

# Ministry of Defence Police

CHIEF CONSTABLE'S ANNUAL REPORT AND ACCOUNTS



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2003-2004





Ministry of Defence Police  
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2003 – 2004

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**D L Clarke QPM**  
Chief Constable

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Lloyd Clarke

## Chief Constable's Foreword

Mr D L Clarke QPM

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The last quarter of the 2002-03 Annual Report saw the MDP surging resources during Op Telic, to support the military by deploying officers at various USA related installations, including RAF Fairford. This work continued through the first quarter of this reporting period and I am proud to report that our commitment to task was well recognised by our customers.

With Telic behind us, the Agency was able to return to business as normal, as well as the critical work strands that required attention such as Project Unity – The merger of Ministry of Defence Police (MDP) & Ministry of Defence Guard Service (MGS).

Project Unity ran all the way through this reporting year and as we close this report, the Agency is poised to become the Ministry of Defence Police and Guarding Agency (MDPGA). The key themes of the project centred on the creation of a robust corporate structure for the MGS. The goal was to merge the two organisations, but still retain the separate identities of the MDP and the MGS, whilst providing a more cohesive service to the MOD and repayment customers. Probably the most significant challenge for the next 12 months will be the integration of these two previously competing organisations into one, the

MDPGA, I am convinced that we will grow stronger as a consequence and the MOD will undoubtedly benefit in the service it receives.

On 1 April 2003 the MDP underwent an operational re-organisation. This reduced the 10 geographic Operational Command Units (OCU) down to 5 Divisional HQs, each with a stronger and more focussed staffing configuration. As far as possible the geographic boundaries were configured to align with those of the Military and the Home Office Police forces in England and Wales. The Scotland Division covers the whole of Scotland. One of the real positives to come out of this change is the better communication between MDP and the Army Command HQs. Over the course of this reporting year a post implementation study has been undertaken, which has helped to develop the new structure for the future. As we move towards MGS joining the Agency, the new Regional management structure is being developed to work in unison with the MDP Divisional Structure.

During the past 12 months I have visited the majority of the TLB Chief Executives, to whom the MDP and MGS provide a policing and security service. The purpose of these meetings was primarily to discuss the vision for the larger Agency with them and seek

feedback from their perspective. The meetings also provided the opportunity for broader discussion, particularly relating to Customer Service Agreements (CSA) and I am pleased to say that by the end of the year we have agreed and signed CSAs with the vast majority of the TLBs. Over the next 12 months it is intended that we will work towards achieving joint CSAs covering MDP and MGS services.

The Quinquennial Review of the MDP identified a number of areas of operational activity that required further study. One of these was to undertake a comprehensive review of Area Policing Teams (APT) and this was conducted during 2003. The aim of the review was to identify the current role and tasking of the teams, as well as assessing the best use of these resources in the future. As a result of this work, it is planned for the APTs to be re-tasked as Divisional Support Groups (DSG) from

1 April 2004. The creation of these Divisional resources will enable the proactive and prioritised deployment of officers using the National Intelligence Model (NIM), which also comes into use next year.

Through the valiant efforts of all Agency staff, both police and civilian alike, we have achieved a great deal throughout this reporting period. I am confident that together we are well prepared, both mentally and physically to face new challenges with the same enthusiasm and vigour that our staff displays each and every day.

**D L Clarke QPM**  
**Chief Constable**

# Role, Vision, Values and Outputs

## OUR ROLE

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The application of civil police training and constabulary powers to combat the principal risks of crime and disorder faced by the Ministry of Defence.

## OUR VISION

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To excel at the civil policing service we provide to the Ministry of Defence.

## OUR VALUES

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In common with other police forces, our purpose is to help secure a safe and just society in which the rights and responsibilities of individuals, families and communities are properly balanced.

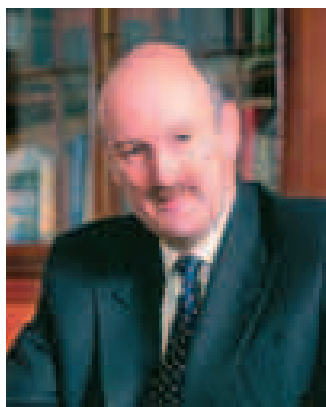
The guiding principles by which we will carry out our Role are:

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

## OUR KEY OUTPUTS

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- Armed Security
- Uniformed Policing
- Investigation of Serious Crime



Ian Andrews

## 2<sup>nd</sup> Permanent Under Secretary's Introduction

Mr I Andrews CBE TD

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These are the last Report and Accounts of the MOD Police Agency as such. Over the last year a great deal of work was done to pave the way for the creation of an enlarged MOD Police and Guarding Agency, embodying both the MOD Police and the Ministry of Defence Guard Service (MGS). The new Agency came into being on 1 April 2004. There will, in future, be one Agency (and one Police Committee) but two Services. MDP and MGS will retain their separate identities but will be able to deliver a better service by operating together.

The last year saw the MDP returning to a more normal pattern of operations after the exceptional demands of the Iraq War. Overtime working has reduced greatly, and the new Divisions have proved their worth. The new structure for the Police Committee to which I referred last year continues to yield dividends. As Customer Supplier Agreements are signed there is now a more structured relationship with the Force's customers. Corporate Governance has been reinforced through the creation of an Audit Committee under the chairmanship of one of the non-executive members of the Police Committee, Mr John Harris.

As well as a corporate structure for the MGS, 1 April saw the replacement of Area Policing Teams by the new Divisional Support Groups. I should like to record my thanks on behalf of the department to all the officers who served in Area Policing Teams over the years. I look to the Divisional Support Groups to provide the defence community with an even better and more focused service. Further downstream, the Independent Police Complaints Commission and the Defence Training Review will both have an impact on the force. The MOD Police have come through much, with their reputation enhanced, under the leadership of their Chief Constable and I have no doubt of their ability to rise to the challenges ahead. I would also like to thank Lloyd Clarke and all his service and civilian staff for the contribution they have made and continue to make to the work of the department and the Armed Forces.



**Ian Andrews**  
**Second Permanent Under Secretary of State**

# Ministry of Defence Police Committee

## MEMBERSHIP OF THE COMMITTEE

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**Mr Ian Andrews CBE TD**

2nd Permanent Under Secretary (Chairman)

**Mr Richard Hatfield CBE**

Personnel Director

**Deborah Loudon**

Director General (Security & Safety)

**Brigadier J Hoskinson**

ACOS(Pers) HQ Land (Assistant Chief of Staff  
(Personnel) HQ Land Command)

**Ms Ann Kelly**

Independent Member of the Police Committee

**John Harris**

Independent Member of the Police Committee

**Bob Bowman**

Secretary, MOD Council of Civil Service Unions  
Independent Member of the Police Committee

**Sally Osment**

Vice Chair of the Army Families Federation  
Independent Member of the Police Committee

## ADVISERS TO THE COMMITTEE

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**Sir David O'Dowd CBE QPM CIMgt**

Police Adviser (England & Wales)  
Chairman of Plans, Targets and Performance sub-committee

**Andrew Brown QPM**

Chief Inspector of Constabulary Scotland  
Police Adviser (Scotland)

**Sir Roy Cameron**

Police Adviser (Scotland)  
(Retired 13/1/04)

# End of Year Key Target Report

## Key Target 1

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**The in year target was to achieve 65% patrol activity from those officers devoted to patrolling.**

The performance achievement has been 63.3% as compared with the previous year's achievement of 61.38% this represents an increase in patrol activity of 1.92%. Discussions have taken place both at Police Committee and, as importantly, the Customer/Stakeholder sub-committee, with regard to the shortfall in target achievement. A target for patrolling continues into 04-05.

## Key Target 2

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**The in year target was to achieve 48% crime solving rate for the investigation of primary crime and to maintain 60% solving rate for the investigation of all crime.**

The performance achievement for the investigation of primary crime was 56.9% and this element of the target has been achieved. The end of year achievement for the overall crime-solving rate is 51.2% and this element of the target has not been achieved. Primary crime target continues into 04-05.

## Key Target 3

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**The target here was to fill at least 95% of agreed customer taskings in year.**

The Force achieved 91.1% against this target, the figure achieved for last year was 92.2%. The reason for this shortfall has been discussed and is understood both at Police Committee and again, as importantly, at the Customer/Stakeholders Sub-Committee. This remains a target for 04-05.

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## Key Target 4

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**The target was to measure and evaluate MDP's effective contribution to security at those establishments where the force undertakes security related tasks.**

The benchmark target figure for the final quarter was 92.4% however final achievement was 91.6%, slightly below the target level. This target will be measured against the baseline of the highest quarter average from this year during the next reporting period. The agency will seek to maintain a stable level within the matrix that will demonstrate a consistent approach to our delivery of security services to our customers. This remains a target for 04-05.

## Key Target 5

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**The in year target was to recruit 15% women officers and at least 6% from minority ethnic communities.**

The Force has recruited a total of 253 officers during 03-04. Of these officers, 39 were female; this gives an overall percentage of 15.4% therefore this element of the target has been achieved. 4 officers from ethnic minority communities have been recruited representing a percentage of 1.6%. This element of the target has therefore not been achieved. This remains a target for 04-05.

## Key Target 6

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**The target was to reduce the amount of overtime worked by each officer to no more than 32 hours overtime worked on the core programme of CSA-agreed tasks per 28-day period averaged over a 17-week period.**

The number of officers that worked more than 32 hours overtime in the 28 day period ending 20 March was 141. This represents 4.6% of total bearing for the Force. Throughout the year, the valiant efforts of all Agency staff have contributed to the reduction of overtime to a fraction of that which was reported upon in the first 28 day report of the year, which was 1510 officers (52.9%). This remains a target for 04-05.

## MDP Agency Key Targets 2004/2005

<b>Key Target 1 – Patrol Activity</b> —————	By 31 March 2005, as a means of providing greater public reassurance, ensure that no more than 25% of the duty time of dedicated patrol officers is expended on activities not directly related to patrol duties.
<b>Key Target 2 – Crime Solving Rates</b> —————	By 31 March 2005, as a means of reducing crime and protecting MOD property and interests, achieve a crime-solving rate of 50% for the investigation of primary crime.
<b>Key Target 3 – Customer Tasking</b> —————	By 31 March 2005, in order to deliver performance as defined in relevant establishment CSA's, ensure that the Agency fulfils at least 95% of its funded and agreed customer taskings.
<b>Key Target 4 – Security Measures</b> —————	By 31 March 2005, in order to maintain appropriate levels of security as defined in relevant MDP CSA's, seek to maintain and improve upon the average baseline Security Contribution Index score achieved in the previous quarter at each establishment contributing to the Index system.
<b>Key Target 5 – Diversity</b> —————	By 31 March 2005, within the overall recruitment of police staff and as part of an overall programme to retain personnel levels, to have recruited at least 15% women and 4% from minority ethnic communities.
<b>Key Target 6 – Reduction of Overtime</b> —————	By 31 March 2005, excepting unforeseen operational commitments, and with the intention of providing cost effective policing and guarding, as well as maintaining an appropriate work life balance for personnel, reduce the amount of overtime worked by each officer to no more than 8 hours worked per week averaged over a 17 week rolling period.
<b>Key Target 7 – Reduction of Sickness</b> —————	By 31 March 2005, in order to maintain a healthy and effective workforce and contribute to the achievement of other Key Targets, reduce the overall level of sickness lost within the Agency (excluding MGS personnel) by 1 hour per member of staff per month against the corresponding achievement in the previous year.
<b>Key Target 8 – Raising Fraud Awareness within MOD</b> —————	By 31 March 2005 to have provided greater clarity as to the extent of fraud within the MOD and thereby to have raised the awareness, by engaging with, and encouraging the MOD community to provide intelligence, with a view to increasing the number of reported fraud cases.

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David Ray

## Deputy Chief Constable

Mr D Ray QPM

The Deputy Chief Constable's area of responsibility includes providing strategic and national focus to the organisational development of the Force.

### Business Development

The Business Development department is split into 5 distinct teams known as Business Planning, Performance Measurement, Research and Project Management, Agency Consultancy Services and Inspectorate, and together they have continued to provide the Agency Management Board with the information it requires to achieve effective and efficient management control of the Agency. In the interests of further improvement as from April 04, the Business Development department will be incorporated with Finance, Secretariat and Station Administration to form the new Directorate of Resources and Planning. This will provide an opportunity to engage in and enhance integration between planning and finance to inform the STP process.

The Agency Business Plan has been produced in the Balanced Scorecard format again this year and is continuing to define the direction in which the MDP needs to develop in order to provide an increasingly professional and competent service. Corporate Governance and Risk Management continue to be an integral part of the planning cycle with a Risk Register to link with the targets within the Business Plan. A summary of performance against Key Targets with the Business Plans over the past three years is shown at Annex A. In addition a summary of the overall Balanced Scorecard is shown at Annex B, with the Purpose and 12 Objectives at Annex C.

The Performance Measurement Team have continued to capture data relating to the MDP's performance, the data collected is used to inform the Agency Management Board and other MDP Stakeholders of the performance of the MDP against Key Targets and Performance Indicators within

the Business Plan. This year the team have also been involved in a project scoping review to identify a new management information system which will provide a coordinated method for the collection of management information and in turn improve the quality and quantity of the management information that can be produced. This year a number of surveys have been conducted among these were the Victims of Crime survey, Staff Care survey and Postings and Promotions survey. The team have also been heavily involved in developing and signing Customer Supplier Agreements (CSAs). CSAs are used to agree the funding and level of output provided by the Agency to the customer and this year has seen considerable progress in the signing of overarching CSAs.

The Research and Project Management Team remains proactive in identifying and reporting to the Agency Management Board (AMB) emerging legislation, policy matters and trends that may have an impact on the Agency. This year the team has been involved in a number of issues that have, or will, impact on the MDP such as the Civil Contingency Bill and the Criminal Justice Act. The Programme and Project Management system that was introduced into the Agency last year to provide a coherent, coordinated strategy for the management of all initiatives and projects, continues to ensure that greater efficiency and value is achieved in all Agency projects. It is intended that during 04/05 this area will be further developed and become integrated into the Agency's processes

The Agency Consultancy Service team has completed its work on the Defence Logistical Organisation Security and Guarding Review with a particular emphasis being placed on the three MDP Marine Policing Units.

In all, 23 complement and post implementation reviews and policing needs analyses have been carried out across the Defence Estate on behalf of the Agency during

2003/2004. Of these, 12 have been completed and 11 are at varying degrees of consultation. Currently major studies are underway at AWE Aldermaston/Burghfield, Dstl Porton Down and a varied programme of other reviews is underway or planned.

This year the Inspectorate Team have reviewed the Force's compliance status against a number of Her Majesty's Inspectorate of Constabulary (HMIC) and other reports, reporting their findings to the AMB. These included; the Police Complaints Authority Review of Shootings by Police in England and Wales from 1998, Partners in Crime – Solving and reassuring (HMIC Scotland), Police Performance Monitoring (Police Standards Unit), Diversity Matters (HMIC) and Pride and Prejudice (HMIC Scotland).

Since work on the new inspection/audit regime has commenced, the Ministry of Defence Police Inspection and Audit Department has already introduced a broad range of performance improving activities, including; preparation of the Force for its first HMIC Baseline Assessment, appointment of a Force Crime Registrar and production of Draft Force Crime Recording Policy. The Crime Registrar has also been appointed as the South Eastern Region National Crime Recording Standard Group representative on the National Crime Recording Steering Sub Committee for other agencies. Work has also commenced on a Quality Manual and documented procedures for the inspection/audit function.

Monitoring of responses to the recommendations contained in HMIC's report of the Inspection carried out 2001/2002 ceased in February 2004 as all the recommendations had been complied with to the satisfaction of HMIC and MOD Police Committee. Attention is now focused on the outcome of the Baseline Assessment of the Force conducted in 2003.

## Information Technology & Telecommunications

The IT&T Department have continued to provide the Agency with a high quality service during the year. A number of improvements to the Force Computer network have been made, including access to MOD wide Email

and DefenceNet for all staff, faster access for remote users and enhanced security measures. New systems for the Special Branch and the Force Professional Standards Unit have been commissioned. An Information Systems Strategy Document has been produced for the agency and work continues on a similar strategy covering the entire Defence Police Community.

## Project Contact

Using PRINCE2 project methodology, the Project Contact team has continued with the implementation of the O2 Airwave radio system and the integrated control room equipment, that will dynamically provide MDP's operational communications support for the next decade. During this reporting year the rollout of Airwave radio has intensified and there are currently 610 radios in service within the Force. All equipment is now provided by a total leased managed service contract that was arranged, by the Defence Communications Service Agency Integrated Project Team160, in June 2003. The performance of Airwave radio is proving to be effective with few service teething problems. Officers using the radios consider the main benefits to be: extensive coverage, improved speech clarity and the reduced size and weight of the equipment. The implementation of the National Strategy for Police Information Systems (NSPIS) Command and Control system, for the control rooms, has commenced with the build and testing of the main server at MDPHQ. A Communications Training Centre has been established at MDPHQ in order to provide specialist training in the use of the new control room technology. It is anticipated that the first control rooms will 'go live' on the system, in North Eastern Division, during May/June 2004.

## Corporate Communications

As the Force reorganises and develops more efficient, arrangements for policing the defence environment, there is an increased need for improved communications both externally and internally.

Improvements to internal communications began to receive more attention, especially in view of the proposed expansion of the Agency in 2004-05, and changes have been identified for putting into action.

The MDP magazine *Talk Through* has been developed and is increasingly relied upon by officers for providing reports of key milestones in the development of the Agency, conveyed in less formal language than the normal management channels.

The department supported the MDP Fraud Squad's fraud awareness campaign with a new video, and a new multimedia presentation of the work of the Agency is being developed to be used once the MGS join the Agency.

Refurbishment work on the public website was begun, providing easily accessible Agency information including details of the work of the MOD Police Committee.

Media demands on the small Force press office have continued to increase, in part caused by media interest in the continuing militant anti-war protest throughout the last year.

## Ministry of Defence Guard Service

During 2003/04 the Project Unity Implementation Team worked successfully with personnel from the MDP Agency, Top Level Budgets, Ministry of Defence Guard Service (MGS), and MGS Trades Unions to establish the MGS Corporate Structure and to join it with the MDP, to form the Ministry of Defence Police and Guarding Agency (MDPGA) from 1 April 2004.

Over the year the Team has looked to put in place the structure and processes to enable the MGS to operate as a UK wide organisation in providing the Department's unarmed guarding requirements and also to combine with the MDP to achieve benefit to the MOD. It has also worked hard to ensure effective communication to MGS officers, using a variety of methods including project bulletins, web based information and roadshows.

With some 3,900 personnel providing unarmed guarding services at some 200 MOD establishments, this has been a significant achievement. The joining of the MDP and MGS will create a large Agency that will serve to emphasise its key role as the provider of policing and security services to the Department.

In taking forward their work, the implementation team's key aims have been:

- To provide a more effective and efficient unarmed guarding service to the MOD;
- To meet customer requirements at all times;
- To maximise the opportunities arising from MDP and MGS integration;
- To be ready to face the challenge of competing with the private sector;
- To improve MGS skills and competences through increased access to training opportunities.

The new MGS organisation has been divided into five MGS "Regions" which largely share MDP Divisional boundaries. Five MGS Regional Managers have been appointed and will ultimately be accountable for operational delivery and meeting customer requirements.

Separate customer supplier agreements (CSAs) have been developed and agreed with customers which set out the responsibilities of both parties and the performance standards that are expected of the new MGS organisation.

A key element of the team's strategy has been its commitment to raise MGS skills and competences. This is a long-term approach but considerable progress has already been made. A MGS training strategy has been developed, MGS training courses redesigned, and closer links are being established with MOD and external training providers. Over the course of 2004/05 further development will continue in this area.

Governance arrangements for the new Agency will remain largely unchanged using the existing Police Committee structure and internal agency processes. A new post of Director of Regional Operations (MGS) (DRO(MGS)) has been created to head the new corporate MGS organisation and will be a full member of the Agency Management Board.

The implementation team has laid the building blocks for the MGS organisation to deliver a better service to the MOD as well as taking advantage of all the benefits of joining with the MDP. The challenge is for the Agency to continue to build and develop on this to ensure its policing and guarding outputs are delivered in the most cost effective and efficient way.



Paul Crowther

## MDP Secretariat

Mr P Crowther

### Secretariat

The Secretariat department continues to handle all parliamentary and official and ministerial correspondence. During this year the Anti-terrorism,

Crime and Security legislation was reviewed. The Privy Counsel review team, led by Lord Newton, made 3 recommendations and the MOD Police Committee is addressing these recommendations. At the same time the Secretariat team is preparing the Agency for the introduction of the final part of the Freedom of Information (FOI) Act. The Agency publishes information proactively on the MOD FOI website and is putting in place procedures that will allow the Secretariat department on behalf of the Agency to respond to all written requests for information, in accordance with the new legislation, from January 2005. The Secretariat continues to oversee compliance with the provisions of the Data Protection Act 1998 throughout the MOD Police Agency. Guidance in the form of weekly Notices was published throughout the period. A Pocket sized aide-memoire was also published and distributed to all Agency staff in September 2003. A series of Data Protection awareness briefings and training sessions was provided and will continue for some time to come. The MDP Agency was audited by Defence Internal Audit (DIA) in March 2003. DIA reported, in June 2003, that they were able to give a "substantial assurance that MDP is complying with DPA 1998."

### Finance

The year was dominated by a number of major issues the first of which was, as highlighted in the last report, the need to eliminate all unfunded tasks; and this was successfully completed. The second major task was to maintain the integrity of the STP and in-year financial management during the restructuring of the Agency into five new regional divisions. In the course of this major upheaval new budget holders were appointed and divisional budget staff had to be recruited and trained in their delegated responsibilities.

The accounting regime associated with operation Telic brought additional pressures on the HQ finance office which throughout the year has found it difficult to recruit and retain finance staff. But there was a successful outcome to the

year; in-year expenditure was contained within the cash limit, STP savings targets were achieved without significant impact on key targets, and funds were successfully secured for the expanded role of the Special Escort Group.

For the coming year, plans are well advanced for the introduction of output costing and the replacement of the out-dated SUN financial management system with the MOD oracle based software. The HQ finance branch, along with secretariat and station admin, is also being incorporated into a new Directorate together with the Agency business development department with the aim of introducing an integrated resource and planning regime. But perhaps the greatest challenge facing finance in the coming year is that of merging the former MDP and MGS budgets and accounts, and dealing with what appears to be a major cash shortfall in the latter.

### Civilian Management

Over the past 12 months the section has focused on a number of key work areas that have impacted across the whole Agency. The implementation of the changes to police pay and allowances arising from the Police Reform package was concluded during the year, although associated work will continue during 2004/05. Responsibility for the management of the Housing Allowance Review Project transferred into the section during the year and as at 31 March 04 over 90% of all cases had been completed. The roll out of the bonus award element of the civilian Performance Management system continued in April and May 03 and the process for the 2003/04 reporting year commenced during the last quarter of the business year. The section has also remained the main focal point for consultation with the Defence Police Federation and the Trades Unions.

### Station Administration

Station Administration continues to focus on the cost effective management and day to day running of the Wethersfield Estate and the achievement of maximum receipts from unoccupied areas and facilities. Expanding activity in some areas, increased recruit training requirements and the future amalgamation with MGS, has continued and will continue to produce ongoing pressures on office and residential accommodation. The multi-activity contract was re-let to Aramark for a period of five years, until March 2008.



Anthony McDermott

## Personnel & Training

ACC A McDermott

### Personnel

On 1 November 2003 personnel management responsibilities for Police Sergeant and Police Constable ranks were successfully delegated to the Scotland, North East, South East and Western Divisional Commanders. New dedicated personnel teams were created in each of these Divisional Headquarters and real benefits to the organisation and individuals were quickly realised. Each Divisional team also played an extremely active role in the creation of the Divisional Support Groups and in providing assistance to displaced Area Policing Team officers. Further benefits are expected in terms of succession planning and advice for local managers in providing an accessible and responsive service to all officers. Formal reviews and inspections will be made during the coming report year to deliver accountability and to advise the CCMDP's annual Stewardship Report in respect of his overall Personnel Management delegations from 2nd PUS.

Also on 1 November 2003 the Agency took custody of personnel management delegations in respect of all of its civilian (non-uniformed) personnel with the exception of the few specialist grades which remain MOD corporate assets. Delegations for non-mobile civilian staff were immediately passed to the five Divisional Commanders and MDPHQ Personnel assumed grade management responsibility for all mobile civilian personnel. This too proved to be an immediate success and ensured that personnel employed within the organisation address the Agency's staffing needs. A schedule of statistics relating to the numbers, grade and gender of personnel employed within the Agency is shown at Annex D.

Our next challenge will be to integrate 3900 MGS staff into the MDPGA's personnel management arrangements. A considerable amount of work has been achieved in a very short period of time to ensure the merger on 1 April 2004 is as smooth as possible.

### Recruitment

The target for police recruitment for the year was set at 250. Of this overall recruitment target, Agency Key Target 5 stated that we should recruit a minimum of 15% female officers and 6% from minority ethnic communities. At the end of the year we had recruited a total of 253 officers; 39 (15.4%) were female and four (1.6%) were from minority ethnic communities.

We were particularly successful in recruiting 80 officers from Home Department Police forces. We are taking steps to address the minority ethnic target in the coming year; the target was reviewed and reduced to 4%, but it continues to present a real challenge.

We reviewed our recruiting practices, looked at possible barriers to recruitment then introduced measures to bring MDP recruitment strategy more closely in line with that of our Home Department colleagues, i.e. to implement where possible the National Recruitment Standards. Other initiatives are being investigated and where deemed appropriate will be implemented. One which has already been



Probationer graduation ceremony

explored and instigated is the creation of a 'recruitment network' using the Divisional Training and Diversity Inspectors.

The Agency is in the process of developing a dedicated recruitment and promotion assessment facility. This will be located at Wethersfield on a site adjacent to the Police Training Centre and should be ready in mid-June 2004. Not only will the facility allow for the professional assessment of those aspiring to join the Agency and those seeking promotion, it will allow us to implement the National Recruitment Assessment Centre (NRAC) process. The NRAC is a Home Department initiative which aims to standardise the recruitment of police officers across England and Wales.

## Promotion

During 2003/4 four assessment centres were convened for police officers wishing promotion to chief inspector and beyond; one series was designed specifically to select chief inspectors for Aldermaston and Scotland. Eight new chief inspectors were identified and some of the gaps in the two targeted areas were filled.

Three further assessment centres were run in late 2003 / early 2004 and from these the Agency identified 3 new chief superintendents, 5 new superintendents and 14 new chief inspectors.

## The Demise of OSPRE®

MDP adopted the 2-part Home Office OSPRE® promotion process in 1995 but, in common with many Home Department Forces, we achieved low success rates in Part II of the process. As a result a large number of vacancies at sergeant and inspector level developed. In order to address this, MDP decided to withdraw from the OSPRE® process whilst creating and implementing a bespoke MDP examination and assessment process.

The first element of the new MDP process was introduced in September 2003: an assessment centre for constables and sergeants who were already qualified by way of a pre-OSPRE® promotion examination or a current OSPRE® Part I examination. In total 56 constables and 41 sergeants attended for assessment of which 26 constables and 13 sergeants were successful.

The next part of the process will take place in May 2004 when the new, bespoke, MDP promotion examinations will be offered on-line. Candidates will be able to take

their promotion examinations at a venue on or near their parent station including those overseas on secondment.

The programme roll-out will be completed by the end of 2004; all eligible officers will be invited to attend a full assessment centre in September and for those who achieve success, interviews will follow in November. Assuming the current level of interest does not significantly diminish and success rates remain on a par with those of September 2003, the Agency should be in a position to fill all its vacancies in the sergeant and inspector ranks by the end of 2004.

## Dignity at Work

The new Dignity at Work policy was introduced during the course of the year to replace the MDP Harassment Policy. The new document provides clear guidance on what constitutes Harassment and Bullying in the workplace. In addition to the policy, it gives examples of what might constitute harassment and bullying together with the Agency's stance on individual and collective responsibility to prevent such activity from taking place. The Diversity and Equality Unit (DEU) will monitor the effectiveness of the new Dignity at Work policy through the Contact Officer network and close consultation with the new Professional Standards Department. DEU will advise on the support networks available to all Agency personnel together with a course of action in any case of unacceptable behaviour.

## Human Resource Management System

MDP use the MOD Human Resource Management System (HRMS) as the primary system for storing personal data and handling personnel processes within the Agency. In a very short period of time we had to assess the impact of the system, plan its implementation and ensure that all the data being migrated into HRMS from the 30-year-old CIPMIS system was correct. We aimed for 98% data accuracy and after three months of data integrity testing, the Agency achieved the target and migration was undertaken in October 2003 in preparation for go-live later that month.

The planning process revolved around ensuring that HRMS would be able to manage the peculiarities of Personnel Management within a Police Agency. Due to the speed and originality of the approach taken by MDP, our method was benchmarked as best practice and received praise from the MOD Project Manager and the Director of Civilian HR.

## Attendance Management

After publishing the MDP Attendance Management Strategy we started to implement the supporting action plan using our in-house Occupational Health and Safety Service. This team assists us in proactive intervention in cases of long-term absence and we have made a significant impact in helping staff return to work. Although good progress has been made we expect to see this go from strength to strength as delegation of personnel management activities to the Divisions fully beds in. Medical retirements during the year stabilised at 8.79 per 1000 officers continuing a trend which saw medical retirements reduce from approximately 16 per 1000 over the last few years. However, our aim is to meet or exceed the government target of 3.72 per 1000. Work is in hand to identify practical steps to offer reasonable adjustment for officers protected under the Disability Discrimination Act 1998 when the Act comes into force for MDP in October 2004.

## Overseas Activities

The Ministry of Defence Police continues to lead the British Police Service in the field of international policing, with the MDP representing one third of all police officers deployed abroad by the Foreign & Commonwealth Office.

The UN mission in Kosovo continues to provide the greatest opportunity for officers wishing to serve in an overseas mission and the seventy officers deployed there

*New acting ACC with responsibilities for MDP International policing, Sharon Taylor visits Kosovo after March riots*

maintain Her Majesty's Government's (HMG) commitment to assist in bringing stability and democracy to this troubled area of the Balkans. MDP Officers are employed throughout the country in a variety of tasks including community patrol, liaison officers and strategic positions directing the formation of the Kosovo Police Service.

MDP continued to provide Community Police Officers to the Pitcairn Island with two officers serving there at any one time. Each attachment normally lasts three months although it takes almost a month to travel to and from the island. MDP was asked to double our resources to assist with pre-trial depositions so 12 officers experienced this tropical and demanding way of life during 2003/4.

The European Union sponsors the police mission in Bosnia and Herzegovina to which MDP provided two officers to act as mentors.

MDP supported the RMP with the deployment of Sexual Offence Interview Trained (SOIT) officers to assist with a protracted investigation in Kenya. Four officers are currently involved in this task and will remain with it until complete.

Supporting a new core customer - the British Army in Iraq - was a significant development for the Overseas Deployment Office. MDP currently provides eleven officers to support the efforts of the Coalition in both Baghdad and Basra. These officers are employed in a variety of tasks with the aim of establishing a modern, accountable police service for Iraq and restoring peace to the area.



## External Secondments

A number of officers continued to benefit from secondments to external forces and organisations. Formal links with the Foreign and Commonwealth Office, National Criminal Intelligence Service, Association Chief Police Officers (Terrorism Allied Matters), Her Majesty's Inspectorate of Constabulary, Centrex and Fife police continue to flourish in addition to short-term work experience placements with other Home Department Police Forces.

## Complaints & Discipline

Complaints and Discipline had a busy year preparing for and managing the changes required by the transition from the Police Complaints Authority to the launch of the Independent Police Complaints Commission on 1 April 2004.

The new Ministry of Defence Police Conduct & Appeal Tribunal Regulations 2004 were introduced by way of Statutory Instruments formulated as a result of the enabling provisions of the Police Reform Act 2002, which made amendments to the Ministry of Defence Police Act 1987.

On 24 February 2004 the Secretary of State for Defence and the Police Ombudsman for Northern Ireland signed an agreement bringing Ministry of Defence Police Officers within the provisions of the Police Service Northern Ireland Complaints Conduct & Appeal Regulations 2000.

As a result of these changes we started to make the transition from a Complaints and Discipline Department to a Professional Standards Department. The preparatory work caused a major cultural change which will encourage MDP to become more proactive in raising and maintaining our already high standards of integrity.

2003/4 saw a significant reduction in recorded complaints against MDP Officers. This reflects well on all those MDP Officers who daily discharge their duties in a professional manner without attracting any adverse comment. In addition, by the end of this reporting year, 100% of discipline investigations/cases had been completed within the 120-day deadline which is a credit to the investigating teams at Headquarters and on Divisions.

Sir David O' Dowd and Ann Kelly, Police Advisor and Member of the Ministry of Defence Police Committee respectively, continue to provide expert advice and guidance through their quarterly inspection programme.

## Learning & Development

During the year our training resources were focused on delivering training to the 171 new probationary officers and 82 officers who transferred to MDP from Home Department Police Forces. PTC trainers also delivered developmental programmes to MDP staff and helped to develop a new Re-Integration course for those returning to MDP at the end of a tour in Kosovo. Firearms trainers qualified probationers and transferees in relevant force weapons systems and provided training for officers preparing for and returning from deployment in Kosovo.

Bronze Commander Training for management of major incidents was introduced and Silver Commander refresher training is being developed.

Driver trainers provided 271 staff with Basic Driving, Standard Response and Advanced Driver skills. In addition, many students were qualified in Personnel Carrier, Trailer Towing, 4x4, Quad Bike and motorway/fast roads. Driver Training is delivered both at Wethersfield and throughout the UK by Divisional trainers.

The Ministry of Defence Guard Service Training Wing (MGSTW) provided 576 Guard Service staff with training at Foundation, Advanced and Refresher level.

The Course Research & Design Unit (CRDU) designed and developed 20 e-learning products and reformatted pre-read material for the MDP Probationer Training Programme. This material will be available in electronic format with updates and amendments circulated via the MDP Network so all training material will remain valid throughout the 2-year probation period. CRDU's work on other interactive training programmes has made high quality training available to all duty stations through the Force network, minimising the impact of operations and finance on training.



An MDP Officer undertaking highway driver training



John Bligh

## Operational Support

ACC J Bligh QPM

### Central Information Room

The Central Information Room (CIR) is the main communications and Information centre for the Force, primarily responsible for receipt, collation, and circulation of information concerning police operations and activity affecting the MOD. It provides a central point of contact for Divisional HQ's, specialist departments, stations, other police forces, MOD and external agencies. This extends to liaison with the Driver Vehicle Licensing Agency, Criminal Records Bureau, Police Information Technology Organisation and Forensic Science Laboratory.

CIR also has a responsibility as the Force Police National Computer (PNC) Bureau undertaking all PNC enquiry checks and update transactions. The department has two other core business functions: it operates the Force Crime Bureau, recording all crime reported to MDP in accordance with the National Crime Recording Standards (NCRS), and convoy task monitoring.

From May 2004, CIR will take on another business functionality when it implements the National Strategy for Police Information Systems (NSPIS) Command and Control System. CIR will be primarily responsible for incident management and logging for those stations in East Anglia and this will in turn be extended to National Roaming Units as Airwave is rolled out.

### Dogs

At the present time the Force has a dog complement of 282, a reduction of 14 from the previous year. There are 152 Police Dogs Grade 1, including 20 also trained as Tactical Firearms Support Dogs, 110 Police Dog Grade 2, 11 Arms Explosive Search (AES) Dogs, 5 Drug Detection Dogs and 4 Vehicle Search Dogs.

Search Dog Teams carried out 2,748 taskings for the year

broken down into 2,333 AES and 415 Drugs with numerous finds at various venues, a small increase over the previous year but with less task hours available due to the reduction in overtime working.

Operational Police Dog deployments include frequent detached duties and 614 MOD related taskings and 248 support to other Forces taskings were carried out, a small increase over the previous year.

The Force Dog Officer represents MDP on the Association of Chief Police Officers Police Dog Working Group which extends the close working relationship that the Force has with Colleagues from all Home Department Forces, and allows MDP a degree of influence in police dog related issues.



Force Dog officer patrolling the fence at RAF Fairford

## Firearms Policy

The Firearms Policy Unit has had to deal with a number of important issues through out the year. Foremost amongst these has been the procurement of a 'less lethal' option for the Force in the form of the L104A1 Baton Gun, which is currently coming on stream at designated locations.

The Unit has been involved in the selection and trial of a new Force Firearm system, a process that is now nearing completion with the imminent down selection of a suitable system. This project will now move into the deployment phase with its Force wide implications of training, storage, ammunition, compatibility with other equipment, sighting of the system and current weapon holding.

In addition, initiation of projects such as a new Force combined stab/ballistic body armour, procurement of equipment vests, Firearms Equipment Care policy and a revision of the Force Firearms Policy and Procedures manual has placed heavy demands upon this unit.

## Operational Support Units (OSU)

During this period the OSUs (N) & (S) have continued to provide the Agency with a flexible police response to all and any identified needs. Both units continue to come under the direct operational control of the Operational Support Department and any taskings must be authorised by this department before being undertaken.

The last 12 months have again seen the OSU respond to a number of varied tasks alongside members of both the MDP and Home Department Forces alike. The actual duties carried out being dependent upon the specific needs of the Agency and its customers at any given time. The unit still remains one of the Force's primary providers of a surge capacity. It being capable of responding at short-notice to almost any incident and will, no doubt, be expected to continue to operate in similar challenging situations in the future.

The OSU continues to provide expertise and support to the Agency in the specialist areas of Public Order, Search, CBRN, Working at Height and Firearms. The training and standards employed meeting those laid down by the relevant ACPO Manuals of Guidance and Force Policy and Procedures Manual (PPM). Probably the most high profile duty undertaken this year involved the coordination and completion of a search operation in Northern Ireland utilising not only OSU officers but also staff from all the Agency search teams and Fraud Squad.

## Fleet Management

It's been an active year for Fleet Management with 103 new vehicles procured, when compared to only 50 the previous year. New additions to the fleet 'stable' were purpose bought Mercedes Varios for use by our Rope Access Teams. The fleet team has also faced significant challenges following the implementation of a HQ vehicle pool and the conception of Divisional Support Groups. The former initiative followed an utilisation study of HQ vehicles and resulted in a pool being formed from vehicles previously held by HQ departments. Following 6 months of operation, their use has more than doubled which has reflected in a reduction of vehicles being hired. Clearly the biggest challenge has been responding to the needs of the newly formed DSGs. Responding at short notice with only existing APT assets available, Fleet Management developed a phased plan which will witness the

*MDP Tactical firearms officers on a training exercise aboard HMS Glasgow*



evolution of the patrol based APT fleet into a more suited and deployable DSG fleet. For the first time, Fleet Management was also the subject of an HMIC inspection, which whilst highlighting areas for development also presented the team and the service it provides in a very positive light.



MDP launch escorting HMS Edinburgh into port

## CID Management/Operations

With the disaggregation of CID to Divisional Commanders, CID operations department at Headquarters is primarily employed to support the provision of external specialist training, professional development of Trainee Investigators and the provision of specialist resources supplied by the Major Incident Unit and Computer Crime Unit.

## Crime Statistics

The introduction of the Initial Report Form (IRF), in April 2003, has ensured an increased accuracy in the input of data on the MOSS system (a crime database), and enables the Crime Statistics Office to produce data as required by the Home Office and MDP in respect of such details as Ethnicity and Hate Crime offences. The reconfiguration of the MOSS system has also enabled the recording of crime to be identified as Primary and Secondary.

The appointment of a Force Crime Registrar has further improved the accurate recording of crime and crime related incidents, in accordance with National Crime Recording Standards.

The Ministry of Defence Police, together with Vivista Ltd, is the pilot Force in the development of the upgrading of the MOSS system, currently in use by seven Forces throughout the UK. The hardware and software, which was purchased during this financial year, will make sure the crime database will continue to be available for the

foreseeable future. This will also make the system compatible with the NISPIS Command and Control system. There will be a smoother transfer of data from the live system to the management information system, and consequently this will speed up any statistical enquiries and operational capability.

## Major Incident Unit

During the reporting year the Major Incident Unit (MIU) has utilised its static and mobile capabilities to support 12 MDP Investigations on the MOD Estate involving fraud, large scale theft, serious sexual offences, work related deaths and professional standards issues.

Personnel from the MIU have also supported an operation undertaken by the Metropolitan Police in to an offence of murder and an operation undertaken by Hertfordshire Constabulary into a series of rapes.

The mobile capability of the Unit has been extended by the installation of satellite communications which enables each vehicle to deliver voice, data and video back to MDP HQ from any point in the UK, providing the versatility to support virtually any MDP system or role including MOSS and Command & Control or as contingency against the loss of terrestrial communications.

## Computer Crime Unit

The Computer Crime Unit was established in its present format in 1998. It forms part of the HQ CID (Ops) Department and has a responsibility to provide the Force with specialist support in relation to computer crime and the forensic recovery of computer based evidence. The continued exploitation of computer technology by those involved in criminal activity has again produced a substantial increase in the volume of electronic data being processed by the Unit over the last 12 months.

The personal development of staff has continued to be a priority; with officers successfully completing advanced computer forensic courses covering high tech crime investigations, digital evidence retrieval and forensic analysis. Advanced training together with the acquisition of additional workstations and latest forensic tools, has enabled the Unit to maintain a high standard as well as providing the forensic ability to tackle some of the more complex issues generated by the rapid development of computer technology.

## Force Intelligence Bureau

The Force Intelligence Bureau is comprised of four sections, Special Branch, Criminal Intelligence, Force Surveillance Branch and Force Counter Terrorism Security Advisor.

The primary function of the Bureau is to provide a proactive intelligence capability to the whole of the Operational area of the Agency.

The continued increased threat level relating to terrorism directed at the Defence capability within the UK means that the resources of the Bureau are focused on responding to intelligence surrounding the threat.

The Defence assets are also continually threatened by unlawful protest and disruption activities upon which the Bureau is mandated to provide intelligence capability. The implementation phase of the National Intelligence Model into the Agency has concluded with Divisional Intelligence Bureau being established at the Divisional HQ of Aldershot, Clyde, Foxhill and York. The process of installing the Strategic and Tactical Tasking and Co-ordinating Groups at HQ and Divisional level is progressing. This will allow the Agency to direct the correct resources into the identified policing priorities outlined within the Control Strategies. The coming year will provide an evaluation period of the impact that NIM has had on the business of the Agency.

## Scenes of Crime Officers

At present the Scenes of Crime Department consists of 1 Crime Scene Manager, stationed at MDP HQ and 8 Scenes of Crime Officers (SOCOs) located at four of the divisions. The department operates 4 major incident vans and 4 general-purpose SOCO vehicles.

As a result of the SOCO examinations there has been 561 fingerprint lifts recovered and submitted to New Scotland Yard for comparison and 101 forensic submissions for specialist examination including chemical treatments, DNA, including low copy, handwriting, drug testing and tool mark comparisons.

The photographic unit that forms part of the Scenes of Crime department is in the process of purchasing one of the most up to date digital mini labs, which will enable SOCOs to make more use of digital photography.

## Fraud Squad

Over the preceding twelve months the Fraud Squad has made substantial changes in order to move from a reactive policing organisation to an intelligence-led, proactive Department.

In April 2003 the Fraud Squad adopted the principles of the National Intelligence Model, (NIM) which is a decision making process, primarily a system for ensuring decisions are based on available accurate assessments of problems the Department faces, ensuring these problems are tackled effectively.

The introduction of the NIM necessitated fundamental changes in the way in which the Fraud Squad approached the investigation of major/serious Fraud and Corruption affecting the Ministry of Defence. It involved setting up a Control Strategy and introducing a Tasking and Coordinating Process, resulting in a more focused approach towards an efficient management and investigation strategy.

In order to be truly intelligence-led, resources were moved from the more traditional reactive investigation teams to form a Proactive Investigation Unit. In addition, it was necessary to realign resources and expand the Financial Investigation Unit (FIU) in order to capitalize on new legislative powers to seize the proceeds of crime.

During the previous twelve months all members of the FIU have been trained under the recent Proceeds of Crime Act and are now in a position to conduct confiscations and restraint of assets. Currently the Fraud Squad has several hundred thousand pounds under restraint.

Throughout the year the Fraud Squad has continued to achieve successful prosecutions for offences involving fraud and corruption, resulting in convictions for numerous offenders. There are several major cases due to come to trial in the forthcoming months.

During November 2003 the Fraud Squad, in conjunction with partners in the Defence Fraud Analysis Unit and Service Police, re-launched the Ministry of Defence's new Fraud Awareness Campaign under the slogan 'MOD – United Against Fraud'. Sir Kevin Tebbit, Permanent Under Secretary, General Sir Michael Walker, Chief of Defence Staff and Mr. David Ray, Deputy Chief Constable, Ministry of Defence Police headlined the campaign.

Despite the re-organisational changes that have taken place, the Fraud Squad continues to have an average of twenty-eight (28) cases under investigation at any time. All of these cases are by definition, serious or complex, having passed through a stringent vetting process. A further thirty (30) cases are under going intelligence development. The FIU continues to support the whole Force in Financial Investigation as well as assisting our Service Police colleagues where possible.



Gerry McAuley

## Divisional Operations

ACC G McAuley

The past business year has been challenging as we moved from an OCU structure into five Divisions against the backdrop of conflict in Iraq. Op Telic affected everyone in the MDP and, as an organisation, we recognised we had to take some important strategic decisions in order to successfully prevent disruption to military operations at key installations. Officers responded magnificently, receiving justified praise from many quarters.

Divisionalisation brought many important changes in the way the Agency manages its business. Not only have Divisional HQ's been adequately staffed but the devolvement of both Personnel and Finance delegations away from the centre to Divisional Commanders was a major step forward.

Now, as we look ahead the pace of change impacting upon us is no less diminished, but this time set against the backdrop of an increased threat from international terrorism and a continuing threat from domestic extremism.

Elsewhere in this report the important changes in relationships with MGS are reflected upon. In an operational context this makes great sense and for many



MDP Officers on guard outside the Old War Office Building

officers who have worked with the MGS, this is no more than a logical progression of a relationship that has grown in maturity and effectiveness.

The other major change will see us moving away from Area Policing Teams, a concept that we recognise has served MDP well in the

past but which now needs to evolve to meet the Agency's strategic needs in the 21st Century. The introduction of Divisional Support Groups will equip the Agency with a highly focused deployable resource that will be tasked by Divisional Tasking & Coordinating groups linked to the National Intelligence Model (NIM). These changes will see the Agency well placed to provide an improved and directed service to our customers and a platform from which to target crime and disorder across the MOD.

Demonstrations against President Bush's state visit to London



## The Year Ahead

As a result of Op Telic activities 2003-2004 remained operationally demanding, and following on from the enhanced reputation that the MDP gained as a result of this work, all Agency staff will continue to have an important role to play in responding to the increased threat from international terrorism.

Corporate Governance and Risk Management are an integral part of the planning cycle and are linked with the Agency Business Plan through the Risk Register. The Business Plan in the Balanced Scorecard format has assisted in monitoring and measuring performance and continues to be a sound basis for managing strategic direction for the coming year. In 2004/05 the Agency Corporate Plan will be combined with the In-year Business Plan and will also be produced in the Balanced Scorecard format. This will enable the Agency to monitor and measure the long-term corporate objectives and targets.

Throughout 2003-04 a number of departments within the Agency have been working alongside the MGS Project Unity team to create a MGS corporate structure and to merge it with the MDP to form the Ministry of Defence Police and Guarding Agency (MDPGA). The larger and more diverse organisation will, in the longer

term, provide benefits for the security and safety of MOD assets. The aim of this merger is to deliver a more effective and efficient security and guarding service to the MOD and also to provide MGS staff with greater opportunities for personal development. During 2004/05 the challenges that the Agency will face include cementing the corporate structure of the MGS, refining and further integrating business processes and enhancing customer relations.

The Project Contact team will be continuing with the rollout of the O2 Airwaves Equipment and pushing forward the National Strategy for Police Information Systems – command and Control (NSPIS C&C) and implementing the Integrated Communications Control Systems (ICCS). Training of 200 operators will be carried out at a purpose designed and built facility within MDP HQ at Wethersfield.

Throughout next year work will be continuing on the Defence Training Review, it is an aspiration of the Defence Management Board to join together as much training as is possible, including Defence Police Training. The initiative is intended to offer 'betterment' to the Department in the longer term and may be financed through a Public Private Partnership (PPP). Completion of the project is scheduled for April 2007.

# Agency Key Targets 2001-2004 ————— Annex A

KEY TARGET	2001-2002	2002-2003	2003-2004
<b>CPS FILES</b> In England & Wales to submit at least 95% of prosecution files to the CPS within the timescales set out in the Manual of Guidance	Green		
<b>SCOTTISH CRIME FILES</b> To submit 80% of all Scottish Crime/Prosecution files to the Procurator Fiscal within a maximum of eight weeks of the offence being reported	Green		
<b>PATROL ACTIVITY</b> To achieve at least 60% patrol activity from those officers devoted to patrolling	Green	Target Developed in Following Line	
To achieve at least 65% patrol activity from those officers devoted to patrolling		Yellow	Yellow
<b>REPORTED CRIME</b> To achieve at least a crime solving rate of 38%	Green	Target Developed in Following Line	
To achieve a crime solving rate of 42% for the investigation of primary crime		Green	Target Developed in Following Line
To achieve a crime solving rate of 48% for the investigation of primary crime and maintain a 60% solving rate for the investigation of all crime by 31 March 2004.			Yellow
<b>RECRUITMENT &amp; DIVERSITY</b> By 31 March 2002, to have implemented a Force Diversity Strategy	Green		
Within the overall recruitment to the Force to have recruited 20% women and 3% from minority ethnic communities	Yellow	Target Developed in Following Line	
By 31 March 2003 to have implemented the Force Diversity Action Plan and, within the overall recruitment to the Force, to have recruited 30% women and 8% from minority ethnic communities		Red	Target Developed in Following Line
By 31 March 2004, within the overall recruitment to the Force, to have recruited at least 15% women and at least 6% from minority ethnic communities.			Yellow

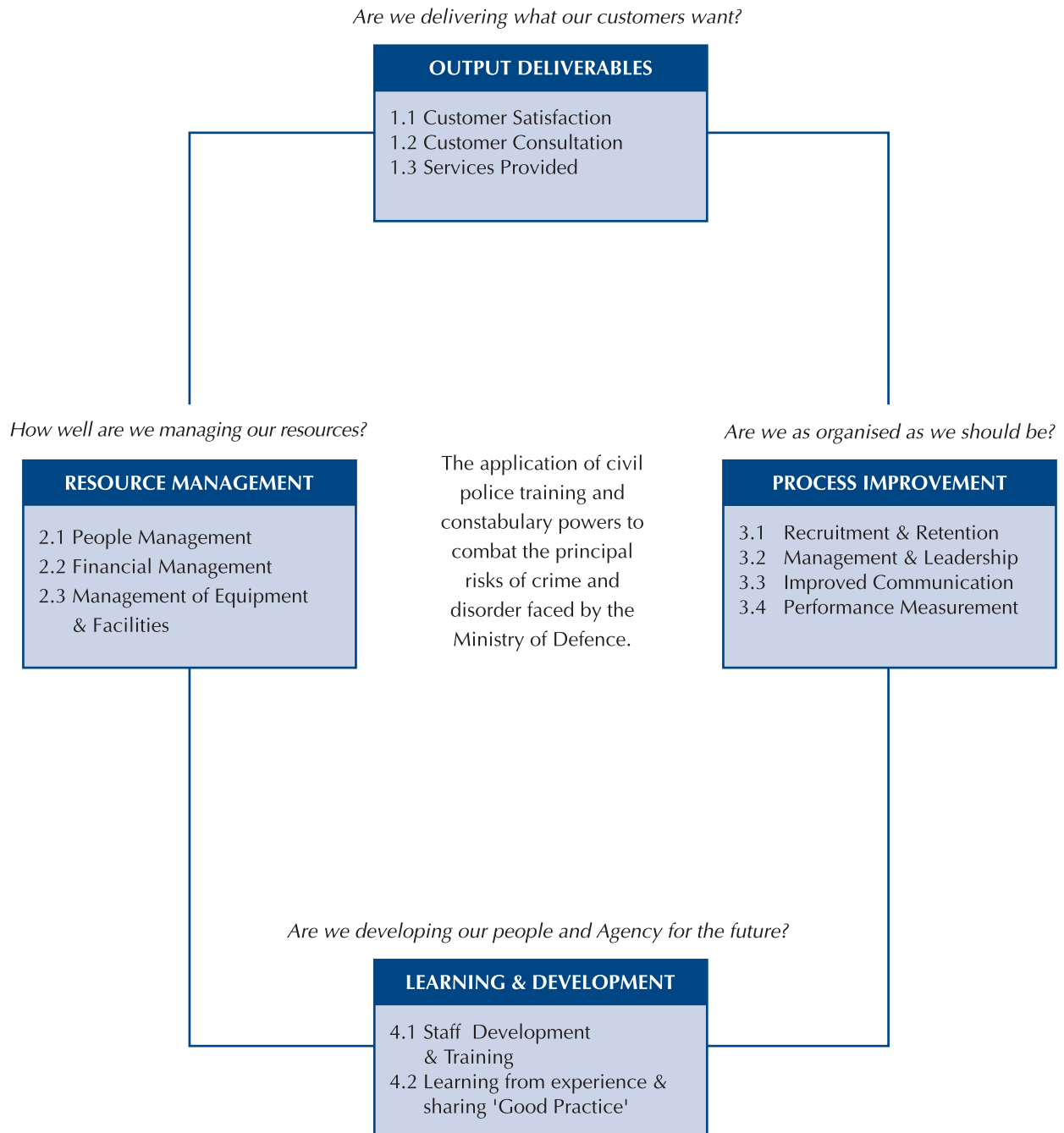
## Annex A

KEY TARGET	2001-2002	2002-2003	2003-2004
<b>APT CUSTOMER SATISFACTION</b> By 31 March 2002, to produce a methodology to assess the quality and consistency of service delivery to our customers of the Area Policing Teams, and establish a baseline figure which can inform the setting of targets in future years	Green		
<b>SECURITY MEASURES</b> By 31 March 2002, to have developed a methodology, and associated targets, for measuring the MDP's contribution to security measures at those Defence Establishments where it has a presence	Green	Target Developed in Following Line	
By 31 March 2003 to have the appropriate system in place to evaluate the Force's effective contribution to security measures at those establishments where the Force undertakes security related taskings		Green	Target Developed in Following Line
Using the system established in 2002/3, measure and evaluate MDP's effective contribution to security at those establishments where the force undertakes security related tasks, and seek to maintain and improve upon the baseline figure achieved in the previous quarter at individual establishments.			Yellow
<b>CUSTOMER TASKING</b> To ensure that the Force fulfils at least 95% of its agreed customer tasking at those establishments where the Force undertakes security related taskings		Yellow	Yellow
<b>OVERTIME</b> By 31 March 2003 to reduce the amount of overtime worked by each officer to no more than 48 hours overtime per 28 day period, averaged over a 17 week period		Red	Target Developed in Following Line
By 31 March 2004, excepting unforeseen operational commitments, to reduce the amount of overtime worked by each officer to no more than 32 hours overtime worked on the core programme of CSA-agreed tasks per 28 day period averaged over a 17 week period			Yellow

BSC Colour	Definition of target achievement
Green	On Target for achievement
Yellow	Minor deviation from target set

BSC Colour	Definition of target achievement
Orange	Major deviation from target set
Red	Serious weakness in performance against target set

# Balanced Scorecard Summary Annex B



# Agency Objectives Annex C

## OUTPUT DELIVERABLES

**To ensure that the Agency is able to deliver its required outputs to enable the Agency to meet customer requirements.**

- 1.1 To seek continuous improvements in customer satisfaction with the service provided by MDP.
- 1.2 To increase levels of customer consultation and to work in active partnership.
- 1.3 To deliver a range of policing and security services of the highest quality as required by our customers.

## RESOURCE MANAGEMENT

**To ensure that the Agency provides a cost effective service with the resources allocated.**

- 2.1 To ensure the effective management and deployment of personnel within the Agency.
- 2.2 To remain financially viable and achieve value for money.
- 2.3 To ensure effective use of all resources.

## PROCESS IMPROVEMENT

**To operate processes which are cost effective, user friendly, fit the business requirement and to improve upon those processes.**

- 3.1 To ensure that the process used for the recruitment of staff is as effective as it can be, and to maintain an efficient and well motivated workforce.
- 3.2 To ensure an effective management system is in place providing clear direction for the Agency and staff.
- 3.3 To ensure effective internal and external communication and improve the dissemination of information.
- 3.4 To ensure effective performance measurement providing examination and analysis of current performance, identifying opportunities for future improvements.

## LEARNING & DEVELOPMENT

**To ensure we continue to learn and develop as an Agency and as individuals to meet the challenge and requirements of the future and to be able to contribute to the Agency's corporate and business objectives.**

- 4.1 To provide staff with the training they need to deliver the Agency's services and to develop their own potential.
  - 4.2 To ensure the Agency continues to learn from experience and shares 'good practice'.
-

# Personnel Statistics Annex D

## STRENGTH AT 31 MARCH 2004

Police	Total	Male	Female
Chief Constable	1	1	0
Deputy Chief Constable	1	1	0
Assistant Chief Constables	3	3	0
Chief Superintendents	12	11	1
Superintendents	21	19	2
Chief Inspectors	64	61	3
Inspectors	113	106	7
Sergeants	485	451.5	33.5
Constables	2645	2415	230
<b>Total Police Officers</b>	<b>3345</b>	<b>3068.5</b>	<b>276.5</b>
<b>Total Probationers</b>	<b>326</b>	<b>273</b>	<b>53</b>
<b>Civilians</b>			
Grade 5	1	1	0
Band B1	2	2	0
Band B2	4	3	1
Band C1 (Senior Executive Officer)	17	15	2
Band C2 (Higher Executive Officer)	29.5	19	10.5
Investigation Officer Physical 1	0	0	0
Investigation Officer Physical 2	7	7	0
Band D (Executive Officer)	68.5	31	37.5
Band E1 (Administrative Officer)	160.5	37	123.5
Band E2 (Administrative Assistant)	48	15	33
Personal Secretary	8	0	8
Others	35	15	20
<b>Total Civilians</b>	<b>380.5</b>	<b>145</b>	<b>235.5</b>

# Complaints & Discipline Annex E

## COMPLAINTS AGAINST THE POLICE 2003 - 2004

	2002/3	2003/4
Total number of complaints	31	30
<b>OUTCOMES</b>		
Withdrawn	5	3
Informally resolved	18	6
Dispensation granted by PCA	3	6
Unsubstantiated	13	16
Substantiated	11	3
<b>Total cases completed</b>	<b>50</b>	<b>34</b>

## DISCIPLINARY HEARINGS 2003 - 2004

Classification	2002/3	2003/4
Dismissal from the Force	0	7
Requirement to Resign	1	1
Reduction in Rank	0	1
Reduction in Pay	6	0
Fine	0	2
Reprimand	5	4
Caution	0	0
Not Guilty	0	1
<b>Total</b>	<b>12</b>	<b>16</b>

# Crime Statistics 2003-2004 Annex F

## OFFENCE CATEGORY

CRIME	England, Wales & Northern Ireland		Scotland		% Solved
	Recorded	Solved	Recorded	Solved	
Assaults Non-Police	363	287	7	7	79.46
Assaults on Police	15	11			73.33
Bomb Hoaxes	10	2	1		18.18
Burglary	566	100	55	9	17.55
Child Sexual Offences	37	31			83.78
Criminal Damage	596	127	151	41	22.49
Customs Offences	9	8			88.89
Drugs Offences	43	41			95.35
Forgery	167	143	22	24	88.36
Fraud	590	413	212	282	86.66
Life Threatening	28	16			57.14
Other Child Offences	5	3	1	1	66.67
Other Offences	1368	1318	47	44	96.25
Other Theft Act	2274	451	195	86	21.75
Public Order Offences	42	38	5	5	91.49
Sexual Offences	57	22	27	19	48.81
State Offences			3	3	100.00
<b>Totals</b>	<b>6170</b>	<b>3011</b>	<b>726</b>	<b>521</b>	
<b>United Kingdom overall total</b>	<b>Recorded 6896</b>		<b>Solved 3532</b>		<b>51.22</b>

## CRIME PROPERTY VALUES

United Kingdom overall	Stolen	Recovered	Damaged
2002/2003	£4,218,778	£795,275	£1,289,449
2003/2004	£2,798,042	£280,661	£784,124

# Accounts for the period 1 April 2003 to 31 March 2004

## FOREWORD TO THE ACCOUNTS

The accounts which follow cover the period 1 April 2003 to 31 March 2004 and have been prepared in accordance with a direction given by the Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

## HISTORY

The Ministry of Defence Police in its current form resulted from an amalgamation of the Admiralty, War Office and Air Ministry Constabularies in 1971. The Ministry of Defence Police Act 1987 is the Statute under which the Ministry of Defence Police operate throughout the Defence Estate, in certain MOD contractors' premises and in protecting MOD property in transit between one Defence establishment and another. Defence Agency status was granted on 1 April 1996.

## PRINCIPAL ACTIVITIES

The services provided to customers in MOD and outside MOD are:

- A comprehensive policing service to all MOD establishments throughout the United Kingdom of Great Britain and Northern Ireland, in the protection of life, upholding the law and the prevention of criminal activities of all kinds.
- Where necessary, a fully armed guarding and security service to protect vital assets and personnel.
- A comprehensive criminal investigation service.
- Policing and guarding activities at specified locations external to MOD.
- Training for the MOD Guard Service.

## POST BALANCE SHEET EVENTS

These are covered at note 20 of the accounts.

## FINANCIAL PERFORMANCE

The gross operating costs of the Agency for the year ended 31 March 2004 were £198.5M. Operating income totaled £23.2M. The balance, representing net operating costs, as detailed in the Operating Cost Statement was £175.3M.

Net Assets were £27.8M at 31 March 2004. This represented Net Current Liabilities of £3.0M, Fixed Assets of £32.3M and the balance of £1.5M represents provisions for liabilities and charges. Changes in Fixed Assets are detailed in Note 8 to the accounts.

## BUSINESS DEVELOPMENT AND REVIEW OF ACTIVITIES

These are fully described in the foregoing Report.

## KEY PERFORMANCE TARGETS

Key Performance Targets are covered on pages 6 to 7 of the foregoing Report.

## EQUAL OPPORTUNITIES POLICY AND EMPLOYMENT AND TRAINING OF DISABLED PERSONS

The Agency is committed to the MOD policy on equal opportunities and seeks to raise awareness of equal opportunities issues and promote best practice through the implementation of an equal opportunities action plan.

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

## PENSION ARRANGEMENTS

These are covered at Notes 1(n) and 3(d) to the accounts.

## MANAGEMENT OF THE AGENCY

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

**David L Clarke QPM**

Chief Constable and Chief Executive

**David A Ray QPM MA LLM(Cantab) FIMgt**

Deputy Chief Constable

**Paul A Crowther MA**

Head of MDP Secretariat

**Barry J Smith QPM FIMgt**

Assistant Chief Constable (Personnel and Training)  
Until May 2003

**Gerry P McAuley MSc MCIM**

Assistant Chief Constable (Divisional Operations)

**John P Bligh QPM**

Assistant Chief Constable (Operational Support)

**Anthony McDermott**

Assistant Chief Constable (Personnel and Training)  
(Joined April 2003 until March 2004)

**Sharon Taylor**

Assistant Chief Constable (Personnel and Training)  
(Joined March 2004)

The Chief Constable was recruited through open competition and has a fixed term contract of four years with a possible two year extension.

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

Details of Management Board members' remuneration are given at Note 3(d) to the Accounts.

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

Paul A Crowther left the Agency in April 2004 and was replaced by Steve Beedle in May 2004.

## POLICY ON THE PAYMENT OF CREDITORS

All MDP's bills, with the exception of a very small number of minor payments through a local imprest account, are paid through the Defence Bills Agency (DBA). In 2003-2004, DBA had a target of paying 99.9% of correctly presented bills within 11 calendar days of receipt. Actual performance against this target was 99.98%. No interest payments arose from the implementation of the Late Payment of Commercial Debts (Interest) Act 1998.

## STAFF INVOLVEMENT

This is fully covered in the foregoing Report.

## AUDITORS

The accounts of the Agency are audited by the Comptroller and Auditor General under section 7(3)(b) of the Government Resources and Accounts Act 2000. The notional cost of the statutory audit is £50,300. The auditors received no remuneration during the year for the provision of non-audit services.

**D L Clarke**  
Chief Executive

12 July 2004

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

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Under section 7(2) of the Government Resources and Accounts Act 2000, the Treasury have directed the Ministry of Defence Police Agency to prepare a statement of accounts for each financial year 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 Agency's state of affairs at the year end and of its net operating cost, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the 'going concern' basis, unless it is inappropriate to presume that the Agency will continue in operation.

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

## Statement on Internal Control

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### 1. Scope of responsibility

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

### 2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of

Agency policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Agency during the year ended 31 March 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### 3. Capacity to handle risk

The Agency has defined risk as "A future uncertain event that could influence the achievement of our objectives and statutory obligations". This definition is defined within the Agency's risk management policy. Risk is viewed as both a direct threat to the business and opportunities that should be exploited. The Agency Management Board (AMB) endorsed the risk management policy in July 2002. Since then it has been reviewed and updated to remain relevant for the Agency, this has

included consideration for the enlargement of the Agency with the addition of the Ministry of Defence Guard Service on 1st April 2004. The management of risk within the Agency continues to have the full support of the AMB. The risk management policy is staffed by the Business Development Department, who have linked the management of risk to the business planning cycle. A dedicated risk manager is employed to develop and manage the risk management process within the Agency, providing advice and training to Agency staff where necessary. Business Continuity Management is becoming linked with the planning and risk cycles of the Agency with Business Development providing the lead in developing and maintaining this process within the Agency.

#### 4. The risk control framework

The past year has seen a great deal of work undertaken to maintain the principles of risk management within the Agency. An Agency risk register has been maintained against the Business Plan, a new version was endorsed in June 2003 and the AMB were updated on its management in October 2003.

Work has been undertaken to ensure consistency with the use of the risk register within the Agency. Business Development have produced guidelines for the use of the risk register with the quarterly reporting system of the Business Plan to ensure risk developments against targets are reflected by their owners in line with the reporting period. A monthly Environmental Scanning Report is used as a means of identifying risks to continually update the Agency risk register. It is recognised that the risk climate is constantly changing and the business should be prepared to meet and respond to any new risk that the future may bring.

The risk management policy has been enacted during this financial year, maintaining the embedded risk management framework within the Agency. At top level this process has been utilised to maintain the Agency risk register through the use of the Risk Review Team that identified risk to specific targets within the Agency Business Plan. Divisional and Departmental risk registers have been produced supporting the Agency document and this process has been reviewed and refined within the year, developing with the business plan to ensure it remains relevant to the organisation. The Risk Review Team also evaluated Stakeholder risk as a new area

for consideration for the Agency. This resulted in the production of a Stakeholder risk register, which will be used to consider the effects realised risks may have on our Stakeholders. This will be used to inform management action.

The AMB receives regular updates on the management of risk to business objectives. The traffic light reporting system used by the Balanced Scorecard has been maintained and developed to highlight where risk management within the Agency needs to be increased. This year the Agency has developed the risk assessment for the Business Plan to ensure that all targets are risk assessed. This will increase the amount of information included within the register.

The Board receives periodic reports from the Head of Business Development concerning internal control and we require regular reports from managers on the steps they are taking to manage risk in their area of responsibility including progress reports on key projects. The Board also considers risk on a monthly basis with management issues raised to the Central Top Level Budget within a management report; this report includes a risk assessment against identified Agency Key Targets.

The Agency has reviewed its Business Continuity Management within year to ensure this area of Risk Management remains current. Changes have been made to this process to link it firmly with our planning and risk cycles. The AMB endorsed a strategy and policy on this issue in May 2004 in order for further work to progress to embed this management tool firmly within the established Corporate Governance framework. A working group has been established to review Agency Business Continuity Plans.

A significant development this year has been the formation of an Agency Audit Committee. The Committee met for the first time in January 2004 and its defined role is to review the effectiveness of the Agency Corporate Governance framework. The Committee will provide an independent overview into the Agency Corporate Governance structure and advise the Agency in this area.

## 5. Review of the effectiveness

In addition to the actions mentioned above, in the coming year the Agency plans to:

- Expand the risk management process into the Ministry of Defence Guard Service (MGS) structure of the Agency, training and developing MGS staff to enact the existing Agency risk management processes in order for a consistent and coherent approach to risk management to exist within the new enlarged organisation.
- Develop the Business Continuity Planning structure of the Agency ensuring its links are effectively embedded with the planning cycle and risk management framework. It is considered that this is an important area for the business to develop and work will be undertaken to ensure this area is enhanced to ensure that the business is equipped to maintain its outputs in the event of an emergency being realised.
- Begin a programme of business review to prioritise Agency outputs, with the inclusion of the MGS, to overhaul Agency Business Continuity Management in line with the new Agency structure.
- Establish a programme of Business Continuity Plan testing to ensure the robustness of these plans and their initiation processes.
- Ensure all relevant Agency personnel receive Business Continuity Training.
- Review the use of the risk register within the Agency project management system to ensure documents are used effectively and that this can link effectively to the Agency risk register.
- Monitor the use of the risk register within the Agency to identify improvements and ensure consistency with the risk management process.
- Continue to integrate risk management with all documents within the Agency planning cycle.

The Agency has an Inspectorate Department, which operates to standards defined by Her Majesty's Inspectorate of Constabulary (HMIC), which are based on EFQM principles. They submit regular reports, which include an independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement. This year the Agency participated in its first Baseline Assessment by HMIC. This assessment was the first undertaken as a requirement under the Police Reform Act 2002 and it is part of a three year rolling programme of inspection. A report was submitted by HMIC in February/March 2004 and a work programme is being implemented. An additional visit by HMIC will take place in October 2004 to review the progress of the Agency. The HMIC Baseline Assessment process will provide further independent assurance of the effectiveness of the Agency Corporate Governance framework.

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

**D L Clarke**  
Chief Executive

12 July 2004

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

I certify that I have audited the financial statements on pages 37 to 54 under the Government Resources and Accounts Act 2000. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 40 to 42.

## Respective responsibilities of the Agency, the Chief Executive and Auditor

As described on page 32, the Agency and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder and for ensuring the regularity of financial transactions. The Agency and Chief Executive are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Government Resources and Accounts Act 2000 and Treasury directions made thereunder, and 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 if, in my opinion, the Foreword is not consistent with the financial statements, if the Agency has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

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 certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 32 to 34 reflects the Agency's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Agency's corporate governance procedures or its risk and control procedures.

## Basis of Audit Opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

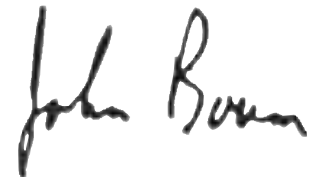
I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity 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 have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Ministry of Defence Police Agency at 31 March 2004 and of the net operating cost, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



**John Bourn**  
**Comptroller and Auditor General**

14 July 2004

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

## Operating Cost Statement

for the year ended 31 March 2004

		2003/2004	2002/2003
	Notes	£'000	£'000
<b>OPERATING COSTS</b>			
Staff Costs	3	153,230	148,971
Supplies and Services Consumed	4	11,548	9,047
Accommodation Costs	5	8,986	7,667
Other Administration Costs	6	24,705	20,906
<b>GROSS OPERATING COSTS</b>		198,469	186,591
<b>OPERATING INCOME</b>			
Less Income from Repayment Customers	2	(23,153)	(25,116)
<b>NET OPERATING COST</b>		175,316	161,475

All activities undertaken during the year are continuing.

## Statement of Recognised Gains and Losses

for the year ended 31 March 2004

		2003/2004	2002/2003
	Notes	£'000	£'000
Net gain on revaluation credited to the revaluation reserve	13	10,430	6,936
Recognised gains during the year		10,430	6,936

The notes on pages 40 to 54 form part of these accounts.

# Balance Sheet

as at 31 March 2004

		2004	2004	2003	2003
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>	<b>Notes</b>				
Tangible Assets	8		32,331		26,948
<b>CURRENT ASSETS</b>					
Stock	9	510		371	
Debtors: Amounts falling due within 1 year	10	3,240		2,816	
Debtors: Amounts falling due after more than 1 year	10	421		518	
			4,171		3,705
<b>CURRENT LIABILITIES</b>					
Creditors: amounts falling due within 1 year	11	(7,171)		(5,006)	
<b>NET CURRENT LIABILITIES</b>			(3,000)		(1,301)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			29,331		25,647
Provision for Liabilities and Charges	12		(1,484)		(1,685)
<b>NET ASSETS</b>			27,847		23,962
<b>TAXPAYERS' EQUITY</b>					
General Fund	14		7,930		14,464
Revaluation Reserve	13		19,917		9,498
<b>GOVERNMENT FUNDS</b>					
	15		27,847		23,962

**D L Clarke**  
Chief Executive

12 July 2004

The notes on pages 40 to 54 form part of these accounts.

# Cash Flow Statement

For the year ended 31 March 2004

		<b>2003/2004</b>	<b>2002/2003</b>
	<b>Notes</b>	£'000	£'000
<b>Net Cash Outflow From Operating Activities</b>		152,992	141,383
Capital Expenditure	22e	2,340	885
Net Financing from the Defence Resource Account	22d	(155,332)	(142,268)
<b>Increase/ (Decrease) in Cash in Period</b>		0	0
<b>Reconciliation of Net Operating Cost to Operating Cash Outflow</b>			
	<b>Notes</b>	<b>2003/2004</b>	<b>2002/2003</b>
		£'000	£'000
<b>Net Operating Cost</b>		175,316	161,475
Depreciation	8	(7,451)	(4,699)
Impairment Arising from a Fall in Market Value of Fixed Assets	8	0	(961)
Gain on Disposal of Tangible Fixed Assets	4	13	340
MOD Non-cash Transactions (Excluding movement in early retirement provision)	22a/c	(13,389)	(12,620)
Adjustments for Movements in Working Capital other than Cash	22b	(1,698)	(1,501)
Movements in Provisions for Liabilities and Charges	22c	201	(651)
<b>Net Cash Outflow From Operating Activities</b>		152,992	141,383
<b>Analysis of Capital Expenditure and Financial Investments</b>			
	<b>Notes</b>	<b>2003/2004</b>	<b>2002/2003</b>
		£'000	£'000
Acquisition of Fixed Assets	22e	2,553	1,196
Proceeds from Disposal of Fixed Assets	22e	(213)	(311)
<b>Net Cash Outflow From Investing Activities</b>		2,340	885
<b>Analysis of Financing</b>			
	<b>Notes</b>	<b>2003/2004</b>	<b>2002/2003</b>
		£'000	£'000
From the Defence Resource Account	22d	155,332	142,268
Increase/ (Decrease) in Cash		0	0
<b>Net Cash Requirement</b>		155,332	142,268

The notes on pages 40 to 54 form part of these accounts.

# Notes to the Accounts

## 1 - STATEMENT OF ACCOUNTING POLICIES

### a. Basis of Accounting

These accounts have been prepared in accordance with the Resource Accounting Manual issued by HM Treasury. The principal accounting policies adopted by the Agency are summarised below. The policies set out the framework within which the Agency conducts financial management and have been applied consistently in dealing with items considered material to the accounts.

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

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

### b. Value Added Tax

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

### c. Income

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

### d. Tangible Fixed Assets

#### Land & Buildings

Where MDP is the principal beneficial user of Departmental Estate it is treated as an asset of the Agency although legal ownership rests with the Secretary of State for Defence. Land and Buildings are capitalised where their value exceeds the Agency's capitalisation threshold of £4,500.

#### Other Assets

Plant, equipment, computers, boats and vehicles are capitalised where their cost or estimated purchase price is equal to or exceeds the Agency's capitalisation threshold of £4,500 and where their useful life exceeds one year. For weapons, IT and communications equipment the capitalisation threshold of £4,500 relates to grouped assets.

#### Depreciation

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

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

Land and Buildings:

Land:	indefinite, not depreciated
Freehold Buildings:	20-50 years

Weapons: 10 years

Vehicles:

Vehicles:	4 -10 years
Boats:	6-20 years

Computer Equipment: 3-5 years

Communications Equipment: 12 years

Other Equipment: 3-10 years

Depreciation of vehicles commences after they have been commissioned for policing activities.

#### Revaluation of Fixed Assets

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

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

### Disposal of Tangible Fixed Assets

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

### e. Stock

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

### f. Reserves

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

### g. Notional and Non Cash Charges

#### Intra-Departmental Charges

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

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

#### Audit Fee

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

### h. Capital Charge

A charge reflecting the cost of capital utilised by the Agency is included in operating costs. The charge is calculated using HM Treasury's standard rate of 3.5% of the average value of net assets (6% 2002/03).

### i. Early Retirement Scheme

The Civil Service White Paper, 'Continuity and Change' (CM2627) published in July 1994, announced new arrangements for funding early departure costs of civil servants departing between 1 October 1994 and 31 March 1997. Under these arrangements 20 per cent of the cost was to be borne by Agencies and Departments and the remaining 80 per cent, which would have otherwise fallen upon the Departments' running costs, was to be met centrally from the Civil Superannuation Vote. For 1996/97 the 80:20 arrangements applied only after the body had used all its existing 1996/97 expenditure provision for early departure costs.

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

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

## j. Provisions

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

Provisions are charged to the Operating Cost Statement. All long-term provisions are discounted to current prices by the use of H M Treasury's Test Discount Rate, which is currently 3.5% (6% 2002/03). The discount is unwound over the remaining life of the provision and shown as an interest charge in the Operating Cost Statement.

## k. Leases

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

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

## l. Salary Advances

Where applicable, MOD staff are entitled to salary advances for house purchase, in accordance with MOD regulations. These advances are paid through the payroll system. Balances outstanding at 31 March 2004 relate to 97 MDP Officers and are included in Debtors at Note 10.

## m. Taxation and Social Security

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

## n. Pensions

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

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

Liability for payment of future benefits is a charge on the PCSPS or AFPS. In respect of the PCSPS defined contribution schemes, the Agency recognises the contributions payable for the year.

## 2 - INCOME

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

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

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

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

	2003/2004			2002/2003		
	Turnover £'000	Cost £'000	Surplus/(Deficit) £'000	Turnover £'000	Cost £'000	Surplus/(Deficit) £'000
Repayment Work for non-MOD Customers	11,690	14,470	(2,780)	12,078	17,120	(5,042)
Repayment Work for Overseas Customers	10,873	19,133	(8,260)	12,123	15,064	(2,941)
Other Income	590	0	590	915	1,102	(187)
<b>Total Activity</b>	<b>23,153</b>	<b>33,603</b>	<b>(10,450)</b>	<b>25,116</b>	<b>33,286</b>	<b>(8,170)</b>

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

## 3 - STAFF COSTS AND NUMBERS

a. Staff costs during the year were as follows:

	2003/2004				2002/2003 Restated			
	MDP £'000	Civilian £'000	Service £'000	Total £'000	MDP £'000	Civilian £'000	Service £'000	Total £'000
Wages and Salaries	120,324	7,141	28	127,493	118,748	6,295	26	125,069
Social Security Costs (ERNIC)	11,106	534	2	11,642	9,775	409	2	10,186
Superannuation	13,029	882	6	13,917	12,225	782	5	13,012
Early Retirement Costs	178	0	0	178	704	0	0	704
<b>Total</b>	<b>144,637</b>	<b>8,557</b>	<b>36</b>	<b>153,230</b>	<b>141,452</b>	<b>7,486</b>	<b>33</b>	<b>148,971</b>

Staff costs for MDP officers seconded to other organisations were previously included within civilian costs but are now included within MDP costs.

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

	2003/2004	2002/2003
	Number	Number
MDP	3,296	3,270
Civilian, Non-Industrials and Industrial Service	352	285
	1	1
<b>Total</b>	<b>3,649</b>	<b>3,556</b>

The number of whole time equivalent staff who are classified as civil service staff was 3,648 (2003:3,555).

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

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

For 2003/2004, employers' contributions of £13,910,441 were payable to the PCSPS (£13,007,767 in 2002/2003) at one of four rates in the range of 12% to 18.5% of pensionable pay based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates will remain the same next year, subject to revalorisation of the salary bands, but will increase from 2005/06.

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

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers contributions of £2081 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £16, 0.8%, pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirements of these employees.

For 2003/04 employers' contributions of £5,997 (2002/2003 £4,706) were also made to the AFPS in respect of service staff paid by MDP and these were similarly based on rates determined by the Government Actuary and advised by the Treasury. The applicable rate was 33.8% for officers and 18.2% for other ranks.

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

Early departure costs are partly funded from the Civil Superannuation Resource Account under the 80:20 scheme. The amount borne by the Agency in 2003/2004 was £178,135 (£703,799 in 2002/2003).

d. The salary and pension entitlements of the most senior members of the Ministry of Defence Police Agency were as follows: (with comparative salary disclosures for 2002/03):

	Salary 2003-2004	Salary 2002-2003	Real Increase in Pension and Lump Sum at Age 60	Total Accrued Pension at Age 60 and Lump Sum at 31 March 2004	Cash Equivalent Transfer Value (CETV) at 31 March 2003	Cash Equivalent Transfer Value at 31 March 2004	Real Increase in CETV After Adjustment for Inflation and Changes in Market Investment Factors
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>D L CLARKE</b>	110-115	105-110	0 - 2.5 plus 2.5-5 lump sum	2.5 - 5 plus 10-15 lump sum	45	66	19
<b>D A RAY</b>	80-85	75-80	0 - 2.5 plus 2.5-5 lump sum	2.5 - 5 plus 10-15 lump sum	67	88	17
<b>B J SMITH</b>	0-5	70-75	0 - 2.5 plus 0-2.5 lump sum	30 - 35 plus 100-105 lump sum	612	622	1
<b>P A CROWTHER</b>	70-75	70-75	0 - 2.5 plus 2.5-5 lump sum	30 - 35 plus 95-100 lump sum	550	601	33
<b>G P McAULEY</b>	65-70	30-35	0 - 2.5 plus 2.5-5 lump sum	15 - 20 plus 50-55 lump sum	177	211	28
<b>J P BLIGH</b>	85-90	10-15	0 - 2.5 plus 2.5-5 lump sum	0 - 2.5 plus lump sum N/A	3	20	15
<b>A McDERMOTT</b>	80-85	N/A	Nil	Nil	Nil	17	15
<b>S TAYLOR</b>	0-5	N/A	0 - 2.5 plus 0-2.5 lump sum	10 - 15 plus 40-45 lump sum	169	171	1

None of the above received any benefits in kind.

## Salary

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

## Benefits in Kind

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

## Pension

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

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement). Further details about the CSP arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

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

A CETV is the actuarially assessed capitalisation value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

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

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

### e. Remuneration of the Members of the Police Committee

	2003/2004	2002/2003
	£	£
Committee Members' Fees	38,049	18,989
	38,049	18,989

Police Committee Members are employees of the MOD with the exception of four. Of these Committee Members, two receive fees for their services as board members and these are shown above. In addition to these fees, travel costs of £4,456 (£2,831 for 2002/03) were incurred by the Agency for these Committee Members.

## 4 - SUPPLIES AND SERVICES CONSUMED

	2003/2004	2002/2003
	£'000	£'000
Depreciation on Fixed Assets - excluding Land and Buildings	6,541	3,745
Impairment Arising from a Fall in Market Value of Fixed Assets	0	961
Write down/ (back) of Stock	5	(29)
MOD Stores and Services	2,707	1,756
Vehicle/Equipment Support	2,308	2,954
Gain on Disposal of Tangible Fixed Assets	(13)	(340)
	<b>11,548</b>	<b>9,047</b>

## 5 - ACCOMMODATION COSTS

	2003/2004	2002/2003
	£'000	£'000
Utilities Consumed	421	401
Rent & Other Charges (CILOR)	423	245
Estates & Facilities Management Services	2,360	2,347
Depreciation on Buildings	910	954
Accommodation Stores	539	274
Communicated Costs Relating to Accommodation on Other MOD Sites	4,333	3,446
	<b>8,986</b>	<b>7,667</b>

## 6 - OTHER ADMINISTRATION COSTS

	2003/2004	2002/2003
	£'000	£'000
MOD HQ Overhead	6,768	6,454
Permanent Transfers	3,287	3,284
Travel and Subsistence	3,955	4,183
IT Maintenance and Software	3,004	1,391
Telecommunications	1,260	996
Leased Office Equipment	366	41
Professional Fees	2,011	914
Audit Fees	50	47
Recruitment	256	171
Shared Cost of Training Services	9	8
External Education, Medical and Welfare	765	515
Administration Services, Supplies & Expenses Excluding Leased Equipment	1,591	797
Unwinding of Discount on Provisions	45	62
Entertainment and Hospitality	27	21
Bad Debts Written Off	0	137
Provision for Bad and Doubtful Debts	(17)	23
Provision for Housing Allowance	400	400
Interest on Capital	928	1,462
	<b>24,705</b>	<b>20,906</b>

## 7 - INTEREST ON CAPITAL

	2003/2004	2002/2003
	£'000	£'000
Land and Buildings	501	733
Vehicles	411	570
Weapons	98	193
IT & Comms	29	83
Net Current (Liabilities)/Assets	(111)	(117)
	<b>928</b>	<b>1,462</b>

## 8 - TANGIBLE FIXED ASSETS

	Land & Buildings	Plant, Machinery & Vehicles	Weapons	IT & Comms	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation as at 1 April 2003	15,391	16,237	4,073	2,204	0	37,905
Additions	136	1,755	165	240	306	2,602
Disposals	(1)	(1,451)	0	(70)	0	(1,522)
Revaluations	572	9,245	215	478	0	10,510
Cost or Valuation as at 31 March 2004	16,098	25,786	4,453	2,852	306	49,495
Depreciation to 1 April 2003	954	7,668	1,123	1,212	0	10,957
Current Year Charge	910	5,564	361	616	0	7,451
Disposals	(1)	(1,264)	0	(59)	0	(1,324)
Revaluations	37	0	43	0	0	80
Depreciation to 31 March 2004	1,900	11,968	1,527	1,769	0	17,164
<b>Net Book Value as at 31 March 2004</b>	<b>14,198</b>	<b>13,818</b>	<b>2,926</b>	<b>1,083</b>	<b>306</b>	<b>32,331</b>
<b>Net Book Value as at 1 April 2003</b>	<b>14,437</b>	<b>8,569</b>	<b>2,950</b>	<b>992</b>	<b>0</b>	<b>26,948</b>

Plant, Machinery and Vehicles and IT and Communications equipment have also been revalued as at 1 April 2003 as part of the Quinquennial review using the Beacon Book. Where values have not been determined by the Beacon Book, the Valuation Office Agency (VOA) was contracted to determine the valuation.

## 9 - STOCK

	<b>2004</b>	<b>2003</b>
	£'000	£'000
Ammunition Stores	257	196
IT Stores/Vehicle Management Team Stores	0	19
Clothing Stores	271	169
Gross Total	528	384
Less Provision for Slow Moving Clothing Stock	(18)	(13)
<b>Net Total</b>	<b>510</b>	<b>371</b>

## 10 – DEBTORS

	<b>2004</b>	<b>2003</b>
	£'000	£'000
<b>Amounts Falling Due Within One Year</b>		
Trade Debtors	446	535
VAT Recoverable	0	115
Prepayments and Accrued Income	2,729	2,107
Advance of Salary for House Purchase	71	82
	3,246	2,839
Less Provision for Bad and Doubtful Debts	(6)	(23)
	3,240	2,816
<b>Amounts Falling Due in More Than One Year</b>		
Advance of Salary for House Purchase	421	518
	<b>3,661</b>	<b>3,334</b>

With effect from 1 April 2003 the Ministry of Defence is accounting centrally for VAT on contracted out services. Agencies no longer receive the VAT refund and no VAT debtor is included in the accounts.

## 11 – CREDITORS

	<b>2004</b>	<b>2003</b>
	£'000	£'000
<b>Amounts Falling Due Within One Year</b>		
Trade Creditors	3,429	1,099
Accruals and Deferred Income	3,742	3,907
	<b>7,171</b>	<b>5,006</b>

## 12 - PROVISION FOR LIABILITIES AND CHARGES

	Early Retirement Costs	Housing Allowance Provision	Total
	£'000	£'000	£'000
Provision as at 1 April 2003	1,285	400	1,685
Provided in Year	178	400	578
Paid in Year	(424)	(400)	(824)
Unwinding of Discount on Provision	45	0	45
<b>Provision as at 31 March 2004</b>	<b>1,084</b>	<b>400</b>	<b>1,484</b>

### Housing Allowance provision

A provision has been set up to represent the future liability to pay officers backdated housing allowance following a legal review of the processes for determining housing allowance eligibility.

## 13 - REVALUATION RESERVE

	2004 £'000	2003 £'000
Revaluation Reserve as at 1 April	9,498	2,562
Add: Surplus on Revaluation of Fixed Assets	10,510	6,427
Backlog Depreciation	(80)	215
Transfer to General Fund	(11)	294
<b>Revaluation Reserve as at 31 March</b>	<b>19,917</b>	<b>9,498</b>

## 14 - GENERAL FUND

	2004 £'000	2003 £'000
General Fund as at 1 April	14,464	21,405
Add: Net Financing from the Defence Resource Account	155,332	142,268
Non-cash Expenditure Items (excluding movement in early retirement provision)	13,389	12,620
Non-cash Capital Expenditure	50	26
Transfer of assets to Defence Estates	0	(86)
Less: Net Operating Cost	(175,316)	(161,475)
Transfer from Revaluation Reserve	11	(294)
<b>General Fund as at 31 March</b>	<b>7,930</b>	<b>14,464</b>

## 15 - RECONCILIATION OF MOVEMENTS IN GOVERNMENT FUNDS

	2004	2003
	£'000	£'000
Government Fund as at 1 April	23,962	23,967
Revaluation Reserve Movements in Year	10,419	6,936
General Fund Movement in Year	(6,534)	(6,941)
<b>Government Funds as at 31 March</b>	<b>27,847</b>	<b>23,962</b>

## 16 - CAPITAL COMMITMENTS

There were capital commitments of £347,000 as at 31 March 2004.

## 17 - OTHER FINANCIAL COMMITMENTS

At 31 March 2004, the Agency was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2005. These leases were in respect of office and radio equipment.

	2004	2003
	£'000	£'000
Leases expiring:		
Within 1 Year	98	41
Within 2 to 5 Years	6,884	100
After 5 Years	4,419	0
	<b>11,401</b>	<b>141</b>

## 18 - CONTINGENT LIABILITIES

No contingent liabilities have been identified at 31 March 2004.

## 19 - RELATED PARTY TRANSACTIONS

The Ministry of Defence Police is an executive agency of the Ministry of Defence.

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

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

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

## 20 - POST BALANCE SHEET EVENTS

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There have been no adjusting post balance sheet events, however a non-adjusting post balance sheet event occurred, in that the Agency took on responsibility for the Ministry of Defence Guard Service (MGS) on 1 April 2004. As a result of this it is estimated that the operating costs of the Agency will increase by £95m per annum, any impact on the balance sheet is expected to be negligible.

## 21 – FINANCIAL INSTRUMENTS

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

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

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

### Interest rate risk

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

### Currency risk

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

### Liquidity risk

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

## 22 - NOTES TO THE CASH FLOW STATEMENT

### a - Notional and Non-cash Costs

	2003/2004 £'000	2002/2003 £'000
Shared Cost of Training Services	9	8
MOD Training Costs Specific to MDP	387	513
Audit Fee	50	47
MOD Purchased Ammunition Stores	271	129
MOD Purchased Clothing Stores	219	46
Communicated Costs Relating to Accommodation on other MOD sites	4,333	3,446
Interest on Capital	928	1,462
MOD HQ Overhead	6,768	6,454
Early Retirement Costs	178	704
Unwinding of Discount on Provisions	45	62
	<b>13,188</b>	<b>12,871</b>

### b - Movements in Working Capital Other Than Cash

	2003/2004 £'000	2002/2003 £'000
(Increase) Decrease in Stocks	(145)	287
Movement in Slow moving Clothing Provision	5	(29)
(Increase) Decrease in Debtors	(327)	1,470
Increase (Decrease) in Creditors	2,165	(227)
	<b>1,698</b>	<b>1,501</b>

### c - Movement in Provision for Liabilities and Charges

	2003/2004 £'000	2002/2003 £'000
(Decrease) Increase in Provision for Early Retirement	(201)	251
Creation of housing allowance provision	0	400
	<b>(201)</b>	<b>651</b>

### d - Financing

	2003/2004 £'000	2002/2003 £'000
Payments on Defence Resource Account	167,481	159,449
Receipts on Defence Resource Account	(12,149)	(17,181)
	<b>155,332</b>	<b>142,268</b>

### e - Capital Expenditure

	2003/2004 £'000	2002/2003 £'000
Payments to Acquire Tangible Fixed Assets	2,553	1,196
Receipts from Sales of Fixed Assets	(213)	(311)
	<b>2,340</b>	<b>885</b>

### f - Major Non-cash Transactions Through the MOD

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

The total capital expenditure in the year was as follows:

Note	2003/2004 £'000	2002/2003 £'000
Cash payments to acquire tangible fixed assets	2,553	1,196
Non-cash payments to acquire tangible fixed assets	50	23
<b>Total Capital Expenditure</b>	<b>8</b>	<b>1,219</b>

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