
Criminal Records Bureau

Annual Report and Accounts

For the period 1 April 2012 to 1 December 2012

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Chief Executive's Statement

The Disclosure and Barring Service (DBS) was launched on 1 December 2012, with the functions of the Criminal Records Bureau (CRB) and Independent Safeguarding Authority (ISA) transferred to the DBS by way of a Transfer Order. The DBS was established under the Protection of Freedoms Act 2012 and provides information to help employers in England and Wales make informed recruitment decisions; especially for those posts involving work with vulnerable groups, including children. The DBS undertakes functions contained within Part 5 of the Police Act 1997, functions contained within the Safeguarding Vulnerable Groups Act 2006 and the Safeguarding Vulnerable Groups (Northern Ireland) Order 2007.

I took up the appointment of Chief Executive (designate) of the DBS in August 2012, and was joined by Bill Griffiths in October 2012 as Chair (designate). By transferring the functions of the CRB to the DBS, this effectively 'closed-down' the CRB on 1 December 2012. However, the service provided by the CRB seamlessly continued to be undertaken by the DBS from 1 December 2012, so for customers this meant that there was no change in the service provided or the way in which they interact on service provision.

Accordingly, where in this report we discuss the service provided or the work undertaken by the CRB, this can now be read as a direct cross-over to the work undertaken by the DBS in relation to disclosure.

In last year's statement, my predecessor outlined the CRB's responses to the government's reviews of the Criminal Records Regime and the Vetting and Barring Scheme (VBS).

It is worth restating one or two of the key recommendations from the 2010-11 reviews to set the context of the achievements that the CRB has made over the past eight months.

Recommendations included:

- Portability of CRB certificates to be enhanced, with the development of a new system of updating certificates.
- CRB certificates to be issued to the applicant only.
- An independent review process of information released by a chief officer on a certificate.
- The scrapping of the registration requirements for those working in Regulated Activity.
- The scrapping of Controlled Activity.

Many of the recommendations from the reviews were included as provisions within the Protection of Freedoms Act 2012, which received Royal Assent in May 2012.

The CRB published its Business Plan for 2012-13 last year, which provided its approach to planning the CRB business priorities during the period up to the formation of the DBS.

The period up to the formation of the DBS has been intensive, both in terms of the work required to close off the CRB as an Executive Agency and start-up of the new entity. All the necessary actions needed to close down the CRB as an Executive Agency have been accomplished and there has been no reduction in the service offered in the issuing of certificates; indeed, the CRB achieved its highest ever attainment against the target for issuing Enhanced certificates towards the end of 2012.

The CRB led an intensive period of development for the system that will support the Update Service which has, in the main, been welcomed by our customer bases. We are in a good position to launch the service in 2013 and have announced its introduction to our stakeholders and our customers via the website. We are pleased to be able to announce that the service will be free of charge for volunteers.

Other measures that have been introduced against the recommendations of the reviews include, in conjunction with Home Office, Association of Chief Police Officers (ACPO) and Other Government Departments (OGD) colleagues, the development and promulgation of statutory guidance for chief officers on the disclosure of locally-held information. This will enable greater consistency in decision-making. The CRB has also assisted in the development of a new process to enable individuals to ask for an Independent Monitor to review decisions made by chief police officers to disclose locally-held information. This process went live in September 2012. We have also developed guidance for customers and employers to enable them to make appropriate decisions about whether a position is eligible for a check.

The commitment that CRB staff demonstrated this year has been pivotal to its success; particularly given the transition towards the DBS and the procurement exercise for a new commercial provider. As DBS Chief Executive, I am fully appreciative of the hard work and dedication that they have given to ensure that our service continues to be delivered as effectively and efficiently as possible.

In the past year, the CRB has endeavoured to provide an increasingly customer-focused service. This was reinforced by our achievement of Customer Service Excellence standards across the organisation, which we have maintained for a third year. The CRB built on this by strengthening the Customer Services function to include multi-skilled teams that provide a more customer-focused interface throughout the checking process. This has set a strong framework of customer service ethos to take forward to the DBS.

During the period 1 April 2012 to 1 December 2012, we processed 2.84 million applications; which was higher than previous periods. We have consistently met all of our targets throughout 2012-13, including accuracy, timeliness of both Standard and Enhanced CRB certificates and complaints.

To put this into context, the Published Service Standards (PSS) for the issue of Standard certificates is 95% within 10 days and for Enhanced 90% within 28 days. The yearly performance for Standard certificates was 99.8% being issued within 10 days and 95.7% of Enhanced being issued within 28 days. For customers, this means that the average time taken to issue a Standard from start to finish is 5.27 days and for an Enhanced 11.18 days. This demonstrates a vast improvement from recent years and has been achieved due to the effective working relationships between the Registered Body community, the CRB and our police partners.

The CRB continued to enhance its internal control arrangements by further developing systems of risk and information management, budgetary control, workforce planning, attendance management and business continuity planning, whilst encouraging initiatives to drive down costs in all areas of the business.

Following a full competitive procurement exercise, the contract for the provision of Business Process Outsourcing (BPO) services for the DBS has been awarded to Tata Consultancy Services (TCS) from 1 October 2013. The DBS looks forward to working with our new private sector partner in the further development of the vetting service over the course of the new contract.

Adrienne Kelbie

Accounting Officer for the Criminal Records Bureau

Chief Executive, Disclosure and Barring Service

9 May 2013

Management Commentary

Organisation and Aims

Who we are

The CRB operated under Part V of the Police Act 1997, which provides for the issue of three levels of certificates; the Basic certificate, the Standard certificate and the Enhanced certificate. The Basic certificate contains details of any convictions or conditional cautions considered to be 'unspent' under the terms of the Rehabilitation of Offenders Act 1974 (ROA). The Standard certificate contains details of all convictions (both spent and unspent under the terms of the ROA), with the Enhanced additionally involving a check of the ISA barring lists and a determination by a chief police officer as to whether information they hold is relevant to be included on the certificate.

A copy of the certificate is currently sent to the applicant and the registered person that countersigned the application form.

As of 1 December 2012, the functions previously undertaken by the CRB and ISA are now carried out by the DBS. The DBS was established under the Protection of Freedoms Act 2012 and provides information to help employers in England and Wales make informed safer recruitment decisions, especially those involving children or vulnerable people. The CRB helps prevent unsuitable people from working with vulnerable groups including children. The CRB operates the disclosure service from its office in Liverpool and the barring functions are undertaken in its office in Darlington.

Where reference is made to a function performed by the DBS below, this should be read as a function undertaken by the CRB prior to transfer on 1 December 2012.

What we aim to achieve

The CRB provides a service which enables organisations in the public, private and voluntary sectors to make better informed, safer recruitment decisions, by providing them with information to enable them to determine whether candidates are unsuitable for certain work; particularly with occupations involving regular contact with vulnerable groups including children. The information provided by the CRB should be used by employers in conjunction with other recruitment tools, to determine if an individual is suitable for a position.

Our aim is to protect vulnerable groups including children by providing a first-class service to support organisations recruiting people into positions of trust; providing protection to the most vulnerable members of society.

How we operate

The process, from completion of the application form to the production of the final certificate, involves three main parties: the Registered Body; the CRB and, in the case of Enhanced CRB checks, police forces.

The process also involves a private sector partner, currently Capita, who are responsible for the initial capture of the applicant's details and the issue of the final certificate to both the applicant and the Registered Body.

Registered Bodies

Registered Bodies play a key role in the process prior to submission of the application. Registered Body responsibilities include the determination of whether a position is eligible for a DBS check, the verification of the identity of the applicant and for ensuring that the application form is completed correctly before sending to the CRB. In doing so, Registered Bodies must adhere to the Conditions of Registration set out in regulations made under the Police Act 1997, as supported by the statutory Code of Practice.

CRB

The CRB matches the applicant's information against corresponding data contained on the Police National Computer (PNC). For Enhanced CRB checks, where relevant, the CRB transmits the application data to police forces for matching against their local systems and, if requested, will carry out a check of the barred lists.

Police forces

Police forces are responsible for the determination of whether any information that they hold, both conviction data and other intelligence, is reasonably believed to be relevant to the application and whether it ought to be included on the certificate.

The CRB worked very closely with both individual chief officers within forces and the central lead provided by ACPO. This is now being taken forward by the DBS incorporating both disclosure and barring functions.

Governance

The CRB reported to the designated Home Office Minister, Lord Taylor of Holbeach.

The strategic direction of the CRB was set by the CRB Management Board, which included the Chief Executive, together with the two other Operational Directors; the Head of Finance; a senior member of the Home Office and two Non-Executive directors. The corporate governance arrangements, including risk management, are set out in more detail in the Governance Statement which appears later in this document.

The full details of the 2012-13 Management Board members are set out in the Remuneration Report. A register of interests of all senior staff and Directors was maintained and was subject to annual examination by the Chair of the Audit Committee.

There have been no cases referred to the Parliamentary and Health Service Ombudsman (PHSO).

Risk Management

The risk management process operated under the Home Office Risk Management Policy underpinned by a CRB Risk Management Strategy which was approved by the Executive Team, Management Board and Audit Committee. A set of corporate risks were defined. Each was owned by a dedicated Board member with support from senior manager action owners. Further details of the system and in-year developments appear in the Governance Statement.

Going Concern

In February 2011, the Home Office announced the recommendations to the review of the VBS and Criminal Records Regime. One of the recommendations was that there should be a single body created to provide a barring and criminal records service, by transferring the functions of both the CRB and the ISA into this body. The Home Office later announced that the new body would be called the DBS and that the body would operate as a Non-Departmental Public Body (NDPB).

The Protection of Freedoms Act 2012, which received Royal Assent on 1 May 2012, allowed for the formation of the DBS and empowers the Secretary of State to transfer certain functions to the DBS by way of a Transfer Order. The Protection of Freedoms Act 2012 (commencement No.4) Order 2012 commenced the provisions that provide for the formation and constitution of the DBS, with a coming into force date of 15 October 2012.

The functions of the CRB under Part V of the Police Act 1997 and the ISA under the Safeguarding Vulnerable Groups Act 2006 and the 2007 Northern Ireland Order have been transferred to the DBS by way of a Protection of Freedoms Act 2012 (Disclosure and Barring Service Transfer of Functions) Order 2012 coming into force on 1 December 2012. Accompanying Transfer DBS Scheme 2012 allowed for the transfer of property, rights and liabilities coming into force on 1 December 2012.

As all assets, liabilities and functions of the CRB have transferred and are continuing under the DBS, management consider it appropriate to adopt the going concern basis in preparing the annual report and financial statements. All asset, liabilities and functions were transferred to the DBS on 1 December 2012.

Our Resources

Funding

The CRB was generally a self-funding Agency and was dependent on the volumes of checks received each year to generate the required level of income, together with the level of fee set by the government. There were different levels of fee for Standard and Enhanced checks and volunteer applications were processed free of charge. The same fee structure exists for the DBS as a self-funding NDPB.

Income received by the CRB in relation to checks was banked into the Home Office bank account on a weekly basis. The income and associated receivable was recognised in the CRB accounts and the money was recognised in the Home Office accounts when received. The movement between the two entities was reflected through reserves and is shown as funding to the Home Office in the CRB's Statement of Taxpayers' Equity.

The fee levels throughout the period of this report were £26 for Standard checks and £44 for Enhanced checks. The fee for the Enhanced check also included an element of funding for the ISA and related barring functions. The CRB paid over receipts collected on behalf of the Home Office and did not recognise this as income.

2012-13 Surplus

The budget and the fees were set for the CRB for the full year, taking into account the formation of the DBS from 1 December 2012 and also the recommendations of the Criminal Records Review and the recommendation to 'scale back' criminal records checks. The budget for the CRB was originally set to achieve a break even position, however as a result of the volumes of disclosure applications being higher than forecast a surplus of £13.8m was achieved for the eight month period to 1 December 2012.

2012-13 Expenditure

The expenditure for the period of this report was split into four main categories as shown in the Accounts: in relation to our private sector partner (£33.3 million); in relation to police and other data source costs (£16.6 million); staff costs (£10 million) and other costs of administration (£5.7 million).

Cash balances

From the end of November 2011, the CRB used the Home Office bank account for all payments and receipts. The bank accounts held in the name of the CRB actually closed in March 2012. As such, the CRB did not have any cash balances of its own as at 30 November 2012. From 1 December 2012, the DBS opened its own bank accounts with the Royal Bank of Scotland and Citibank.

Capital expenditure

During the year, £2.5 million was spent on capital expenditure (2011-12 was £1.93 million). This related mainly to expenditure required to ensure the existing IT system was compatible with the requirements of the new Update Service.

Payment Performance

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

The Chancellor of the Exchequer announced in the 2010 budget that government departments should aim to pay their suppliers within five days. From June 2010, the CRB aimed to pay all compliant invoices (other than the most complex) within five days. From December 2011, the responsibility for paying CRB invoices passed to the Home Office's Shared Service Centre.

Payment performance in 2012-13 against five day, 10 day and 30 day targets on a comparable full year basis was as follows:

Five day – 92.5% (2011-12 – 95.8%)

10 day – 96.0% (2011-12 – 98.0%)

30 day – 99.8% (2011-12 – 99.6%)

Assets

As at 1 December 2012, the CRB held non-current assets (net book value) of £21.6 million. Of this amount, £21.2 million related to intangible assets, mainly for development of a customer relationship management database through the Public Private Partnership (PPP) arrangement.

Staff

During 2011-12, the CRB employed an average of 542 full time equivalent staff; representing a total salary cost of £18.4 million. In 2012-13 this was reduced to an average of 483 (full time equivalent) representing a total salary cost of £10 million. The CRB followed Home Office and Civil Service policies for the fair and open recruitment of staff.

Performance

During the period 1 April 2012 to 1 December 2012, the CRB issued 2.84 million certificates, of which around 21.5% have been issued free of charge to volunteers. The CRB has seen an increase in the volume of checks over the past year.

The CRB provided services to approximately 3,700 directly-registered organisations and many thousands of others who use those organisations to access CRB certificates. This is now a function performed by the DBS. Research suggests that CRB certificates have prevented at least 150,000 job offers being made for positions working with vulnerable groups including children and our certificates have acted as a deterrent to many more.

Operational performance against the CRB Key Performance Indicators (KPI) for 2012-13 appears in the following table.

| Public Service Standard | Target | Performance (2011-12 in brackets) |
|---|--|---|
| Enhanced CRB checks | 90% to be issued in 28 days (90%) | 95.7% (95.4%) |
| Enhanced CRB checks | 50% to be issued in 14 days from date of receipt of application (50%) | 78.27% (81.94%) |
| Standard CRB checks | 95% issued in 10 days (95%) | 99.8% (99.9%) |
| Disputes with CRB checks | 90% resolved within 21 days (90%) | 99.3% (98.8%) |
| Certificate Accuracy (our aim is 100% certificates free of error) | To maintain (or reduce) the already low number of certificate errors each year | 99.982% (99.995%) |
| Customer Satisfaction | 87% based on Annual Ipsos MORI survey results (87%) | (No survey in 2012-13) (93%) for organisations (92%) for applicants |
| All Complaints | 95% resolved in 10 days (95%) | 99.3% (97.2%) |
| Electronic Applications | To issue 500,000 certificates via the e-application route in 2011-12 (500,000) | 998,405 (1,015,436) |

The past year has been a period of continuous high performance for the CRB, with all PSS targets being achieved. The CRB recognised that this is not just about demonstrating how the CRB performed, but is about how this helped those on ground level that used certificates to assist in recruitment and other decisions.

The accuracy of the CRB checks remained a top priority for the CRB during the period of this report and this year, although the extremely high level of accuracy levels were maintained at 99.982%. The CRB appreciated that there is always room for

improvement in this area. The DBS will now take this forward and will always aim to achieve 100% accuracy of our checks; continuing the commitment to give this a high priority throughout the end-to-end process. The CRB recognised, as does the DBS, that we are not always in control of the quality of the data held by the data sources that we check. The CRB aimed to manage customer expectations in this respect and ensured that the dispute process is effectively managed to help customers.

The CRB did undertake customer satisfaction research in 2011-12 which showed that:

- CRB's customer satisfaction rates are at record levels with a 93% and 92% satisfaction rate for organisations and applicants respectively.
- More than nine out of 10 organisations and applicants believe that CRB checks improve an organisation's ability to protect vulnerable groups from harm.
- There is almost unanimous support (98%) from applicants for CRB checks on anyone working with vulnerable groups including children in a paid or voluntary capacity.
- In 2011, CRB certificates helped employers prevent 20,000 unsuitable people from working with vulnerable groups.

Registered Body Satisfaction & Perception

- The satisfaction rates of organisational customers were extremely high.
- More than nine out of 10 organisational customers (93%) are now satisfied with the service provided by the CRB.
- The number of organisational customers who are very satisfied with the CRB is at a record high with 45% being very satisfied with the CRB, compared to just one out of 10 in 2002.
- More than nine out of 10 organisations (92%) say CRB checks improve their ability to protect children.
- More than nine out of 10 organisations (93%) say CRB checks improve their ability to protect vulnerable adults.
- More than eight out of 10 organisations (84%) say access to CRB checks has improved the confidence of their customers in the recruitment decisions they make.
- Almost nine out of 10 organisations (89%) say access to CRB checks has improved their confidence in the recruitment decisions they make.

Applicant Satisfaction & Perception

- Satisfaction with the overall experience of the CRB was at an all-time high of 92% (62% very satisfied).
- Satisfaction with the application process was at an all-time high (over nine out of 10: 91%).
- Over nine out of 10 applicants (92%) think it is easy to apply for a CRB check.
- Over eight out of 10 (85%) applicants were satisfied with the time it took to receive their CRB check.
- Almost unanimous support (98%) for CRB checks on anyone working with children or vulnerable adults in a paid or voluntary capacity.

- Almost nine out of 10 people (89%) say the CRB is making a positive difference in protecting children and vulnerable adults in this country.
- Over nine out of 10 applicants (92%) think that CRB checks are useful in helping organisations to make the right recruitment decisions.

Impact of CRB on Safeguarding

- Independent research demonstrates that the CRB was continuing to make a difference to the protection of vulnerable groups including children.
- Around 150,000 unsuitable people have been prevented from gaining access to vulnerable groups including children, as a direct result of CRB checks, in the seven years covered by the research:
 - 20,000 in 2004 (out of 2.6 million checks)
 - 25,000 in 2005 (out of 2.7 million checks)
 - 15,000 in 2006 (out of 3.2 million checks)
 - 20,000 in 2007 (out of 3.3 million checks)
 - 18,000 in 2008 (out of 3.7 million checks)
 - 33,000 in 2009 (out of 4.2 million checks)
 - 20,000 in 2011 (out of 4.1 million checks)
 - Only 0.5% of CRB applicants have had a job offer withdrawn as a result of their CRB check.

The CRB did, and the DBS will continue to, address customer concerns on all aspects of the operations. The CRB saw over the eight month period, a 53% reduction in the number of complaints (average per month from 152 down to 71) received and a 19% reduction in the number of disputes (average per month from 270 down to 222) against the previous year. The CRB ensured that it addressed and answered customer complaints and disputes in a timely manner; which can also be seen in performance against the PSS targets where the CRB resolved 99.3% complaints within 10 days and 99.3 % of disputes within 21 days.

Progress and Achievements

The CRB provided an increasingly customer-focused service. This was reinforced by its achievement of Customer Service Excellence standards across the organisation, which was maintained for the third year. The CRB built on this by strengthening the Customer Services function to include multi-skilled teams that provide a more customer-focused interface throughout the checking process.

The CRB continued to actively engage with its customers, through consultative panels, Registered Body Management function and other forums, about the operation of the CRB service. This yielded extremely constructive feedback on the effectiveness of the CRB service and, importantly, what is expected with a view to improving service delivery for the customer.

In the last year, the CRB saw significant improvements in the timeliness of the police element of the service. The CRB achieved this by streamlining processes so as to allow the forces to utilise their resources to focus on checks against those applicants where local intelligence requires a full police assessment of relevance. Our police colleagues have responded positively to the changes and have additionally continued to develop and enhance their local level processing arrangements. To put this into context, the CRB saw a reduction in the average turnaround time of the police force element of the process from 28 days in recent years to 5.1 days in 2012-13.

A new customer training programme was introduced in 2010 to provide guidance and assistance to all newly registered organisations and countersignatories. The training programme provides useful information on the CRB service and focuses specifically on the features of the new application form; which was successfully introduced in July 2010. This work is ongoing for the DBS. In 2011-12, the CRB conducted 210 training courses, training over 4,000 countersignatories. In 2012-13, the CRB conducted 145 training courses, training over 1,788 countersignatories.

There are now 70 Registered Bodies who are accessing the e-bulk service which has enabled the electronic processing of nearly one million applications. The electronic service has improved the turnaround times for checks; with average processing times of 5.27 days for Standard checks and 11.8 days for Enhanced checks.

The CRB continued to provide guidance to customers on the legislative framework that supports the CRB service and in particular provided a range of advice to help Registered Bodies determine whether a position is eligible for a Standard or Enhanced CRB check. This will be further developed by the DBS in the remainder of 2012-13 and 2013-14.

Looking Ahead

The activities that were planned for the period covered within this report are outlined in the CRB Business Plan 2012-13. This is available to view on the Home Office website.

The DBS will continue to provide a timely and accurate service and work on the development of new products. In 2013-14, the DBS will increase the portability of DBS certificates as it introduces the Update Service. This service will enable employers to carry out an online check to establish if any relevant detail has changed since the original certificate was issued. This enhancement to the service will realise the benefits to customers by reducing transactions, costs and bureaucracy.

Additionally the DBS will lead the work to prepare for the change in a commercial supplier and the hand-over arrangements with the current commercial supplier. The CRB was committed, as is the DBS to playing its part in any legislative, policy and operational changes and will work closely with Home Office colleagues and other government departments on the continued development of primary and secondary legislation. The DBS will continue to work closely with departmental partners within

government to find ways to better use and integrate IT systems. This will help to support the development of the DBS, and improve operational efficiency and drive cost savings.

Other Public Interest Information

Health and Safety

The CRB was committed to maintaining the standards required by the Health and Safety at Work Act 1974 and other United Kingdom and international regulations relating to the health and safety of its employees and the public. We continue to raise staff awareness on all aspects of health and safety as required by the 1992 European Commission Health and Safety Directive. The CRB's health and safety arrangements were monitored by the Joint Health and Safety Committee, which met at least once a quarter and was chaired by a CRB Director.

Publicity and Advertising

The CRB supported the government's 'Transparency Programme', and the Director of Change and Business Integrity was the Transparency Champion for the CRB. The Transparency Programme enables the public to hold politicians and public bodies to account, to reduce the deficit and deliver better value for money in public spending and to realise significant economic benefits by enabling businesses and non-profit organisations to build innovative applications and websites using public data. The CRB also followed the government's guidance on release of data in an open, non-proprietary standardised format.

Sickness absence levels

The average number of days per person recorded as sickness in period of this report was 9.24 (2011-12 was 11.13).

Sickness absence levels within the CRB began to steadily decline and extensive efforts to reduce the average working days lost per member of staff continued. This included introducing access to more detailed reporting from the Adelphi staff information system and providing increased support for managers in understanding their sickness levels and causes of absence; helping them become more proactive and confident in both supporting attendance and managing absence.

In addition, the compliance checking regime was reviewed and improved with consistent processes being introduced, helping to ensure that managers were following the requirements within the sickness absence management policy. It also provided increased assurance that appropriate support was being given to staff that were unwell, including referral to the Occupational Health Service and provision of reasonable adjustments where needed.

Disabled Persons

The CRB was committed to a policy of equal opportunity for all staff. Assessment for recruitment, selection, appraisal, training and career progression was based on the individual's ability and suitability for the work and the CRB operated within the guaranteed interview scheme for candidates with disabilities. The CRB was committed to providing all staff with opportunities to maximise their skills and achieve their potential; offering flexible working arrangements wherever possible.

Employee Involvement

The CRB strived to keep staff involved and regularly updated and used the annual Staff Survey, regular team meetings, Team Brief, Off The Record (staff magazine), website and CRB TV. Regular items were featured on training, team events, changes in processes and results achieved. This ensured that staff were aware of changes within the service that could impact on their day-to-day working life and that they understood their personal contribution to the service delivered by the CRB.

Conflict of Interests

Details of any significant interests held by the former CRB Management Board members are maintained in a Register of Interests, which can now be obtained from the Chief Executive's Office of the DBS. No conflicts of interest were declared by Management Board members during 2012-13.

Personal Data Related Incidents

There were no reportable instances of personal data related incidents in 2012-13, or in previous years.

Audit Fees

These financial statements have been prepared in accordance with the Government and Resources Act 2000 and are subject to audit by the Comptroller and Auditor General. The notional audit fee for 2012-13 was £119,000 (£138,000 for 2011-12). No remuneration was paid to the National Audit Office (NAO) in 2012-13 (£Nil for 2011-12) for non audit work.

Provision of Information to Auditors

There is no relevant information of which the Auditors are unaware. I have taken all necessary steps to make myself aware of any relevant information and to establish that the Auditors are aware of that information.

Adrienne Kelbie

Accounting Officer for the Criminal Records Bureau
Chief Executive Disclosure and Barring Service

9 May 2013

CRB Sustainability Report 2012-13

From 2011-12, in accordance with the Government Financial Reporting Manual (FReM), the CRB are required to include a discrete section within the Annual Report covering performance on sustainability during the year. It forms part of the Home Office consolidated report in the Home Office Annual Report and Accounts.

On sustainability we aim to deliver the requirements in the Home Office Business Plan:

The Home Office helps to contribute to a secure society by defending the country against terrorism, securing our borders and controlling immigration, enabling the police and local communities to step up the fight against crime and antisocial behaviour, and championing equality through the Government Equalities Office.

Home Office will:

- assess and manage environmental, social and economic impacts and opportunities in its policy development and decision making.
- implement the Department's plan to deliver on the Greening Government Commitments (GGC), supplying quarterly information and contributing to an annual report on progress.
- procure from small businesses with the aspiration that 25% of contracts should be awarded to Small and Medium-sized Enterprises (SME's).

Priorities

Work on sustainability contributed toward the achievement of the CRB's strategic objectives. The CRB's sustainability aim was to reduce the impact of its business on the environment. Improving sustainability in the CRB was closely linked to its work on value for money. Procurement work processes included sustainable and environmental assessments, and the CRB actively supported local suppliers to reduce the environmental impact through procurement.

Greening Government Commitments (GGC)

The CRB was required to significantly reduce its impact on the environment by 2015 (compared to a 2009-10 baseline) and to be more transparent (<http://sd.defra.gov.uk/gov/green-government/>).

The CRB also worked to measure and reduce its paper use and ensure that redundant ICT equipment was re-used (within government, the public sector or wider society) or responsibly recycled.

The CRB occupies one leased office in Liverpool. It is a modern and efficient building. Under the terms of the lease/PPP, a service charge was paid to the landlord by Capita PLC to cover several occupancy costs including:

- Energy – Gas and Electric
- Water
- Waste Management

Energy use in the building was for heating, lighting and electrical equipment. Water use was exclusively from washrooms and drinking water. Office waste typically comprises: paper, cardboard, food and drink waste and its packaging. Significant volumes of confidential waste were disposed of by a specialist contractor and recycled.

Highlights

- Assess and manage environmental, social and economic impacts and opportunities in its policy development and decision making.
- Continued to support the Department's plan to deliver on the GGC, supplying quarterly information and contributing to an annual report on progress.
- Continued to work with Capita PLC and the landlord to ensure better information on sustainability issues was provided.
- Improved the efficiency of IT and accommodation use.
- Procure from small businesses with the aspiration that 25% of contracts should be awarded to SMEs.
- Offset non-operational business air travel included in Home Office report.
- Worked closely with suppliers, and measure their sustainability and corporate social responsibility through the "CAESER" (<https://nqc.com/>) online self-assessment tool.
- The CRB supported Earth Hour and Climate Week and encouraged other staff to do so as well. An e-learning package for staff on sustainability and energy awareness is available. The CRB had sustainability champions.

Summary of our Reported Performance

The CRB's overall performance was encouraging.

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|----------|----------|----------|----------|
| Cost of energy | £364,809 | £391,057 | £364,587 | £267,985 |
| Buildings tonnes CO_{2e} | 1,966 | 2,216 | 2,022 | 1,513 |
| Travel tonnes CO₂ | 43 | 41 | 37 | 17 |
| Water consumed m3 | 7,765 | 7,631 | 6,553 | 4,337 |
| Total waste tonnes | 39 | 39 | 36 | 17 |

Governance and Standards

The CRB reported data on a regular basis to its sponsor department, the Home Office. Progress against the commitments was monitored by the Home Office Sustainable Development team, with data being provided to the Home Office Sustainability Implementation Group (chaired by the Director of Shared Services), of which the CRB was a member. The Group meets at least quarterly and ensures that necessary action is taken to meet GGC and other commitments and reports to the Estates and Sustainability Board chaired by Director General Financial and Corporate Services.

About our data

Due to the service charge arrangements and the CRB's reliance on third parties for the provision of its sustainability data, there are limitations to the accuracy of non-financial data.

A significant proportion of the costs relating to sustainability are covered in the service charge payable to Capita PLC. Working with Capita PLC and the landlord, the DBS will continue to improve the information received so that we can better assess the impact of the DBS on the environment.

More detailed Home Office performance information, when it is available, will be linked from or provided at:

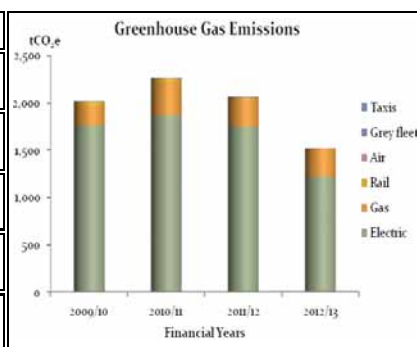
<http://www.homeoffice.gov.uk/about-us/sustainable-development/>

Contact

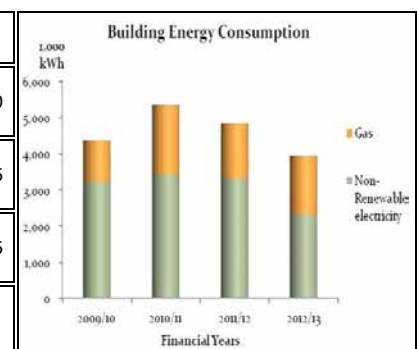
You can contact the Home Office via: sustainabilityenquiries@homeoffice.gsi.gov.uk

DETAILED PERFORMANCE DATA YEAR BY YEAR

| CARBON DIOXIDE EMISSIONS | | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|----------------------------------|--|--------------|--------------|--------------|--------------|
| Non-Financial Indicators (tCO2e) | Gross emissions for scopes 1 & 2 | 1,966 | 2,216 | 2,022 | 1,513 |
| | Gross emissions scope 3 business travel | 43 | 41 | 37 | 17 |
| | Total Emissions | 2,009 | 2,257 | 2,059 | 1,531 |
| Financial Indicators (£) | Expenditure on accredited offsets (e.g. GCOF). | 40 | 40 | 41 | 7 |
| | Expenditure on official business travel | 170,060 | 170,020 | 186,291 | 121,155 |



| Managing energy use from buildings | | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|------------------------------------|----------------------------|------------------|------------------|------------------|------------------|
| Non-Financial Indicators (kWh) | Electricity: Non-Renewable | 3,226,559 | 3,435,515 | 3,319,423 | 2,331,910 |
| | Gas | 1,144,154 | 1,917,330 | 1,529,713 | 1,619,505 |
| | Total kWh | 4,370,713 | 5,352,845 | 4,849,136 | 3,951,415 |
| Financial Indicators (£) | Total Energy Expenditure | 364,809 | 391,057 | 364,587 | 267,985 |



| PERFORMANCE COMMENTARY | |
|--|--|
| 2012-13 data reflects the eight month period to 1 December 2012. | |
| TARGETS | |
| From 1 April 2011, new GGC required the CRB to reduce greenhouse gas emissions from a 2009-10 baseline from the whole estate and business-related transport and cut domestic business travel flights by 20% by 2015 from a 2009-10 baseline. | |
| The CRB was not required to participate in the CRC Energy Efficiency Scheme. | |
| Description of terms and factors | |
| <p><i>Scope 1 – Direct Greenhouse Gas Emissions</i> are from sources owned or controlled by the organisation. For this report this is emissions from heating boilers and our vehicles.</p> <p><i>Scope 2 – Energy Indirect Emissions</i> are from the usage of purchased electricity.</p> <p><i>Scope 3 – Other Indirect Emissions</i> are a consequence of the CRB’s actions but occur at sources which are not owned or controlled directly by the CRB and are not classed as scope 2 emissions. In this report, these are only from business travel using public transport, taxis and commercial airlines.</p> <p>Based on DEFRA conversion factors for electricity, this is the five year rolling average. For air travel this is based on Government Procurement Service GCOFII conversion factors used to buy credits.</p> | |

| Managing water use | | | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|--------------------------|-----------------------------|----------|---------|---------|---------|---------|
| Non-Financial Indicators | Water Consumption (m3) | Supplied | 7,765 | 7,631 | 6,553 | 4,337 |
| Financial Indicators (£) | Invoiced Water Supply Costs | | 23,373 | 17,878 | 14,967 | 6,657 |

| |
|---|
| PERFORMANCE COMMENTARY |
| Water consumption continues to fall. This is due to the CRB vacating India Buildings in 2011 and moving to one site. |
| TARGETS |
| From 1 April 2011, new targets (GGC) required the CRB to reduce water consumption from a 2009-10 baseline, and report on office water use against best practice benchmarks. |
| <ul style="list-style-type: none"> a. ≥6 m3 water consumption per FTE poor practice b. 4m3 to 6m3 per FTE good practice c. ≤4m3 per FTE best practice d. % offices meeting best/good/poor practice benchmark. |

| Managing office waste | | | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|------------------------------|---------------------|-----------------|---------|---------|---------|---------|
| Non-Financial Indicators (t) | Total waste | | 39 | 39 | 36 | 17 |
| | Non hazardous waste | Landfill | - | - | 36 | 5 |
| | | Reused/Recycled | 2 | 3 | - | 12 |
| Financial Indicators (£) | Total disposal cost | | 125 | 154 | 9,834 | 4,768 |
| | Landfill | | - | - | 9,834 | 1,383 |
| | Reused/Recycled | | 125 | 154 | - | 3,385 |

| |
|--|
| PERFORMANCE COMMENTARY |
| The figures above reflect available data and include an updated position for 2009-10 and 2010-11. |
| TARGETS |
| From 1 April 2011, new targets (GGC) required the CRB to reduce the amount of waste generated by 25% from a 2009-10 baseline, cut paper use by 10% in 2011-12 and ensure that redundant ICT equipment was re-used (within government, the public sector or wider society) or responsibly recycled. |

Biodiversity and Natural Environment

Biodiversity is not material for the CRB estate and data collection is not undertaken on this aspect of sustainability.

Remuneration Report

Remuneration Policy

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

In reaching its recommendations, the Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- Regional and local variations in labour markets and their effects on the recruitment and retention of staff.
- Government policies for improving public services; including the requirement on departments to meet the output targets for the delivery of departmental services.
- The funds available to departments as set out in the government's Departmental Expenditure Limits.
- The government's inflation target.

In making recommendations, the Review Body considers any factors that the government and other witnesses may draw to its attention. In particular, it has regard to:

- Differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind.
- Changes in national pay systems, including flexibility and the reward of success, and job weight in differentiating the remuneration of particular posts.
- The need to maintain broad linkage between the remuneration of the three main remit groups, while allowing sufficient flexibility to take account of the circumstances of each group.
- The relevant legal obligations, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

The disclosures within this Remuneration Report are subject to audit.

Service Contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles' published by the Civil Service Commission, specify the circumstances when appointments may be made otherwise.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Non-Executive members (Audited)

Independent Non-Executive members of the CRB Management Board were recruited through fair and open competition. All Non-Executive members of the Board were appointed by the Permanent Secretary. Non-Executive members of the Board were appointed for an initial period of three years, with a review and an option to extend for a further three years at the end of each three year period. All contracts were extended at the end of each three year period, in line with the dates shown below. The end date shown below is the cessation date for the CRB.

The start and end dates of the Non-Executive Director's were as follows:

| Non-Executive Director | Start Date | End Date |
|------------------------|--------------|-----------------|
| Hugh Barrett | January 2007 | 1 December 2012 |
| Charlie Pienkowski | August 2005 | 1 December 2012 |

Remuneration Committees

The Home Office Remuneration Committee works to Cabinet Office guidelines to determine the amount of non-consolidated performance-related pay for SCS within the Home Office. During 2012-13, the committee relevant to the CRB's SCS members was comprised of:

| |
|--|
| Pay Band 1 Remuneration Committee |
| Dame Helen Ghosh (Chair) left September 2012, Mike Anderson, Charles Farr, Helen Kilpatrick, Stephen Rimmer, David Seymour, Kevin White, Rob Whiteman and Simon Wren |
| Pay Band 2 Remuneration Committee |
| Dame Helen Ghosh (Chair), Mike Anderson, Charles Farr, Helen Kilpatrick, Stephen Rimmer, David Seymour, Kevin White, Rob Whiteman and Simon Wren |
| Pay Band 3 Remuneration Committee |
| Dame Helen Ghosh (Chair), Philip Augar |

The assessment and review of performance for SCS is based on individual performance. Individuals were ranked in three performance groups in each pay band.

Group 1 – top 25% of performers

Group 2 – next 65% of performers

Group 3 – bottom 10% of performers

For the 2011-12 performance year, only Group 1 was eligible for a non-consolidated performance payment.

The Senior Salaries Review Board (SSRB) determines the percentage of SCS pay that can be used for non-consolidated performance payments. Following SSRB recommendations, the Cabinet Office set the guidelines on SCS bonuses for all government departments.

For the 2011-12 performance year, Cabinet Office guidelines allowed for up to 5% of the SCS paybill to be used for these payments. The Home Office paid out 1.2% of the SCS paybill which equates to £280,000. The CRB's share of this was £3,500.

Bonus payments for the 2011-12 performance year were paid in July 2012. These were up to £10,000 and the median was £5,000.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior CRB management (i.e. Board members).

Remuneration (salary and payments in kind) (Audited)

Where an individual has only served for part of the year, the full year equivalent salary is reported in brackets.

| Officials | 2012-13 | | | | 2011-12 | | | |
|--|------------------|---------------------------|--|------------------|----------------|---------------------------|--|---------------|
| | Salary £000 | Bonus Payments £000 | Benefits in kind (to nearest £100) | Total £000 | Salary £000 | Bonus Payments £000 | Benefits in kind (to nearest £100) | Total £000 |
| Steve Long <i>Chief Executive (until 12 August 2012)</i> | 30-35 (80-85) | - | - | 30-35 (80-85) | 80-85 | 0-5 | - | 85-90 |
| Adele Downey <i>Director of Change and Business Integrity / Interim Chief Executive (until 1 December 2012)</i> | 45-50 (65-70) | - | - | 45-50 (65-70) | 65-70 | - | - | 65-70 |
| Sue Quigley <i>Director of Service Delivery (until 1 December 2012)</i> | 50-55 (80-85) | - | - | 50-55 (80-85) | 80-85 | - | - | 80-85 |
| Mark Reyland <i>Head of Finance (until 1 December 2012)</i> | 35-40 (55-60) | - | - | 35-40 (55-60) | 55-60 | - | - | 55-60 |

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.

| | 2012-13 | 2011-12 | Percentage change |
|--|---------|---------|----------------------|
| The mid-point banded remuneration of the highest-paid director | £82,500 | £82,500 | 0% |
| The median remuneration of the workforce (£) | £20,200 | £21,613 | 6.5% |
| Remuneration Ratio | 4.1 | 3.8 | |

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

The table above shows that the 0.3 times increase in the remuneration ratio arose because the mid-point banded remuneration of the highest-paid director remained constant whereas the median remuneration of the workforce decreased by 6.5%.

| Non-Executive Directors | 2012-13 | | 2011-12 | |
|--------------------------------------|-------------|------------------------------------|-----------------------------------|------------------------------------|
| | Salary £000 | Benefits in kind (to nearest £100) | Salary £000 | Benefits in kind (to nearest £100) |
| Hugh Barrett* | 5-10 | 700 | 5-10 | 2,700 |
| Charlie Pienkowski | 10-15 | 1,000 | 20-25 | 3,700 |
| Mike Lewis (until 4 October 2011) | - | - | 5-10 (full year equivalent 10-20) | 1,100 (full year equivalent 2,200) |

*The Legal Services Commission was paid directly for the services of Hugh Barrett. The figures quoted include irrecoverable VAT.

Non-Executive Directors did not receive any pension benefits. Charlie Pienkowski was Chair of the CRB Audit Committee and was also a member of the Home Office Audit Committee.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue & Customs as a taxable emolument. Benefits reported were calculated as the taxable value and relate to travel, accommodation and subsistence costs for Non-Executive Directors to attend meetings.

Bonuses

Bonuses were based on performance levels attained and were made as part of the appraisal process. Bonus payments disclosed in this report for 2012-13 were bonus payments for the 2011-12 performance year which were paid in 2012. For prior year comparatives, the bonus payments were for the 2010-11 performance year which were paid in 2011. Payments relating to 2012-13 are yet to be finalised as the assessment and review of performance for the 2012-13 performance year will not be undertaken until 2013-14.

Pension Benefits (Audited)

| Officials | Accrued pension at pension age as at 1 December 2012 and related lump sum | Real increase / (decrease) in pension and related lump sum at pension age | Cash Equivalent Transfer Value (CETV) at 1 December 2012 | Cash Equivalent Transfer Value (CETV) at 31 March 2012 | Real increase / (decrease) in Cash Equivalent Transfer Value (CETV) | Employer contribution to partnership pension account |
|--|---|---|--|--|---|--|
| | £000 | £000 | £000 | £000 | £000 | Nearest £100 |
| Steve Long <i>Chief Executive (until 12 August 2012)</i> | 10-15 plus lump sum of 0-2.5 | 0-2.5 plus lump sum of 0-2.5 | 192 | 165 | 20 | - |
| Adele Downey <i>Director of Change and Business Integrity / Interim Chief Executive (until 1 December 2012)</i> | 30-35 plus lump sum of 0-2.5 | 0-2.5 plus lump sum of 0-2.5 | 442 | 386 | 30 | - |
| Sue Quigley <i>Director of Service Delivery (until 1 December 2012)</i> | 10-15 plus lump sum of 0-2.5 | 0-2.5 plus lump sum of 0-2.5 | 184 | 112 | 5 | - |
| Mark Reyland <i>Head of Finance (until 1 December 2012)</i> | 20-25 plus lump sum of 65-70 | 0-2.5 plus lump sum of 2.5-3 | 395 | 367 | 16 | - |

Civil Service Pensions

Pension benefits were provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Consumer Price Index (CPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% - 3.9% of pensionable earnings for **classic** and 3.5% - 5.9% for **premium**, **classic plus** and **nuvos**. Increases to employee contributions applied from 1 April 2012. Benefits in **classic** accrue at the rate of 1/80 of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60 of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos**, a member builds up a pension based on his pensionable earnings during their period of scheme membership.

At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at:

www.civilservice.gov.uk/my-civil-service/pensions/index.aspx

Cash Equivalent Transfer Values

A 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. Where the individual was not in post for the full year, the CETV at 31 March 2012 represents the value as at their start date and the CETV at 1 December 2012 represents the value as at their end date.

The actuarial factors used to calculate CETVs were changed in 2011-12. The CETVs at 31 March 2012 and 1 December 2012 have both been calculated using the new factors.

Adrienne Kelbie

Accounting Officer for the Criminal Records Bureau
Chief Executive, Disclosure and Barring Service

9 May 2013

Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the CRB 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 the CRB and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer was required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards 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 for the Home Office has designated the Chief Executive as Accounting Officer of the CRB. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the CRB's assets, are set out in 'Managing Public Money', published by HM Treasury.

Adrienne Kelbie

Accounting Officer for the Criminal Records Bureau

Chief Executive, Disclosure and Barring Service

9 May 2013

Governance Statement

As the Accounting Officer for the CRB, I have responsibility for maintaining a sound system of internal control that supports the achievement of the department's 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 Managing Public Money.

Under the provisions of the Transfer Order, as Chief Executive of the DBS I was assigned the Accounting Officer duties for the CRB following its closure on 1 December 2012 with responsibility for its final annual report and accounts. This governance statement draws on assurances provided to me by the former CRB Accounting Officer.

Statement from the former CRB Accounting Officer

'As Interim Accounting Officer of the CRB up to 1 December 2012, I had personal responsibility for maintaining a sound system of governance, internal control and risk management within my area to support the achievement of the Home Office's policies, aims and objectives, while safeguarding public funds and departmental assets.

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

Context

This year's statement should be read in the context of important organisational change. In February 2011 the outcome of the VBS Review and the recommendations of the Criminal Records Review were announced. Many of these recommendations were included in the Protection of Freedoms Act 2012.

A key provision contained within the Act was for the CRB and ISA to be merged into a new NDPB, the DBS. The statutory order to transfer the functions of the CRB and the ISA to the DBS, along with the order specifying which functions are 'core' functions of the DBS, have been laid with Parliament and came into force on 1 December 2012. The DBS became operational on 1 December 2012: consequently, the CRB ceased to exist on this date.

Throughout the period of this report the CRB has continued to work with Capita PLC in delivering the business process and IT outsourcing services provided under the PPP agreement. The decision to extend the current contract with Capita was taken in August 2011, with revised terms and conditions effective from January 2012. The extended agreement is due to expire in July 2013.

Capita and CRB worked closely during the latter period of operation of the CRB in readiness for the creation of the DBS, and in preparation for the Update Service in addition to the

transition to the new contract due to commence in July 2013. This has now been taken forward by the DBS.

It is in this context that the Governance Statement has been produced.

I can confirm that I have reviewed the system of internal control and have made the following assessment.

Internal Controls, Governance and Risk

The CRB followed the requirements of the Corporate Governance in Central Government Departments to the extent that it is deemed relevant and practical. The requirements of the Corporate Governance Code of Conduct in relation to the role of a nominations committee were discharged by the Executive Committee and moderated by a Non-Executive Director. The Home Office's Nomination and Governance Committee's remit also extended to the CRB.

Part of the overall governance arrangements that applied throughout the reporting year was the existence of a robust organisational structure to ensure delivery of strategic goals. This comprised:

- The Executive Team (ET) - a fortnightly meeting of the Chief Executive and executive directors;
- The Management Board (MB) - a bimonthly meeting of the Chief Executive, executive directors, two non-executive directors and a Home Office representative;
- The Audit Committee – a quarterly meeting consisting of the non executive directors; also attended by the Accounting Officer; the Home Office and the NAO.

These top committees were supported by a set of designated committees which oversaw significant financial investment; the change programme; the effective delivery of our front line service and the transformation programme, which were designed to take forward the recommendations of the 2011 government reviews of the CRB's service.

The purpose of the Management Board was to ensure that the CRB:

- Met its strategic objectives and key targets.
- Monitored and scrutinised all aspects of performance informing strategic decisions.
- Followed high standards in terms of integrity, accountability, probity, honesty and openness.
- Had high level policies and effective planning mechanisms in place.
- Conducted business in a proper and equitable manner in accordance with Treasury accounting rules.
- Adopted best practice for governance.
- Assessed and managed risk effectively.

An Internal Audit review of Corporate Governance was completed in Quarter Four 2011-12. This review was formally presented to the Audit Committee in June 2012 and there were no significant changes to the CRB's Governance arrangements in 2012-13, albeit, an Interim CEO was in post following the departure of the CEO in August 2012 and specific transitional governance arrangements were introduced in preparation for closure.

The ET recognised the importance of maintaining the highest standards of performance, integrity and professionalism in its core operations and the need to continually seek to improve on these as a matter of priority, e.g. the CRB Quality Management System was certified to ISO 9001:2008 standard.

The ET built steadily on the improvements to its core processes and, during the year several steps were taken to strengthen control over the achievement of business objectives. These included:

- the introduction of a Financial Control Framework;
- embedding the Adelphi finance system into business as usual;
- ongoing work to reduce police unit costs;
- implementation of previous audit recommendations, particularly in relation to risk management and information assurance; and
- improvements in the control of inappropriate volunteer applications, including the recoveries of fees.

Board Members' attendance at meetings

The following table details the level of attendance at both the Management Board and Audit Committee between April and November 2012:

| Attendee | Area of Responsibility | Audit Committee | | Management Board | |
|--------------------|---|--|---|--|---|
| | | Number of meetings where attendance required | Number of meetings attended (as member or attendee) | Number of meetings where attendance required | Number of meetings attended (as member or attendee) |
| Steve Long | Chief Executive | - | 1 | 2 | 2 |
| Adele Downey | Director of Change and Business Integrity/Interim Chief Executive | - | 3 | 4 | 4 |
| Sue Quigley | Director of Service Delivery and Commercial | - | 2 | 4 | 3 |
| Mark Reyland | Head of Finance | - | 3 | 4 | 4 |
| Charlie Pienkowski | Non-Executive Director | 3 | 3 | 4 | 4 |
| Hugh Barrett | Non-Executive Director | 3 | 3 | 4 | 4 |
| John O'Brien | Home Office Sponsor Unit | - | -* | 4 | 1 |
| Mark Crawford | Home Office Sponsor Unit | - | - | 2 | 1 |

* Note: Although John O'Brien was not required to attend an Audit Committee meeting, he arranged representation from the Home Office Sponsor Unit on 28 June, 20 September and 22 November.

The CRB risk management process operated under the Home Office Risk Management Policy underpinned by a CRB Risk Management Strategy. A set of Corporate risks was defined with each having Board member ownership. Directorate level registers provided the means of escalating risks to the ET and MB.

The Corporate risks were reviewed monthly by the ET and by the MB. Risk registers were, in the majority of cases, also reviewed monthly as part of management team meetings. A Risk Improvement Forum (RIF) was held monthly, whose main purpose was to promote effective risk management, including sharing risks and mitigating actions.

One of the key risks the CRB faced during 2012-13 was to manage the transition from the CRB to the DBS, while at the same time maintaining high level operational performance of the disclosure service.

The level of change experienced by the CRB brought with it uncertainty and risk regarding business as usual activity. Through the various Boards the CRB continued to monitor and control its contribution to the implementation of the overall Disclosure and Barring Programme including delivery of the new organisation and the managed 'close down' of the CRB. These key risks were managed through a robust programme and project management, namely the DBS closedown project, in addition to having a dedicated transition team and continued regular engagement with our staff, the ISA, Home Office, customers, external stakeholders, the Home Office, Registered Bodies and the various police forces.

Following a full competitive procurement exercise, the contract for the provision of Business Process Outsourcing (BPO) services for the DBS has been awarded to Tata Consultancy Services (TCS) with effect from October 2013.

As part of the DBS programme delivery the CRB has worked with Capita PLC and the Home office Sponsor Unit to develop an online Update Service. Again, this work will continue to be progressed by the DBS and in conjunction with our new private sector partner.

Further risks arose for the CRB from provisions contained within the Protection of Freedoms Act, resulting in changes to the CRB core functions. The first changes arising out of the legislation came into force in September 2012. During the late stages of this project the scope of the legislative changes due to be implemented in September increased. To mitigate this risk the CRB continued to engage and built on strong relationship with the Home Office to ensure that expectations of ministers and stakeholders were managed in a realistic manner.

An annual risk for the CRB is to ensure self funding status is maintained. The budget and the fees were set for the CRB for the full year, taking into account the formation of the DBS from 1 December 2012 and also the recommendations of the Criminal Records Review and the recommendation to 'scale back' criminal records checks. The budget for the CRB was originally set to achieve a break even position, however as a result of the volumes of disclosure applications being higher than forecast a surplus of £13.8m was achieved for the eight month period to 1 December 2012.

A self assessment was completed in year by the RIF against the Home Office Risk Management Maturity Model (RMMM) the findings of which supported the achievement of the selected Level 4 requirements as identified by the Home Office.

I have received assurances that, although the CRB did not undertake a specific review of risk management in the reporting period, it did consider the adequacy of risk management on a system specific basis. In June 2012 CRB reported to the Audit Committee, that a moderate assurance was provided for CRB Risk Management. This assurance was based primarily on the adequacy of the business's risk management policy, processes and systems in place to facilitate the management of risk.

That said, management accepted that the business's risk management systems are not yet fully embedded and can be improved in some areas of the business. Opportunities identified

in-year included clearly identifying action owners, consistently including target dates for completion and monitoring against these.

The Disaster Recovery strategy has been tested with a fully equipped disaster recovery site. Critical business systems were successfully recovered and data restored in tests. Business Continuity Plans have been regularly reviewed and updated by managers.

Internal Audit work during 2012-13 was primarily risk based and informed by the CRB's key risks linked to transition, contract re-let, closure and the Update Service. A review of the audit plan was undertaken before the September Audit Committee meeting, with two reviews removed from the original plan to better reflect the Accounting Officers assurance requirements.

A total of 21 audit assignments were completed, which allowed the provision of 16 assurance statements. 42 audit recommendations were made by Internal Audit Unit (IAU) during the year. The IAU routinely attended the CRB Risk Improvement Forum (in an advisory capacity); the Update Service Project Board; CRB DBS Transition Board and the CRB Finance Committee.

The CRB did not conduct a specific internal audit review of IA in 2012-13. The CEO and Audit Committee approved this based on assurance provided in 2011-12 and the outcomes of two independent information management reviews which reported in 2011-12, as well as confirmation by the OCIO in April 2012 that CRB complied with level 3 of the Cabinet Office Information Assurance Maturity Model.

Further assurance had also been provided to the Accounting Officer in March 2012 by the Information Commissioner Office review of CRB data protection, where an overall 'high' assurance was provided and The National Archives review of CRB's Management of Information, where all five core areas of the assessment received satisfactory or above. In addition, quarterly update reports were provided to the Audit Committee in 2012-13, based on developments and performance within the system of IA.

The Head of Internal Audit was required by Government Internal Audit Standards to provide the CRB Accounting Officer with an overall annual opinion on control, risk and governance. That opinion for 12-13 stated: *"CRB has developed credible operational procedures and controls and has, in the period, strengthened its financial controls. The outcomes of the work we have undertaken during 2012 supports an opinion of consolidation within the organisation's system of risk management and general stability in its systems of operational internal control and governance. It is in this context that an overall Moderate Assurance remains appropriate for the part-year 2012-13"*. (Assurance levels are High, Moderate, Low and None).

Financial Management

The CRB followed the Home Office business planning process with the budget process starting with bids for resources from all budget holders. These were scrutinised and challenged by Finance Unit, the ET and MB. All funds were allocated in line with priorities set by ET and MB.

Annual revenue and expenditure profiles were produced and monitored monthly by ET and adjusted accordingly. Budget holders were required to explain variances and make proposals for remedial action through Finance to ET.

Following the introduction of the Adelphi Purchase to Pay (P2P) module in 2011, the CRB followed the Home Office best practice of procurement which includes segregation of duties, set financial approval and delegation limits as well as a clear audit trail for all purchases.

The CRB Investment Board process remained in place, whereby all new expenditure over £100K required business case approval. All new expenditure over £25k required a business case, approved by the Head of Finance.

The CRB migrated all financial and transactional activities to the Home Office Shared Service Centre in November 2011. This, and the move to Adelphi financial reporting systems, proved to be a challenge. Following the implementation of robust accounting systems and procedures to support the changes, good progress has been made to improve financial reporting from the new system. Following a review of financial practices by Internal Audit colleagues, a number of recommendations were made and the additional financial controls that were introduced further strengthened CRB processes and controls. Work continued on strengthening CRB practices to ensure that it was in a healthy position for the move to NDPB status and the formation of the DBS.

A post-Adelphi financial control framework was devised in response to an IAU recommendation (and reviewed by the Audit Committee) to ensure compliance with policies and procedures when using Adelphi to procure and pay for goods and service in addition to claiming expenses.

Information Management

All Information Asset Owners (IAOs) and the Senior Information Risk Owner (SIRO) have completed all mandated training.

IAOs were issued with Terms of Reference (ToRs), with reinforcing messages issued at the quarterly SIRO meeting. Throughout the period, IAOs undertook quarterly reviews (including risk) of their assets, in line with measures contained in the ToRs. This was to ensure the accuracy of the data contained, that the assets were only accessed by authorised staff and, where shared, was conducted for a valid business reason, supported by a Data Sharing Agreement.

A Retention Policy covering operational data and corporate information was approved by the ET and MB. An assessment of the arrangements in place was conducted against the Cabinet Office Information Assurance Maturity Model by the Office of the Chief Information Officer OCIO in April 2012, which confirmed CRB had maintained full compliance with Levels 2 and 3.

Security Management

All staff have been security cleared prior to being allowed access to any personal sensitive or HMG protectively marked data or information and controls are in place to ensure that user access is valid and controlled.

The accreditation function provided support to the Change Programme to ensure any IT or infrastructure enabled projects or changes did not introduce unacceptable levels of risk into

key IT systems or processes which could result in compromised data. The CRB CRM system was accredited to handle data up to Restricted level.

The Accreditor continued to chair the Security Working Groups with Capita for key change projects, including overseeing the IT development process; reviewing the Business Impact Levels; reviewing IT Health Check results; agreeing associated remedial action plans; managing any resulting risks and issues (within the appetite set) and development of the RMADS. During the development stage risks raised by the Accreditor were included in the project risk register for reporting, and any necessary escalation to the SIRO via the Change Programme.

The Head of Business Integrity was one of the lead evaluators for the Disclosure and Barring service IT/BPO contract procurement to ensure information management and assurance were built into the new system and outsourcing arrangements.

Programme and Project Management

Programme and Project Management techniques were applied flexibly and appropriately to the full range of change, reform and acquisition work that was led and managed by the Department.

Over the last 8 months, further effort focussed on building on previous accomplishments and improvements, particularly in the following areas:

- The operation of a 'triage' stage, where a small group of experienced analysts assessed change requests for viability, priority and benefit ensured that only the most robust and beneficial business cases progressed during the year.
- Best practice Risk Management processes were applied across the programme.
- The overall Programme Delivery Board met monthly to assess progress against key targets, oversee the management of human and financial resources, the management of risks and issues, and to prioritise the overall programme composition.
- Up to date business cases were in place for all projects.

The two major projects (the Update Service and the DBS Project) were both on track to deliver the benefits stated within their respective business cases.

Overall Assessment

Having reviewed the CRB systems of governance, internal control and risk management I have received assurances that further progress has been made over the last eight months to improve the CRB system of internal control. Effective arrangements are in place for risk management and information assurance and these will continue to develop as they are taken forward into the DBS.

Adrienne Kelbie

Accounting Officer for the Criminal Records Bureau
Chief Executive, Disclosure and Barring Service

9 May 2013

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Criminal Records Bureau for the period ended 1 December 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

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. My responsibility is to audit the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Records Bureau's affairs as at 1 December 2012 and of its net operating costs; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Chief Executive's Statement and Management Commentary for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

Without qualifying my opinion, I draw attention to Note 1 and Note 23 of the financial statements. On 1 December 2012, the functions of the Criminal Records Bureau were transferred to the Disclosure and Barring Service under Section 88 of the Protection of Freedoms Act 2012. As the functions previously provided by the Criminal Records Bureau will continue to be provided by another public sector entity, it remains appropriate for the financial statements for the Criminal Records Bureau in respect of the period to 1 December 2012 to be prepared on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

Amyas C E Morse
Comptroller and Auditor General

13 May 2013

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

Statement of Comprehensive Net Expenditure

For the eight month period ended 1 December 2012

| | | | | 1 December 2012 £'000 | 2011-2012 £'000 |
|------------------------------|-------------|--------------------|--------------------|--------------------------|--------------------|
| | Note | Staff Costs | Other Costs | Income | |
| Administrative Costs: | | | | | |
| Staff costs | 2 | 3,270 | - | - | 5,497 |
| Other administrative costs | 3 | - | 972 | - | 1,041 |
| Operating income | 5 | - | - | (4,242) | (6,428) |
| Programme Costs: | | | | | |
| Staff costs | 2 | 6,729 | - | - | 12,862 |
| Programme costs | 4 | - | 54,514 | - | 92,586 |
| Income | 5 | - | - | (75,042) | (105,253) |
| Total | | 9,999 | 55,486 | (79,284) | 305 |
| Net Operating Costs | | | | (13,799) | |

Other Comprehensive Expenditure

| | | 1 December 2012 £'000 | 2011-2012 £'000 |
|---|-------------|--------------------------|--------------------|
| | Note | | |
| Net gain on revaluation of Property Plant and Equipment | 6 | - | (2) |
| Intangibles | 7 | - | 44 |
| Total Comprehensive Expenditure for the eight month period ended 1 December 2012 | | (13,799) | 347 |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012 and the CRB ceased to exist at this time. The transfer gave rise to a loss of £32.7m (i.e. the value of net assets transferred).

The notes on pages 45 to 66 form part of these accounts.

Statement of Financial Position

as at 1 December 2012

| | | 1 December 2012 £'000 | 31 March 2012 £'000 |
|---|-------------|--------------------------|------------------------|
| | Note | | |
| Non-current assets: | | | |
| Property, plant and equipment | 6 | 389 | 397 |
| Intangible assets | 7 | 21,245 | 22,516 |
| Total non-current assets | | 21,634 | 22,913 |
| Current assets: | | | |
| Trade and other receivables | 10 | 17,868 | 19,155 |
| Cash and cash equivalents | 11 | - | - |
| Total current assets | | 17,868 | 19,155 |
| Total assets | | 39,502 | 42,068 |
| Current liabilities: | | | |
| Trade and other payables | 12 | (6,133) | (8,424) |
| Provisions | 13 | (237) | (62) |
| Total current liabilities | | (6,370) | (8,486) |
| Non-current assets plus net current assets | | 33,132 | 33,582 |
| Non-current liabilities: | | | |
| Provisions | 13 | (424) | (682) |
| Total non-current liabilities | | (424) | (682) |
| Assets less liabilities | | 32,708 | 32,900 |
| Taxpayers' equity: | | | |
| General fund | | 32,396 | 31,979 |
| Revaluation reserve | | 312 | 921 |
| Total taxpayer's equity | | 32,708 | 32,900 |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the reserves of the CRB were nil and the CRB ceased to exist.

Adrienne Kelbie

Accounting Officer for the Criminal Records Bureau
Chief Executive, Disclosure and Barring Service

09 May 2013

The notes on pages 45 to 66 form part of these accounts.

Statement of Cash Flows

For the eight month period ended 1 December 2012

| | | 1 December 2012 £'000 | 31 March 2012 £'000 |
|---|-------------|--------------------------|------------------------|
| | Note | | |
| Cash flows from operating activities | | | |
| Net operating surplus/(cost) | | 13,799 | (305) |
| Adjustments for non-cash transactions | 3&4 | 3,875 | 10,067 |
| (Increase)/decrease in trade and other receivables | 10 | 1,287 | 16,508 |
| Increase/(decrease) in trade payables and other current liabilities | 12 | (2,291) | (7,009) |
| Increase/(decrease) provisions | 13 | (83) | 313 |
| Payables relating to items not passing through the SoCNE | | 549 | 4,114 |
| Net cash inflow from operating activities | | 17,136 | 23,688 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (124) | - |
| Purchase of intangible assets | | (2,902) | (1,020) |
| Net cash outflow from investing activities | | (3,026) | (1,020) |
| Cash flows from financing activities | | | |
| Funding to Home Office | | (14,110) | (27,278) |
| Consolidated Fund Extra Receipts (CFER) paid (funding returned to Home Office) | | - | (7) |
| Capital element of payments in respect of finance leases and on-balance sheet PFI contracts | | - | (5,016) |
| Net financing | | (14,110) | (32,301) |
| Net decrease in cash and cash equivalents in period | | - | (9,633) |
| Cash and cash equivalents at the beginning of the period | 11 | - | 9,633 |
| Cash and cash equivalents at the end of the period | 11 | - | - |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012 and the CRB ceased to exist at this time. The transfer of assets resulted in a cash outflow of £nil.

The notes on pages 45 to 66 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the eight month period ended 1 December 2012

| | Note | General Fund £'000 | Revaluation Reserve £'000 | Total Reserves £'000 |
|---|------|--------------------------|---------------------------------|-------------------------|
| Balance at 31 March 2011 | | 59,424 | 963 | 60,387 |
| Non-Cash Adjustments: | | | | |
| Net gain/(loss) on revaluation of tangible assets | | - | 2 | 2 |
| Net gain/(loss) on revaluation of intangible assets | | - | (44) | (44) |
| Comprehensive expenditure for the year | | (305) | - | (305) |
| Non-cash charges – auditor's remuneration | 3 | 138 | - | 138 |
| CFERs payable to the Consolidated Fund | | (10) | - | (10) |
| Funding to Parent | | (27,268) | - | (27,268) |
| Balance at 31 March 2012 | | 31,979 | 921 | 32,900 |
| Non-Cash Adjustments: | | | | |
| Movement Between Reserves | | 609 | (609) | - |
| Comprehensive expenditure for the year | | 13,799 | - | 13,799 |
| Non-cash charges – auditor's remuneration | 3 | 119 | - | 119 |
| Funding to Parent | | (14,110) | - | (14,110) |
| Balance at 1 December 2012 | | 32,396 | 312 | 32,708 |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012 and the CRB ceased to exist at this time. The transfer gave rise to a loss of £32.7m (i.e. the value of net assets transferred).

The notes on pages 45 to 66 form part of these accounts

Notes to the Agency's Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the Government Resources and Accounts Act 2000 and the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the CRB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the CRB are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

New standards

IFRS 9 - Financial Instruments was issued in November 2009 and will become effective from January 2015. This IFRS will replace IAS 39. It simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS 39, and resulting in one impairment method. It is anticipated that this change will not be too onerous for the DBS to report at that time as the impairment calculation recommended is in line with that currently utilised by the CRB.

1.1 Accounting convention

These Accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant, equipment and intangible assets.

1.2 Going concern

In February 2011, the Home Office announced the recommendations to the review of the VBS and Criminal Records Regime. One of the recommendations was that there should be a single body created to provide a barring and criminal records service, by transferring the functions of both the CRB and the ISA into this body. The Home Office later announced that the new body would be called the DBS and that the body would operate as a NDPB.

The Protection of Freedoms Act 2012, which received Royal Assent on 1 May 2012, allowed for the formation of DBS and empowers the Secretary of State to transfer certain functions to the DBS by way of a Transfer Order. The Protection of Freedoms Act 2012 (commencement No.4) Order 2012 commenced the provisions that provide for the formation and constitution of the DBS, with a coming into force date of 15 October 2012. The functions of the CRB under Part V of the Police Act 1997 and the ISA under the Safeguarding Vulnerable Groups Act 2006 and the 2007 Northern Ireland Order, have been transferred to the DBS by way of a Protection of Freedoms Act 2012 (Disclosure and Barring Service Transfer of Functions) Order 2012 coming into force on 1st December 2012. Accompanying Transfers to Disclosure and Barring Service (DBS) Scheme 2012 allowed for the transfer of property, rights and liabilities coming into force on 1st December 2012.

As all assets, liabilities and functions of the CRB have transferred and are continuing under the DBS, management consider it appropriate to adopt the going concern basis in preparing the annual report and financial statements. All asset, liabilities and functions were transferred to the DBS on 1 December 2012.

1.3 Transfer of assets and liabilities

All the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012 and the CRB ceased to exist at this time. The CRB has prepared these accounts at the point immediately prior to the transfer of balances to the DBS on 1 December 2012. The transfer of the assets resulted in a cash outflow of nil and gave rise to a loss in the CRB accounts of £32.7m (i.e. the value of the net assets transferred). At the point immediately after the transfer had been affected the assets and liabilities of the CRB were nil and the CRB ceased to exist at this time.

1.4 Bank

During 2011-12, the CRB transferred its banking processes from Royal Bank of Scotland and Citibank to the Government Banking Service (GBS) within the Home Office. This transfer was completed in March 2012.

Income received by the CRB in relation to checks was banked into the Home Office bank account on a weekly basis. The income and associated receivable was recognised in the CRB accounts and the cash was recognised in the Home Office accounts when received. The movement between the two entities was reflected through reserves and was shown as funding to the Home Office in the CRB's SoCTE.

The main cash outgoings of the CRB were "real time" funded through the Home Office GBS. As a result, the CRB element of the GBS was taken to be zero at any given time, as, effectively the CRB was funded when required.

1.5 Operating income

Operating income represented:

- Fees charged to applicants for applications for Enhanced and Standard checks of prescribed criminal record information; and
- Fees charged to register corporate bodies and signatories to access the criminal record process.

The CRB recognised income on completion of the CRB application process, in line with the requirements of IAS 18 - Revenue. Up until this point, income was only recognised to the extent that costs have been incurred.

Deferred income

Income was deferred where an application fee had been received but where the application processing had not been fully completed.

1.6 Monies collected on behalf of the Home Office

The cost of an Enhanced check rose by £8 to £44 on 6 April 2011. The additional £8 was collected by the CRB on behalf of the Home Office, to fund the operational costs of the ISA, IT infrastructure and a contribution towards the development of the overarching criminal records regime.

The CRB paid over receipts collected on behalf of the Home Office. The CRB did not recognise this £8 as income in its accounts.

1.7 Administration and programme expenditure

The SoCNE is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the Agency. These include both the administration costs and associated operating income. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury and interpreted by the Home Office.

Income included in administration costs is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

The CRB was a front line service and the majority of its costs relate to the 'front line' service provision which according to the definitions are front line (programme) costs. The CRB did however, have support functions to deliver the front line services. It was these support functions that make up the administration costs. Programme income relates to income received in the provision of these front line services.

The Treasury announced in the 2010 Spending Review its intention to strengthen the spending framework and to drive down administration costs across the whole of Whitehall. As a result of this initiative, the definition of administration costs has been extended to cover NDPB's and other Arms Length Bodies. The Home Office has adopted this as policy in accordance with FReM Exposure Draft (11) 06, which was subsequently adopted in FReM 2011-12.

1.8 Pensions

Past and present employees were covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes were unfunded and were non-contributory except in respect of dependants' benefits. The CRB recognised the expected cost of these elements on a systematic and rational basis over the period during which it benefited from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the CRB recognised the contributions payable for the year.

1.9 Property, plant and equipment

Assets were stated at fair value. Major refurbishment works were capitalised and written off over the remaining length of the lease agreement.

a. Depreciation

Depreciation was provided on all property, plant and equipment from the month that the assets were brought into use. Depreciation was calculated to write off the cost or valuation of each asset evenly over its expected useful life as follows:

| | |
|------------------------|--|
| Leasehold improvements | Over the remaining period of the lease |
| Furniture and fittings | 5 - 10 years |
| Information technology | 3 - 10 years |

b. Revaluation

The CRB's policy was to revalue the cost of all property, plant and equipment assets that were in use, where the revaluation was material. Each class of property, plant and equipment was revalued using appropriate indices compiled by the Office for National Statistics. Upward revaluations were taken to the revaluation reserve, unless there had been a previous downward revaluation. In this case, an amount equal to the downward revaluation was taken to the SoCNE, the balance being taken to the revaluation reserve. At the end of November 2012, an exercise was undertaken to consider whether revaluation was appropriate. In the opinion of the CRB management, the impact was considered to be not material and hence no adjustment was made (the assets were re-valued at the end of the financial year 2011-12). The amount of the realised revaluation has been transferred between the revaluation reserve and the general fund.

c. Capitalisation

The CRB's policy was to capitalise assets over £5,000 per item, in line with the Home Office's capitalisation policy.

1.10. Intangible Assets

a. Development

Development expenditure was recognised as an intangible asset when the CRB could demonstrate: the technical feasibility of completing the intangible asset so that it would be available for use, its intention to complete and its ability to use the asset, how the asset would generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of development expenditure as an asset, where an active market exists, the asset was subsequently measured at fair value. Where no active market exists, the asset was carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value. Development expenditure was recognised when the conditions of IAS 38 - Intangible Assets - had been satisfied. Expenditure on software development was capitalised as an intangible asset, separately from its hardware where the hardware is able to operate independently of the software. Expenditure which did not meet the criteria for capitalisation was treated as an operating cost in the year in which it had incurred.

b. Amortisation

The useful lives of intangible assets were assessed to be either finite or indefinite. All intangible assets were assessed to have a finite life, however, the amortisation period and the amortisation method are reviewed at least at each financial year end.

Intangible assets were amortised at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives as follows:

| | |
|------------------------|--------------|
| Information technology | 3 - 10 years |
|------------------------|--------------|

c. Revaluation

The CRB's policy was to revalue the cost of all intangible assets that were in use, where the revaluation was material. Each class of intangible assets was revalued using the Gross Domestic Product (GDP) deflator index published by HM Treasury. Upward revaluations were taken to the revaluation reserve, unless there had been a previous downward revaluation. In this case, an amount equal to the downward revaluation was taken to the SoCNE, the balance being taken to the revaluation reserve. At the end of November 2012, an exercise was undertaken to consider whether revaluation was appropriate. In the opinion of the CRB management, the impact was considered to be not material and hence no adjustment was made (the assets were re-valued at the end of the financial year 2011-12). The amount of the realised revaluation has been transferred between the revaluation reserve and the general fund.

d. Assets under Construction

All non-current assets being developed and not in operation at year end were capitalised as an asset under construction. Until the asset was brought into use, no depreciation is recognised; however, once the asset is brought into use, depreciation was charged with the asset being transferred to the relevant 'Non-Current Asset' register immediately. The CRB did not revalue assets under construction.

A review of assets was undertaken on 30 November 2012 to ensure that the purpose for which the asset was being constructed and its associated valuation was appropriate.

e. Research

Research costs were expensed to the SoCNE in the year in which they were incurred.

1.11 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency disclosed for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit was remote, but which had been reported to Parliament in accordance with the requirements of Managing Public Money.

1.12 Commitments under leases

Rental payments for land and buildings occupied by the CRB on the basis of operating leases were charged to the SoCNE on a straight line basis over the lease term.

1.13 Commitments under PPP contracts

The CRB accounted for PPP transactions under IFRIC 12 Service Concession Arrangements. The CRB was considered to control the infrastructure in a public-to-private service concession arrangement because:

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

The CRB recognised the infrastructure as a non-current asset.

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

The CRB historically recognised a liability for the capital value of the contract. That liability did not include the interest charge and service elements, which were expensed annually to the SoCNE. At the year end there was no capital liability remaining.

On initial recognition of existing PPP arrangements under IFRS, the CRB measured the non-current asset at the opening SoFP date 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 date of the SoFP, which will normally be the outstanding liability in respect of the property (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets were re-valued in accordance with the revaluation policy for property, plant, equipment and intangible assets, where appropriate (noted above). Liabilities were measured using the appropriate discount rate.

The 10 year contract awarded under the PPP initiative came to an end in March 2012. However, this contract was extended to March 2013 with an option to extend for a further three months to June 2013. This option was exercised. Subsequently, as an impact of the Court of Appeal ruling in January 2013, the contract has been extended for an additional three months to 30 September 2013. As such, no amounts falling due after more than one year are applicable.

Due to the change in the nature of the contract and the new charging arrangements that are now in force, accommodation and IT running costs can no longer be disclosed separately for the current year. Therefore, the accommodation charges and IT running costs provided through the contract are now shown within the Private Finance Initiative service charges line for comparative purposes in note 4.

Following a full competitive procurement exercise, the contract for the provision of Business Process Outsourcing (BPO) services for the DBS has been awarded to Tata Consultancy Services (TCS) with effect from October 2013. The DBS looks forward to working with our new private sector partner in the further development of the vetting service over the course of the new contract.

1.14 Critical accounting judgements and key sources of estimating uncertainty

The CRB was required, when applying its policies, to make judgements, estimates and assumptions. These judgements and associated assumptions were based on historical experience and other factors that were considered appropriate from external sources.

These judgements were reviewed on an ongoing basis and revisions to accounting estimates were recognised in the period in which the estimate is revised.

The CRB assessed whether there were any indicators of impairment for all financial and non-financial assets at the 1 December 2012. Assets were tested for impairment when there were indicators that the carrying amount may not be recoverable.

1.15 Provisions

The CRB accounted for any provisions in accordance with IAS 37. The CRB made provision to cover its obligations for reinstatement of its leasehold buildings to their original state before its occupation.

Prior to December 2010, the CRB met the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Agency provided for this in full when the early departure scheme became binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.8% in real terms. The Agency provided for legal or constructive obligations, which were of uncertain timing, or arise at the date of the SoFP on the basis of the best estimate of the expenditure required to settle the obligation.

Provisions for early retirement have been discounted at 2.8% as at 1 December 2012 in accordance with IAS 19: Employee Benefits, and HM Treasury guidance.

1.16 Reserves

Reserves constituted the following:

- Revaluation Reserve - the upward revaluation amounts of property, plant and equipment and intangible assets.
- General Fund - funds accumulated by the usual operation of the business.

1.17 Funding

The CRB relied on the income generated from fees to fund its core activities. Subject to agreement, the Home Office provided cash to fund specific non-fee funded activities.

1.18 Segmental reporting

The CRB undertook statutory functions on behalf of the Secretary of State under Part V of the Police Act 1997 (as amended).

All the financial resources of the CRB were used towards the furtherance of these statutory functions. The CRB did not, therefore, have separate reporting or operating segments as envisaged by IFRS 8.

1.19 VAT

Output tax did not apply to the fees charged by the CRB. Input tax on purchases was only recoverable on certain expenditure. Irrecoverable VAT was charged to the relevant expenditure category. Where input VAT was recoverable, the amounts were stated net of VAT.

With the move to the wider Home Office shared service arrangements, the CRB no longer accounted for VAT separately as these transactions were now managed under a wider VAT group basis.

2. Staff numbers and related costs

Staff costs comprise:

| | 1 December 2012 | | | 2011-12 |
|--|-----------------|--|-----------------|----------------|
| | Total £'000 | Permanently employed staff £'000 | Others £'000 | Total £'000 |
| Administration | | | | |
| Wages and salaries | 2,612 | 2,203 | 409 | 3,644 |
| Social security costs | 165 | 165 | - | 270 |
| Other pension costs | 398 | 398 | - | 635 |
| Early departure costs | 95 | 95 | - | 984 |
| Sub Total | 3,270 | 2,861 | 409 | 5,533 |
| Less recoveries in respect of outward secondments | - | - | - | (36) |
| Total net costs | 3,270 | 2,861 | 409 | 5,497 |
| Programme | | | | |
| Wages and salaries | 5,452 | 5,403 | 49 | 9,465 |
| Social security costs | 319 | 319 | - | 606 |
| Other pension costs | 956 | 956 | - | 1,567 |
| Early departure costs | 2 | 2 | - | 1,224 |
| Sub total | 6,729 | 6,680 | 49 | 12,862 |
| Total | 9,999 | 9,541 | 458 | 18,359 |

The PCSPS is an unfunded multi-employer defined benefit scheme but the CRB was unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For the eight month period ended 2012, employers' contributions of £1.354 million were payable to the PCSPS (2011-12: £2.243 million) at one of four rates in the range 16.7% to 24.3% (2011-12: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2009-10 and will remain unchanged until 2012-13. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Employees could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £5,833 between April and November 2012 (2011-12 £10,500) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2011-12: 3% to 12.5%) of pensionable pay. Employers also matched employee contributions up to 3% of pensionable pay. In addition, employer contributions of £346, 0.8% between April and November 2012 (2011-12: £638, 0.8%) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil (2011-12: £nil). Contributions prepaid at that date were £nil (2011-12: £nil).

From 1 December 2012 all CRB staff transferred to the DBS. This transfer was made under a scheme stemming from the Protection of Freedoms Act 2012, which set up the DBS and provided for the transfer of functions from the CRB and ISA to the DBS.

2.1 Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

| | 1 December 2012 number | | | 2011-12 number |
|-------------------|------------------------|----------------------------|----------|----------------|
| | Total | Permanently employed staff | Others | Total |
| Directly Employed | 477 | 477 | - | 541 |
| Other | 6 | - | 6 | 1 |
| Total | 483 | 477 | 6 | 542 |

2.2 Reporting of Civil Service and other compensation schemes - Exit packages

Comparative data for 2011-12 is shown in brackets

| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
|--------------------------------------|-----------------------------------|-----------------------------------|--|
| <£10,000 | - | - (11) | - (11) |
| £10,000 - £25,000 | - | - (50) | - (50) |
| £25,000 - £50,000 | - | 1 (27) | 1 (27) |
| £50,000 - £100,000 | - | - (6) | - (6) |
| £100,000 - £150,000 | - | - (3) | - (3) |
| £150,000 - £200,000 | - | - (-) | - (-) |
| Total number of exit packages | - | 1 (97) | 1 (97) |
| Total resource cost / £'000s | - | 37 (2,712) | |

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, as updated in December 2010. Where the Agency had agreed early retirements, the additional costs are met by the department 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.

3. Other Administrative Costs

| | 1 December 2012 | 2011-12 |
|-------------------------------------|------------------------|----------------|
| | £'000 | £'000 |
| Non-cash items | | |
| Auditor's remuneration and expenses | 119 | 138 |
| Provisions utilised in the year | (23) | - |
| Unwinding of discount on provisions | 32 | - |
| Other | | |
| Other Administrative costs | 844 | 903 |
| Total | 972 | 1,041 |

The auditors have received no remuneration for non-audit work (2011-12 £nil).

The figures above represent the movement for the CRB for the eight month period to 1 December 2012, at which time the CRB ceased to exist. On 1 December 2012 the assets and liabilities of the CRB were transferred to the DBS.

4. Programme Costs

| | 1 December 2012 | 2011-12 |
|-------------------------------------|------------------------|----------------|
| | £'000 | £'000 |
| Interest charges | - | 109 |
| PFI service charges | 33,334 | 52,085 |
| Police and other data source costs | 16,637 | 27,078 |
| Non-cash items | | |
| Depreciation | 132 | 918 |
| Amortisation | 3,624 | 8,982 |
| Impairment | - | 29 |
| Provision provided in the year | 15 | 385 |
| Provisions utilised in the year | (29) | (55) |
| Unwinding of discount on provisions | - | (17) |
| Other | | |
| Professional fees | 95 | 482 |
| Other Programme costs | 706 | 2,590 |
| Total | 54,514 | 92,586 |

The figures above represent the movement for the CRB for the eight month period to 1 December 2012, at which time the CRB ceased to exist. On 1 December 2012 the assets and liabilities of the CRB were transferred to the DBS.

5. Income

| | 1 December 2012 | 2011-12 |
|---|------------------------|-----------------------|
| | £'000 | £'000 |
| Income | | |
| Fees charged for the provision of the CRB checking service classed as programme income | 75,042 | 105,253 |
| Fees charged for the provision of the CRB checking service classed as administration income | 4,242 | 6,428 |
| Total | <u>79,284</u> | <u>111,681</u> |

5.1 Consolidated Fund Income

The following income relates to the Agency and is payable to the Consolidated Fund.

| | 1 December 2012 | 2011-12 |
|----------------------------------|------------------------|------------------|
| | £'000 | £'000 |
| Other income - interest received | 5 | 10 |
| Total | <u>5</u> | <u>10</u> |

The figures above represent the movement for the CRB for the eight month period to 1 December 2012, at which time the CRB ceased to exist. On 1 December 2012 the assets and liabilities of the CRB were transferred to the DBS.

6. Property, plant and equipment

| | Leasehold Improvements £'000 | Information Technology £'000 | Furniture & Fittings £'000 | Total £'000 |
|--|------------------------------------|------------------------------------|----------------------------------|----------------|
| Cost or Valuation | | | | |
| At 1 April 2012 | 3,537 | 10,671 | 225 | 14,433 |
| Additions | - | 124 | - | 124 |
| At 1 December 2012 | 3,537 | 10,795 | 225 | 14,557 |
| Depreciation | | | | |
| At 1 April 2012 | 3,537 | 10,371 | 128 | 14,036 |
| Charged in year | - | 100 | 32 | 132 |
| At 1 December 2012 | 3,537 | 10,471 | 160 | 14,168 |
| Net Book Value at 1 December 2012 | 0 | 324 | 65 | 389 |
| Net Book Value at 31 March 2012 | 0 | 300 | 97 | 397 |
| Asset financing: | | | | |
| Owned | - | - | 65 | 65 |
| On balance sheet PFI contracts | - | 324 | - | 324 |
| Net book value at 1 December 2012 | - | 324 | 65 | 389 |

The revaluation reserve is comprised of £830,000 intangible assets.

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

6a. Property, plant and equipment (continued)

| | Leasehold Improvements £'000 | Information Technology £'000 | Furniture & Fittings £'000 | Total £'000 |
|--|------------------------------------|------------------------------------|----------------------------------|----------------|
| Cost or Valuation | | | | |
| At 1 April 2011 | 3,552 | 10,310 | 207 | 14,069 |
| Additions | - | 362 | - | 362 |
| Reclassification | (15) | 1 | 15 | 1 |
| Revaluations | - | (2) | 3 | 1 |
| At 31 March 2012 | 3,537 | 10,671 | 225 | 14,433 |
| Depreciation | | | | |
| At 1 April 2011 | 3,534 | 9,491 | 88 | 13,113 |
| Charged in year | 21 | 882 | 15 | 918 |
| Reclassification | (18) | (2) | 24 | 4 |
| Revaluations | - | - | 1 | 1 |
| At 31 March 2012 | 3,537 | 10,371 | 128 | 14,036 |
| Net Book Value at 31 March 2012 | - | 300 | 97 | 397 |
| Net Book Value at 31 March 2011 | 18 | 819 | 119 | 956 |
| Asset financing: | | | | |
| Owned | - | - | 97 | 97 |
| Finance leased | - | - | - | - |
| On balance sheet PFI contracts | - | 300 | - | 300 |
| Net book value at 31 March 2012 | - | 300 | 97 | 397 |

The revaluation reserve comprised of £920k intangible assets and £1k tangible assets.

7. Intangible assets

| | Information Technology £'000 | Assets under Construction £'000 | Total £'000 |
|---|------------------------------------|---|-----------------------------------|
| Cost or Valuation | | | |
| At 1 April 2012 | 70,908 | 11,645 | 82,553 |
| Additions | - | 2,353 | 2,353 |
| Revaluations | - | - | - |
| At 1 December 2012 | 70,908 | 13,998 | 84,906 |
| Amortisation | | | |
| At 1 April 2012 | 60,037 | - | 60,037 |
| Charged in year | 3,624 | - | 3,624 |
| Revaluations | - | - | - |
| At 1 December 2012 | 63,661 | - | 63,661 |
| Net Book Value at 1 December 2012 | 7,247 | 13,998 | 21,245 |
| Net Book Value at 31 March 2012 | 10,871 | 11,645 | 22,516 |
| Asset financing: | | | |
| Owned | - | - | - |
| Finance leased | - | - | - |
| On balance sheet PFI contracts | 7,247 | 13,998 | 21,245 |
| Net book value at 1 December 2012 | 7,247 | 13,998 | 21,245 |
| Description | Name of asset | Net book value as at 1 December 2012 £'000 | Life remaining (month) |
| An upgrade to the IT that enabled Registered Bodies to send bulk applications electronically | e-bulk | 823 | 16 |
| An upgrade to the IT that allowed CRB to significantly increase its storage capacity | Technical Ceiling | 1,651 | 16 |
| The original Customer Relationship Management system as developed by Capita | 10 year assets | 547 | 16 |
| PLX is a database that contains nominal information records of local intelligence held across Local Police Forces | PLX | 1,596 | 16 |
| An upgrade to the IT that allowed CRB to be able to transact greater amounts of data more efficiently | IT Upgrade | 1,973 | 16 |
| Upgrade to the IT originally developed for the VBS but brought into use early. This asset was originally funded by government grant | VBS grant Asset | 657 | 16 |
| Total | | 7,247 | |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

7a. Intangible assets (continued)

| | Information Technology £'000 | Assets under Construction £'000 | Total £'000 |
|--|------------------------------------|---------------------------------------|----------------|
| Cost or Valuation | | | |
| At 1 April 2011 | 71,366 | 10,076 | 81,442 |
| Additions | - | 1,569 | 1,569 |
| Revaluations | (458) | - | (458) |
| At 31 March 2012 | 70,908 | 11,645 | 82,553 |
| Amortisation | | | |
| At 1 April 2011 | 51,443 | - | 51,443 |
| Charged in year | 8,982 | - | 8,982 |
| Revaluations | (388) | - | (388) |
| At 31 March 2012 | 60,037 | - | 60,037 |
| Net Book Value at 31 March 2012 | 10,871 | 11,645 | 22,516 |
| Net Book Value at 31 March 2011 | 19,923 | 10,076 | 29,999 |
| Asset financing: | | | |
| Owned | - | - | - |
| Finance leased | - | - | - |
| On balance sheet PFI contracts | 10,871 | 11,645 | 22,516 |
| Net Book Value at 31 March 2012 | 10,871 | 11,645 | 22,516 |

8. Financial Instruments

IFRS7 requires disclosure in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments, and how they are managed.

Because of the largely non-trading nature of its activities, and the way in which government agencies are financed, the CRB was not exposed to the degree of financial risk faced by business entities.

The CRB had no powers to borrow, invest surplus funds or purchase foreign currency. Financial assets and liabilities were generated by day-to-day operational activities and were not held to change the risks facing the department in undertaking its activities.

The CRB had no borrowings, relies primarily on the Home Office for cash requirements and was therefore not exposed to liquidity risks. The CRB also had no material deposits and all material assets and liabilities were denominated in Sterling, so it was not exposed to interest rate or currency risk. The CRB did not hold any cash assets as it used the Home Office bank account for receipts and payments.

The maximum exposure to the CRB was credit risk to the value included in payables totalling £6.133 million.

The total value of receivables at 1 December 2012 amounted to £17.868m.

9. Inventories

The CRB did not hold any material inventories at 1 December 2012 (£nil at 31 March 2012).

10. Trade receivables and other current assets

| | 1 December 2012 £'000 | 31 March 2012 £'000 |
|---|--------------------------|------------------------|
| Amounts falling due within one year: | | |
| Trade receivables | 15,490 | 12,091 |
| Staff receivables | 39 | 46 |
| Prepayments and accrued income | 2,339 | 7,018 |
| Total | 17,868 | 19,155 |

10.1 Intra-Government balances

| | | |
|---|---------------|---------------|
| Balances with other central government bodies | 289 | 543 |
| Balances with local authorities | 4,780 | 3,588 |
| Balances with NHS trusts | 1,144 | 894 |
| Intra-Government balances | 6,213 | 5,025 |
| Balances with bodies external to government | 11,655 | 14,130 |
| Total | 17,868 | 19,155 |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

11. Cash and cash equivalents

| | 1 December 2012 £'000 | 31 March 2012 £'000 |
|--|--------------------------|------------------------|
| Balance at 1 April | - | 9,633 |
| Net change in cash and cash equivalent balances | - | (9,633) |
| Balance at 1 December 2012 | - | - |

The following balances were held at:

| | | |
|------------------------------------|----------|----------|
| Government Banking Service | - | - |
| Commercial: banks and cash in hand | - | - |
| Balance at 1 December 2012 | - | - |

During 2011-12, the CRB transferred its banking processes to the Government Banking Service (GBS) within the Home Office, as explained in the accounting policies note. This transfer was completed in March 2012. As a result of this change, the CRB's cash balance at 1 December 2012 was £nil (31 March 2012 £nil).

The CRB made a surplus for the period. As the CRB has no bank account, this surplus will be transferred to the DBS. HM Treasury have agreed that the surplus will be transferred to the DBS via the Home Office shared bank account.

12. Trade payables and other current liabilities

| | 1 December 2012 £'000 | 31 March 2012 £'000 |
|--|--------------------------|------------------------|
| Amounts falling due within one year: | | |
| Trade payables | - | 108 |
| Accruals and deferred income | 6,133 | 8,306 |
| CFER | - | 10 |
| Current part of imputed finance lease element of on balance sheet PFI contracts | - | - |
| Total | 6,133 | 8,424 |

2011-12 was the final year of a ten year contract awarded under the PPP initiative to provide the CRB checking service, as the contract came to an end in March 2012. As such, no amounts were falling due at 1 December 2012. Under IFRIC 12, assets were treated as assets of the CRB. The substance of the contract was that the CRB had a finance lease and that payments comprised two elements - imputed finance lease charges and service charges.

At the end of March 2012, the finance lease creditor was fully settled. As a result, a lease arrangement no longer exists, and payments will no longer be split between imputed finance lease charges and service charges. Going forward, this contract will transfer to the DBS and has been extended to September 2013. Consequently, payments made for the CRB checking service have been charged in full to the SoCNE since April 2012.

12.1 Intra-Government balances

Amounts falling due within one year

| | | |
|---|--------------|--------------|
| Balances with other central government bodies | 21 | 153 |
| Balances with local authorities | 3,693 | 4,824 |
| Balances with NHS trusts | 96 | 92 |
| Intra-Government balances | 3,810 | 5,069 |
| Balances with bodies external to government | 2,323 | 3,355 |
| Total | 6,133 | 8,424 |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

13. Provisions for liabilities and charges

| | | | 1 December 2012 | 31 March 2012 |
|---|--------------------------------------|------------------------|-----------------|----------------|
| | | | £'000 | £'000 |
| | Early departure costs £'000 | Dilapidations £'000 | Total £'000 | Total £'000 |
| Balance at 1 April 2012 | 247 | 497 | 744 | 431 |
| Provided in the year | - | - | - | 385 |
| Provisions not required written back | (37) | (41) | (78) | - |
| Provisions utilised in the year | (37) | - | (37) | (55) |
| Borrowing costs (Unwinding of discount) | 32 | - | 32 | (17) |
| Balance at 1 December 2012 | 205 | 456 | 661 | 744 |

Analysis of expected timing of discounted flows

| | Early departure costs £'000 | Dilapidations £'000 | Total £'000 |
|---|--------------------------------------|------------------------|----------------|
| Not later than one year | 42 | 195 | 237 |
| Later than one year and not later than five years | 139 | 261 | 400 |
| Later than five years | 24 | - | 24 |
| Balance at 1 December 2012 | 205 | 456 | 661 |

13.1 Early departure costs

The CRB met the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The CRB provided for this in full when the early retirement programme became binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.8% in real terms.

13.2 Dilapidations

These provisions relate to anticipated dilapidation charges on various CRB leases.

Provision is made for estimated dilapidation costs on leasehold buildings. The costs are expected to be incurred between 2013 and 2018 as each lease expires. A dilapidation provision on vacated buildings is maintained until dilapidation negotiations have been finalised.

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

14. Capital commitments

| | 1 December 2012 £'000 | 31 March 2012 £'000 |
|--|--------------------------|------------------------|
| Contracted capital commitments at 1 December 2012 not otherwise included in these financial statements | | |
| Intangible assets | 1,365 | 2,356 |

Capital commitments at 1 December 2012 relate primarily to work being undertaken for the Update Service.

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

15. Commitments under leases

Operating leases

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

| | 1 December 2012 £'000 | 31 March 2012 £'000 |
|---|--------------------------|------------------------|
| Obligations under operating leases for the following periods comprise: | | |
| Buildings | | |
| Not later than one year | - | - |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | <hr/> | <hr/> |
| | - | - |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

16. Commitments under PFI contracts

16.1 On-balance sheet (SoFP):

2011-12 was the final year of a 10 year contract awarded under the PPP initiative to provide the CRB checking service. Under IFRIC 12, assets were treated as assets of the CRB. The substance of the contract was that the CRB had a finance lease and that payments comprised two elements - imputed finance lease charges and service charges. At the end of March 2012, the finance lease creditor was fully settled. As a result, a lease arrangement no longer exists, and payments will no longer be split between imputed finance lease charges and service charges. Upon expiry of the contract, the CRB reserve the option to retain or transfer the title of the technical infrastructure for the payment of a nominal sum.

As explained in note 12, a contingency arrangement to extend this contract has been put in place until September 2013. Consequently, payments made for the CRB checking service have been charged in full to the SoCNE since April 2012.

16.2 Charge to the SoCNE and future commitments

The total amount charged in the SoCNE in respect of the service element of on-balance sheet (SoFP) PFI transactions was £33.334 million (2011-12 £52.085 million); and the payments to which the CRB was committed to are as follows. These commitments were transferred to the DBS on 1 December 2012.

| | 1 December 2012 | 31 March 2012 |
|--|------------------------|----------------------|
| | £'000 | £'000 |
| Not later than one year | 20,928 | 28,072 |
| Later than one year and no later than five years | - | - |
| Later than five years | - | - |
| | <u>20,928</u> | <u>28,072</u> |

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

17. Other Financial Commitments

The CRB has not entered into any non-cancellable contracts during the eight month period to 1 December 2012.

18. Contingent liabilities

There were no contingent liabilities for the CRB at 1 December 2012.

19. Losses and Special Payments

a. Losses: There were four cases of losses (17 in 2011-12) reportable as set out in Managing Public Money with a total value of £125 for the period April to November 2012 (£14,000 in 2011-12). These amounts related to staff overpayments that were deemed to be irrecoverable.

b. Special payments: There were 71 cases of ex-gratia payments for the period April to November 2012 (210 during 2011-12). The total amount paid was £145,231 (2011-12 £379,476). These payments relate to claims from members of the public for loss of earnings as a result of delays in the CRB checking service and claims for maladministration. There was no single payment above £250,000. Additionally, a payment of £14,350 was made in respect of a personal injury claim.

c. Impairment: There were no impairments for the period April - November 2012 (£nil impairment 2011-12).

d. Revaluation: Downward revaluation of assets is charged to the revaluation reserve if the asset has previously been re-valued upwards. If no revaluation reserve exists for assets, then the charge goes directly to SoCNE. The amount charged to the SoCNE was £nil for revaluation (£29,000 2011-12) and £nil was charged to the revaluation reserve (£42,000 2011-12).

20. Related-party transactions

The CRB had been an Executive Agency of the Home Office since 1 September 2003.

The Home Office was regarded as a related party with which the CRB has had various material transactions during the year.

a. The cost of an Enhanced Check rose by £8 to £44 on 6 April 2011. The additional £8 was collected by the CRB on behalf of the Home Office, to fund the operational costs of the ISA, IT infrastructure and a contribution towards the development of the overarching Criminal Records Regime. During the year, the CRB collected £16.385m on behalf of the Home Office. An amount of £283,000 was paid directly to the police for costs incurred on behalf of the ISA, the remainder was paid over to the Home Office by the end of November 2012.

b. The CRB had transactions with the National Policing Improvement Agency (NPIA) between April and November 2012 of £877,000 (2011-12 £1.171 million) to allow access to PNC checks for CRB staff.

c. The CRB had transactions with the Security Industry Authority (SIA) between April and November 2012 of £2.631 million (2011-12 £3.280 million) relating to income for CRB checks carried out during the year.

Police authorities were regarded as related parties. The CRB incurred costs between April and November 2012 of £16.6 million (2011-12 £27.1 million) with police authorities in respect of running and set up costs.

During the eight month period ended 1 December 2012 (2011-12 nil), none of the Management Board members, key management staff or other related parties had undertaken any transactions with the CRB. Compensation payments for key management personnel are included in the Remuneration Report.

21. Third Party assets

The CRB has no reportable third party assets as at the SoFP date.

22. Fees and charges for the eight month period ended 1 December 2012

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

| Activity | 1 December 2012 | | | 31 March 2012 | | |
|---------------------|-----------------|-----------------|--------------------------------|-----------------|------------------|--------------------------------|
| | Income £'000 | Costs £'000 | Surplus/ (Deficit) £'000 | Income £'000 | Costs £'000 | Surplus/ (Deficit) £'000 |
| Enhanced CRB checks | 73,656 | (61,675) | 11,981 | 103,916 | (105,685) | (1,769) |
| Standard CRB checks | 4,702 | (3,155) | 1,547 | 6,549 | (5,349) | 1,200 |
| ISA Adult First | 763 | (577) | 186 | 1,160 | (952) | 208 |
| Other* | 163 | (78) | 85 | 56 | - | 56 |
| Total | 79,284 | (65,485) | 13,799 | 111,681 | (111,986) | (305) |

*Other relates primarily to income (and associated costs) for applications by Registered Bodies and Counter signatories.

This information is provided for the Fees and Charges note only and not for IFRS8 purposes.

Notional Cost per paid Application (£) in 2012-13 *

| | Costs £'000 | Applications '000 | Notional Cost £ |
|---------------------|----------------|----------------------|-----------------------|
| Enhanced CRB checks | 61,675 | 2,652 | 23.26 |
| Standard CRB checks | 3,155 | 186 | 16.96 |

* Cost of processing a paid CRB check application based on 21.58% of the application figure shown above being free-of-charge. This analysis is used for full-cost recovery purposes.

All of the assets and liabilities of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist.

23. Events after the Reporting Period

These accounts were authorised for issue on the date that the accounts were certified by the Comptroller & Auditor General.

DBS

All of the assets, liabilities and functions of the CRB were transferred to the DBS on 1 December 2012. Following this transfer the CRB ceased to exist. As noted in 1.2 Going Concern, due to the nature of this transfer, the accounts have been prepared on a going concern basis.

The Update Service

The DBS continues the work commenced by the CRB to develop a new service called the online Update Service. This will help ensure that DBS checks are, in effect, portable thereby reducing the need for multiple checks.

Court of Appeal ruling

In January 2013, the Court of Appeal ruled that the blanket disclosure of old and minor convictions, cautions, reprimands and warnings by the CRB was a breach of human rights. The court decided there should be a balance in terms of which offences are disclosed. The Home Office and the Ministry of Justice has lodged an application to appeal against the judgment.

ACCOUNTS DIRECTION GIVEN BY THE TREASURY IN ACCORDANCE WITH SECTION 7 (2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to the Criminal Records Bureau.
2. The Criminal Records Bureau shall prepare accounts for the financial period ending 1 December 2012 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for 2012-13.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs as at 1 December 2012 and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows of the agency for the financial period then ended;
 - (b) so as to provide adequate disclosure on the transfers of assets and liabilities, including cash balances, to the Disclosure and Barring Service; and
 - (c) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. This accounts direction shall be produced as an annex to the accounts.
6. This accounts direction supersedes the generic accounts direction issued to the Criminal Records Bureau on 17 December 2012.

Karen Sanderson
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
11 March 2013

Glossary

| | |
|--------|--|
| ACPO | Association of Chief Police Officers |
| BPO | Business Process Outsourcing |
| CETV | Cash Equivalent Transfer Value |
| CFER | Consolidated Fund Extra Receipts |
| CPI | Consumer price index |
| CRB | Criminal Records Bureau |
| CRSC | The Update Service (formerly CRSC) |
| DBS | Disclosure and Barring Service |
| DEFRA | Department for Environment, Food & Rural Affairs |
| e-Bulk | Multiple electronic applications and results |
| FOI | Freedom of information |
| FReM | Government Financial Reporting Manual |
| GBS | Government Banking Service |
| GDP | Gross Domestic Product |
| GGC | Greening Government Commitments |
| GCOF | Government Carbon Offsetting Fund |
| HIA | Head of Internal Audit |
| IAO | Information Asset Owners |
| ICM | Independent Complaints Monitor |
| IFRS | International Financial Reporting Standards |
| ISA | Independent Safeguarding Authority |
| KPI | Key Performance Indicator |
| NAO | National Audit Office |
| NDPB | Non-Departmental Public Body |
| NPIA | National Policing Improving Agency |
| OGD | Other Government Departments |
| OJEU | Official Journal of the European Union |
| PCSPS | Principal Civil Service Pension Scheme |
| PHSO | Parliamentary and Health Service Ombudsman |
| PNC | Police National Computer |
| PSS | Public Service Standard |
| PPP | Public-Private Partnership |
| RIF | Risk Improvement Forum |
| ROA | Rehabilitation of Offenders Act 1974 |
| SCS | Senior Civil Servants |
| SMES | Small and Medium Sized Enterprises |
| SIA | Security Industry Authority |
| SoCNE | Statement of Comprehensive Net Expenditure |
| SoFP | Statement of Financial Position |
| SoCTE | Statement of Changes in Taxpayers Equity |
| SSRB | Senior Salaries Review Body |
| TCS | Tata Consultancy Services |
| VBS | Vetting and Barring Scheme |



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