



Disclosure &  
Barring Service

# Disclosure and Barring Service Annual Report and Accounts

For the period 1 April 2018 to 31 March 2019



# **Disclosure and Barring Service Annual Report and Accounts**

For the period 1 April 2018 to 31 March 2019

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

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# 2018-19 Foreword by the Chairman and Acting Chief Executive Officer

**We are pleased to introduce our 2018-19 Annual Report and to set out details of our operational and financial performance during the year.**

The Disclosure and Barring Service (DBS) is responsible for delivering government policy on Disclosure and Barring functions in the workplace and voluntary sector. It therefore plays a significant role in ensuring that employers are helped to make appropriate decisions when employing people who work with vulnerable adults and children.

It has been a challenging year for DBS, as commercial negotiations continue around transitioning and modernising our services and we continue to face operational, legislative and performance issues. Nevertheless, our vision is to put safeguarding at the heart of everything we do and we are resolute in delivering our aim to make sure that our services are simpler, faster and more accessible for those that use them.

In the last six years we have seen increased demand for our services as disclosures grew from 3.8 million to almost six million annually and Barring cases increased by 50%. We have issued over 28 million disclosure certificates and have 1.5 million subscribers to our Update Service. The numbers of people added to our Barred lists has risen from approximately 54,500 in 2012 to 73,500 by April 2019.

In 2018-2019 we issued 28% more certificates than in 2017-18 issuing a total of 5.8 million disclosure certificates, with 21% of Standard and Enhanced DBS checks being issued free of charge to volunteers. We continue to focus on timeliness, quality and value for money within operational delivery. Whilst Barring cases increased by 50%, and we issued 28% more certificates, our cost base reduced by £1.1m equating to 0.8% reduction in costs, demonstrating we are delivering more with less.

We have met five of our eight service standards during 2018-2019 but we recognise fully that there is still more to be done to ensure we modernise our services to meet service standards across the board. Our Barring Transformation Programme and our new Safeguarding, Strategy and Quality Directorate are making a positive impact upon our organisation and our overarching safeguarding priorities. In addition, we have continued to work closely with Home Office (HO) colleagues and value their support in helping us to deliver our services, acknowledging the expectations of ministers and the wider government agenda in relation to safeguarding.

In December 2018 Dr Gillian Fairfield was appointed as the new DBS chairman. We were also joined by three new non-executives in April 2019, and in June 2019 we announced the appointment of Mr Eric Robinson as the new DBS Chief Executive. This offers further opportunities to continue to build on the significant work undertaken over the last few years and to tackle the current and emerging challenges we face.

We hope you find this report of interest. In the coming year we look forward to continuing to work with our dedicated and committed staff, our partners, stakeholders and the public to deliver our statutory duties, modernise our services and, through our disclosure and barring services play an effective and vital role in protecting vulnerable adults and children.



**Dr Gillian Fairfield, Chairman**

A handwritten signature in black ink, appearing to read 'G Fairfield'.



**Paul Whiting, Acting Chief Executive**

A handwritten signature in black ink, appearing to read 'P Whiting'.







# **Performance Report**

# Overview

This section provides a summary of the role and purpose of the DBS and what it achieved during 2018-19.

## About DBS

The DBS was established under the Protection of Freedoms Act 2012 on 1 December 2012. We are a non-departmental public body<sup>1</sup> based in Liverpool and Darlington and operate as an arm's-length body of the HO. We are responsible for delivering Disclosure and Barring on behalf of the Government and operate Disclosure functions for England, Wales, Jersey, Guernsey and the Isle of Man. We also deliver Barring functions for England, Wales and Northern Ireland.

We do this by providing criminal records information to enable organisations from all sectors – public, private and voluntary – to make better informed and safer recruitment decisions. We provide information that enables them to determine whether the individual is unsuitable or unable to undertake certain roles and carry out work. For example, roles and work involving regular contact with vulnerable groups including children. The information we provide should not be the sole tool used to determine the individual's suitability to work in a certain role and should be used with other recruitment tools as well. We also determine whether an individual can work in a regulated activity<sup>2</sup> by making decisions as to whether or not they should be included in any of our Barred Lists.

DBS services are delivered with support from external suppliers and partner organisations, including Tata Consultancy Services, Police Forces across the UK as well as Shared Services Connected Limited.

### Our Strategic Plan 2017-20 set out our vision and mission:

**Our Vision** is to make our services simpler, faster and more accessible and our **Mission** is putting safeguarding at the heart of everything we do. We do this through delivery of our five strategic objectives:

**SO1 - Improve safeguarding through delivery of excellent services and sharing of knowledge**

**SO2 - Drives good value for money**

**SO3 - Meets customer needs and exceeds expectations**

**SO4 - Develops a talented workforce to inspire continuous improvement**

**SO5 - Is a highly valued public organisation**

This Annual Report sets out how we performed during the second year of our Strategic Plan 2017-20 and the progress made in achieving these Strategic Objectives.

<sup>1</sup> A non-departmental public body is a body which has a role in the processes of national government but is not a government department or part of one.

<sup>2</sup> Section 7 of the Safeguarding Vulnerable Groups Act and Article 11 of the Safeguarding vulnerable groups (Northern Ireland) Order 2007 – 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 and Schedule 2 of the 2007 Order.



# Our activities:

## Disclosure:

We keep and maintain a register of organisations approved by DBS which can submit applications for criminal records certificates. There are four levels of DBS check of criminal records, and an Update Service (as described below):

### Type



### Details



### Eligibility



### Fee



**Allows subscription to Update Service**

### Update Service

**£13 Update Service**

Individuals subscribe on a voluntary basis, allowing their employer or voluntary organisation to check whether there is any new criminality information which is relevant to their employment sector (such as new conviction or caution information)

## Barring:

In Barring we reach considered decisions about whether an individual should be barred from engaging in regulated activity. We also 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 vulnerable groups. Referrals are received from various sources including employers. Where necessary, Barring staff seek additional information to assist in the decision as to whether a referred person should be barred from engaging in regulated activity and included on the Barred List(s).

We Bar any individual who has accepted a caution for, or been, convicted of an Automatic Barring Offence. We also 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 – 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 or vulnerable adults.

We also consider individuals who have applied for an Enhanced Disclosure check where that check contains relevant criminality information or intelligence.

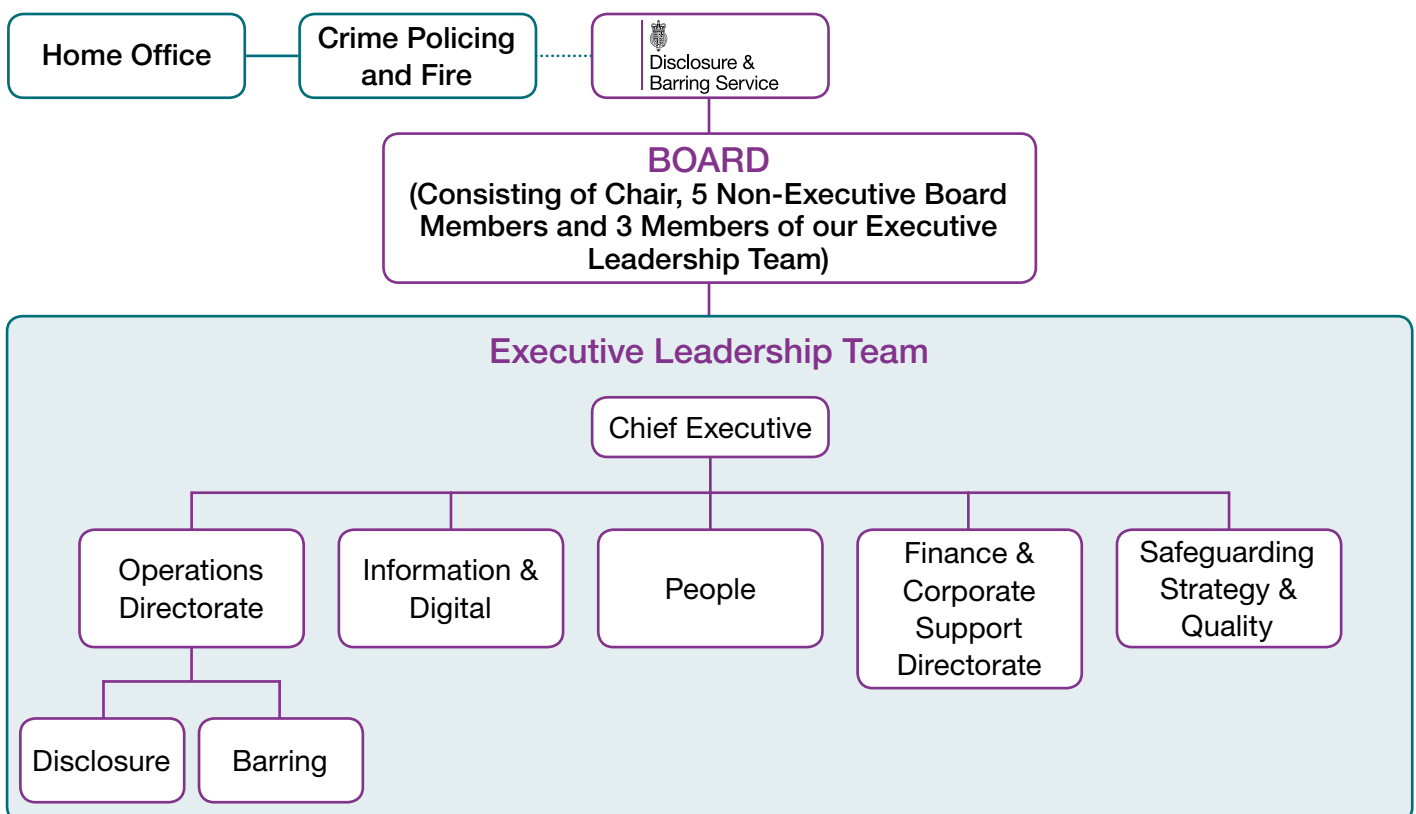
We make decisions as to whether it is appropriate to remove an individual from a Barred list either on application following the expiration of the minimum Barred period if the current statutory test would not be met if considering a person afresh, or otherwise under our powers to review a person's inclusion at any time.

We are committed to ensuring that DBS makes fair, consistent and thorough Barring decisions which provide a proportionate response to the behaviour that has occurred and considers the future risk of harm which is posed.

We are aware of the impact a Barring decision can have on the person referred. We are also aware of the impact that any Barring decision may have on those the referred person may have come into contact with or would potentially come into contact with in the future. It is often necessary to make finely balanced decisions.

## Our Organisation

The diagram below outlines our governance organisational structure, showing how we link to the HO via the Crime, Policing and Fire Sponsorship Unit.



## Performance Summary

### Acting Chief Executive, Paul Whiting's report on performance

2018-19 has been a challenging year during which we have experienced complex commercial, operational, performance and legislative issues. We have met five out of our eight published service standards but understand that during 2019-20 we must redouble our efforts and focus in order to further improve our performance across all of our service standards.

Following implementation of our modernised system (R1) for issuing Basic DBS checks and in our Barring function in 2017-18, and ongoing concerns with quality and performance, we made the decision in 2018-19 to cease the planned roll out of R1 for Standard and Enhanced. This was a significant decision and one not taken lightly. However, we were committed to evaluating the rollout of R1 and taking action, if we were not assured that we could continue to provide the excellent service that our customers should expect. This has meant that for Standard and Enhanced certificates, we have continued with our current system (R0) and are looking for alternative supply routes to fulfil our modernisation requirements. We remain absolutely committed to the overall goal of delivering a modernised system that will allow for a simple, fast and more accessible DBS.

Our Barring Transformation Programme and our new Safeguarding, Strategy and Quality Directorate, are making a positive impact upon our organisation and our overarching safeguarding priorities. For 2019-20 we will reassess our barring prioritisation and case allocation systems to ensure we continue to effectively manage safeguarding risk. This will be a key priority as we continue to move the organisation forward.

In January 2019 The Supreme Court handed down its judgment on linked cases which challenged the legislative rules governing the disclosure of convictions and cautions. The judgment can be found at the following link:

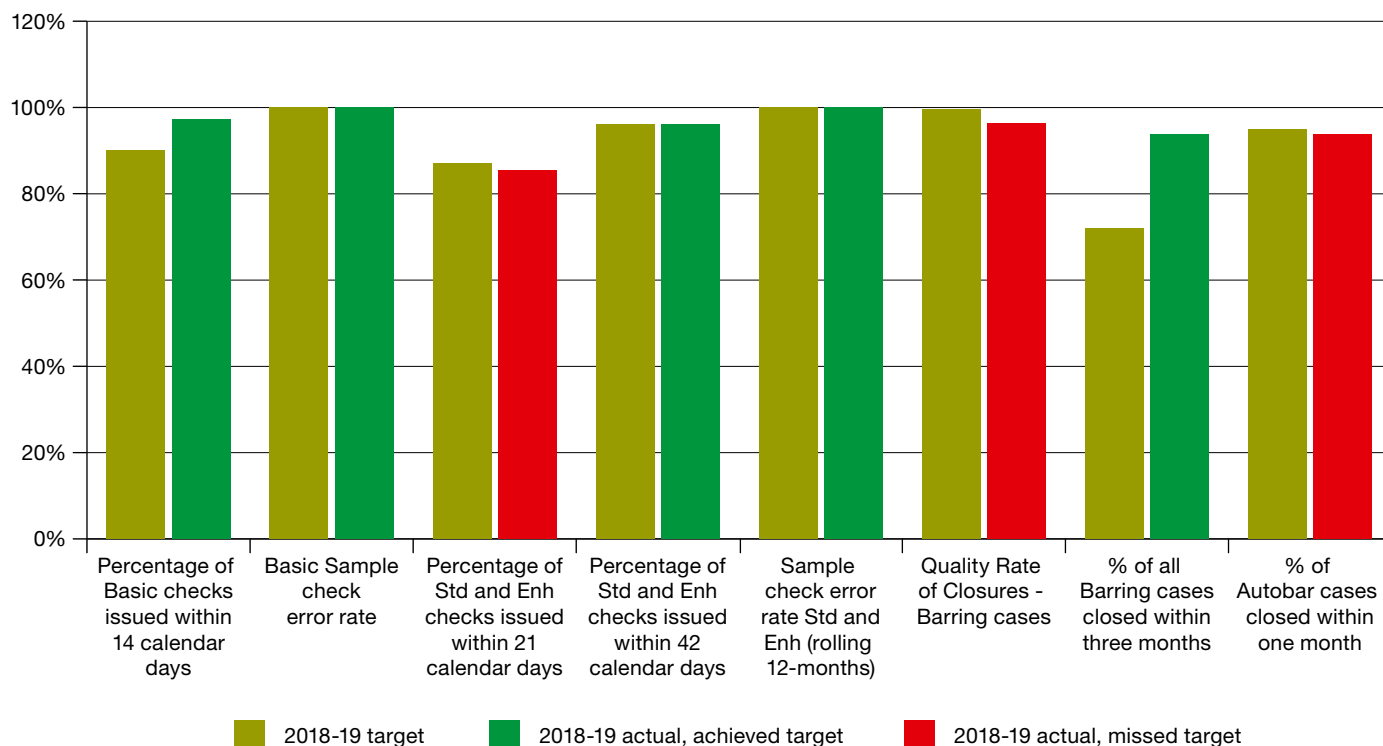
<https://www.supremecourt.uk/cases/uksc-2017-0121.html>

The HO is considering this complex judgment and jointly with DBS, is considering how the required change can be introduced within an appropriate timescale and without any negative impact on DBS services. There is an expectation that system/IT change will be required and that updates to customer guidance will also need to be made. There is no expectation that this change will impact upon existing service measures or targets.

In December 2018, our new Chairman, Dr Gillian Fairfield, was appointed to lead the DBS board. 2019 will also see the appointment of three new non-executive board members in April 2019 and a new Chief Executive, Eric Robinson, was announced in June 2019, following the retirement of our Chief Executive Adele Downey in May 2019. In the interim I will be acting Chief Executive Officer.

To measure our performance, we have developed a number of key performance indicators. These are all linked to our strategic objectives and are monitored by the Executive Leadership Team and DBS board through an Integrated Performance Reporting process. In 2018-19 we increased the number of service standards from seven to eight, achieving five of these. Performance is summarised in the graph and table overleaf.

## Service Standards Actual 2018-19



Service Standards		2018-19 target	2018-19 actual	2017-18 actual
Basic checks	Percentage of checks issued within 14 calendar days	≥90%	98%	92%
	Basic sample accuracy rate (rolling 12 months)	≥99.98%	100%	100%
Standard and Enhanced Disclosure checks	Percentage of checks issued within 21 calendar days	≥87%	85%	86%
	Percentage of checks issued within 42 calendar days	≥96%	96%	New measure 2018-19
	Sample accuracy rate (standard and enhanced) (rolling 12-months)	≥99.98%	100%	99.9%
Barring Cases <sup>3</sup>	Quality Rate of Closures	≥99.50%	96.37%	New measure 2018-19
	Percentage of all Barring cases closed within three months <sup>4</sup>	≥72%	92%	New measure 2018-19
	Percentage of Autobar cases closed within 1 month	≥95%	94%	New measure 2018-19

During 2018-19 we issued 28% more DBS checks than in 2017-18, issuing a total of 5.8 million disclosure DBS checks. This is largely due to having a full year of issuing Basic DBS checks during 2018-19 (only introduced towards the end of 2017-18) and is broken down below:

- 4.2 million Standard and Enhanced DBS checks; and
- 1.6 million Basic DBS checks

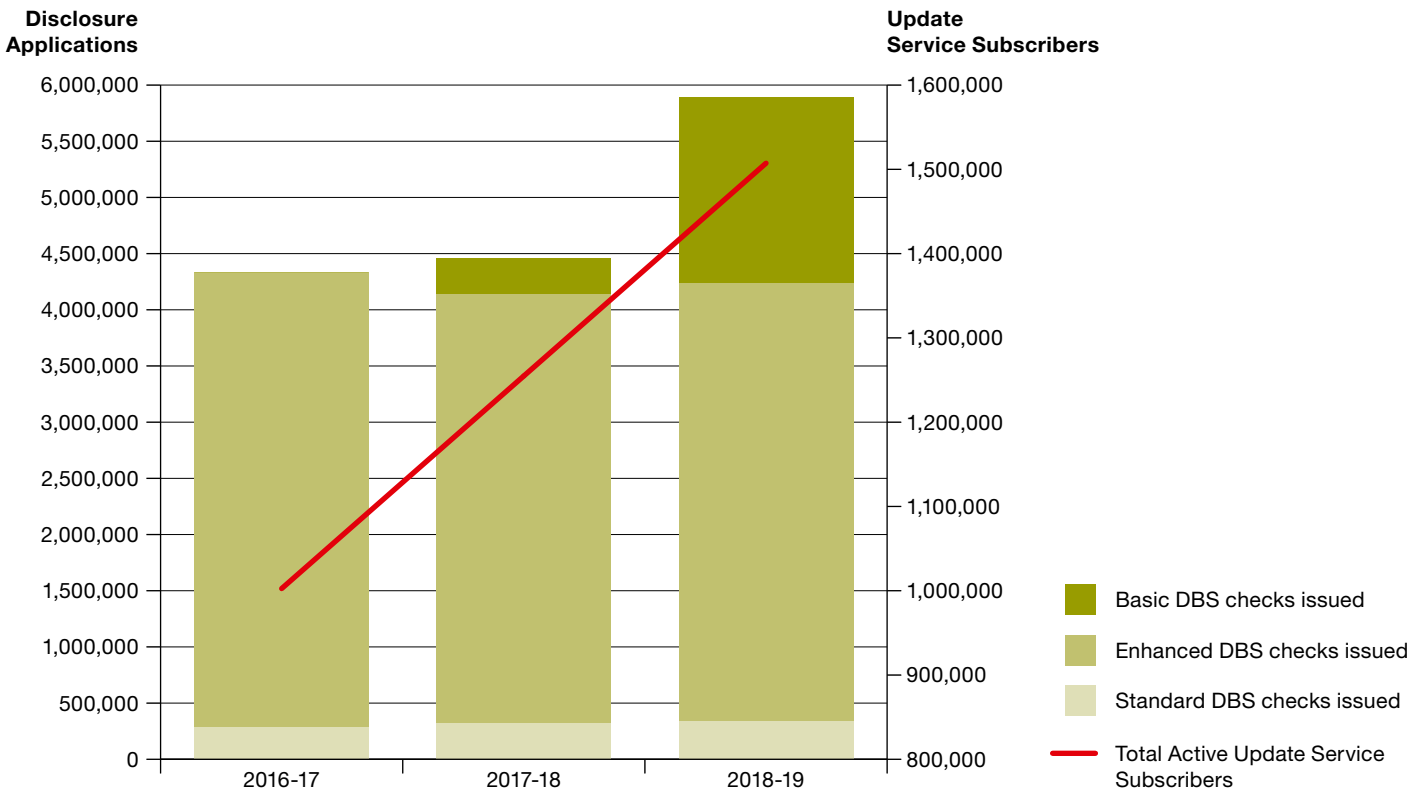
<sup>3</sup> During 2017-18 DBS transitioned IT systems in its Barring operation, which resulted in a change of methodology in calculating closed cases. It should therefore be noted performance in 2018-19 is not a direct comparison.

<sup>4</sup> This is the percentage of cases closed within the reporting month which are less than three months old when closed. The length of time the case is classed as being 'inactive' is excluded from the calculation. This measure includes only those cases received from 1 April 2018.

# ANALYSIS OF DISCLOSURE PERFORMANCE

## DBS CHECKS PERFORMANCE

During 2018-19, we issued a total of 5.8 million Standard, Enhanced and Basic DBS checks and the chart below shows the 40% growth in DBS applications and Update Service subscribers over the past three years.



### Standard and Enhanced DBS checks

During 2018-19 21% of Standard and Enhanced DBS checks were issued free of charge to volunteers. The average time to issue DBS checks was 9.7 calendar days for Standard and Enhanced DBS checks, compared to 11.6 calendar days in 2017-18.

Our performance in issuing Standard and Enhanced DBS checks has been challenging as we moved from a target of issuing 96% within 56 days to issuing 96% within 42 days from April 2018. This two-week reduction was an ambitious target which has been met during 2018-19.

Performance against the 21 calendar day target was not met. 85.3% of DBS checks achieved the timescale against a target of 87%, a shortfall of 1.7%. This is also slightly lower than performance in 2017-18 of 85.8%. The shortfall is a direct impact of increased volumes sent to police forces and the subsequent closure of aged cases at this stage. 2.7 million notifications were sent to police forces, compared to 2.5 million in 2017-18, an increase of 8%. We are working with Data Science consultants to establish the reason(s) for the excess and findings will inform the forecast for 2019-20.

Sample quality checks resulted in no errors this reporting year, which is an improvement on last year's performance, where one error was identified.

### Basic DBS Checks

During 2018-19 we issued 1.6 million Basic DBS checks for customers in England and Wales through our on-line portal.

This has been very successful, since the launch of Basic DBS checks in 2017-18, we have over-performed against the 14-day target of 90% while maintaining 100% accuracy. In the first full year of operations

97.7% of DBS checks were issued in 14 days (compared to 91.8% in the previous year) with an average turnaround time of 3.5 days and 64% issued within 24 hours.

## Update Service

At the end of March 2019, the total number of Update Service subscribers exceeded 1.5 million. This is a 20% growth from March 2018. The Update Service was introduced to encourage portability of checks and particularly suits people who require multiple checks – such as volunteers and individuals in peripatetic roles – where the cost of multiple checks could be prohibitive.

During 2018-19, we undertook research of current and potential Update Service users to enable us to better understand user needs and requirements. During 2019-20 we will use this insight to develop the roadmap for the Update Service, working closely with stakeholders to seek opportunities to improve this service while ensuring quality standards are maintained.

## ANALYSIS OF BARRING PERFORMANCE

During the year, we continued to deliver our key statutory function to manage the lists of people Barred from working or volunteering in ‘regulated activity’ with children and/or adults (the Children’s and Adults’ Barred Lists).

There are three main ways in which individuals are referred to us for Barring consideration:

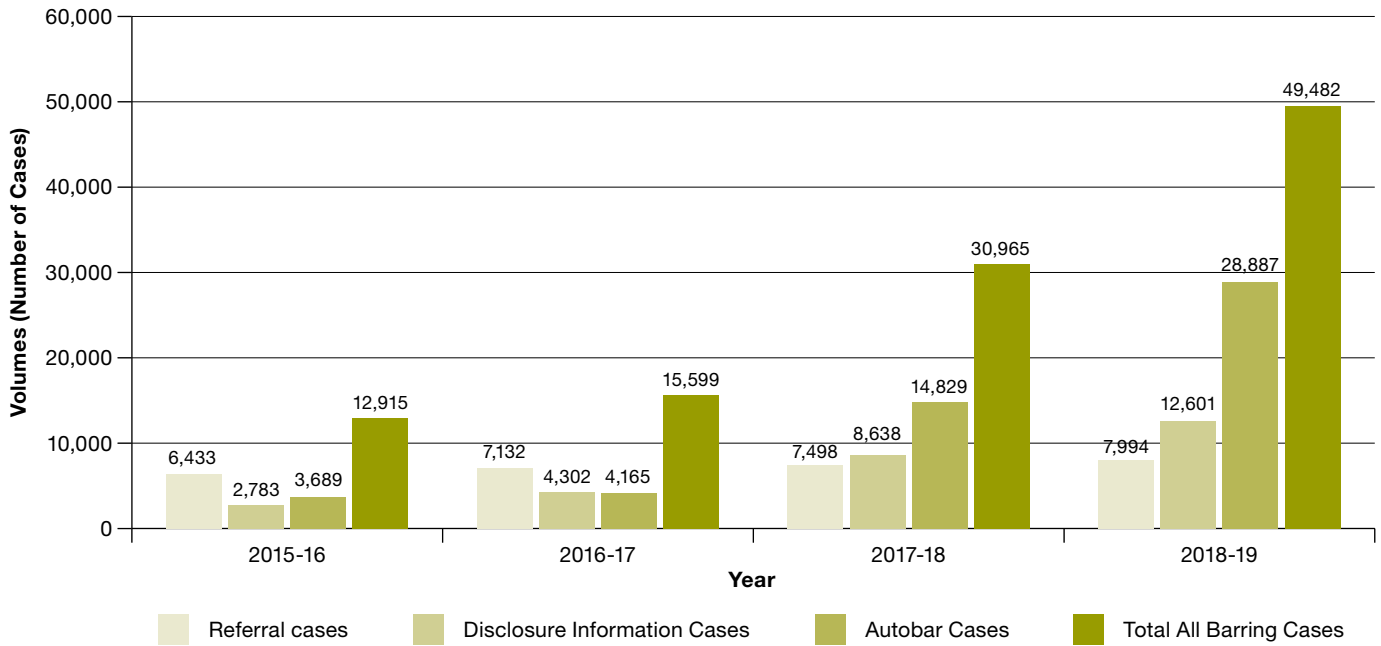
Referral type	Description
Referral Cases	Referral cases are those from employers, regulated activity providers and any other referring party for potential Barring consideration.
Autobar Cases	<p>These cases are received from the Police National Computer, where a person has been cautioned or convicted for a ‘relevant offence’ or has been issued with a Risk of Sexual Harm Order/Sexual Risk Order. There are two types of Automatic Bar Referrals:</p> <ul style="list-style-type: none"> <li>• ‘Without representations’, where the severity of the offence means we are required by law to include the person in the specified Barred list without seeking representations.</li> <li>• ‘With representations’ where we consider the person for Barring only if they satisfy the Test for Regulated Activity and after considering any representations the person may make as to why they should not be Barred.</li> </ul>
Disclosure Information Cases	Relevant referral information is received following a person applying for an Enhanced DBS check with Barred list check for a role in a regulated activity.

The following chart shows the growth in these case types over the past four years<sup>5</sup>.

<sup>5</sup> Note: Autobar and Disclosure Information cases are higher since the introduction of our new IT system (R1) in 2017-18. R1 counts all cases received, however, in our previous system (R0), a number of cases were automatically or manually sifted offline and never added to the system (as they did not meet our legislative criteria for further consideration). As a result, the volume of cases initially created is significantly greater under R1 than with the previous system. This is more prevalent in 2018-19 as it was the first full year of R1.



## Barring Cases



In terms of our timeliness, we exceeded the target to close 72% of barring cases within three months with an outturn of 91.9%. This indicator measures the percentage of cases closed within the reporting month which are three months old or less at the point of closure, minus the length of time a case is classed as being 'inactive' (time spent awaiting information from a third party, or customer representations). This measure was introduced in 2018-19 and applies to cases received from 1 April 2018.

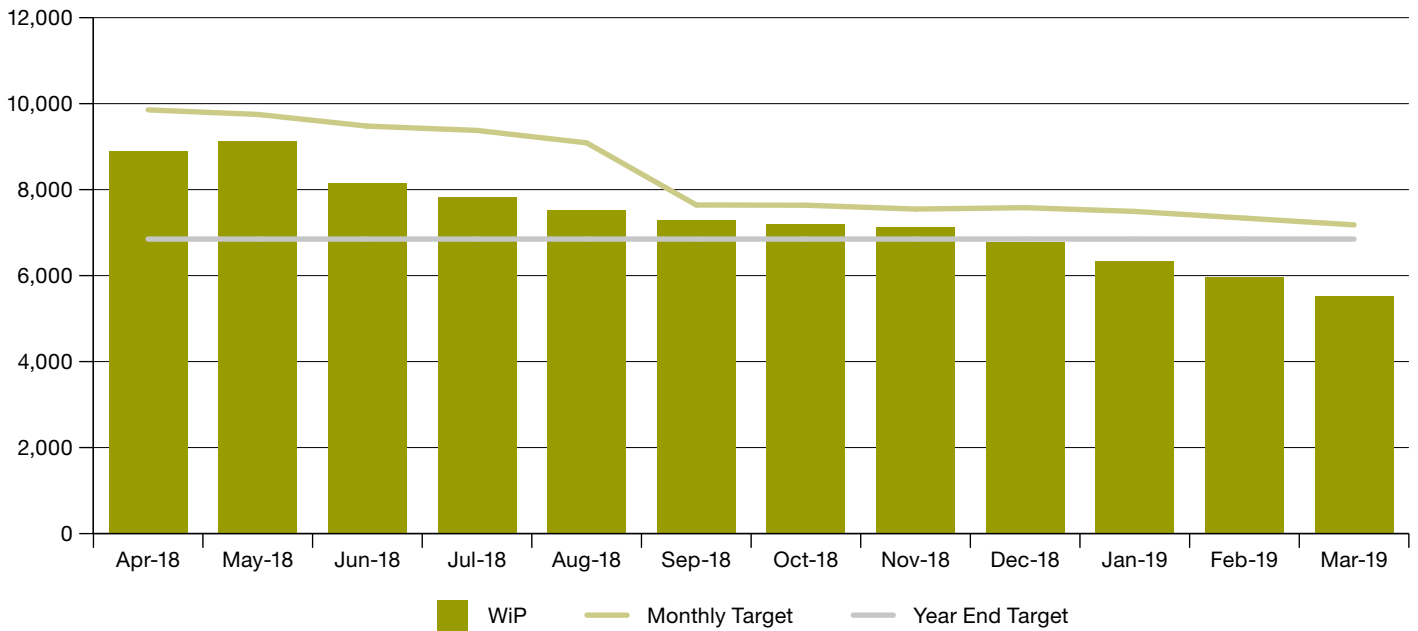
In 2018-19 a new target to close 95% of Autobar cases within one month was introduced. Meeting this target has proved challenging and we achieved 94.1% by 31 March 2019. An average of 2,400 cases are received each month with only 270 (11%) meeting the criteria for consideration. Around 900 (38%) of cases are sifted electronically, with manual intervention required to remove 1,200 (50%) of ineligible cases from the R1 system, and this has impacted on performance. The process for completing this task has been streamlined during the year and performance improved incrementally during the latter part of the year.

In 2017 prior to the deployment of the new IT system for Barring, the total number of case closures averaged 1,200 per month. During the implementation and subsequent stabilisation period, average monthly closures reduced to 685, resulting in 3,000 fewer cases closed during the six months following implementation. This position was recovered by March 2019 with a 23% increase in closures during 2018-19 to a monthly average of 1,481.

Total aged cases (those older than 12 months) peaked at 937 by the end of 2018 with cases continuing to age every month. As of March 2019, there were 520 aged cases and work continues to reduce these, with a target to reach fewer than 100 cases during 2019-20.

There has been a significant improvement in barring work in progress during 2018-19. The graph below demonstrates a sustained reduction, with a monthly net reduction of around 440 cases per month. December 2018 saw actual case numbers below the target level of 6,850 for the first time this financial year and it had reduced further to 5,533 by end of March 2019, 19% below the 2018-19 target.

## All Barring WiP



Due to sustained improvements within Barring, productivity was at its highest in March 2019 with 14 cases closed per month per full time equivalent staff member against a target of more than 10 cases. This is a significant achievement given the reductions in productivity last year as a result of the implementation of R1.

### Barring Quality

In April 2018, the new Barring quality checking process using the Safeguarding Incident Management System was introduced. This checks quality of decision making on all cases closed. A target of 99.50% was set, with the actual quality rate of closure of 96.37% being achieved in 2018-19, missing the target by 3.13%. The target is challenging and only allows for a small number of errors throughout the reporting year – one per 200 cases.

Barring caseworkers make risk-based judgments that are often finely balanced, and a rigorous quality assurance process is in place to monitor this. Where the quality assurance process identifies cases requiring further work before the decision is communicated to the customer, these are progressed as a priority with any learning shared to improve the barring process.

The quality of our service provision will always remain a key principle in the operation of all our functions. Our service quality is subject to regular internal audit review. The barring decision making process is a fundamental part of our quality management system which is certified to the ISO9001 Quality Standard.

### Appeals

A Barred person (other than those automatically Barred without representations) has a right to appeal a barring decision but can only do so with the permission of the relevant tribunal (based on an error of fact, or law). They cannot seek to appeal the barring decision itself solely because they disagree with the decision. Appeals are heard by the Upper Tribunal in England and Wales and the Care Tribunal in Northern Ireland.

During 2018-19, the following Barred cases were appealed, and the outcomes are noted. The number of appeals lodged during 2018-19 has risen in line with the increased rate in barring throughout the year. It can be noted that appealed barring cases totalled 0.91% in 2018-19 compared to 1.05% in 2017-18.

Status/outcome	Q1	Q2	Q3	Q4	Full Year
Appeals lodged	9	8	18	25	60
Closed – DBS withdrew (excluded appeals) * (Appellant removed from barred list/s)	2		2		4
Closed – DBS withdrew (Appellant removed from barred list/s) **	3	1		1	5
Closed – DBS decision maintained ***	2				2
Appeal remains live	2	7	16	24	49

\* Excluded denotes Appeals whereby a Para 18A Safeguarding Vulnerable Groups Act 2006 review has been undertaken due to 'new information' so not necessarily because the original barring decision was wrong but something during the Appeal has led to the conclusion that retention is no longer appropriate.

\*\* The original DBS decision could not be defended.

\*\*\* These are DBS decisions that have remained in place but may not have reached a substantive hearing. The two cases here were a) permission for a late application refused and b) following the remittal of a previous Appeal case and a new barring decision the Appellant lodged a new Appeal and then subsequently withdrew.

## Customer complaints and stakeholders

We achieved our targets for dealing with customer service complaints for the year and maintained the high score of 88% for satisfaction with the service received and 90% of customers agreeing with the statement that DBS makes a difference to Public Safety by helping make effective employment decisions. We also completed a compliance review of our registered body network, the outcome of which is noted within 'Strategic Objective 1' below.

Registered bodies are employers, voluntary organisations, commercial organisations and licensing bodies that can request a DBS check on behalf of an applicant for a Standard or Enhanced DBS check. We currently have around 1,650 registered bodies who have submitted the 4.2 million applications in 2018-19. Main responsibilities of the registered bodies are:

1. Checking an applicant's identity
2. Checking eligibility for DBS check and type (i.e. Standard or Enhanced)
3. Ensuring the form is completed correctly (paper or e-application, via e-Bulk)
4. Collating the fee and paying DBS
5. Countersigning the application and submitting it to DBS.

DBS has a legislative reliance on registered bodies to carry out this role. Applicants can not submit an application directly to DBS for Standard or Enhanced DBS checks.

During 2018-19 we received 3,450 complaints, which represents an increase of 14% when compared to an intake of 3,022 in 2017-18, but this should be considered in the context of a 28% increase in DBS checks issued in year. Complaints received related to Standard and Enhanced DBS checks (54.5%), Basic DBS checks (24.8%) and Update Service (20.7%).

Of the 3,450 complaints completed through 2018-19, 0.8% (28) were escalated, by the complainant, to the next tier of the DBS complaints process. Of those escalated cases, six were referred to the Independent Case Review. Of all of the complaints responded to through 2018-19, 99.2% were completed and resolved at our initial stage of the complaint process.

Our target was to respond to 98% of complaints within nine working days. We responded to: 99% of complaints relating to Standard DBS checks, Enhanced DBS checks and the Update Service within nine working days; and 97.2% of complaints relating to Basic DBS checks within nine working days.

## BUSINESS PLAN ACTIVITIES AND PERFORMANCE

The focus of our 2018-19 Business Plan was to continue to transform our service provision and demonstrate improvements for the customer. We planned to achieve this through delivery of our priorities that were outlined within the plan, demonstrating how we would deliver our strategic objectives to achieve our vision to have simpler, faster and more accessible services, while keeping our mission of Safeguarding at the heart of everything we do.

For each strategic objective we identified Indicators of Success. These are shown below with details of what we achieved.

For each Strategic Objective we also identified business risks at a corporate and strategic level, linked to DBS not achieving the milestones for each.

During the year the board completed a refresh of its strategic risks. Further details of the key risks identified during this exercise can be found in the Accountability Report under the heading of 'Profile of major risks and issues'.

### Strategic Objective 1: Improve safeguarding through delivery of excellent services and sharing of knowledge.

In 2018-19 we continued to develop our role in safeguarding the most vulnerable groups in our society, ensuring that this mission continued to be at the heart of our organisation. We continue to develop the quality of our services through ongoing data scrutiny, external review and support, and through our function as a progressive, learning organisation.

#### Our Indicators of Success

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Implementation of Quality Assurance Framework Improvement in quality and timeliness	<p>Our delivery of the DBS Quality Assurance Framework and development of a quality culture has been an important feature of this year's work with the launch of a range of quality initiatives. This included the pilot and successful implementation of a Safeguarding Incident Management system and associated lessons learned framework.</p> <p>As part of our drive to embrace a learning and open culture, we introduced a Root Cause Analysis methodology to identify why errors occur. The dissemination of lessons learned is having a positive impact within Barring. The learning is enhanced through a new peer review framework and quality advisory service which is being well received by staff.</p>	<p>Disclosure information accurate target set <math>\geq 99.98\%</math> accuracy across all three Disclosure streams, achieved 100%.</p> <p>Barring Quality rate of closures target set at <math>\geq 99.5\%</math>, achieved 96.4%.</p> <p>Barring Autobar case timeliness target <math>\geq 95\%</math> within 1 month, achieved 94%.</p> <p>All Barring case timeliness target <math>\geq 72\%</math> within three months, achieved 92%.</p> <p>Standard and Enhanced information timeliness, target to issue <math>\geq 87\%</math> in 21 calendar days, achieved 85%. Target to issue <math>\geq 96\%</math> in 42 calendar days, achieved 96%.</p> <p>Basic information timeliness target to issue <math>\geq 90\%</math> in 14 calendar days, achieved 98%.</p>

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Implementation of stakeholder engagement	A major development in 2018-19 has been in our research capacity and capability. Associated very much with our stakeholder engagement activity, robust research is shining a light on how we can target and work with stakeholders to improve the quality of referrals and information sharing. The research activity is gathering a body of knowledge that will contribute to how we and our safeguarding partners can improve services to protect children and vulnerable people.	Target to achieve 90% of responders agreeing that the DBS makes a difference to Public Safety by helping make effective employment decisions, achieved 90%.
Increased registered body compliance	<p>The registered body compliance project is a four-year plan, of which year two has just been completed. A total of 723 Registered Bodies have been assessed. In year one, 180 were assessed and they are all compliant. In year two, 543 were assessed of which 481 are compliant with the remaining 62 currently implementing their remedial plans. This should ensure they are compliant within the next four months.</p> <p>This leaves year three and year four to engage with the remaining registered bodies to complete the project – of which there are approximately 800 small volume registered bodies.</p>	Target to have 90% of assessed registered bodies fully compliant within four months of assessment, achieved 96%.

## Strategic Objective 2: Drives good value for money

This objective reflects the activities we undertake to continue to improve the efficiency and effectiveness of our products and services over the course of our strategy with the goal of reducing their cost.

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Deliver efficiencies	We built on year one of our efficiency framework in 2017-18 and identified £4.1m of efficiencies in 2018-19, an improved position of 4.96% saving against a target of 5%. The financial implications of the delayed R1 implementation, including a number of areas where related spend has been deferred, contributed to a significant surplus that was not anticipated. Fees have remained constant against rising inflation giving a real term reduction in fees over the past five years, which since DBS was created has saved fee payers an estimated £75m. We implemented the first phase of our new finance system, Metis, with the second phase that will bring the HR related aspects now expected to be introduced in 2019-20. We also commenced a programme to transition our services from Tata Consultancy Services to new technology services and contact centre providers, which will conclude in 2019-20.	We achieved the target of 5% efficiencies delivered as a percentage of our spend.

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Improvement of productivity staff	We continue to achieve our targets set for productivity within both Barring and Disclosure services. Within Disclosure we achieved 135 cases by end of year productivity per agent per day, compared to a target of 120, and within Barring achieving 14 cases in March 2019 per Caseworker, compared to the 10 cases target.	Barring target set > 10 cases closed per barring caseworker per month, achieved average of 10.9 cases closed by year end.  Disclosure target set between 100 and 120 DBS checks completed, achieved average of 135 by year end.
Reduction in unit cost of our products	We made good progress on reviewing our prices and will be working with the HO and HM Treasury in 2019-20 to seek to change our prices to enable us to pass further savings back to fee payers.	Target to achieve lower unit cost of our Core Products (Enhanced/Standard/Update Service and Barring Services) than in 2017-18. Achieved four out of four products, which were delivered with lower unit costs than in 2017-18.
Reduce staff sickness absence	A new sickness absence management policy was rolled out during the year, and alongside this, managers are being supported with the skills needed to manage absence within DBS, and where possible, reduce its cost. The sickness target was missed in the year, which resulted in robust action plans being developed within each directorate.	Rolling average working days lost due to sickness absence was 10 days as at March 2019, higher than our target of 8.75 days.

### Strategic Objective 3: Meets customer needs and exceeds expectations

This objective reflects the activities we undertake to meet and address value for our customers, to enhance our products, moving more towards digital interactivity and services to improve levels of satisfaction.

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Improve digital user journey	<p>During 2018-19 we successfully established a digital service. This has meant we now have in-house expertise and resources that enable us to use customer feedback to make improvements to our online services. This has focused on the Basic product and progress is reflected in performance. Since the launch of Basic DBS checks in 2017-18, it has performed strongly, over-performing against the 14-day target of 90% while maintaining 100% accuracy. In the first full year of operations 97.7% of checks were issued in 14 days, with an average turnaround time of 3.5 days and 63.7% were issued within 24 hours. This improvement from the initial performance of 91.8% was the result of continuous improvement, which included using digital technology within the operational process.</p> <p>Similar work is underway with the Update Service to implement process and technical improvements to enhance the future service proposition. Impacts will be reported in 2019-20 in line with our product service improvement activity.</p>	Target to issue ≥90% of Basic checks issued in 14 days, achieved 97.7%.



What we said we would do	What we achieved	Link to balanced scorecard where applicable
Improved processing times	We continue to make progress in developing options to inform a revised police operating model and we have been working collaboratively with the National Police Chiefs Council and HO on initiatives to improve the flow of Police information. This is a challenging and long-term project with enabling work completed during 2018-19. We continue to carry out specific activities to maintain quality and improve value for money within the police information flows. Additionally, efficiencies have been made within Disclosure Operations which has improved end-to-end processing times. We are also working collaboratively with police forces to share best practice identified with policing disclosure units and will continue this in support of the broader policing model project.	Average police force workload target set ≤12 calendar days, achieved 10 calendar days.
Customer satisfaction with information being clear and easy to find	During the year we were successful in being reaccruited against the Customer Service Excellence Standard. In January 2019 we achieved the rank of seventh place within a Public Sector Category at the annual UK Customer Service Institute Awards. We also maintained our ISO 9001 accreditation.	Maintain customer satisfaction levels of 85%, achieved 88%.
Respond to complaints within nine days	We have exceeded the target of 98% during the year, responding to 99% of Standard DBS, Enhanced DBS and Update Service complaints within nine days. We also responded to 97% of complaints relating to Basic DBS checks within nine days.	Target set for each product ≥ 98%, achieved: Standard and Enhanced DBS checks – 99.6%, Basic DBS checks – 97.2%, Update Service – 99.9%.

#### Strategic Objective 4: Develops a talented workforce to inspire continuous improvement

Our People Strategy is designed to develop the right blend of resource, skills, talent and expertise to ensure DBS meets its strategic aims. Our objectives are set in distinctive areas of attracting, retaining and developing our staff, underpinned by modern ways of working.

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Increase employee engagement index	In 2018-19 year we introduced our Equality, Diversity and Inclusion agenda. We continued to engage with staff and improve our wellbeing activities. This reflected in our recent staff engagement index which attained 61%. This indicates we have an engaged workforce, however, we recognise that there is more to do, and our plans will form part of our ongoing work to further develop and embed these strategies.	Staff engagement result was 61% against a target of 66%.

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Improve organisational capacity	<p>To continue to develop our capability we have introduced key senior roles with responsibilities for leading the organisation through a significant change agenda. Particularly pleasing is the blend of external and internal recruits into these roles which continues our commitment to develop our talent. Successful utilisation of the Apprenticeship levy has also meant further leadership development of our own staff.</p> <p>A challenge for DBS is the ability to attract specialist and technical skills in competitive markets as we have no flexibility in our pay structures. This is a key area of focus for the 2019-20 year.</p>	Target set at 2.3% of apprenticeship starts across the year, which was achieved at 2.4%.

### Strategic Objective 5: Is a highly valued public organisation

We have continued to work with stakeholders to understand their needs and how we can improve our service to them. By being connected to multi-agency safeguarding decision making organisations, we are able to enhance the protection of children and vulnerable people.

What we said we would do	What we achieved	Link to balanced scorecard where applicable
Maintain customer satisfaction and maintain Customer Service Excellence accreditation	As mentioned in Strategic Objective three above, we were successful in being reaccredited against the Customer Service Excellence Standard in December 2018. In January 2019, as well as being ranked seventh within a Public Sector Category, we also were judged fifth for complaint handling out of 500 public and private sector organisations at the annual UK customer Service Institute awards. We also maintained our ISO 9001 accreditation.	We targeted maintaining customer satisfaction levels at 85%, and we achieved a 88% satisfaction level.

What we said we would do	What we achieved	Link to balanced scorecard where applicable
<p>Increase satisfaction with key stakeholder group</p>	<p>Our stakeholder engagement activity has reached a higher level of visibility during the year with a series of regional roadshows and engagement work. Between May 2018 and February 2019, the Safeguarding, Strategy and Quality Directorate facilitated 16 information and engagement events. These events were delivered to human resource managers, recruitment managers, registered managers, safeguarding leads, charity commission employees, health and social care workers, teachers, police officers, elected members, taxi drivers and sports and leisure coaches. These events have reached in excess of 3,000 people and build upon the other engagement work such as conference stands, presentations and webinars.</p> <p>The impact has been that some of our safeguarding partners and employers have changed their organisational policies to provide a more robust safeguarding response. Our research activity has added insight and value to the findings from customer satisfaction surveys giving us a very clear focus for areas of improvement in the coming year.</p> <p>We have completed some detailed and innovative work with police forces across the country exploring how we can continue to work together to prevent unlawful attempts to enter regulated activity. We have launched an outward facing video for stakeholder engagement events showing the part DBS plays in the wider safeguarding environment.</p>	<p>We achieved our target of 90% of responders agreeing that the DBS makes a difference to Public Safety by helping make effective employment decisions.</p>

## Financial Performance

‘Managing Public Money’ requires DBS to set its fees at a level that breaks even each financial year. Effective cost controls and volume forecasting are important elements of our business planning as we can only set budgets on an in-year basis.

In this financial year we have made a significant surplus due to a combination of the following factors. This surplus is to be remitted back to HM Treasury.

Financial Summary	2018-19	2017-18	2016-17
<b>Volumes (numbers)</b>			
DBS checks issued (Standard and Enhanced)	4,245,904	4,242,449	4,335,385
Basic DBS checks issued (launched September 2017)	1,646,955	352,148	0
Update Service live subscribers	1,580,171	1,321,545	1,002,586
<b>Income</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total operating income	195,119	160,651	156,090
<b>Expenditure</b>			
Staff costs	36,687	32,798	31,029
Purchase of good and services	101,178	95,341	105,338
Depreciation and impairment charges	7,681	17,248	4,010
Other operating and finance costs	(182)*	3,915	793
<b>Total operating expenditure</b>	<b>145,364</b>	<b>149,302</b>	<b>141,170</b>
<b>Net Surplus</b>	<b>49,755</b>	<b>11,349</b>	<b>14,920</b>

\*negative balance due to the release of a provision made in 2017-18 during 2018-19

While demand for both Enhanced and Standard DBS checks have remained reasonably static over the past three years, the Update Service continues its growth with 2018-19 seeing 1.5m live subscribers, contributing to the increase in income levels. Additionally, following the launch of the Basic DBS checks in September 2017, the results for 2018-19 include a full year of income for this product, and therefore, our overall income has increased significantly compared to 2017-18.

Goods and service costs have risen in-year reflecting the increased volumes processed by the Police Disclosure Units and for additional costs to process Basic DBS checks, in addition to the associated costs paid to Tata Consultancy Services and to Police Disclosure Units.

Although a breakeven budget was originally set for 2018-19 our year-end position of £51m surplus is significantly higher than anticipated due to circumstances unforeseen at the time the budget was set with the key factors including:

- Higher than anticipated volumes of Basic DBS checks – 2018-19 was the first full year that Basic DBS checks for England and Wales have been delivered by DBS. Volumes were above those anticipated resulting in increased income of £4m. Other volume differences totalling £3m arose across the Standard and Enhanced products, however, this is offset by a reduction in Update Service income arising from the implementation of IFRS 15 totalling £1.7m.
- It has not been possible to deploy the remaining elements of R1 for Disclosure, and as a result of the requirement to impair the asset at the end of 2017-18, depreciation charges have been lower than expected. Additionally, an extension of the useful economic life of the live R1 asset for Basics and Barring led to further reductions in depreciation charges, a total of £4m lower than budgeted.
- Supplier costs, which also include the provision of IT services, were £25m lower than budget, principally due to the impact of not proceeding with the deployment of the R1 system for Disclosures and the associated commercial dispute. A further £3m was saved on the provision of specialist resource requirements.
- Underspends on staff costs of £8m, including the impacts of savings achieved through process improvements employed during the year and a number of other events prepared for that did not occur, including the potential impacts of the recent Supreme Court judgement which did not impact on our processes in 2018-19.
- Efficiency savings of a further £3m have also been generated through continuous improvement initiatives and a drive to reduce costs and achieve value for money wherever possible.
- The net impact of a range of other variances to budget totalling £1m, with the balance being the cost of capital as aligned to the budget.

As 'Managing Public Money' requires DBS to set fees to cover the total expected costs incurred in year, fees are set excluding the impact of any surpluses generated in previous years.

Following several years of unchanged fees due to continuing uncertainty and delays in the modernisation programme impacting on both our revenue and cost base, the budget set for 2019-20 includes an assumption that fees will reduce from October 2019 for a number of our disclosure products, subject to legislative approval. DBS has identified within its 2019-20 Business Plan a commitment to continue to assess our future fees and work towards unit cost reduction and to reduce prices for customers wherever possible.

Surpluses for prior years to 31 March 2018 totalling £51.5m were transferred in year as a Consolidated Fund Extra Receipt to the HO. The surplus generated in 2018-19 has been recognised as a Consolidated Fund Extra Receipt creditor at the year end, with the associated cash surplus being held in Government Banking Service accounts until being transferred following completion of our Annual Report and Accounts for 2018-19.

### **Other Non-Financial Performance**

In January 2019, The Supreme Court handed down its judgment on linked cases which challenged the legislative rules governing disclosure of convictions and cautions. The HO is considering this complex judgment and jointly with DBS, will consider the implications of how the required change can be introduced within an appropriate timescale and without any negative impact on DBS services.

DBS has a number of policies which cover anticorruption, antibribery, fraud and cyber security. These are monitored and any issues or events arising are raised and monitored at Executive Leadership and board level. Fraud and error is reported via HO to Cabinet Office on a quarterly basis. During 2018-19 no material incidents were reported.

### **Sustainability Report**

The sustainability data is compiled for DBS by the HO Sustainability Team. As an arm's-length body of the HO, DBS is committed to the UK Government Sustainability Programme.

The HO agrees that sustainability is "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". Our priorities and initiatives to assess and take responsibility for the business's effects on the environment are shown in the following paragraphs and tables below.

### **Priorities**

Our priorities are to:

- comply with legal, regulatory and other requirements;
- manage the carbon dioxide equivalent (CO<sup>2</sup>e) emissions from our energy use and official travel;
- manage water use and waste responsibly on our 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 our decision-making processes; and
- procure from small businesses with the aspiration that 25% of all spend for contracts should be awarded to small and medium enterprises.

## Initiatives and areas for improvement

- We have achieved savings from improved sustainability performance since the commencement of the Greening Government Commitment in 2009-10, for example, installing energy efficient LED lighting at Shannon Court.
- We continue to make improvements in reducing water, waste, domestic flights and paper.
- We have replaced old and ineffective chillers with those befitting a modern organisation which will over time reduce the carbon footprint and increase efficiency of the heating and ventilation air conditioning system.
- We have an in-house procurement team who ensure sustainability clauses are embedded within DBS's facilities management and ICT contracts. New contracts require that suppliers meet the Government Buying Standards.

## Data quality

Carbon Smart provides data-gathering services. Quality assurance is carried out by the Estates Cluster Sustainability Team and Building Research Establishment on behalf of Defra as a verification service for all Greening Government Commitments and reporting requirements. All arm's-length bodies are represented. The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business. All data is based on UK generated data only.








## Greening Government Commitments

DBS is considered to be part of the HO for Greening Government Commitments purposes.

The data below shows DBS performance for the financial year ending 2018-19 against a 2014-15 baseline, unless otherwise stated.

The HO has committed to a 42% reduction in greenhouse gas emissions from 1 April until the end of the Greening Government Committee reporting period in March 2020.



Requirement	2018-19 performance	Achievement against target	Explanation where target not achieved
Reduce greenhouse gas emissions by 42%		47%	
Reduce domestic business flights by 30%		40%	
Continue to reduce total waste against baseline (2011-12) and continue to improve against 2015-16		49%	
Landfill waste to be less than 10%		16%	DBS has achieved an 8% reduction against the overall waste reduction target, based on the 2011-12 baseline. Our landfill rate, stands at 16% against the less than 10% target. We have removed all under desk bins and are encouraging colleagues to recycle using centralised waste and recycle bins located in both kitchen and operational floors areas. Since 2017-18 there has been an increase in Shannon Court building users by approximately 300.
Increasing the proportion of waste recycled against 2015-16		49%	
Reduce paper use by 50%		28%	DBS is now processing 50% of its Basic DBS checks online, reducing reliance on paper and has reduced the number of reams by 1,390 since 2014-15.
Continue to reduce total estate water consumption and exceed 2014-15 levels		23%	Up until 2017-18 DBS had reduced its water consumption by 25%. Since 2017-18 there has been an increase in Shannon Court building users by approx. 300.

## Sustainability Stakeholders

Our principal sustainability stakeholders are the public, ministers, 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.

Area	Metrics	2018-19	2017-18	2016-17	2015-16	2014-15
Greenhouse gas emissions	Tonnes CO <sup>2</sup> e	1,229	1,547	1,122	1,940	2,305
Building energy*	kWh	4,360,977	4,946,718	2,918,169	4,721,437	6,003,280
	Expenditure (£)	338,062	383,468	283,010	478,131	543,446
Domestic flights	Number	60	70	70	65	100
Office waste*	Tonnes	98	92	34	47	66
	Expenditure (£)	7,573	£7,109	Not available	Not available	Not available
	Percentage recycled by weight	49%	51%	53%	43%	45%
Water*	Cubic meters	9,115	7,800	5,554	13,975	7,388
	Expenditure (£)	38,400	45,808	35,802	43,929	25,307
Paper (A4 equivalent)	Reams	3,510	4,885	4,368	5,570	4,900
	Expenditure	14,300	19,902	17,710	13,155	10,743

(\*DBS buildings are sub-let to Independent Inquiry into Child Sexual Abuse and shared with UK Visas & Immigration. The 2017-18 Building Energy and Waste figures above include all building tenants' use for some of the areas).

2017-18 have been updated to reflect full year actual usage/cost (may have previously included estimates due to availability of data).



**Paul Whiting**  
**Accounting Officer**  
12 July 2019



# **Accountability Report**

# Corporate Governance Report

## Overview

The purpose of this section is to explain the composition and organisation of the governance structures of DBS and to demonstrate how they support its objectives.

The role of DBS is to deliver government policy. We operate as a non-departmental public body, and as an arms-length body of HO. The relationship between DBS and HO is guided by a framework document. Although this has no statutory basis, under the provisions of HM Treasury's guidance 'Managing Public Money', the government requires departments to have arrangements in place to monitor and understand the strategy, performance and delivery of the non-departmental government body, usually built around a jointly agreed and signed framework document. This is supported by appropriate letters of delegation from HO to the DBS chief executive officer, or acting chief executive officer, setting out the terms of financial delegation to spend money received by DBS from statutory fees.

The Minister responsible for the DBS is Victoria Atkins MP, Parliamentary Under Secretary of State for Crime, Safeguarding and Vulnerability and she accounts for DBS business in Parliament.

DBS chairman and chief executive officer (or acting chief executive officer) meet with the responsible minister regularly, or when relevant issues arise.

## Directors' report

Dr Gillian Fairfield was appointed Chairman of DBS on 1 December 2018 for a period of three years following the expiry of Bill Griffiths' term of office on 30 November 2018.

Adele Downey was the Chief Executive and Accounting Officer of DBS throughout 2018-19 and continued in her role until her planned retirement in May 2019. Paul Whiting has been subsequently appointed in these posts on an interim basis from 1 May 2019 and will continue in these roles until the commencement of Eric Robinson as the new DBS Chief Executive, as announced in June 2019.

DBS is led by a board, comprising of a chairman, non-executive and executive members which is responsible for the strategic leadership of the organisation, with collective responsibility for the proper conduct of DBS affairs. In essence, the role is of direction, monitoring and control, assurance and propriety.

Details of the non-executive and executive board members can be found in the governance statement. A register of interests for board members is maintained and updated regularly and can be found at [www.gov.uk/government/publications/dbs-register-of-interests](http://www.gov.uk/government/publications/dbs-register-of-interests)

In line with the General Data Protection Regulation, during 2018-19 the following personal data related incidents were formally reported to Information Commissioners Office:

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected
August 2018	Unauthorised disclosure	Disclosure of name, Date of Birth and address and criminality information for third party	1
November 2018	Unauthorised disclosure	Barring case information	1
November 2018	Unauthorised disclosure	Disclosure of name, Date of Birth and address and barring status	1

## Statement of Accounting Officer's responsibility

Under Schedule 8 of the Protection of Freedoms Act, 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, statement of financial position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual 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;
- Ensure applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis.

The accounting officer of the Home Office has appointed and designated the acting chief executive of DBS as accounting officer for DBS. The responsibilities of an accounting officer are set out in 'Managing Public Money', published by the HM Treasury. These include: responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, keeping proper records and for safeguarding the DBS's assets.

Prior to the retirement of Adele Downey as Accounting Officer and Chief Executive of DBS, a lengthy handover process took place between the outgoing and incoming Accounting Officer to ensure that the new accounting officer was fully conversant with the risks and internal controls operating within DBS. On this basis and the fact that in his substantive role, the new accounting officer acted as deputy chief executive and chief finance officer of DBS for a number of years prior to appointment as accounting officer, his knowledge and experience of DBS supported the transition to this role. This, together with assurances passed from the previous accounting officer ensured the new accounting officer was sufficiently aware of the risk and controls environment in which DBS operates.

As far as the accounting officer is aware there is no relevant audit information of which the entity's auditors are unaware. The accounting officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information. The accounting officer confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.'



**Paul Whiting**  
**Accounting Officer**  
12 July 2019

## **Governance Statement: April 2018 – March 2019**

As the Accounting Officer for DBS, I am responsible for maintaining a sound system of internal control that supports achievement of HO policies, aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the 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 provide only high and not absolute assurance of effectiveness.

### **Governance, internal controls and risk management framework**

As a non-departmental public body, DBS is not bound by the terms of the Corporate Governance Code that applies to central government departments. However, our governance arrangements, internal controls and processes, not dissimilar from most Non-Departmental Public Bodies, aim to reflect and follow the principles of good practice set out in the code. I consider we have complied with the principles set out in that code. We continuously review the effectiveness of the DBS' control and risk management framework through our corporate governance structures and key controls.

### **Main elements of the governance structure**

#### **The DBS board as governance lead**

The board operates under a constitution which sets out the governance arrangements for the board and its committees and details the legislative framework for the board. The Board Constitution states, the board comprises of five appointed members, which must consist of the chair, chief executive officer and at least two non-executive directors. Current composition is the non-executive chairman five non-executive directors and two executive directors. At the end of the reporting period, due to pending appointments of new non-executive directors in April 2019, there was a period of four weeks when the board comprised of a non-executive chairman, three non-executive directors, and three executive directors. The chair invited the Home Office Director of Public Protection to every DBS board meeting and her office receives copies of board papers. The board met on 11 occasions between 1 April 2018 and 31 March 2019, supplemented by teleconferences and out of committee papers. The board was satisfied with the quality of the papers, data and risk considerations used to inform recommendations. Attendance at those meetings is outlined in the annex following the governance statement.

On 30 November 2018, Bill Griffiths' term ended as chair of the board. On 1 December, Dr Gillian Fairfield was appointed as Chairman for a term of three years. A recruitment campaign was initiated during the reporting period for two new non-executives to replace two whose terms finished in March 2019. Another non-executive tendered their resignation during the reporting period and arrangements were put in place to replace with an interim non-executive director from April 2019. We were joined by three new non-executives in April 2019.

Like 2017-18, the board effectively guided the organisation through ongoing challenges such as the complex commercial discussions, performance and legislative issues.

In line with good governance and the DBS Constitution, the new chair commissioned an external review of governance, including the board and committee effectiveness. The recommendations will be implemented as appropriate and the board will then conduct a self-assessment of its effectiveness as a new board before the end of the next financial year. This will allow the changes as necessary to be embedded and the new members, of whom five of the nine are new, to have settled in.



## Board Committees

The board is supported by four committees operating under clear terms of reference. The committees oversee the responsibilities of the board for specific areas of DBS, providing advice and assistance where appropriate. At each board meeting, the committee chairs provided feedback to the board raising any relevant concerns or risks. During each reporting period, each committee presents an annual report of the activities undertaken over the past year as well as a separate effectiveness report. Those covering the full 2018 –19 reporting period will be presented to the board in June 2019. Non-executive committee chairs and membership are detailed in the annex at the end of this statement.

**Audit and Risk Committee (ARC):** Provided advice and assurance to the board and Accounting Officer on a range of issues including risk management, the internal control framework, General Data Protection Regulations, Cyber-security, IT Health Check Management, commercial risks associated with the current services provider and the Annual Report and governance statement. It oversaw the work of internal and external audit. It reviewed the risk management framework and scrutinised specific risks at each meeting. The committee met four times and the highlights from its annual report are:

- The National Audit Office Audit Completion Report was presented in June 2018.
- The Committee approved the Annual Report and Accounts for 2017-18.
- The National Audit Office Audit Committee High Level Cyber Security action plan was discussed with ARC noting that meetings have been held with the National Cyber Security Centre and HO Cyber Security Operating Centre regarding cyber capabilities and data loss prevention.
- The Committee discussed the final Trust Bridge Report concerning the implementation of the General Data Protection Regulations, noting that good progress had been made in all areas.
- In September 2018, the Committee was provided with an understanding of the DBS approach adopted in the commissioning of IT Health Checks, across the DBS R1 and R0 IT estate. They welcomed the detailed coverage of the process being a critical aspect of the cyber risk management process.
- In May 2018, September 2018 and January 2019 ARC were provided with assurance reports concerning the DBS control environment, including aspects relating to fraud, health and safety, breaches of security and conformance to Freedom of Information requests. Concerns were raised regarding data breaches with subsequent assurance received.
- ARC was provided with an overview of the gift and hospitality register.

**The Committee provided assurance that, during the period of its report, it discharged its responsibilities in accordance with its Terms of Reference.**

**Finance and Performance Committee:** Ensured the overall integrity of the financial strategy, planning, monitoring and reporting framework. The committee scrutinised and validated financial reports in relation to the business plan, measures and targets including the efficiency programme. It scrutinised operational performance within its remit on behalf of the board. The committee met seven times.

**Quality and Standards Committee:** Provided advice and assurance to the board as to the quality and standards of operations, and provided advice on complex Barring casework, receiving regular reports. It scrutinised operational performance on behalf of the board. The committee met five times.

**Remuneration and Nominations Committee:** Assisted the board in the discharge of its responsibilities in relation to remuneration, pay and reward. The committee met six times.

## Main elements of internal controls and risk management

As part of its internal control system DBS has key internal controls including financial and procurement elements related to segregation of duties, authorisation and approval of expenditure. A report is presented to ARC detailing the assurances around DBS' control environment. This includes the following areas: whistle blowing; health and safety; fraud; computer system security; information management compliance; and conformance with Freedom of Information and parliamentary questions procedures.

The internal control system of DBS has worked effectively; it is designed to manage risk to the set tolerance levels, and maintain regularity and propriety, rather than eliminate all risks of failure. The system is based on an ongoing process designed to:

- identify and prioritise the risks affecting DBS' business aims and objectives;
- evaluate the likelihood of those risks happening and their likely impact; and
- manage those risks efficiently and effectively.

An annual self-assessment against the HO risk maturity model is undertaken and presented to ARC, any necessary plans which may be needed to strengthen the framework are developed and implemented.

## **The Board**

The board leads oversight of strategic risks. It owns the risk management framework and defines the overall risk appetite for the organisation whilst monitoring the overall risk profile. The board undertook reviews of the strategic risks in April 2018, and January and February 2019. It also held a strategy planning session in October 2018 and had several commercial discussions and updates throughout the year. The board receives the strategic risk register every month.

## **Audit and Risk Committee**

The Audit and Risk Committee provides assurance that adequate processes are in place and are being used effectively to manage risk and controls in the organisation. It receives a report from the risk manager each quarter and scrutinises selected risks in detail. Management information is used to verify that risks are being appropriately escalated and to assess the overall risk and control effectiveness of the environment of the organisation and its performance.

## **Executive Leadership Team**

The Executive Leadership Team meets monthly ahead of board meetings and spends significant time discussing the management and mitigation of risks at each meeting with agendas being largely focused on key areas of risk. These arrangements are supported by monthly calls and quarterly meetings (or sooner if required), between the DBS corporate risk manager and HO Sponsor Unit to ensure that DBS adequately manages those strategic risks managed jointly with HO.

Risk management reporting to Executive Leadership Team has been strengthened with much closer scrutiny and challenge concerning the alignment of risks with key areas of organisational performance measures and business plan milestone achievement.

Each director provided the Accounting Officer with both a nine-month assurance statement and then a year-end statement outlining their risk, key controls and information management responsibilities under their control during the reporting period.

## **Corporate Management Team**

The Corporate Management Team meets monthly. It is responsible for the strategic management of corporate operational challenges. The Corporate Management Team is asked to monitor progress against the business plan objectives, ensuring that appropriate action is taken to deliver against milestones, escalating to Executive Leadership Team where appropriate. The Corporate Management Team works with the corporate risk manager to provide assurance to the Executive Leadership Team that corporate and strategic risks are being appropriately managed and escalating by exception those that need Executive Lead Team input.

The Corporate Management Team also provides assurance to the Executive Leadership Team that the business is being run effectively in accordance with the legislative framework and policy intent of government and assuring DBS is driving value for money across the organisation.

## Internal audit

Under the terms of the DBS framework document, the Government Internal Audit Agency provides an independent and objective audit service, operating to standards and an agreed audit methodology documented in the guidance 'Public Sector Internal Audit Standards'. The Head of Internal Audit attends ARC and periodically attends the Executive Lead Team.

At the end of the financial year, Government Internal Audit and Assurance provides assurance in respect of DBS's governance, internal control environment 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'.

DBS had in place an internal audit programme for 2018-19, which Government Internal Audit and Assurance has delivered, covering both 'business as usual' and programme-related activity. This programme of work was overseen by ARC. The programme received progress reviews at both Executive Leadership Team and ARC meetings. In addition, these forums also monitored the organisation's progress in implementing management actions arising from Government Internal Audit and Assurance reports. The head of internal audit provided their opinion at the end of the financial year. Their opinion for the year is moderate on the basis that whilst there were three reports with substantial assurance, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. The summary table of assignment opinions is below:

Audit Title	Opinion
Basics Process	Substantial
Barring and Basics WiP	Moderate
Barring Transformation Programme	Moderate
Fees and Financial Planning	Moderate
Governance Healthcheck	Substantial
Key Financial Controls	Substantial
Registered Body Compliance Follow up	Moderate
R1 Supplier Relationship Management	Advisory
R1 Support	Advisory

## 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. The budgets were scrutinised at senior level across DBS in advance of formal approval by the board.

Fees are kept under regular review through prompt monthly reporting of expenditure against agreed budgets and subsequent re-forecasts, to ensure that DBS adheres to the principles of HM Treasury's guidance, 'Managing Public Money'. This includes monitoring of changes in forecast income and expenditure and uncertainties such as demand fluctuations and the current risk profile.

DBS made a further surplus in 2018-19, in light of a number of variances to its budget including its decision not to introduce the second phase of R1. DBS completed its in depth annual fee review during the year and identified opportunities to reduce its pricing to better reflect its cost base. However, this process takes a minimum of 12 months to complete, but DBS is working through this with a view to reducing its prices from October 2019.

Actual financial performance against budget and forecast is reported to the Executive Leadership Team and the board each month as part of a wider integrated performance report. This includes commentary on key variances, with risks and other relevant financial information being highlighted. As part of the review of this information, directors are challenged on financial and operational performance issues.

## Profile of major risks and issues

DBS operated in a particularly challenging environment and, as last year, the most significant risks were largely dependent upon the performance of external suppliers managed by DBS.

The board has met and discussed a number of times the planned IT Transformation. Its decision to end the contract with Tata Consultancy Services has led to two major procurement exercises for Technology Services and Contact Centre services, including aspects of business processing, which it is accepted will delay further transformation. However, DBS' mid- and long-term technology strategy builds on the R1 modernisation process and allows it to further develop its existing systems in order to ensure services are continually improved and modified in accordance with DBS' and its customers' requirements. The gradual disaggregation of technology platforms and contracts creates supplier and technology choice for DBS. Using this approach also avoids future large-scale technology projects and allows DBS to maintain its focus on service delivery and incremental modular improvement with a reduced level of risk.

Given the challenges experienced, a joint action plan was put in place with the HO Sponsor Unit in November 2017 and covered: the R1 programme; commercial matters; Barring performance, the National Audit Office review of DBS; the DBS surplus position; filtering and the cases being considered by the Supreme Court. These are reflected within DBS's own risks and issues which are detailed below:

Risk Title and description	Mitigating action	Update
<b>1. Safeguarding risk</b>		
DBS manages the risk that a child or adult could be subject to significant harm caused by DBS action or inaction, because decision making within Operations may be delayed and or inaccurate.	Quality checks concerning accuracy take place prior to the issue of certificates or the barring of an individual. Immediate learning of issues identified is shared together with any corrective action.	Operations' focus continues to be on achieving timely delivery across the end to end process, in line with agreed targets.
<b>2. Compliance with 'Managing Public Money'</b>		
Recent years have seen annual surpluses being returned partly as a consequence of the risk profile DBS has faced during a complex IT transformation implementation.  This has also attracted external criticism including a report with recommendations from the Public Accounts Committee.	In response, the board approved proposals for a fee review at its October 2018 meeting and some additional analysis of historic surpluses has been undertaken to support the proposed approach which has been agreed with HO.  DBS completed the fee review during the year and has identified opportunities to reduce its prices which it hopes to implement in October 2019.	There is a risk that this may not be achievable owing to potential challenges in securing changes to legislation. The draft budget indicates a further surplus could accrue in 2019-20 if we are not able to achieve this timeframe.

Risk Title and description	Mitigating action	Update
<b>3. New and existing IT system resilience</b>		
DBS is reliant upon systems, including some legacy systems, to deliver its services, and there is a risk of service outages leading to reduced service performance.	An approach to bring these platforms up to modern standards has been agreed with the initial focus on the replacement of legacy hardware.	A project is in place to deliver this outcome. Following on from the hardware refresh, a rolling programme of upgrades will be agreed and commenced with the new Technical Services supplier as part of the Service Transition programme.
<b>4. Commercial dispute with current IT suppliers</b>		
DBS is experiencing ongoing commercial challenges with its current supplier, with the risk that transition to the new supplier is adversely affected, which could impact upon its service delivery.	The potential new suppliers have been made aware that there may be information gaps as DBS transitions.	DBS will seek assurance that they have planned accordingly as part of its existing governance and supplier transition and management arrangements.
<b>5. Transition to new suppliers</b>		
DBS is transitioning to two new service partners and the incumbent supplier may not be cooperative, and there is therefore a risk of reduced service performance, leading to potential impacts on safeguarding and DBS' reputation.	The expectation remains that DBS will receive minimal support from the incumbent supplier and this has been made clear to the potential incoming suppliers.	An assessment of their planned approach to transition formed part of the tender evaluation exercise. This will be kept under review as part of the transition programme.
<b>6. Business Continuity and Disaster Recovery</b>		
DBS could potentially be subject to a continuity or catastrophic event and there is a risk that its response to this is not sufficiently managed, creating reputational impact from disruption to its safeguarding functions and the achievement of its targets.	A report was commissioned and highlighted a number of significant concerns regarding the existing plans and continuity arrangements including the testing of those plans and our ability to recover from a major incident.	An action plan has been developed with progress monitored via the Executive Leadership Team and ARC.
<b>7. Cyber Security</b>		
DBS services are becoming more digital based and internet facing and there is a risk that a cyber-attack could occur, leading to data breaches, outage of its key processing systems and reduced public confidence.	As part of its assurance process, ARC was provided with an understanding of the DBS approach adopted in the commissioning of IT Health Checks, across the DBS R1 and R0 IT estate. The detailed coverage of the process was welcomed as being a critical aspect of the cyber risk management process.	Discussions on the potential use of the HO cyber security operating centre are underway which will further strengthen DBS' existing arrangements.

Risk Title and description	Mitigating action	Update
<b>8. Compliance with GDPR/data protection legislation 2018</b>		
DBS is managing the risk that it may breach its legislative obligations, leading to a reduction in public confidence if citizen personal data is not being collected, processed or shared appropriately.	An external review has been undertaken which concluded with an amber/green rating suggesting some modest improvement activities and continued monitoring following the implementation.	Progress with the outstanding improvements is regularly reviewed by the Portfolio board. Further system changes are in the planning stage.
<b>9. Insufficient capital to deliver our Strategy</b>		
DBS is reliant upon a capital allocation from the HO, which is constrained under present limits, with the risk that insufficient capital will be available to DBS, leading to an inability to complete its desired strategic initiatives.	In the event that the allocation is insufficient, alternative arrangements including a conversion of resource spend will be explored with HO following the initial discussions that have taken place.	The potential for conversion of resource spend is under active consideration by HO.
<b>10. Adverse media coverage and stakeholder complaints about DBS and its performance</b>		
DBS supplies a vital public service and has a broad stakeholder base and there is a risk that adverse media or stakeholder commentary could lead to reduced public confidence in DBS.	Media and Press coverage is monitored both externally by way of an agency contract, and internally within the Communications Team. Political horizon scanning is performed by the Policy Team and dovetails with DBS' Stakeholder Engagement plan in ensuring that relationships with groups that may provide negative coverage are carefully managed.	A new Media Strategy is planned for the new financial year and will further cement DBS' strong approach in this area.
<b>11. Failure in Supply Chain Performance</b>		
DBS is reliant upon a range of third-party suppliers and there is a risk that their performance does not meet its desired levels, leading to reduced service delivery and public confidence.	There is an established performance management regime in place for Local Police Forces, Registered Bodies and Responsible Organisations. These focus on quality, performance, compliance and early intervention on service delivery issues. In addition, DBS is introducing new supplier manager roles for the Technology Services and Contact Centre providers. DBS is also working on an 'intelligent client' blueprint to inform its supplier management approach.	DBS continues to engage with all of its suppliers on a regular basis to ensure consistency of service to DBS, escalating as and when appropriate. Reports on compliance are provided regularly to Executive Lead Team.



Risk Title and description	Mitigating action	Update
<b>12. Attract, retain and develop our talent</b>		
DBS may not be able to attract, retain and develop the right skills and there is a risk that it does not have the people to deliver its services, leading to reduced service provision and an inability to achieve its strategic objectives.	Plans have been developed and implemented to ensure organisational capability reviews are completed, so that DBS can fully assess the current capacity and capability levels within the organisation and develop a plan for enhancement within all areas.	Plans and mitigating actions which form part of the People Strategy are regularly reviewed by Executive Leadership Team with updates provided to the board.

The board has undertaken a detailed review and re-prioritisation of risk and agreed revised risks for monitoring during the 2019-20 financial year.

## Performance review

DBS continues to focus on timeliness and quality within operational delivery. There are several measures it uses to assess performance against its services. Of the three published quality performance targets, two have been achieved during the year, however the quality rate of closure measure within Barring was not achieved. In April 2018, the new Barring quality checking process using the Safeguarding Incident Management System was introduced along with a target of 99.50%. The quality result for Barring currently stands at 96.37%, 3.13% below the target. Several initiatives are underway to improve performance against this target. It should be noted in March 2019 DBS achieved 98.5%, its highest performance this year.

There are five service standards used to assess timeliness. DBS achieved three, with two narrowly missing their target. The two measures performing below target were Autobar cases to be closed within one month, DBS achieved 94.1% against target of 95%, and percentage of Standard and Enhanced DBS disclosures issued within 21 days, where it achieved 85.3% against a year-end target of 87%.

Within Disclosure, a published target was introduced following the launch of the Basic product in 2017 with 98% achieved against the target of 90% of certificates issued within 14 days. Progress has steadily improved throughout the year, achieving 99.6% in March 2019.

The service standard to issue Standard and Enhanced certificates within 42-days has been a significant challenge this year. This target was previously set at 56 days and was reduced for 2018-19. The target was achieved at year-end.

To maintain focus on timeliness next year, DBS has introduced a refined set of service standards which will highlight the performance of individual products, which it will use as a basis for further improvement.

The average workload target for police forces has been consistently met throughout the year. By 31 March 2019, 9.7 days was achieved against a service level agreement of 12 days. Police cases aged > 60 days achieved the target of 2% of overall police work in progress.

The service standard to close 72% of barring cases within 3 months has been consistently achieved throughout the year, achieving 91.9% by year-end.

Work in progress across Barring has significantly decreased over the reporting year, from the 2017-18 year-end of 10,603 to 5,533 by 31 March 2019, well below the target of 6,850. The average productivity per barring caseworker is at 11 in the year to date against a target of 10. This has steadily improved throughout the year, achieving 14 cases within the month of March 2019 – the highest outturn this year.



## Data protection

The General Data Protection Regulations came into force in May 2018. As part of our preparation, third party General Data Protection Regulations consultants were appointed to undertake a review of: DBS' DP related documentation; General Data Protection Regulations Project plan process; and data touchpoints to determine any gaps and upgrades required to complete the General Data Protection Regulations alignment of the products and services DBS offers, prior to go live. This concluded that a high level of preparation and planning had been demonstrated and provides an illustration of good progress with General Data Protection Regulations alignment. The system changes to deliver the remaining planned activities were submitted to Tata Consultancy Services, however, due to the ongoing commercial discussions, delivery of these changes has been deferred with manual work-arounds in place where it is possible to do so to ensure compliance.

As part of DBS' ongoing commitment to ensure staff are aware and understand their data protection responsibilities, the Data Protection team is currently refreshing the annual mandatory face-to-face briefings that will be delivered to all staff in quarter one of next year in addition to the mandatory eLearning.

## Compliance

DBS is established and defined under Schedule 8 of the Protection of Freedoms Act 2012. It can operate only within the legal parameters defined within the legislative framework and holds no common law powers.

DBS has a whistle-blowing policy and procedure which provides a clear mechanism for complaints to be raised and continues to help protect the integrity of DBS. Assurance that DBS Policy and process is relevant and effective was provided to the board annually in January, following a review of the policy. Staff are made aware of the policy on joining DBS and the policy is hosted centrally via the Home office intranet page. There have been no incidents raised under the Whistleblowing policy during the reporting period.

DBS publishes board members' expenses on the GOV.UK website under the DBS publication scheme. Any DBS spend over £25,000 is dealt with in line with the government's transparency programme and is also published on GOV.UK as part of a HO dataset. A register of gifts and hospitality offers and acceptances is maintained, which is available, subject to any Freedom of Information exemptions, on request.

## Security, information management and assurance

DBS security provides a fully embedded Security Accreditation and Subject Matter Expert service to key DBS projects and services. The Security team has managed the delivery of a supplier assurance framework which is broken down into three key areas: Operational assurance; third-party site visits; and security view assurance.

The team conducts monthly internal reviews against the internal assurance framework, which checks how DBS internal controls are operating. This was implemented in October 2017 and has been maintained during 2018-19.

Supplier assurance framework checks are to re-commence from April 2019 and will be completed monthly until all control statements and supporting evidence has been reviewed. An interim assurance activity covering all non-compliance results from the 2016-2017 round of checks was conducted.

Staff-facing security policies and procedures have been reviewed and updated during this reporting period, to reflect the General Data Protection Regulations legislative changes. These have been communicated to staff and posted on the intranet, with drop-in sessions held to provide staff with the opportunity to discuss the content and raise any questions to aid understanding of their responsibilities.

The Corporate Management Team chaired by an associate director has been established and oversees DBS' data management arrangements.

Information asset owner and records advisor communities are established across both sites, along with one central asset register. Data breaches that were recorded centrally within DBS are shown in the table below.

Category	Nature of incident	*
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	3
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	10
Total	Other	13

\* One of these breaches relates to a number of CLEAR DBS certificates being issued to incorrect addresses; the information disclosed includes: Applicants' names (including other names), address (although may have been incorrect), date of birth, place of birth, gender. Certificates are however issued in an envelope that states only to be opened by addressee and provides return address

## Freedom of Information

The publication scheme includes five comprehensive sets of data which can be viewed on the DBS website. Updates to the existing data follow the Freedom of Information approval process. The scheme was updated quarterly. For the Freedom of Information requests handled during this period, 100% of DBS performance has been responded to within the statutory time limits.

## People Management

DBS is accredited to recruit by the Civil Service Commission until 21 June 2019 and abides by the Civil Service Recruitment Framework. DBS is currently working through a comprehensive review of its methods of recruitment which include alignment to HO programmes of success profiles (a recruitment methodology) and Metis Phase 2 (an employee database). This comprehensive programme of work incorporates the Government Internal Audit and Assurance audit recommendations following the recruitment audit, of which all are on track for implementation.

DBS has a strategic workforce planning forum chaired by the deputy chief executive with director level membership. The forum sits monthly and reports to the Executive Leadership Team. It is responsible for strategic, evidence-based advice and information on DBS' organisational development and workforce plans to guide the development of priorities, and to monitor and evaluate the effectiveness of DBS' workforce management planning framework.

The People Strategy is now in its second year with five main pillars: attract; develop; retain; excellence in leadership and management; a modern DBS workplace. The board holds the business to account on its delivery through half-yearly reporting on progress.

DBS discharges its obligations in relation to employees via a comprehensive suite of policies that are aligned to employment legislation and HO policy. These have a regular review cycle and are signed off through DBS governance arrangements which include our recognised trade union Public and Commercial Services.

## Portfolio and Programme Management

Programme and project management disciplines are being developed through both recruitment and training initiatives, resulting in a number of significant projects in delivery. A move to adopt the newly released government project delivery capability framework has also improved the recruitment process overall.

A transition of the existing Project Management Office into a more strategic Portfolio Management Office has progressed at a slower pace than anticipated, predominately due to resource challenges. High level designs are in place to implement, and with the resources starting to be in place the activity is expected to increase significantly in Q1 of the new financial year. Work has been carried out to align the existing DBS governance structures with the delivery of strategic objectives through the Portfolio function. The expectation is to deliver these changes during Q1.

The focus now is to develop the portfolio function at pace and ensure strong alignment exists between the DBS strategy and the change portfolio.

## Overall assessment

I am satisfied that the risk management processes in place are adequate and that the assurance provided by ARC to the board is effective. Alongside this, the management of corporate risks by the Executive Leadership Team and Corporate Management Team is effective, as is our relationship with HO, to manage joint risks. Our system of internal control has strengthened over the reporting period; this is evidenced by the significant amount of positive work that the Executive Lead Team, Government internal audit and Assurance and ARC have jointly invested in, in part, through the assurance framework. I believe that there is potential to advance the strengthening of the control environment by using the framework map to develop further internal controls and provide additional assurance to me as Accounting Officer. In addition, the risk management framework continues to be enhanced and the work is underway to continue to embed good risk management practice throughout the organisation. DBS has continued a number of initiatives to develop strategic approaches to quality management, workforce planning and data management.

A new quality assurance framework has been implemented. These arrangements have further strengthened governance, risk management and control arrangements within the organisation.

Information assurance arrangements are in place and continue to operate effectively as a result of mandatory training for all staff and education on policies and procedures, all of which were assured through compliance activities.

Our successes during the year in sustaining a performance improvement are balanced against continued commercial challenges and our failure to meet three out of our eight published service standards. These matters, which include dependencies on third parties, continue to take up a significant amount of management time. I would like to note that we have continued to receive support from HO colleagues in addressing these issues.

My appointment as acting chief executive and accounting officer commenced on 1 May 2019. Prior to this, I served as the DBS deputy chief executive and chief financial officer, which included membership of the DBS board and Executive Leadership Team throughout the 2018-19 financial year. Taking into account the systems of internal control, risk management and governance outlined in this statement, my assessment is that I am content to provide a moderate level of assurance.



**Paul Whiting**  
**Accounting Officer**  
12 July 2019

## Board members' attendance

Name	Role	Board	ARC	F&P	QSC	R&N
Bill Griffiths	Chair (until 30 November 2018)	8				
Dr Gillian Fairfield	Chairman (from 1 December 2018)	2				
Catherine Doran	Non-executive director (until 6 March 2019) R&N chair	9			4	6
Kath Tunstall	Non-executive director (until 6 March 2019) Deputy board chair QSC chair	10			5	5
Glenn Houston	Non-executive director	10	4		4	6
Andy Nelson	Non-executive director F&P chair R1 programme board non-exec rep	10	3	7		
Caroline Anderson	Non-executive director ARC chair	9	4	4		
Adele Downey	Chief Executive	10				
Ian Johnston	Director for Operations (Disclosure)	10				
Paul Whiting	Acting Chief Executive and Accounting Officer (Deputy Chief Executive and Chief Financial Officer)	10		7		

*NB: Attendance of board/committee members is shown; attendance of non-members is not included.*

*During the 12-month reporting period: 11 board meetings took place, four ARC, seven F&P, five QSC and six R&N.*

*These meetings were complemented by several teleconferences and, where appropriate, 'out of committee' correspondence*

*A Nelson was non-executive representative on the R1 Programme Board, which meets monthly.*

*Two board meetings took place during the reporting period whilst Dr Gillian Fairfield was Chair.*

# Remuneration and Staff Report

## Overview and strategy

The DBS People Strategy has three aims:



Our People Strategy is designed to develop the right blend of resource, skills, talent and expertise to ensure DBS meets its strategic aims. Our objectives are set in distinctive areas of attracting, retaining and developing our staff, underpinned by modern ways of working.

Developing capability in the organisation has been a key focus for DBS and we have introduced key senior roles into the business, with responsibilities for leading the organisation through a significant change agenda. Particularly pleasing is the blend of external and internal recruitment into these roles which continues our commitment to develop our own talent.

Successful utilisation of the Apprenticeship Levy has meant further leadership development of our own staff and we remain on target for achieving our 2.3% Apprenticeship Levy. We have successfully launched a Level 5 Leadership apprenticeship programme and several individual courses. October 2018 also saw the launch of the Level 3 Leadership in Safeguarding programme, with plans for Customer Service Level 5 and 3 programmes underway for 2019.

We have this year introduced our equality, diversity and inclusion agenda, whereby we have defined our objectives and set out our plan for developing this agenda, as well as continuous engagement and wellbeing activities. Our recent staff engagement index of 61% indicates we have an engaged workforce, however further work on areas we need to improve will form part of our ongoing work in this area as we continue to embed these strategies.

The focus for the people agenda in 2019, is the embedding of people strategies, and minimising capability and capacity risks as we drive through our change agenda. A main focus for DBS will be the implementation of a new HR platform in line with the resulting changes to our ways of working.

# Remuneration Report (audited)

## Overview

The remuneration report sets out the DBS remuneration policy for directors, how the policy is implemented, the amounts awarded to directors and where relevant, the link between remuneration and performance.

DBS remuneration policy is set within HM Treasury guidelines.

## Remuneration Policy

The DBS chairman, non-executive board members, and chief executive officer (and acting chief executive officer) are 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 is determined by the Secretary of State.

Any increase in the chief executive officer's salary will be considered by the DBS Remuneration and Nominations Committee, followed by a submission for approval by the HO Sponsorship Unit in the HO to the Chief Secretary to the Treasury. At meetings of the Committee where the chief executive officer's pay will be considered, the chief executive officer will be required to declare a pecuniary interest and withdraw from the meeting.

The determination of the remuneration packages of other senior officials is also considered by the Remuneration and Nominations Committee and takes into account the work and recommendations of the Senior Salaries Review Body, and the government response to this.

## Single total figure of remuneration for each director

The table below sets out the salary and allowances, bonuses, non-cash benefits and accrued pension benefits for DBS board members.

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by DBS and thus recorded in these accounts.

## DBS Board Members' Expenses

DBS board members travel and meal rate expenses for the year ending 31 March 2019 totalled £23,571. Expenses were paid in accordance with DBS policy.

The monetary value of benefits in kind covered any benefits provided by 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 the DBS board members are in relation to travel, accommodation and meal costs for the board meetings, case committees and other meetings pertinent to DBS operations, at Stephenson House in Darlington and Shannon Court in Liverpool.

## Bonuses

The terms of appointment for the chairman, chief executive officer and non-executive board members do not include the payment of bonuses.

## Payments to past directors

During 2018-19 the following payments were made to Non-Executive directors who were no longer directors at the time the payment was made, but who had been a director of DBS previously.

		2018-19 £	2017-18 £
David Clarke	Professional services	1,064	1,064
Tom Davies	Professional services	2,205	2,100

## Payments to Third Parties

During the period no payments were made to third parties for the services of board members.

Non-executive directors	Salary (£) (£'000)		Benefits in kind (to the nearest £100)		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Bill Griffiths, Chair, (left 30 Nov 2018)	30-35 (40-45)	40-45	200	600	30-35	40-45
Gillian Fairfield, Chair, (started 1 Dec 2018)	10-15 (40-45)	–	1,300	–	15-20	–
Caroline Anderson	10-15	10-15	1,500	1,400	10-15	10-15
Glenn Houston	10-15	10-15	1,800	1,700	10-15	10-15
Andy Nelson	10-15	10-15	600	900	10-15	10-15
Catherine Doran (left 3 March 2019)	10-15	10-15	1,500	1,900	10-15	10-15
Kath Tunstall (left 3 March 2019)	10-15	10-15	600	1,900	10-15	10-15

Figures in brackets reflect the full year equivalent of the salary for individuals appointed to roles during the reporting year, or who left during the reporting year.

Non-executive directors have no entitlement to pension benefits.

Executive directors	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (£'000)		Total (£'000)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Adele Downey Chief Executive Officer (left 1 May 2019)	120-125	120-125	0	0	46	9	165-170	125-130
Ian Johnston Director for Operations (Disclosure)	85-90	85-90	0	0-5	34	34	120-125	125-130
Paul Whiting Deputy Chief Executive and Chief Financial Officer (Acting Chief Executive Officer from 1 May 2019)	100-105	100-105	0-5*	0	41	40	145-150	140-145

\* As at 31 March 2019, part of this 2018-19 performance related bonus had not yet been processed via payroll.

No benefits in kind were paid for Executive Directors during 2018-19.



## Pension Benefits

	Accrued pension at pension age at 31/03/19 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/19 £'000	CETV at 31/03/18 £'000	Real increase in CETV £'000
<b>Executive Directors</b>					
Adele Downey Chief Executive Officer (left 1 May 2019)	65-70	2.5-5	1,234	1,081	26
Ian Johnston Director for Operations (Disclosure)	10-15	0-2.5	139	100	21
Paul Whiting (Acting Chief Executive Officer from 1 May 2019) Chief Financial Officer	10-15	0-2.5	147	103	23

## Civil Service Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as ‘Alpha’ – are unfunded multi-employer defined benefit schemes, but DBS is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

For 2018-19, employers’ contributions of £5.3m were payable to the PCSPS (2017-18 £4.8m) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, 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 2018-19 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, which is a stakeholder pension with an employer contribution. Employers’ contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of 0.5% 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.

## 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 in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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.

## Fair pay disclosures

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.

Pay multiples	Year ending 31 March 2019 Salary	Year ending 31 March 2018 Salary
Highest Paid Director's Total Remuneration £('000)	£120,000-£125,000	£120,000-£125-000
Median Paid Employees Total Remuneration £	24,052	23,622
Ratio	5.09	5.19

# Staff Report

This section provides an overview of staffing information and costs for DBS.

## Staff costs comprise (audited):

	Permanently employed and fixed term appointment staff £000	Others £000	2018-19 Total £000	2017-18 Total £000
Wages and salaries	27,635	1,272	28,907	25,807
Social security costs	2,594	–	2,594	2,315
Other pension costs	5,310	–	5,310	4,820
<b>Sub total</b>	<b>35,539</b>	<b>1,272</b>	<b>36,811</b>	<b>32,942</b>
Less recoveries in respect of outward secondments	(124)	–	(124)	(144)
<b>Total net costs</b>	<b>35,415</b>	<b>1,272</b>	<b>36,687</b>	<b>32,798</b>

## Average number of Persons employed (audited)

The average number of full-time equivalent persons (excluding non-executive directors) employed during the year was 975.

	Staff numbers (total headcount throughout the year)	
	2018-19	2017-18
Directly employed	1,117	997
Fixed term appointments	65	187
Agency	24	6
Contingent labour in year	10	6
<b>Total</b>	<b>1,216</b>	<b>1,196</b>

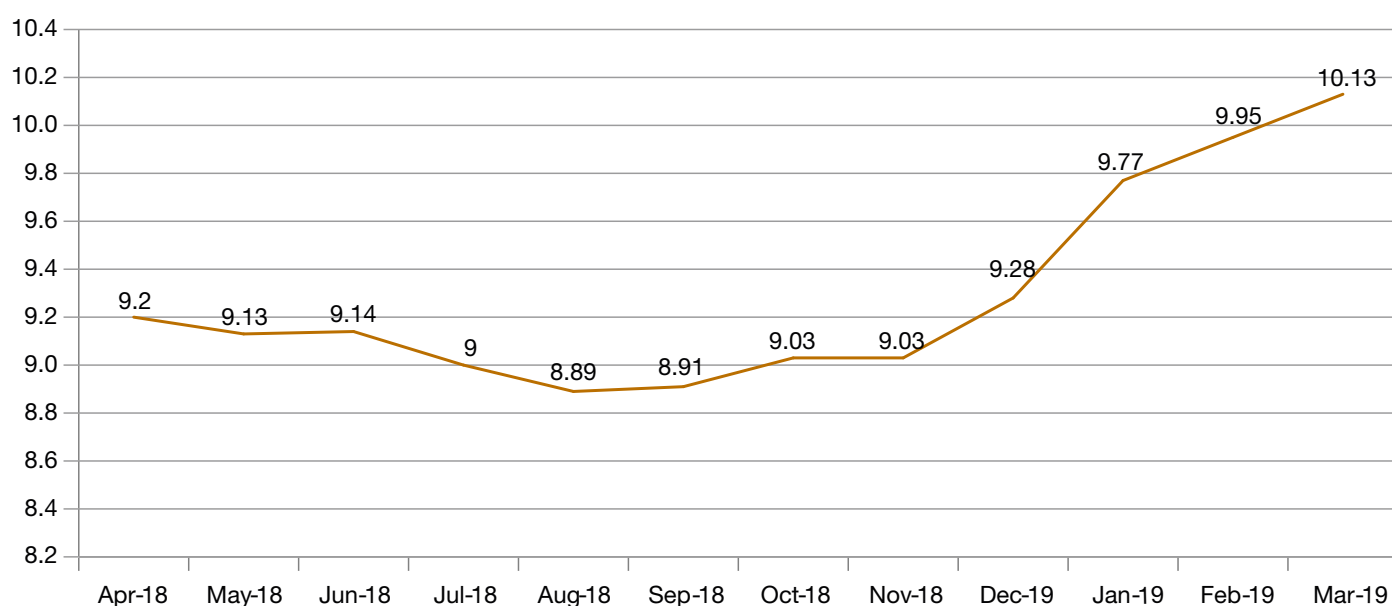
## Staff composition and gender – based on headcount at 31 March 2019

	Male	Female	Total
Non-executive directors	5	3	8
Executive directors (senior civil servants) – board members	2	1	3
Other senior civil servants (non-board members)	3	3	6
All other employees	415	640	1,055
<b>Total</b>	<b>425</b>	<b>647</b>	<b>1,072</b>

## Staff Sickness

Rolling year average working days lost due to staff sickness was 10.13 as at 31 March 2019 compared to 9.34 at 31 March 2018. This is a 12-month rolling figure representing the period 1 April 2018 to 31 March 2019.

## Rolling Year Average Working Days Lost 2018-19



A new sick absence policy was launched in June 2018, the policy is being embedded across the business with continued training and support for line managers.

Management are monitoring this trend closely to bring it back to its trajectory, A deep-dive analysis on sick absence has been conducted and an action plan has been put in place.

### Disability policies

DBS recruits in line with the current DBS Resourcing Policy and the Equality Act 2010. DBS is also a Disability Confident Committed employer.

DBS has a Reasonable Adjustments Policy and Procedure in place for managers and staff to follow in order to ensure adjustments are identified and implemented in a sensitive, timely and fair way. Staff also complete e-learning 'Equality and Diversity Essentials'.

DBS has a learning and development policy which recognises the diversity of its workforce and DBS are committed to providing learning opportunities for all staff. DBS will make reasonable adjustments to accommodate learning requests and enable people to undertake and participate in valuable and practical learning and development activities.

### Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	–	3 (2)	3 (2)
£10,000 – £25,000	–	0 (2)	0 (2)
£25,000 – £50,000	–	0 (0)	0 (0)
£50,000 – £100,000	–	1 (0)	1 (0)
£100,000 – £150,000	–	0 (0)	0 (0)
<b>Total number of exit packages</b>	–	<b>4 (4)</b>	<b>4 (4)</b>
<b>Total resource cost/£'000s</b>	–		<b>£67k (£42k)</b>

Comparative data shown in brackets for previous years.

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 Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Redundancy and other departure costs where paid, are calculated in accordance with the Civil Service compensation scheme, a statutory scheme made under the Superannuation Act 1972.

## Staff policies applied during the financial year

DBS Introduced the following HR policies in 2018-19:

- Revised sick absence management Policy launched in June 2018.
- Amendment of the DBS travel and expenses policy

## Other employee matters – Diversity and Inclusion and Health and Safety

DBS are developing a combined equality, diversity and inclusion strategy. In 2018-19 we delivered a framework for equality impact assessments including education and training for employees. We now have 25 externally trained equality impact assessors which provide us with the necessary frameworks for implementing our equality, diversity and inclusion strategy throughout 2019-20.

There were no major Health and Safety incidents recorded in year.

## Diversity data – based on headcount at 31 March 2019 (excluding non-executive directors)

### Staff split by age

16-19	20-29	30-39	40-49	50-59	60+	Total
6	153	162	293	280	65	1,064

### Staff split by ethnicity

Black, Asian, minority ethnicity	White	Prefer not to say	Unknown	Total
27	994	38	5	1,064

### Staff split by disability

Disabled	No Disability	Prefer not to say	Unknown	Total
77	946	36	5	1,064

## Spend on consultancy services and temporary staff

Full year spend on consultancy services and temporary staff was £1.2m.

## Off-payroll engagements

During the year there were 10 off-payroll engagements (contingent labour) with a total cost of £0.97m, with all contractors being paid more than £245 per day.

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, arm's-length bodies must publish information on their high paid and/or senior off-payroll engagements.

The table below provides the total number of off-payroll engagements as at 31 March 2019 who are earning in excess of £245 per day, and that last longer than six months.

	Number of appointments
Number of existing engagements as of 31 March 2019	6
<i>Of which:</i>	
Number that have existed for less than one year at time of reporting	4
Number that have existed for between one and two years at time of reporting	2
Number that have existed for between two and three years at time of reporting	0
Number that have existed for between three and four years at time of reporting	0

The second table shows all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months.

	Number of appointments
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	4
<i>Of which:</i>	
Number assessed as caught by IR35	2
Number assessed as not caught by IR35	2
Number engaged directly (via PSC contracted to DBS) and are on DBS payroll	0
Number of engagements reassessed for consistency/assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

The third table is for any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019.

	Number of appointments
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year.	0

## Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require certain public-sector employers to publish information on facility time used by Trade Union representatives. This document sets out the relevant Trade Union facility time data for the DBS covering the period 1 April 2018 to 31 March 2019.

The information below is based on several assumptions for PCS facility time. Although it is known that 1.5 full time equivalent of DBS staff is dedicated to PCS duties, estimates have been used for the remaining confirmed representatives of PCS.

## 1. Number of Trade Union Representatives – DBS

This data gives the total number of employees who were Trade Union representatives during the period 1 April 2018 to 31 March 2019.

Number of employees who were Trade Union representatives (DBS)	Number of employees who were Trade Union representatives expressed as a Full Time Equivalent number (DBS)
22	6.2

## 2. Percentage of time spent on facility time

This data shows how many of the employees who were Trade Union representatives employed during the period 1 April 2018 to 31 March 2019 spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time.

Percentage of time spent on facility time (DBS)	Number of employees (DBS)
0%	
1-50%	21
51%-99%	
100%	1

## 3. Percentage of pay bill spent on facility time – DBS

This data shows the percentage of the total pay bill spent on Trade Union facility time during the period 1 April 2018 to 31 March 2019.

Total cost of facility time	£0.36m
Total pay bill	£36m
Percentage of the total pay bill spent on facility time	0.1%

## 4. Paid Trade Union activities – DBS

This data shows, as a percentage of total paid facility time hours, the number of hours spent by employees who were Trade Union representatives during the period 1 April 2018 to 31 March 2019, on paid trade union activities.

Time spent on paid Trade Union activities as a percentage of total paid facility time hours	Trade Union representatives for the period included one full time employed representative and one representative employed as 50% duties, their activities included duty and activity.  There are an additional 20 Trade Union representatives who undertake duty and activity.
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# Parliamentary Accountability and Audit Report

## Regularity of expenditure (audited)

### Overview

DBS continues to operate as a self-funding arms-length body of the HO, on a full cost recovery basis.

Our annual income is dependent upon the volumes of applications received for both paid DBS checks and update service subscriptions, with different levels of fees being charged for our products as noted in the section headed 'our activities'.

The fees derived by DBS are also used to fund volunteer applications and subscriptions, which are provided to customers free of charge.

DBS is expected to make neither a surplus or deficit. In advance of each financial year a budget is set which includes estimated costs to deliver our services and priorities this year, reflecting estimates of service demand, efficiency, service transition timeframes and risk.

Following several years of unchanged fees due to continuing uncertainty and delays in the modernisation programme, we are seeking to reduce our fees where possible and pass savings back to customers as we work towards a fee reduction in 2019-20.

Consideration has been given by both DBS and HO during 2018-19 as to how our historical, current and potential future year surpluses are to be remitted to HO (and ultimately to Treasury's Consolidated Fund as a 'Consolidated Fund Extra Receipt'), in line with 'Managing Public Money' requirements. A payment of £51.5m was made to the HO during the reporting period for historical surpluses and it is envisaged a further transfer of £49.0m will be made for 2018-19 following finalisation of our 2018-19 Annual Report and Accounts. The final payment will be determined taking account of DBS working capital requirements.

## Parliamentary accountability disclosures

### Losses and special payments (audited)

During 2018-19 there were 22 cases of fruitless payments totalling £2,287 for payments without corresponding receipt of service (2017-18 four cases totalling £400).

There were 108 cases of ex-gratia payments totalling £42,777 in 2018-19 (161 cases 2017-18 totalling £57,521). These payments relate to claims from DBS customers for loss of earnings as a result of delays in processing DBS checks and claims for maladministration. These payments are restricted to delays related solely to DBS processing.

### Audit fees (audited)

These financial statements have been prepared in accordance with the Protection of Freedoms Act 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 National Audit Office for non-audit work.

### Gifts

No gifts were made or received during the reporting period that meet the reporting requirements prescribed in 'Managing Public Money'.

### Remote contingent liabilities (audited)

There were no remote contingent liabilities at 31 March 2019. Note 15 of the accounts provides further disclosures relating to contingent liabilities.

## Fees and charges (audited)

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

Activity	2018-19					2017-18*
	Income £'000	Costs £'000	Surplus/ (Deficit) £'000	Actual % recovery	Planned % recovery	Surplus/ (Deficit) £'000
Enhanced DBS Checks	133,268	(96,803)	36,465	138%	100%	24,674
Standard DBS Checks	8,592	(4,653)	3,939	184%	100%	1,112
DBS Adult First	890	(420)	470	211%	100%	(1,086)
Update Service	10,972	(11,560)	(588)	95%	100%	(9,867)
Basics	41,164	(31,695)	9,469	130%	100%	(3,650)
Other**	233	(233)	0	101%	100%	166
<b>Total</b>	<b>195,119</b>	<b>(145,364)</b>	<b>49,755</b>	<b>134%</b>	<b>100%</b>	<b>11,349</b>

\*As noted below, the methodology for allocation of costs has changed in-year. The 2017-18 results are based on the historical methodology, and have not been restated.

\*\*Other relates primarily to income (and associated costs) for applications by registered bodies and counter signatories, USA Embassy checks and rental income.

A description of the key DBS products can be found in the performance report within the Annual Report.

During the year we undertook a review of the allocation of costs to ensure all categories of costs were appropriately apportioned to each product. As a result, changes have been made to the allocation of the costs of delivering our Barring services and to the costs of supporting volunteer applications which are delivered free of charge.

The costs associated with processing Update Service volunteers are now allocated to the source product which the volunteers switched from. Therefore, the costs of the Update Service volunteers with subscriptions linked to Enhanced certificates will be borne by the Enhanced DBS check customers.

The costs of funding the Barring service will be allocated across all products as a corporate overhead except for the Disclosure Information Team related referrals, which are driven by and allocated to Enhanced Disclosure volumes.

This information is provided for the fees and charges requirements of HM Treasury only and not for International Financial Reporting Standards 8 purposes.

International Financial Reporting Standards 8 disclosures relating to operating costs by operating segment are included in note 2 of the accounts.

## Notional Cost per paid applications received in 2018-19

New Methodology	Costs £'000	Applications '000	Notional Cost £
Enhanced DBS checks	96,803	3,031	31.94
Standard DBS checks	4,653	327	14.23
Update Service Subscriptions	11,560	1,134	10.19
Basic DBS checks	31,695	1,631	19.43

Old Methodology	Costs £'000	Applications '000	Notional Cost £
Enhanced DBS checks **	86,560	3,031	28.56
Standard DBS checks **	5,269	327	16.12
Update Service subscriptions	20,283	1,134	17.88
Basics DBS checks	31,977	1,631	19.61

## Notional Cost per paid and volunteer applications received in 2018-19

New Methodology	Costs £'000	Applications '000	Notional Cost £
Enhanced DBS checks **	96,803	3,898	24.83
Standard DBS checks **	4,653	345	13.48
Update Service subscriptions***	11,560	1,600	7.22
Basic checks	31,695	1,631	19.43

Old Methodology	Costs £'000	Applications '000	Notional Cost £
Enhanced DBS checks **	86,560	3,898	22.21
Standard DBS checks **	5,269	345	15.27
Update Service subscriptions***	20,283	1,600	12.67
Basic DBS checks	31,977	1,631	19.61

\* Depreciation charges apply to all products while the cost of capital is excluded.

\*\* Cost of processing a paid DBS check application is based on 26.4% (Update Service 29.1%, Basic 0%) of the figures shown above being free-of-charge. Used for full-cost recovery purposes.

\*\*\* For the purposes of consistency, the notional cost indicated for the Update Service has been calculated as per Enhanced and Standard DBS disclosure applications using total applications including those for volunteers. However, under the new cost allocation methodology referenced above, costs of volunteer applications are now charged to the source product.



**Paul Whiting**  
Accounting Officer  
12 July 2019

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Disclosure and Barring Service (DBS) for the year ended 31 March 2019 under the Protection of Freedoms Act 2012. The financial statements comprise: DBS' Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the information in the Performance and Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of DBS' affairs as at 31 March 2019 and of the DBS's net expenditure 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 regularity

In my opinion, in all material respects the income and expenditure 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.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the DBS in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Disclosure and Barring Service's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Protection of Freedoms Act 2012 .

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the DBS's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the DBS's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am also 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.

## Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Performance and Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Performance and Accountability Report to be audited have been properly prepared in accordance with Protection of Freedoms Act 2012 and Secretary of State directions made;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports 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 parts of the Performance and Accountability 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.

**Gareth Davies**

Comptroller and Auditor General

15 July 2019

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







# **Financial Statement**

## Statement of comprehensive net expenditure for the year ended 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
Income from sale of goods and services	5	(194,886)	(160,485)
Other operating income		(233)	(166)
<b>Total operating Income</b>		<b>(195,119)</b>	<b>(160,651)</b>
Staff costs	3	36,687	32,798
Purchase of goods and services	4	101,178	95,341
Depreciation and impairment charges		7,681	17,248
Provision expense		(672)	602
Other operating expenditure	4	490	3,313
<b>Total operating expenditure</b>		<b>145,364</b>	<b>149,302</b>
<b>Net expenditure for the year</b>		<b>(49,755)</b>	<b>(11,349)</b>
<b>Other Comprehensive Net Expenditure</b>		<b>2018-19</b>	<b>2017-18</b>
	Note	£'000	£'000
Items which will not be reclassified to net operating costs:			
Less net (gain)/loss on revaluation of property plant & equipment		(1)	(55)
Less net (gain)/loss on revaluation of intangible assets	6	(71)	(88)
<b>Comprehensive net expenditure for the year</b>		<b>(49,827)</b>	<b>(11,492)</b>

The notes on pages 63 to 80 form part of these accounts.

## Statement of financial position as at 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
<b>Non-current assets:</b>			
Property, plant and equipment		827	1,177
Intangible assets	6	19,731	26,229
<b>Total non-current assets</b>		<b>20,558</b>	<b>27,406</b>
<b>Current assets:</b>			
Trade and other receivables	8	16,284	23,394
Cash and cash equivalents	9	86,582	81,636
<b>Total current assets</b>		<b>102,866</b>	<b>105,030</b>
<b>Total assets</b>		<b>123,424</b>	<b>132,436</b>
<b>Current liabilities:</b>			
Trade and other payables	10	(91,441)	(43,389)
Provisions		(322)	(1,081)
<b>Total current liabilities</b>		<b>(91,763)</b>	<b>(44,470)</b>
<b>Total assets less current liabilities</b>		<b>31,661</b>	<b>87,966</b>
<b>Non-current liabilities:</b>			
Provisions		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total assets less total liabilities</b>		<b>31,661</b>	<b>87,966</b>
<b>Taxpayers' equity and other reserves:</b>			
General fund		31,417	87,650
Revaluation reserve		244	316
<b>Total equity</b>		<b>31,661</b>	<b>87,966</b>

The financial statements on pages 59 to 62 were approved by DBS Board on 19 June 2019.

Approved by Paul Whiting as Accounting Officer for Disclosure and Barring Service

Signed:



Date: 12 July 2019

The notes on pages 63 to 80 form part of these accounts.

## Statement of cash flows for the year ended 31 March 2019

	Note	2018-19 £'000	2017-18 £'000
<b>Cash flows from operating activities</b>			
Retained income for the year		49,755	11,349
Adjustments for non-cash transactions		7,059	17,913
(Increase)/decrease in trade and other receivables	8	7,110	2,165
<i>Less movements in receivables not passing through the statement of comprehensive net expenditure</i>		(49)	(65)
Increase/(decrease) in trade payables and other payables*	10	42,420	(5,483)
<i>Less movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>		(50,153)	(1,614)
Use of provisions		(87)	(592)
<b>Net cash inflow from operating activities</b>		<b>56,055</b>	<b>23,673</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(7)	(10)
Purchase of intangible assets		(357)	(1,373)
<b>Net cash outflow from investing activities</b>		<b>(364)</b>	<b>(1,383)</b>
<b>Cash flows from financing activities</b>			
Capital element of payments in respect of finance leases and on-balance sheet (statement of financial position) private finance initiative (PFI) contracts		–	–
Consolidated fund extra receipts payable (funding returned to Home Office)		(50,745)	–
<b>Net financing</b>		<b>(50,745)</b>	<b>–</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>4,946</b>	<b>22,290</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>81,636</b>	<b>59,346</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>86,582</b>	<b>81,636</b>

\* Movement includes an adjustment for IFRS 15 contract liability for the Update Service of £5,632,000.

The notes on pages 63 to 80 form part of these accounts.

## Statement of changes in taxpayers' equity for the year ended 31 March 2019

	General Fund £'000	Revaluation Reserve £'000	Taxpayers' equity £'000
<b>Balance at 1 April 2017</b>	<b>76,173</b>	<b>301</b>	<b>76,474</b>
Comprehensive net expenditure for the year	11,349	–	<b>11,349</b>
<b>Non-Cash Adjustments:</b>			
<i>Net gain/(loss) on revaluation</i>	–	143	<b>143</b>
<b>Movement in reserves:</b>			
Transfers between reserves	128	(128)	<b>(0)</b>
<b>Balance at 31 March 2018</b>	<b>87,650</b>	<b>316</b>	<b>87,966</b>
<b>Balance at 1 April 2018</b>	<b>87,650</b>	<b>316</b>	<b>87,966</b>
Adjustment for impact of IFRS 15 on reserves – Update Service	(5,632)	–	<b>(5,632)</b>
Comprehensive net expenditure for the year	49,755	–	<b>49,755</b>
Amounts payable to the consolidated fund	(100,500)		<b>(100,500)</b>
<b>Non-Cash Adjustments:</b>			
<i>Net gain/(loss) on revaluation</i>	–	72	<b>72</b>
<b>Movement in reserves:</b>			
Transfers between reserves	144	(144)	–
<b>Balance at 31 March 2019</b>	<b>31,417</b>	<b>244</b>	<b>31,661</b>

The notes on pages 63 to 80 form part of these accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards 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 2019 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

DBS operates in accordance with the Protection of Freedoms Act. The accounts have been prepared in accordance with the direction given by Home Office on 2 May 2013 in accordance with the Protection of Freedoms Act.

#### 1.1 Accounting convention

These 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 2019, 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*

DBS reviewed and revised the estimated remaining life of its non-current assets, also reflecting the extended use of existing assets. As a result of this change in estimated life, £1.6m of costs relating to Intangible IT will move into future periods.

##### *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.

##### *Service concession arrangements*

DBS was party to a PFI arrangement. 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.

Tata Consultancy Service is in dispute with DBS regarding the application of the pricing mechanism in the contract for services, and this dispute remains ongoing at the balance sheet date. DBS believes its application of its contractual obligations are accurately reflected within the accounts.

#### *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 Intangible Assets**

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 for National Statistics indices and where a material revaluation is deemed necessary this has been taken to the revaluation reserve and/or Statement of Comprehensive Net Expenditure (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.

In line with International Accounting Standard 36, DBS undertake an impairment review of all intangible assets at year end and also part way through the year. This involves the use of a discounted cashflow model to consider future cashflows arising from the ongoing use of the asset against current net book value. Where it is found that the value in use is lower than the net book value at the balance sheet date an impairment would be required.

A review of assets was undertaken in March 2019 to ensure that the purpose for which the asset was being constructed and its associated valuation was appropriate.

### **1.5 Amortisation**

Assets under construction are not amortised until the asset is available for use and are 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:

- Information Technology – from date of recognition to end of useful economic life (3 to 15 years)
- Software Licenses – from date of recognition to end of useful economic life (3 to 15 years)

### **1.6 Service concessions (PFI)**

DBS accounts for PFI transactions on a control approach based on the Government Financial Reporting Manual (FReM), which uses International Financial Reporting Interpretations Committee (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 International Accounting Standard (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 Public Private Partnership 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.

When the arrangement was set up it was intended the PFI liability would be fully repaid by 31 March 2017, with the asset construction being complete in advance of this date. Where payments exceed the value of the asset developed, a prepayment is recognised at the lower of anticipated cost of the asset under development or future economic benefit that it will provide.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment, and intangible assets 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 11 provides details of how DBS accounts for such arrangements and the financial commitments outstanding.

## **1.7 Income & Income Recognition**

Income represents fees charged to:

- applicants for applications for Enhanced and Standard checks of prescribed criminal record information
- applicants for applications for Basic checks of prescribed criminal record information (from September 2017)
- register corporate bodies and signatories to access the criminal record process

- registered bodies for DBS adult first
- applicants for Update Service subscriptions
- rental income and recharges

Recognition of income:

For DBS disclosures, the view is that DBS has only a single performance obligation and it is satisfied at the point the disclosure is issued (as DBS transfer physical possession of the certificate). Following the implementation of IFRS 15, changes in the point of recognition of Update Service have had to be made. Prior to this financial year, income was recognised when access to the subscription was granted (as this provides them with the risks and rewards of ownership of the subscription). However, following the implementation of IFRS 15, the point of recognition of income is considered to be over the life of the 12 month subscription and on this basis, revenue is recognised throughout the year.

## 1.8 Pensions

*Principal Civil Service Pension Scheme (PCSPS):*

DBS recognises the expected costs 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:*

The employer made a basic contribution of between 8% and 14.75% of pensionable earning from 1 October 2015 (3% and 12.5% of pensionable earnings up to 30 September 2015) depending on the age of the member. This contribution is paid 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 0.5% of pensionable pay from 1 October 2015 (0.8% of pensionable pay to 30 September 2015) to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

Details of the annual pension contribution are provided in note 3 with additional information relating to pensions being included within the Remuneration Report.

## 1.9 Value Added Tax (VAT) and Corporation Tax

DBS registered for VAT during 2017-18 as invoices raised for recharges of salary costs to other government departments exceeded the VAT threshold. This will mean that VAT will be charged on certain of DBS invoices. However, the vast majority of figures in the accounts continue to be stated inclusive of VAT as DBS has little scope to reclaim VAT on costs.

DBS is subject to corporation tax on rental income however, no surplus is reported on this income.

## 1.10 International Financial Reporting Standards (IFRS) and other accounting changes that have been issued and effect the 2018-19 Accounts

### IFRS 9 Financial Instruments

This standard, which is effective from 2018-19, includes requirements for classification, recognition and measurement, impairment, derecognition and general hedge accounting. DBS does not operate hedge accounting, so the specific requirements of IFRS 9 for hedge instruments do not apply.

The significant majority of the DBS financial instruments are trade receivables and payables. Receivables are shown net of expected credit loss. These accounts do not include transition disclosures in respect of IFRS 9, due to the effect of IFRS 9 not being significant for DBS. This is because DBS receivables with customers are held for collecting cash in the normal course of business.

Receivable items for DBS include only trade receivables, prepayments and accrued income, all of which are due within the next 12 months. On this basis, no impairments in accordance with the requirements of HM Treasury's Financial Reporting Manual and IFRS 9 are required.

DBS believe the fair value of its receivable items is noted in the accounts, with no requirement to adjust the carrying value for estimated future flow of repayment. This is based on historical collection rates.

The impact of this change on DBS accounts is not material to trade receivables, financial and other assets.

### **IFRS 15 Revenue from Contracts with Customers**

This standard, which is effective from 2018-19, provides a comprehensive standard for revenue recognition.

DBS recognises revenue primarily from the provision of disclosure checks and Update Service subscriptions. With the exception of the Update Service, DBS's revenue recognition under IFRS 15 is materially at the same point in time, and at the same amount, as under IAS 18.

For the Update Service, the impact of IFRS 15 on the accounts for DBS is material and as such income has been restated in line with the standard, and the cumulative catch up in the statement of taxpayers' equity has also reflected the change in accounting policy.

#### *Performance obligations*

The table below sets out, for each material income stream, when performance obligations are typically satisfied, the significant payment terms, and the nature of the goods or services which DBS supplies. All income streams usually have a contract of a duration of one year or less, with only one single performance obligation.

<b>Income stream</b>	<b>Description of income stream</b>	<b>Performance obligation</b>	<b>Payment terms</b>
Enhanced and Standard DBS check – submitted via a registered body	Supply of criminal records checks to individuals	Issue of certificate to customer	Invoiced to registered bodies in arrears
Basic DBS check – submitted via a responsible organisation	Supply of criminal records checks to individuals	Issue of certificate to customer	Invoiced to responsible organisation in arrears
Basic DBS check – direct online application to DBS	Supply of criminal records checks to individuals	Issue of certificate to customer	Payment made on application
Update Service	Subscription to online update service	Performance obligation over the 12 month period of subscription	Payment made on application

#### *Significant judgements in the application of IFRS 15*

Identifying when the goods or services are supplied is straightforward for income streams corresponding to performance obligations satisfied at a point in time for the items noted above.

### Contract balances

DBS receive payment for the following online services at the time the application is made:

- Basic DBS checks (if the applicant applies directly to DBS) where the certificate has not yet been issued to the customer
- Update Service subscriptions which are not yet linked to live Enhanced or Standard DBS checks. It can be noted that although an individual subscriber can attach multiple certificates to an Update Service subscription, the Update Service income relates to a single application in this scenario

The total income received in advance for the Basic DBS check is considered to be immaterial and as such no disclosure of contract liability is disclosed in these accounts. For the Update Service, income received in advance is now recognised as contract liability. Additionally, for the Update Service, contract liability now includes amounts paid up front for a 12 month subscription and this income will be released in the future accounting period over the life of the subscription.

For Enhanced, Standard and Basics (submitted via Responsible Organisations) DBS checks, contract liabilities relate to income previously disclosed as deferred income.

At the point when DBS upload an application for Enhanced, Standard or Basic DBS checks, this transaction is recognised as income / trade debtor. However, as the contract obligation has not yet been met i.e. deemed to be when the DBS certificate is issued to the applicant, DBS defer an element of the income (within deferred income) to reflect those applications that are still 'work in progress' at the year end. The income is only recognised when the certificates have been issued to applicants.

Contract liabilities would be recognised at the point when the disclosure application has been uploaded onto the R0 or R1 system and derecognised at the point of provision of those services. Material contract liabilities, reported under IFRS 15, would be disclosed separately in the note for trade payables and other current liabilities.

Contract assets (accrued income) primarily relate to DBS's right to consideration for work completed but not yet billed at the reporting date. There are no material contract assets for DBS at 31 March 2019 due to the nature of how payments for our products are collected and charged.

The following table provides analysis on significant changes to contract assets and liabilities during the year. The value of contract assets is low, and disclosed in these accounts as zero.

	<b>Contract assets £000</b>	<b>Contract liabilities £000</b>
Balance transferred from deferred income following adoption of IFRS 15	–	4,801
Decrease due to revenue recognised in the period	–	(4,801)
Increase in contract liabilities for consideration due for which performance obligations have not been met at year end	–	12,295
<b>At 31 March 2019</b>	<b>–</b>	<b>12,295</b>
<b>Presented within:</b>		
<i>Current</i>	–	<b>12,295</b>
<i>Non-current</i>	–	–

### **IFRS 16 Leases**

The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 which will replace IAS 17 for annual periods beginning on or after 1 January 2019. FReM has deferred implementation of this standard until 1 April 2020, it therefore does not affect the 2018-19 financial statements.

The full impact of the introduction of this standard will require assets and liabilities to be increased by the same amount, as operating leases will be treated in the same way as finance leases. DBS is undertaking a programme of work to assess the impact of the introduction of IFRS 16 on the statement of financial position. Preliminary analysis has indicated that there will be a material impact; the results of this piece of work should be published in the 2019-20 DBS annual report and accounts. IFRS 16 will be adopted by the DBS for the first time in 2020-21 with 2019-20 forming a comparative year.

### **IFRS 4 insurance contracts adapted for IFRS 9**

The IASB has adapted IFRS 4 insurance contracts as an interim measure between the introduction of IFRS 9 (2018-19) and the new insurance contracts accounting standard IFRS 17 (2021-22 expected). The Financial Reporting Advisory Board agreed to endorse the IFRS 4 amendments without adaptation or interpretation. It is not expected to have a material impact on the financial statements.

## 2. Statement of operating costs by operating segment

A monthly consolidated report is prepared for each of the directorate management teams in order to facilitate collective decisions regarding the overall funding and resource requirements for DBS business areas. A summarised version of this report is prepared for Executive Lead Team and the DBS Board to review on a monthly basis.

On the basis DBS does not record net assets and liabilities against Directorates, no breakdown is included above in this regard.

		Gross Expenditure	Income	Net Expenditure/ (Income)
<b>Operations Directorate</b>	<b>Operations Disclosure Directorate</b>	78,538	(194,886)	<b>(116,348)</b>
	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.			
	<b>Operations Barring Directorate</b>	11,385		<b>11,385</b>
	Operations (Barring) has a statutory function for England, Wales and Northern Ireland to manage the lists of people barred from working or volunteering in activities that involve regular and close contact with children and/or vulnerable adults (regulated activity). The Barring function also makes decisions on whether to include a person in one or both Barring Lists along with decisions on removing a person from the lists.			
<b>Chief Operating Officer Directorate</b>	<b>Chief Operating Officer Directorate</b>	7,925		<b>7,925</b>
	Chief Operating Officer Directorate was formed in 2017-18, with overall responsibility for the DBS operational areas including Disclosure and Barring. Central operating costs, specifically depreciation and impairment costs are included within this directorate.			
<b>Information Directorate</b>	<b>Chief Information and Digital Officer</b>	29,992		<b>29,992</b>
	The Information Directorate is responsible for Portfolio, Programme and Project Management, Digital Services and IT Service Management, Cyber-Security and Information Management. It plays a vital role in influencing, driving and delivering the DBS strategy. The changes and services delivered by the team enable the DBS vision to “make our services simpler and faster” and mission of putting “public protection at the heart of everything we do”. They work in partnership with DBS directorates, suppliers and a wide range of external and internal stakeholders.			

		Gross Expenditure	Income	Net Expenditure/ (Income)
<b>People Directorate</b>	<b>Chief People Officer</b>	7,808	(233)	<b>7,575</b>
	The People Directorate is responsible for the provision of HR Services to our organisation. These services include: Employee Relations, Learning & Development, Recruitment, Wellbeing & Engagement and Facilities. Security transferred from the People Directorate to the Information Directorate during 2018-19.			
<b>Finance &amp; Corporate Support Directorate</b>	<b>Chief Finance Officer</b>	4,483		<b>4,483</b>
	Finance & Corporate Support is responsible for providing financial, commercial, risk management and legal advice across DBS, including the preparation of the Annual Report and Accounts and DBS Business Plan.			
<b>Private Office</b>	<b>Private Office</b>	2,252		<b>2,252</b>
	Private Office is responsible for providing Corporate Governance for the organisation and encompasses the Office of the Chair and Chief Executive. Their services include freedom of information, parliamentary questions, Publication Scheme and leading on the relationship between DBS and HO sponsor unit. The Communications team transferred to Safeguarding Strategy and Quality Directorate during 2018-19.			
<b>Safeguarding Strategy &amp; Quality Directorate</b>	<b>Safeguarding, Strategy &amp; Quality</b>	2,981		<b>2,981</b>
	Safeguarding Strategy & Quality Directorate has accountability for Quality Management, External Relations, Stakeholder Engagement, Research, Communications, Media, Customer Experience, Strategy and Policy and Business Development. The directorate will have a key role in ensuring DBS maintains focus on our mission of putting safeguarding at the heart of everything we do.			
<b>Total</b>		<b>145,364</b>	<b>(195,119)</b>	<b>(49,755)</b>



### 3. Staff numbers and related costs

Staff costs comprise:

	2018-19 Total £'000	2017-18 Total £'000
Wages and salaries	28,783	25,663
Social security costs	2,594	2,315
Other pension costs	5,310	4,820
<b>Sub Total</b>	<b>36,687</b>	<b>32,798</b>

The staff report within the accountability section contains a full breakdown of staff costs.

### 4. Other operating costs

	2018-19 £'000	2017-18 £'000
<b><i>Purchase of goods and services</i></b>		
PFI (and other service concession arrangement) service charges	26,972	23,354
Police and other data source costs	35,475	34,412
Facilities management and staff services	4,480	4,994
Travel, subsistence and other staff costs	769	982
Professional fees	4,073	2,872
Audit fees – external	95	95
IT running and telephone costs	29,314	28,632
<b>Total</b>	<b>101,178</b>	<b>95,341</b>
	<b>£'000</b>	<b>£'000</b>
<b><i>Other operating expenditure</i></b>		
Other	490	3,313

PFI service charges have increased in-year as 2018-19 includes a full year of costs for processing Basic DBS checks that were only introduced during the 2017-18 financial year.

Professional fees have increased in-year as a result of additional legal fees being incurred in-year for the provision of legal advice in relation to an ongoing dispute with Tata Consultancy Services, the extension of the Tata Consultancy Services contract, two procurement exercises for the replacement of the services provided by Tata Consultancy Services and also for planning for the service transition work of those services.

Other operating expenditure for 2017-18 included a write down of a previous prepayment of £2.7m acknowledging delays and non delivery of the R1 project.

## 5. Income

	2018-19 £'000	2017-18 £'000
Enhanced DBS checks	133,268	130,736
Standard DBS checks	8,592	7,919
Update Service	10,972	12,476
Basics	41,164	8,365
Other	890	989
<b>Total income from sales of goods and services</b>	<b>194,886</b>	<b>160,485</b>

Further details regarding DBS fees and charges can be found within the accountability section of the Annual Report.

In September 2017, DBS started to provide Basic certificates for applicants living in England and Wales. This task had historically been delegated to Disclosure Scotland, and was fully transitioned to DBS by the end of the 2017-18 financial year, therefore, 2018-19 includes a full year impact for Basics income.

## 6. Intangible assets

	Information Technology £'000	Software Licenses £'000	Assets under Construction £'000	2018-19 Total £'000
<b>Cost or Valuation</b>				
Balance at 1 April 2018	128,293	11,217	–	<b>139,510</b>
Additions	–	1	555	<b>556</b>
Disposals	–	–	–	–
Impairment	–	–	–	–
Transfer	–	–	–	–
Reclassifications	142	–	(142)	–
Revaluations	141	40		<b>181</b>
<b>At 31 March 2019</b>	<b>128,576</b>	<b>11,258</b>	<b>413</b>	<b>140,247</b>
<b>Amortisation</b>				
Balance at 1 April 2018	(105,265)	(8,016)	–	<b>(113,281)</b>
Charged in year	(6,256)	(869)	–	<b>(7,125)</b>
Disposals	–	–	–	–
Impairment	–	–	–	–
Transfer	–	–	–	–
Reclassifications	–	–	–	–
Revaluations	(79)	(31)	–	<b>(110)</b>
<b>At 31 March 2019</b>	<b>(111,600)</b>	<b>(8,916)</b>	<b>–</b>	<b>(120,516)</b>
<b>Net Book Value at 31 March 2019</b>	<b>16,976</b>	<b>2,342</b>	<b>413</b>	<b>19,731</b>
<b>Net Book Value at 1 April 2018</b>	<b>23,028</b>	<b>3,201</b>	<b>–</b>	<b>26,229</b>
Asset financing:				
Owned	5,314	2,342	413	8,069
Finance leased	–	–	–	–
<b>On balance sheet PFI contracts</b>	<b>11,662</b>	<b>–</b>	<b>–</b>	<b>11,662</b>
<b>Net Book Value at 31 March 2019</b>	<b>16,976</b>	<b>2,342</b>	<b>413</b>	<b>19,731</b>

Included within Information Technology is an individual asset with a net book value of £11.7m, which is considered to be material to DBS. This relates to the core R1 PFI asset that delivers Barring and Basics for DBS. The asset life was extended by an additional two years in acknowledgement that there are no current plans to replace this asset.

## 6. Intangible assets continued

	Information Technology £'000	Software Licenses £'000	Assets under Construction £'000	2017-18 Total £'000
<b>Cost or Valuation</b>				
Balance at 1 April 2017	99,007	10,919	33,743	<b>143,669</b>
Additions	1,553	50	1,064	<b>2,667</b>
Disposals	–	–	–	–
Impairment	(546)	–	(6,730)	<b>(7,276)</b>
Transfer	–	–	–	–
Reclassifications	28,077	–	(28,077)	–
Revaluations	202	248	–	<b>450</b>
<b>At 31 March 2018</b>	<b>128,293</b>	<b>11,217</b>	<b>0</b>	<b>139,510</b>
<b>Amortisation</b>				
Balance at 1 April 2017	(97,696)	(5,780)	–	<b>(103,476)</b>
Charged in year	(7,382)	(2,061)	–	<b>(9,443)</b>
Disposals	–	–	–	–
Impairment	–	–	–	–
Transfer	–	–	–	–
Reclassifications	–	–	–	–
Revaluations	(187)	(175)	–	<b>(362)</b>
<b>At 31 March 2018</b>	<b>(105,265)</b>	<b>(8,016)</b>	<b>–</b>	<b>(113,281)</b>
<b>Net Book Value at 31 March 2018</b>	<b>23,028</b>	<b>3,201</b>	<b>0</b>	<b>26,229</b>
<b>Net Book Value at 1 April 2017</b>	<b>1,311</b>	<b>5,139</b>	<b>33,743</b>	<b>40,193</b>
<b>Asset financing:</b>				
Owned	7,102	3,201	–	<b>10,303</b>
Finance leased	–	–	–	–
On balance sheet PFI contracts	15,926	–	–	<b>15,926</b>
<b>Net Book Value at 31 March 2018</b>	<b>23,028</b>	<b>3,201</b>	<b>–</b>	<b>26,229</b>

## 7. 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.

The impact arising from IFRS 9 changes on DBS Accounts is not material to trade receivables, financial and other assets.

## 8. Trade receivables and other assets

	2018-19	2017-18
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	16,147	17,697
Deposits and advances	13	5
Other receivables	–	4,488
Prepayments and accrued income	124	1,204
<b>Total</b>	<b>16,284</b>	<b>23,394</b>

Trade receivables relate to balances due to DBS from registered bodies for fees charged.

Other receivables in 2017-18 related to a contractual reduction in service costs from Tata Consultancy Services receivable in the next financial year (2018-19). As the Tata Consultancy Services initial contractual term ended on 31 March 2019, all contractual adjustments relating to the current financial year have been accounted for within that period.

## 9. Cash and cash equivalents

	2018-19	2017-18
	£'000	£'000
Balance at 1 April	81,636	59,346
Net change in cash and cash equivalent balances	4,946	22,290
<b>Balance at 31 March</b>	<b>86,582</b>	<b>81,636</b>
The following balances were held at:		
Government Banking Service	86,582	81,636
<b>Balance at 31 March</b>	<b>86,582</b>	<b>81,636</b>

The year end balance of £81.6m includes £3.3m owed to Home Office for payroll costs that they have paid on behalf of DBS in March 2019.

During 2018-19, DBS surrendered £51.5m to Home Office as Consolidated Fund Extra Receipts relating to historical surpluses to 31 March 2018.

## 10. Trade payables and other current liabilities

	2018-19	Re-presented 2017-18
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade payables	6,538	9,301
Accruals	23,581	29,287
Contract liability	12,295	4,801
Payable to the Consolidated Fund	49,027	–
<b>Total</b>	<b>91,441</b>	<b>43,389</b>

Trade payables includes an amount of £3.3m (£7.7m at 31 March 2018) owed to Home Office for costs that they paid on behalf of DBS in March 2019.

Income is deferred where an application fee has been received but the application is still being processed by DBS.

During 2018-19 DBS and Home Office agreed an approach to remit historical surpluses and an amount of £51.5m was surrendered by DBS as a Consolidated Fund Extra Receipt. The payable amount of £49.0m at 31 March 2019 relates to the surrender of in-year surplus after deducting cost of capital. This amount will be settled by DBS upon the publication of the Annual Report and Accounts.

2017-18 has been re-presented in line with IFRS 15 where deferred income reported in prior years is now reported as contract liabilities. There is no change to the prior year figure.

## 11. Commitments under PFI contracts

### On-balance sheet (SoFP): Tata Consultancy Services

A PFI contract was signed with Tata Consultancy Services on 4 October 2012, with live services commencing on 12 March 2014 (service commencement date). The contract was due to run for a period of five years from the service commencement date, with the option to extend for up to a further three years at DBS's absolute discretion.

At 31 March 2019, DBS had extended the contract to 31 January 2020. Since the balance sheet date, this has since been extended to March 2020.

The contract is for the provision of application development and management services (referred to as R0 for the legacy system and R1 for the partially delivered modernised system) and business process outsourcing, which includes a contact centre and mailroom services, for the provision of disclosure and barring services, with a total original contract value of £170.1m.

Under the relevant accounting standard, assets that have been developed by Tata Consultancy Services under the contract, have been treated as assets of DBS. The substance of the contract was that DBS had a finance lease and that payments comprised two elements – imputed finance lease charges and service charges.

At the end of March 2017, the finance lease creditor was fully settled. As a result, the lease arrangements no longer existed, and payments were no longer split between imputed finance lease charges and service charges as all costs after this point in time related to outsourced services.

Payments made to Tata Consultancy Services will continue to be charged in full to the Statement of Comprehensive Net Expenditure, as they have been since 1 April 2017.

DBS has extended the contract to 31 January 2020 and contract costs for this period are expected to be £37.9m, broadly in line with the contractual pricing mechanism for 2018-19. Of this amount, a financial commitment of £33.4m is anticipated for the stated extension period, subject to product volumes, and the capital commitment is £4.5m for change requests to the R0 and R1 systems. Since the balance sheet date, the contract has been extended to March 2020 with expected costs of £6.6m arising for this additional two month period.

Upon expiry of the contract, DBS reserve the option to retain or transfer the title of the technical infrastructure (R1).

All figures noted above are inclusive of VAT.



## 12. Related-party transactions

Home Office is the sponsor department of DBS and is regarded as a related party. For the year ended 31 March 2019, DBS had a number of material transactions with Home Office and also with other entities for which Home Office is regarded as the parent department, these are listed in the table below.

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

No board members, key manager or other related parties have undertaken any material transaction with DBS during the year.

	2018-19 £'000	2017-18 £'000	Nature of transactions
Security Industry Authority	(3,466)	(3,648)	Income receivable for DBS checks carried out during the year
Home Office	8,196	6,821	Recharge of IT services, rent and facilities management recharges, sponsorship costs and Home Office Technology Live Policing Services (for access to Police National Computer checks)
Various Police Authorities	34,591	34,412	Costs incurred for work undertaken by Police Authorities to complete the disclosure process

## 13. Commitments under leases

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

	2018-19 £'000	2017-18 £'000
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Buildings</b>		
Not later than one year	1,416	1,416
Later than one year and not later than five years	1,888	3,304
	<b>3,304</b>	<b>4,720</b>

Stephenson House is owned by the Home Office Property Group. DBS have a Memorandum of Terms of Occupation agreement with the Home Office Property Group effective from 1 April 2017 with an expiry date of 1 August 2021.

The lease for Shannon Court is held with Peel Holdings with an expiry date of 1 August 2031 (lease is for 15 years, with a five year break out clause from August 2021). This lease was effective from 2 August 2016.

## **14. Other Financial Commitments**

At 31 March 2019 DBS had non-cancellable financial commitments with DXC totalling £2.2m for the provision of hosting and other bespoke services in relation to the R1 application.

DBS also had non-cancellable financial commitments totalling £1.3m with IBM for digital services.

Financial commitments with Tata Consultancy Services are disclosed in Commitments under PFI contracts.

## **15. Contingent Liability**

The financial implications of the delay and non-delivery of the modernised system, R1, remains a matter of dispute between DBS and its supplier. At the balance sheet date, and at the date of signing these accounts, this dispute remains ongoing and DBS consider disclosure under IAS 37 of any contingent assets or liabilities could seriously prejudice these discussions.

As a result, no further disclosures under IAS 37 have been made.

Tata Consultancy Services is also in dispute with DBS regarding the application of the pricing mechanism in the contract for services, and this dispute remains ongoing at the balance sheet date. The difference between the amounts invoiced by Tata Consultancy Services and the amounts paid/recognised by DBS over the periods 2016-17 to 2018-19 totals £12.97m.

Following a routine HMRC business review in June 2019, HMRC indicated a preliminary view that the Basic DBS check should be subject to VAT since its introduction in 2017-18. DBS is disputing this view and at the date of signing the accounts these discussions are ongoing. In the event the HMRC decision is upheld, the financial impact on DBS would depend on a number of factors including the extent to which any historic liability can be successfully recharged to previous customers or Responsible Organisations. Whilst this cannot be quantified, this could have a material impact on the accounts for DBS.

## **16. Events after the Reporting Period**

### **VAT**

In June 2019, HMRC notified DBS of their view that the Basic DBS check should be subject to VAT. DBS is disputing this view and at the date of signing the accounts these discussions are ongoing.

Further disclosures on this issue are included in Note 15.

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

