the option to pay Additional Voluntary Contributions; neither the contribution nor the resulting benefits are included in the above tables.

## Service Contracts

<b>Police Authority Members</b>	<b>Date of Contract</b>	<b>Unexpired Term</b>	<b>Notice Period</b>
Melvyn Smith J.P. (Chairman)	23/03/05-31/03/09	2 years	3 months
Robert Armour	23/03/05-31/03/07	nil	Contract ended
John Crofts	23/03/05-31/03/08	1 year	Not stated in TOR
Trevor Farrington	23/03/05-21/12/07	9 months	Not stated in TOR
Roger Howsley	23/03/05-31/03/08	1 year	Not stated in TOR
John McNeill	23/03/05-22/03/10	3 years	3 months
Elizabeth Neville	23/03/05-31/03/08	1 year	3 months
Fraser Sampson (Executive Director)	From 13/07/2006	4 years 9 months	6 months
<b>Chief Officer Team</b>			
Bill Pryke	From June 1996	Retired 30/09/06	n/a
Jim Smith	03/01/06 - 02/01/11	4 years, 9 months	6 months
Rod Mercer	From 24/01/05	Open ended	3 months

The provision for compensation for early termination and the Police Authority's liability in the event of early termination are not stated in the contracts.

The Secretary of State has responsibility for the appointment and removal of the Police Authority Chairman and Members and approving their terms and conditions of appointment in line with provisions of the Energy Act 2004, Schedule 10. The Police Authority shall be reviewed at least every five years in accordance with the Cabinet Office guidance and fixed term renewable appointments are made in line with this cycle.

Richard Thompson  
Accounting Officer, Civil Nuclear Police Authority  
6 July 2007

## **Statement of Police Authority and Accounting Officer Responsibilities**

Under Schedule 10, Part 4 of the Energy Act 2004 the Secretary of State for Trade and Industry (with the approval of HM Treasury) has directed the Police Authority to prepare a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Police Authority and of its income and expenditure, total recognised gains and losses and cash flows for the accounting period.

In preparing the accounts the Police Authority is required to:

- observe the Accounts Direction issued by the Secretary of State for Trade and Industry (with approval of HM Treasury), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

The Accounting Officer of the former Department of Trade and Industry has designated the Chief Constable as Accounting Officer for the Police Authority. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper accounting records and for safeguarding the Police Authority's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury.

## **Statement on Internal Control**

### **Scope of responsibility**

1. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives within the Civil Nuclear Police Authority, 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 2000.
2. The Police Authority's function is to maintain an efficient and effective Civil Nuclear Constabulary with the primary purpose of protecting civil nuclear licensed sites and safeguarding nuclear material in Great Britain and elsewhere. The Police Authority was established on 1 April 2005 under Chapter 3 of Part 1 and the associated Schedules of the Energy Act 2004 and is an executive non-departmental public body.
3. The Management Statement and Financial Memorandum agreed between the Police Authority and the former Department for Trade and Industry (DTI), as the sponsoring Department, defines the Police Authority's accountability and reporting arrangements to the Minister. Through it the former DTI Accounting Officer designates the Chief Constable of the Civil Nuclear Constabulary as the Police Authority's Accounting Officer.
4. The Chairman of the Police Authority meets at regular intervals with representatives of the Sponsoring Department and informs Police Authority Members and myself, as appropriate. In addition Police Authority meetings are regularly attended by representatives of the DBERR (former DTI), NDA and OCNS who attend as observers.

### **The purpose of the system of internal control**

5. 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 departmental 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 developing within the Police Authority for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **Capacity to handle risk**

6. The Energy Act 2004 established the Police Authority as an executive non-departmental public body as at 1 April 2005, however, a degree of dependence upon the policies and procedures and IT and Communication systems established by the former UKAEAC will, of necessity, remain until such time as the Police Authority has fully implemented its strategy. The Police Authority's capacity to handle risk is

being developed by demonstrating leadership commitment and providing training and guidance for managers.

a) Leadership

- i) As Chief Constable I am committed to ensuring that a system of risk management is maintained to inform decisions on business, financial and operational planning and to assist in achieving objectives and targets. This commitment is shared by Police Authority Members.
- ii) The Audit and Risk Management Committee reviews the development of the risk register and scrutinises the management of key risks at its meetings. The Risk Register has been in development since September 2005 and is anticipated to adequately reflect strategic risks facing the Police Authority by autumn 2007.
- iii) A Risk Management Group headed by the Constabulary Legal Adviser has met in the latter part of the year to review emerging risks and undertake scenario reviews. This group will continue to meet at regular intervals throughout the forthcoming year.
- iv) Constabulary Senior Management reviews performance against objectives and collates and reports Key Performance Indicators to Committees and the Police Authority.
- v) Police Authority members and myself receive briefings as and when necessary from relevant agencies at Police Authority meetings and in other forums.

b) Training and Guidance

- i) Staff receive appropriate training and guidance as the strategy to implement the Risk Management Framework is rolled out.
- ii) During the reporting period staff have received guidance from the Finance Department and have also been able to reference policies and procedures including, where relevant, those inherited from the Constabulary's former parent body, the UKAEA.
- iii) Best Practice is identified and disseminated following reviews by External and Internal Review Bodies.

## **The risk and control framework**

7. The Police Authority adopted a Risk Management Framework in September 2005. The framework provides a foundation for developing a risk management culture covering both operational and strategic business risks. Operational risk identification and mitigation strategies have been in the process of development since September 2005. The identification of strategic risks for inclusion in a Risk Register continues to develop and is not anticipated to be submitted for adoption by the Police Authority until November 2007. Thereafter a continuous risk review programme will be rolled out.

8. The Audit and Risk Management Committee will review strategic business risks on a quarterly basis and report on them to the Police Authority. Major risks on the risk register will also be reviewed by Strategic or Tactical Tasking and Coordination Groups within the Constabulary on a monthly basis.

9. The input of stakeholders in the development of the Risk Register is actively encouraged by the Audit and Risk Management Committee and a number of stakeholders have already contributed and have participated in a Strategic Risk Identification Workshop. Stakeholders also attend meetings of the Police Authority and are kept informed of risk management developments and issues arising.

10. The Police Authority has the responsibility for assessing the amount of risk (the risk appetite) that the organisation is prepared to tolerate. It sets the risk appetite so that Civil Nuclear Constabulary management may be guided in their attitude to risk. The way of dealing with each risk depends on its nature, the cost of each alternative strategy and the capacity of the organisation.

11. I report regularly to the Police Authority and its committees on progress towards meeting the Police Authority's objectives as laid out in the Annual Policing Plan and the Policing Strategy, which constitutes the statutory Three Year Strategic Plan. Such reporting also includes the management of risk which is developed from internal assessments and liaison with the Nuclear Decommissioning Authority (NDA), Office for Civil Nuclear Security (OCNS), the Association of Police Authorities, Home Office and Scottish Executive constabularies and nuclear site operators.

12. The framework for internal control comprises:

- a) Corporate Governance Framework:- The Police Authority has established a committee structure to monitor performance and achievement towards objectives. This includes the Audit and Risk Management Committee which receives reports from management and the internal and external auditors on the internal control environment.
- b) Planning Framework:- The Constabulary develops the Annual Policing Plan and Three-Year Policing Strategy through a consultation process with stakeholders. This is subsequently reviewed, approved and adopted by the Police Authority.

c) Financial Management Framework:- The Police Authority has endorsed a framework which consists of the following documents and arrangements which establish the principles of financial control:

- Management Statement and Financial Memorandum;
- Revenue budget and capital budget;
- Revenue forecasts and capital programme;
- Expenditure reports;
- Internal audit;
- Schedule of delegated authority.

Elements of this framework have been further developed during the year including Draft Standing Orders and Finance Regulations and a Finance Manual. Staff continue to follow guidance issued by the Director of Corporate Services as appropriate.

d) Performance Management Framework:- The Constabulary monitors its performance by holding individuals to account for specific responsibilities, which may be for a particular organisational unit, group or a specific personal accountability. To further enhance this process of accountability a revised management structure was introduced in October 2006 and is subject to ongoing evaluation by the Police Authority.

The review mechanisms include:

- Performance Data gathering and analysis;
- Performance Review meetings for Operational Units and HQ Departments;
- Departmental meetings reviewing performance;
- Individual Performance appraisal/development reviews (PDRs);
- Review meetings between Departmental Heads and the ACPO team;

e) Insurance:- The Police Authority purchases insurance cover to protect assets and liabilities where required by legislation or where it is cost effective to do so. A review of insurance cover was undertaken in November 2006.

### **Review of effectiveness**

13. 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 auditor and the executive managers within the Constabulary 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 Police Authority, the Audit and Risk Management Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

14. In coming to the conclusion in my review I have borne in mind the checks and balances built into the system of internal control, including the opinions of the following:

a) The Police Authority

The Police Authority receives reports from the Audit and Risk Management Committee at each of its meetings. Significant issues relating to the system of internal control are reported.

b) The Audit and Risk Management Committee

The Committee first met in June 2005. Its terms of reference require that it reviews internal financial controls and the internal controls and risk management systems of the Police Authority. At each of its meetings it has received reports and sought assurances from management in each of these areas. The Committee continues to promote best practice whenever the opportunity arises and its meetings are attended by both Internal Audit and External Audit (NAO).

c) Risk Manager

The Chief Constable holds responsibility for the risks but day to day management is delegated. Responsibility for developing and monitoring the Risk Management Framework including the maintenance of the Risk Register and the subsequent tracking of actions to treat the risks identified, has been jointly delegated to the Constabulary's Legal Adviser and Programme Manager during 2006. The Programme Manager is also involved with the meetings of the Government's own Risk Improvements Managers Network. This links into the Permanent Secretaries Management Group Sub-Committee on Risk.

d) Internal Auditor

The annual report of the Internal Auditor was presented to the Audit and Risk Management Committee in June 2007 and included an opinion on the internal control framework. The report concluded that overall, based on the work carried out for this year, that the Internal Auditor was of the opinion that the system of internal control is satisfactory and effective. It is recognised by the Police Authority that further development work needs to be done to ensure that a sound risk management framework, together with other elements of the Corporate Governance framework, are in place to support effective Corporate Governance.

e) Quality Assurance Audit

While options for retaining ISO 9001 are currently being evaluated other Quality Assurance mechanisms such as Internal Audit, Professional Standards, HMIC and surveillance/ information commissioners are in place.

f) Professional Standards Department

The Professional Standards Department is responsible for maintaining professional standards and investigating any alleged instances of misconduct including fraud and corruption. The Department identifies areas for improvement and disseminates best practice guidelines where appropriate.

g) Senior Management Team

The Senior Management Team meets weekly and reviews progress against objectives and service improvement programmes. Action plans resulting from these meetings are tracked and reviewed.

h) Her Majesty's Inspectorate of Constabulary (HMIC)

The HMIC has undertaken a number of reviews during the year and has reported to the Chief Constable and the Police Authority. These included the 2006 baseline inspection of the Civil Nuclear Constabulary. HMIC has also conducted inspections on use of resources, and counter terrorism measures. Areas for improvement resulting from the inspections are analysed and where appropriate action plans are prepared. Progress in completing actions is logged on the Constabulary Tracker database and regular reviews of actions are undertaken to ensure timely completion.

i) Modernisation Review Project Board.

The Police Authority has commissioned 'best value' type reviews during the year and these will continue into 2007/2008.

15. The internal control systems did not identify any significant internal control issues for inclusion in this statement.

Richard Thompson  
Accounting Officer, Civil Nuclear Police Authority  
6 July 2007

## **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 Civil Nuclear Police Authority for the year ended 31 March 2007 under the Energy Act 2004. These comprise the Income and Expenditure Account, the Balance Sheet, Statement of Recognised Gains and Losses and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Civil Nuclear Police Authority, Accounting Officer and auditor**

The Civil Nuclear Police Authority and Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Energy Act 2004 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Civil Nuclear Police Authority and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Energy Act 2004 and Secretary of State directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Chairman's Statement and the Accounting Officer's Statement is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I also report to you if, in my opinion, the Civil Nuclear Police Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Civil Nuclear Police Authority's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether the Accounting Officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Civil Nuclear Police Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies

with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Civil Nuclear Police Authority and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Civil Nuclear Police Authority's circumstances, consistently applied and adequately disclosed.

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

### **Audit opinion**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Energy Act 2004 and directions made thereunder the Secretary of State, of the state of the Civil Nuclear Police Authority's affairs as at 31 March 2007 and of its surplus 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 the Energy Act 2004 and Secretary of State directions made thereunder; and
- information given within the Annual Report, which comprises the Chairman's Statement and the Accounting Officer's Statement is consistent with the financial statements.

### **Audit Opinion on Regularity**

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

## Report

I have no observations to make on these financial statements.

John Bourn  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London SW1W 9SP

11 July 2007

## Financial Statements

### Income and Expenditure Account

For the year ended 31 March 2007

	Notes	Year to 31 March 2007  £000	Year to 31 March 2006  Restated £000
<b>Income</b>	2	44,328	35,651
<b>Expenditure</b>	3	44,248	35,737
<b>Operating Surplus / (Deficit)</b>	4	80	(86)
Profit / (Loss) on disposal of fixed assets		2	(51)
<b>Surplus / (Deficit) on ordinary activities before financing</b>		82	(137)
Interest Receivable		116	119
Interest Payable		(116)	(119)
Notional Cost of Capital	1(h)	(250)	(246)
<b>Surplus / (Deficit) on ordinary activities</b>		(168)	(383)
Notional cost of capital		250	246
<b>Surplus / (Deficit) carried forward</b>		82	(137)

All operations are continuing.

For more information on the comparative values see note 7.

All recognised gains and losses are included in the Income and Expenditure account, therefore no separate statement is provided.

The notes on pages 40 to 53 form part of these financial statements.

Civil Nuclear Police Authority  
Financial Statements for the year ended 31 March 2007

**Balance Sheet**

For the year ended 31 March 2007

	Notes	As at 31 March 2007 £000	As at 31 March 2006  Restated £000
<b>Fixed Assets</b>			
Intangible fixed assets	8	190	6
Tangible fixed assets	9	2,589	1,646
<b>Total fixed assets</b>		<b>2,779</b>	<b>1,652</b>
<b>Debtors: amounts falling due after more than one year</b>	10	<b>335</b>	<b>278</b>
<b>Current Assets</b>			
Stocks	11	348	239
Debtors	10	5,495	4,818
Cash at bank		4,682	4,411
		<b>10,525</b>	<b>9,468</b>
<b>Less:</b>			
Creditors: amounts falling due within one year	12	(6,320)	(4,220)
<b>Net current assets / (liabilities)</b>		<b>4,205</b>	<b>5,248</b>
<b>Total assets less current liabilities</b>		<b>7,319</b>	<b>7,178</b>
Provisions for liabilities and charges	13	(468)	(157)
<b>Net assets / (Liabilities)</b>		<b>6,851</b>	<b>7,021</b>
<b>Taxpayers' equity</b>			
Financing	14	6,279	6,126
Government Grant Reserve	14	576	981
Income and Expenditure account	14	(4)	(86)
<b>Total taxpayers' equity</b>		<b>6,851</b>	<b>7,021</b>

For more information on the comparative values see note 1(c) and note 7.  
The notes on pages 40 to 53 form part of these financial statements.

Richard Thompson  
Accounting Officer, Civil Nuclear Police Authority  
6 July 2007

Civil Nuclear Police Authority  
Financial Statements for the year ended 31 March 2007

**Cash flow statement**

For the year ended 31 March 2007

	Notes	Year to 31 March 2007 £000	Year to 31 March 2006 £000
<b>Net cash inflow / (outflow) from operating activities</b>	15	<b>1,904</b>	<b>(955)</b>
<b>Returns on investment and servicing of finance</b>			
Interest received		116	119
<b>Net cash inflow / (outflow) from capital expenditure and financial investment</b>			
Purchase of intangible fixed assets	8	(189)	0
Purchase of tangible fixed assets	7 & 9	(1,599)	(817)
Disposal of tangible fixed assets	9	2	57
<b>Financing</b>	14	37	6,007
<b>Increase in cash in the period</b>	16	<b>271</b>	<b>4,411</b>

The notes on pages 40 to 53 form part of these financial statements.

## Notes to the accounts

For the year ended 31 March 2007

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the accounts direction issued by the Secretary of State for Trade and Industry in accordance with the Energy Act 2004 and the 2006-07 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The accounts direction provides for the Police Authority to account for grant-in-aid as financing rather than income.

Where FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Constabulary for the purpose of giving a true and fair view has been selected. The Constabulary's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

#### (a) Basis of accounting

These accounts have been prepared on the going concern basis, as the Police Authority will remain in being as an Executive NDPB. The Police Authority has the power to levy charges to recover the full costs of the Constabulary and to borrow, with the approval of Treasury, such sums in sterling as it may require for meeting its obligations and carrying out its functions.

The accounts have been prepared under the historical cost convention, modified for the revaluation of fixed assets where material.

This is the second year of accounts of the Police Authority. The functions of the Constabulary were previously accounted for within the United Kingdom Atomic Energy Authority (UKAEA) accounts. The functions of the Constabulary, together with certain assets and liabilities, transferred to the new body, the Police Authority established under the Energy Act 2004, on 1 April 2005.

#### (b) Intangible fixed assets

Intangible fixed assets comprise purchased software licenses and are valued at cost, net of amortisation and impairment, or depreciated replacement cost where materially different.

The cost or valuation of intangible fixed assets, less their estimated residual values, is amortised on a straight-line basis over a period of up to five years. Provision is made for any impairment.

(c) Tangible fixed assets

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected economic lives of the assets concerned. The principle annual rates used for this purpose are:

Plant and equipment

-	computers and vehicles	up to 5 years
-	other plant and equipment	5 - 10 years

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition, they are measured at cost including any costs such as installation directly attributable to bringing them into working condition. Where appropriate, tangible fixed assets are restated to current value each year. The capitalisation limit used is £2k. The capitalisation limit has been changed during the year and the previous year comparison figures adjusted. See note 7 for further information.

(d) Income

Income represents the amount arising from invoiced sales of goods and services recharging operating expenses at cost, in the main to Civil Nuclear Operators. All income arises in the UK.

(e) Taxation

The Police Authority is not registered for VAT and therefore all expenditure and fixed asset additions are shown inclusive of VAT. Vat is not charged on its sales invoices.

The Police Authority is outside the scope of Corporation Tax, being part of a government body, and is therefore not registered for Corporation Tax.

(f) Pensions

Employees are covered by the provision of the Combined Pensions Scheme (CPS) which is an unfunded defined benefit pension scheme. The Police Authority recognises the cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees service by payments to the CPS on an accruing basis. Liability for payment of future benefits is a charge on CPS and is not the responsibility of the Police Authority. More information is given in Note 6.

(g) Grants

In accordance with the Accounts direction, the Police Authority has been directed to prepare its accounts showing grant-in-aid received from the former DTI as being credited to reserves as financing.

Government grants, which were transferred from the UKAEA relating to the purchase of fixed assets were treated as a Government Grant Reserve and released to the Income and Expenditure account over the expected useful lives of the assets concerned.

(h) Notional cost of capital

In accordance with Treasury guidance notional interest is charged to the Income and Expenditure statement at 3.5% of average capital employed during the year. Capital employed comprises total assets less all liabilities.

(i) Operating leases

Rentals are charged to the income and expenditure account in equal annual amounts over the lease term.

(j) Foreign currencies

All transactions denominated in foreign currency are translated into sterling at the exchange rate ruling on the date the transaction takes place. All exchange rate differences are taken to the Income and Expenditure account.

(k) Stock

Stocks are held at a central location and comprise clothing and ancillary items including uniforms and protective equipment. Stocks are valued at the lower of cost and net realisable value.

**2. Income**

Income is attributable to the principal activity of the Constabulary which arose wholly in the United Kingdom. All activities are regarded as continuing.

**3. Administration Expenses**

	As at 31 March 2007	As at 31 March 2006
	£000	<b>Restated</b> £000
Operating materials	2,187	2,125
Other external charges	7,385	6,830
Staff costs	34,252	26,717
Depreciation	661	535
Capital grants released	(405)	(524)
Other operating charges	168	54
	<b>44,248</b>	<b>35,737</b>

Civil Nuclear Police Authority  
Financial Statements for the year ended 31 March 2007

Other external charges includes £254k (£331k 2005-6) for payments made to UKAEA for occupation of the Culham site, £360k (£360k 2005-6) for payments made to BNFL for rental of the Summergrove site and £45K for Hinton House.

**4. Operating surplus / (Deficit) is after charging:**

	As at 31 March 2007	As at 31 March 2006
	£000	£000
Operating lease rentals	335	39
Travel and subsistence	2,149	1,902
Auditors remuneration	39	38

The audit fee relates to the statutory audit.

**5. Staff numbers and related costs**

	Permanently employed Staff 31 March 2007	Temporary and Agency Staff 31 March 2007	Total 31 March 2007
	£000	£000	£000
Wages and salaries	25,657	235	25,892
Social Security costs	2,407	23	2,430
Pension costs	3,663	26	3,689
Other staff costs	1,496	0	1,496
Agency Staff	0	745	745
<b>Total staff costs</b>	<b>33,223</b>	<b>1,029</b>	<b>34,252</b>

	Permanently employed Staff 31 March 2006	Temporary and Agency Staff 31 March 2006	Total 31 March 2006
	£000	£000	£000
Wages and salaries	23,709	154	23,863
Social Security costs	2,054	15	2,069
Pension costs	0	0	0
Other staff costs	87	0	87
Agency Staff	0	698	698
<b>Total staff costs</b>	<b>25,850</b>	<b>867</b>	<b>26,717</b>

Civil Nuclear Police Authority  
Financial Statements for the year ended 31 March 2007

Average full time equivalent staff numbers during the year were as follows:

	Permanently employed Staff 31 March 2007	Temporary and Agency Staff 31 March 2007	Total 31 March 2007
Police Staff	83	25	108
Police Officers	699	1	700
<b>Total average staff numbers</b>	<b>782</b>	<b>26</b>	<b>808</b>

	Permanently employed Staff 31 March 2006	Temporary and Agency Staff 31 March 2006	Total 31 March 2006
Police Staff	66	28	94
Police Officers	637	0	637
<b>Total average staff numbers</b>	<b>703</b>	<b>28</b>	<b>731</b>

## 6. Pension costs

Employees of the Police Authority are eligible to be members of the Combined Pension Scheme of the UKAEA (CPS) for the year ended 31 March 2007. The CPS is a contributory unfunded statutory defined benefit public service pension scheme.

The scheme is managed and administered by UKAEA with the approval of the former DTI. Contributions made to the scheme are used to meet the payment of scheme benefits. Any surplus of contributions over payments is surrendered to HM Government via the Consolidated Fund. Any deficit is met by Parliamentary Vote with payment from the Consolidated Fund. The Government does not maintain a separate fund to provide for the scheme's future liabilities and future benefits will be paid out of the Consolidated Fund to the extent that, at the time of payment, benefits exceed contributions and Parliament votes the necessary funds.

With effect from 1 April 2006, the methodology to assess the employer contributions to the CPS changed. From that date, employer contributions are set using the SCAPE (Superannuation Contributions Adjusted for Past Experience) methodology established by HM Treasury having regard to the advice of the scheme Actuary (the Government Actuary). Under the SCAPE methodology, the employer contribution from the Police Authority effective from 1 April 2006 was established at 16.2% of pensionable earnings. This rate is expected to continue throughout the 2007-8 scheme year.

Employees of the Police Authority also participate in the UKAEA and Associated Employers Additional Voluntary Contribution Scheme (AVC) which is a defined contribution arrangement. There is no employer contribution to this arrangement. The scheme is fully insured and administered by the Prudential Assurance Company Limited to whom contributions are paid. The AVC scheme covers those employees of the Police Authority, and of other employers, who are members of the CPS and who have opted to pay additional voluntary contributions.

## 7. Comparative figures

As indicated in Note 1(c) the Police Authority changed the capitalisation limit for fixed assets from £1k to £2k. There has been an adjustment for the removal of the assets no longer classified as capital together with the corresponding grant value in the values given for the year ended 31 March 2006. The decision to make this change came out of last year's audit with a recommendation that we review of our asset life and capitalisation policy. A subsequent review of the current practice of government bodies and other NDPB's was carried out and it was estimated that £2k was a more appropriate than the current level.

### (a) Income and Expenditure account

The Income and Expenditure account for the year to 31 March 2007 is showing an additional surplus of £86k. This is due to the excess of the NBV of the assets transferred from Capital to Revenue over the Capital Grant available. This expense was invoiced in 2006-7 and shown in 2005-6 for comparative purposes.

### (b) Balance Sheet

The assets transferred from Capital to Revenue were:

	As previously reported at 31 March 2006	31 March 2006 Restated	Change
	£000	£000	£000
Tangible fixed assets cost value (see note 9)	2,609	2,154	455
Accumulated depreciation (see note 9)	(625)	(508)	(117)
Net book value	1,984	1,646	338
Government grant reserve	(1,233)	(981)	(252)
<b>Change to net assets / (liabilities)</b>	<b>751</b>	<b>665</b>	<b>86</b>

Civil Nuclear Police Authority  
Financial Statements for the year ended 31 March 2007

(c) Reconciliation of operating surplus to net cash flow from operating activities (see note 15)

The change due to the removal of the depreciation charge and release of capital grant on the assets transferred from Capital to Revenue was as follows:

	As previously reported at 31 March 2006	31 March 2006 Restated	Change
	£000	£000	£000
Operating deficit	0	(86)	(86)
Depreciation	652	535	(117)
Capital Grant Release	(638)	(524)	114
Restatement of previous year		89	89
			0
<b>Change to Net cash inflow/(outflow) from operating activities</b>			<b>0</b>

**8. Intangible fixed assets**

	Software
	£000
<b>Cost or Valuation</b>	
At the beginning of the year	13
Additions	189
Disposals	0
<b>At 31 March 2007</b>	<b>202</b>
<b>Accumulated Depreciation</b>	
At the beginning of the year	7
Additions	5
Disposals	0
<b>At 31 March 2007</b>	<b>12</b>
<b>Net book value</b>	
<b>31 March 2007</b>	<b>190</b>
1 April 2006	6

**9. Tangible fixed assets**

	<b>Fixtures and Fittings</b>	<b>IT Equipment</b>	<b>Plant and Machinery</b>	<b>Vehicles</b>	<b>Totals</b>
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
At the beginning of the year (restated)	113	425	340	1,276	2,154
Additions	111	223	110	1,155	1,599
Disposals	0	(2)	0	0	(2)
<b>At 31 March 2007</b>	<b>224</b>	<b>646</b>	<b>450</b>	<b>2,431</b>	<b>3,751</b>
<b>Accumulated Depreciation</b>					
At the beginning of the year (restated)	13	126	50	319	508
Charge for the year	22	119	70	445	656
Disposals	0	(2)	0	0	(2)
<b>At 31 March 2007</b>	<b>35</b>	<b>243</b>	<b>120</b>	<b>764</b>	<b>1,162</b>
<b>Net book value</b>					
<b>31 March 2007</b>	<b>189</b>	<b>403</b>	<b>330</b>	<b>1,667</b>	<b>2,589</b>
1 April 2006 (restated)	100	299	290	957	1,646

Before the capitalisation changes, the cost value at 31 March 2006 of the tangible fixed assets was £2,609k, the accumulated depreciation was £625k and the net book value was £1,984k. Please see note 7 for further information.

## 10. Debtors

### 10(a) Analysis by type

	<b>As at 31 March 2007</b>	<b>As at 31 March 2006</b>
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade debtors	5,347	4,687
Voluntary Early Retirement debtors due from Pension scheme	23	21
Voluntary Early Retirement debtors due from operators	0	26
Prepayments	45	20
Other debtors	80	64
	<b>5,495</b>	<b>4,818</b>
 <b>Amounts falling due after one year:</b>		
Voluntary Early Retirement debtors due from pension scheme	256	128
Voluntary Early Retirement debtors due from operators	0	54
Other debtors	79	96
	<b>335</b>	<b>278</b>
	<b>5,495</b>	<b>4,818</b>

The £279k (£23k+ £256k) Voluntary Early Retirement Debtor is due from the pension scheme for the reimbursement of lump sum payments.

### 10(b) Intra-Government balances

	<b>Amounts falling due within one year</b>	<b>Amounts falling due after more than one year</b>
	£000	£000
Balances with central government bodies	1,493	256
Balances with public corporations and trading funds	3,592	0
	5,085	256
Intra-government balances	410	79
Balances with bodies external to government	410	79
	5,495	335
Total debtors on 31 March 2007	5,495	335

## 11. Stock

Stocks are held at a central location and comprise clothing and ancillary items including uniforms and protective equipment.

## 12. Creditors

### 12(a) Analysis by type

	As at 31 March 2007	As at 31 March 2006
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade creditors	(1,675)	(667)
Taxation and social security	(797)	(720)
Accrued costs	(3,426)	(2,242)
Amounts due to site operators	0	(500)
Other creditors	(422)	(91)
	<b>(6,320)</b>	<b>(4,220)</b>

### 12(b) Intra-Government balances

	Amounts falling due within one year £000
Balances with central government bodies	(1,179)
Balances with English Local Government	(83)
Balances with Welsh Local Government	(87)
Balances with Scottish Local Government	(68)
Balances with public corporations and trading funds	(360)
	(1,777)
Intra-government balances	(1,777)
Balances with bodies external to government	(4,543)
	(6,320)
Total creditors on 31 March 2007	(6,320)

## 13. Provisions for liabilities and charges

	Insurance Claims £000	Office Refurbish- ment £000	Voluntary Early Retirement £000	Total £000
At 1 April 2006	20	0	137	157
Financing charges – inflation adjustments	0	0	15	15
Additional provision	0	16	350	366
Utilisation	0	0	(70)	(70)
	20	16	432	468
<b>At 31 March 2007</b>	<b>20</b>	<b>16</b>	<b>432</b>	<b>468</b>

£36k in provisions has been included under provisions for liabilities and charges. These are the excess payable on the Police Authority insurance policy for two current

Civil Nuclear Police Authority  
Financial Statements for the year ended 31 March 2007

unsettled insurance claims and for the refurbishment needed, under the lease contract, to the Constabulary Communications Centre due to the relocation to a new location.

The Voluntary Early Retirement provision has been made to cover continuing annual payments to be made under Police Authority's arrangements to individuals who had retired early, before the end of the reporting period. These payments continue at least until the date at which the individual would have reached normal retirement age. Lump sums paid to individuals on retirement are held as debtors, since they are refundable to Police Authority from the appropriate pension scheme at or after the date on which the individual concerned would have reached normal retirement age.

#### 14. Reserves

	Financing	Government Grant  Restated	Income and Expenditure  Restated
	£000	£000	£000
At 31 March 2006	6,126	981	(86)
Release to income and expenditure account	0	(405)	0
Grant-in-aid received	153	0	0
Income and expenditure account	0	0	82
<b>At 31 March 2007</b>	<b>6,279</b>	<b>576</b>	<b>(4)</b>

The total financing figure as at 31 March 2007 comprises £6 million grant in aid received from the former Department of Trade and Industry in April 2005 to fund the working capital and initial fixed assets of the Police Authority, £235k interest earned on the Police Authority bank accounts, charges of £34k made to Police Authority customers to finance fixed asset purchases and £10k received from the sale of grant funded fixed assets. The £153k grant in aid reflected above for 2006-7 comprises £37k in actual cash inflow, and £116k of interest payable to the former DTI, but withheld by agreement, as the balance of the total grant in aid expected for the year.

**15. Reconciliation of operating surplus to net cash flow from operating activities**

	Year to 31 March 2007	Year to 31 March 2006 Restated
	£000	£000
Operating surplus / (deficit)	82	(86)
Depreciation	661	535
Capital Grant Released	(405)	(524)
Loss on sale of tangible fixed assets	(2)	0
Increase / (decrease) in Provisions	311	(36)
Increase in stocks	(109)	(144)
Increase in debtors	(734)	(4,431)
Increase in creditors	2,100	3,642
Restatement of previous year (see note 7)		89
<b>Net inflow / (outflow) from operating activities</b>	<b>1,904</b>	<b>(955)</b>

**16. Reconciliation of net cash flow to movement in net funds**

	£000
<b>Increase in cash in the period</b>	<b>271</b>
Opening net funds	4,411
Closing net funds	4,682

The change to net funds is due entirely to cash flows held in a commercial bank. All interest earned is on balances held in this bank.

**17. Capital Commitments**

There were capital commitments authorised and contracted for but not provided at 31 March 2007 of £110k.

**18. Operating lease commitments**

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires. Rental charges exclude services charges which are included in other external charges in Note 3.

	Plant and machinery	Vehicles	Rental for Culham HQ	Rental for Hinton House
	£000	£000	£000	£000
Expiry within one year	0	0	0	0
Expiry between two to five years	18	27	185	65
Expiry after five years	0	0	0	0

## 19. Other financial commitments

The Authority has entered into non-cancellable contracts, for access to the Airwave communication network. The payments to which the Authority is committed during 2007-08, analysed by the period during which the commitment expires are as follows:

	£000
Expiry within one year	0
Expiry between two to five years	0
Expiry after five years	451
	<hr/>

There were no Contingent Liabilities as at the 31 March 2007.

## 20. Post Balance Sheet events

As at 9 July 2007 there were two post balance sheet events. The first was the change to the sponsor department from the Department of Trade and Industry (DTI) to the Department for Business, Enterprise and Regulatory Reform (DBERR), the second was to lay the Report and Accounts before Parliament on 24 July 2007.

## 21. Financial Instruments

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

Due to the largely non-trading nature of its activities and the way in which it is financed, the Police Authority is not exposed to the degree of financial risk faced by other 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 FRS13 mainly applies. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing Police Authority in undertaking its activities.

The Police Authority has been granted an overdraft facility of £1 million by the Royal Bank of Scotland, repayable on demand. This facility was utilised once during the reporting period for 1 day to the sum of £100k

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 this disclosure.

### Liquidity, interest rate and foreign currency risk

The Police Authority will usually expect to recover its full operating costs each year from the operators to which it supplies services. Working capital has been supplied by the former DTI.

All cash balances were positive with the exception of one day and the balances were held in highly rated short term fixed rate deposits. The Police Authority therefore had no significant interest rate risk.

The foreign currency risk to Police Authority is minimal as very little trading is done except in sterling and all sales invoices are raised in sterling. Any exchange rate differences are taken to the income and expenditure in the period in which the transaction took place. All material assets and liabilities are held in sterling.

## **22. Accounts Direction**

The Secretary of State for Trade and Industry, pursuant to Paragraph 12, Schedule 10 of the Energy Act 2004, has provided an Accounts Direction to the Civil Nuclear Police Authority.

## **23. Related parties**

The Police Authority is an Executive NDPB sponsored by the former DTI, which is regarded as a related party. During the year the Police Authority has had various material transactions, both sales and purchases, with the DTI and with other entities for which the DTI is regarded as the parent Department, namely BNG and UKAEA. British Energy is also a related party due to it being considered to be a quasi subsidiary of the DTI.

During the year, no Police Authority member, key manager or other related parties has undertaken any material transactions with the Police Authority.

## Glossary

ACPO	Association of Chief Police Officers
AGENDA	AGENDA is a not-for-profit network
AVC	Additional Voluntary Contribution Scheme
BCU	Basic Command Unit
BE	British Energy
BNFL	British Nuclear Fuels Limited
BNG	British Nuclear Group
CCC	Constabulary Communications Centre
CETV	Cash Equivalent Transfer Value
CJX	Criminal Justice Extranet
CNC	Civil Nuclear Constabulary
CNPA	Civil Nuclear Police Authority
CPS	Combined Pension Scheme
CSR	Corporate Social Responsibility
DBERR	Department for Business, Enterprise and Regulatory Reform
DDA	Disability Discrimination Act
DTI	Department of Trade and Industry
FReM	HM Government Financial Reporting Manual
HMIC	Her Majesty's Inspectorate of Constabulary
IIP	Investors in People
IMPACT	Intelligence, Management, Prioritisation, Analysis, Co-ordination and Tasking
ISO	International Standard Organisation
MOPI	Management of Police Information
MOX	Mixed Oxide
NDA	Nuclear Decommissioning Authority
NAO	National Audit Office
NBV	Net Book Value
NDPB	Non-departmental Public Body
NIM	National Intelligence Model
OCNS	Office for Civil Nuclear Security

PDR	Performance Development Review
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulation
SCAPE	Superannuation Contributions Adjusted for Past Experience
UKAEA	United Kingdom Atomic Energy Authority
UKGAAP	UK Generally Accepted Accounting Practice for Companies
VER	Voluntary Early Retirement

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office  
ID5612438 07/07 19585

Printed on Paper containing 75% fibre content minimum.

Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone 0870 240 3701

**TSO Shops**

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax Orders 020 7219 3866

Email [bookshop@Parliament.uk](mailto:bookshop@Parliament.uk)

Internet [bookshop.Parliament.uk](http://bookshop.Parliament.uk)

**TSO@Blackwell and other Accredited Agents**

ISBN 978-0-10-294728-1



9 780102 947281