

THE FORENSIC SCIENCE SERVICE®

Annual Report and Accounts 2002-2003

Working in Partnership to Serve
the Criminal Justice System



THE FORENSIC SCIENCE SERVICE®

Science with integrity



THE FORENSIC SCIENCE SERVICE®
ANNUAL REPORT AND ACCOUNTS 2002-2003

THE FORENSIC SCIENCE SERVICE®



David Blunkett, Home Secretary

"The vital contribution which forensic science makes to the criminal justice system is beyond doubt and is growing in importance as our knowledge, capabilities and technology expand. This country is at the cutting edge of that technology and the Government, the police, the FSS and the wider CJS, need to work effectively and dynamically together to ensure that we deliver on the full potential of forensic science to transform the effectiveness of the whole CJS in catching and convicting criminals.

Real progress has been made by the FSS in terms of reducing turnaround times and in delivering cost efficiency, and I am grateful to all the FSS staff for the work you have done in achieving that. But this year will be more demanding as we drive for even shorter turnaround times and a better response to the changing needs of police forces. Forces themselves need to improve their effectiveness in making the best use of forensic science but, as they do that, they will need to know that they can rely on the FSS to help them. We need to

achieve better rates of primary detections, converting more matches into criminal convictions in much less time than is the case now. Consequently, this year will see some challenging new targets. I know that everyone is committed to improving service-delivery and I thank you for the work which you have done so far and for what you will deliver during the coming year."

David Blunkett

Rt. Hon. David Blunkett MP,
Home Secretary

Presented to Parliament pursuant to section 4(6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990.

Ordered by the House of Commons to be printed on 8 September 2003.

FSS Mission

To maximise our contribution to crime detection, the conviction of offenders, and exoneration of the innocent.

This mission reflects the position of the FSS as an impartial provider of services within the criminal justice system (CJS).

Our services are equally available to the defence and the prosecution.

FSS Vision

To realise the full potential of forensic science and technology within an integrated criminal justice system.

We are working towards achieving our mission by continuing to adopt values of objectivity, responsiveness, reliability, innovation and collaboration.



The Forensic Science Service's role: A key service provider

The Forensic Science Service® (FSS®) is an Executive Agency of the Home Office providing a service to the 43 police forces of England and Wales, the Crown Prosecution Service, HM Customs and Excise and others who serve the administration of justice. The FSS also provides services to commercial businesses both in the UK and abroad. It promotes an impartial, balanced approach in the interpretation of scientific evidence and increasingly supplies intelligence information to help police investigations in addition to the traditional role of giving evidence in the courts.

The FSS works within the criminal justice system for both the defence and the prosecution and takes pride in its impartiality. The FSS has Trading Fund status, and can generate an operating surplus which it reinvests to improve and expand its business. We have seven laboratories across England and Wales including a state of the art research facility.

In the last year the FSS has...

Increased output by 10 per cent.

Achieved growth of 10 per cent.

Increased staff numbers by four per cent.

Dealt with a record number of 150,000 cases, an increase of 11 per cent.

Seen its scientists appear as expert witnesses in court on 2,600 occasions.

Attended approximately 1,700 crime scenes.

Developed opportunities for further collaboration with police forces in partnership projects.

Note: The Forensic Science Service, FSS and The National DNA Database are all registered trade marks.

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Dr Dave Werrett, *Chief Executive*

Chief Executive's Statement

“Our targets continue to be demanding but, more importantly, focused on those aspects of service that deliver most benefit to our stakeholders and customers.”

My first full year as chief executive has been not only one of the busiest we can all remember but also the most financially successful for the Forensic Science Service. Of greatest importance to our customers is that we have this year made significant inroads into service improvement, particularly in turnaround times for the great majority of our cases. Naturally, everyone was disappointed that we failed to meet some of our service delivery targets, notably in urgent, critical and persistent young offenders cases. Nonetheless, posting a 41 per cent reduction in turnaround times from 126 days to 74 days against a target of 70 days for standard jobs in violent and volume crime, and meeting our dispatch date targets for all categories of cases, represented an overall effort with which we can be pleased. Also this year has seen us achieve a record turnover and surplus while we continued to maintain the quality of our service and the protection of our scientific integrity. The results we achieved are all the more remarkable because the 10 per cent improvement in sales and output have cost no more than a 4 per cent increase in staff resource. However, there is certainly no room for complacency and we have set ourselves much more challenging goals for the immediate future in the drive to improve our contribution to the criminal justice process. I am grateful to the Home Secretary for introducing this annual report in terms which underline the important role which the FSS needs to play through improved effectiveness.

Our vision remains one of a successful business continuing to develop as a centre of excellence for science and service, we are after all in the business of providing solutions to

support police operations and helping the delivery of justice in the courts. I believe we have created an environment for both these important functions to flourish.

One often hears managers and directors in all walks of life paying tribute to their staff with references to their great value as an asset, perhaps sometimes to the extent of overstatement. But I feel no sense of overdoing it in using such references. The staff of the FSS never cease to impress me with their hard work, dedication and commitment to serving and supporting our customers and in looking for ways to improve that support.

What has been particularly pleasing is our increasing involvement in partnerships and collaborative ventures, not only with police forces up and down the country, but also within the Home Office in support of its aim of making policing more responsive. Raising standards under the Government's police reform process, and its initiatives on the use of science and technology, have been especially relevant for us this year. I am convinced that there will be even more benefits for policing from a greater use of forensic science. What we hope to be able to offer beyond improvements to our scientific analytical work is the added value that intelligence and integrated solutions can bring.

Central to the improvements we have achieved in customer relations and customer service has been the spirit in which together we have approached our understanding of each other's responsibilities. The partnership approach has brought results which reflect the commitment and innovative thinking of the forces involved and I

thank them for their support and readiness to take a chance on new ideas and investment.

I view the future with a confidence that we can build on our success as a business and again maintain our standards and reputation. I know however that we face challenging times ahead. We will need to ensure our processes, infrastructure and cost base provide us with the flexibility to compete in an increasingly competitive environment. Our focus must be the needs of our customers and stakeholders as we continue to introduce novel and innovative approaches to help them achieve their goals and solve their problems. The challenges are all the more enhanced by the recent announcement by the Home Secretary that the FSS is to be established as a Government owned company with a view to evolving into a private sector classified Public Private Partnership (PPP) over the next 18 months.

Our targets continue to be demanding but, more importantly, focused on those aspects of service that deliver most benefit to our stakeholders and customers. We look forward to a new year of improvements and contribution to support the Government's aims and objectives for the criminal justice system.

Dr Dave Werrett,
Chief Executive

Executive Board



Trevor Howitt – *Business Development Director*

This year the focus has been on preparing the business to deploy added value services that deliver benefits and outcomes in customer terms.



Mike Loveland – *Chief Operating Officer*

We have tried this year especially to improve our responsiveness to customer needs. We have had some significant success but much more needs to be done. Balancing skilled capacity to deliver value to customers in the face of yet further record demand has been our greatest challenge.



Phil Jones - *Customer Relations Director*

Overall our customers have said there is a good level of satisfaction and that we are continuing to improve year on year. We still have a long way to go, however, and relationships remain the key.



Peter Twitchett – *Service Delivery Director*

The year has seen major improvements in timeliness, coupled with a very strong overall business performance from service delivery. Automation in DNA, together with new working patterns and processes have contributed to this success. The implementation of the SAP-based operational management system (OMS) with minimal impact on customer service has been a huge achievement. Next year we must build on all of these to deliver the timeliness customers should expect from us.



Rod Anthony – *Finance Director*

The rate of growth experienced over recent years has been reduced, but we have been capitalising on the benefits of our past investments. Our reported surplus is healthy and we have built reserves. Although financially things have gone well, not all of our customer related targets have been met. We have an opportunity now to put this year's results to good effect with further investment for the future to improve timeliness, value for money and customer service.



Alan Matthews – *Communications Director*

The significant improvement in the agency target of customer perception of our performance demonstrates the good progress made in communications. However, we cannot be complacent and we will be striving to improve further our understanding of the evolving customer requirement and highlighting the benefits of using forensic science over the next year.



Colin Bradley – *Information Systems Adviser*

The launch of a new Information Systems (IS) strategy provided us with a plan for change in infrastructure, data, and systems to meet business and customer needs. Working with customers under the Association of Chief Police Officers (ACPO) IS strategy we have embarked upon improvements to support the electronic supply chain of forensic science and to provide greater and more timely intelligence direct to police systems.

The Criminal Justice Environment

The FSS has a crucial role in the delivery of criminal justice and in deterring crime.

Through the use of science and technology we work in partnership with key agencies such as the police, the Crown Prosecution Service (CPS) and other government departments in promoting and delivering forensic science services to support the detection and investigation of crime. Uniquely we offer a service which ensures scientists are always available to attend crime scenes and that the laboratory back-up to support their investigations is in place as a national resource.

The FSS can bring a wide range of services to support criminal investigations. As well as specialist DNA analysis, we provide expertise in the analysis of drugs, firearms investigation, violent, vehicle and property crime, fire and traffic accident investigation and examining questioned documents. The FSS is an Executive Agency, operating as a commercial business and competing with other forensic science providers. In recent times competition has strengthened and can be expected to grow further.

Since we became an Agency in 1991 and in particular since the establishment of The National DNA Database® in 1995, the number of competitors has grown and the share of the market taken by the FSS has fallen. In the total UK forensic market (including forensic science, medicine, pathology, scenes of crime and

fingerprints) the FSS's market share is estimated to be 35 per cent. Narrowing this to include laboratory based forensic science and scene of crime examination and fingerprints markets only, the FSS has a market share of about 78 per cent. When considering laboratory based forensic science only, the FSS holds a market share of about 94 per cent.

Our strategy remains to become more efficient and effective and to expand the contribution that forensic science can make. In support of this we set out at the start of 2002 with two year objectives which are: to establish operational excellence as a baseline; to optimise the use of our assets and financial return on investments; to understand and meet customer requirements through services; to optimise our internal processes to support efficiency and transition to a service based business and to invest in and align culture, competencies and key skills to support the move to a service-led organisation.

In the past year, under the direction of the Home Office, a police science and technology strategy has been developed to ensure that police forces are equipped to exploit the opportunities in science and technology to help them deliver effective policing. As a central provider of relevant services, the FSS has a key role in the responsibility for implementing this important strategy.

Under the Government's National Policing Plan, which has given rise to the police science and technology strategy, one of the aims is to increase the number of offenders brought to justice. Working in partnership with the Police Information Technology Organisation (PITO) and the Police Scientific Development Branch (PSDB), the FSS is geared to contributing significantly to this aim and results are already being seen.

There is also a key role for the FSS in supporting the Government's initiative to expand The National DNA Database, so that it includes the profiles of the entire active criminal population by 2004. This is currently projected to be around 2.6 million offenders. So far, the Government has invested £61 million to bring this plan to fruition. Our role is not only to expand The National DNA Database but to find better and quicker ways of doing so.

In the past 12 months, the power of DNA techniques to assist investigations has developed further while the FSS has continued to maintain its world leadership in the field. Further successes in developing ways of obtaining DNA profiles from minute amounts of material have provided valuable intelligence to the police to help them identify and eliminate suspects.



FSS Specialist Adviser Peter Grant

Leanne Tiernan Casefile

FSS expertise in a range of different fields helped provide compelling evidence for police hunting the killer of 16-year-old Leanne Tiernan.

West Yorkshire Police (WYP) launched a murder investigation following the discovery of Leanne's body, nine months after she went missing. Fingerprints, DNA and clothing identified the body as that of the missing Leeds teenager.

Analysis of mitochondrial DNA, twine, carpet fibres and even dog DNA were all carried out in the hope of finding a clue that would point to the schoolgirl's killer.

The FSS provided vital forensic input that eventually linked suspect John Taylor to the crime. Forensic analysis included obtaining a DNA profile from hair caught in the knot of Leanne's scarf found around her neck which

matched John Taylor's. Twine used to tie up bags left at the scene matched twine found at his home and carpet fibres found on Leanne's jumper matched carpet belonging to him.

John Taylor received two life sentences in July 2002 at Leeds Crown Court after admitting the kidnap and murder of Leanne.



From Crime Scene to Courtroom

The Forensic Science Service supports its customers all the way from the attendance at a crime scene through to the presentation of expert evidence in court. The following sequence illustrates the involvement of the FSS during a typical murder investigation. Whilst this case is fictitious, we aim to illustrate how partnership, the sharing of intelligence and the employment of advanced scientific techniques are crucial to the judicial process.

A body has been discovered by a member of the public out walking his dog. Using a mobile he has telephoned the police who will instruct the nearest patrol to attend the scene.



First impressions would indicate that the victim has been subjected to a violent assault. The First Officer Attending will confirm the presence of a body and request assistance.



The First Officer Attending will secure the immediate area but remains remote from the body until specialist support arrives.



The investigation team have requested that The Forensic Science Service attend the scene. On arrival the Senior Scientist will ensure the scene has been secured correctly and make an initial assessment of the situation.



Reporting to the Senior Investigating Officer (SIO), the Senior Scientist will offer his advice on the level of FSS involvement.

He may recommend the attendance of specialist scientists such as biologists and firearms experts.



An initial assessment of the body is made. The victim has gunshot wounds and marks to his neck. Personal effects are removed to aid an identification. He was carrying a mobile phone and is in possession of controlled substances. Samples are taken from behind the victim's fingernails for DNA analysis.



The Criminal Justice Environment cont'd...

At the same time we have not neglected the more traditional areas of forensic science and have continued through research programmes and change management initiatives to find new ways of developing techniques and new ways of working to add value to intelligence investigations.

The FSS commits heavily to developing its business through programmes of corporate change and research with the aim of keeping one step ahead.

In support of the Government's response to the Baker report, the FSS will continue to identify, secure and exploit its intellectual property for the good of the business and the wider community. We will also continue to work in collaboration with other public sector research establishments (PSREs) for mutual benefit and ensure, where appropriate, that knowledge gained through research and development activities is shared with other PSREs.

Meeting customer targets and reducing our turnaround times has remained a priority. Managing the flow of casework using a new operational management system and introducing multi-skilling initiatives has improved efficiency. Being able to schedule casework more effectively has led to reductions in case turnaround times. Further developments in the IT network have facilitated greater efficiency in the production of statements and reports.

The redesign of working practices and extension of seven day working across all sites has allowed greater flexibility in meeting demand and improving availability.

All of this has led to significant improvements in response and turnaround times to the extent that although we failed to achieve our target of 70 day turnaround in 90 per cent of our standard cases in violent and volume crime, we managed over a period of 12 months a reduction from 126 days to 74. Moreover, targets involving DNA analysis were all met or exceeded, most notably in the area of crime scene matches to other crime scenes, where we achieved an average turnaround of 12 days against a target of 28.

The year has also seen more emphasis on a joined-up approach between crime reporting units and our major crime services, with greater use of formal consultancy with customers at the outset of an investigation. For the first time a crime reporting unit has been directly linked to a police force through an internal IT network. This pilot project uses the criminal justice xtranet, which is a secure email connection and allows quick, easy communication at any time and simultaneous transmission to different parties.

- The number of cases we have dealt with has gone up by 52 per cent since 1996-1997.
- The turnaround time for DNA criminal justice samples is now five days compared with 350 days in March 1997.
- The FSS is working more closely with police forces to forecast demand and put capacity in place to meet it.

Once the team is satisfied that all primary information and material has been gathered, the body may be removed from the scene. All evidential material is specially bagged, logged and collated for further assessment.



The scientists widen their search of the area and discover a stray bullet lodged in a nearby tree. Closer examination helps to build a picture of the proximities of the murderer and victim.



This technique helps to confirm the approximate area which should be subjected to further detailed examination. Upon investigation, the ground in that area is found to be particularly disturbed. A footprint is identified and a cast made. The cast will be submitted for further examination alongside the other collected materials.



The year brought the usual involvement in high-profile cases which required huge skill, dedication and commitment in the search for evidence. The Danielle Jones case was particularly difficult because her body was never found.



Documents Examiner Ros Winter

Stuart Campbell was sentenced to life imprisonment in December 2002 for the murder of 14-year-old Danielle Jones. Mobile phone records showed calls made by him using Danielle's phone in the crucial time she went missing.

London's documents examiner Ros Winter looked at three diaries, one of which recorded communication between Mr Campbell and his niece. Ros was interested in erased entries originally written in pencil to try to restore them to their earlier state. One restored entry, for example, related to the words 'accident - panic' which corresponded to the day Danielle had marks on her neck.

Danielle Jones Casefile

Bloodstains found on stockings and changes to entries in a diary made a small but significant contribution to the conviction of a man accused of murdering his niece - even though there was no body or crime scene.

FSS involvement began when John Page from The Huntingdon Laboratory was called to Stuart Campbell's home. He worked on a holdall recovered from the loft containing lingerie including a pair of hold-up stockings. There were two areas of bloodstaining on the stockings and each area gave mixed profiles matching Stuart Campbell and Danielle Jones.

These diary changes, among other things, enabled the prosecution to establish the existence of an obsession Mr Campbell had for his niece. Together with previous case histories of his behaviour with young girls, the evidence helped Essex Police to build a successful case against him.

Other footprints indicate the murderer's possible exit route from the scene. The close proximity of water to that route suggests that the lake should be searched.



The underwater search team is called in and a firearm is retrieved. It is critical that the firearm is handled correctly as fingerprints or matter suitable for Low Copy Number (LCN) DNA analysis may be present on the weapon.



The SIO and FSS agree that the scene has now been examined comprehensively. The area however will remain secured for a period of time. The collection of materials is reviewed and prepared for submission to the appropriate laboratories.





Becky Sparkes,
Newly appointed HR/Change Management Director

Valuing our People

“Investing in people is central to delivering the aims and objectives of the business.”

Our success continues to depend on the talents, skills and performance of our staff and it is essential that our commitment to developing and nurturing this vital resource remains at the forefront of our priorities.

A revised Human Resources (HR) strategy put in place in the course of the year will support this. The work which has begun as part of our people and culture programme, such as developing a new pay and grading structure, taking Investors in People (IiP) further, the introduction of a new senior manager development programme, and ever improving the everyday services which HR provides, are focused on delivering that strategy. In addition the programme has continued to build on key projects and innovations to deliver improved training and development opportunities to the benefit of the people and the business. Central to all of this will be the role of the operational management system introduced during the year and heavily focused in the HR functions.

Staff resources increased by 4 per cent over the year. Recruitment was focused largely on areas affecting service delivery.

Before submission to the labs, the scientists will provide advice to the SIO as to what evidence is likely to yield the best results. This ensures that budgets are used effectively.



Human Resources (HR) Systems

As part of the drive to improve customer service, particularly in the area of timeliness, a new incentive scheme was introduced at the beginning of the year using bonus payments on an individual and site basis. We are currently assessing the contribution the scheme might have made to the improvement which we achieved.

A new job evaluation system will soon be implemented leading to a new pay and grading structure involving a move away from the current system of pay bands and introducing a much more flexible structure focussing on job families and individual roles.

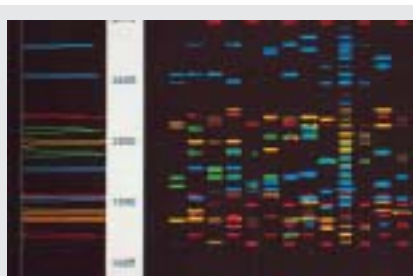
Training

A more corporate and co-ordinated approach to technical training has been introduced to develop staff more

effectively against business needs. In October we strengthened our training capability by amalgamating a number of training areas into a restructured corporate training function and appointing more training managers. Many hundreds of staff received a variety of training during the year. The training included technical, IT and operational management and also expert witness skills.

The first line managers course, introduced in 2002, has continued to be a success while more experienced managers have also had an opportunity to test their skills by attending a new style assessment centre. The senior management development programme helps to identify the senior staff of the future.

External training is also highly valued and, in addition to other courses, over 100 staff have been supported in further education during the year.



Immediate attention is given to the analysis of the matter retrieved from under the victim's fingernails. DNA profiling is run under the 48 hour premium service offered by the FSS. An immediate match is made on The National DNA Database identifying a person already known to the Police.



The suspect is arrested, but offers an alibi. Upon forensic investigation of CCTV footage, his alibi is corroborated by the FSS. Whilst an initial blow to the investigation, the contribution from the FSS has been valuable in eliminating this suspect at an early stage.



Investors in People

Already accredited with Investors in People (IiP), the FSS continues to recognise its importance and welcomed a voluntary reassessment last December. Feedback has helped us to maintain and expand areas of good practice while further assessment to maintain the IiP standard will take place in January 2004.

Investing in people is central to delivering the aims and objectives of the business.

We have continued working closely with the Council for the Registration of Forensic Practitioners (CRFP), supplying assessors from a range of disciplines to assist the registration process. A total of 319 of our own staff have applied for registration where appropriate, achieving the target we set ourselves last year.



Analysis has also been taking place on the recovered firearm. When the findings are compared against other records, it is apparent that this firearm has been used in other crimes. The findings offer extremely valuable intelligence which is shared with the SIO.



Diversity and Work/Life Balance

In April 2002 we published our race equality scheme in response to our obligations under the Race Relations (Amendment) Act 2000. This sets out our continuing commitment to deliver race equality as a service provider and as an employer. Other initiatives have included new policies on disability and parental leave and enhanced provision for valuing and respecting the needs of staff of differing faiths.

The childcare support scheme was reviewed this year and remains very popular and a great success.



The cast taken of the footwear mark has been referenced through a footwear database. This unique database identifies the make of shoe and illustrates the 'upper' style associated with the sole. Again, this is valuable intelligence which will help in the investigation.



Health and Safety

The FSS is committed to maintaining a safe and healthy workplace for our staff and has a planned programme of work to ensure an effective and an improving safety culture exists.

Training for managers on issues relating to health and safety continues.

Future Plans

The revised HR strategy will be implemented over the coming months. This will support delivery of our business objectives and highlight core values to direct all future developments. We have identified a number of principles which are intended to assist the future direction of HR, particularly in developing staff and moving forward the culture of the organisation.



The results of analysis on the drugs found with the body are extremely encouraging. Again, through database referencing, the sample is linked to a recent seizure by Her Majesty's Customs & Excise. The FSS is also able to retrieve data from the mobile phone found at the scene. This data matches known details of a suspected drugs ring already under observation. These developments clearly illustrate the importance of partnership and the sharing of intelligence between the agencies operating to serve the criminal justice system.



Innovations and Solutions

Change Management

The Corporate Change Programme launched last year continued to be the driving force behind the organisation's development. This major initiative, aimed at aligning investment to business requirements, has again impacted significantly on the way development projects are planned and implemented through approved programmes of work which cut across functions and departments. No strategic innovations or investment initiatives occur except under the leadership of the change programme. During the year the programme guided three major developments aimed at improving efficiency and service to our customers.

Operational Management System (OMS)

A new operational management system (OMS) was successfully implemented across the FSS in August 2002. This powerful management tool allows all functions to draw upon one single and comprehensive set of data.

Benefits of OMS include the ability to chart the progress of a case at the touch of a button and to provide regular and scheduled feedback to customers.

The next phase of OMS will integrate casework, human resources and finance functions and is scheduled for implementation over the next year.

The FSS meet with the police investigation team and deliver their findings and the intelligence gathered. The police now have several vital leads.



Information Systems (IS) Strategy

A five-year programme to update the FSS computer network was launched in April 2002 and this will help safeguard against IT failures.

We have upgraded our wide area network and introduced a secure system for sending emails across the criminal justice system which is being piloted with police forces. In addition The National DNA Database has been migrated onto a new technical platform, significantly improving its performance. This supports the Government's drive for joined-up policing and sharing of information.

Projects which involve the FSS providing online forensic intelligence are underway. Casefile notes will soon be stored electronically and a pilot project to send DNA results to customers electronically is making progress.

DNA Automation

The FSS is the major supplier of DNA profiling services to the police. Investing in the development of an automated process for profiling DNA samples has been pivotal in allowing us to improve timeliness and get closer to customer needs.



A key suspect has now been identified and a raid of his known address takes place. The police again request forensic attendance. Because of the fingerprint results, the scientist already knows what footwear he is looking for. Several mobile phones and a spent cartridge case are also found on the property.



Not only can the processing of criminal justice (CJ) samples now be completed in less than 48 hours, other breakthroughs have meant that efficiency across the organisation has increased and we have been able to develop unique expertise and experience in the field of DNA profiling and robotic technology.

DNA Automation

- Automation of criminal justice (CJ) samples and crime scene stains is now fully operational.
- Using robotics and expert systems, the automation process can interpret DNA profiles for loading to The National DNA Database.
- Over 95 per cent of CJ samples submitted are processed by automation.
- Turnround times for CJ samples have decreased from 14 days to less than five days within a year.
- Over 99 per cent of samples are now loaded on to The National DNA Database. This is due to a combination of improved technology and shorter processing times.



Samples are taken from the suspect for DNA profiling along with his fingerprints. These will be compared to the fingerprints and sweat residues found on the gun retrieved from the lake.



Home Office minister John Denham praised the work of forensic scientists during a tour of the London lab in January 2003. He announced two Government initiatives during the visit – an expansion of The National DNA Database and the launch of a strategy to help police make the best use of technology to tackle crime.



Home Office minister John Denham

New Techniques in Old Cases

As well as introducing automated DNA processes which allow more samples to be analysed with greater reliability in a shorter time, the FSS has also led the way in developing innovative approaches to DNA profiling and the use of The National DNA Database to provide intelligence information.

Applying these new techniques to old cases helped police in their investigation into the deaths of three young girls in Wales almost 30 years ago.

Teenagers Pauline Floyd, Geraldine Hughes and Sandra Newton were murdered in 1973. Despite a huge manhunt, the cases remained unsolved until the FSS applied new techniques to exhibits retained from the murder

scenes. A full DNA profile was obtained but a search on The National DNA Database and an intelligence-led screen failed to find a match.

The FSS decided to try something new: searching The National DNA Database for possible relatives of the offender.

This was based on the broad assumptions that:

- Criminality can run in families.
- Families tend to live in the same area.
- A relative's sample could be on The National DNA Database.

Using The National DNA Database in this way for the first time yielded intelligence which, combined with information that South Wales Police already had, identified local man Joseph Kappen as a suspect.

As the suspect was deceased, existing family members volunteered their DNA to help the investigation and these results led to the exhumation of Mr Kappen's body. Subsequent DNA tests showed a match between his DNA and samples taken from the murder scenes.

South Wales Police closed the investigation once this information became available.

A final report is prepared by the FSS scientists and delivered to the prosecution team. The FSS scientists brief the findings along with their opinions to the legal representatives. This assists the prosecution team in building their case efficiently and with confidence.



In certain cases a scientist may be called upon to give evidence in a court of law and subsequently may be requested to present to the media. In all circumstances the FSS delivers objective opinions based on scientific fact.



The Forensic Science Service. Working in partnership to serve the criminal justice system...

From crime scene to courtroom.



Improving Customer Focus

The FSS has continued to work with police forces through a programme of partnership initiatives, which support both Home Office crime reduction and DNA expansion programmes. This year has seen an increase in the number of partnership projects and more are planned.

These programmes are designed to share mutual learning to assist in developing and implementing forensic science solutions to policing problems. The range includes co-development of improved ways of working, implementation of new technology or processes, and helping police forces make better use of forensic science through increased forensic awareness, as well as identifying good practice.

New Ways of Working

A project aimed at a total re-appraisal of how we deliver particular services was launched in September. The New Ways of Working team pulled together skills in case assessment, evidence recovery, case reporting and customer services. The objective was to work closely with other sectors of the criminal justice system to explore and implement improvements in the way forensic science contributes to crime reduction and improved detection.

The choice of crime to be examined, sexual offences, was influenced by the recommendations of a Home Office thematic report on the investigation of rape.

Operation Phoenix casefile

Forensic work involving a team of scientists helped police identify a suspect as part of Operation Phoenix.

Mark Wilkinson was jailed for five years after being found guilty of raping a 19-year-old student seven years previously. Advances in DNA techniques enabled scientists to retest the original extracts. Mark Wilkinson had his DNA sample taken by police after he was arrested for urinating in a public place. After a search on The National DNA Database, he was linked to the earlier crime.

Under the Corporate Change Programme the project operates in partnership with Derbyshire, Staffordshire, Sussex and South Yorkshire Police and it is hoped will bring about significant improvements in timeliness and case assessment through a tailored interactive service. The outcomes should be known later this year.

In a second pilot the emphasis is on the impact and effectiveness of improved communication and understanding between the FSS and the force. The aim is that these studies will result in a new sexual offences service which will be rolled-out to forces during 2003-2004, once best practice has been established.

In addition, in conjunction with the Metropolitan Police Service, the FSS has developed a kit specifically designed to help preserve evidence in cases of sexual offences. The kit was introduced and used in Operation Sapphire - an initiative to improve victim care in the investigation of sexual offences.

Operation Phoenix

Working with Northumbria Police, Operation Phoenix is the biggest operation of its kind, looking at all unsolved sexual offences over a 14-year period in the North-East. Originally set up as a six-month pilot, this initiative is now seen as a way forward for these and other types of offences. So far, the FSS has revisited almost 300 cases with more than 40 new DNA profiles having been obtained and loaded onto The National DNA Database. In turn, this has resulted in 19 matches to known offenders and a number of serial offenders have also been identified.

Property Crime Service

Launched in 2002 as the largest Government financed crime reduction initiative in the UK, the Burglary Reduction Initiative in Leeds (BRIL) was a great success with a detection rate of 84 per cent. Working closely with West Yorkshire Police the FSS introduced a tailored service featuring enhanced turnaround times and rapid testing and reporting.

Building on the success of BRIL, the Home Office funded other tailored property crime services for West Midlands, Lincolnshire, West Mercia, West Yorkshire and Avon and Somerset police forces.

By working closely with West Midlands Police in Operation Safer Homes, the FSS reduced the time from scene examination to a suspect being charged by 52 days. West Midlands Police also noted a 15 per cent reduction in the number of burglaries (4,000) compared to the same period in the previous year.



Last year, the FSS supported the work of Crimestoppers, the UK charity that helps to support and encourage crime reduction through a series of initiatives.

The FSS hosted a dinner in support of this charity which included police chiefs, mayors and business leaders amongst the guests.

Balancing Demand and Capacity

More effectively meeting the needs of customers remains a primary objective of the FSS but the growing volumes of work from police and the introduction of new services has put increasing pressure on the capacity of the organisation. In order to help address this, a series of regular consultations between FSS managers and senior police officers was established with the aim of improving forecasting and planning case submissions. This, in turn, allowed the FSS to plan capacity better in order to have the right skills in place to improve efficiency in the production of statements and reports.

Customer relations director Phil Jones said: "Working together to forecast demand and plan capacity has provided our customers with a more timely and cost-effective service. Our turnaround times have reduced considerably over the course of the year. It has also allowed the FSS to manage the introduction of new services more accurately than before."

The FSS has conducted a number of transaction-based surveys in order to measure customer satisfaction over a range of forensic services. Over 1,000 police officers responded and the FSS has substantially exceeded the five per cent increase in overall customer satisfaction, which had been set as an agency target.



Senior Forensic Scientist Gillian Leak

Commendation from Senior Judge

A judge has commended Wetherby scientist, Gillian Leak, for her work at a crime scene, which provided vital evidence that led to the conviction of a murderer. Lord Justice Hooper singled out Gillian and praised her "impeccable crime scene management."

The body of Richard Jones was discovered in a seaside shelter with severe head injuries. The area was covered in snow and temperatures were below zero.

Gillian was able to gain a full profile from semen found at the scene. The resultant profile matched that of David Pallister, whose profile was on

The National DNA Database for previous convictions for shoplifting.

Footwear and bicycle marks together with a fingerprint found at the scene provided corroborative evidence to link him to the scene.

Gillian examined a pair of trainers discovered at the suspect's home and found bloodstains which matched the profile of the victim, Richard Jones.

After initially denying the murder, David Pallister pleaded guilty and was sentenced to life imprisonment in January 2003.



The Chief Scientist's Role

“ This year has seen a considerable strengthening of the chief scientist's team, particularly in the areas of validation of new methods and audits.”

Dr Bob Bramley, Chief Scientist

The FSS encourages the raising of professional standards for the forensic science community as a whole. The FSS's chief scientist Dr Bob Bramley takes a leading role in this.

Reporting directly to the chief executive and independent of the executive board, the chief scientist is a source of advice to the FSS and to other organisations in the UK and internationally.

Within the FSS, the chief scientist has a wide remit of responsibilities, including setting the professional standards for its scientists and providing an audit programme to make sure the standards are met. In addition, on behalf of the Association of Chief Police Officers (ACPO), he has the custodianship of The National DNA Database.

Scientific standards and processes throughout the FSS are audited and accredited by scientific experts from the United Kingdom Accreditation Service (UKAS) to the internationally recognised standard for competent testing laboratories ISO17025. The FSS has achieved group accreditation status which provides our customers with assurance that the FSS has set and achieves high and consistent standards of science and management processes across all our laboratories.

In addition all FSS laboratories operate to documented management systems that have been audited and found to be compliant to ISO9001: 2000 standard for Quality Management Systems by the British Standards Institution.

Dr Bramley is supported in his role by a team of senior scientists. Together they provide assurance that the organisation's work continues to meet the needs of the criminal justice system in terms of its professional quality whilst also addressing issues such as the demands on staff for shorter delivery dates.

Dr Bramley said: "This year has seen a considerable strengthening of the chief scientist's team, particularly in the areas of validation of new methods and audits. This has allowed us to make more timely and effective contributions and puts us in a much stronger position to ensure that the quality of our performance is maintained as we go through significant organisational changes."

"A great deal of work has been done over the last year to clarify the roles of the FSS as custodian and the FSS as supplier of DNA profiles to The National DNA Database. There has also been a huge investment which

has improved the custodian IT infrastructure and software applications. We look forward to making full use of these new facilities to improve our services for the benefit of the entire criminal justice system."

Council for the Registration of Forensic Practitioners (CRFP)

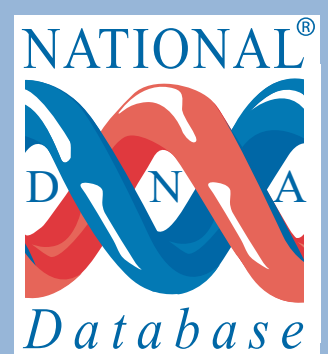
The FSS has continued to support the work of the Council for the Registration of Forensic Practitioners (CRFP) in its professional responsibilities for forensic science in the criminal justice system. In addition to supplying specialist assessors, the FSS has continued to support the registration of more of its staff.

As the leader in the field, the FSS expects all its forensic practitioners to demonstrate the highest possible professional standards by adhering to the Council's code in all stages of their involvement in the justice process.

The chief scientist has this year revised the FSS's own code of practice to take into account, among other things, the Council's position. The substance of the new professional code is reproduced elsewhere in this report.

Some of Dr Bramley's external commitments include:

- Chairman of the Standing Panel for International Collaborative Exercises within the United Nations Drug Control Programme.
- Member of US Drug Enforcement Administration's Scientific Working Group on DRUG Core Committee and Chairman of its Ethics, Competence and Certification Sub-Committee.
- Member for the Council for the Registration of Forensic Practitioners (CRFP).
- Chairman of the European Network of Forensic Science Institutes (ENFSI) Standing Committee on Quality and Competence.



The role of the FSS as custodian of The National DNA Database®

The FSS was awarded custodianship of The National DNA Database by ACPO in 1995. The FSS chief scientist, acts as custodian and is responsible for ensuring that all suppliers of DNA profiles to The National DNA Database, including the FSS and its competitors, produce reliable data that is compatible with those from other suppliers. He is also responsible for maintaining its integrity and providing the police with details of matches between profiles.



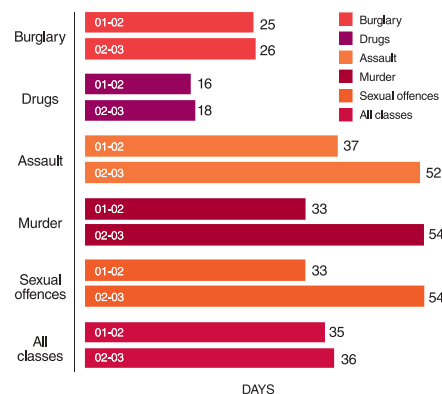
The custodian's proficiency testing group assesses the performance of new and existing suppliers to The National DNA Database and the FSS

has been accredited to the new international quality standard for proficiency testing providers.

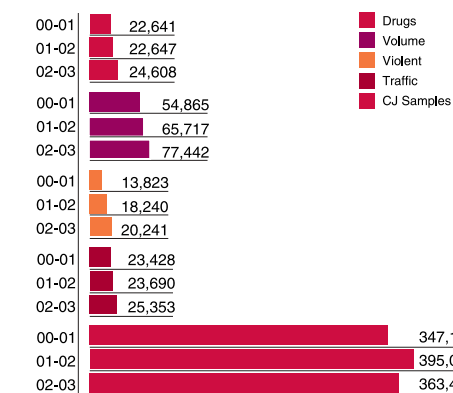
Our Performance - An Overview

This was the FSS's fourth year as a Trading Fund. It met seven of its nine agency targets and achieved the highest sales and output since its inception. Service delivery showed significant improvements in timeliness in the majority of cases although a need for a better performance is indicated in certain categories of cases.

Average turnaround times



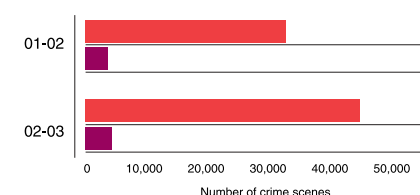
Number of cases submitted by police customers



Total casework (excluding criminal justice samples)



Number of crime scenes identified as matching other scenes/suspects via The National DNA Database



■ Crime scenes linked to suspect(s) via NDNAD match reports
 ■ Crime scenes linked to other crime scenes via NDNAD match reports

Police sales by product group

Historic summary of FSS performance

Key agency targets	Targets, outturns & achievements					
	Target	1998-99	1999-00	2000-01	2001-02	2002-03
Financial						
Minimum return on capital employed	Target	N/A	3%	10%	10%	10%
	Outturn	N/A	*5.6%	11.3%	12.9%	23.4%
Efficiency						
3-year rolling efficiency gain	Target	9%	10%	10%	10%	10%
	Outturn	6%	*8%	**9%	10%	13.8%
Service levels						
Achieved target for agreed delivery dates	Target	90%	90%	90%	90%	93%
	Outturn	80%	89%	93%	89%	93%
Average turnaround times - all jobs	Target	N/A	24 days	**24 days	*24 days	N/A
	Outturn	N/A	26 days	26 days	35 days	N/A
Days to deliver 90% of violent and volume crime jobs	Target	N/A	N/A	N/A	N/A	70 days
	Outturn	N/A	N/A	N/A	N/A	74 days
Quality						
Maintain external accreditation	Target	Maintain	Maintain	Maintain	Maintain	Maintain
	Outturn	Widened	Widened	Widened	Widened	Maintain

Notes: Unit cost is the cost per process output hour (POH), a standardised measure of FSS output.
 *Excludes DNA expansion costs £1.1m.
 **If the turnaround time target is flexed to reflect the actual mix of business against that originally assumed when the target was set, the target would have been 27 days.
 ***The efficiency gain since 1.4.99 when the FSS was established as a Trading Fund is 10%.

Agency targets 2002-2003

Finance

Target: A minimum 10% return on capital employed.

Achieved: 23.4%

Target: A 10% efficiency gain (over 3 years).

Achieved: 13.8%

Agency targets 2002-2003

Service delivery

Target: A 5% increase on baseline in transactional index of customer perception.

Achieved: 11%

Target: Agreements implemented with 92% of police forces.

Achieved: 98%

Target: Meet dispatch dates in 98% of urgent and critical cases and 99% in persistent young offender cases.

Achieved: 94%, 93% and 96% respectively

Target: Meet dispatch dates in 93% of all categories of cases.

Achieved: 93%

Target: Achieve a 70-day turnaround time in 90% of standard jobs (violent and volume crime cases) by the year end, demonstrating improvements through the year.

Achieved: 74 days

Target: Maintain quality accreditation.

Achieved.

Target: Submit applications for accreditation to the CRFP of 100% of reporting officers in areas where the CRFP is registering people.

Achieved: 100%

Agency targets 2003-2004

Finance

Target: A minimum of 15% return on capital employed (3 year rolling average).

Target: A real reduction in charges by limiting price increases to 75% of the Average Earnings Index.

Target: An increase in investment in development to 12% of turnover.

Target: Generate £1m external funding for research and development.

Non - Finance

Target: Establish an internal FSS end to end case ownership process.

Target: Have processes in place with 25% of police forces within six months and 60% by year end that agree new definitions of timeliness based on investigative and evidential contributions of forensic science.

Target: Set up a pilot with customer to get agreement to devise a new process of end to end case ownership.

Target: Sign up 60% of customers (Police and CPS) at force level to service agreements (timeliness and charging) in context of National Protocol.

Target: Have a process in place for 25% in six months and 60% by year end of cases to have a dedicated FSS case officer.

Target: Develop training packages to support New Ways of Working by year end.

Target: Engage training organisations to roll out training for Police and CPS.

Target: Design and develop a link between The National DNA Database and The National Automated Fingerprint Identification System (NAFIS).

Target: Develop capability & capacity to deliver fast track processing of DNA samples within 48 hours.

Target: Average time to analyse and inform customers of DNA crime scene stain results (normal track) of 14 days.

Target: 95% of DNA crime scene stain results to have a turnaround time of 20 days.

Target: Average time to analyse and inform customers of DNA suspect sample results on The National DNA Database (normal track cases) of 6 days.

Target: 95% of DNA suspect sample results to have a turnaround time of 10 days.

Target: Increase forensic effectiveness by developing an index and benchmark with Police Standards Unit (PSU).

Target: Turnround time for 95% of jobs to be 42 days by year end.

Target: Maintain ISO accreditation.

Target: Maintain Investors in People accreditation.

Target: Establish and implement a diversity programme.



A Forward Look

Objectives 2003-2004

The increasing need for intelligence led services and the reduction in turnround times remains a priority. Changes to work patterns and closer relationships with customers to help us manage demand and capacity are critical to future developments.

The demand for forensic analysis in criminal investigations is significantly increasing and forensic science is becoming more specialised and complex.

This was noted in a report by the National Audit Office (NAO) published in March this year. In their report, *Improving Service Delivery: The Forensic Science Service*, the NAO recognised the progress made by the FSS in improving its service to its customers but suggested that more needs to be done in the area of turnround times and we have readily accepted their findings.

The FSS will continue to consult and work in partnership with the police, Home Office and the criminal justice system agencies to realise the potential of forensic science whilst collaborating with the Police Information Technology Organisation (PITO) and the Police Scientific Development Branch (PSDB) as part of the alignment to the Home Office Science and Technology Strategy.

Our objectives for the next two years are to continue our commitment:

- To achieve operational excellence.
- To understand and meet customer requirements through services developed in partnership with customers that give customers real value for money.
- To maximise improvement to internal processes to support the running of an effective and efficient business.
- To invest in and align our culture, competencies and key skills to support the move to a service-led organisation.

The aim is to move the FSS further towards the 'information age' and to develop and deliver the FSS vision of realising the full potential of science in criminal justice.

Our key projects for 2003-2004 will be:

- Implementation of OMS phase two.
- Completion of the IT infrastructure.
- Redesign of working practices.
- Making available forensic science services seven days a week with most examinations to be completed in less than three days.
- Restructuring the organisation to ensure increased responsiveness to changes in the environment, such as more demanding customer requirements and increased competition.
- Preparation for the transition from Trading Fund to Public Private Partnership.

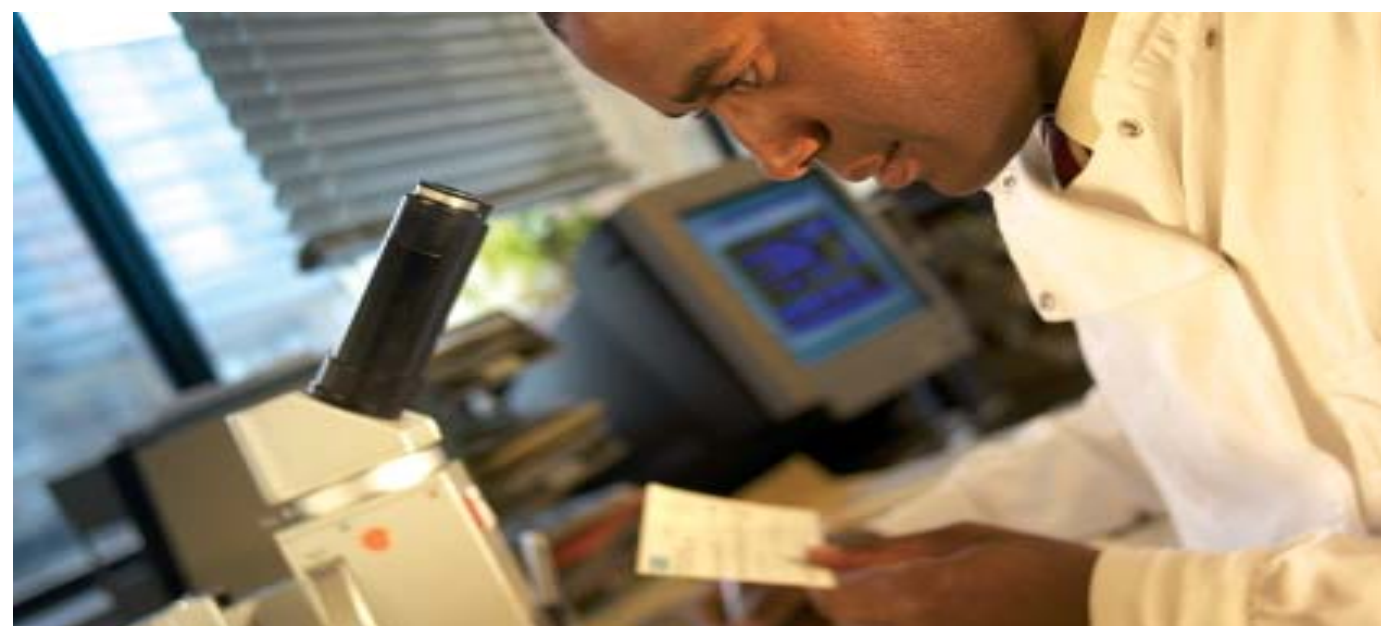
Developing skills to offer new services will be guided by the New Ways of Working teams (developed for Operation Sapphire) whose purpose it is to explore and implement improvements in the way forensic science contributes to the reduction of crime and improved detections. Teams will have a multitude of skills in case assessment, evidence recovery, reporting and customer service.

New Services

Over the coming months The National Firearms Forensic Intelligence Database (NFFID) will be fully established and able to store and categorise information using an automated system. This will facilitate the comparison of bullets and weapons as well as being able to link these to cases across the UK.

A partnership project has also been established with the National Crime Squad to provide forensic services central to their role of tackling serious and organised crime in the UK and abroad.

Further work will be done to improve the provision of a comprehensive range of digital services, from examination of mobile phone handsets and SIM cards, to computer and electronic organisers, CCTV and other digital media.



Accounts for the year to 31 March 2003

FOREWORD TO THE ACCOUNTS

Background Information

These accounts report the results of The Forensic Science Service in its fourth year as a Trading Fund.

The Forensic Science Service became a Trading Fund on 1 April 1999, in accordance with Section 4 (6) of the Government Trading Funds Act 1973.

The Forensic Science Service remains an Executive Agency of the Home Office.

Activities of The Forensic Science Service

The purpose of The Forensic Science Service is to improve crime detection, the conviction of offenders, and exoneration of the innocent. The Forensic Science Service achieves this through the realisation of the full potential of forensic science and technology, reflecting the position of The Forensic Science Service as an impartial provider of forensic science services within the criminal justice system (CJS). Its services are also available to the defence as well as the prosecution.

The Forensic Science Service is a strategic partner within the criminal justice system, working with police forces, Crown Prosecution Service, Government departments, ACPO, and the Department of Constitutional Affairs to contribute to strategic planning and policy making. The Forensic Science Service delivers added value through integration with CJS processes, contributing to the collection, analysis and dissemination of science based evidence and intelligence to support investigations.

Advisory Board

Responsibility for advising the Secretary of State on the performance of The Forensic Science Service lies with the Director of Policing Policy assisted by an Advisory Board. Members of the Board in 2002/03 were:

Mr S Rimmer (Chairman)
Director of Policing Policy
Home Office (Appointed January 2003)

Mr J Lyon Director General, Policing and Crime Reduction Group,
Home Office (Resigned January 2003)

Miss K Collins Deputy Director General, Organised and
International Crime Directorate,
Home Office

Mr D Coleman Chief Constable, Derbyshire Constabulary

Mrs A Deal Crown Prosecution Service (Resigned May 2002)

Mr R Fulton Director of Strategy and Performance,
Home Office

Mr L Haugh Principal Finance Officer,
Home Office (Resigned September 2002)

Mr N Jani Crown Prosecution Service,
(Appointed May 2002)

Mr W Nye Director of Performance and Finance,
Home Office (Appointed March 2003)

Mr P Hobbs Non Executive Director

Mr R Pannone Non Executive Director

Dr D J Werrett
The Chief Executive of The Forensic Science Service,
attends meetings.

No fees or expenses were paid to members of the Advisory Board. Non Executive fees are disclosed in note 26.

Senior Management Team

The Senior Management Team consists of:

* **Dr D J Werrett**
Chief Executive

* **Mr R J Anthony**
Finance Director

Mr C Bradley
Information Systems Adviser

* **Mr T H Howitt**
Business Development Director

Mr P Jones
Customer Relations Director

* **Mr M R Loveland**
Chief Operating Officer

Mr A Matthews
Communications Director
(Seconded from Metropolitan Police Service)

Mr G Pugh
Marketing Director
(Seconded to Metropolitan Police Service)

Dr P Twitchett
Service Delivery Director

All of the Senior Management Team are members of the Executive Board.

The following four non executive directors act in an advisory capacity to the Main Board and Chief Executive, they are:

* **Mr J Botten**
Chief Executive Officer, Telemedic Systems Inc.

* **Mr P Hobbs**
Chairman of the Learning from Experience Trust

* **Mr R Pannone**
Pannone and Partners, Solicitors

* **Mr P Riley**
Senior Manager, Zeneca Plc (retired)

* Main Board members

Financial Objectives

The Government Trading Funds Act 1973, as amended, lays upon the Minister responsible for each fund the financial objective of:

- managing the funded operations so that the revenue of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
- achieving such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.

The financial objectives of The Forensic Science Service are:

- to achieve an average annual return on capital employed (ROCE) on ordinary activities of at least 10%-15% over a three year period;
- to achieve an efficiency gain of a minimum of 10% over a period of three years.

Treasury Direction

The accounts have been prepared in accordance with a direction given by the Treasury in pursuance of Section 4(6) of the Government Trading Funds Act 1973.

The accounts have been audited by the Comptroller and Auditor General.

A Review of the Business Environment

The turnover achieved in 2002/03 was £141 million, an increase of 10% on the previous year. Growth continues to be fuelled by a greater demand in forensic science for DNA products and services, in part, a direct result of increased funding made available by the Government to support the wider use of DNA as an enabler to the achievement of crime reduction targets. Early indications are that demand for forensic science services will continue to grow in 2003/04, although because of increased competition and greater pressure on police force budgets, growth rates for the future are forecast to be at rates below the levels in previous years.

The surplus for the year ended 31 March 2003 before dividends payable was £11.6 million, £10.2 million has been added to reserves. The Forensic Science Service has declared a dividend of £1.4m representing an 8% return on Public Dividend Capital payable to the Home Office.

During the year expenditure on fixed assets additions totalled £11.5m reflecting planned capital projects which included the completion of phase one of the new Operational Management System.

The Forensic Science Service generated a return on capital employed of 23.4% against a target of at least 10% - 15%.

The improved efficiency over 3 years, delivered an outturn of 13.8% as measured by value added per £ of staff costs.

During 2003/04 the senior management team will be focusing closely upon the accelerating commercial development of the forensic science market place and the changing nature of our relationship with our police force customers. The market is becoming increasingly competitive as forces seek to demonstrate best value and the Trading Fund will need to face up to these challenges if the successes of the past are to be repeated in the future.

The Home Office announced on 17 July 2003 that The Forensic Science Service is to be established as a Government-owned company with a view to evolving into a private sector classified Public Private Partnership (PPP). It is anticipated that this process will take up to 18 months to conclude.

There were no other significant post balance sheet events.

Market Value of Land and Buildings

Land and buildings were professionally valued as at January 2003 in accordance with the Royal Institution of Chartered Surveyors guidance, this reflects a true and fair value of these assets which resulted in a revaluation deficit of £0.9 million which has been recognised in the trading results for 2002/03.

Fixed Assets

The movements in tangible fixed assets are shown in note 7 on page 34.

Audit Committee

The Audit Committee which reports to the Main Board is chaired by a non executive member of The Forensic Science Service's Main Board and includes independent external and internal representatives. This Committee has responsibility for monitoring the application of audit throughout The Forensic Science Service, advising on the appointment and performance of Internal Audit, for monitoring the systems of internal control, risk management and the procedures in place for reviewing the effectiveness of those controls. The Committee may also advise on the application of corporate governance principles in The Forensic Science Service. The National Audit Office and Internal Audit are invited to attend Committee meetings.

Members of the Audit Committee: Mr P Riley (Chairman) Non Executive Director
Dr R K Bramley Chief Scientist
Mr P Hobbs Non Executive Director
Mr T Hurdle Head of Home Office Audit and Assurance Unit (Resigned July 2003)

Dr D J Werrett Chief Executive, Mr R J Anthony Finance Director, and Mr M R Loveland Chief Operating Officer, attend meetings.

Development and Remuneration Committee

The Development and Remuneration Committee is chaired by a non executive member of The Forensic Science Service's Main Board and includes another non executive director and the Chief Executive. The Department is represented by the Director of Policing Policy. There are two external and independent ex-officio members with remuneration expertise.

The Committee reviews and makes recommendations on non executive directors' fees and expenses, the terms and conditions of the Chief Executive and the Executive Board; advises on The Forensic Science Service organisation, staff reward and recognition strategy; and advises on management and succession planning.

Members of the Development and Remuneration Committee:	Mr P Hobbs	(Chairman) Non Executive Director
	Mr S Rimmer	Director of Policing Policy and Advisory Board Chair
	Mr P Riley	Non Executive Director
	Dr D J Werrett	Chief Executive
	Sir Leonard Peach	ex-officio
	Mr D Battle	ex-officio

The Euro

The Forensic Science Service has representation on the Home Office Euro Steering Group. Currently we have assurances that our accounting systems are Euro compliant, and we will comply with Home Office guidelines on any future implementation.

Supplier Payment Policy

The Forensic Science Service follows Government guidelines on the payment of supplier invoices and has adopted the better payment procedure code. Individuals and small company suppliers are paid within 30 days, larger suppliers are paid, wherever possible within their terms of sale, normally at the end of the month following the supply of goods and services.

The Forensic Science Service payment performance, calculated in accordance with Treasury Guidelines, was 96.8% against a target of 100%, (2001/02 97.3%).

Research and Development

The Forensic Science Service research and business development programme is critical to realising the potential of forensic science with customers and stakeholders. This is actioned through a comprehensive programme which focuses on the development of new products and services to more effectively detect crime and contribute to crime reduction, prevention and deterrence. The Forensic Science Service aims to maximise its contribution to the achievement of Government aims and objectives.

Recruitment

The Forensic Science Service is committed to policies that fully recognise the benefits of a diverse workforce and recruits staff on the basis of fair and open competition in accordance with the recruitment code laid down by the Civil Service Commissioners.

This gives full and fair consideration to applications for employment regardless of candidates' ethnic origin, religious belief, gender, age, sexual orientation, disability or any other irrelevant factors.

321 Staff were recruited during 2002/03:

	Female	Male
Scientific staff	109	102
Administrative /support staff	71	39
Total	180	141

Of the 321 staff recruited 28 were from ethnic minorities. One member of staff recruited declared a disability.

There were no occasions when the permitted exceptions to the principles of fair and open competition were used.

Health and Safety

The Forensic Science Service is committed to assuring the health and safety of its staff, visitors, premises and equipment and has in place the appropriate organisational resource, processes, policies and audit mechanisms.

Communication

The Forensic Science Service has put in place a number of measures to ensure that it communicates effectively, regularly and professionally with both staff and customers, and these are kept under constant review.

The cascading of corporate information to staff and the mechanisms for reverse flow of views and information are constantly being improved. Staff contribute to and receive a monthly staff newspaper. They also receive a regular published briefing sheet containing both corporate and local information. News and information is also available on an expanding Intranet system.



Dr Dave Werrett
Chief Executive
22 July 2003

Statement of Trading Fund's and Accounting Officer's Responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973, as amended, the Treasury has directed the Trading Fund 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 Trading Fund's state of affairs at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Trading Fund 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 accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Trading Fund will continue in operation.

The Treasury has appointed the Chief Executive of The Forensic Science Service as the Accounting Officer of the Trading Fund. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Framework Document, and the Accounting Officers' Memorandum, issued by the Treasury and published in "Government Accounting".

Statement on Internal Control

1. Scope and responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Trading Fund and Home Office policies, aims and objectives, set by the Department's Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in "Government Accounting";

In exercising this accountability, I report performance monthly, to Ministers and through this and direct meetings keep Ministers and senior officials appraised of all key issues within the Trading Fund. The Advisory Board (which is chaired by a senior Home Office official) meets three times a year to consider the performance of the Trading Fund together with its Corporate and Business Plans, and advises Ministers accordingly. I meet Ministers at least annually. The non executive directors of The Forensic Science Service meet Home Office officials regularly to discuss matters affecting The Forensic Science Service and corporate governance in particular. This is independent of myself and the other executive directors. This provides a framework by which risk can be effectively managed through supportive inter relationships between the Trading Fund and the Department;

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 a continuous process designed to identify and prioritise the risks to the achievement of 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 Trading Fund for the year ended 31 March 2003 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance;

3. Capacity to handle risk

The Trading Fund has established the following processes that provides leadership to the risk management process:

- an Executive Board which meets regularly, conducting monthly business meetings to consider the performance of the Trading Fund and six weekly strategy meetings to consider the longer term plans and strategic direction. The Executive Board comprises the executive directors of the Trading Fund. The non executive directors are invited and regularly attend the Executive Board meetings;
- a Main Board which meets at least four times a year to consider the strategic direction and governance of the Trading Fund. The Main Board comprises four executive directors and the four external independent non executive directors;

continued

- independent non executive directors provide guidance and support to the application of best practice in corporate governance and the effective management of risk throughout the Trading Fund;
- a programme of risk awareness training for all managers;
- a change management programme which is managed at Executive Board level to ensure the proper planning, co-ordination and risk management of the change management process. This includes the training and development of skilled project and programme managers with day to day responsibility for the delivery of the project and programme objectives.

4. The risk environment

In the Trading Fund the main processes which we have in place for identifying, evaluating, and managing risk are:

- implementation of a robust prioritisation methodology based on risk ranking and cost-benefit analysis;
- establishment of key performance and risk indicators;
- a regular programme of facilitated workshops to identify and keep up to date the record of risks facing the organisation;
- maintenance of an organisation-wide comprehensive risk register, incorporating the risks and risk management associated with the change management programme as well as the core business;
- regular senior management meetings to review the risks facing the Trading Fund and the effective management of these risks.

Our management of risk is embedded in policymaking, planning and delivery through a comprehensive business planning process which involves all managers and staff at all levels in the review of business performance, identification and adoption of business strategies, identification of the risk associated with those strategies and the management of those risks associated with the achievement of the plans. This extends to the involvement of our key stakeholders (principally through the Advisory Board) in that process.

5. Review of effectiveness

As Accounting Officer, I also 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 Trading Fund 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. A plan to ensure continuous improvement of the system is in place. In particular I receive;

- periodic reports from the Chairman of the Audit Committee, to the Executive and Main Boards, concerning internal control;
- regular reports by internal audit, to standards defined in the Government Internal Audit Manual, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Trading Fund's system of internal control together with recommendations for improvement;
- annual report from the external auditors following the annual statutory audit of our annual report and accounts;
- regular reports from the Chief Scientist on the adequacy and effectiveness of our scientific procedures and controls, identified through casework audit and quality assurance trials;
- regular reports from managers on the steps they are taking to manage risk in their areas of responsibility including progress reports on key projects;
- external reports from accreditation bodies - such as ISO, UKAS and IIP;
- external reports from other auditing bodies, such as relating to health and safety and physical security.

The Home Office receives:

- reports from me to the Departmental Accounting Officer on the performance and the internal control activity of the Trading Fund;
- reports on compliance with the principal recommendations in the Cabinet Office report "Successful IT: Modernising Government in Action."

6. Significant internal control problems

During 2002/03 there were no material internal control problems that warrant separate disclosure.

In my last statement for 2001/02 I commented on the problems faced by our payroll provider and the impact this was having on the business. I am glad to report that through close working and effective risk management this matter is now well controlled and being dealt with to my satisfaction.

I am pleased that the Trading Fund is compliant with DAO(GEN) 13/00 and DAO(GEN) 09/03 that I am able to present this statement in accordance with the new Treasury guidance a year ahead of the requirement.



Dr Dave Werrett
Chief Executive
22 July 2003

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

I certify that I have audited the financial statements on pages 28 to 38 under the Government Trading Funds Act 1973. 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 page 31.

RESPECTIVE RESPONSIBILITIES OF THE FORENSIC SCIENCE SERVICE, THE CHIEF EXECUTIVE AND AUDITOR

As described on page 25, the Trading Fund and Chief Executive are responsible for the preparation of the financial statements in accordance with the Government Trading Funds Act 1973 and Treasury Directions made thereunder and for ensuring the regularity of financial transactions. The Forensic Science Service 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 guided by the Auditing Practices Board and the auditing profession's ethical guidance.

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 Trading Funds Act 1973 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 Accounting Officer 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 mis-statements or material inconsistencies with the financial statements.

I review whether the statement on pages 25 to 26 reflects the Service's compliance with the Treasury's guidance "Corporate Governance: Statement on internal control". I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

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 Forensic Science Service and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Service'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 mis-statement, whether caused by error, or 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 Forensic Science Service Trading Fund at 31 March 2003 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Government Trading Funds Act 1973 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
24 July 2003

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

Income and Expenditure Account

for the year to 31 March 2003

	Notes	Year to 31 March 2003		Year to
		£'000s	£'000s	31 March 2002 £'000s
Income				
Income from activities	2		140,954	128,097
Expenditure				
Staff costs	3	77,123		68,958
Depreciation	7	6,421		5,252
Other operating charges	4	<u>44,773</u>		<u>47,962</u>
			<u>128,317</u>	<u>122,172</u>
Operating surplus			12,637	5,925
Interest receivable	5		205	163
Interest payable	6		(1,165)	(1,197)
Dividend payable			(1,438)	(1,438)
Surplus for the financial year	15		<u>10,239</u>	<u>3,453</u>

All income and expenditure is derived from continuing operating activities. There were no acquisitions during the year.

Statement of Total Recognised Gains and Losses

for the year to 31 March 2003

		Year to 31 March 2003		Year to
		£'000s	£'000s	31 March 2002 £'000s
Surplus for the financial year		10,239		3,453
Unrealised surplus on revaluation of tangible fixed assets	16	94		629
Total gains and losses recognised since last annual report		<u>10,333</u>		<u>4,082</u>

The notes on pages 31-38 form part of these accounts.

Balance Sheet

as at 31 March 2003

	Notes	31 March 2003		Restated
		£'000s	£'000s	31 March 2002 £'000s
Fixed assets				
Tangible assets	7		46,947	43,381
Current assets				
Stock and work in progress	8	5,242		5,430
Debtors	9	24,830		23,215
Cash on short term deposit	20	9,551		2,028
Cash at bank and in hand	20	<u>11</u>		<u>10</u>
		39,634		30,683
Creditors - amounts falling due within one year	10	<u>(26,799)</u>		<u>(25,759)</u>
Net current assets			<u>12,835</u>	<u>4,924</u>
Total assets less current liabilities			<u>59,782</u>	<u>48,305</u>
Financed by				
Creditors - amounts falling due after more than one year	11		2,460	2,248
Provisions				
Provisions for liabilities and charges	12		1,795	644
Capital and reserves				
Public dividend capital	13	17,971		17,971
Income and expenditure account	15	17,544		7,305
Revaluation reserve	16	<u>1,432</u>		<u>1,338</u>
	17	<u>36,947</u>		<u>26,614</u>
Long term loans	14	<u>18,580</u>		<u>18,799</u>
			55,527	45,413
			<u>59,782</u>	<u>48,305</u>



Dr Dave Werrett
Chief Executive
22 July 2003

The notes on pages 31-38 form part of these accounts.

Cash Flow Statement

for the year to 31 March 2003

Notes	Year to 31 March 2003		Year to 31 March 2002	
	£'000s	£'000s	£'000s	£'000s
Net cash inflow from operating activities	18	20,860	9,251	
Returns on investment and servicing of finance				
Interest received		205	163	
Interest and dividends paid		(2,603)	(1,197)	
		(2,398)	(1,034)	
Capital expenditure				
Payments to acquire tangible fixed assets		(11,316)	(11,241)	
Receipts from sale of tangible fixed assets		22	54	
		(11,294)	(11,187)	
Net cash inflow/(outflow) before financing		7,168	(2,970)	
Financing				
Repayments of loans	19	(2,448)	(6,427)	
Additional loans	19	3,000	6,000	
Increase/(decrease) in cash	20	7,720	(3,397)	

The notes on pages 31-38 form part of these accounts.

Notes to the accounts

1. Accounting policies

Accounting conventions

The accounts are prepared under the historical cost convention modified to include the revaluation of fixed assets. Without limiting the information given, the accounts meet the requirements of the Companies Act 1985, and the accounting standards issued and approved by the Accounting Standards Board, so far as those requirements are appropriate.

Revaluation and depreciation of fixed assets

Valuations of fixed assets are revised annually using appropriate indices published by the Central Statistical Office. Indices are first applied in the year of acquisition. Fixed assets are stated at valuation less accumulated depreciation. The minimum value for capitalisation is £1,000 for an asset or group of assets. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates estimated to write off the valuation of each asset evenly over its expected useful life, as follows:

Buildings:

Freehold	over 15 to 26 years as advised by professional valuers.
Leasehold	over the period of the lease term - Birmingham Laboratory 24 years remaining, London Laboratory 12 years remaining, Oldbury storage facility 15 years remaining, Norfolk House office accommodation 10 years remaining, Doranda Way archive store 11 years remaining and Trident Court 13 years remaining.
Laboratory equipment	over 10 years except microscopes which are over 20 years.
Computer software and office equipment	over 5 years.
Computer equipment	over 3 years.
Motor vehicles	over 5 years.

The four laboratories at Chepstow, Chorley, Huntingdon and Wetherby are held on the Home Office Departmental Estate and have been treated as freehold property in the accounts as The Forensic Science Service has all risk and reward of ownership. In accordance with Treasury guidance professional valuations have been undertaken on these sites by Donaldsons, Member of Royal Institute of Chartered Surveyors (RICS), as at 31 January 2003. The Birmingham, Trident Court and London laboratories together with storage and office facilities are held on third party leases in respect of which tenants' additions are included as a leasehold asset.

Stock and work in progress

Consumable stocks are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost of professional time plus attributable laboratory overheads and net realisable value.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Research and development

Research and development expenditure is written off as incurred.

Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme. Contributions in respect of accruing superannuation liabilities, calculated at rates determined from time to time by the Treasury, are charged to the income and expenditure account in the year in which they fall due. Some staff may be retired early at the discretion of the Trading Fund. Relevant costs are provided for in the year in which the early retirement takes effect.

Value Added Tax

Commencing 1 April 1999 on the formation of the Trading Fund, The Forensic Science Service is accountable for VAT and transactions are duly recorded in line with Statement of Standard Accounting Practice No.5.

Vote

As a Trading Fund, The Forensic Science Service does not operate as part of the Home Office Vote.

Banking

Commencing 1 April 1999 The Forensic Science Service operates its banking arrangements as an autonomous organisation and is no longer part of the Home Office Cash Management Scheme.

2. Income

Income represents the invoiced amount of goods and services provided (net of value added tax) from the ordinary activities of the business. Total income is analysed between the main customer groups as follows:

	Year to 31 March 2003 £'000s	Year to 31 March 2002 £'000s
Police Authorities	130,744	116,685
Other Customers	8,838	8,980
Home Office	1,372	1,559
Other Operating Income	-	873
	<u>140,954</u>	<u>128,097</u>

3. Staff costs

	Year to 31 March 2003 £'000s	Year to 31 March 2002 £'000s
Wages & salaries	63,815	57,155
Social security costs	4,544	4,303
Other pension costs	8,764	7,500
	<u>77,123</u>	<u>68,958</u>

The emoluments (including bonus, taxable benefits and excluding pension contributions) of the Chief Executive were:

£97,375	£89,762
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The Chief Executive and Executive Board (excluding the Non Executive Directors) are all members of the Civil Service Pension Scheme - see note 27.

The aggregate emoluments (excluding taxable benefits and pension contributions) paid to Executive Board members excluding the Chief Executive were:

£528,286	£578,591
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The range of salaries of board members, excluding the Chief Executive, are as follows:

	Number	Number
£ 0-£ 4,999	4	4
£15,000-£19,999	-	2
£55,000-£59,999	-	2
£60,000-£64,999	3	2
£65,000-£69,999	1	1
£75,000-£79,999	1	-
£85,000-£89,999	-	1
£90,000-£94,999	1	-
£95,000-£99,999	1	-
£140,000-£144,999	-	1

The average number of staff during the year was made up as follows:

Caseworkers and specialists	1,692	1,677
Management and support staff	829	736
	<u>2,521</u>	<u>2,413</u>

Salary and Pension Disclosure of Directors as at 31 March 2003

	Age	Salary including performance pay £'000s	Real increase in pension at 60 £'000s	Total accrued pension at 60 at 31 March 2003 £'000s
Dr D J Werrett	53	95-100	2.5-5.0	30-35
Mr R J Anthony	42	85-90	0-2.5	5-10
Mr C Bradley	55	95-100	-	0-5
Mr T H Howitt	55	75-80	2.5-5.0	30-35
Mr P Jones	55	60-65	0-2.5	25-30
Mr M R Loveland	59	65-70	0-2.5	30-35
Mr G Pugh	45	55-60	0-2.5	15-20
Dr P Twitchett	54	60-65	2.5-5.0	25-30

4. Other operating charges

This is stated after charging/(crediting) the following:

	Year to 31 March 2003 £'000s	Year to 31 March 2002 £'000s
Depreciation of tangible fixed assets	6,421	5,252
Deficit/(surplus) on disposal of tangible fixed assets	303	(8)
Revaluation deficit/(surplus) on land and buildings	863	(273)
Revaluation deficit on other tangible fixed assets	235	850
Staff travel and subsistence	1,636	1,800
Charges for hire of plant and machinery	558	516
Charges for other operating leases	4,760	4,364
Research and development expenditure	3,417	3,670
Auditors' remuneration	62	62
Internal audit fee	90	47
Payroll services	155	277
Insurance	544	327
	<u>205</u>	<u>163</u>

5. Interest receivable

Bank interest receivable

205	163
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6. Interest payable

On short term loans

-	69
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On long term loans

1,165	1,128
<u>1,165</u>	<u>1,197</u>

The interest payable on long term loans is based on:

- 1) 25 year fixed term rate of 4.75% on the initial Trading Fund Long Term Loan (1999) of £17,972k.
- 2) 4 year fixed term rate of 6.25% on Business Development Loan (2000) of £6,000k.
- 3) 4 year fixed term rate of 4.75% on Business Development Loan (2001) of £1,500k.
- 4) 4 year fixed term rate of 4.375% on Business Development Loan (2002) of £3,000k.

7. Tangible fixed assets

Cost or Valuation:

	Land & Buildings £'000s	Plant & Laboratory Equipment £'000s	Office Equipment/ Software £'000s	Motor Vehicles £'000s	Total £'000s
At 1 April 2002	29,561	20,951	15,117	597	66,226
Additions	1,460	2,467	7,389	-	11,316
Surplus/(deficit) on revaluation	(1,825)	198	(603)	(2)	(2,232)
Disposals	(22)	(700)	(97)	(148)	(967)
At 31 March 2003	29,174	22,916	21,806	447	74,343

Depreciation:

At 1 April 2002	4,333	10,974	7,134	404	22,845
Provided during the year	1,431	1,767	3,155	68	6,421
(Surplus)/deficit on revaluation	(962)	104	(368)	(2)	(1,228)
Disposals	(22)	(390)	(92)	(138)	(642)
At 31 March 2003	4,780	12,455	9,829	332	27,396

Net Book Value at 31 March 2003 **24,394** **10,461** **11,977** **115** **46,947**

Net Book Value at 1 April 2002 **25,228** **9,977** **7,983** **193** **43,381**

The opening balance of furniture and fixtures included in Office Equipment has been valued at £605k. Purchases of furniture and fittings in the year amounted to £184k. A write off representing depreciation of £218k has been deducted from these figures and charged to the income and expenditure account as an equivalent charge representing depreciation, giving a closing balance of £571k.

The net book value of land and buildings comprises:

Freehold	10,971
Short Leasehold	13,423
	24,394

In accordance with Treasury guidance freehold land and buildings are professionally revalued at least every five years. Valuations are reflected in the financial statements in accordance with generally accepted accounting principles. Freehold land and buildings were professionally revalued in 2002/03 by Donaldsons, RICS, and the valuation was made in accordance with the RICS Appraisal and Valuation Manual.

8. Stock and work in progress

	31 March 2003 £'000s	31 March 2002 £'000s
Consumable stock	2,774	3,181
Work in progress	2,468	2,249
	<u>5,242</u>	<u>5,430</u>

9. Debtors

Trade debtors	22,828
Provision for bad and doubtful debts	(462)
Prepayments and accrued income	1,961
Advance funding of early retirement costs (note 28)	-
Other debtors	503
	<u>24,830</u>

31 March 2003 £'000s	31 March 2002 £'000s
22,828	21,592
(462)	(461)
1,961	1,484
-	25
503	575
<u>24,830</u>	<u>23,215</u>

10. Creditors - amounts falling due within one year

Bank overdraft representing unrepresented cheques	1,261
Government loans	3,219
Trade creditors	2,960
Accruals	10,962
Deferred income	3,391
Other creditors	5,006
	<u>26,799</u>

31 March 2003 £'000s	31 March 2002 £'000s
1,261	1,457
3,219	2,448
2,960	5,562
10,962	9,811
3,391	2,642
5,006	3,839
<u>26,799</u>	<u>25,759</u>

11. Creditors - amounts falling due after more than one year

Deferred income	<u>2,460</u>	<u>2,248</u>
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12. Provisions

Balance as at 1 April 2002	278	366	644	146
Charged to provisions	(102)	-	(102)	(93)
Increase in provisions	39	1,214	1,253	591
Balance as at 31 March 2003	<u>215</u>	<u>1,580</u>	<u>1,795</u>	<u>644</u>

Early Retirement £'000s	Other £'000s	Total £'000s	Restated 31 March 2002 Total £'000s
278	366	644	146
(102)	-	(102)	(93)
39	1,214	1,253	591
<u>215</u>	<u>1,580</u>	<u>1,795</u>	<u>644</u>

A provision of £215,000 has been recognised for early retirement costs. These cost are expected to be incurred over the next six financial years.

A provision of £580,000 has been recognised for expected future rentals payable under an operating lease on a property which is due to be vacated within the following financial year. These costs are expected to be incurred over the next five financial years.

A dispute is in progress with a supplier. The information usually required by Financial Reporting Standard Number 12 is not disclosed on the grounds that disclosure could prejudice the outcome of this dispute. The "other" provision brought forward at 1 April 2002 in the sum of £366,000 was included within the accruals in last year's accounts. The comparative figures in these accounts have been restated accordingly.

13. Public dividend capital

Issued pursuant to the Government Trading Funds Act 1973.	<u>17,971</u>	<u>17,971</u>
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A dividend payable at a rate of 8% for the year ended 31 March 2003 has been declared.

14. Long term loans

Government loans, repayable by instalments and bearing interest at 4.375%, 4.75% and 6.25% per annum:

Amounts repayable:	
Within 12 months (note 10)	3,219

Within 1-2 years	1,742
Within 2-5 years	3,119
After five years	13,719

31 March 2003 £'000s	31 March 2002 £'000s
3,219	2,448
1,742	2,469
3,119	2,046
<u>13,719</u>	<u>14,284</u>
18,580	18,799
<u>21,799</u>	<u>21,247</u>

15. Income and expenditure account

	Year to 31 March 2003 £'000s
At 1 April 2002	7,305
Surplus for the year	10,239
At 31 March 2003	<u>17,544</u>

16. Revaluation reserve

At 1 April 2002	1,338
On surplus on revaluation of tangible fixed assets	94
At 31 March 2003	<u>1,432</u>

17. Reconciliation of movement in government funds

	Year to 31 March 2003 £'000s	Year to 31 March 2002 £'000s
Surplus for the year	10,239	3,453
Revaluation of fixed assets	<u>94</u>	<u>629</u>
	10,333	4,082
Government funds brought forward at 1 April 2002	26,614	22,532
Government funds carried forward at 31 March 2003	<u>36,947</u>	<u>26,614</u>

18. Reconciliation of operating surplus to net cash inflow from operating activities

	Year to 31 March 2003 £'000s	Restated 31 March 2002 £'000s
Operating surplus	12,637	5,925
Revaluation adjustment	1,098	577
Depreciation	6,421	5,252
Deficit/(surplus) on disposal of fixed assets	303	(8)
Decrease/(increase) in stock and work in progress	188	(846)
Increase in debtors	(1,640)	(6,426)
Increase in creditors and accruals	677	4,271
Movement in provisions	1,151	498
Decrease in prepayment for early retirement costs	25	8
Net cash inflow from continuing operating activities	<u>20,860</u>	<u>9,251</u>

19. Reconciliation of net cash flow to movement in net debt

Increase/(decrease) in cash in the period	7,720	(3,397)
Additional loans	(3,000)	(1,500)
- Business Development Loan	-	(4,500)
- In year Working Capital Loan		
Repayment of loans	448	427
- Long Term Loan	2000	1,500
- Business Development Loans	-	4,500
- Working Capital Loan	<u>(7,168)</u>	<u>(2,970)</u>
Net debt at 1 April 2002	(20,666)	(17,696)
Net debt at 31 March 2003	<u>(13,498)</u>	<u>(20,666)</u>

20. Analysis of changes in net debt

	At 1 April 2002 £'000s	Cashflows £'000s	Other Non-cash movements £'000s	At 31 March 2003 £'000s
Cash on short term deposit	2,028	7,523	-	9,551
Cash in hand, at bank	10	1	-	11
Bank overdraft	(1,457)	196	-	(1,261)
	<u>581</u>	<u>7,720</u>	<u>-</u>	<u>8,301</u>
Debt due within one year	(2,448)	2,448	(3,219)	(3,219)
Debt due after one year	(18,799)	(3,000)	3,219	(18,580)
	<u>(20,666)</u>	<u>7,168</u>	<u>0</u>	<u>(13,498)</u>

21. Capital commitments

Contracted but not provided in the accounts

31 March 2003 £'000s	31 March 2002 £'000s
<u>2,025</u>	<u>3,948</u>

22. Operating leases

Commitments on operating leases for the next year are as follows:

Leases expiring:

In next year
In the second to fifth years
After the fifth year

31 March 2003		31 March 2002	
Land & Buildings £'000s	Other £'000s	Land & Buildings £'000s	Other £'000s
-	-	11	-
-	-	-	-
<u>3,984</u>	<u>-</u>	<u>3,882</u>	<u>-</u>
<u>3,984</u>	<u>-</u>	<u>3,893</u>	<u>-</u>

23. Contingent liabilities

There are no significant contingent liabilities.

24. Financial instruments

Financial assets;
Cash at bank and in hand

Financial liabilities;
Long term loan from the Secretary of State

31 March 2003 Book value £'000s	31 March 2003 Fair value £'000s
<u>9,562</u>	<u>9,562</u>
<u>21,799</u>	<u>21,662</u>

25. Financial risks

Liquidity risk:

The Forensic Science Service liquidity risk is minimal, as a Trading Fund it is underwritten by the Home Office. The levels of capital expenditure are managed from internally generated funds together with loans from the stakeholder as agreed. The Forensic Science Service has full insurance cover to meet any insurable loss.

Interest rate risk:

The interest bearing loans represent 50% of total taxpayers' equity. Loans from the Home Office are at a fixed rates between 4.375% and 6.25%. Deposits earning interest at a variable rate represent 26% of total taxpayers' equity.

Foreign currency rate:

The Forensic Science Service has no exposure to assets, liabilities, income or expenditure denominated in foreign currency.

26. Related party transactions

The Forensic Science Service is a Government Trading Fund of the Home Office. The Home Office is regarded as a related party. During the year, The Forensic Science Service has had a number of material transactions with the Department and with other entities with which the Department can influence operating policies, notably the Police Authorities of England and Wales together with the Metropolitan Police Service.

In addition, The Forensic Science Service has had material transactions with other Government Departments, being: The Crown Prosecution Service, H.M. Customs and Excise.

During the year The Forensic Science Service entered into related party transactions with its Non Executive Directors as follows:

	Fees, expenses & consultancy charges paid 2002/03	Amount outstanding 31 March 2003
	£	£
Mr R Pannone - Pannone and Partners	3,794	2,000
Mr P Riley - Riley Associates	19,283	5,027
Mr J Botten	2,553	11,500
Mr P Hobbs	9,200	4,000

The amount outstanding at 31 March 2003 for Mr J Botten includes £9,500 accrued consultancy charges.

All related party transactions were on a commercial basis.

27. Pensions

The employees of The Forensic Science Service are Civil Servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply. The Principal Civil Service Pension Scheme is an unfunded multi-employer defined benefit scheme but The Forensic Science Service is unable to identify its share of the underlying assets and liabilities.

A full actuarial valuation was carried out at 31 March 1999. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2002/03 employers' contributions of £8,764k were payable to The Principal Civil Service Pension Scheme (2001/02 £7,500k) at one of four rates in the range 12 to 18.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

28. Early retirement

The Forensic Science Service also operates an Early Retirement Scheme which gives retirement benefits to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme. The Forensic Science Service bears the costs of these benefits until normal retiring age of the employees retired under the Early Retirement Scheme.

The total pensions' liability up to normal retiring age in respect of each employee is charged to the Income and Expenditure Account in the year in which the employee takes early retirement and a provision for future pension payments is created.

Pensions and related benefit payments to the retired employee until normal retiring age are then charged annually against the provision. As at 31 March 2003 The Forensic Science Service has a future Pension Provision of £215,736. Under rules announced by Treasury in November 1992, bodies may advance fund all or part of their outstanding pensions' liability at 31 March each year, by making lump sum payments to the Paymaster General's Office.

Under the Early Retirement Scheme The Forensic Science Service has made provision to cover future liabilities for annual compensation payments. Under the Central Government Early Retirement Scheme, 20% of the total cost has been provided for. The residual 80% is being funded by Central Government and charged to the Income and Expenditure Account when costs are incurred, as required by H.M. Treasury.

29. Performance measures

The key financial performance measures are:

- 1) managing the funded operations so that the revenue of the fund is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account;
- 2) to achieve an annual return on capital employed (ROCE) on ordinary activities of at least 10%-15% over a three year period;
- 3) to achieve an efficiency gain of a minimum of 10% over a period of three years.

The operating surplus was £12,637k (2001/02 £5,925k). The surplus represents a return on capital employed of 23.4% (2001/02 12.9%). Since the Trading Fund was established in 1999 this represents an average ROCE of 12.4% over the four years. The three year efficiency gain was 13.8%, as measured in terms of value added per £ of staff costs, against a target of 10%.

Professional Code for Forensic Practitioners

This Code is designed for forensic practitioners employed by The Forensic Science Service (FSS). For the purpose of the code, forensic practitioners are defined as all staff involved in the forensic process.

The code should be read in conjunction with the FSS code of conduct which relates to general standards of behaviour for FSS staff. As such, the professional code also constitutes part of the FSS disciplinary code.

The FSS expects all forensic practitioners to demonstrate the highest possible professional standards by adhering to this code throughout all stages of the justice process. These stages are defined as the investigative stage, the assembling of the case, and the court hearing or other form of tribunal. If at any time a forensic practitioner becomes aware of either their own non compliance with the code or of others' non compliance they should make their line manager aware of this change in circumstance.

As a forensic practitioner employed by the FSS there is an obligation to:

- act with honesty, integrity, objectivity and impartiality;
- respect the confidentiality of all information provided or obtained, unless expressly or by implication authorised to the contrary;
- take all reasonable steps to maintain and develop professional competence by keeping knowledge and skills up to date;
- confine work and opinions to those areas in which competence and expertise have been demonstrated;
- declare to line managers any prior involvement, knowledge or personal interest in a case or project which could give rise to a conflict of interest, real or perceived, and not to continue working on that case or project except with the written approval of the Chief Scientist;
- inform line managers and/or the Chief Scientist, in confidence if necessary, if there are grounds for believing that there is a situation which might result in a miscarriage of justice;
- ensure, as far as possible, that the integrity of items of evidence submitted to the FSS, or generated within the FSS, has not been compromised, for example by contamination or mishandling, and that the integrity and security of evidence is maintained while in the possession of the FSS;
- accept professional responsibility for the requested examination and ensure that the customer is aware of any limitations of the examination and outcome imposed by the material supplied, or other constraints;
- conduct all work in accordance with agreed procedures, business rules and practices authorised by the FSS;
- accept full responsibility for all work done under one's supervision, direct or indirect;
- retain full, contemporaneous, clear and accurate records of the examinations conducted, the methods used and the results obtained, in sufficient detail for another forensic practitioner competent in the same area of work to carry out an independent review of the work;
- ensure that conclusions resulting from these examinations are soundly based and have been objectively assessed;
- present findings in accordance with the FSS practice and in a way that can be understood by the appropriate person;
- take full account of the service requirements, including timeliness, recognising a need for effective and efficient use of resources within the framework set by professional standards.

In addition, as a practitioner providing advice, reports or statements for use in the judicial process, staff must:

- recognise that the over-riding duty is to the court and the administration of justice;
- present findings, whether written or oral, in a fair and impartial manner;
- ensure that opinions are considered in the context of the case as presented and whatever reasonable possible alternatives are appropriate;
- report findings in a clear, comprehensive and impartial manner, stating:
 - the material upon which the investigation and conclusions are based;
 - a summary of the work carried out by oneself and others on whose results there has been reliance;
 - a summary of the results obtained in the course of the work;
 - a summary of the conclusions arrived at;
 - any limitations in the investigation or in the conclusions arrived at, and in particular limitations imposed by restriction of access to relevant material, lack of availability of human and/ or physical resources, temporal restraints and financial restraints;
 - be prepared to reconsider findings, conclusions, opinion or advice, in the light of new information or new developments in the relevant field, and promptly inform the customer and/or employer of any consequential changes to any findings, conclusions, opinions or advice, whether or not requested to do so.

If a registered practitioner with the Council for the Registration of Forensic Practitioners staff must also abide by the Council's Code of Practice for Forensic Practitioners. Similarly, staff must abide by any code of practice, conduct or ethics for a relevant professional body of which they are a member.

The Forensic Science Service

A national service delivered through regional laboratories at:

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Chorley Forensic Science Laboratory

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FSS Website

The site features a range of information including casefiles, news releases and vacancies. The website address is www.forensic.gov.uk

An Executive Agency of the Home Office.

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