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# **Disclosure and Barring Service**

## **Annual Report and Accounts**

For the period 1 April 2014 to 31 March 2015

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For the period 1 April 2014 to 31 March 2015

Presented to Parliament pursuant to paragraph 12 (5) of  
Schedule 8 of the Protection of Freedoms Act 2012

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# Contents

	<b>Page</b>
<b>Forewords</b>	<b>4</b>
<b>Annual Report 2014-15</b>	
<b>Strategic Report</b>	<b>7</b>
Our Functions	<b>7</b>
Working with our partners	<b>13</b>
Challenges we have faced	<b>16</b>
Sustainability Report	<b>18</b>
<b>Directors' report</b>	
Our Resources	<b>22</b>
Performance	<b>23</b>
Progress & Achievements	<b>27</b>
Transparency	<b>29</b>
Other Public Interest Information	<b>29</b>
<b>Remuneration Report</b>	<b>35</b>
<b>Governance Statement</b>	<b>43</b>
<b>Statement of Accounting Officer's Responsibilities</b>	<b>54</b>
<b>The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament</b>	<b>55</b>
<b>Statement of Comprehensive Net Expenditure</b>	<b>57</b>
<b>Statement of Financial Position</b>	<b>58</b>
<b>Statement of Cash Flows</b>	<b>59</b>
<b>Statement of Changes in Equity</b>	<b>60</b>
<b>Notes to the Accounts</b>	<b>61</b>
<b>Glossary</b>	<b>93</b>

## Chair's Foreword

This is the second full year of operations for the Disclosure & Barring Service (DBS), a year in which we have made significant progress in enhancing the way we deliver our services. The effective operation of our disclosure and barring functions is our main focus and priority. We are very aware that there is no room for complacency in carrying out our responsibilities to the highest standards.

There have been some important developments over the past year in the way we operate, informed by customer and stakeholder feedback. The Board commissioned a review of our barring decision making process to provide for the opportunity to enhance this pivotal function. We will consider the implementation of any recommendations of this review in 2015-16.

We recognise our role as a deliverer of government policy, and recognise that as policy develops and changes we must be sufficiently flexible to respond. We work closely with the Home Office in helping to support policy development, and consider that we can offer an important operational policy perspective to help policy assessment. Our strategy was jointly developed with the Home Office on this premise, and is flexible enough to adjust as the policy that underpins it does. I continue to be grateful for the effective joint working relationship with the Home Office officials and Ministers.

We have also strengthened our Board complement with some additional safeguarding expertise. We have also formulated plans for enhancements to the way that information from local police systems is provided for and through our services, and will continue to work with police and Home Office colleagues in the next few years to develop and implement these plans.

The Board supports the intention to develop key capability and leadership within the DBS, and will work with the Senior Management Team in this regard.

We are confident that we in a good position to improve and develop the service in coming years and to achieve our strategic ambitions, continually providing a service that is consistently effective, progressively modernised and responsive.



**Bill Griffiths**  
Chair

## Chief Executive's Foreword

The effective operation of our functions is, and always will be, the prime objective of everyone at the DBS. We consider it a privilege to serve the public.

We strive to ensure that our functions are undertaken to a high level of accuracy, quality, and timeliness because we recognise that this helps keep children and vulnerable adults safe, as part of employers' comprehensive safeguarding measures. We also want to offer good value for money, so our certificate fees have been static since April 2011.

We met all our service standards for 2014-15, reflected in our independent customer satisfaction survey results, which noted an overall satisfaction rate of 83%, and 89% agreeing that DBS makes a difference to public safety by helping customers to make effective employment and other decisions.

The past year has been one of transition from our legacy past, and preparation for our modernised future.

We worked hard with our new supplier, Tata Consultancy Services (TCS), to embed them as our new IT and business process outsource supplier. Whilst there were some teething problems in the early months, leading to some delays, a short term impact on quality for some individuals, and some contained data management issues, these are now resolved, and TCS is pleased to be delivering services as required.

To a lesser extent we have experienced separate delays at a few police forces, including some large ones. Whilst this impacted a relatively small number of individuals and did not impact our service targets overall, we are mindful that this element of disclosure checks has the single biggest impact on our ability to deliver quickly. Although DBS is not accountable for this function, we offered additional budget, and support, to improve consistency of delivery for all customers, irrespective of geography, and welcome early improvements.

We also worked with TCS to design a new, modern IT platform. This will provide a better system for our users and customers across barring and disclosure functions and bring our staff onto a single system for the first time. We aligned our new system infrastructure with wider government strategy, which led to some technical challenges and slippage of our planned go-live date although we are now well underway to delivering by the end of this financial year.

To help staff make the most of the opportunities arising from changes, we invested in our internal capability and capacity, reflecting our drive to deliver an even better service.

I have welcomed and valued the support of the Home Office as DBS sponsor, and consider DBS to be well positioned to support any potential development of safeguarding policy, as it relates to disclosure and barring functions.

And lastly, I am extremely grateful to the Board and staff of DBS, who are determined that DBS make a big difference to the public.

A handwritten signature in black ink, appearing to read 'A Kelbie', with a horizontal line extending from the end of the signature.

**Adrienne Kelbie**  
Chief Executive

## STRATEGIC REPORT

### OUR FUNCTIONS

#### Who we are

We are responsible for the delivery of disclosure and barring functions on behalf of government. DBS was established under the Protection of Freedoms Act (PoFA) 2012 on 1 December 2012, operating from two sites, Liverpool and Darlington. We operate disclosure functions for England, Wales, Jersey, Guernsey and the Isle of Man, and barring functions for England, Wales and Northern Ireland.

**Our Purpose:** We protect the public by ensuring that balanced suitability decisions are made on the right information.

**Our Mission:** To be government's centre of excellence for suitability information.

#### How we work

DBS is led by a Board which is responsible for the strategic leadership of the organisation and has collective responsibility for the proper conduct of DBS affairs. This role can be summarised as: direction, monitoring and control, assurance and propriety. The Board comprises Chair, executive and non-executive members.

The operation of DBS functions is delegated by the Board to the Chief Executive, who leads a Senior Management Team (SMT) of directors of relevant functions; these are Corporate Services, Finance and Commercial, Change, Operations Disclosure (based in Liverpool) and Operations Barring (based in Darlington). The Chief Executive also acts as Accounting Officer.

On 31 July 2014 the Office for National Statistics (ONS) issued a National Accounts Classification Decision that classified DBS as a Public Non Financial Corporation (PNFC). Separate to the accounting classification, the Cabinet Office maintains an administrative status for public sector organisations and DBS remains a Non-Departmental Public Body (NDPB) for administrative purposes until the end of March 2016.

#### Government sponsorship

DBS, as an Arms Length Body (ALB), is sponsored by the Home Office (HO). The HO lead on the policies, working with the Department for Education and Department of Health, that governs and underpins DBS; the DBS role is to deliver government policy.

The relationship between DBS and HO is guided by the Framework Document. Whilst this has no statutory basis, under the provisions of HM Treasury's *'Managing Public Money'* government requires departments to have arrangements in place to monitor and understand their NDPBs' (administrative status) strategy, performance and delivery, usually built around a jointly agreed and signed Framework Document.

This is supported by appropriate letters of delegation from the HO to the Chief Executive (CEO) in terms of setting out the terms of financial delegation to spend money received by DBS from statutory fees.

The Chair is appointed and reports to Ministers; the CEO reports to the Chair, collectively they manage DBS. The Chair is responsible for ensuring that operational policies and actions support the governments' wider strategic policies and that all DBS affairs are conducted with probity. The Chair meets with the responsible Minister quarterly, or where relevant issues arise.

### **What we aim to achieve**

We provide a service which enables organisations in the public, private and voluntary sectors to make better informed, safer recruitment and other decisions. We do this by providing information to enable them to determine whether individuals are unsuitable or unable to undertake certain work, particularly with occupations involving regular contact with vulnerable groups, including children. The information provided by us should be used in conjunction with other recruitment tools to determine an individual's suitability for a certain position or post. We also determine whether an individual can work in a regulated activity,<sup>1</sup> with children or adults by making decisions about inclusion in either or both barred lists.

Our service provision reaches most government departments and bodies, as well as the wider public, private and voluntary sector.

### **Our staff**

We published our three-year strategy in 2014-15, the first year of which has been dedicated to enhancing our capability and capacity to help us achieve our strategic ambition. We recognise that our corporate leadership needs to be strong to enable us to reach our full potential and we have invested significant resources this year in developing a strong Senior Management Team (SMT) to help us do this. In this we have enrolled all of our SMT on a leadership programme run by Civil Service Learning, ensuring that all staff see and embrace the leadership challenge that we pose.

The levels of commitment demonstrated by our staff during this period have been instrumental to our success. We fully appreciate the hard work, enthusiasm and dedication they have shown to ensure our service continues to be delivered efficiently and effectively.

We have involved staff at all levels in our business planning process this year. This has been very effective and has ensured that all staff have a good understanding of what we do, and how their work directly contributes to our corporate objectives.

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*<sup>1</sup> Section 7 of the Safeguarding Vulnerable Groups Act – Barred Person not to engage in regulated activity and the definition of regulated activity as defined in Schedule 4 of the Safeguarding Vulnerable Groups Act 2006 as amended by the Protection of Freedoms Act 2012, as amended by the Protection of Freedoms Act 2012*

## Statutory functions

The functions of DBS are those contained within the Safeguarding Vulnerable Groups Act 2006 (SVGA), Part V of the Police Act 1997, the Safeguarding Vulnerable Groups (Northern Ireland) Order 2007 (SVG) and PoFA. These functions are broadly described as 'disclosure' and 'barring' functions and are:

- To hold and maintain a register of organisations approved by DBS to submit applications for criminal records certificates.
- To issue three levels of certificates of criminal records:
  - **Basic certificate.** This is available for any position or purpose and will contain details of convictions and conditional cautions that are considered to be unspent under the terms of the Rehabilitation of Offenders Act 1974 (as amended) (ROA). For applicants residing in or for work in England and Wales a Basic certificate is currently issued by Disclosure Scotland on behalf of DBS.<sup>2</sup>
  - **Standard certificate.** This is available to those working in roles as specified in the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975. Standard certificates show unspent and spent convictions, cautions, reprimands and warnings (statutory disposals given by a police officer to a young person who admits guilt) held on the Police National Computer (PNC).
  - **Enhanced certificate.** This is the highest level of check available to anyone involved in work with vulnerable groups, and other positions involving a high degree of trust, for example, certain office holders. Enhanced certificates contain the same information as the Standard certificate but with the addition of relevant police information held by a police force and, in some cases, details of whether the individual is included in the lists of those barred from working with children and vulnerable groups.
- To reach considered decisions about whether an individual should be barred from engaging in regulated activity with children and/or adults and maintaining the childrens' and adults' barred lists.
- To bar any individual who has accepted a caution for or been convicted of an automatic barring offence.
- To consider for barring any individual who has accepted a caution for or been convicted of an automatic inclusion offence (i.e. an offence that does allow representations) or has been referred to DBS from, for example, an employer or regulatory body, subject to any representations submitted by the individual

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<sup>2</sup> See *Delegation of Functions* page 12

– provided DBS also has reason to believe that the person is or has been, or might in the future be, engaged in regulated activity with children and vulnerable groups.

- To make decisions as to whether it is appropriate to remove a person from a barred list.
- To operate a system of updating Standard and Enhanced certificates, through the Update Service.

## **Delivery of disclosure functions**

We issue certificates allowing employers and other bodies to determine whether individuals are suitable for certain work or positions. This is particularly so for occupations involving regular contact with vulnerable groups, including children. The process, from completion of the application form to the production of the final certificate, involves four main parties: the applicant; the Registered Body (RB); DBS; and, in the case of Enhanced DBS certificates, police forces.

Applications for certificates can be made via a paper application form or by an electronic process known as e-bulk. The latter has advantages over paper applications, in terms of timeliness, and it is growing in popularity with two-thirds of disclosure applications now made through the e-bulk route.

## **Applicants**

Certificates are applied for and issued to the applicant, who completes the first part of the application form (personal details) and then passes this to the RB for completion.

## **Registered Bodies**

RBs commission the completion of the application form and undertake a determination of whether a position is eligible for a certificate (and at what level); the verification of the identity of the applicant and ensure that the application form is completed correctly before sending to us.

## **DBS**

We receive the application, undertake checks against data sources, this may also include one or both of our barring lists, and, if relevant, refer the application to the police for consideration of relevancy. Upon completion, we issue the certificate to the applicant.

## **Police Forces**

Police forces, when asked by us, make a determination of whether any information that they hold, primarily on local intelligence systems, is reasonably believed to be relevant to the application and determine whether it ought to be included on the certificate. They also own and provide access to the PNC.

## Delivery of barring functions

We manage, maintain and own the children's and adults' barred lists which are used to prevent unsuitable individuals from working in regulated activity with children and/or vulnerable groups. We also undertake this function for the Northern Ireland (NI) government.

Information is received from a number of sources, including the PNC, enhanced certificate information and direct referrals. This information is used to make decisions on whether a referred person should be barred from engaging in regulated activity in one or both sectors, and included in the barred list(s).

We are committed to ensuring we make fair, consistent and thorough barring decisions that provide a proportionate response to the conduct that has occurred and the future risk of harm which is posed. There is an awareness of the impact a barring decision can have both on the person referred and those with whom they have already, or may in future, come into contact with. Whilst we do not have direct contact with the latter, this is nevertheless a fundamental factor of consideration in all decision making, where difficult and finely balanced decisions have to be made.

There are three main sources of referral where information is received for barring consideration:

- **Automatic barring referrals:** There are two types of automatic barring cases where a person has been cautioned or convicted for a 'relevant offence'. Automatic barring (without representations) offences will result in a referred person being included on a barred list(s) by DBS, irrespective of a link to regulated activity. Automatic barring (with representations) offences may result in the person being placed on the barred list(s) by DBS, subject to the consideration of their representations and whether there is a link to regulated activity. In 2014-15, 24,404<sup>3</sup> referrals of automatic barring offences were received. Of this 1,109 relate to Autobar without representations offences and 23,295 to Autobar with representation offences, which are considered to establish whether specific criteria were met, including the test for regulated activity (TRA), which is a legal requirement for barring in these cases
- **Referrals from relevant bodies:** There is a duty, in certain circumstances, for some organisations to make a referral to us. This would occur at the point they dismiss or remove an employee from working in regulated activity, following harm to a child or vulnerable group, or where there is a potential risk of harm. Referring organisations include employers and other providers of regulated activity, personnel suppliers, local authorities, education providers, NHS hospitals or Health and Social Care Trusts, education or library boards and others. We make decisions using a process specifically developed for the consideration of relevant information. In 2014-15, 6,531 referrals were

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<sup>3</sup> The 2013-14 Annual Report and Accounts included automatic barring referrals where an individual has been acquitted. These have been removed from the 2014-15 figure.

considered. The DBS Board is ultimately responsible for all decisions that we make. DBS has undertaken work with organisations to raise awareness about their responsibilities to refer.

- **Disclosure Information referrals from Enhanced certificates:** Where a person with serious criminal record information applies for an Enhanced certificate with a barred list check, for a regulated activity role, they will be considered for possible inclusion in the barred list(s). This is subject to the consideration of any representations they make. In 2014-15 there were 483,983 certificates in relation to regulated activity that contained some information that was considered for barring.

We also provide access to the barred lists for specific purposes, and only to specific bodies. This includes the provision of requested list information to the police, prisons, probation trusts, supervisory authorities, keepers of registers and regulated activity providers who have a 'legitimate interest' to request barred list information. Education and social care sectors are also included.

Following legislative changes introduced in December 2013, we also provide responses for specific purposes through the UK Central Authority to other European Union (EU) member states. This covers any bar on the children's barred list which results from an automatic barring offence of a sexual nature against a child.

The Board have full oversight of the operation of functions, including the integrity of operations. In accordance with this oversight they can, and do, undertake assessments of functions. In May 2014, the Board commissioned an independent review of the barring function to ensure that the process appropriately reflected the legislative intent and to assess the DBS process. This report is in its final drafting.

### **Delegation of Functions**

All statutory functions of the DBS are held by the Board. The Board may however to such an extent as it may decide, delegate any of its functions to any of its appointed members, a member of its staff or a committee consisting of either or both. Subject to any reserved matters set out in the Constitution, the Chair (on behalf of the Board) has delegated the operation of the statutory functions of DBS to the Chief Executive by way of a letter of delegation.

In addition to the above delegation, the Secretary of State issued a direction to DBS under Schedule 8 (14) of the PoFA that it must utilise the provisions under Schedule 8(6) to delegate the function of the issue of Basic certificates to Disclosure Scotland (acting as Scottish Ministers). The direction from the Secretary of State requires DBS to delegate the function up until the end of December 2016.

The delegation of the function was made by the DBS Board on 10 March 2014. A Memorandum of Understanding sits under the delegation, and we are working jointly to ensure that the function is effectively operated and that there is a smooth transition of the service to DBS in the beginning of January 2017.

## **WORKING WITH OUR PARTNERS**

### **Police**

Police forces across the UK and the Crown Dependencies undertake an important statutory function in the provision of the DBS service. We understand and recognise the importance of this function and value the constructive relationship that we have with the police. Police Disclosure Units (PDUs) operate and are managed by individual forces and co-ordinated through the National Police Chiefs Council (NPCC).

There are 52 police and law enforcement agencies involved in the DBS process; this includes geographical and non-geographical forces. Our delivery model is particularly reliant and sensitive to the performance of the individual police and law enforcement Disclosure Units, whereby delays in processing and providing relevant information can result to delays in certificates being issued. The DBS Police Account management team work with those forces that are underperforming against their SLA because we recognise that delays in certificates being issued impacts on an individuals access to employment.

The work undertaken by forces involves important and complex decision-making and will always require an appropriate balance to be struck between speed and quality to support reasonable and appropriate judgements and decisions. An individual may have to be checked by more than one force and the certificate cannot be issued until all checks have been made across the respective forces. The police are supported in their functions by a robust decision-making framework, which includes standardised decision processes and guidance to enable them to make appropriate decisions. We also support the work of forces on volume management and processes, ensuring that the police have due regard to the required service standards, and advise of any operational matters that will have an impact on their ability to meet these standards which in turn may impact on our customers.

### **Professional and Other Bodies**

Professional bodies comprise Keepers of Registers such as the General Medical Council and Nursing and Midwifery Council and Supervisory Authorities such as Ofsted and the Care Quality Commission, and include health and social care regulators. Professional bodies make approximately 550 safeguarding referrals to us each year.

We have developed and implemented information sharing agreements or arrangements with the 25 professional bodies as well as with the police, prison and probation services, Disclosure Scotland and Access Northern Ireland (the latter two organisations carry out barring and disclosure for Scotland and Northern Ireland respectively). We focus on building robust relationships with these key bodies and we regularly meet with them to review performance, resolve issues and to review our arrangements to meet any changed or new business requirements. New or amended requirements are then fully documented so that we have an agreed way of working that remains up to date. As we work closely with professional bodies, we help ensure that timely referrals are made and that relevant safeguarding information is

shared efficiently, effectively and securely.

Our information sharing arrangements mean that any risks are managed, issues are identified and dealt with and we maintain excellent working relations. This also means that we receive complete case information from these bodies promptly, which helps us to make our barring decisions quicker.

In 2015-16 we will undertake further work with those bodies that hold information relevant to our functions to improve data sharing and referral rates.

### **Safeguarding Organisations**

During 2014-15 we held 25 general 'duty to refer' events across the country and presented at 12 major safeguarding conferences. More than 1,000 professionals attended these events with 96% of them agreeing that they have a better understanding of the referral duty because of this.

We target safeguarding conferences which cover key audiences, in particular local authority safeguarding teams, NHS organisations and voluntary organisations. In the autumn, leveraging our strong relationship, NSPCC hosted a DBS awareness week on their Safe Network website. The Safe Network provides safeguarding information for small to medium voluntary and community organisations, which is a target sector for us.

Our involvement included webinars on both our barring and disclosure services, together with information on a different DBS theme each day of the awareness week. This collaborative exercise built upon child protection engagement activity we held jointly with NSPCC earlier in the year. We are developing new event partnerships and plans for 2015-16. This includes work with the voluntary and community sector and also with training providers for the education sector, including school governors, another target audience.

We have also undertaken work to provide NHS Trusts with information held by DBS of referrals numbers made by their individual Trusts over a set time period.

### **Registered Bodies**

RBs are used to communicate messages to applicants and they provide business intelligence to support our work on demand/volume planning.

RBs can operate as an Umbrella Body (UB), which means that they can submit checks on behalf of organisations that are not registered with us as an RB but who are recruiting to positions eligible for a Standard or Enhanced certificate. This could be because the organisation does not meet the 100 applications per year threshold, through choice, or uses the services of a UB. The UB does not need to be recruiting individuals to work in positions that are eligible for a DBS check; many UBs operate this service on a purely commercial basis.

We manage the RB network through an RB account management team whose focus is to support the RBs to effectively discharge accurate and timely applications. There

is still a large differential in terms of applications submitted by RBs, with the biggest 200 organisations accounting for 60% of application volume. The biggest three RBs each submit around 180,000 - 250,000 applications per year.

By working with RBs, we have increased our electronic applications volumes to 2.5 million in 2014-15 (62% of application volumes), this is done through the e-bulk service, which is currently the most efficient and effective application route. In January 2015, the proportion of e-bulk applications dealt with within 15 working days was 87%, compared with 80% of paper applications and this was by no means untypical. In addition, there are fewer data quality issues with e-bulk applications.

This year we removed 600 RBs and 1000 countersignatories from our RB register who did not meet the application submission threshold criteria.

The reduction in the network enables us to improve the accuracy of certificates for applicants and employers by:

- improving the quality of data capture, as those not using the service regularly are unfamiliar with the processes to follow;
- increasing the proportion of RBs that use the e-Bulk service;
- communicating more effectively to a smaller RB network; and
- increasing compliance activity across RB network.

RBs must adhere to the Conditions of Registration set out in regulations made under the Police Act 1997, as supported by the statutory Code of Practice.

### **Commercial partners**

The Tata Consultancy Service (TCS) contract was fully operational at the start of the financial year; TCS took over the service provision from Capita and CGI Logica on 12 March 2014, providing application development and management and business process outsourcing (BPO) services. Service delivery has improved throughout the year and TCS are in the process of developing a modernised solution to deliver increased benefits to DBS and our stakeholders.

Hewlett Packard Enterprise Services (HPES) was awarded a contract on 29 August 2014 to provide hosting services upon which the modernised TCS solution will sit. HPES is working with TCS towards implementation of the new service in accordance with an agreed plan.

Interserve now provides a facilities management service to DBS. This is provided via a Home Office Property Group (HOPG) framework.

## **CHALLENGES WE HAVE FACED**

### **Legal Challenges**

SVGA makes provision for a person included in one of our barred lists to appeal that decision to the Upper Tribunal. In 2014-15, we received 15 applications from individuals for permission to appeal to the Tribunal against our decisions although these 15 applications were made not all will have been heard by the Tribunal this reporting period. Given the effect of a decision to include a person within a list is to bar the person from working with children and/or vulnerable individuals; it is to be expected that DBS will continue to experience appeals against its decisions. Judgments of the Upper Tribunal have helpfully provided guidance and clarity to support continued improvements to barring functions. There has been a significant reduction in the number of appeals lodged with the Upper Tribunal.

### **Disclosure Certificate Delays**

Following commencement of the new contract with TCS, the disclosure function began to experience delays with the scanning of paper application forms. Whilst we were able to raise the issues early with Swiss Post Services (SPS) management, the 3rd party supplier to TCS, and despite their prompt response, we were unable to control the impact of processing times of certificates for some individuals. These delays related to paper application forms only, which account for a significantly smaller proportion than electronic forms. This issue is now resolved and is covered further under Data Management below.

However, a few PDUs, including those in a small number of larger forces, have experienced delays. The vast majority of forces are working to their targets. Delays at police forces continue to be one of the main reasons for customer complaints. We are working closely with senior levels within each relevant force, and have jointly been more challenging in terms of performance developing recovery plans. One force established a Gold Command, which is proving effective and we have recommended this approach to other forces experiencing similar backlogs. DBS has welcomed the positive responses from forces, this has manifested itself in significant improvements in the reduction of work in progress and aged cases which improves customer service.

### **Data Management**

We have had to manage specific data management issues arising from scanner issues at a commercial provider of TCS whereby applicant details on an optical character reader (scanner) were misread. The impact of this was a number of certificates being sent to incorrect addresses. The issue was identified quickly and mitigation action and system changes were implemented immediately, including significantly increased levels of quality assurance checking. All customers have been given a new certificate. We have referred the case/s to the Information Commissioner's Office (ICO).

## **Changes to Release 1 Infrastructure**

After the successful transfer from our third party supplier (Capita to TCS), which was known as Release 0, we have been working hard towards Release 1 (R1). The R1 project is a major IT project which will bring huge benefits to our customers. It includes the introduction of a new web portal for customers to use and will improve the systems for both our disclosure and barring operations to make them more efficient. It will ensure that we remain a Government Digital Champion, reduce the amount of paper we use, speed-up our processes and decision-making, and improve processes for stakeholders.

We had originally planned to deliver R1 in 2015 but have rescheduled the delivery date to 2016. This was because of technical challenges which made it necessary to switch infrastructure hosting provider and make other changes to our delivery plans. We are now on track to deliver the R1 solution in 2016.

## SUSTAINABILITY REPORT

### Introduction

Sustainability means making the necessary decisions now to realise our vision of stimulating economic growth and tackling the deficit, maximising wellbeing and protecting and enhancing our environment, without negatively impacting on the ability of future generations to do the same.

### Mainstreaming the policy contribution to sustainability

We make a valuable contribution to social and economic sustainability in our work. It helps employers make safer recruitment decisions and prevent unsuitable people from working with vulnerable groups, including children. It supports economic growth by helping to create a safe and flexible labour market.

The DBS priorities are to:

- Comply with legal, regulatory and other requirements.
- Manage the carbon dioxide equivalent (CO<sub>2</sub>e) emissions from its building energy use and official travel.
- Manage water use and waste responsibly on its estate.
- Purchase goods and services that meet government standards while continuing to ensure value for money.
- Actively encourage our suppliers and staff to support these aims.
- Strive to make sustainability integral to decision making processes.
- Continue to align with government procurement best practice and aspirations. Taking a lead from HOPG/Ministry of Justice and Procurement Centre of Excellence in consideration of all matters contractual and in procurement.

### Initiatives and areas for improvement

In 2014-15 initiatives included:

- One of the main principles of the DBS is 'Digital by Default' and these channels are used for work wherever possible, reducing mail, travel and resources.
- The formation of the DBS Wellbeing group, with representatives from all business areas.
- Various recycling points around our two buildings: food waste, cans, paper, plastics, and batteries.

- Use of two purpose built Video-Conferencing suites, to reduce travel, whilst investigating use of portable Video-Conferencing units via Procurement Of Information Systems Effectively (POISE) laptops.
- Shredding and recycling of all paper waste takes place on both the Darlington and Liverpool sites through approved and accredited suppliers.
- Senior managers have their own telephone-conferencing dial-in functionality to reduce travel.
- Alignment with Home Office policy on sustainable procurement.

### **Governance arrangements**

Sustainability activity in the DBS is undertaken within the DBS Facilities teams. Support is available from the HO Sustainability team who manages a virtual Sustainability Implementation Group, which comprises members from HO business units, functional teams and arms-lengths bodies.

As a NFPC, we fall outside the Home Office Annual Report and Accounts and the cross government environmental targets known as the Greening Government Commitments (GGC). We will however continue to shadow GGC.

### **Stakeholders**

Our principal sustainability stakeholders are the public, Ministers, Chief Executive, our staff and suppliers. Stakeholders can play an important part in identifying key priorities and enhancing the value of our activities. Our governance, business planning and reporting arrangements help to ensure staff can input to, and provide feedback on, our activities.

## Summary of annual progress

Activity	Metric	2012-13	2013-14	2014-15
<b>Greenhouse gas emissions</b>	Amount (tonnes CO <sub>2</sub> e)	2,688	2,685	2,305
<b>Building energy (1)</b>	Amount (tonnes CO <sub>2</sub> e)	2,616	2,562	2,217
	Amount (kWh)	8,580,202	8,647,019	6,003,280
	Expenditure (£)	520,390	530,497	543,446
<b>Travel</b>	Amount (tonnes CO <sub>2</sub> e)	72	123	88
	Expenditure (£)	271,194	237,437	264,107
<b>Domestic flights</b>	Amount (number)	113	162	100
<b>Office waste (2)</b>	Amount (tonnes)	76	35	66
	Expenditure (£)	6,560	6560	Not available
	% recycled by weight	70%	71%	45%
<b>Water (2 +3)</b>	Amount (m <sup>3</sup> )	7,951	5,916	7,388
	Expenditure (£)	15,685	9,084	25,307
<b>Paper (A4 equivalent) (4)</b>	Amount (reams)	565	5,360	4,900
	Expenditure (£)	1436	12,068	10,743

(1) Based on 6 months data for 2013-14

(2) Source 2013-14 Annual Report and is for the Liverpool site only.

(3) Based on 5 months data for 2014-15.

(4) Source 2013-14 Annual Report for 2012-13, for Liverpool only following the creation Of DBS in December 2012.

## Building Data

From 1 April 2014 new arrangements commenced to manage the DBS estate in-house. This has resulted in improved data. The data includes former HO bodies CRB and ISA. Building data used in this report comes from our sites in Liverpool and Darlington. We have restated some figures from last year to take account of improvements in data quality. All data is UK only. Building energy, water and waste data for Stephenson House (Darlington) is based on 2014-15 data.

The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business.<sup>4</sup>

## Sustainable Procurement

We work with suppliers to promote sustainable procurement as part of a Corporate and Social Responsibility (CSR). This includes SMEs and the diversity agenda. We promote the mandated Government Buying Standards<sup>5</sup> and consider CSR factors in

<sup>4</sup> <https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses>

<sup>5</sup> <http://sd.defra.gov.uk/advice/public/buying>

investment decisions where they are relevant to the contract. CSR factors are incorporated throughout the procurement cycle from pre-qualification through to contract award to ensure value for money is optimised.

The information gathered on the supply chain through CAESER (an online self assessment for suppliers to assess their commitment to sustainability) is reported to us on an annual basis to enable us to obtain an overview of our suppliers' performance in relation to sustainability. This is used to inform contract management discussions and business decisions, manage supply chain risks and drive improved outcomes.



**Adrienne Kelbie**  
Accounting Officer  
8 July 2015

## **DIRECTORS' REPORT**

### **OUR RESOURCES**

#### **Funding**

DBS is a self-funding PNFC, operating on a full cost-recovery basis, and is dependent upon the volumes of applications for certificates and Update Service subscriptions received each year to generate the required level of income, based on the level of fee set by the government. There are different levels of fee for Standard and Enhanced criminal records checks. Fees for both certificate levels and the Update Service allow volunteer applications to be processed free of charge. The fee income generated from Enhanced certificates also funds the barring functions of DBS.

DBS is expected to make neither a surplus nor a loss. Effective cost controls are critical elements of our business planning. We can only set budgets on an in-year basis, with limited ability until now to carry forward into future financial years or plan financially on a multi-year basis due to the development of the Full Business Case. Intelligence on service volumes can be very volatile but we do however have a very mature demand/volume planning function, supported by a strong finance function. This allows us to plan demand volume effectively and has supported holding the fee for disclosure certificates, absorbing inflation.

As a PNFC, income received by DBS in relation to certificates and Update Service subscriptions is deposited into the DBS TCS bank daily and transferred to the DBS bank account on a monthly basis. The fee levels throughout the period of this report were £26 for Standard certificates, £44 for Enhanced certificates and £13 for Update Service subscriptions.

#### **2014-15 Year End Position**

The end of year position for DBS resulted in £8.1m net income. This was not originally planned and was a result of increased revenues and the delay in the R1 implementation.

#### **2014-15 Expenditure**

The expenditure for 2014-15 was split into five categories as shown in the Accounts: our private sector partner TCS (£51.9 million); police and other data source costs (£28.2 million); staff costs (£27.7 million); amortisation / depreciation (£9.9 million) and other costs (£19.7 million).

Due to the change in suppliers from Capita to TCS, contractual requirements changed. This meant DBS became directly responsible for facilities management charges including rental costs for both operating sites. This resulted in a significant classification change from PFI Service Charges to facilities management.

There has been additional expenditure of £5m in the year for IT related costs for system integration, programme assurance and support for R1 which is expected to go live in 2015-16.

As a PNFC DBS is required to generate a return on investment and pay the HO in the form of a dividend. The amount of £518k has been agreed for 2014-15 and has been accrued in the accounts.

### **Cash balances**

DBS has bank accounts with the Royal Bank of Scotland and Citibank, who provide services under the Government Banking Service. The cash balance at 31 March 2015 was £44 million. Of this amount £15.3 million was reimbursed to HO in April 2015 for invoices they paid in March 2015 on behalf of DBS. This is included within the payables section of the accounts.

### **Capital expenditure**

During 2014-15, capital additions amounted to £11.1 million. This relates mainly to the development of the IT system being developed by TCS and licenses to support the system.

### **Assets**

As at 31 March 2015, DBS held non-current assets (net book value) of £37.4 million. Of this amount, £36.1 million related to intangible assets, mainly for development of a customer relationship management database through the Private Finance Initiative (PFI) arrangement.

### **Staff**

During 2014-15, DBS employed an average of 726 full time equivalent staff (excluding contractors); representing a total salary cost of £25.2 million. DBS follows HO and Civil Service policies for the fair and open recruitment of staff.

## **PERFORMANCE**

We have strengthened our performance management processes over the last year to support achievement of the priorities within our Strategic Plan. Through the development of an enhanced balanced scorecard, improved reporting to SMT and the Board and the introduction of Directorate Operating Plans and quarterly performance clinics, we have enhanced our focus on planning and performance improvement within DBS.

Following development with SMT we agreed a new Business Plan for 2014-15 which set out our priorities and targets for service delivery and improvement to support delivery of the Strategic Plan. The Business Plan included the key programmes and actions with milestones set across a number of priority areas with focuses on our customers, our services, and our capability.

These reflect our ambitions to develop our own capabilities, expand our functions for government, strengthening our relationships with key partners and to continue to enhance our focus on our customers and transform our operations. Our priority will however always be the effective delivery of our functions.

Our business plan was ambitious, and in the milestones we delivered we made some significant achievements both for our customers and for our organisation.

The review of the collation, storage and retrieval of barring data resulted in a data management action plan being implemented which has strengthened information governance within DBS; our plans for a customer service excellence accreditation in 2015-16 are on track with progress on customer insight work and positive results from external satisfaction surveys and the launching of a customer service excellence staff engagement programme. We have maintained ISO accreditation for disclosure operations and achieved accreditation for barring operations.

Whilst we were not able to achieve all our business plan milestones, we are using the lessons learnt from 2014-15 to improve our performance in 2015-16 and ensure further progress can be made across our key priorities. A number of our milestones could not be completed during 2014-15 and have been deferred into our plan for 2015-16. The change in R1 implementation timing means our ambitions to modernise our services are now scheduled for completion during 2015-16.

Our Fraud function has again been effective during the year and we have identified 2,666 fraudulent applications in our first two years of operation, 442 of those resulting in police investigations and assisted the police in prosecuting 23 barred individuals who attempted to seek work with children or the vulnerable.

## **Barring Performance**

We continued to build upon last year's implementation of considering criminality information released on an Enhanced criminal record certificate for inclusion of an individual on a barred list(s). These cases would previously have been subject to an employer's discretion to refer an individual to us, based on the content of the Enhanced certificate.

At the end of March 2015, there were 57,132 individuals included in one or both of the barred lists; 2,848 individuals were added to the barred lists in 2014-15. These individuals are prevented from gaining a role in regulated activity. If they attempt to do so, effective action is taken by DBS who provide evidence packs to police for their investigation (under Section 7 of the Safeguarding Vulnerable Groups Act 2006).

To ensure the safeguard of a bar is implemented as quickly as possible, and individuals who are referred to us have their case promptly resolved, we have strengthened our case management. During 2014-15 we exceeded all of our time and quality targets (see Key Performance Indicator Table). For referral cases the time taken to consider cases has remained at a similar level to 2013-14, with cases taking an average of 54 working days to complete.

In total, we received 6,531 discretionary referrals, 24,404 potential automatic barring

cases and 483,983 referrals of information released on Enhanced criminal record certificates.

During the year, a number of individuals attempted to access children or vulnerable groups through employment or other positions. These included those who applied for work in regulated activity, despite knowingly being barred and organisations who recruited individuals despite knowing that an individual was included in a barred list. In 2014-15, DBS submitted 85 evidence packs to the police relating to possible breach of bar offences. In the same period there were 32 successful breach of bar prosecutions. 18 resulted in a conviction and 14 resulted in a caution. There were also 3 additional verbal warnings issued.

The quality of our barring decisions is paramount and this relies heavily on the skills of our staff and robust quality processes. We have continued to invest heavily in our staff by providing corporate inductions and extensive training for 59 new employees. This covered a diverse range of topics from the role of the DBS in the wider context of safeguarding to specific casework related programmes on the identification and definition of harm within our decision making processes. We have continued to offer a variety of training modules for current staff to consolidate their existing knowledge. A number of staff members have also been trained in Root Cause Analysis to assist our ongoing commitment to ISO 9001 and the principles which underpin the effective operation of our Quality Management System.

In addition to formal training programmes, we have also provided a series of continuous professional development sessions for all staff working in barring operations. These provide opportunities for guest speakers from the safeguarding environment to enhance the knowledge of our staff. Recent topics have covered how the police investigate domestic abuse and guidance on assessing the risk of reoffending posed by sexual offenders (together with treatment strategies).

Working in collaboration with the police, we have undertaken a review of how barring operations gather information from local forces. An improved and streamlined process has been piloted with six forces. The results of this pilot will be used to inform changes to the information DBS provides to forces. During the pilot, the new process was found to speed up response times by allowing forces to carry out a more focused search of their information. The launch including the new system and training will be completed during autumn 2015.

## **Disclosure Performance**

During 2014-15 we issued 4,111,856 certificates (applications received will differ from applications issued due to timing differences), of which 20.2% were issued as free of charge to volunteers. Of the Enhanced criminal record applications received, 209,742 requested an early check of the adults barred list. We also processed 1,736 certificates for the US Embassy.

The average time taken to issue a DBS certificate from start to finish was 10.48 working days; this includes time with police forces if relevant.

In accordance with the 'delegation of function' to issue Basic certificates, Disclosure Scotland issued 1,067,745 Basic certificates for English and Welsh customers during 2014-15. The average turnaround time for issue was 5.8 days. They processed 92% of all disclosures within 14 days (against a target of 90% within 14 days).

## Update Service

The Update Service allows portability of certificates. The service is most suited to volunteers and individuals in peripatetic and/or low paid roles, where the cost of multiple certificates could be prohibitive. It also benefits those who may work for multiple employers, such as nurses, social workers, locum doctors or supply teachers.

The Update Service allows applicants to ask that a certificate is continually checked (updated) for new information, providing both employee and employer portability.

Update information confirms either:

- that there are no new convictions or cautions recorded on the PNC which were not included on the certificate presented, or
- that a new certificate should be requested as there *is* new information. In the case of Enhanced certificates, this will also be information denoting that there is no new:
  - local intelligence that would be considered relevant for inclusion on a certificate that was not included on the certificate presented; or
  - 'suitability information' (barred list information)

If new information is recorded, the system will advise the employer or recruiter to apply for a new certificate.

During 2014-15, 308,130 new subscribers joined the Update Service and 96,497 existing subscribers renewed their membership (75% of those who joined in 2013-14). At the end of March 2015, there were 391,158 live subscribers, a growth of 207% from 31 March 2014.

## 2014-15 Key Performance Indicators (KPIs)

Our Strategic Plan 2014-17 (incorporating the Corporate Plan 2014-15) identified seven key performance indicators which we used to measure the performance of DBS in 2014-15. These are aligned to our strategic objectives and reported and reviewed regularly by SMT and the Board and then published. We use these KPIs to drive improvement activities and to be transparent about the performance of the organisation.

In 2014-15 we achieved all our Key Performance Indicators (KPIs), with strong performance in timeliness within our operations functions where we were able to ensure 66.5% of all barring cases were closed in 63 days against a target of 65%.

For disclosures issued in 40 working days, we achieved 95.2% against a target of 88%.

### Key Performance Indicators for 2014-15

Dimension	Measure	Target	2014-15 Performance
Accuracy	Disclosure certificate accuracy	99.98%	99.99% (Achieved)
	Barring case accuracy	99.90%	100% (Achieved)
Timeliness	% of all barring cases closed in 63 working days	65%	66.5% (Achieved)
	% of all disclosures issued in 40 working days	88%	95.2% (Achieved)
Customer satisfaction	Are you satisfied with the service you receive from DBS?	Establish baseline	85.0% (baseline)
Public safety	Does the DBS make a difference to public safety by helping make effective employment decisions?	Establish baseline	89.0% (baseline)
Value for money	Performance against the plan – year on year comparison of unit costs for our key products	Establish baseline	Enhanced checks £42.21* Standard checks £21.46* Update Service Subscriptions £10.21*

\*See note 22 of the accounts for more details

We will introduce new KPIs and performance measures in 2015-16 once baselines have been established.

## PROGRESS & ACHIEVEMENTS

### Customer Service

Complaints have risen to an average of 386 per month in 2014-15, which represents a rise of 54% against 2013-14. A number of factors have contributed to this:

- the Update Service, Filtering, and Single Certificate being introduced at Q2 2013-14,
- the transition to a new service provider in March 2014, and
- delays at a small number of police forces.

However, the new complaints process implemented in January 2014 and the professional complaint management training and accreditation delivered to our customer relations managers has resulted in 99.5% resolved at first point of contact in 2014-15, compared with 92.7% in 2013-14.

We carried out our very first independent customer satisfaction survey of all our external customers during the year. We got responses from over 2,500 people, from every part of our operational service, right across barring and disclosure functions, including applications for certificates, employers, referring organisations and those who had been considered for barring. 85% of our customers are satisfied. They also highly regard our services and professionalism, with 94% saying we are professional, and 95% that we are polite. Importantly 89% think we provide a valuable service that makes a real difference to public safety, by helping customers make effective employment and other decisions.

A Case Management team was created in Customer Services at the start of Q3 of 2014-15. The team is dedicated to helping individuals professionally and sensitively deal with case applications and hardship escalation requests.

This year, a 'Driving Excellence in Customer Service' Forum has been introduced to use customer feedback from any source to identify and recommend business improvements to enhance the service we provide for our customers.

During the reporting period, we received 777 pieces of Parliamentary Correspondence, 99% of which was responded to within our 15 day target. We work closely with our colleagues in the Home Office to enable any DBS related issues, which are raised directly to the Home Office and Ministers, to be investigated and responded to as quickly and consistently as possible.

## **Quality**

The quality of our service provision will always remain a key principle in how we operate all our functions; this is quality of processes, decision making and the products that we issue. We use all reasonable endeavours to ensure that DBS works to high quality standards and we follow robust processes that embrace quality. DBS service quality is subject to regular internal audit review.

We do however recognise that we will in many instances, be reliant on the quality of the data sources that we access or the information we are provided with. This places an additional requirement on us to work closely with data owners and providers to ensure that the purpose and use of information is reflected in data management standards and processes.

We are dedicated to providing a service of the highest possible quality and accuracy. DBS service quality is subject to regular internal audit review and both elements of our operations hold certificates under the ISO 9001 Quality Management Standard. Our operations are also subject to internal checks for quality and accuracy at all stages of the process, and DBS has met its related targets for the year. We commissioned a review of our barring decision making process to provide for the

opportunity to enhance this pivotal function. We will consider the implementation of any recommendations of this review in 2015-16.

We are particularly aware of the responsibility we have to safeguard the personal data of individuals. All staff have been trained, or undertaken refresher training, in Information Management and we have reviewed our processes for Data and Information Management this year.

### **Delivery against Strategic Plan**

We issued and launched our three year strategic plan (2014-17) during 2014-15. We have over the past year made significant progress in developing our capabilities, identifying and scoping ideas for widening our activities and achieving our potential as the government's centre of excellence.

Fundamentally, our main priority has, and will always be to ensure that the disclosure and barring functions that we operate are effective and undertaken with every level of diligence. However, we have also spent a lot of time and committed resource over the past year to developing our relationship with TCS, as the incoming commercial IT supplier in March 2014, in developing a modernised IT solution that will significantly modernise our systems and processes and expand our business development ability.

We have been enhancing our capabilities to be an organisation that is able to effectively handle opportunities and challenge, and recognises the fact that what we deliver, how we deliver and who we deliver to requires us to be more agile and responsive to changing requirements; we recognise that we are a deliverer of government policy and recognise the need to respond and adapt to changes in government policy and priorities.

### **TRANSPARENCY**

We support the Government's Transparency Programme, which enables the public to hold politicians and public bodies to account. It aims to reduce the deficit and to deliver better value for money in public spending and to realise significant economic benefits by enabling businesses and non-profit organisations to build innovative applications and websites using public data. We follow the government's guidance on release of data in an open, non-proprietary standardised format via the Freedom of Information (FOI) Act and our Publication Scheme.

During the reporting period, we responded to 121 FOI requests, and responded to 92% of those within the 20 day target.

### **OTHER PUBLIC INTEREST INFORMATION**

#### **Health and Safety**

We are committed to maintaining the standards required by the Health and Safety at Work Act 1974 and the other United Kingdom and international regulations relating

to the health and safety of our employees and the public. The Health and Safety Forum meet on a quarterly basis and is supported by two Health and Safety sub groups (in Liverpool and Darlington) who meet every six weeks.

### **Sickness Absence Levels**

The average number of days per person recorded as sickness over the last 12 months was 10.66. Extensive efforts to reduce the average working days lost per employee continue across DBS.

Human Resources Advisors continue to provide support to managers to ensure correct and timely advice is taken to minimise sickness absence levels and to ensure managers provide support to impacted employees including prompt OHS referrals, provision of counselling and completion and progression of stress risk assessments. Long term sickness cases continue to be monitored and reviewed to ensure that they are being managed effectively. We have implemented a new absence policy underpinned by improved management training and absence levels continue to be monitored to assess the impact. Additionally, we have commissioned a new sub-group to consider practical ways we can reduce sickness absence levels which will be made up of staff representatives, HR and supported by PCS colleagues.

### **Spend on consultancy/temporary staff**

DBS has spent £2.4m on employing contractors carrying out senior roles within the organisation. All contractors have provided assurance that they comply with all the relevant tax and National Insurance (NI) obligations. The table below provides a breakdown of contractor resource for 2014-15 broken down by the time period that each individual resource was/has been in post.

<b>Duration</b>	<b>Count</b>
0-6 months	10
6 months - 1	11
1-2 years	10
<b>Total for 2014-15</b>	<b>31</b>

All of these contractors were paid more than £220 per day.

### **Payments to suppliers**

Following the original Late Payment of Commercial Debts (Interest) Act 1998, amended legislation – The Late Payment of Commercial Debts Regulations 2002 – came into force on 7 August 2002. This legislation provides all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been claimed by DBS creditors under this Act.

The Chancellor of the Exchequer announced in the 2010 Budget that government departments should aim to pay their suppliers within 5 days. The responsibility for paying DBS invoices belongs to Shared Services Connected Limited. We aim to pay all valid invoices within 5 days of receipt. We paid 94.61% of invoices within 5 working days in 2014-15 (2013-14 was 94.1%).

## **Equality and Diversity**

We are committed to embedding considerations of equality and diversity in all that we do. We have a legal and moral responsibility to ensure that everyone who comes into contact with us is treated fairly, with dignity and with respect for their personal circumstances.

We encourage a diverse workforce and aim to provide a working environment where all staff at all levels are valued and respected, and where discrimination, bullying, promotion of negative stereotyping and harassment are not tolerated.

As a public authority, in the course of developing policies and delivering services, we have statutory duties placed upon us under the Equality Act 2010 that state we must have due regard of the need to:

- Eliminate discrimination, harassment and victimisation
- Advance equality of opportunity
- Foster good relations

We expect all staff to assist in meeting these obligations and we have set up an Equality and Diversity Forum which is responsible for ensuring compliance with equality legislation and reviewing performance against the aims of the DBS Equality and Diversity Strategy.

To demonstrate our commitment to Equality and Diversity, our three year strategy has been designed to help us achieve our ambition of becoming a Centre of Excellence for suitability information, meet our legal obligations and respond to customer needs.

Our strategy aims to enable us to meet three key aims:-

- to meet our responsibilities under Equality Legislation
- to provide accessible products and services
- to create an inclusive working environment

We want our workforce to reflect the diversity of our customers and we want to develop and use the collective experience of that diverse workforce to deliver a high quality service. Disabled staff are employed across all grades and locations. We operate the Guaranteed Interview Scheme and have an established team, dedicated to ensuring reasonable adjustments.

The tables overleaf detail diversity data of staff, excluding Non-Executive Board

Members with the final table detailing the breakdown by gender of staff and Non-Executive Board Members.

### Diversity Data 2014-15

<b>Ethnicity</b>	<b>Number</b>	<b>%</b>
White	749	92.6%
Minority Ethnic	23	2.8%
Unknown/Undeclared	37	4.5%

Ethnicity declaration rate – 2.98%

<b>Religion</b>	<b>Number</b>	<b>%</b>
Christian	483	59.7%
Other religious belief	44	5.4%
No religion	201	24.8%
Unknown/Undeclared	81	10.0%

Religion declaration rate – 9.9% (i.e. proportion that have told us)

<b>Disability</b>	<b>Number</b>	<b>%</b>
Non disabled	721	89.1%
Disabled	52	6.4%
Unknown/Undeclared	36	4.4%

Disability rate – 6.73% (based on those that have declared their disability status)

<b>Sexual Orientation</b>	<b>Number</b>	<b>%</b>
Heterosexual	728	90.0%
LGB	12	1.5%
Unknown/Undeclared	69	8.5%

Sexual orientation declaration rate – 91.47% (i.e. proportion that have told us)

<b>Age</b>	<b>Number</b>	<b>%</b>
16-29	89	11.0%
30-39	256	31.6%
40-49	257	31.8%
50-59	166	20.5%
60-64	32	4.0%
65+ –	9	1.1%

Working Pattern	Number	%
Full Time	593	73.3%
Part Time	216	26.7%

Gender breakdown 2014-15	Female	Male	Total
Non Executive Directors	3	4	7
Senior Officials	3	2	5
Employees	463	341	804
<b>Total</b>	<b>469</b>	<b>347</b>	<b>816</b>

### Employee Involvement

We regularly update staff on business plans, results achieved, any changes in our operating processes and development opportunities. This ensures our staff are aware of any changes to the service that we are delivering and that they understand the impact for both themselves and for our customers. We adopted a bottom-up approach to our business planning activity this year and this provided an excellent opportunity for our staff to directly engage in corporate planning, which resulted in very positive engagement and feedback.

We have implemented a number of 'call to action' groups which have provided staff with the opportunity to get involved in proposing initiatives and finding solutions to corporate issues. These have worked very well in terms of staff engagement as well as providing opportunities for staff development.

The DBS Board also welcomes observers to the Board and SMT meetings from within the organisation. This allows staff members to see the work of the Board and SMT, how they operate and how they consider and make decisions. The feedback from all those who have attended to date is extremely positive, generating greater engagement, contribution and ownership in subsequent projects and action groups.

In addition, a significant step change has been achieved in the relationship between Management and PCS union. This new positive approach has been underpinned by a DBS Employee Relations (ER) Strategy and Framework which has employee engagement at its centre. We have also introduced an ER charter and a 'Working Together agreement' which clearly set out the responsibilities and behaviours required from all managers and PCS representatives.

The Joint Consultation and Negotiation Committee (JCNC) continues to provide a forum for DBS and the trade union to meet regularly to discuss business and people related issues of importance and/or concerns. In view of the scale of business change, the meetings currently take place bi-monthly and have been extremely productive to date.

A comprehensive Staff Survey is planned for September 2015 to follow up on the two undertaken in 2014. Subject to consultation, our intention is that future staff surveys will be launched on a joint platform with PCS, with both parties committed to improving business operations and employee wellbeing.

### **Conflict of Interests**

Details of any significant interests held by Board members are maintained in a Register of Interests, held by the Secretariat. Where decisions are taken which could reasonably be seen as giving rise to a conflict of interest, Board members are required to declare the relevant interests and, where appropriate, withdraw from participating in the decision making process. During the reporting period, no conflicts of interest were declared by DBS Board members.

### **Audit Fees**

These financial statements have been prepared in accordance with PoFA 2012 and are subject to audit by the Comptroller and Auditor General. The audit fee for this reporting period for DBS was £95,000. No remuneration was paid to the National Audit Office (NAO) for non-audit work.

### **Provision of Information to Auditors**

As far as I am aware, there is no relevant audit information of which the auditors are not aware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of such information.



**Adrienne Kelbie**  
Accounting Officer  
8 July 2015

## REMUNERATION REPORT

The Remuneration and Nominations Committee is a committee of the DBS Board and as such reports into the Board. Details of its membership are set out on page 51 of this report. The Board has delegated to the Remuneration Committee the determination of the remuneration packages and other employment benefits of all employees and senior managers up to the Chief Executive.

In setting remuneration, DBS works within HM Treasury guidelines for public sector pay. Remuneration packages for DBS employees are set using a benchmarking process to define comparable packages for the DBS's geographical areas of operation, and to recognise any specialist skills required for each position. The remuneration packages offered by DBS are designed to attract, retain and motivate senior managers and employees.

DBS has a grading structure with salary ranges for each grade. All new positions are graded using job evaluation to ensure that different roles are positioned fairly within the grading structure. An employee's base pay is determined with reference to the relevant salary scale for their job and their individual performance in the preceding review period.

The following sections of the remuneration report provide details of the remuneration policy, service contracts, salary and pension entitlements of the DBS senior officials and Non-Executive Board Members.

The contents of the remuneration tables are subject to audit.

### Remuneration Policy

The DBS Chair, Non-Executive Board Members, and Chief Executive were appointed by the Secretary of State in accordance with the code of practice for public appointments issued by the Commissioner for Public Appointments. Remuneration and allowances for the Chair and each of the Board Members were determined by the Secretary of State.

Any increase in the Chief Executive's salary will be considered by the DBS Remuneration and Nominations Committee, followed by a submission for approval by the DBS Sponsor Team in the Efficiency and Resources Unit (ERU) of the HO. At meetings of the Committee where the Chief Executive's pay will be considered, the Chief Executive will be required to declare a pecuniary interest and withdraw from the meeting.

The determination of the remuneration packages of other senior officials and other employment benefits are also considered by the Remuneration and Nominations Committee.

### Service Contracts

Appointments are made in accordance with the Civil Service Commissioners' recruitment code, which requires appointments to be made on merit on the basis of

open and fair competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which were open-ended. Early termination, other than for misconduct, would result in the person being eligible for consideration of receipt of an amount of compensation as set out in the Civil Service Compensation Scheme.

Bill Griffiths, the DBS Chair, was appointed on 1 December 2012 for a period of five years. Other Board Members have been appointed for a period of three years.

The Chief Executive was appointed on 6 August 2012 for a statutory term of five years, to commence 1 December 2012, (under para 4 (2) of schedule 8 of the Protection of Freedoms Act 2012).

### **Bonuses**

The Terms of Appointment for the Chair, Chief Executive and Non-Executive Board Members do not include the payment of bonuses. During 2014-15 one Board Member received a Reward and Recognition Bonus.

### **Salaries, emoluments and pension entitlements of the Board**

The following sections provide details of the remuneration of the senior officials and Non executive Board Members of the DBS.

Senior Officials	Salary (£'000)		Benefits in Kind (to nearest £100)		Bonus Payments (£'000)		Pension benefits (£'000)		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Adrienne Kelbie (3) <i>Chief Executive</i>	125 - 130	120-125	0	5,400	0	0	31	28	155- 160	155-160
Adele Downey (4) <i>Director for Corporate Services</i>	80 - 85	80-85	0	4,200	0	0	18	78	95 - 100	160-165
Sue Quigley (5) left June 2014 <i>Director for Operations Disclosure</i>	40 - 45 (80-85)	65-70 (80-85)	0	600	4	0	15	26	60 – 65	90-95
Janet Gauld (6) <i>Director for Operations Barring</i>	75 - 80	75-80	100	11,500	0	0	30	33	105– 110	120-125
Jane Clayson (7) left Sept 2014 <i>Director for Change</i>	80 - 85 (75-80)	30-35 (75-80)	0	5,200	0	0	13	13	95 – 100	50-55
Ian Johnston, joined May 2014 <i>Director for Operations Disclosure</i>	70 - 75 (80-85)	N/a	0	N/a	0	N/a	27	N/a	95 – 100	N/a
Paul Whiting, joined August 2014 <i>Director for Finance</i>	60 - 65 (100-105)	N/a	0	N/a	0	N/a	24	N/a	85 - 90	N/a

(1) From 1 April 2014 Board members worked from single site rather than dual places of working resulting in no payments being treated as Benefits in Kind for travel to sites other than their base.

(2) The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). A change in personal circumstances may lead to a negative in year pension benefit being reported. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

(3) In addition to the salary stated above Adrienne Kelbie was paid £3,005 for unused annual leave during 2013/14.

(4) Adele Downey salary was increased from 1 July 2013.

(5) Sue Quigley had a salary increase from 1 July 2013 and a delayed salary payment in January 2014. An unused Annual Leave payment of £6,171 was made during 2014-15.

(6) Janet Gauld was appointed as a Board member on 30 May 2013.

(7) Jane Clayson was appointed in October 2013 and left in September 2014. In addition to salary, a payment in lieu of notice and annual leave payment of £23,972 was made.

Non Executives (1)	Single total figure of remuneration						
	Fees (£'000)		Benefits in Kind (to the nearest £100)		Total (£'000)		
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	
Bill Griffiths, Chair	40 - 45	40 - 45	1,200	6,900	45 - 50	50 - 55	
Richard G Black, Left July 2014	0 - 5 (10 - 15)	15 - 20	1,700	6,000	05 - 10	20 - 25	
David Clarke	10 - 15	10 - 15	700	500	10 - 15	10 - 15	
Tom Davies	10 - 15	15 - 20	4,700	7,400	15 - 20	20 - 25	
Donald Findlater, Left November 2013	N/a	10 - 15	N/a	3,200	N/a	15 - 20	
Bernard Herdan	10 - 15	10 - 15	2,600	6,100	10 - 15	15 - 20	
Mehmuda Mian, Left November 2013	N/a	10 - 15	N/a	1,600	N/a	10 - 15	
Caroline Tapster	10 - 15	10 - 15	4,500	5,000	15 - 20	15 - 20	
Catherine Doran, Joined March 2015	0 - 5 (10 - 15)	N/a	1,000	N/a	0 - 5	N/a	
Kath Tunstall, Joined March 2015	0 - 5 (10 - 15)	N/a	400	N/a	0 - 5	N/a	

(1) Non executives do not receive any pension benefits.

## Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The median represents the remuneration of that staff member that lies in the middle of the linear distribution of the total staff, excluding the highest paid director.

The banded remuneration of the highest-paid director in DBS in the financial year 2014-15 was £125k- 130k (2013-14, £120k-125k (full year figure). This was 5.60 times (2013-14, 5.23) the median remuneration of the workforce, which was £22,770 (2013-14, £23,441).

In 2014-15, no employees (2012-13, nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £10,000 - £15,000 to £125,000 - £130,000 (In 2013-14 the range was £10,000-15,000 to £120,000-125,000)

<b>Pay Multiples</b>	<b>Year ending 31 March 2015 Salary</b>	<b>Year ending 31 March 2014 Salary</b>
Highest Paid Director's Total Remuneration £('000)	125 - 130	120 - 125
Median Paid Employees Total Remuneration £	22,770	23,441
Ratio	5.60	5.23

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Board Members Expenses

Board Members' total expenses for year ending 31 March 2015 amounted to £63k. Expenses were paid in accordance with Home Office Policy.

## Salary

In this section, 'salary' includes gross salary, overtime, recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the DBS and thus recorded in these accounts.

## Benefits in Kind

Senior Officials and Non Executive Directors place of work was classified as single site at either Stephenson House or Shannon Court from the 1 April 2014 which

reduced their Benefits in Kind payments. The benefits in kind for Board Member expenses amounted to £21k for the year ending 31 March 2015, £34k for 2013/14.

The monetary value of benefits in kind covered any benefits provided by the DBS and treated by HM Revenue and Customs as a taxable emolument. Benefits reported are calculated as the taxable value. Any benefits in kind attributed to DBS Board Members are in relation to travel, accommodation and subsistence costs for board meetings, case committees and other meetings pertinent to DBS operations, at Stephenson House in Darlington and Shannon Court in Liverpool

### Payments to Third Parties

During the period of the accounts no payments were made to third parties for the services of Board Members.

### Pension benefits

Senior Officials	Accrued pension at pension age as at 31/03/15 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/15 £'000	CETV at 31/03/14 £'000	Real increase in CETV £'000
<b>Adrienne Kelbie</b> <i>Chief Executive</i>	5 - 10	0 - 2.5	70	42	15
<b>Adele Downey</b> <i>Director for Corporate Services</i>	35 - 40	0 - 2.5	576	535	12
<b>Sue Quigley, left June 2014</b> <i>Director for Operations Disclosure</i>	15 - 20	0 - 2.5	228	207	12
<b>Janet Gauld</b> <i>Director for Operations Barring</i>	30 - 35	0 - 2.5	378	342	13
<b>Jane Clayson, left Sept 2014</b> <i>Director for Change</i>	0 - 5	0 - 2.5	18	8	6
<b>Ian Johnston, joined May 2014</b> <i>Director for Operations Disclosure</i>	0 - 5	0 - 2.5	20	0	14
<b>Paul Whiting, joined August 2014</b> <i>Director of Finance</i>	0 - 5	0 - 2.5	17	0	11

All senior officials with the exception of Adele Downey are members of the **nuvos** defined benefit scheme, Adele Downey is a member of the Premium scheme. All Non Executive Board Members including the Chair were employed on a part-time, non-pensionable basis

### Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements.

From 30 July 2007, civil servants may be in 1 of 4 defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set on a sliding scale dependent upon earnings; for classic this ranges from 1.5% to 3.9% and for premium, classic plus and nuvos this ranges from 3.5% to 5.9%. Increases to employee contributions applied from 1 April 2012. Further increases to contributions were effective from 1 April 2014. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years initial pension is payable on retirement.

For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 3 providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website: <http://www.civilservice.gov.uk/pensions>

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



**Adrienne Kelbie**  
Accounting Officer  
8 July 2015

## **GOVERNANCE STATEMENT**

As the Accounting Officer (AO) for DBS, I am responsible for maintaining a sound system of internal control that supports achievement of Home Office policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in HM Treasury Guidance 'Managing Public Money'.

The system of governance, internal control and risk management is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide high and not absolute assurance of effectiveness.

I confirm that I have reviewed the system of internal control in operation within my area of responsibility and along with Statements of Assurance from Directors, have made the following assessment to cover the 12-month period of 1 April 2014 – 31 March 2015.

### **Internal Controls and Governance**

On 31 July 2014, the Office for National Statistics issued a National Accounts Classification Decision which classifies DBS as a Public Non Financial Corporation effective from its creation on 1 December 2012. Subsequently, DBS was therefore not bound by the terms of the Corporate Governance Code for Departments. However our governance arrangements aim to reflect and follow the principles of good practice set out in the Code. We consider we have complied with that Code.

DBS is led by a Board, which is responsible for the strategic leadership of the organisation and comprises the DBS Chair and the appointed members.

Part of the governance arrangements applied throughout the reporting period, was an appropriate organisational structure to support delivery of strategic goals.

As Accounting Officer, I am satisfied that the risk management processes in place are adequate and that the delegation of strategic risks from the Board to the Audit and Risk Committee (ARC) is effective. Alongside this, the management of corporate risks by the Senior Management Team (SMT) and the Risk Improvement Forum (RIF) is adequate, as is our relationship with Home Office, to manage joint risks.

### **Risk Management**

#### **Board**

DBS built on last year's improvements. The Board led oversight of strategic risks. It owned the Corporate Risk Management Framework and defined the overall risk appetite for the organisation whilst monitoring the overall risk profile. The Board reviewed strategic risks at each meeting and undertook a refresh of the strategic risks on an annual basis to ensure they are linked to the strategic objectives for the new financial year, while SMT leads on corporate risks.

## **Audit and Risk Committee (ARC)**

In addition to considering the corporate risk register as a whole at its meetings, ARC gave more detailed scrutiny to all strategic/corporate risks and issues over the period. ARC selected these, based on the current internal/external environments, to enable the provision of detailed information for consideration. The Committee assured the Board that risks were escalated/de-escalated appropriately, mitigation was effective within promised timescales and that risks, where possible, were reduced to within the risk tolerance.

## **Senior Management Team (SMT)**

SMT spent significant time discussing and reviewing risk as a standard agenda item at regular meetings, and SMT agendas are largely focussed on risk. The profile of risk management has been raised amongst the management community, and the culture further embedded through the hierarchy of the organisation with all directorates reporting regularly to SMT on the management of risks within their area. These arrangements are supported by monthly meetings between the DBS Risk Manager and HO Sponsor Unit to ensure that DBS adequately manages the strategic risks reported within Home Office.

## **Risk Improvement Forum (RIF)**

The Director for Finance is accountable for effective operation of the Risk Improvement Forum (RIF) as a delegated function from SMT. As chair, he is supported by forum members who are representative Head of Services from each directorate. Together they scrutinise the risk environment at a more detailed level to ensure active risk management at all levels of the organisation.

## **Profile of Major Risks:**

The Chief Executive and Directors are accountable for identifying and managing major risks. Risk Management control and governance is overseen by ARC, through a forward plan of scrutiny of each strategic risk and issue.

At year end, there were four strategic issues and three strategic risks. Of the strategic issues, three attract a BRAG rating of red (high). There is one corporate issue and eight corporate risks with one risk reporting a BRAG rating of red (high) and three risks being reported as residual.

## **Major risks and issues managed during the reporting period:**

### **1. Capacity and capability**

This issue was noted in last year's statement, and escalated from a Corporate Risk to a Strategic Issue in May 2014. It relates to our ability to recruit the people we need into vacancies, to develop the skills we need, and to retain highly skilled individuals. DBS has worked with Home Office to secure specialist skills as required. We have also provided significant leadership and management development.

To strengthen programme management until the introduction of our new system, DBS has enlisted the support of IBM.

Our professional capability, especially in corporate service functions, continues to be strengthened through staff development and through bringing in new skill bases, where greater delivery focus and strategic approach is evident

## **2. Operational supply chain delivery**

### **TCS:**

Whilst system cutover from Capita to TCS was well delivered in March 2014, service and business transition suffered from teething problems. The Board has considered transitional challenges on a monthly basis and we have supported TCS to effectively manage operational risks and continue to improve delivery for customers and employers. Stronger management and governance has been required to support TCS to improve delivery for customers and employers. Call centre management and data entry has been significantly strengthened, and now meet required service levels.

Significant action has been taken to address this issue during the reporting period, and to achieve improved delivery. Nonetheless, performance targets were met.

### **Police:**

A small number of PDUs have regularly not met the required Service Level Agreement (SLA) performance measures for processing disclosure applications. Any delay, including delays in police forces, can have a significant impact for an individual who is awaiting a certificate for employment or other purposes. DBS has taken a more pro-active stance to escalating disclosure performance within forces, and welcomes the individual PDUs responses and the improvements made. Information on police disclosure performance is published via gov.uk.

## **3. Data assurance**

A data integrity issue arose in relation to barring figures, which were found to have been disclosed incorrectly in some responses to Freedom of Information requests. This arose because we became aware of a systems issue which meant some baseline data was extracted and summarised incorrectly.

We have undertaken full verification of data-sets for release under the Publication Scheme, and as a result, DBS now has a firm data set which will serve as a baseline for all future requests. Given the limitations of our legacy barring system, we also initiated a wider data assurance review, which ARC is overseeing.

#### **4. Modernisation of our IT and Business Processes (R1)**

Release 1 (R1) is a major IT-led business change project which will bring huge benefits to the service. We plan to introduce a customer web portal, to introduce improved management information capability, and to create a single, more efficient system for all operations.

R1 implementation has been delayed from an anticipated date of mid-2015 to late 2015-16, due in part to external changes imposed on the project, which will be of benefit in the longer term

As the HO appointed Senior Responsible Officer (SRO), I am the risk owner and chair of the director-level project board which is accountable for delivery of R1. The Board received an update at each Board meeting, and ARC scrutinised project risk management.

Project delivery confidence is Amber/Red due to outstanding technical and commercial risks. The rating has been validated by the Major Projects Authority (MPA) in the March Project Assessment Review follow up assessment. The R1 project is delivering to the plan of phased deployment in quarters three and four.

As SRO I met with TCS personnel at TCS sites on two occasions during the reporting period, and spent a significant amount of time with senior TCS representatives to improve delivery. The Director for Corporate Services, as SIRO, inspected the relevant TCS UK site and met with the TCS Head of Security and Risk to satisfy herself on security of information arrangements.

#### **Progress made against issues identified in the 2013-14 Governance Statement:**

The four key issues identified in the 2013-14 Governance Statement were:

##### **1. Release 0 (Service Transfer)**

This risk is closed as transfer from Capita to TCS was completed in March 2014.

##### **2. Development of capability and capacity**

As a long term matter, this remains an area of focus. In May 2014, this was escalated from a corporate risk to a strategic issue. It continues to relate to our ability at DBS to be able to recruit the best people into the right positions and to retain highly skilled individuals. Whilst this is still an issue for DBS in some IT technical posts, our position has significantly improved with the appointment of appropriately skilled and experienced people to key areas, such as finance, communications and HR.

### **3. Update Service, Single Certificate and Workforce changes**

The Update Service has been operating for over 18 months. The inherent security risks detailed in last year's Statement remain, until R1 introduction. Improvements will be made post-R1 to enhance the user experience, along with improved marketing to employers.

There has been no further specific disruption in service provision 2014-15 based on the Single Certificate or Workforce changes described in the 2013-14 Governance Statement.

The corporate risk was de-escalated to the Operations Directorate Risk Register for monitoring and review.

### **4. Filtering**

This risk is closed. Legislation to support filtering of cautions and convictions came into force in May 2013 as identified in the previous Governance Statement.

## **Security, Information Management and Assurance**

DBS is fully compliant with level 2 of the Information Management Maturity Model (One3M) and with level 3 in some areas. Information Asset Owner (IAO) and Records Advisor (RA) communities have been established across both sites along with one central asset register under Senior Information Risk Owner (SIRO) governance. All DBS staff received appropriate training on the new Government Secure Classification scheme and mandated e-learning has been launched. A data retention policy is in place and DBS currently aligns itself to central Home Office policy and guidance in relation to Knowledge Information Management (KIM).

DBS received a further undertaking from the Information Commissioner's Office (ICO) relating to question E55 on the Disclosure application form (a question asked in relation to the existence of convictions) in the light of the legislative changes and Supreme Court ruling. DBS complied with the request to cease to accept the old version of the application form by 31 December 2014.

DBS experienced an increase in data breaches which occurred during the uploading of hard copy application forms to the DBS system. Some fields on the form, including name and address were not correctly interpreted, causing certificates to be issued to incorrect addresses. Whilst it has taken time to resolve this, a range of measures have now been implemented by TCS to prevent this and performance is back to normal levels.

Information assurance arrangements are in place and continue to operate effectively as a result of policies, procedures and compliance activities.

### **Personal Data related incidents**

DBS deeply regrets any and all personal data-related breaches. This table

summarises any incidents that have occurred in 2014-15 which are referable to the Information Commissioners Office, categorised according to Cabinet Office requirements:

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
Certificates issued for the period 12 March 2014 - 31 March 2015	Applicant's addresses from Disclosure Application Forms scanned into the system incorrectly by the DBS third party provider.  This led to certificates being delivered to wrong addresses.	Applicants Names including other names, Address (although may have been incorrect), Date of Birth, Place of Birth, Gender.  Police Information - Police Records of Convictions, Cautions, Reprimands and Warnings and in some cases locally held intelligence.  Certificates are issued in an envelope that states only to be opened by addressee and provide return address.	171 applicants with certificates issued containing police information.	
Further action on risk	The DBS will continue to monitor and assess information risks, and focus on addressing any weaknesses. It remains a high priority to work with new suppliers to ensure they understand the impact of our work and data.			

Other incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within DBS are:

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	1*
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	4
V	Other	0
Total		5

\*This incident relates to an element of the incident as in the first table, but which is deemed non-referable.

## Quality of data used

The Board was satisfied with the quality of data presented to support their decisions, as detailed in the Annual Board Effectiveness Review completed in April 2014. All Board papers and information presented to the Board, and contained within papers, were scrutinised by the relevant SMT members before presentation to the Board.

As part of our Data Integrity review, we are enhancing the DBS Publication Scheme to include more sets of data on the website.

All areas of the business comply with the DBS Data Retention policy and regular reviews take place.

After one review it was identified that under legislative provisions, the ISA took receipt of barring case files between 2009 and 2012 from the Northern Ireland (NI) government relating to individuals who had been subject to barring consideration under previous barring regimes in NI. The management of these files were subject to a Memorandum of Understanding (MOU) which included terms not allowing DBS to destroy or alter files. DBS became aware that a number of the files transferred to the ISA were subject to file destruction under their data management policies.

DBS undertook a full reconciliation exercise, including reconciliation with NI records; all but two files were accounted for. The DBS reconciliation has been independently validated by Price Waterhouse Cooper (PwC) who were commissioned by the Chair. PwC has also been commissioned to undertake a second stage to consider the appropriateness of data retention policies and make recommendations accordingly. The Home Office has issued a written ministerial statement on this matter on the same date as the laying of this report.

## Internal Audit

Under the terms of the DBS Framework Document, Home Office Internal Audit (HIAU) provide an independent and objective internal audit service operating to public sector Internal Audit Standards.

The internal audit function provides independent assurance in respect of the DBS's governance, internal control and risk management framework. It also helps to ensure that I, as Accounting Officer, and ARC meet the internal audit related requirements of managing Public Money and the Audit Committee Handbook.

HIAU provided a 'Moderate Assurance' for 2014-15.

## Financial Management

Processes, controls, risk management and fraud prevention strategies delivered good financial management and appropriate levels of propriety, regularity and value for money.

Fees and budgets were agreed in advance for the financial year, taking into account forecast volumes and business planning objectives. Delegation and allocation were

effectively managed to ensure that DBS adhered to the principles of HM Treasury, 'Managing Public Money', through prompt monthly reporting of expenditure against agreed budgets.

The focus of the Finance team is changing to becoming more strategic with more emphasis on the five year business case and taking a long term view on fee setting and mitigation against potential vulnerabilities.

## **Governance**

### **DBS Board**

The Board operates under a Constitution<sup>6</sup> which sets out the governance arrangements for the Board and its committees, and in particular details the legislative framework for the Board.

The Board effectively guided DBS through major changes, such as oversight of system cutover and service transition to TCS, and the planning for R1. The Board also oversaw operational performance, including consideration of novel/contentious barring cases and various reviews that have been taking place during the reporting period. The Board met monthly, supported by four committees, each chaired by a non-executive board member. The Board is subject to an annual review, which took place in April and is detailed in the Constitution.

In May 2014, the Board commissioned an independent review of barring operations. The report was commissioned because the DBS Board deemed it appropriate to take stock of its practices and procedures, after the completion of the work launching the organisation. It was commissioned on a proactive basis, to seek continuous improvements and assist in the development of a relatively new organisation. The review was undertaken by Eleanor Grey QC, supported by two independent experts in the field of safeguarding. The final report will be delivered in 2015-16 and actions arising from the report be led by the executives.

The DBS Board Constitution was revised in the last quarter of 2014-15, including the terms of reference for the supporting committees. It was finalised and re-circulated in February 2015.

### **Board Members' attendance at meetings**

During the reporting period, the Board comprised a non-executive chair, five non-executive directors (one of whom left in August 2014) and four ex-officio members (Executive Directors).

Two new non-executive directors with specific expertise in safeguarding were recruited during the reporting period and were formally appointed in March 2015.

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<sup>6</sup> [www.gov.uk/government/publications/disclosure-and-barring-service-board-constitution](http://www.gov.uk/government/publications/disclosure-and-barring-service-board-constitution)

**Attendance 1 April 2014 – 31 March 2015**

Name	Role	DBS Board	ARC	F&P	Q&S	R&N
Bill Griffiths	Chair	11 (11)				7 (7)
Richard Black <i>Left DBS in July 2014</i>	Non-Executive Director	4 (4)			1 (1)	
David Clarke	Non-Executive Director	10*(11)	6 (6)	6 (6)		
Tom Davies	Non-Executive Director	11 (11)	6 (6)		6 (6)	
Bernard Herdan	Non-Executive Director	10*(11)	6 (6)	6 (6)		
Caroline Tapster	Non-Executive Director	11 (11)			6 (6)	7 (7)
Catherine Doran <i>Joined DBS as a non exec in March 2015</i>	Non-Executive Director	3 (1)	1 (1)	1 (1)	2 (1)	
Kath Tunstall <i>Joined DBS as a non exec in March 2015</i>	Non-Executive Director	3 (1)			1 (1)	2 (1)
Adrienne Kelbie	Chief Executive	9 (11)				
Adele Downey	Director for Corporate Services	10 (11)				
Janet Gauld	Director for Operations (Barring)	11 (11)				
Sue Quigley <i>Left DBS in June 2014</i>	Director for Operations (Disclosure)	3 (3)				
Ian Johnston <i>Joined DBS in May 2014</i>	Director for Operations (Disclosure)	10 (1)				
Paul Whiting <i>Joined DBS in August 2014</i>	Director for Finance	8 (1)		5 (5)		

NB: Figure shows how many meetings attended. Figures in brackets indicate the number of meetings where attendance was required as a Board member or member of a committee. Please note: Ian Johnston and Paul Whiting were appointed as Board members in March 2015, prior to this they were Board attendees.

- Catherine Doran and Kath Tunstall attended 2 Board meetings as designates prior to their formal appointments in March.
- With the exception of the Director for Finance and the F&P Committee, Exec Directors are not Committee members.

\* attended one Board meeting partially by phone

**Board Committees**

Four committees supported the Board under clear terms of reference (Annex A of the Constitution). The committees oversee the responsibilities of the Board on specific areas of DBS, providing advice and assistance where appropriate. At each Board meeting, the committee chair reported back to the Board on the most recent committee meeting and raised any relevant concerns or risks. The Chair of the Board had frequent discussions with committee chairs outside the formal Board meetings. Each committee produces and presents an annual report of the activities undertaken and a review of its own effectiveness.

- **Audit and Risk Committee:** provided independent advice on risk management, governance, audit and financial control. The committee reviewed the Corporate Risk Register at each meeting and scrutinised individual risks regularly. Decisions were made surrounding the escalation and de-escalation of risks from the Corporate Risk Register to the Home Office or down to Directorate level registers. The committee has responsibility for recommending final sign off of the Annual Report and Accounts and led on a significant piece of work; the Data Integrity Review. The committee met six times.
- **Finance and Performance Committee:** ensured overall integrity of the financial strategy, planning, monitoring and reporting framework. The committee scrutinised and validated financial reports in relation to the Corporate Plan and supported the executives in the development of accurate, relevant financial reports. The committee met six times.
- **Quality and Standards Committee:** provided assurance to the Board as to the quality and standards of operations, and provided advice on complex barring casework. It scrutinised performance against Public Service Standards as well as leading on the barring review on behalf of the Board. The Committee met six times.
- **Remuneration and Nominations Committee:** assisted the Board to discharge its responsibilities in relation to remuneration, pay and reward. The committee met seven times, and made decisions via correspondence.

## Compliance

DBS is established and defined under schedule 8 of PoFA. It can operate only within the legal parameters defined within the legislative framework: DBS holds no common law powers.

DBS has a specific Whistle Blowing Policy and Procedure of which all staff are aware. We encourage individuals to raise concerns about any alleged workplace fraud, misconduct or wrongdoing so they may be properly investigated. There were no whistle blowing events during the reporting period.

Our customer service team in Liverpool is subject to call recording. The procedures for staff handling such calls contain instructions to inform customers that calls are recorded. Darlington has no such facility. Corporate team extensions are not routinely recorded due to the nature of their business.

We publish Board member expenses on the Gov.uk website under the DBS Publication Scheme. Any spend over £25,000 is dealt with in line with Government's Transparency Programme. We maintain a register of gifts and hospitality offers and acceptances.

## Business Continuity Planning

DBS has worked with TCS to draw up a new Business Continuity Plan (BCP), which has been approved by the Director for Corporate Services. ARC regularly reviews

the approach to BCP.

TCS will carry out a bi-annual Disaster Recovery (DR) test of the IT systems infrastructure, with the testing schedule and outputs being reviewed by DBS.

In parallel to this, DBS and TCS have reviewed and tested the Business Continuity Plans (BCP) using a scripted disaster scenario. Lessons learned from this will be fed back into the BCP(s).

### **Programme and Project Management**

Due to concerns about the capability of our in-house Programme Management Office (PMO) I commissioned HIAU to undertake an independent review of the PMO in September 2014. In December 2014, HIAU provided 'low assurance' rating. Given some critical skills and experience gaps in the in-house team, I appointed an interim Head of Programme from IBM to work with our team to establish effective management controls and provide/arrange appropriate training. HIAU reported further to ARC in March 2015. This was a positive response to address their key findings, with significant progress made to increase our project and programme management capability. PMO has strengthened the quality of programme management controls and a Programme Board is managing new commissions and monitors the delivery of projects within the Programme.

The Release 1 project will deliver a new operational platform to unify and improve our operational services. Changes to infrastructure service requirements and the introduction of cloud hosting led to re-procurement and added supplier complexity and technical challenges, in turn delaying delivery.

To provide direct oversight and leadership, I absorbed project leadership accountabilities, appointed DBS Directors to key roles and engaged wider government support. In particular, the Home Office Transformation and Commercial Directorates have provided advice and support, based on other similar projects, and the Cabinet Office Major Projects Authority (MPA) and Crown Commercial Representatives have assisted us to strengthen project and supplier management. The project now has a revised implementation in spring 2016.

### **Overall Assessment**

I believe that the DBS has responded appropriately to risks and issues during this reporting period. The improved joint working with our Home Office colleagues has made a positive impact.



**Adrienne Kelbie**  
Accounting Officer  
8 July 2015

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Schedule 8 of PoFA, the Secretary of State has directed DBS to prepare for each financial year a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of DBS and of its income and expenditure, changes in equity and cash flows for the financial year.

In preparing the accounts, the AO was required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, 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 as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis

The Secretary of State has appointed the Chief Executive, Adrienne Kelbie, as AO of DBS. The responsibilities of an AO, including responsibility for the propriety and regularity of the public finances for which the AO is answerable, for keeping proper records and for safeguarding DBS's assets, are set out in 'Managing Public Money', published by HM Treasury.



**Adrienne Kelbie**  
Accounting Officer  
8 July 2015

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

I certify that I have audited the financial statements of the Disclosure and Barring Service for the year ended 31 March 2015 under the Protection of Freedoms Act 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Protection of Freedoms Act 2012. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Disclosure and Barring Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Disclosure and Barring Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Disclosure and Barring Service's affairs as at 31 March 2015 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Protection of Freedoms Act 2012 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Protection of Freedoms Act 2012; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

9 July 2015

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

**Statement of Comprehensive Net Expenditure**

for the year ended 31 March 2015

	Note	2014-15 £'000	2013-14 £'000
<b>Administration costs</b>			
Staff costs	3	8,824	7,567
Other administrative costs	4	7,588	4,294
Income	6	(16,412)	(11,856)
<b>Programme costs</b>			
Staff costs	3	18,857	16,757
Programme costs	5	102,556	109,680
Income	6	(129,535)	(124,071)
<b>Net operating (income) / cost</b>		<b>(8,122)</b>	<b>2,371</b>
Cost of Capital Dividend		518	-
<b>Net operating (income) / cost after dividend payment</b>		<b>(7,604)</b>	<b>2,371</b>
<b>Other comprehensive net expenditure</b>			
		2014-15 £'000	2013-14 £'000
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on revaluation of property, plant and equipment	7	(116)	(6)
Net (gain)/loss on revaluation of intangibles	8	(68)	26
<b>Total comprehensive net expenditure / (income)</b>		<b>(7,788)</b>	<b>2,391</b>

The notes on pages 61 to 92 form part of these accounts.

**Statement of Financial Position**

as at 31 March 2015

		<b>2014-15</b>	<b>2013-14</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Note</b>		
<b>Non-current assets:</b>			
Property, plant and equipment	7	1,266	1,712
Intangible assets	8	36,152	34,273
<b>Total non-current assets</b>		<b>37,418</b>	<b>35,985</b>
<b>Current assets:</b>			
Trade and other receivables	10	14,453	13,727
Cash and cash equivalents	11	43,934	23,015
<b>Total current assets</b>		<b>58,387</b>	<b>36,742</b>
<b>Total assets</b>		<b>95,805</b>	<b>72,727</b>
<b>Current liabilities:</b>			
Trade and other payables	12	(51,174)	(28,120)
Provisions < 1 year	13	(222)	(44)
<b>Total current liabilities</b>		<b>(51,396)</b>	<b>(28,164)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>44,409</b>	<b>44,563</b>
<b>Non-current liabilities:</b>			
Other payables	12	(3,223)	(11,135)
Provisions	13	(965)	(994)
<b>Total non-current liabilities</b>		<b>(4,188)</b>	<b>(12,129)</b>
<b>Assets less liabilities</b>		<b>40,221</b>	<b>32,434</b>
<b>Taxpayers' equity:</b>			
General fund		39,912	32,068
Revaluation reserve		309	366
<b>Total taxpayers' equity</b>		<b>40,221</b>	<b>32,434</b>

The financial statements on pages 57 to 60 were approved by the DBS Board on 25 June 2015

Approved by Adrienne Kelbie as Accounting Officer for the Disclosure and Barring Service

Signed: 

Date: 8/7/15

The notes on pages 61 to 92 form part of these accounts.

**Statement of Cash Flows**

for the year ended 31 March 2015

	Note	2014-15 £'000	Re-stated 2013-14 £'000
<b>Cash flows from operating activities</b>			
Net operating cost		8,122	(2,371)
Adjustments for non-cash transactions	4 & 5	9,678	13,075
(Increase)/decrease in trade and other receivables	10	(726)	8,945
<i>Less movements in receivables not passing through the Statement of Comprehensive Net Expenditure</i>	4 & 5	413	(28)
Increase/(decrease) in trade payables and other payables	12	15,142	9,517
<i>Add movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		3,129	(12,691)
Use of provisions	13	(51)	(176)
<b>Net cash inflow from operating activities</b>		<b>35,707</b>	<b>16,271</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(27)	(1,271)
Purchase of intangible assets		(95)	(7,606)
<b>Net cash outflow from investing activities</b>		<b>(122)</b>	<b>(8,877)</b>
<b>Cash flows from financing activities</b>			
Consolidated Fund Extra Receipts (CFER) paid (funding returned to Home Office)		(1)	(9)
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts (and other service concession contracts)		(14,665)	(511)
<b>Net financing</b>		<b>(14,666)</b>	<b>(520)</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>20,919</b>	<b>6,874</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	23,015	16,141
<b>Cash and cash equivalents at the end of the period</b>	11	43,934	23,015

The notes on pages 61 to 92 form part of these accounts.

**Statement of Changes in Equity**

for the year ended 31 March 2015

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 1 April 2013</b>		<b>33,757</b>	<b>1,077</b>	<b>34,834</b>
Comprehensive Net Expenditure for the year		(2,371)	-	(2,371)
CFERs payable to the Consolidated Fund		(9)	-	(9)
<b>Non-Cash Adjustments:</b>				
Net gain/(loss) on revaluation	7 & 8	-	(20)	(20)
<b>Movement in reserves:</b>				
Transfers between reserves		691	(691)	-
<b>Balance at 31 March 2014</b>		<b>32,068</b>	<b>366</b>	<b>32,434</b>
<b>Balance at 1 April 2014</b>		<b>32,068</b>	<b>366</b>	<b>32,434</b>
Comprehensive Net Expenditure for the year		7,604	-	7,604
Grant in Aid		-	-	-
CFERs payable to the Consolidated Fund		(1)	-	(1)
<b>Non-Cash Adjustments:</b>				
Net gain/(loss) on revaluation	7 & 8	-	184	184
<b>Movement in reserves:</b>				
Transfers between reserves		241	(241)	-
<b>Balance at 31 March 2015</b>		<b>39,912</b>	<b>309</b>	<b>40,221</b>

The notes on pages 61 to 92 form part of these accounts

## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of DBS for the purpose of giving a true and fair view has been selected. The particular policies adopted by the DBS for the financial year ended 31 March 2015 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

DBS operates in accordance with POFA.

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000).

#### 1.1 Accounting convention

The accounts have been prepared on an accruals basis under the historical cost convention, modified to account for the revaluation of property, plant, equipment and intangible assets.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis.

#### 1.3 Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements and assumptions that affect the amounts reported for assets and liabilities at the year ending 31 March 2015, and for amounts reported for income and expenses during the year.

In the process of applying DBS's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### *Re-lifing of assets*

Following the decision to delay the initial planned date of service delivery, this impacted the development of a modernised IT solution, DBS reviewed and revised the estimated remaining life of its non-current assets to reflect their extended use. As a result of this change in estimated life, £3,527k of costs relating to Intangible IT will move from this period into year ending 31 March 2016.

### *Impairment of assets*

DBS assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, if the asset is not held for the purpose of generating cash flows, value in use is assumed to be equal to the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential.

### *Leases*

DBS is the lessee of property. The classification of such leases as operating or finance lease requires DBS to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position (SOFP).

### *Service concession arrangements*

DBS is party to Private Finance Initiatives (PFI). The classification of such arrangements as service concession arrangements requires DBS to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the infrastructure.

### *Development costs*

Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed.

There were no key sources of estimation uncertainty.

## **1.4 Administration and Programme Expenditure**

The Statement of Comprehensive Net Expenditure (SOCNE) is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury and interpreted by the Home Office. Programme expenditure relates to the delivery of frontline services and programmes. Administration expenditure relates to policy and support activities. As DBS aim to achieve full cost recovery, income is allocated against administration costs and thereafter against programme costs.

## **1.5 Non-Current Assets**

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation.

Refurbishment works have been capitalised and written off over the remaining length of the lease agreement.

In line with the capitalisation policy, assets both tangible and intangible are individual items normally costing or valued at or above a threshold of £5,000, and with an expected life of more than one year.

An annual revaluation exercise has been conducted in accordance with appropriate Office of National Statistic indices and where a material revaluation is deemed necessary this has been taken to the revaluation reserve and/or SOCNE as appropriate.

Development expenditure has been recognised as an intangible asset in accordance with IAS 38 – Intangible Assets. All non-current assets being developed and not in operation at the year end were capitalised as an asset under construction. Until the asset is ready for use, no depreciation is recognised; however, once the asset is available for use, depreciation is charged with the asset being transferred to the relevant 'Non Current Asset' register immediately. DBS did not revalue assets under construction.

A review of assets was undertaken on 31 March 2015 to ensure that the purpose for which the asset was being constructed and its associated valuation was appropriate.

## **1.6 Depreciation & Amortisation**

Assets under construction are not depreciated until the asset is available for use. Non-current assets are depreciated or amortised on a straight-line basis over their estimated useful lives. The useful economic lives of non-current assets are reviewed annually. The current asset lives to be applied are:

- Furniture and Fittings – 5 to 10 years
- Leasehold improvements – to correspond with end of the lease
- Equipment – 5 to 10 years
- Information Technology – from date of recognition to end of useful economic life (3 to 13 years )
- Software Licenses – from date of recognition to end of useful economic life (3 to 10 years)

## **1.7 Research**

Payments will be charged to the SOCNE as incurred.

## 1.8 Service concessions (PFI/PPP)

DBS accounts for PFI transactions on a control approach based on the FReM, which uses IFRIC 12 Service Concession Arrangements to inform its treatment. DBS is considered to control the infrastructure in a public-to-private service concession arrangement if:

- DBS controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price
- DBS controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

Where it is determined that such arrangements are not in scope of IFRIC 12, DBS assesses such arrangements under IFRIC 4 determining whether an arrangement contains a lease. Where it is identified that the arrangement conveys a right to use an asset in return for a payment or series of payments, the lease element is accounted for as either an operating lease or finance lease.

Where it is determined that arrangements are in scope of IFRIC 12, DBS recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IAS 17, with the service element and the interest charge recognised as incurred over the term of the concession arrangement. Where there is a unitary payment stream that includes infrastructure and service elements that cannot be separated, the various elements will be separated using estimation techniques.

In determining the interest rate implicit in the contract, DBS applies the risk-free market rate at the time the contract was signed. The rate is not changed unless the infrastructure element or the whole contract is renegotiated. The risk-free rate is determined by reference to the real rate set by HM Treasury, currently 3.5%. The nominal rate is then calculated by adjusting this real term rate by the UK inflation rate.

DBS recognises a liability for the capital value of the contract. That liability does not include the interest charge and service elements, which are expensed annually to the SOCNE.

On initial recognition of existing PPP arrangements or PFI contracts under IFRS, DBS measures the non-current asset in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the year end, which will normally be the outstanding liability in respect of the property (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment, and intangible assets (section 1.6 above). Liabilities are measured using the appropriate discount rate. Revenue received under any revenue sharing provision in the service concession arrangement is recognised when all the conditions laid down in IAS 18 Revenue have been satisfied.

PFI note 16 provides details of how DBS accounts for such arrangements and the financial commitments outstanding.

### **1.9 Cash and Cash Equivalents**

Cash in the SOFP comprises cash at bank and in hand - see note 11

Cash and cash equivalents in DBS's SOFP comprise balances held by the Government Banking Service (GBS). Income received by TCS in relation to checks is banked daily by TCS and transferred to the DBS Bank Account on a monthly basis.

Due to the use of a Shared Service Centre, the Home Office makes payments on behalf of DBS. The Home Office is then refunded in return on a monthly basis.

### **1.10 Provisions**

A provision is recognised when DBS has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using the real rate set by HM Treasury (1.3% for early departure provisions at 31 March 2015).

### **1.11 Income & Income Recognition**

Income represents:

- fees charged to applicants for applications for Enhanced and Standard checks of prescribed criminal record information; and
- fees charged to register corporate bodies and signatories to access the criminal record process; and
- fees charged to registered bodies for DBS Adult First
- fees charged to applicants for Update Service subscriptions.

In line with the requirements of IAS 18 – Disclosure income for DBS is recognised at the point when an application is accepted. At this point, the fee paid becomes non-refundable and the DBS is committed to paying the managed service provider for processing the application. For Update Service, income is recognised when the subscription is matched to a disclosure Certificate.

#### Deferred Income:

Income is deferred where an application fee has been received but the application is still being processed by the Police. This relates to Enhanced Disclosures only.

### **1.12 Pensions**

#### *Principal Civil Service Pension Scheme:*

DBS employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. DBS recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

#### *Partnership and Stakeholder Schemes:*

DBS members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account). The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Detail of the annual contributions is provided in note 3 as is additional information relating to pensions is within the Remuneration Report.

### **1.13 Grant in Aid**

DBS is funded through the fee that it charges for its services as laid down in legislation. DBS is eligible to receive Grant in Aid (GIA) from the Home Office subject to agreement, to fund expenditure that should not impact on fee payers. Any GIA received is credited to the General Reserve.

### **1.14 Value Added Tax (VAT) and Corporation Tax (CT)**

DBS will pay VAT on all expenditure with no reclamation. DBS is not registered for VAT, and all figures in the accounts are inclusive of VAT.

DBS is subject to Corporation Tax on income from the following sources:

- Rental Income
- Interest earned

### **1.15 International Financial Reporting Standards (IFRS) and other accounting changes that have been issued but are not yet effective**

IFRS 13 – Fair Value Measurement was issued on 1 January 2013 but has yet to be adopted by the EU. IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS. Guidance on how this should be applied across government has yet to be issued by HM Treasury. Until guidance on its adoption is issued by HMT in the FReM, we are unable to provide an assessment on the impact of adopting this standard.

**2. Statement of Operating Costs by Operating Segments**

2014-15

	<b>Operations · Disclosure £'000</b>	<b>Operations · Barring £'000</b>	<b>Change (Transition) £'000</b>	<b>Corporate Services £'000</b>	<b>Finance &amp; Commercial £'000</b>	<b>Total Costs £'000</b>
Staff Costs	11,499	7,413	3,135	4,261	1,373	<b>27,681</b>
Staff related expenditure	169	105	22	272	12	<b>580</b>
Subsistence	37	19	21	35	10	<b>122</b>
Travel	64	41	32	97	26	<b>260</b>
Fees and Legal Costs	264	274	-	325	1,008	<b>1,871</b>
Training	172	104	20	77	8	<b>381</b>
Public Relations	1	2	1	263	2	<b>269</b>
IT	1,081	472	7,046	138	537	<b>9,274</b>
Stationery	-	-	-	-	118	<b>118</b>
Accommodation	2,102	1,477	289	1,171	124	<b>5,163</b>
Police	27,638	550	-	-	-	<b>28,188</b>
PFI service charges	48,696	-	4,898	-	-	<b>53,594</b>
Other Costs	(413)	-	-	837	9	<b>433</b>
<b>Total Costs</b>	<b>91,310</b>	<b>10,457</b>	<b>15,464</b>	<b>7,476</b>	<b>3,227</b>	<b>127,934</b>
<b>Non cash items</b>						
Depreciation	314	237	-	-	-	<b>551</b>
Amortisation	9,292	10	-	-	-	<b>9,302</b>
Impairment	-	38	-	-	-	<b>38</b>
						<b>-</b>
	<b>100,916</b>	<b>10,742</b>	<b>15,464</b>	<b>7,476</b>	<b>3,227</b>	<b>137,825</b>
<b>Income</b>						
Income	(145,947)	-	-	-	-	<b>(145,947)</b>
<b>Net Expenditure / (Income)</b>	<b>(45,031)</b>	<b>10,742</b>	<b>15,464</b>	<b>7,476</b>	<b>3,227</b>	<b>(8,122)</b>

## 2.1

2013-14

	Operations · Disclosure £'000	Operations · Barring £'000	Change (Transition) £'000	Corporate Services £'000	Finance £'000	Total Costs £'000
Staff Costs	9,872	6,826	2,916	3,811	899	<b>24,324</b>
Other Staff Costs	-	-	-	254	114	<b>368</b>
Subsistence	48	11	12	26	21	<b>118</b>
Travel	78	24	22	79	33	<b>236</b>
Fees and Legal Costs	237	63	4	179	1,119	<b>1,602</b>
Training	-	-	-	207	-	<b>207</b>
Public Relations	-	-	2	249	15	<b>266</b>
IT	119	-	-	1,298	2,850	<b>4,267</b>
Stationery	-	-	1	1	99	<b>101</b>
Accommodation	-	42	-	1,013	103	<b>1,158</b>
Police	24,707	1,447	-	-	-	<b>26,154</b>
PFI service charges	66,451	-	-	-	-	<b>66,451</b>
Other Costs	(20)	-	-	2	95	<b>77</b>
<b>Total Costs</b>	<b>101,492</b>	<b>8,413</b>	<b>2,957</b>	<b>7,119</b>	<b>5,348</b>	<b>125,329</b>
<b>Non cash items</b>						
Depreciation	405	405	-	-	-	<b>810</b>
Amortisation	12,064	91	-	-	-	<b>12,155</b>
Impairment	4	-	-	-	-	<b>4</b>
	<b>113,965</b>	<b>8,909</b>	<b>2,957</b>	<b>7,119</b>	<b>5,348</b>	<b>138,298</b>
<b>Income</b>						
Income	(135,927)	-	-	-	-	<b>(135,927)</b>
<b>Net Expenditure / (Income)</b>	<b>(21,962)</b>	<b>8,909</b>	<b>2,957</b>	<b>7,119</b>	<b>5,348</b>	<b>2,371</b>

A consolidated report is prepared for the DBS senior management team in order to facilitate collective decisions regarding the overall funding and resource requirements for DBS. A summarised version of this report is prepared for the DBS Board to review on a monthly basis.

Operations (Disclosure) is responsible for ensuring that DBS delivers an effective end-to-end disclosure service for its stakeholders, which include the police, registered bodies and applicants.

Operations (Barring) is responsible for ensuring that DBS delivers an effective end-to-end barring service for its stakeholders, which include the police, registered bodies and applicants. This involves effectively managing all aspects of service delivery and maintaining strong links with these stakeholders.

The Change Directorate is responsible for delivering DBS' business change programme providing programme governance and managing projects to deliver operational and service benefits for the organisation and support new strategic initiatives.

Corporate Services is responsible for ensuring that all legal and sponsorship requirements are met, and provide HR and other business support services to our organisation.

Finance and Commercial are responsible for organising the financial, commercial and accounting affairs, including the preparation and presentation of the interim and annual accounts. It is also responsible for product costing and pricing, performance management, business planning, budgeting and variance analysis. This will include staff whose tasks are dealing with procurement activities.

### 3. Staff numbers and related costs

Staff costs comprise:

	<b>Permanently employed staff</b>	<b>Others</b>	<b>2014-15 Total</b>	<b>2013-14 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Wages and salaries	20,351	2,507	22,858	19,921
Social security costs	1,385	-	1,385	1,188
Other pension costs	3,438	-	3,438	3,215
<b>Sub Total</b>	<b>25,174</b>	<b>2,507</b>	<b>27,681</b>	<b>24,324</b>
Less recoveries in respect of outward secondments	-	-	-	-
<b>Total net costs</b>	<b>25,174</b>	<b>2,507</b>	<b>27,681</b>	<b>24,324</b>

Other staff costs include staff on fixed-term contract of less than 12 months duration, inward secondments and the cost of temporary workers employed via agencies.

The pension arrangements for the Service are covered by the Superannuation Act 1972 and reflect benefits for members of the Principal Civil Service Pension Scheme. The Act provides for defined benefits to be met from the Consolidated Fund and no liability rests with the DBS.

The PCSPS is an unfunded multi-employer defined benefit scheme but DBS is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2014-15, employers' contributions of £3.4 million (2013-14: £3.2 million) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% (2013-14: 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £32k (2013-14: £31k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013-14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2k, 0.8% (2013-14: £2k, 0.8%), of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2013-14: £nil). Contributions prepaid at that date were £nil (2013-14: £nil).

No staff retired early on ill-health grounds; the total additional accrued pensions liabilities in the year were £nil. (2013-14: £nil).

### Average number of persons employed

The average number of full-time equivalent persons employed during the year was as follows: excluding Non-Executive Directors

			2014-15	2013-14
	Permanently employed staff	Others	Total	Total
Directly Employed	700	26	726	707
Other	-	19	19	14
<b>Total</b>	<b>700</b>	<b>45</b>	<b>745</b>	<b>721</b>

### 3.1 Reporting of Civil Service and other compensation schemes - Exit packages

Comparative data for 2013-14 is shown in (brackets)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages
<£10,000	-	0 (2)	0 (2)
£10,000 - £25,000	-	0 (3)	0 (3)
£25,000 - £50,000	-	3 (1)	3 (1)
£50,000 - £75,000	-	1 (0)	1 (0)
£75,000 - £100,000	-	1 (0)	1 (0)
£100,000 - £125,000	-	2 (0)	2 (0)
£125,000 - £150,000	-	1 (0)	1 (0)
<b>Total number of exit packages</b>	<b>-</b>	<b>8 (6)</b>	<b>8 (6)</b>
<b>Total cost / £'000s</b>	<b>-</b>	<b>646 (113)</b>	<b>646 (113)</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972 and as amended by the Superannuation Act 2010. Exit costs are accounted for in full in the year of departure. Where DBS has agreed early retirements, the additional costs are met by DBS and not by the PCSPS. Ill-health retirement costs are met by the pension scheme and are not included in the table.

#### 4. Other Administrative Costs

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
Travel, subsistence and hospitality	232	207
Training Costs	104	263
Professional fees		
Audit fees - Internal	245	-
Audit fees - External	95	110
Legal fees	123	12
Home Office Sponsor Unit	637	900
Other professional fees	430	(6)
Subscriptions	30	16
Facilities management and staff services	3,907	1,132
Early retirement and exit packages	640	127
Publication, stationery and printing	119	99
Media and IT	-	1
IT running and telephone costs	165	677
Home Office Shared Services	660	674
Other costs	1	4
Non-cash items		
Provision movement	200	78
<b>Total</b>	<b>7,588</b>	<b>4,294</b>

External auditors receive no remuneration for non-audit work. (2013-14: £nil).

For 2014-15, corporation tax of £115 was payable to Her Majesty's Revenue and Customs. (2013-14: £1,719).

Early retirement and exit packages include the packages reported on note 3.1

Facilities management has increased due to a change in suppliers. DBS are directly responsible for accommodation management charges which were previously absorbed in the previous contractor's costs.

## 5. Programme Costs

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
PFI (and other service concession arrangement) service charges	51,873	66,451
Police and other data source costs	28,188	26,154
Travel, subsistence and hospitality	155	163
Training Costs	278	(56)
Professional fees		
Legal fees	-	166
Other professional fees	181	327
Subscriptions	15	8
Facilities management and staff services	1,744	102
Early retirement costs	-	(20)
Publication, stationery and printing	-	2
Media and IT	252	221
IT running and telephone costs	8,513	2,995
PFI Interest	1,721	82
Home Office Shared Services	-	-
Other costs	158	88
Non-cash items		
Depreciation	551	810
Amortisation	9,302	12,155
Impairment	38	4
Provision movement	-	-
Bad debt movement	(413)	28
<b>Total</b>	<b>102,556</b>	<b>109,680</b>

The PFI costs have reduced due to the change in contractual commitments with the new supplier.

Facilities management has increased due to a change in suppliers. DBS are directly responsible for accommodation management charges which were previously absorbed in the previous contractor's costs.

IT running costs have significantly increased due to additional costs to support the new R1 system

**6. Income**

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Income</b>		
Fees charged for the provision of the DBS checking service	145,773	135,878
Other income	173	40
Income payable to Consolidated Fund	1	9
<b>Total</b>	<b>145,947</b>	<b>135,927</b>

Details of fees and charges can be found in Note 22.

## 7. Property, plant and equipment

	2014-15				
	Leasehold Improvements £'000	Information Technology £'000	Equipment, Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>					
Balance at 1 April 2014	1,182	11,896	2,941	-	16,019
Additions	-	-	27	-	27
Disposals	-	-	(1,704)	-	(1,704)
Impairment	-	-	(38)	-	(38)
Reclassifications	-	(1)	1	-	-
Revaluations	160	11	-	-	171
<b>At 31 March 2015</b>	<b>1,342</b>	<b>11,906</b>	<b>1,227</b>	<b>-</b>	<b>14,475</b>
<b>Depreciation</b>					
Balance at 1 April 2014	(183)	(11,806)	(2,318)	-	(14,307)
Charged in year	(200)	(99)	(252)	-	(551)
Disposals	-	-	1,704	-	1,704
Reclassifications	-	(1)	1	-	-
Revaluations	(52)	-	(3)	-	(55)
<b>At 31 March 2015</b>	<b>(435)</b>	<b>(11,906)</b>	<b>(868)</b>	<b>-</b>	<b>(13,209)</b>
<b>Net Book Value at 31 March 2015</b>	<b>907</b>	<b>-</b>	<b>359</b>	<b>-</b>	<b>1,266</b>
<b>Net Book Value at 1 April 2014</b>	<b>999</b>	<b>90</b>	<b>623</b>	<b>-</b>	<b>1,712</b>
<b>Asset financing:</b>					
Owned	-	-	359	-	359
On balance sheet PFI contracts	907	-	-	-	907
<b>Net Book Value at 31 March 2015</b>	<b>907</b>	<b>-</b>	<b>359</b>	<b>-</b>	<b>1,266</b>

**7.1. Property, plant and equipment (continued)**

	2013-14				
	Leasehold Improvements £'000	Information Technology £'000	Equipment, Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>					
Balance at 1 April 2013	3,537	11,910	2,918	1,182	<b>19,547</b>
Disposals	(3,537)	-	-	-	<b>(3,537)</b>
Reclassifications	1,182	-	-	(1,182)	-
Revaluations	-	(14)	23	-	<b>9</b>
<b>At 31 March 2014</b>	<b>1,182</b>	<b>11,896</b>	<b>2,941</b>	-	<b>16,019</b>
<b>Depreciation</b>					
Balance at 1 April 2013	(3,537)	(11,543)	(1,951)	-	<b>(17,031)</b>
Charged in year	(183)	(277)	(350)	-	<b>(810)</b>
Disposals	3,537	-	-	-	<b>3,537</b>
Revaluations	-	14	(17)	-	<b>(3)</b>
<b>At 31 March 2014</b>	<b>(183)</b>	<b>(11,806)</b>	<b>(2,318)</b>	-	<b>(14,307)</b>
<b>Net Book Value at 31 March 2014</b>	<b>999</b>	<b>90</b>	<b>623</b>	-	<b>1,712</b>
<b>Net Book Value at 1 April 2013</b>	-	<b>367</b>	<b>967</b>	<b>1,182</b>	<b>2,516</b>
<b>Asset financing:</b>					
Owned	-	-	623	-	<b>623</b>
On balance sheet PFI contracts	999	90	-	-	<b>1,089</b>
<b>Net Book Value at 31 March 2014</b>	<b>999</b>	<b>90</b>	<b>623</b>	-	<b>1,712</b>

In 2013-14 a decision was made to incorporate equipment with a net book value of £1,000 within furniture and fittings.

## 8. Intangible assets

	Information Technology £'000	Software Licenses £'000	Assets under Construction £'000	2014-15 Total £'000
<b>Cost or Valuation</b>				
Balance at 1 April 2014	99,497	7,372	13,914	120,783
Additions	95	-	11,018	11,113
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	700	39	-	739
<b>At 31 March 2015</b>	<b>100,292</b>	<b>7,411</b>	<b>24,932</b>	<b>132,635</b>
<b>Amortisation</b>				
Balance at 1 April 2014	(86,011)	(499)	-	(86,510)
Charged in year	(7,917)	(1,385)	-	(9,302)
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	(663)	(8)	-	(671)
<b>At 31 March 2015</b>	<b>(94,591)</b>	<b>(1,892)</b>	<b>-</b>	<b>(96,483)</b>
<b>Net Book Value at 31 March 2015</b>	<b>5,701</b>	<b>5,519</b>	<b>24,932</b>	<b>36,152</b>
<b>Net Book Value at 1 April 2014</b>	<b>13,486</b>	<b>6,873</b>	<b>13,914</b>	<b>34,273</b>
<b>Asset financing:</b>				
Owned	4,003	4,109	1,279	9,391
Finance leased	-	-	-	-
On balance sheet PFI contracts	1,698	1,410	23,653	26,761
<b>Net Book Value at 31 March 2015</b>	<b>5,701</b>	<b>5,519</b>	<b>24,932</b>	<b>36,152</b>

**Analysis of significant Intangible non-current assets**

Description	Name of asset	Net book value	Life
		as at 31 March 2015 £'000	remaining (month)
An upgrade to the IT that enables registered bodies to send bulk applications electronically	Ebulk	88	12
An upgrade to the IT that allows DBS to significantly increase its storage capacity	Technical Ceiling	177	12
The original Customer Relationship Management system as developed by Capita	10 year assets	59	12
PLX is a database that contains nominal information records of local intelligence held across Local Police Forces	PLX	455	36
An upgrade to the IT that allows DBS to be able to transact greater amounts of data more efficiently	IT Upgrade	212	12
Upgrade to the IT originally developed for the VBS but brought into use early. This asset was originally funded by government grant	VBS grant Asset	1,586	12
Case Management system for DBS Disclosure	CRSC	1,032	12
Amendment to CRSC system to incorporate the update service	Update service - Capita charges	318	12
Amendment to CRSC to incorporate the single certificate requirements	Single Certificate-Capita chg	13	12
Amendment to CRSC system to incorporate the Filtering requirements	Filtering - Capita Charges	42	12
IT Element of the TCS Milestone payment	TCS Milestone 2 Intangible IT	2,782	48
PVCS & Oracle Licences	Intangible Software	4,403	48
TCS RFCs not part of PFI	TCS Intangible IT	53	12
<b>Total</b>		<b>11,220</b>	

**8.1 Intangible Assets (continued)**

				<b>2013-14</b>
				<b>Total</b>
	<b>Information Technology £'000</b>	<b>Software Licenses £'000</b>	<b>Assets under Construction £'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>				
Balance at 1 April 2013	82,171	485	16,870	<b>99,526</b>
Additions	1,993	-	20,086	<b>22,079</b>
Impairment	(4)	-	-	<b>(4)</b>
Reclassifications	16,155	6,887	(23,042)	<b>-</b>
Revaluations	(818)	-	-	<b>(818)</b>
<b>At 31 March 2014</b>	<b>99,497</b>	<b>7,372</b>	<b>13,914</b>	<b>120,783</b>
<b>Amortisation</b>				
Balance at 1 April 2013	(74,697)	(450)	-	<b>(75,147)</b>
Charged in year*	(12,106)	(49)	-	<b>(12,155)</b>
Revaluations	792	-	-	<b>792</b>
<b>At 31 March 2014</b>	<b>(86,011)</b>	<b>(499)</b>	<b>-</b>	<b>(86,510)</b>
<b>Net Book Value at 31 March 2014</b>	<b>13,486</b>	<b>6,873</b>	<b>13,914</b>	<b>34,273</b>
<b>Net Book Value at 1 April 2013</b>	<b>7,474</b>	<b>35</b>	<b>16,870</b>	<b>24,379</b>
<b>Asset financing:</b>				
Owned	11,424	5,388	-	<b>16,812</b>
On balance sheet PFI contracts	2,062	1,485	13,914	<b>17,461</b>
<b>Net Book Value at 31 March 2014</b>	<b>13,486</b>	<b>6,873</b>	<b>13,914</b>	<b>34,273</b>

**9. Financial Instruments**

As the cash requirements of DBS are met through the estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with DBS's expected purchase and usage requirements and DBS is therefore exposed to little credit, liquidity or market risk.

**10. Trade receivables and other current assets**

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	14,064	11,111
Deposits and advances	19	31
Other receivables	-	-
Prepayments and accrued income	370	2,585 *
<b>Total</b>	<b>14,453</b>	<b>13,727</b>

**10.1 Intra-Government balances****Amounts falling due within one year**

Balances with other central government bodies	348	132
Balances with police and local authorities	4,151	3,376
Balances with NHS Trusts	646	589
<b>Intra-Government balances</b>	<b>5,145</b>	<b>4,097</b>
Balances with bodies external to government	9,308	9,630
<b>Total</b>	<b>14,453</b>	<b>13,727</b>

**\*Tata Consultancy Services (TCS) Prepayment 2013-14**

As part of a commercial agreement, DBS agreed to pay TCS £2.6 million for the delay to the service commencement. The amount is being recovered by DBS by offsetting the credit against future payments to TCS which started in March 2014.

**11. Cash and cash equivalents**

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	23,015	16,141
Net change in cash and cash equivalent balances	20,919	6,874
<b>Balance at 31 March</b>	<b>43,934</b>	<b>23,015</b>

The following balances were held at:

Government Banking Service	43,934	23,015
<b>Balance at 31 March</b>	<b>43,934</b>	<b>23,015</b>

Cash is significantly higher in year due to the increase in volumes of Disclosures and Update Service Subscriptions.

£15.2m of the £43.9m is owed to the Home Office for invoices they paid on behalf of DBS in March 2015

**12. Trade payables and other current liabilities**

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade payables	16,515	10,431
Accruals and deferred income	24,132	11,945
Dividend	518	-
Current part of imputed finance lease element of on-balance sheet PFI contracts	10,009	5,744
<b>Total</b>	<b>51,174</b>	<b>28,120</b>
<b>Amounts falling due after more than one year:</b>		
Imputed finance lease element of on-balance sheet (SoFP) PFI contracts and other service concession arrangements	3,223	11,135
<b>Total</b>	<b>3,223</b>	<b>11,135</b>

**12.1 Intra-Government balances**

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Balances with other central government bodies	19,077	11,927
Balances with police and local authorities	4,790	4,176
Balances with NHS Trusts	119	95
<b>Intra-Government balances</b>	<b>23,986</b>	<b>16,198</b>
Balances with bodies external to government	27,188	11,922
<b>Total</b>	<b>51,174</b>	<b>28,120</b>
<b>Amounts falling due after more than one year:</b>		
Balances with other central government bodies	-	-
Balances with public corporations and trading funds	-	-
Balances with police and local authorities	-	-
Balances with NHS trusts	-	-
<b>Intra-Government balances</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	3,223	11,135
<b>Total</b>	<b>3,223</b>	<b>11,135</b>

The increase in accruals is a combination of a TCS payment for £5m regarding the new R1 system, £0.7m for postal charges due to new contractual commitments and £2.5m accommodation costs which were previously absorbed within other suppliers costs.

### 13. Provisions for liabilities and charges

				31 March	
	Early departure costs £'000	Dilapidations £'000	Legal costs £'000	2014-15 Total £'000	2014 Total £'000
Balance at 1 April 2014	153	885	-	1,038	1,136
Balance transferred	-	-	-	-	-
Provided in the year	-	-	188	188	650
Provisions not required written back	-	-	-	-	(604)
Provisions utilised in the year	(51)	-	-	(51)	(176)
Borrowing costs (Unwinding of discount)	12	-	-	12	32
<b>Balance at 31 March 2015</b>	<b>114</b>	<b>885</b>	<b>188</b>	<b>1,187</b>	<b>1,038</b>

#### Analysis of expected timing of discounted flows

	Early departure costs £'000	Dilapidations £'000	Legal costs £'000	Total £'000	Total £'000
Not later than one year	34	-	188	222	44
Later than one year and not later	80	885	-	965	994
<b>Balance at 31 March 2015</b>	<b>114</b>	<b>885</b>	<b>188</b>	<b>1,187</b>	<b>1,038</b>

#### 13.1 Early departure costs

DBS meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. DBS provides for this in full when the early retirement programme becomes binding on DBS by establishing a provision or accrual for the estimated payments discounted by the HM Treasury discount rate of 1.3% in real terms.

### 13.2 Dilapidations

For property provisions, DBS recognises a dilapidation provision for the leased premises occupied where it has an obligation to bring the property into a good state of repair at the end of lease.

### 13.3 Legal Costs

A number of legal claims have been made against the DBS, the estimated cost is £188,000

### 14. Capital commitments

DBS has £3.217m capital commitments for TCS Migration to HP hosting (the connectivity and transition of R1 solution to the HP hosting provision) and Citrix (the virtual desktop which will be accessed by users).

### 15. Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Buildings</b>		
Not later than one year	1,843	1,842
Later than one year and not later than five years	881	3,012
	<u>2,724</u>	<u>4,854</u>

Stephenson House is owned by the Home Office. DBS have a Memorandum of Terms of Occupation (MOTO) agreement with the Home Office with rent called a license fee with an expiry date of 31st March 2017

The lease for Shannon Court, previously held by Capita, was assigned to DBS on 1 April 2014. The lease is held with Peel Holdings with an expiry date of 31 July 2016.

## 16.1 On-balance sheet (SoFP):

### Tata Consulting Service

A five year PFI contract was signed with Tata Consultancy Services (TCS) to commenced March 2014. The overall value of the contact is £169m. The contract began in 2013-14, and for the contract period up to the 31 March 2015 payments of £50.4m has been made to TCS.

A milestone payment of £4.7m has been capitalised and an additional amount of £23.7m has been capitalised since the contract commenced, relating to the development of the technological solution. Additional payments totalling £11.2m have been agreed to reflect changes to the deployment schedule.

The basis for valuation for the R1 solution is information provided by TCS to reflect their estimation of the costs for the development of the asset. The total valuation of the TCS capital asset to be capitalised is £34.8m based on the total spend set out in the contract. This is broken down by the costs associated with the Milestone payment £4.7m which were fully capitalised in 2012/13 and 2013/14. The remainder of the fixed cost, £30.1m, for the core R1 asset, is being capitalised as an asset under construction in accordance with the TCS planned development programme until the asset is available for use (which is expected to be during the 2015/16 financial year), at which point the asset will become an IT asset and amortisation will commence.

At 31 March 2015, DBS has capitalised £23.7m of the £30.1m expected cost of R1. This is based on TCS estimates of the costs incurred to date, who use the scheduled time expected to be spent by development staff, rather than actual timesheet information, to derive this estimate. Alternative software under construction valuation models have also been used and these support this valuation.

	<b>2014-15</b>	<b>2013-14</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprises:</b>		
Not later than one year	37,205	52,678
Later than one year and not later than five years	62,144	99,349
Later than five years	-	-
	<u>99,349</u>	<u>152,027</u>
Less interest element	<u>(2,291)</u>	<u>(4,013)</u>
<b>Present value of obligations</b>	<b><u>97,058</u></b>	<b><u>148,014</u></b>

	<b>31 March 2015</b>	<b>31 March 2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Present value of obligations under on-balance sheet service concession arrangements for the following periods</b>		
Not later than one year	35,481	50,956
Later than one year and not later than five years	61,577	97,058
Later than five years	-	-
	<u>97,058</u>	<u>148,014</u>

## 16.2 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the SoCNE in respect of the service element of on-balance sheet (SoFP) PFI transactions was £51.9m which included a Contract Change Note for £4.9m (2013-14: £66.5m), and the payments to which DBS is committed is as follows:

	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	37,205	37,310
Later than one year and no later than five years	62,144	99,349
Later than five years	-	-
	<u>99,349</u>	<u>136,659</u>

## 17. Other Financial Commitments

DBS has a financial commitment of £8.7m over the coming years for application hosting (delivered by HP ES) of the new application services being developed and then managed by TCS as part of the DBS modernisation programme.

The initial requirement for hosting from HP ES was based on their standard cloud offering. Following detailed discussions between HP ES and TCS, HP ES is now providing some non-standard services at potentially higher cost than was originally estimated. This is under project and commercial discussion with HP, hence revised estimated costs are not yet known.

## 18. Contingent liabilities

During the financial year 2014-15 DBS has informed the ICO of data breaches. At this time, it's not possible to predict the potential outcome or any financial impact on DBS and what enforcement action ICO may take.

## 19. Related-party transactions

The Home Office is the sponsor department of DBS and is regarded as a related party. During the year to 31 March 2015 DBS had a number of material transactions with the Home Office, and also with other entities for which the Home Office is regarded as the parent department, these are listed below:

Police forces were regarded as related parties. DBS incurred costs of £28.2 million (2013-14: £26.2 million) with police forces in respect of running and set-up costs.

Included within the total expenditure with the police was £1.4 million (2013-14: £1.5 million) for DBS transactions with the Home Office Technology Live Policing Services (Part of the Home Office) to allow DBS staff to access PNC checks.

DBS had transactions with the Security Industry Authority (SIA) to March 2015 of £3.1 million (2013-14: £2.5 million) relating to income for DBS checks carried out during the year.

DBS had transactions with the Ministry of Justice (MoJ) to March 2015 of £0.5 million (2013-14: £0.5 million) relating to the hosting of the e-bulk service.

In addition, DBS had a small number of material transactions with other government departments and other central government bodies.

DBS maintains a register of interests for board members. This register is available to the public from the DBS Secretariat. Where decisions were taken which could reasonably be seen as giving rise to a conflict of interest individuals were required to declare the relevant interest and where appropriate, withdraw from participating in the taking of the decision.

## 20. Losses and Special Payments

a. Losses: There were 8 cases of fruitless payments as at 31 March 2015 (2013-14: six cases). The total amount paid was £50k (2013-14: £453).

b. Special payments: There were 222 cases of ex-gratia payments as at 31 March 2015 (2013-14: 76 cases). The total amount paid was £169,292.39 (2013-14: £79,698). These payments relate to claims from members of the public for loss of earnings as a result of delays in the DBS checking service and claims of maladministration.

c. Contractual Delay: Owing to a delay in providing a hosting infrastructure to TCS to allow for the development of Operating Software a payment of £4.9m was approved by HM Treasury

## 21. Revaluation

DBS had a total upward revaluation of £184,000 during the year to 31 March 2015 (2013-14: £20,000 downward revaluation).

## 22. Fees and charges for the year ended 31 March 2015

The DBS has a financial objective to achieve full-cost recovery.

Activity			2014-15	2013-14
	Income	Costs	Surplus/ (Deficit)	Surplus/ (Deficit)
	£'000	£'000	£'000	£'000
Enhanced DBS checks	133,714	(128,922)	4,792	(2,498)
Standard DBS checks	6,945	(5,729)	1,216	280
DBS Adult First	1,029	-	1,029	67
Update Service	4,037	(3,175)	862	(69)
Other*	222	-	222	(29)
<b>Total</b>	<b>145,947</b>	<b>(137,826)</b>	<b>8,121</b>	<b>(2,249)</b>

\*Other relates primarily to income (and associated costs) for applications by Registered Bodies and Counter Signatories, Rental Income and USA Embassy checks.

Total costs are apportioned to the appropriate income stream based on volumes, with the exception of Police and Barring costs, which are allocated to Enhanced DBS checks only. TCS do not charge separately for Adult First checks, RAFs, CAFs or USA Embassy checks.

This information is provided for the Fees and Charges requirements of HM Treasury note only and not for IFRS 8 purposes.

For IFRS 8 purposes please refer to Note Statement of operating costs by operating statement.

### Notional Cost per paid applications received in 2014-15\*

	Costs	Applications	Notional Cost
	£'000	'000	£
Enhanced DBS checks **	128,922	3,054	42.21
Standard DBS checks **	5,729	267	21.46
Update Service Subscriptions **	3,175	311	10.21

\*Cost of processing a paid DBS check application based on 20.21% of the cost figure shown above being free-of-charge. Used for full-cost recovery purposes.

\*\* Depreciation charges have been apportioned across the three products.

**Notional Cost per Application (£) in 2014-15\***

	<b>Costs</b>	<b>Applications</b>	<b>Notional</b>
	<b>£'000</b>	<b>'000</b>	<b>Cost</b>
	<b>£</b>		<b>£</b>
Enhanced DBS checks **	128,922	3,883	33.20
Standard DBS checks **	5,729	280	20.46
Update Service Subscriptions **	3,175	405	7.84

\*Cost of processing a paid DBS application based on volunteers and paid applications. Used for full-cost recovery purposes.

\*\* Depreciation charges have been apportioned across the three products.

**23. Events after the Reporting Period**

The Accounting Officer authorised these statements for issue on the date that the accounts were certified by the Comptroller and Auditor General.

## Glossary

ACPO	Association of Chief Police Officers
ALB	Arms Length Body
ARC	Audit and Risk Committee
BCP	Business Continuity Plan
BPO	Business Process Outsourcing
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipts
CEO	Chief Executive Officer
CPI	Consumer Price Index
CRB	Criminal Records Bureau
CRSC	Criminal Records Status Check
CSR	Corporate and Social Responsibility
DBS	Disclosure and Barring Service
DfE	Department for Education
DoH	Department of Health
e-Bulk	Multiple electronic applications and results
ECHR	European Convention of Human Rights
ER	Employee Relations
ERU	Efficiency and Resources Unit
F&P	Finance and Performance Committee
FOI	Freedom of Information
FReM	Government Financial Reporting Manual
GBS	Government Banking Service
GCOF	Government Carbon Offsetting Fund
GDP	Gross Domestic Product
GGC	Greening Government Commitments
GIAS	Government Internal Audit Standards
HIAU	Home Office Internal Audit Unit
HOPG	Home Office Property Group
HPES	Hewlett Packard Enterprise Services
HR	Human Resources
IAMM	Information Assurance Maturity Model
IAO	Information Asset Owners
IAU	Internal Audit Unit
ICM	Independent Complaints Monitor

ICO	Information Commissioners Office
IFRS	International Financial Reporting Standards
ISA	Independent Safeguarding Authority
JCNC	Joint Consultation and Negotiation Committee
KPI	Key Performance Indicator
MoJ	Ministry of Justice
MPA	Major Projects Authority
NAO	National Audit Office
NDPB	Non-departmental public body
NI	Northern Ireland
NPIA	National Policing Improving Agency
OGD	Other Government Departments
OJEU	Official Journal of the European Union
ONS	Office of National Statistics
PCS	Public & Commercial Service Union
PCSPS	Principal Civil Service Pension Scheme
PDU	Police Disclosure Unit
PFI	Private Finance Initiative
PNC	Police National Computer
PNFC	Public Non Financial Corporation
PoFA	Protection of Freedoms Act
POISE	Procurement Of Information Systems Effectively
PSS	Public Service Standard
R0	Release 0
R1	Release 1
RB	Registered Body
RIF	Risk Improvement Forum
RMF	Risk Management Framework
ROA	Rehabilitation of Offenders Act
SCS	Senior Civil Servants
SIA	Security Industry Authority
SIRO	Senior Information Risk Owner
SLA	Service Level Agreement
SMT	Senior Management Team
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
SPPU	Safeguarding & Public Protection Unit
SPS	Swiss Post Solutions Ltd

SRO	Senior Responsible Owner
SSRB	Senior Salaries Review Board/Body
SVGA	Safeguarding Vulnerable Groups Act
TCS	Tata Consultancy Services Ltd
UB	Umbrella Body
VBS	Vetting and Barring Scheme

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