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# **Disclosure and Barring Service**

## **Annual Report and Accounts 2013-14**

For the period 1 April 2013 to 31 March 2014

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## **Annual Report and Accounts 2013-14**

For the period 1 April 2013 to 31 March 2014

Presented to Parliament pursuant to paragraph 12 (5) of  
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## Foreword

Welcome to the first full financial year's Annual Report and Accounts for the Disclosure and Barring Service (DBS). DBS has been in operation for nearly 18 months now, having been launched on 1 December 2012, transferring and merging the functions of Criminal Records Bureau (CRB) and Independent Safeguarding Authority (ISA).

DBS is first and foremost a delivery body for government policy on disclosure and barring functions, and we recognise the expectations of Home Office (HO) ministers and the wider government that these functions are successfully and expertly executed. We are proud to serve the public, undertaking the important function of governmental public protection services.

It has been a busy year for DBS with the preparations for the change of service suppliers from Capita to Tata Consultancy Services (TCS). We are pleased to report that all the hard work and dedicated attention to detail, to ensure a successful service transition has paid off, and we are now working effectively with the new service provider TCS.

We have also dealt with a range of challenges over the past 12 months, having seen the implementation of the Update Service and the successful implementation of a filtering solution for DBS certificates. We have seen continually improved performance in barring operations and the successful introduction of consideration of wider sets of information for barring decision making.

Our staff care about what we do, and many have a personal interest in public protection whether this be as a parent, carer or seeing a friend or family member placed in a vulnerable position. They are passionate in their efforts to ensure continued excellence in customer services and are always looking at ways to improve what we do or how we do it.

As well as our staff, we would also like to acknowledge the wider team who have supported us; colleagues in HO, Department of Health (DH) and Department for Education (DfE); police partners, Registered Bodies and service providers TCS and Capita as our outgoing provider.

This report sets out how we have undertaken these functions over the last year, the challenges we have faced, who has supported us in providing our service and how the work of the past 12 month period and the forthcoming three years will ensure continued and enhanced service provision.

We, together with our Board colleagues, are confident that the DBS is in a good position to tackle the challenges ahead and ensure the successful delivery of our three year Strategic Plan.



**Bill Griffiths**  
Chair



**Adrienne Kelbie**  
Chief Executive

## **STRATEGIC REPORT**

### **Who we are**

DBS was established under the Protection of Freedoms Act (PoFA) 2012 on 1 December 2012 and operates disclosure and barring functions on behalf of government. On 31 July 2014 the Office for National Statistics (ONS) issued a National Accounts Classification Decision that classified the DBS as a Public Non Financial Corporation. Separate to the accounting classification the Cabinet Office maintain an administrative status for public sector organisations. This is reviewed when ONS announce changes to accounting classifications. DBS remains an NDPB for administrative purposes pending the Cabinet Office completing their review of our administrative status.

DBS operates from two sites, Liverpool and Darlington.

DBS is led by a Board which is responsible for strategic leadership of the organisation and has collective responsibility for the proper conduct of DBS affairs. This role can be summarised as: direction, monitoring and control, assurance and propriety. The Board comprises a Chair and executive and non-executive members. The operation of DBS functions is led by the Chief Executive, who leads a Senior Management Team (SMT) of Directors of relevant functions; Corporate Services, Finance, Change, Operations Barring and Operations Disclosure.

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

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

### **Our staff**

We have taken our first steps to drive significant change to our core business and systems, which is particularly challenging during a merger and re-structuring exercise. We recognise that our corporate leadership needs to be strong if we are to drive the maximum possible benefit from a new IT system in 2014-15. This will enable us to achieve and recognise transformational capabilities that will help us to shift our services into a digital era, be more responsive to demand, and keep costs low.

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

The commitment that DBS staff demonstrated over this period has been pivotal to our success. As 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 effectively and as efficiently as possible. We have continued with the work of the legacy organisations to endeavour to provide an increasingly customer-focused service.

## OUR FUNCTIONS

The functions of DBS are those contained within the Safeguarding Vulnerable Groups Act 2006 (SVGA), Part V of the Police Act 1997, the Safeguarding Vulnerable Groups (Northern Ireland) Order 2007 (SVG) and PoFA.

These are:

- To hold and maintain a register of organisations approved by DBS to submit applications for criminal records certificates.
- To issue three levels of certificates of criminal records:
  - **Basic certificate.** This is available for any position or purpose and will contain details of convictions and conditional cautions that are considered to be unspent under the terms of the Rehabilitation of Offenders Act 1974 (as amended) (ROA). For applicants residing in or for work in England and Wales a Basic certificate is currently issued by Disclosure Scotland.<sup>2</sup>
  - **Standard certificate.** This is available to those working in roles as specified in the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975. Standard certificates show current and spent convictions, cautions, reprimands and warnings (statutory disposals given by a police officer to a young person who admits guilt) held on the Police National Computer (PNC).
  - **Enhanced certificate.** This is the highest level of check available to anyone involved in work with vulnerable groups, and other positions involving a high degree of trust, for example, certain office holders. Enhanced certificates contain the same information as the Standard certificate but with the addition of relevant police information held by a police force and, in some cases, details of whether the individual is included in the lists of those barred from working with children and vulnerable groups.
- To reach considered decisions about whether an individual should be barred from engaging in regulated activity with children and/or adults and maintaining the children's and adults' barred lists.
- To bar any individual who has accepted a caution for or been convicted of an automatic barring offence (i.e. an offence that does not allow representations).

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<sup>2</sup> See Delegation of Function page 9



- To consider for barring any individual who has accepted a caution for or been convicted of an automatic inclusion offence (i.e. an offence that does allow representations) or has been referred to DBS from, for example, an employer or regulatory body, subject to any representations submitted by the individual – provided DBS also has reason to believe that the person is or has been, or might in the future be, engaged in regulated activity with children and vulnerable groups.
- To make decisions as to whether it is appropriate to remove a person from a barred list.
- To operate a system of updating Standard and Enhanced certificates, through the Update Service.

These functions are broadly described as ‘disclosure’ and ‘barring’ functions. Disclosure functions are provided for England, Wales, Jersey, Guernsey and the Isle of Man whilst barring functions are provided for England, Wales and Northern Ireland.

### **Delivery of disclosure functions**

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

Applications for certificates can be made via a paper application or via an electronic interface called e-bulk.

### **Applicants**

The application for a certificate is made by an applicant and the certificate issued to the applicant. The applicant completes the first part of the application form (personal details and so on) and then passes this to the RB for completion. This can be done electronically using the e-bulk system.

### **Registered Bodies**

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

## **DBS**

DBS will receive the application, undertake checks against data sources and, if relevant, will refer the application to the police for consideration of relevancy. The DBS will, on completion, issue the certificate.

## **Police Forces**

Police forces will, when asked by DBS, make a determination of whether any information that they hold, primarily on local intelligence systems, is reasonably believed to be relevant to the application and whether it ought to be included on the certificate.

## **Delivery of barring functions**

DBS manages and maintains the barred lists which are used to prevent unsuitable people from working in regulated activity with children and vulnerable groups. Information is received from various sources, including direct referrals, which are used to make decisions on whether individuals should be barred from regulated activity in one or both sectors and included in the children and/or adults barred list. DBS owns and maintains the two lists.

DBS is committed to ensuring that it makes fair, consistent and thorough barring decisions that are a proportionate response to the harm that has occurred and to the risk of harm posed. There is an ardent awareness of the impact that barring or not barring a person can have both on the person referred and also those with whom they have already, or may in future, come into contact with. Often very difficult and finely balanced decisions have to be made.

There are three main sources of referrals of information for barring consideration:

- **Automatic barring referrals:** there are two types of automatic barring cases where a person has been cautioned or convicted for a 'relevant offence'. Automatic barring (without representations) offences will result in the person being included in a barred list(s) by DBS irrespective of a link to regulated activity. Automatic barring (with representations) offences may, subject to the consideration of representations and whether the person has a link to regulated activity, result in the person being placed in a barred list(s) by DBS. In 2013-14 29,588 cases were considered for automatic barring.
- **Discretionary referrals from bodies:** Typically there is a duty, in certain circumstances for some organisations (such as employers and other providers of regulated activity, including personnel suppliers, local authorities, health and social care trusts, education and library boards and professional regulatory bodies) to make a referral to DBS when they have dismissed or moved an employee working in regulated activity, following harm to a child or vulnerable people or where there is a risk of harm. DBS makes its decisions using a process specifically developed for its use. In 2013-14, 6,465 referrals were considered. DBS Board is ultimately responsible for all the decisions made by DBS.

- **Referral of information from Enhanced certificates:** where a person with a serious criminal record applies for an Enhanced certificate with a barred list check, for a regulated activity role, the person will be considered for possible inclusion in the barred list. This is subject to consideration of any representations they make. Since the commencement of this information flow in June 2013, 391,597 referrals from certificate information were considered.

We also provide access to the barred lists for specific purposes, and to specific bodies. This includes provision of list information on request to the police, prisons, probation trusts, supervisory authorities, keepers of registers and to regulated activity providers who have what is termed a 'legitimate interest' to request barred list information – this includes the education and social care sectors. Following legislative changes introduced in December 2013, we also provide responses through the UK Central Authority to other European Union (EU) member states of any bar on the children's list which is a result of an automatic barring offence of a sexual offence against a child.

### **Update Service**

An Update Service, allowing portability of certificates, was introduced in June 2013. The Service is most suited to volunteers as well as people in peripatetic and/or low paid roles, where the cost of multiple certificates could be prohibitive and for those in roles that require work with multiple employers, such as locum doctors and supply teachers.

The Update Service allows applicants to ask that a certificate relevant to the level of certificate issued is continually checked for new information.

Update information confirms either that there are no new convictions or cautions recorded on the PNC which were not included on the certificate presented, or that a new certificate should be requested as there is new information. In the case of Enhanced certificates, this will also be information denoting that there is no new:

- local intelligence that would be considered relevant for inclusion on a certificate that was not included on the certificate presented; or
- 'suitability information' (barred list information)

If new information is recorded, the system will advise the employer or recruiter to apply for a new certificate. The Update Service requires annual renewal by the applicant. At the end of March 2014 there were 128,908 subscribers to the Update Service.

### **US Embassy Certificates**

We started work in October 2013 on the processing of criminal record certificates for the US Embassy in relation to the build of the new Embassy headquarters. Between October and the end of March 2014, we have processed 1,610 checks on people employed in the construction programme. The US Embassy has been very pleased with the flexibility and speed of the DBS service provision, which will continue for the next two financial years.

## **Delegation of Functions**

Government wanted to implement their policy commitments as they relate to rehabilitation of offenders. Amendments were therefore made to the ROA. These amendments apply to England and Wales only, and change the periods and rules under which convictions and cautions become 'spent' and will therefore impact on what information can and will appear on a Basic certificate. The legislative amendments came into force on 10 March 2014.

The practical application of the changes was that Basic certificates for England and Wales, needed to reflect the new ROA rules and as such be issued under the Police Act 1997 for England and Wales, under the DBS statutory function. However for practical reasons it was not possible for DBS to commence the issue of Basic certificates by 10 March 2014, which coincided with the transition to our new supplier Tata Consultancy Services (TCS).

To provide for this, the Secretary of State directed DBS under Schedule 8 (14) of the PoFA that it must utilise the provisions under Schedule 8(6) to delegate the function of the issue of Basic certificates to Disclosure Scotland (acting as Scottish Ministers). The direction from the Secretary of State requires DBS to delegate the function up to December 2016. Disclosure Scotland has been issuing Basic Certificates since 2002.

The delegation of the function was made by DBS Board on 10 March 2014. DBS and Disclosure Scotland have agreed a Memorandum of Understanding that will sit under the delegation, and will work jointly to ensure that the function is effectively operated and that there is a smooth transition of the service to DBS in December 2016.

## **WORKING WITH THE SUPPLY CHAIN**

### **Police**

The police service across the UK and the Crown Dependencies undertakes an important statutory function in the provision of the DBS service. DBS understands and recognises the importance of this function and values the constructive relationship that we have with the police.

The DBS delivery model is particularly reliant on the performance of individual police and law enforcement Disclosure Units. The police acknowledge this and we work closely with both individual chief officers within forces and the central leads. There are 52 police forces involved in the DBS process; this includes geographical and non-geographical forces. DBS supports the work of forces on volume management and processes, ensuring that the police have due regard to the required service standards, and advise of any operational matter that will have an impact on their ability to meet these standards.

The work undertaken by forces involves important and complex decision-making and will always require an appropriate balance to be struck between speed and quality to support reasonable and appropriate judgements and decisions. The police are therefore supported in their functions by a robust decision-making framework, which includes standardised decision processes and guidance to enable them to make appropriate decisions.

## **Professional Bodies**

Professional bodies (Keepers of Registers and Supervisory Authorities) have powers to share information with us. We work closely with professional bodies to ensure that timely referrals are made.

To assist DBS to carry out its barring functions, and Professional Bodies to carry out their functions, information sharing protocols are in place. To underpin these protocols DBS works closely with professional bodies to develop and amend information sharing practices to suit business requirements and to record these in Memoranda of Understanding.

DBS meets with Professional Bodies on a regular basis to discuss and resolve any issues and to develop better ways of working together. For example, during 2013-14 DBS carried out a number of events, including ones aimed at inspectors from the Care Quality Commission (CQC) to improve their understanding of the role that DBS plays for the bodies that they inspect. These events will continue during 2014-15, and will be rolled out to other professional bodies. During 2013-14 there were 92 general 'duty to refer' events and four CQC Inspector events.

## **Registered Bodies**

RBs act as the gatekeepers to the disclosure function and are a valuable resource to communicate messages to applicants and they provide business intelligence to support our work on demand/volume planning.

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

DBS manages the RB network through an RB account management team. There is still a large differential in terms of applications submitted by RBs, with the top 200 organisations accounting for 60% of application volume. The top three RBs each submit around 150,000 - 200,000 applications per year.

Over the past year DBS has been identifying those RBs and countersignatories who are submitting fewer than 100 applications per year, and removing them from the register of suitable RBs. This year we have de-registered 250 RBs and 2,700 countersignatories.

The reduction in the network will enable DBS to:

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

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

### **Commercial partners**

Commercial partners have worked positively with us throughout the merger of the legacy organisations and supported the introduction of our new services. DBS commercial team has provided support to the operational delivery of DBS by managing the contractual performance and service level achievement of its strategic suppliers, Capita and TCS, both through business as usual and exit activities for Capita and the successful transition to TCS.

Of particular note in 2013-14 was the 'high' assurance rating given in a recent internal audit looking at the commercial arrangements for the management of the Capita exit from the contract. To support effective commercial relations, the commercial team has set up a Commercial Forum, which is providing positive results. DBS has continued to build and maintain strong working relations with wider partners, such as HO Commercial Directorate and HO IT, to ensure the effective delivery into DBS of all services.

## **CHALLENGES WE HAVE FACED**

### **Filtering**

As detailed in the last Annual Report, a Court of Appeal judgment given in January 2013 held that Part V of the Police Act 1997 and the Exceptions Order to the ROA were incompatible with Article 8 of the European Convention of Human Rights (ECHR). Provisions within these two pieces of legislation support the disclosure service.

A necessary and urgent response was needed to the judgment to develop and implement a filtering solution of old and minor convictions and cautions from DBS certificates. The HO, in conjunction with the Ministry of Justice (MoJ), developed a set of legislative rules to determine if and when a caution or conviction should be filtered, allowing DBS to develop a process to implement these rules. In parallel, DBS developed the technical provisions to support the rules, well in advance of coming into force date of the legislation to effect the rules on 29 May 2013.

To develop the rules meant that key technical staff were diverted from the work required for the preparation of service transfer from Capita to TCS and this was a contributing factor in the decision to delay the initial planned date for service transition from October 2013 to March 2014.

### **Service Transition**

DBS was very aware that the transition from one service provider to another, one relatively new to the UK government arena, would be challenging and would require strong and unrelenting commercial and programme management. DBS, with the support of HO, decided to move the service transfer from Capita to TCS from October 2013 to March 2014. This ensured that we were able to provide a seamless and effective service to customers and the delayed transfer allowed all parties the time required to fully prepare and test for a transfer. It was the correct decision to delay transfer and all the hard work and dedication of all the teams involved paid

off. We saw a successful transfer take place on 12 March 2014 and are now benefitting from a proactive and professional service provision by our new service providers TCS.

### **Update Service**

The Update Service system was successfully developed and tested ready for June 2013 implementation, although the diversion of resource to develop the filtering system also added pressures to this development. The biggest challenge that we faced with the Update Service related to the changes that RBs needed to make in submitting applications by stating the 'workforce' (children/adults or other) that applications related to, although our RB community responded positively and capably to this challenge.

The police service response to the government's legislative changes that supported the launch of the Update Service did however cause some operational issues and has had a direct impact on our ability to meet our service standards over the reporting period, falling short in meeting two of the three disclosure service standards. The primary target of 75% in 14 days was exceeded.

### **Embedding DBS**

In the last annual report, we set out the challenges that we would face in 2013-14 with regard to the merger of the two legacy organisations. These were not only the issues of working under two sets of organisational policies and procedures, and adapting to working across two sites, but also in the harmonisation of two different working cultures, premised on the previous governance arrangements of the legacy bodies.

Over the past year we put great efforts into this work. We have formed a Senior Leadership network, of all Heads of Service and senior managers, to drive the leadership agenda. We have run a series of all staff road-shows to take teams on the strategic journey of DBS and to celebrate achievements. We have also enhanced our messaging to staff, encouraging participation and involvement, and establishing a network of Change Agents throughout the organisation to lead on messaging within their areas.

We have undertaken a full review of the Corporate Services function, which was as of the start of the year, across two sites, with a significant degree of duplication. The review and restructure took account of the needs of the organisation as well as best practice across both the public and private sector. The new structure, finalised in January 2014, provides that Corporate Services are based in Liverpool, with a business support function in Darlington.

We have also made significant progress in the introduction of a single set of organisational policies that meet the needs of the organisation, providing simplified and clear policies for the organisation that are easy to understand and manage. This work will be progressed and completed in 2014-15.

## **Sustainability Report 2013-14**

### **Introduction**

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

DBS contributed to the review of the HO sustainability commitments as part of the overall HO Business Plan. The HO joint sustainability priorities are to:

- Assess and manage environmental, social and economic impacts and opportunities in policy development and decision making
- Procure from small businesses with the aspiration that 25% of contracts should be awarded to Small and Medium-sized Enterprises (SMEs)
- Meet the Greening Government Commitments (GGC), supplying quarterly information and contributing to an annual report on progress

The DBS sustainability aim is to reduce the impact of our business on the environment. Improving sustainability in DBS is closely linked to our work on value for money.

DBS will:

- Comply with legal, regulatory and other requirements
- Manage the carbon dioxide equivalent (CO<sub>2</sub>e) emissions from its building energy use and official travel
- Manage water use and waste responsibly on its estate
- Purchase goods and services that meet government standards while continuing to ensure value for money
- Actively encourage our suppliers and staff to support these aims
- Strive to make sustainability integral to any decision that may impact on sustainability

### **Initiatives and areas for improvement**

DBS initiatives include:

- 90% of our paper was bought from a cross-government closed loop initiative to recycle waste paper into new supplies.
- Based on last year's travel survey, Merseytravel has attended Shannon Court to promote public transport, cycle to work and local walking routes.
- Various recycling points around the building: food waste, cans, paper, plastics, and batteries.
- Shredding and recycling of all paper waste takes place on both the Darlington and Liverpool sites through approved and accredited suppliers.



From 1 April 2014 new arrangements commenced to manage the DBS estate in-house. This will result in more comprehensive and comparable data for GGC.

### **Governance arrangements**

The Home Secretary is held accountable by the Cabinet Office to deliver the HO Business Plan containing joint sustainability objectives. Oversight of the HO sustainability work is provided by the Lords Minister and Minister for Criminal Information and the Permanent Secretary.

Day to day leadership and direction is provided by the Sustainable Development Team who report to the Sustainability Implementation Group (SIG). SIG meets regularly and was previously chaired by the Director of Shared Services. It comprises key HO bodies, including DBS and business units. It ensures that action is taken to meet the GGC and the Climate Change Act 2008 that requires us to improve the environmental sustainability of the buildings on our estate. SIG reported to the Estates and Sustainability Board, chaired by the Director General Financial and Corporate Services Group. Day to day sustainability business in DBS is undertaken within the DBS Facilities Teams.

Sustainability is embedded into the DBS's business planning and reporting procedures. DBS data is included in a six monthly report submitted to the Cabinet Office, so that the Home Affairs Green Government Sub-Committee can monitor consolidated departmental progress. HO sustainability policy and other documents are held on the intranet and will be reproduced at a later date on the gov.uk website under Sustainable Development.

On 24 March 2014 the Environmental Audit Committee launched a new inquiry into Sustainability in the HO. The National Audit Office (NAO) has produced for the Committee a briefing on sustainability in the HO, which examines the extent to which sustainability is embedded in the Department's governance, policy making, operations and procurement.

### **Stakeholders**

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

### **Summary of annual progress**

There are limitations to the accuracy of the following financial and non-financial sustainability data. A set of processes and internal controls is in place to help ensure accuracy and completeness. Energy and travel data is audited as part of the Carbon Trust Standard. The energy, water and waste data used in this report comes from one building in Liverpool for which data is available. The Darlington office is a landlord service-charged building and data for 2013-14 is not available. Travel data is included regardless of location.

Area	Metric	2013 - 14	Dec 12 – March 13
<b>Greenhouse gas emissions</b>	Amount (tonnes CO <sub>2</sub> e)	1,916	1,908
<b>Building energy</b>	Amount (tonnes CO <sub>2</sub> e)	1,792	390
	Amount (kWh)	5,281,015	1,262,783
	Expenditure (£)	346,871	68,779
	Amount (number)	163	40
<b>Office waste</b>	Amount (tonnes)	35	9
	Expenditure (£)	6,560	557
	Total recycled (tonnes)	25	6
<b>Water</b>	Amount (m <sup>3</sup> )	5,916	1,579
	Expenditure (£)	9,084	2,427
<b>Paper (A4 equivalent)</b>	Amount (reams)	615	565
	Expenditure (£)	1,411	1,436

### **Mainstreaming the policy contribution to sustainability**

DBS helps employers make safer recruitment decisions and prevent unsuitable people from working with vulnerable groups, including children. It supports economic growth by helping to create a safe and flexible labour market.

### **Sustainable Procurement**

DBS works with suppliers to promote sustainable procurement as part of a Corporate and Social Responsibility (CSR). This includes SMEs and the diversity agenda. We promote the mandated Government Buying Standards and consider CSR factors in investment decisions where they are relevant to the contract. CSR factors are incorporated throughout the procurement cycle from pre-qualification through to contract award to ensure value for money is optimised.

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

**Adrienne Kelbie**  
Chief Executive  
04 November 2014

## **2013-14 ANNUAL ACCOUNTS**

### **DIRECTOR'S REPORT**

#### **OUR RESOURCES**

##### **Funding**

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

We are expected to make neither a surplus nor a loss, so intelligence on service volumes, which can be very volatile, and effective cost controls are critical elements of our business planning. We can only set budgets on an in-year basis, with limited ability until now to carry forward into future financial years or plan financially on a multi-year basis. We do however have a very mature demand/volume planning function, supported by a strong finance function. This allows us to plan demand volume accurately and has supported the holding of the cost for certificates.

Income received by DBS in relation to certificates and Update Service subscriptions is banked into the DBS bank account on a weekly basis. The fee levels throughout the period of this report were £26 for Standard certificates, £44 for Enhanced certificates, £6 for DBS-First checks and £13 for Update Service subscriptions (from June 2013).

All expenditure is funded from the HO bank account. On a monthly basis, DBS pays over to the HO bank account the balance of amounts paid on its behalf. At 31 March 2014, DBS owed HO £10.1 million for reimbursement due for March 2014 and this is included within payables in the accounts.

##### **Grant in Aid Funding**

Grant in aid funding from HO relates to the reimbursement of specific costs that should not fall to the fee payers. There was no grant in aid funding for this reporting period.

##### **2013-14 Year End Position**

The end of year position for DBS resulted in £2.4m net expenditure primarily due to unanticipated software licensing costs. In addition to this there was a reduction in Disclosure volumes which occurred during the service transition in March 2014.

##### **2013-14 Expenditure**

The expenditure for 2013-14 was split into four main categories as shown in the Accounts: in relation to our private sector partner (£66.4million); in relation to police and other data source costs (£26.1 million); staff costs (£24.3 million); amortisation/depreciation (£12.9 million) and other costs of administration (£8.3 million).

## **Cash balances**

DBS has bank accounts with the Royal Bank of Scotland and Citibank, which provide services under the Government Banking Service.

The cash balance at 31 March 2014 was £23 million. Of this amount £10.1 million was to be reimbursed to HO in April 2014 for invoices paid by HO on behalf of DBS.

## **Capital expenditure**

During 2013-14, capital additions amounted to £22.1 million. This relates mainly to the development of a new IT system being developed by TCS and licences to support this.

## **Assets**

As at 31 March 2014, DBS held non-current assets (net book value) of £36.0 million. Of this amount, £34.3 million related to intangible assets, mainly for development of a customer relationship management (CRM) database through the Public Private Partnership (PPP) arrangement.

## **Staff**

During 2013-14, DBS employed an average of 707 full time equivalent staff (excluding contractors), representing a total salary cost of £22.4 million. DBS follows Civil Service policies for the fair and open recruitment of staff.

## **Employment of disabled persons policy**

DBS remains committed to the employment and career development of disabled people. We actively ensure that disability is not regarded as a barrier to recruitment or promotion and focus on what a person can do rather than what they cannot and consequently selection is based upon the ability of the individual to do the job. DBS is committed to ensuring that disabled staff have access to the same opportunities as other staff, not only when they first join the organisation but at all stages in their career. Additionally, DBS provides internal support to staff with disabilities through the HO Disability Support Network (HODS).

We operate the Guaranteed Interview Scheme, which guarantees an interview to anyone with a disability whose application meets the minimum criteria for the post. Once in post, disabled staff are provided with any reasonable support/adjustments they might need to carry out their duties.

## **Consultation with employees**

DBS has in place a consultative framework for engaging trade union representatives. Facility time is provided to allow union representatives to take part in industrial relations duties.

## **PERFORMANCE**

We work to a set of challenging performance measures. They reflect outcomes, efficiency and timeliness, accuracy and value for money recognising that all are required for us to do our job well. Quality will always be our over-riding concern given the impact of the services we deliver.

### **Disclosure**

During 2013-14 we issued 3,948,733 certificates, of which 21% were issued as free of charge to volunteers. Of the Enhanced applications received, 201,815 requested an early check of the adults barred list. The average time taken to issue a DBS certificate from start to finish was 11.5 days. We have met most of our targets, including barring, accuracy and responses to complaints. Two targets, for Enhanced certificates issued in 28 and 60 days were missed because of backlogs created at police forces following the introduction of the Update Service.

We also processed 1,610 certificates for the US Embassy (from October 2013-March 2014).

### **Barring**

In June we introduced a new barring decision, considering the criminality information of people making an application for an Enhanced certificate. Within the first 10 months we barred 43 unsuitable people with serious criminal records who were trying to work with vulnerable people including children.

At the end of March there were 54,444 people barred in one or both of the barred lists. 2,958 people were added to the barred lists in 2013-14. Those people are prevented from gaining a regulated activity role and, where they try to do so, effective action is taken by providing evidence packs to the police for their investigation. This complies with section 7 of the SVGA. To date the information we have provided resulted in the successful prosecution of 23 people who, despite knowingly being barred, were trying to access children or vulnerable people through employment.

To ensure that the safeguard of a bar is put into place as quickly as possible, and people who are referred to us have their case resolved, we have strengthened our case management. During 2013-14 we exceeded all of our time and quality targets (see table 1 below). For discretionary cases we reduced the time taken to consider cases from 71 working days to 52 working days.

Through the year we gathered and considered more information as a direct result of the introduction of the new barring decision. The new barring decision allowed us the power to consider cases which previously would have been subject to an employer's decision to refer an individual to DBS based on the content of the Enhanced certificate. In total, barring received 6,465 discretionary referrals, 29,588 potential automatic barring cases and in addition to this 15,430 new potential disclosure cases. During 2012/13 we operated with around 1,500 open discretionary cases and have successfully reduced this through effective case management to an ongoing discretionary caseload of just over 1,000 despite a 7% increase in the number of referrals received.

For next year our targets will include all three areas of barring work:

- discretionary referrals,
- autobars and
- disclosure information referrals.

The vast majority of our cases will be closed within a year.

The quality of our barring decisions is paramount and this relies heavily on the skills of our staff and robust quality processes. We continue to invest heavily in our staff. During 2013-14, 90 casework staff achieved a University Certificate (or higher) in Professional Development in Casework Decision Making. We also refreshed our quality management, which following a successful external assessment, has been recommended for certification to the ISO 9001:2008 quality standard. We also introduced an annual sign-off of those authorised to make case decisions.

**Table 1**

**Published Service Standards (PSS)**

<b>PSS</b>	<b>Target</b>	<b>Performance Achievement 2013-14</b>
<b>DBS Certificates</b>	99% to be issued in 60 calendar days from receipt	97.9%
	90% to be issued in 28 calendar days from receipt	89.3%
	75% to be issued in 14 calendar days from receipt	78.8%
<b>Certificate accuracy</b>	99.9% issued accurately	99.9%
<b>Barring - Decision accuracy</b>	99.9%	100%
<b>All complaints</b>	95% resolved in 10 days	97.9%
<b>Barring - Discretionary referrals</b>	80% closed within 110 working days	90.2%
	60% closed within 55 working days	71.1%

## **PROGRESS & ACHIEVEMENTS**

### **Customer Service**

DBS has a corporate objective to adopt a single customer service approach across the business by 2013-14, enabling customer facing staff to focus on putting the customer at the heart of everything we do. To support this, Customer Services restructured into two new teams:

- Operational Customer Services
- Customer Relations

The Operational Customer Services Team has consistently dealt efficiently with transactional, high volume, routine enquiries and disputes through this year. This has allowed the Customer Relations Team to provide a new bespoke case management service for our customers dealing with the end to end complaints process, redress claims, Independent Complaint Monitor (ICM) referrals, complex enquiries and customer engagement which require a case management approach.

The Customer Relations Team took on responsibility for all customer complaints in December 2013, making it easier for our customers to contact us when something went wrong. This year our Customer Relations Advisors resolved 99.6% of complaints to the customers' satisfaction without the need for a complaint to be escalated to a manager. The new case management approach adopted by the team resulted in the escalation of only nine complaints; this represents a reduction against the previous year of 76%.

### **Electronic services**

There are now 119 RBs who are accessing the e-bulk service, which has enabled the electronic processing of over two million transactions this year, representing 55% of volume. The Update Service is a fully electronic service and has improved the turnaround times for checks.

### **Quality**

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

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

## Legal Challenges

SVGA makes provision for a person included in a list to appeal that decision to the Upper Tribunal. In 2013-14, we received 30 applications for permission to appeal from the Tribunal against one of our decisions. Given the effect of a decision to include a person within a list is to bar the person from working with children and/or vulnerable people, it is to be expected that DBS will continue to experience appeals against its decisions. Judgments of the Upper Tribunal have helpfully provided guidance and clarity to support continued improvements to DBS barring.

## Independent Monitor

The Police Act 1997, as amended by PoFA, introduced a new right for an individual to make an application to the Independent Monitor to review information released by a Chief Officer on an Enhanced certificate. Individuals can request a review if they believe that information released is not relevant for the purpose for which the application was sought and/or that it ought not to be included in the certificate.

## LOOKING AHEAD

The DBS Strategic Plan 2014-17 (incorporating the Corporate Plan 2014-17) sets out the DBS strategic intent for 2014-17, building upon DBS's reputation of being a body that is able to effectively handle opportunities and challenges. The plan will drive the DBS mission '*To be government's Centre of Excellence for suitability information*' and underpin DBS's strategic ambition to enhance and expand DBS service provision on behalf of government. The combined strategic ambitions of DBS and government have been expressed in a set of strategic objectives.

- **Objective 1:** Deliver excellent customer satisfaction
- **Objective 2:** Retain the confidence of government
- **Objective 3:** Create a strong performance culture
- **Objective 4:** Manage public funds efficiently

The objectives will define and shape the strategic development that we pursue and ensure that the service we provide is more flexible and responsive to changes in government policy and provides bespoke services to government where necessary. Our approach will be deliberately incremental, and will be supported through the modernised IT solution that is being developed with TCS. We also plan a formal review of Barring in the coming year.



## **TRANSPARENCY**

### **OTHER PUBLIC INTEREST INFORMATION**

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

### **Health and Safety**

DBS is committed to maintaining the standards required by the Health and Safety at Work Act 1974 and the other United Kingdom and international regulations relating to the health and safety of its employees and the public. The Health and Safety Forum meet on a quarterly basis and is supported by two Health and Safety sub groups (in Liverpool and Darlington) who meet every six weeks.

### **Sickness Absence Levels**

The average number of days per person recorded as sickness over the last 12 months was 9.55. Extensive efforts to reduce the average working days lost per employee continue across DBS.

This includes access for business managers to detailed business intelligence and specialist HR support to facilitate effective absence management by building capability and confidence. In addition, the robust compliance regime in place at DBS Liverpool has been rolled out at DBS Darlington with effect from April 2013, supported by training to ensure that line managers are compliant with attendance management policy and procedure. The strengthening of these processes will provide increased assurance that appropriate support is being given to members of staff ensuring timely referrals to Occupational Health and provision of reasonable adjustments where needed.

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

DBS has spent £1.9m on employing contractors carrying out senior roles within the organisation. All contractors have provided assurance that they comply with all the relevant tax and National Insurance (NI) obligations.

One contractor, appointed temporarily to cover a senior finance vacancy, has been engaged for more than six months but less than one year. This appointment has now been filled on a permanent basis.

One contractor has been in post less than two years but more than one year. Seven contractors fell under the off-payroll engagements that lasted longer than six months but under one year. All of these engagements were paid more than £220 per day

### **Payments to suppliers**

Following the original Late Payment of Commercial Debts (Interest) Act 1998, amended legislation – The Late Payment of Commercial Debts Regulations 2002 – came into force on 7 August 2002. This legislation provides all businesses,

irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been claimed by DBS creditors under this Act. The Chancellor of the Exchequer announced in the 2010 Budget that government departments should aim to pay their suppliers within 5 days. The responsibility for paying DBS invoices belongs to the HO's Shared Service Centre. We aim to pay all valid invoices within 5 days of receipt. We paid 94.1% of invoices within 5 working days in 2013-14 (2012-13 91.1%)

## **Equality and Diversity**

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

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

As a public authority, in the course of developing policies and delivering services, DBS has statutory duties placed on it under the Equality Act 2010 that states it must have due regard of the need to:-

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

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

## **Employee Involvement**

DBS regularly updates staff on business plans, results achieved, any changes in our operating processes and development opportunities. This ensures our staff are aware of any changes to the service that we are delivering and that they understand the impact for both themselves and for our customers.

SMT and the Chair have led on two off-site employee awareness sessions for all staff. The sessions allowed the opportunity for staff to hear about the work of Board, the strategic development process for DBS and the importance of maintaining service levels and quality.

DBS Board also welcomes observers to the Board from within DBS. This allows staff members to see how the Board operates, the work of the Board and how the Board consider and make decisions. There have been observers at every Board throughout 2013-14.

In addition, the DBS Joint Consultation and Negotiation Committee (JCNC) now provides a forum for the official side and the trade union side to meet on a quarterly basis to discuss business and people related issues of importance and/or concern.

We have also recently implemented regular staff 'pulse' surveys as a means of obtaining staff views on workplace matters.

### **Conflict of Interests**

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

### **Audit Fees**

These financial statements have been prepared in accordance with PoFA 2012 and are subject to audit by the Comptroller and Auditor General. The audit fee for this reporting period for DBS was £110,000. No remuneration was paid to the NAO for non-audit work.

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

There is no relevant audit information of which the DBS's auditors are unaware. All steps have been taken to ensure awareness of any relevant audit information and to establish that the DBS's auditors are aware of that information.

**Adrienne Kelbie**  
Chief Executive  
04 November 2014

## **REMUNERATION REPORT**

The Remuneration Committee reports to the DBS Board. Details of Board membership are set out on page 43 of this report. Subject to approval by the HO of the DBS's overall remuneration strategy, the Board has delegated to the Remuneration Committee the determination of the remuneration packages and other employment benefits of all employees and senior managers up to the Chief Executive.

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

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

The following sections of the remuneration report provide details of the remuneration policy, service contracts, salary and pension entitlements of the DBS executive and non-executive board members.

The contents of the remuneration tables are subject to audit.

### **Remuneration policy**

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

The Chief Executive was appointed by the HO. Any increase in the Chief Executive's salary will be considered by the DBS Remuneration Committee, followed by a submission for approval by the DBS Sponsor Team in the Safeguarding and Public Protection Unit (SPPU) of the HO. At meetings of the Remuneration Committee where the Chief Executive's pay will be considered, the Chief Executive will be required to declare a pecuniary interest and withdraw from the meeting.

Other Executive Board members are senior managers of DBS. The determination of their remuneration packages and other employment benefits are considered by the Remuneration Committee.

### **Service contracts**

Appointments are made in accordance with the Civil Service Commissioners' recruitment code, which requires appointments to be made on merit on the basis of open and fair competition but also includes the circumstances when appointments may otherwise be made.

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

Bill Griffiths, the DBS's Chair, was appointed on 1 December 2012 for a period of five years.

Board Members (excluding Janet Gauld) were appointed on 1 December 2012 for periods of one to three years. Board Member appointments are subject to a maximum period of five years.

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

Prior to 1 December 2012, the Chief Executive was an employee of the HO, and all salary and other expense payments for 2012-13 were included in the HO financial statements.

### **Bonuses**

The service contracts for the Chair, Chief Executive and non-executive board members do not include the payment of bonuses

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

The following sections provide details of the remuneration of the Board of the DBS. Figures provided in 2012-13 relate to a four month period as DBS was created in December 2012.

Single total figure of remuneration										
Name and job title	Salary (£)		Bonus payments (to nearest £1,000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>3</sup>		Total (to nearest £1,000)	
	2013-14 (full year figure)	2012-13 (full year figure)	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Bill Griffiths <i>Chair</i>	40-45	20-25 <sup>4</sup> (40-45)	-	-	6,900	1,800	-	-	50-55	25-30
Adrienne Kelbie <sup>5</sup> <i>Chief Executive</i>	120-125	40-45 (120-125)	-	-	5,400	2,800	28,000	25,000	155-160	65-70
Richard G Black <i>(non executive board member)</i>	15-20	5-10 (20-25)	-	-	6,000	1,700	-	-	20-25	5-10

<sup>3</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). A change in personal circumstances may lead to a negative in year pension benefit being reported. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>4</sup> Included in Bill Griffiths salary is £10k which relates to his services in setting up DBS.

<sup>5</sup> In addition to the salary stated above Adrienne Kelbie was paid £3,005 for unused annual leave.

Single total figure of remuneration										
Name and job title	Salary (£)		Bonus payments (to nearest £1,000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)		Total (to nearest £1,000)	
	2013-14 (full year figure)	2012-13 (full year figure)	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
David Clarke <i>(non executive board member)</i>	10-15	0-5 (10-15)	-	500	600	-	-	-	10-15	0-5
Tom Davies <i>(non executive board member)</i>	15-20	5-10 (20-25)	-	7,400	2,200	-	-	-	20-25	5-10
Donald Findlater <i>(non executive board member)</i> Left DBS 30/11/13	10-15 (20-25)	5-10 (20-25)	-	3,200	1,400	-	-	-	15-20	5-10
<b>Single total figure of remuneration</b>										

Name and job title	Salary (£)		Bonus payments (to nearest £1,000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000)		Total (to nearest £1,000)	
	2013-14 (full year figure)	2012-13 (full year figure)	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Bernard Herdan <i>(non executive board member)</i>	10-15	0-5 (10-15)	-	-	6,100	2,100	-	-	15-20	5-10
Mehmuda Mian <i>(non executive board member)</i> Left DBS 30/11/13	10-15 (20-25)	5-10 (20-25)	-	-	1,600	800	-	-	10-15	5-10
Caroline Tapster <i>(non executive board member)</i>	10-15	0-5 (10-15)	-	-	5,000	2,300	-	-	15-20	5-10
<b>Single total figure of remuneration</b>										
Name and job title	Salary (£)		Bonus payments (to nearest £1,000)	Benefits in kind (to nearest £100)	Pension benefits (to nearest £1000)	Total (to nearest £1,000)				



	2013-14 (full year figure)	2012-13 (full year figure)	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Adele Downey <sup>6</sup> (executive board member – Director for Corporate Services)	80-85	20-25 (65-70)	-	-	4,200	2,700	78,000	(3000)	160-165	20-25		
Sue Quigley <sup>7</sup> (executive board member – Director for Operations (Disclosure)) Part time from January 2014	65-70 (80-85)	25-30 (80-85)	-	-	600	700	26,000	1000	90-95	25-30		
<b>Single total figure of remuneration</b>												
Name and job title	Salary (£)		Bonus payments (to nearest £1,000)	Benefits in kind (to nearest £100)	Pension benefits (to nearest £1000) <sup>8</sup>	Total (to nearest £1,000)						

<sup>6</sup> Adele Downey salary was increased from 1 July 2013.

<sup>7</sup> Sue Quigley salary increased from 1 July 2013. Hours then reduced from 42 to 36. Hence the reduced salary. January salary included a backlog payment.

<sup>8</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). A change in personal circumstances may lead to a negative in year pension benefit being reported. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

	2013-14 (full year figure)	2012-13 (full year figure)	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Janet Gauld <sup>9</sup> (executive board member – Director for Operations Barring))	75-80	n/a	-	-	11,500	n/a	33,000	n/a	120-125	n/a	n/a	n/a
Jane Clayson <sup>10</sup> (Director for Change)	30-35 (75-80)	n/a	-	-	5,200	n/a	13,000	n/a	50-55	n/a	n/a	n/a

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<sup>9</sup> Janet Gauld was appointed as Director of Barring effective 13 March 2013 and was then appointed as a Board member on 30 May 2013.  
<sup>10</sup> Jane Clayson was appointed 24 October 13 as Director for Change, hence the disclosure in this report, but is not an executive Board member.

## Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in DBS in the financial year 2013-14 was £120,000-125,000 (2012-13, £120,000-125,000 (full year figure)). This was 5.23 times (2012-13, 5.39) the median remuneration of the workforce, which was £23,441 (2012-13, £22,738).

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

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

	<b>Year ending 31 March 2014</b>	<b>4 months to 31 March 2013</b> <b>(Full year figure)</b>
	<b>Salary</b>	<b>Salary</b>
Highest Paid Director's Total Remuneration £'000's	120-125	40-45 (120-125)
Median Paid Employees Total Remuneration £'s	23,441	7,579 (22,738)
Ratio	5.23	5.39

## Board Members Expenses

Board members' total expenses for year ending 31 March 2014 amounted to £54,000. Expenses were paid in accordance with HO Policy.

## Salary

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

## Benefits in kind

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

Stephenson House and Shannon Court are deemed to be the normal place of work for Board Members. Re-imbursment of any travel and accommodation costs associated with attendance at Stephenson House and Shannon Court for meetings and other duties in their role are taxable as a benefit in kind. The benefits in kind for Board Member expenses amounted to £34k for the year ending 31 March 2014.

## Payments to third parties

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

## Pension benefits

Name and job title	Accrued pension at pension age as at 31/03/14 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/14 £'000	CETV at 31/03/13 £'000	Real increase in CETV £'000
Adrienne Kelbie (Chief Executive)	20-25	0-2.5	342	302	14
Adele Downey (Director for Corporate Services)	35-40	2.5-5	535	448	55
Sue Quigley (Director for Operations (Disclosure))	15-20	0-2.5	213	183	16
Janet Gauld (Director for Operations (Barring))	30-35	0-2.5	347	308	18
Jane Clayson (Director for Change)	0-5	0-2.5	8	0	6

Adrienne Kelbie, Sue Quigley, Janet Gauld and Jane Clayson are members of the nuvos defined benefit scheme and Adele Downey is a member of the Premium scheme. Bill Griffiths, DBS Chair, was employed on a part-time, non-pensionable basis. All other Board Members were employed on a part-time, non-pensionable basis.

### **Civil service pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in 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 Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

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

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

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

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

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

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

### **Real increase in CETV**

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

Signed:

**Adrienne Kelbie**  
Chief Executive  
04 November 2014

## **GOVERNANCE STATEMENT**

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

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

In our first full year, DBS has established a good relationship with the HO and we are working closely to refine the framework within which we operate to reflect our first year experience. We hope to gain additional autonomy in areas such as recruitment, and move to greater clarity on risk management with the HO.

I confirm that I have reviewed the system of internal control in operation within my area of responsibility and along with Statements of Assurance from Directors, have made the following assessment to cover the 12-month period of 1 April 2013 – 31 March 2014.

### **Internal Controls and Governance**

DBS was classified as a NDPB throughout the reporting period and is therefore not bound by the terms of the Corporate Governance Code for Departments. However our governance arrangements aim to reflect and follow the principles of good practice set out in the Code. We are not aware of any parts of the code with which we did not comply.

On 31 July 2014, the Office for National Statistics issued a National Accounts Classification Decision which classifies DBS as a Public Non Financial Corporation effective from its creation on 1 December 2012. We are currently considering the impact of this decision and how it affects the way we operate.

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

Part of the overall governance arrangements that applied throughout the reporting period was a robust organisational structure to ensure delivery of strategic goals.

### **Key achievements**

DBS has achieved significant successes during the reporting period, the key one being the successful transfer to our new supplier TCS in March 2014.

Despite a very demanding workload, we have prioritised customer facing and political imperatives. We delivered nine of the 10 recommendations of the Criminal Records Regime Review led by Sunita Mason, the government's Independent Advisor for Criminality Information Management. This included the introduction of the Update Service, single certificate and filtering of old and minor cautions and convictions, the implementation of which was expedited by a Court of Appeal judgment.

We took on additional work to assist colleagues in the United States Embassy (PNC checks), police (taser data input), Health and Education (guidance notes, workshops and webinars) and met with over 1000 stakeholders to support their safeguarding responsibilities and practices.

Our barring performance improved with reduced turnaround times, better customer focus, and fewer appeals to barring decisions. Corporate Services and Change Directorates are starting to re-build professional and technical capability. We have recovered from police backlogs stemming from June 2013 legislative changes linked to the Update Service, where police Disclosure Units retrospectively applied changes to their decision making processes.

Our Board and SMT work effectively and openly, and are driving cultural change to meet the needs of our new organisation and strategy.

## **Risk Management**

### **Process and Improvement**

Over the last year, there has been an appreciable improvement in the way risks and issues are reported and managed within DBS. Our behaviour actively recognises and manages risk, alongside improving our systems and processes. We have built on this culture to closely manage risks at all levels within the organisation, from junior staff escalating key operational risks at team meetings to challenge by Board on strategic and corporate risks.

DBS has developed a common risk management framework which reflects the lessons we have learned since being established. The framework is based upon best public sector practice, complies with HO policy, and enables a straight forward escalation process, where appropriate.

Monthly risk updates were provided to Board, and Audit and Risk Committee (ARC) received quarterly updates of key corporate risks and progress on the ongoing embedding of risk management across the organisation. ARC scrutinised the overall trend of risks and considered in detail specific risks at each of its meetings. Risks were continually reviewed with significant risks and changes reported monthly by successive layers of management across the organisation.

We collaborated with HO Internal Audit to develop a Corporate Assurance Framework (CAF), which enabled alignment of assurance controls to corporate objectives. HO Internal Audit Unit (IAU) is currently undertaking a review of risk management and contingency planning, which will provide an independent view of DBS risk management arrangements, as part of the HO thematic review which is due to report shortly.

### **Profile of Major Risks**

The profile of risk has been fluid over the last 12 months as should be expected of a new organisation undertaking a significant change programme. The number of corporate risks reduced from April (nine) to August (three) suggesting that the risk management process and scrutiny by ARC and SMT is working. They were however increased in September to 11, reflecting longer term risks associated with our refreshed Strategy Plan and ended at nine in March.



Seven risks were escalated to the HO, two of which closed in March.

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

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

The DBS third party supplier provision has successfully transferred from Capita to TCS.

R0 was subject to two delays due to new services being launched in the summer, and capacity and capability problems within DBS and the new supplier. The transfer of the IT infrastructure between suppliers (from Capita to TCS) was challenging both technically and commercially. As DBS evolved this year, processes, governance and practices have matured, and we have put in place technical assurance through HO Testing and Design Consultancy and with an independent third party supplier.

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

Capability and capacity are key building blocks for any organisation, and particularly for a new body. The DBS Chief Executive owns the corporate issue regarding this. The DBS risk management process is driving activities to address this issue – those activities are focused on ensuring strong governance and guidance around our workforce planning processes, development of a more meaningful, forward looking resource plan, refresh of our Resourcing Policy to ensure that it is fit for purpose, development of managers in undertaking recruitment and selection processes, introduction of a process to reduce vetting timeframes and strengthening our skills and knowledge in the Programme Management area to ensure that change projects are well planned and can therefore be appropriately resourced.

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

The Update Service was launched on 17 June 2013 and was our first citizen facing web-based service. As such, security was of paramount importance. Security risks were identified in the early stages of development and managed through the project structure with escalation to SMT and HO where appropriate. The new supplier system will seek to further mitigate the inherent security risks.

The combination of a number of policy changes, introduced concurrently with the launch of the Update Service, led to some disruption for customers. Police forces decided to undertake retrospective checking of applications already in the system which resulted in delays and directly impacted on the DBS's ability to meet Published Service Standards. Police forces have subsequently made very good progress to recover backlogs.

### **4. Filtering**

Legislation to support filtering of old and minor convictions/cautions came into force in May. DBS delivered a Filtering solution immediately thereafter. Filtering lists provided by HO were refined in the early months. To mitigate any risk of discrepancies and errors in the filtering lists DBS provided assurance of work already undertaken along with ongoing review of weekly reports provided by DBS detailing information filtered.

## 5. Progress made against issues identified in the 2012-13 Governance Statement

Four key issues were identified in the 2012-13 governance statement. These were:

- **Court of Appeal ruling:** this was resolved on 29 May 2013 by the introduction of legislation and a technical solution to filter convictions and cautions from DBS certificates. No issues remain.
- **Supplier Transfer:** the service transfer from Capita to TCS was successfully undertaken on 12 March 2014. No issues remain.
- **Balancing business as usual:** the effective merger of the two legacy organisations progressed significantly in 2013-14, most notably with the formalisation of the unified structure of the Corporate Services Directorate. No issues remain.
- **Self-funding status:** we have maintained self-funding status in 2013-14, and are projected to retain this in 2014-15. This will always be an issue for a self funding organisation. No issues remain.

## 6. Security, Information Management and Assurance

DBS is compliant with level 3 of the Information Assurance Maturity Model. Information Asset Owner (IAO) and Records Advisor (RA) communities have been established along with one central asset register under Senior Information Risk Owner (SIRO) governance. All DBS staff have received appropriate information management training and awareness and mandated e-learning has been launched. A data retention policy is in place and DBS currently aligns itself to central HO policy and guidance in relation to Knowledge Information Management (KIM).

The Information Commissioner's Office (ICO) received a complaint regarding the wording of a question on the Disclosure application form in the light of the recent legislative changes and Court of Appeal ruling. DBS liaised with the ICO to resolve this matter explaining to them what measures DBS had put in place with our new supplier, TCS, to address the issue raised, which included strengthening our guidance and making changes to the application form. The enforcement action taken as a result of the complaint was an undertaking that DBS would amend the application form and provide additional guidance. I am pleased to say that the new application form was delivered on 12 March 2014.

## Personal Data related incidents

<b>Table 1: SUMMARY OF OTHER PERSONAL DATA INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2013-14</b>		
A total of 1 incident has been formally reported to the Information Commissioner's Office during the 2013-14 reporting period.		
<b>Category</b>	<b>Nature of Incident</b>	<b>Total</b>
<b>I</b>	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	<b>0</b>
<b>II</b>	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	<b>0</b>
<b>III</b>	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	<b>0</b>
<b>IV</b>	Unauthorised disclosure.	<b>1</b>
<b>V</b>	Other	<b>0</b>

<b>Table 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA INCIDENTS RECORDED IN 2013-14</b>		
Incidents deemed by the data controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the organisation are set out in the table below. Small localised incidents are not recorded centrally and are not cited in the table below.		
<b>Category</b>	<b>Nature of Incident</b>	<b>Total</b>
<b>I</b>	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises.	<b>0</b>
<b>II</b>	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	<b>0</b>
<b>III</b>	Insecure disposal of inadequately protected electronic equipment, devices or paper documents.	<b>0</b>
<b>IV</b>	Unauthorised disclosure.	<b>2</b>
<b>V</b>	Other	<b>2</b>

DBS self reported to the ICO as part of our normal process one data breach which led to a data loss relating to one individual. We recognise that any data breach is unacceptable, and I note the swift action of our SIRO, with support from the HO SIRO where appropriate to address any issues arising.

DBS launched an investigation into an RB that was submitting large numbers of applications citing them as volunteers during this reporting period. This led to a police investigation and resulted in a conviction for fraud and a suspended sentence. This demonstrates that the controls that have been put in place to monitor ineligible applications are working well.

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

data, and as a result, DBS now has a firm data set which will serve as a baseline for all future requests.

## **Internal Audit**

One of the key sources of independent assurance is HO Internal Audit Unit (IAU). Under the terms of the DBS Framework Document, IAU provide an independent and objective internal audit service operating to Public Sector Internal Audit Standards. In September, the designated Head of IAU provided me, as AO, and ARC with an objective interim opinion on the overall adequacy and effectiveness of the DBS's governance, risk management and control framework. The September Interim Assurance and Opinion rating was 'Low Assurance'. It noted an improved position and credited that progress had been made to address previously identified weaknesses. It also stated that DBS had made progress to address previously identified weaknesses and omissions in control. Weaknesses in some core aspects of DBS Programme informed the assurance level provided. We focussed on resolving these.

The IAU opinion for 2013-14, has moved up to 'Moderate Assurance', which means that in IAU's opinion we are now significantly more likely to meet our objectives than in September. The Assurance Opinion and rating states that:

**Moderate:** While the DBS's risk profile remains high, the organisation has made progress to address previously identified weaknesses and omissions in control, risk management and governance environment. This includes creating a new and comprehensive risk management framework and associated risk landscape. Overall, core operational areas of the business continue to demonstrate good management and control. The organisation has improved its arrangements for managing change; although we, and management, recognise the need for further progress on this as service modernisation moves closer.

We will continue to build upon this.

## **Governance**

### **DBS Board**

The Board operates under a Constitution<sup>11</sup> which sets out the governance arrangements for the Board and its committees, and in particular details the legislative framework for the Board.

The Board successfully steered DBS through some major legislative changes. It provided oversight of the transition to the new supplier and operational performances, including consideration of novel/contentious barring cases. The Board met monthly, supported by four committees, each chaired by a non-executive board member. The Board is subject to an annual review, detailed in the Constitution.

The Board annual review looked at the period of operation from DBS introduction in December 2012 to March 2014. The review looked at the effectiveness of the Board as

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<sup>11</sup> [www.gov.uk/government/publications/disclosure-and-barring-service-board-constitution](http://www.gov.uk/government/publications/disclosure-and-barring-service-board-constitution)

a collective in terms of its performance against statutory requirements and responsibilities as set out under the Board Constitution. The high-level findings and outputs of the review have led to revised (marginally) Terms of Reference for the Quality and Standards, and Remuneration and Nominations Committees, the development of a Scheme of Delegations as an appendix to the Board Constitution and initiation of a review of the Barring function to assure the Board of the effectiveness of this important core function.

### Board Members' attendance at meetings

The Board comprised a non-executive Chair, seven non-executives (two of whom left DBS, one in November and the other in December), and four ex-officio (Executive Directors). With the exception of approved absences, all Board members attended all meetings.

#### 1 April 2013 – 31 March 2014

Name	Role	DBS Board	ARC	F&P	Q&S	R&N
Bill Griffiths	Chair	11 (11)	0 (0)	0 (0)	0 (0)	3(3)
Richard Black	Non-Executive Director	11 (11)	0 (0)	2 (2)	6 (6)	1 (1)
David Clarke	Non-Executive Director	11 (11)	6 (6)	4 (4)	0 (0)	0 (0)
Tom Davies	Non-Executive Director	11 (11)	6 (6)	0 (0)	6 (6)	0 (0)
Donald Findlater Left DBS on 31/10/13	Non-Executive Director	6 (6)	0 (0)	0 (0)	4 (5)	0 (0)
Bernard Herdan	Non-Executive Director	11 (11)	6 (6)	2 (2)	0 (0)	0 (0)
Mehmuda Mian Left DBS on 28/11/13	Non-Executive Director	7 (7)	3 (4)	0 (0)	4 (5)	1 (1)
Caroline Tapster	Non-Executive Director	10 (11)	0 (0)	1 (2)	6 (6)	4 (4)
Adrienne Kelbie	Chief Executive	11 (11)	6 (6)	3 (4)	6 (6)	4 (4)
Adele Downey	Director for Corporate Services	11 (11)	5 (5)	2 (2)	0 (0)	3 (4)
Sue Quigley	Director for Operations (Disclosure)	11 (11)	0 (0)	0 (0)	6 (6)	0 (0)
Janet Gauld	Director for Operations (Barring)	9 (11)	0 (0)	0 (0)	5 (6)	0 (0)
Jane Clayson <sup>12</sup> Joined DBS October 2013	Director for Change	5 (6)	0 (0)	0 (0)	0 (0)	0 (0)

<sup>12</sup> Jane Clayson was appointed 24 October 13 as Director for Change, hence the disclosure in this report, but is not an executive Board member.

*NB: Figure shows how many meetings attended. Figures in brackets indicate the number of meetings where attendance was required.*

## **Board Committees**

The 4 committees that supported the Board operated under clear terms of reference (Annex A of the Constitution). The committees oversee the responsibilities of the Board on specific areas of DBS, providing advice and assistance where appropriate. At each Board meeting, the committee chair reported back to the Board on the most recent committee meeting and raised any relevant concerns or risks. The Chair of the Board had frequent discussions with committee chairs outside the formal Board meetings. Each committee is required to produce and present an annual report of the activities undertaken and a review of its own effectiveness.

- **Audit and Risk Committee:** provided independent advice on risk management, governance, audit and financial control. The Committee reviewed the Corporate Risk Register at each meeting and scrutinised individual risks regularly. Decisions were made surrounding the escalation and de-escalation of risks from the Corporate Risk Register to the HO or down to Directorate level registers. The Committee had responsibility for recommending final sign off of the Annual Report and Accounts. They also reviewed IAU's recommendations after their September Interim Audit Report. The Committee met six times.
- **Finance and Performance Committee:** ensured overall integrity of the financial strategy, planning, monitoring and reporting framework. The Committee scrutinised and validated financial reports in relation to the Corporate Plan and supported the executives in the development of accurate, relevant financial reports. The Committee met four times.
- **Quality and Standards Committee:** provided assurance to the Board as to the quality and standards of operations, and provided advice on complex barring casework. The Committee met six times and scrutinised performance against Public Service Standards.
- **Remuneration and Nominations Committee:** assisted the Board to discharge its responsibilities in relation to remuneration, pay and reward. The Committee met four times and also made decisions via correspondence.

## **Compliance**

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

DBS has operated for the majority of this reporting year without a Copyright Licensing Agency licence in parallel with central HO and the relevant restrictions regarding copying and circulating information put in place. However negotiations with HO and Cabinet Office have now concluded and renewal of the licence has recently been granted and DBS form part of the Central Government Copyright Licence.

We launched a Whistle Blowing Policy and Procedure on 14 October 2013. We encourage individuals to raise concerns about any alleged workplace fraud, misconduct or wrongdoing so they may be properly investigated. There were no whistle blowing events during the reporting period.

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

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

## **Operating Review**

### **Performance Management**

We operate to published Key Performance Indicators and Published Service Standards (PSS), to measure and publish service performance demonstrating accountability and transparency. Performance against these targets was published and reported monthly to the Lords Minister and Minister for Criminal Information. We were unable to meet our 28 and 60 day disclosure PSS, but worked effectively to recover this by the end of 2013-14.

### **Financial Management**

Processes, controls, risk management and fraud prevention strategies delivered good financial management and appropriate levels of propriety, regularity and value for money. This was demonstrated through delivery and implementation of new financial policies including Fraud and Corruption, Bribery and Gifts, Rewards and Hospitality.

Fees and budgets were agreed in advance of the financial year, taking into account forecast volumes and business planning objectives. DBS has not been able to reclaim significant VAT input costs from its suppliers (circa £12m) unlike its predecessor (CRB) and yet fees have remained unchanged throughout the year. Delegation and allocation were effectively managed to ensure that DBS adhered to the principles of HM Treasury, 'Managing Public Money', through prompt monthly reporting of expenditure against agreed budgets.

### **People Management**

At the start of the year we faced the challenge of bringing together two operational sites with very distinct cultures into one. The re-structuring of Corporate Services and bringing the senior leaders of the Liverpool and Darlington sites together into one cohesive leadership team with shared values and a clear understanding of our corporate priorities has been our focus this year. This has ensured that we maximise our resources, gain economies of scale and as a leadership team begin to jointly shape and develop the future of the DBS, providing inspiring and enabling leadership to our staff. This has been complemented by wider engagement work with staff to encourage a cohesive approach across the two sites and to set the foundation for implementation of our new strategy. A programme of work is now well under way to develop a set of

policies and procedures specific to the DBS, ensuring they are fit for purpose and will meet both current and future business needs.

Our average working days lost to sickness absence rose from 8.58 in April 2013 to 9.55 in February 2014. We recognise that in times of significant change, sickness absence is likely to increase, and expect to reduce this when our current re-structuring is completed, and when we can announce our new corporate three-year strategy. Our Health and Safety and Well Being Forums review reasons for staff absences and offer staff well being events. DBS also provides Occupational Health support and access to an Employee Assistance Programme.

### **Business Continuity Planning**

DBS has worked with TCS to draw up a new Business Continuity Plan (BCP), leading to a high level of confidence by all involved, and approval by the Director for Corporate Services. An emergency planning scenario was tested and carried out successfully.

### **Programme and Project Management**

The Change Forum has strengthened governance arrangements by establishing a Commercial Forum and a Change Control Board. In response to the May 2013 Assurance of Action Plan review, we appointed two Delivery Managers to strengthen the accountability for project delivery and the contractual requirements of the incumbent and on-boarding suppliers.

DBS prepared quarterly reports for the HO Senior Responsible Owner (SRO) to submit to the HO Portfolio and Investment Committee (PIC). I became the SRO for the DBS programme in February and I have submitted my first update to PIC, and will submit a revised Full Business Case to PIC in June, based on operational reality and changes to original assumptions. Change Forum decisions have been informed by independent assurance by the HO Test Design and Consultancy Services, and IBM. We have focussed on establishing common Programme Management ways of working and reporting.

Gaps in the breadth and depth of expertise and staff experience in the Programme team have been partly addressed by the recruitment of specialist contractors. The DBS Programme is dealing with the concurrent delivery of a significant amount of change; strengthening stakeholder engagement and building business readiness are key issues for the future phases of project delivery.

### **Issues of Concern**

Challenges for 2014/15 relate to:

1. the need to improve corporate capability and capacity and streamline the recruitment process especially to improve skills and experience in key areas.
2. the need to baseline our modernisation project (R1) in the coming months, with potential commercial implications, and the limits we have on our ability to work decisively with our supplier.



3. the achievement of a safe transition from the current legacy IT and legacy processes to the modernised solution (Release 1), relying on stronger joint programme management by DBS and TCS.
4. the limits to our ability to control our end-to-end supply chain, and particularly the lack of shared risk assessment with the police (as our primary supplier).
5. the need to further develop the working relationship with our new HO sponsorship function.

### **Overall Assessment**

6. This has been the first full reporting year for the DBS and we have achieved significant successes during this period. As a new organisation, we continue to experience significant change and are developing and maintaining adequate systems of internal control and governance in line with our own expectations as a public sector body. I recognise there is still much to do to ensure that DBS fulfils its potential as a government Centre of Excellence, and have taken account of IAU assessments in my management actions. I welcome IAU observations and support, which have helped us make significant progress.

**Adrienne Kelbie**  
Accounting Officer  
04 November 2014

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

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

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

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis

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

**Adrienne Kelbie**  
Accounting Officer  
04 November 2014

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

I certify that I have audited the financial statements of the Disclosure and Barring Service for the year ended 31 March 2014 under the Protection of Freedoms Act 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

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

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

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

### **Opinion on regularity**

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

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Disclosure and Barring Service's affairs as at 31 March 2014 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Protection of Freedoms Act 2012 and Secretary of State directions issued thereunder.

### **Opinion on other matters**

In my opinion:

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

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

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

12 November 2014

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

## Statement of Comprehensive Net Expenditure

for the year ended 31 March 2014

	Note	31 March 2014 £'000	Restated Four month period to 31 March 2013 £'000
<b>Administration costs</b>			
Staff costs	3	7,567	2,372
Other administrative costs	4	4,294	2,553
Income	6	(11,856)	(4,925)
<b>Programme costs</b>			
Staff costs	3	16,757	5,631
Programme costs	5	109,680	29,816
Income	6	(124,071)	(35,226)
<b>Net operating cost / (income)</b>		<b>2,371</b>	<b>221</b>

### Other comprehensive net expenditure

	Note	31 March 2014 £'000	Four month period to 31 March 2013 £'000
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on revaluation of property, plant and equipment	7	(6)	(20)
Net (gain)/loss on revaluation of intangibles	8	26	(699)
<b>Total comprehensive net expenditure / (income)</b>		<b>2,391</b>	<b>(498)</b>

The notes on pages 55 to 83 form part of these accounts.

## Statement of Financial Position

as at 31 March 2014

		31 March 2014 £'000	31 March 2013 £'000
	<b>Note</b>		
<b>Non-current assets:</b>			
Property, plant and equipment	7	1,712	2,516
Intangible assets	8	34,273	24,379
<b>Total non-current assets</b>		<b>35,985</b>	<b>26,895</b>
<b>Current assets:</b>			
Trade and other receivables	10	13,727	22,672
Cash and cash equivalents	11	23,015	16,141
<b>Total current assets</b>		<b>36,742</b>	<b>38,813</b>
<b>Total assets</b>		<b>72,727</b>	<b>65,708</b>
<b>Current liabilities:</b>			
Trade and other payables	12	(28,120)	(29,738)
Provisions < 1 year	13	(44)	(230)
<b>Total current liabilities</b>		<b>(28,164)</b>	<b>(29,968)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>44,563</b>	<b>35,740</b>
<b>Non-current liabilities:</b>			
Other payables	12	(11,135)	-
Provisions	13	(994)	(906)
<b>Total non-current liabilities</b>		<b>(12,129)</b>	<b>(906)</b>
<b>Assets less liabilities</b>		<b>32,434</b>	<b>34,834</b>
<b>Equity:</b>			
General fund		32,068	33,757
Revaluation reserve		366	1,077
<b>Total equity</b>		<b>32,434</b>	<b>34,834</b>

The financial statements on pages 51 to 54 were approved by the DBS Board on 26 June 2014

Approved by Adrienne Kelbie as Chief Executive Officer for the DBS on 4 November 2014

The notes on pages 55 to 83 form part of these accounts.

## Statement of Cash Flows

for the year ended 31 March 2014

		31 March 2014 £'000	Four month period to 31 March 2013 £'000
	Note		
<b>Cash flows from operating activities</b>			
Net operating cost		(2,371)	(221)
Adjustments for non-cash transactions	4 & 5	13,157	2,203
(Increase)/decrease in trade and other receivables	10	8,945	(22,672)
<i>Less movements in receivables not passing through the Statement of Comprehensive Net Expenditure</i>	5	(28)	10,325
Increase/(decrease) in trade payables and other payables	12	9,517	29,738
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(12,773)	(4,025)
Use of provisions	13	(176)	1,136
<b>Net cash inflow from operating activities</b>		<b>16,271</b>	<b>16,484</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(1,271)	-
Purchase of intangible assets	8	(7,606)	(1,392)
<b>Net cash outflow from investing activities</b>		<b>(8,877)</b>	<b>(1,392)</b>
<b>Cash flows from financing activities</b>			
Grant in Aid		-	1,049
Consolidated Fund Extra Receipts (CFER) paid (funding returned to Home Office)		(9)	-
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts (and other service concession contracts)		(511)	-
<b>Net financing</b>		<b>(520)</b>	<b>1,049</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>6,874</b>	<b>16,141</b>
<b>Cash and cash equivalents at the beginning of the period</b>	11	16,141	-
<b>Cash and cash equivalents at the end of the period</b>	11	23,015	16,141

The notes on pages 55 to 83 form part of these accounts.

## Statement of Changes in Equity

for the year ended 31 March 2014

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
<b>Balance at 1 December 2012</b>		-	-	-
Balance transferred at 1 December 2012 from CRB and ISA		32,851	436	33,287
Comprehensive Net Expenditure for the period		(221)	-	(221)
Grant in Aid		1,049	-	1,049
<b>Non-Cash Adjustments:</b>				
Net gain/(loss) on revaluation	7 & 8	-	719	719
<b>Movement in reserves:</b>				
Transfers between reserves		78	(78)	-
<b>Balance at 31 March 2013</b>		<b>33,757</b>	<b>1,077</b>	<b>34,834</b>
Comprehensive Net Expenditure for the year		(2,371)	-	(2,371)
CFERs payable to the Consolidated Fund	6	(9)	-	(9)
<b>Non-Cash Adjustments:</b>				
Net gain/(loss) on revaluation	7 & 8	-	(20)	(20)
<b>Movement in reserves:</b>				
Transfers between reserves		691	(691)	-
<b>Balance at 31 March 2014</b>		<b>32,068</b>	<b>366</b>	<b>32,434</b>

The notes on pages 55 to 83 form part of these accounts



## **Notes to the Accounts**

### **1. Statement of accounting policies**

These financial statements have been prepared in accordance with the 2013-14 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of DBS for the purpose of giving a true and fair view has been selected. The particular policies adopted by DBS for the financial year ended 31 March 2014 are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

DBS operates in accordance with POFA. The accounts have been prepared in accordance with the direction given by the HO on 2 May 2013 in accordance with POFA.

On 31 July 2014, the Office for National Statistics issued a National Accounts Classification Decision which classifies DBS as a Public Non Financial Corporation effective from its creation on 1 December 2012. Prior to this decision, DBS had operated as an NDPB within the HO.

As appropriate, minor amendments have been made to the financial statements to reflect the retrospective nature of this revised status. The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000).

#### **1.1 Accounting convention**

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

#### **1.2 Going concern**

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

#### **1.3 Presentation of Financial Statements**

In order to bring DBS accounts in line with HM Treasury requirements, the presentation of the financial statements have been amended to reflect the split between programme and administration income and expenditure. The previous year comparisons have been restated to reflect these changes.

#### **1.4 Judgments and key sources of estimation uncertainty**

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

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

## **Re-lifing of assets**

Following the decision to delay the initial planned date of service delivery, this impacted the development of a modernised IT solution, DBS reviewed and revised the estimated remaining life of its non-current assets to reflect their extended use. As a result of this change in estimated life, £7.2m of costs will move from this period into year ending 31 March 2015.

Of this amount, £14,817 relates to depreciation of fixtures and fittings, £71,965 of depreciation of IT hardware and £7,070,919 of amortisation of IT systems costs (which are classified as Information Technology intangible assets).

## **Impairment of assets**

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

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

## **Leases**

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

## **Service concession arrangements**

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

## **Development costs**

Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed. There were no key sources of estimation uncertainty.

## **1.5 Administration and Programme Expenditure**

The Statement of Comprehensive Net Expenditure (SOCNE) is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out by HM Treasury and interpreted by the HO. Programme expenditure relates to the delivery of frontline services and programmes. Administration expenditure relates to policy and support activities.

## **1.6 Non-Current Assets**

In accordance with FReM (12)01 the transferring assets from legacy organisations, both tangible and intangible, have been reflected as Gross Book Values (GBV) and Accumulated Depreciation. These have been accounted for as transferred in as at 1 December 2012 and reflected the Net Book Value (NBV) in the transferor's accounts.

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

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

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

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

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

A review of assets was undertaken on 31 March 2014 to ensure that the purpose for which the asset was being constructed and its associated valuation was appropriate.

## **1.7 Depreciation and Amortisation**

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

The current asset lives to be applied are:

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

## **1.8 Research**

Payments will be charged to the SOCNE as incurred.

## **1.9 Service concessions (PFI/PPP)**

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

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

Where it is determined that such arrangements are not in scope of IFRIC 12, DBS assesses such arrangements under IFRIC 4 determining whether an arrangement contains a lease. Where it is identified that the arrangement conveys a right to use an asset in return for a payment or series of payments, the lease element is accounted for as either an operating lease or finance lease in accordance with the risk and reward based approach set out at section 1.9 Leases.

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

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

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

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

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

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

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

### **1.10 Cash and Cash Equivalents**

Cash in the SOFP comprises cash at bank and in hand.

Cash and cash equivalents in DBS's SOFP comprise balances held by the Government Banking Service (GBS). Income received by DBS in relation to checks is banked weekly.

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

### **1.11 Provisions**

A provision is recognised when DBS has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using the real rate set by HM Treasury (1.8% for early departure provisions at 31 March 2014).

### **1.12 Income & Income Recognition**

Income represents:

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

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

### **Deferred income**

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

## **1.13 Pensions**

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

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

### **Partnership and Stakeholder Schemes**

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

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

## **1.14 Grant in Aid**

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

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

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

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

- Training co-delivery
- Interest earned

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

IFRS 13 – Fair Value Measurement was issued on 1 January 2013 and has been adopted by the EU. This will be effective from 2015-16. IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and

transactions covered by IFRS. Guidance on how this should be applied across government has yet to be issued by HM Treasury. Until guidance on its adoption is issued by HMT in the FReM, we are unable to provide an assessment on the impact of adopting this standard.

## 2. Statement of Operating Costs by Operating Segment

31 March  
2014

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



## 2.1

Four month  
period to  
31 March  
2013

	Operations - Disclosure	Operations - Barring	Change (Transition)	Corporate Services	Finance	Total Costs
	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs Salaries	2,776	2,341	793	1,758	335	8,003
Other Staff Costs	5	1	-	60	12	78
Subsistence	4	1	1	5	1	12
Travel	24	9	7	34	26	100
Fees and Legal Costs	45	2	-	115	333	495
Training	3	-	3	67	3	76
Public Relations	-	1	-	28	1	30
IT	148	-	200	1,880	540	2,768
Stationery	-	-	-	-	32	32
Accommodation	-	12	-	29	350	391
Police	8,108	269	-	-	-	8,377
PFI service charges	16,347	-	1,364	-	-	17,711
Other Costs	(10)	-	-	18	88	96
<b>Total Costs</b>	<b>27,450</b>	<b>2,636</b>	<b>2,368</b>	<b>3,994</b>	<b>1,721</b>	<b>38,169</b>
<b>Non cash items</b>						
Depreciation	66	191	-	-	-	257
Supplier Costs	-	-	-	-	-	-
Amortisation	1,901	45	-	-	-	1,946
	<b>29,417</b>	<b>2,872</b>	<b>2,368</b>	<b>3,994</b>	<b>1,721</b>	<b>40,372</b>
<b>Income</b>						
Income	(40,151)	-	-	-	-	(40,151)
<b>Net Expenditure / (Income)</b>	<b>(10,734)</b>	<b>2,872</b>	<b>2,368</b>	<b>3,994</b>	<b>1,721</b>	<b>221</b>

The analysis of income and expenditure by operating segment has been amended as a result of organisational restructure which has changed the way in which financial information is reported to the DBS Board. The 2012-13 comparators have been re-categorised accordingly to reflect this change.

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

The figures stated above do not directly match with those in notes 4 and 5 due to differences in the way in which information is reported to the DBS Board compared to the way in which information is reported to the HO for consolidation purposes. For example, security expenditure is included in accommodation costs above but as other costs in notes four and five.

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

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

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

Corporate Services is responsible for ensuring that all legal and sponsorship requirements are met, while, at the same time, developing a coherent plan for corporate service activity.

Change (previously Transition) is responsible for coordinating and overseeing all aspects of change to DBS and ensuring the safe transition from Capita to Tata Consultancy Services (TCS). The directorate will also act as SRO for new services during the transition period.

### 3. Staff numbers and related costs

Staff costs comprise:

			31 March 2014	Four month period to 31 March 2013
	Permanently employed staff £'000	Others £'000	Total £'000	Total £'000
Wages and salaries	18,001	1,920	19,921	6,490
Social security costs	1,188	-	1,188	415
Other pension costs	3,215	-	3,215	1,098
<b>Sub Total</b>	<b>22,404</b>	<b>1,920</b>	<b>24,324</b>	<b>8,003</b>
Less recoveries in respect of outward secondments	-	-	-	-
<b>Total net costs</b>	<b>22,404</b>	<b>1,920</b>	<b>24,324</b>	<b>8,003</b>

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

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

The PCSPS is an unfunded multi-employer defined benefit scheme but DBS is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2013-14, employers' contributions of £3.2 million (4 month period to 31 March 2013: £1.1 million) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% (4 month period to 31 March 2013: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £31k (4 month period to 31 March 2013: £11k) 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% (4 month period to 31 March 2013: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2k, 0.8% (4 month period to 31 March 2013: £1k, 0.8%), of

pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2012-13: £nil). Contributions prepaid at that date were £nil (2012-13: £nil).

No staff retired early on ill-health grounds; the total additional accrued pensions liabilities in the year were £nil (2012-13: £nil).

### **Average number of persons employed**

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

			<b>31 March 2014</b>	<b>Four month period to 31 March 2013</b>
	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
Directly Employed	707	-	707	721
Other	-	14	14	9
Staff engaged on capital projects	-	-	-	-
<b>Total</b>	<b>707</b>	<b>14</b>	<b>721</b>	<b>730</b>

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

Comparative data for 2012-13 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	-	2 (0)	2 (0)
£10,000 - £25,000	-	3 (0)	3 (0)
£25,000 - £50,000	-	1 (0)	1 (0)
<b>Total number of exit packages</b>	<b>-</b>	<b>6 (0)</b>	<b>6 (0)</b>
<b>Total cost / £'000s</b>	<b>-</b>	<b>113 (0)</b>	<b>113 (0)</b>

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

#### 4. Other Administrative Costs

	31 March 2014	Four month period to
		31 March 2013
Note	£'000	£'000
PFI (and other service concession arrangement) service charges	-	1,364
Police and other data source costs	-	-
Travel, subsistence and hospitality	207	56
Training Costs	263	27
Professional fees		
Audit fees - Internal	-	98
Audit fees - External	110	128
Legal fees	12	12
Home Office Sponsor Unit	900	107
Other professional fees	(6)	40
Subscriptions	16	2
Facilities management and staff services	1,132	142
Early retirement costs	127	(9)
Publication, stationery and printing	99	35
Media and IT	1	-
IT running and telephone costs	677	543
Home Office Shared Services	674	-
Other costs	4	31
Non-cash items		
Depreciation	-	-
Amortisation	-	-
Impairment	-	-
Provision movement	78	(23)
Bad debt movement	-	-
PFI Interest	-	-
<b>Total</b>	<b>4,294</b>	<b>2,553</b>

External auditors receive no remuneration for non-audit work. (four month period to 31 March 2013: £nil).

For 2013-14, corporation tax of £1,719 was payable to Her Majesty's Revenue and Customs. (four month period to 31 March 2013: £389).

## 5. Programme Costs

	31 March 2014 £'000	Four month period to 31 March 2013 £'000
PFI (and other service concession arrangement) service charges	66,451	16,346
Police and other data source costs	26,154	8,377
Travel, subsistence and hospitality	163	59
Training Costs	(56)	48
Professional fees		
Legal fees	166	63
Home Office Sponsor Unit	-	-
Other professional fees	327	35
Subscriptions	8	12
Facilities management and staff services	102	264
Early retirement costs	(20)	10
Publication, stationery and printing	2	(2)
Media and IT	221	42
IT running and telephone costs	2,995	2,144
Home Office Shared Services		132
Other costs	88	13
Non-cash items		
Depreciation	810	258
Amortisation	12,155	1,945
Impairment	4	-
Provision movement	-	-
Bad debt movement	28	70
PFI Interest	82	-
<b>Total</b>	<b>109,680</b>	<b>29,816</b>

## 6. Income

	31 March 2014 £'000	Four month period to 31 March 2013 £'000
<b>Income</b>		
Fees charged for the provision of the DBS checking service	135,878	40,110
Other income	40	39
Income payable to Consolidated Fund	9	2
<b>Total</b>	<b>135,927</b>	<b>40,151</b>

Details of fees and charges can be found in Note 22

## 7. Property, plant and equipment

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

In 2012-13 DBS separately reported equipment with a net book value of £1,000. In 2013-14 a decision was made to incorporate this within furniture and fittings.



## 7.1 Property, plant and equipment (continued)

					2012-13
	Leasehold Improvements	Information Technology	Equipment, Furniture & Fittings	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>					
Balance at 1 December 2012	-	-	-	-	-
Balance transferred at 1 December 2012 from CRB and ISA	3,537	11,864	2,914	-	18,315
Additions	-	-	-	1,182	1,182
Revaluations	-	46	4	-	50
<b>At 31 March 2013</b>	<b>3,537</b>	<b>11,910</b>	<b>2,918</b>	<b>1,182</b>	<b>19,547</b>
<b>Depreciation</b>					
Balance at 1 December 2012	-	-	-	-	-
Balance transferred at 1 December 2012 from CRB and ISA	(3,537)	(11,425)	(1,782)	-	(16,744)
Charged in year	-	(91)	(166)	-	(257)
Revaluations	-	(27)	(3)	-	(30)
<b>At 31 March 2013</b>	<b>(3,537)</b>	<b>(11,543)</b>	<b>(1,951)</b>	<b>-</b>	<b>(17,031)</b>
<b>Net Book Value at 31 March 2013</b>	<b>-</b>	<b>367</b>	<b>967</b>	<b>1,182</b>	<b>2,516</b>
<b>Net Book Value at 1 December 2012 (following transfer)</b>	<b>-</b>	<b>439</b>	<b>1,132</b>	<b>-</b>	<b>1,571</b>
<b>Net Book Value at 1 December 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Asset financing:</b>					
Owned	-	-	967	1,182	2,149
Finance leased	-	73	-	-	73
On balance sheet PFI contracts	-	294	-	-	294
<b>Net book value at 31 March 2013</b>	<b>-</b>	<b>367</b>	<b>967</b>	<b>1,182</b>	<b>2,516</b>

Leased assets are those assets supplied under a contract held by the HO and are in respect of Updated Case Records Management System (uCRM). The contract is a design, build and operate arrangement. Payments for assets are made at agreed milestones with the full cost of developed assets being met upon sign-off of each delivery milestone. On termination of the contract the HO may purchase any hardware for which the milestone payment has been made for a nominal fee of £1.

## 8. Intangible assets

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

\* The charge for amortisation in 2013-14 is higher in comparison to 2012-13 due to assets coming into use.

## Analysis of Intangible non-current assets

Name of asset	Description	Net book	Life
		value as at 31 March 2014 £'000	remaining (months)
e-bulk	An upgrade to the IT that enables registered bodies to send bulk applications electronically	270	12
Technical Ceiling	An upgrade to the IT that allows DBS to significantly increase its storage capacity	542	12
10 year assets	The original Customer Relationship Management system as developed by Capita	180	12
PLX	PLX is a database that contains nominal information records of local intelligence held across Local Police Forces	761	12
IT Upgrade	An upgrade to the IT that allows DBS to be able to transact greater amounts of data more efficiently	648	12
VBS grant Asset	Upgrade to the IT originally developed for the VBS but brought into use early. This asset was originally funded by government grant	4,760	12
CRM IT Software	Case Management system for DBS Barring	10	12
CRSC	Case Management system for DBS Disclosure	3,122	12
Update Service -Capita charges	Amendment to CRSC system to incorporate the Update Service	963	12
Single Certificate-Capita chg	Amendment to CRSC system to incorporate the single certificate requirements	40	12
Filtering - Capita Charges	Amendment to CRSC system to incorporate the Filtering requirements	128	12
TCS milestone 2 Intan IT	IT Element of the TCS milestone payment	2,062	60
<b>Total</b>		<b>13,486</b>	

## 8.1 Intangible assets (continued)

	Information Technology £'000	Software Licenses £'000	Assets under Construction £'000	2012-13 Total £'000
<b>Cost or Valuation</b>				
Balance at 1 December 2012	-	-	-	-
Balance transferred at 1 December 2012 from CRB and ISA	71,723	485	13,998	<b>86,206</b>
Additions	-	-	4,235	<b>4,235</b>
Disposals	-	-	-	-
Impairment	-	-	-	-
Reclassifications	1,363	-	(1,363)	-
Revaluations	9,085	-	-	<b>9,085</b>
<b>At 31 March 2013</b>	<b>82,171</b>	<b>485</b>	<b>16,870</b>	<b>99,526</b>
<b>Amortisation</b>				
Balance at 1 December 2012	-	-	-	-
Balance transferred at 1 December 2012 from CRB and ISA	(64,381)	(434)	-	<b>(64,815)</b>
Charged in year	(1,930)	(16)	-	<b>(1,946)</b>
Disposals	-	-	-	-
Impairment	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	(8,386)	-	-	<b>(8,386)</b>
<b>At 31 March 2013</b>	<b>(74,697)</b>	<b>(450)</b>	<b>-</b>	<b>(75,147)</b>
<b>Net Book Value at 31 March 2013</b>	<b>7,474</b>	<b>35</b>	<b>16,870</b>	<b>24,379</b>
<b>Net Book Value at 1 December 2012 (following transfer)</b>	<b>7,342</b>	<b>51</b>	<b>13,998</b>	<b>21,391</b>
<b>Net Book Value at 1 December 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Asset financing:</b>				
Owned	-	-	4,235	<b>4,235</b>
Finance leased	66	35	-	<b>101</b>
On balance sheet PFI contracts	7,408	-	12,635	<b>20,043</b>
<b>Net book value at 31 March 2013</b>	<b>7,474</b>	<b>35</b>	<b>16,870</b>	<b>24,379</b>

Leased assets are those assets supplied under a contract held by the HO and are in respect of uCRM. The contract is a design, build and operate arrangement. Payments for assets are made at agreed milestones with the full cost of developed assets being

met upon sign-off of each delivery milestone. On termination of the contract the HO may purchase any hardware for which the milestone payment has been made for a nominal fee of £1.

## 9. Financial Instruments

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

## 10. Trade receivables and other current assets

	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	11,111	13,803
Deposits and advances	31	35
Prepayments* and accrued income	2,585	8,834
<b>Total</b>	<b>13,727</b>	<b>22,672</b>

### 10.1 Intra-Government balances

<b>Amounts falling due within one year</b>		
Balances with other central government bodies	132	381
Balances with police and local authorities	3,376	3,659
Balances with NHS Trusts	589	1,044
<b>Intra-Government balances</b>	<b>4,097</b>	<b>5,084</b>
Balances with bodies external to government	9,630	17,588
<b>Total</b>	<b>13,727</b>	<b>22,672</b>

\* Tata Consultancy Services (TCS) Prepayment

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

## 11. Cash and cash equivalents

	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2013	16,141	-
Balance transferred	-	286
Net change in cash and cash equivalent balances	6,874	15,855
<b>Balance at 31 March 2014</b>	<b>23,015</b>	<b>16,141</b>
The following balances were held at:		
Government Banking Service	23,015	16,141
<b>Balance at 31 March 2014</b>	<b>23,015</b>	<b>16,141</b>

## 12. Trade payables and other current liabilities

	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade payables	10,431	15,318
Accruals and deferred income	11,945	14,420
Current part of imputed finance lease element of on-balance sheet PFI contracts	5,744	-
<b>Total</b>	<b>28,120</b>	<b>29,738</b>
<b>Amounts falling due after more than one year:</b>		
Imputed finance lease element of on-balance sheet (SoFP) PFI contracts and other service concession arrangements	11,135	-
<b>Total</b>	<b>11,135</b>	<b>-</b>

## 12.1 Intra-Government balances

	31 March 2014	31 March 2013
	£'000	£'000
<b>Amounts falling due within one year</b>		
Balances with other central government bodies	11,927	15,860
Balances with police and local authorities	4,176	4,278
Balances with NHS Trusts	95	-
<b>Intra-Government balances</b>	<b>16,198</b>	<b>20,138</b>
Balances with bodies external to government	11,922	9,600
<b>Total</b>	<b>28,120</b>	<b>29,738</b>
<b>Amounts falling due after more than one year:</b>		
Balances with bodies external to government	11,135	-
<b>Total</b>	<b>11,135</b>	<b>-</b>

## 13. Provisions for liabilities and charges

			31 March	31 March
			2014	2013
	Early departure costs £'000	Dilapidations £'000	Total £'000	Total £'000
Balance at 1 April 2013	173	963	1,136	-
Balance transferred	-	-	-	1,173
Provided in the year	-	650	650	-
Provisions not required written back	-	(604)	(604)	(5)
Provisions utilised in the year	(52)	(124)	(176)	(14)
Borrowing costs (Unwinding of discount)	32	-	32	(18)
<b>Balance at 31 March 2014</b>	<b>153</b>	<b>885</b>	<b>1,038</b>	<b>1,136</b>

### Analysis of expected timing of discounted flows

	Early departure costs £'000	Dilapidations £'000	Other Provision £'000	Total £'000	Total £'000
Not later than one year	44	-	-	44	230
Later than one year and not later than five years	109	885	-	994	895
Later than five years	-	-	-	-	11
<b>Balance at 31 March 2014</b>	<b>153</b>	<b>885</b>	<b>-</b>	<b>1,038</b>	<b>1,136</b>

### 13.1 Early departure costs

DBS meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. DBS provides for this in full when the early retirement programme becomes binding on DBS by establishing a provision or accrual for the estimated payments discounted by the HM Treasury discount rate of 1.80% in real terms.

### 13.2 Dilapidations

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

### 14. Capital commitments

DBS had no capital commitments as at 31 March 2014 (£nil at 31 March 2013).

### 15. Commitments under leases

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

	<b>31 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Buildings</b>		
Not later than one year	1,842	561
Later than one year and not later than five years	3,012	140
Later than five years	-	-
	<u>4,854</u>	<u>701</u>

Stephenson House was purchased from the previous landlord, Darlington City Council, by the HO Property Group in December 2013. DBS has a draft Memorandum of Terms of Occupation (MOTO) agreement with the HO Property Group, with rent called a licence fee, and intends to have a commercial lease in place by early September 2014.

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



## 16. Commitments under PFI contracts

### 16.1 On-balance sheet (SoFP):

#### Capita

The contract with Capita expired on 31 March 2014. Consequently, no financial commitments exist beyond this financial year.

#### TCS

A new five year PFI contract was signed with Tata Consultancy Services (TCS) which commenced in March 2014. The contract is to develop the IT infrastructure to provide suitability information to employers. The contract is accounted for under IFRIC 12. The overall value of the contract is £169m. As the contract began in 2013-14, a payment of £3.04 million has been made to TCS in year. A milestone payment of £4.7 million has been accounted for over 2012-13 and 2013-14. An additional amount of £14 million was capitalised in 2013-14 relating to the development of the technological solution. The total financial commitments detailed below for TCS total £151 million. Capital commitments under the contract total £15million.

	<b>31 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
<b>Total obligations under on-balance sheet (SoFP) service concession arrangements for the following periods comprises:</b>		
Not later than one year	52,678	67,738
Later than one year and not later than five years	99,349	94,922
Later than five years	-	22,401
	<u>152,027</u>	<u>185,061</u>
Less interest element	(4,013)	(5,347)
<b>Present value of obligations</b>	<b><u>148,014</u></b>	<b><u>179,714</u></b>

	<b>31 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
<b>Present value of obligations under on-balance sheet service concession arrangements for the following periods comprises:</b>		
Not later than one year	50,956	66,124
Later than one year and not later than five years	97,058	91,189
Later than five years	-	22,401
	<u>148,014</u>	<u>179,714</u>

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

The total amount charged in the SoCNE in respect of the service element of on-balance sheet (SoFP) PFI transactions was £66.4 million (4 month period to 31 March 2013: £16.3 million (restated)), £3.04 million relates to TCS; and the payments to which DBS is committed is as follows:

	<b>31 March 2014 £'000</b>	<b>31 March 2013 £'000</b>
Not later than one year	37,310	37,719
Later than one year and no later than five years	99,349	94,922
Later than five years	-	22,401
	<u>136,659</u>	<u>155,042</u>

## 17. Other Financial Commitments

DBS has no financial commitments other than those disclosed in Notes 14, 15 & 16 (£nil at 31 March 2013).

## 18. Contingent liabilities

On 19 February 2014 DBS informed ICO of a data breach from Barring operations. At this time it's not possible to predict the potential outcome or any financial impact on DBS and what enforcement action ICO may take.

Outstanding legal claims against DBS, if the claims are successful, could result in payments exceeding £2,500.

## 19. Related-party transactions

The HO is the sponsor department of DBS and is regarded as a related party. During the year to 31 March 2014 DBS had a number of material transactions with the HO, and also with other entities for which the HO is regarded as the parent department, these are listed below:

Police authorities were regarded as related parties. DBS incurred costs of £26.2 million (4 month period to 31 March 2013: £8.4 million) with police authorities in respect of running and set-up costs.

Included within the total expenditure with the police was £1.5 million (4 month period to 31 March 2013: £0.5 million) for DBS transactions with the HO Technology Live Policing Services (Part of the HO) to allow DBS staff to access PNC checks.

DBS had transactions with the Security Industry Authority (SIA) to March 2014 of £2.5 million (4 month period to 31 March 2013: £0.9 million) relating to income for DBS checks carried out during the year.

DBS had transactions with the Ministry of Justice (MoJ) to March 2014 of £0.5 million (4 month period to 31 March 2013: £0.1 million) relating to the hosting of the e-bulk service.

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

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

## **20. Losses and Special Payments**

a. Losses: There were 6 cases of fruitless payments as at 31 March 2014 (4 month period to 31 March 2013: no cases). The total amount paid was £453 (4 month period to 31 March 2013: £nil).

b. Special payments: There were 76 cases of ex-gratia payments as at 31 March 2014 (4 month period to 31 March 2013: 14 cases). The total amount paid was £79,698 (4 month period to 31 March 2013: £13,032). These payments relate to claims from members of the public for loss of earnings as a result of delays in the DBS checking service and claims of maladministration.

## **21. Revaluation**

DBS had a total downward revaluation of £20,000 during the year to 31 March 2014 (4 month period to 31 March 2013: £719,000 upward revaluation).

## 22. Fees and charges for the year ended 31 March 2014

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

Activity	31 March 2014			31 March 2013
	Income £'000	Costs £'000	Surplus/ (Deficit) £'000	Surplus/ (Deficit) £'000
Enhanced DBS checks	127,718	(130,216)	(2,498)	(482)
Standard DBS checks	5,802	(5,522)	280	202
DBS Adult First	976	(909)	67	72
Update Service	1,318	(1,387)	(69)	-
Other*	64	(93)	(29)	(13)
<b>Total</b>	<b>135,878</b>	<b>(138,127)</b>	<b>(2,249)</b>	<b>(221)</b>

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

Total costs are apportioned to the appropriate income stream based on volumes, with the exception of Police and Barring costs, which are allocated to Enhanced DBS checks only.

In 2012-13, included within other income were receipts payable to the Consolidated Fund and training income. These sources of income are not generated from DBS fees and have, therefore, been excluded from the analysis of DBS fees and charges in 2013-14. The 2012-13 figures have been restated accordingly.

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

For IFRS 8 purposes please refer to Note 2 Statement of operating costs by operating segment.

### Notional Cost per paid Application (£) in 2013-14\*

	Costs £'000	Applications '000	Notional Cost £
Enhanced DBS checks **	130,216	3,759	34.64
Standard DBS checks	5,522	235	23.50
Update Service Subscriptions **	1,387	132	10.51

\*Cost of processing a paid DBS check application based on 21.43% of the application figure shown above being free-of-charge. Used for full-cost recovery purposes.

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

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

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

On 31 July 2014, the Office for National Statistics issued a National Accounts Classification Decision which classifies DBS as a Public Non Financial Corporation effective from its creation on 1 December 2012. Prior to this decision, DBS had operated as an NDPB within the HO.

As appropriate, minor amendments have been made to the financial statements to reflect the retrospective nature of this revised status.

## Glossary

ACPO	Association of Chief Police Officers
AO	Accounting Officer
ARC	Audit and Risk Committee
BCP	Business Continuity Plan
BPO	Business Process Outsourcing
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipts
CLA	Copyright Licensing Agency
CPI	Consumer Price Index
CQC	Care Quality Commission
CT	Corporation Tax
DBS	Disclosure and Barring Service
DEFRA	Department for Environment, Food & Rural Affairs
F&P	Finance and Performance Committee
FOI	Freedom of Information
GBS	Government Banking Service
GBV	Gross Book Value
GCOF	Government Carbon Offsetting Fund
GDP	Gross Domestic Product
GGC	Greening Government Commitments
GIAS	Government Internal Audit Standards
HR	Human Resources
IAMM	Information Assurance Maturity Model
IAO	Information Asset Owners
IAU	Internal Audit Unit
ICM	Independent Complaints Monitor
ICO	Information Commissioner's Office
ISA	Independent Safeguarding Authority
JCNC	Joint Consultation and Negotiation Committee
KPI	Key Performance Indicator
MoJ	Ministry of Justice
MOTO	Memorandum of Terms of Occupation
NPIA	National Policing Improving Agency
OGD	Other Government Departments
OJEU	Official Journal of the European Union
OWOW	One Way of Working
PCSPS	Principal Civil Service Pension Scheme
PFI	Private Finance Initiatives
PHSO	Parliamentary and Health Service Ombudsman
PNC	Police National Computer
POISE	Procurement Of Information Systems Effectively
RB	Registered Body
RIF	Risk Improvement Forum
RMF	Risk Management Framework

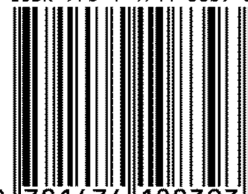
SCS	Senior Civil Servants
SIG	Sustainability Implementation Group
SIRO	Senior Information Risk Owner
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
SoCE	Statement of Changes in Equity
SPPU	Safeguarding & Public Protection Unit
SSRB	Senior Salaries Review Board/Body
TCS	Tata Consultancy Services
TUPE	Transfer of Undertakings (Protection of Employment Regulations)
uCRM	Updated Case Records Management System
UB	Umbrella Body
VAT	Value Added Tax
VBS	Vetting and Barring Scheme







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