
Disclosure and Barring Service

Annual Report and Accounts

For the period 1 April 2015 to 31 March 2016

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of the Protection of Freedoms Act 2012

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Chair and Chief Executive's Foreword

We strive to be an efficient and trusted supplier of information services to support safe employment decisions. The safeguarding dangers facing our communities have never been more prominent and we are committed to playing a vital role in protecting the public and helping government face this complex challenge.

We are pleased to report that as we enter the last year of our 2014-17 Strategic Plan, we are on track to deliver our four objectives and to progress towards being a centre of excellence.

Operationally, we performed well against our published service standards in 2015-16, and met four out of five. Our disclosure performance was broadly in line with our target of 95% of disclosures within eight weeks. The Metropolitan Police Service (MPS) operated at significantly below the national service level agreement (SLA) levels. Had they achieved the national SLA, we would have significantly exceeded our target. Improvement in this area is a priority for the coming year. As a result, some of our customers received a worse than expected service and it led to a rise in complaints. Improvement is a priority for Disclosure and Barring Service (DBS) as we continue to support forces to resolve their operational issues.

There has been a considerable delay with the implementation of our new IT system. This delay is largely dependent upon the performance of our partners Tata Consultancy Services (TCS), and is due to issues identified during TCS' systems integration testing. During 2016-17 as one of our priorities, we will continue to work with our partners TCS, to implement the new system. This will enhance the work we do to protect the public and provide better access to those who refer barring cases and send disclosure applications. This will include capability for us to deliver Basic checks to those United Kingdom (UK) citizens who work outside of Scotland. TCS and DBS continue to work hard to keep the project on track and deliver to new timescales in 2017.

We commissioned two independent reviews this year. By the end of June 2016, all recommendations from the 'Independent Review of Barring' were implemented. Following the discovery that some files had been incorrectly disposed of, primarily by our predecessor the Independent Safeguarding Authority (ISA), we sought a review of our Data Retention Policy. We are confident that our existing procedures and the swift implementation of the recommendations will prevent this happening again.

We have provided support to the Independent Inquiry into Child Sexual Abuse (IICSA) by assisting in the establishment of two regional offices and stand ready to share information in accordance with appropriate protocols.

The capability of our managers and leaders to work towards becoming an agile and high performing organisation is a priority for DBS and we are focussed on their development.

We work closely with Home Office (HO) as DBS sponsor and continue to support policy development and safeguarding.



Bill Griffiths
Chair



Adele Downey
Chief Executive

PERFORMANCE REPORT

OVERVIEW

CHIEF EXECUTIVE'S PERSPECTIVE ON PERFORMANCE

I consider DBS has performed well during 2015-16 despite dealing with several issues throughout the year, which have taken up significant senior management time and resource. These issues are detailed in the Governance Statement.

OUR FUNCTIONS

Who we are

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

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

Our Mission: To be a government centre of excellence for suitability information.

How we work

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

The operation of DBS functions is delegated by the Board to the Chief Executive Officer (CEO), who leads a Senior Management Team (SMT) of Directors of relevant functions. These are People and External Relations, Finance and Corporate Support, Information, Operations Disclosure (based in Liverpool) and Operations Barring (based in Darlington). The CEO is also the Accounting Officer (AO).

Government sponsorship

DBS is classified by Cabinet Office as a Non-Departmental Public Body (NDPB), and operates as an Arms Length Body, sponsored by HO. HO leads on the policy framework, working with the Department for Education and Department of Health that governs and underpins DBS.

DBS' role is to deliver government policy.

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

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

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

What we aim to achieve

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

Statutory functions

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

- To hold and maintain a register of organisations approved by DBS to submit applications for criminal records certificates.
- To issue three levels of certificates of criminal records:
 - **Basic certificate.** This is available for any position or purpose and will contain details of convictions and conditional cautions that are considered to be unspent under the terms of the Rehabilitation of Offenders Act 1974 (as amended) (ROA). For applicants residing in or working in England and Wales a Basic certificate is currently issued by Disclosure Scotland on behalf of DBS², but will transfer from Disclosure Scotland to DBS in 2017.
 - **Standard certificate.** This is available to those working in roles as specified in the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975. Standard certificates show unspent and spent convictions, cautions, reprimands and warnings (statutory disposals given by a police officer to a young person who admits guilt) held on the Police National Computer (PNC), and subject to filtering.

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.

² See Delegation of Functions page 10

- **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 with the addition of relevant police information held by a police force and, in some cases, details of whether the individual is included in the lists of those barred from working with children and vulnerable groups.
- To reach considered decisions about whether an individual should be barred from engaging in regulated activity with children and/or adults and maintaining the childrens' and adults' barred lists.
- To bar any individual who has accepted a caution for or been convicted of an automatic barring offence.
- To consider for barring any individual who has accepted a caution for or been convicted of an automatic inclusion offence (i.e. an offence that does allow representations) or has been referred to DBS from, for example, an employer or regulatory body, subject to any representations submitted by the individual – provided DBS also has reason to believe that the person is or has been, or might in the future be, engaged in regulated activity with children or other 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.

Delegation of Functions

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

In addition to the above delegation, the Secretary of State issued a direction to DBS under Schedule 8 (14) of the PoFA that it must utilise the provisions under Schedule 8(6) to delegate the function of the issue of Basic certificates to Disclosure Scotland (acting as Scottish Ministers). The direction from the Secretary of State has been extended to September 2017.

KEY ISSUES AND RISKS

The risks to delivery of our priorities are identified and captured in DBS Strategic and Corporate Risk Registers, which are managed monthly via the Risk Improvement Forum (RIF) and SMT. The risk management process is assured by the Audit and Risk Committee (ARC) to Board.

In applying our Risk Management Policy, DBS maintains a risk management process, which ensures that risks are identified, assessed, controlled or escalated, and managed or mitigated against.

In summary our risk management policy states:

We are here to keep the public safe and support safeguarding organisations. The risk management culture we have built underpins and supports this:

- Our priority is to reduce those risks that impact on public protection, but we will also seek to minimise our financial, operational and reputational risks;
- We will ensure that all our people have an awareness and understanding of the risks that affect the public, our colleagues and our business;
- We will ensure that all our people are competent at managing risk; and
- We will ensure that all our activities are controlled using our risk management process and our people are empowered to tackle risks.

During the year there were a number of key issues that impacted on the risk profile of DBS and these are detailed in the Governance Statement.

Published Service Standards

In 2015-16, we performed well against our published service standards and met four out of five. We narrowly missed, by 0.2%, our target of issuing 95% of Disclosures within eight weeks, due to a small number of police forces who experienced particular difficulties in meeting their target turnaround time for enhanced DBS checks. This caused significant delays in issuing certificates and a rise in complaints and correspondence. Improvement is a priority for DBS as we continue to support forces to resolve their operational issues. The performance of our service standards are detailed in the table below:

Service Standards	Target	Actual
Sample Check Error Rate (Disclosure Certificates) (Rolling 12 month)	$\leq 0.02\%$	0.01%
Sample Check Error Rate (Barring Decisions) Measured against rolling 12 month	$\leq 0.50\%$	0.30%
% of All Barring Cases Closed in 3 months	65%	66.23%
% of All Barring Cases Closed in 6 months	80%	84.29%
% of All Disclosures Issued in 8 weeks	95%	94.8%

Key Performance Indicators (KPIs)

Our published service standards detailed above form part of a suite of KPIs which we use to measure our performance. Of our KPIs, 78% achieved or exceeded their annual targets at year-end for 2015-16. Our measures were changed for 2015-16 to reflect performance in calendar days/weeks to bring DBS in line with other government departments, and 56% of the measures indicated an improvement on last year's performance. In future periods we will be able to provide some further analysis for trends in our performance.

All reported barring and disclosure quality and barring timeliness measures achieved or exceeded their annual targets. Disclosure timeliness target to achieve 85% of all disclosures issued in 21 calendar days was achieved. The proportion of disclosures issued in eight weeks was higher than 2014-15 at 94.8% compared to 94.5%, but below the annual target of 95%. Excluding MPS performance, the average performance of other forces was 98.1%.

Sickness absence for 2015-16 was 10.90 average working days lost per employee, which is a slight increase from last year (10.66). The target remains 9.00 days by the end March 2017. During 2015-16 we established a baseline figure for staff engagement (58%). We are intending to undertake our next external customer survey during the early part of 2016-17.

Business Plan

During 2015-16 positive progress has been made in relation to key targets, with three of the five business plan priorities demonstrating good progress during the year. All 23 milestones planned for 2015-16 were completed although a number of actions due to be undertaken during the year were re-prioritised by SMT for consideration in 2016-17. The majority of these relate to the Release 1 (R1) IT System Modernisation Project and 'Improving our Criminal Records Performance', reflecting the re-planning or pausing of these projects.

We have experienced a considerable delay with the implementation of our new IT system due to issues which arose during TCS' systems integration testing and for which we subsequently stipulated a re-planning exercise with our partners, TCS. This exercise has consumed considerable management time and effort but implementation will remain one of our priorities, as we progress this work with TCS.

Financial performance

During 2015-16 we generated a surplus of £24.3m. Whilst our objective is that fees are set to achieve a break-even position, a surplus was generated as a result of three main factors arising during the year. The volume of enhanced certificates exceeded our expectations, and led to higher income levels than expected. Whilst this in part is offset by increases in the costs payable to our Business Processing Outsourcing provider, the unit price payable to our supplier also fell in line with provisions within our contract with them. Further delays in the implementation of R1 also meant that a range of costs expected to be incurred during 2015-16 are now deferred into later periods. Finally, we spent less on staffing costs than expected, due to it taking longer than planned to successfully fill vacancies across the organisation.

In line with Managing Public Money we will continue to review fees on a yearly basis and take action if required.

As a result of this surplus, our cash balance increased to £56 million at 31 March 2016. Non-current assets have remained broadly the same in 2015-16 as the usage (and associated depreciation/amortisation) of our existing assets was offset by further development of R1 and supporting systems. Changes in working capital are in line with normal operating conditions for our business.

PERFORMANCE ACTIVITIES ANALYSIS

Performance and activities

This section sets out our activities, achievements and progress made against our key performance measures and business plan priorities and other key areas where we are required to report to HO.

Overall and despite the challenges we have faced with delays to our new system, and poor performance with some forces, our results remain strong. In 2015-16:

- We performed well against our published service standards and met four out of five.
- Within our key performance indicators the majority (78%) have achieved or exceeded their annual targets at year end 2015-16.
- Positive progress has been made in relation to key aspects, with three of the five business plan priorities demonstrating good progress during the year and all 23 milestones planned for 2015-16 were completed.

Performance measurement

DBS's Performance Management Framework (PMF) aimed to ensure that reporting mechanisms were in place for monitoring progress against DBS strategic objectives and key performance indicators. The PMF provided links to the priorities and strategic objectives set out in the DBS Business Plan and Directorate service plans.

Key performance targets were reviewed and set for operational delivery for both our barring and disclosure functions, customer service standards and organisational deliverables around staff and resources. 2015-16 saw particular focus on DBS's approach to quality with new measures and targets introduced. These were monitored and reported on via DBS Performance Report and Balanced Scorecard on a monthly basis.

DBS publishes a business plan that sets out our objectives over the coming year, our key performance targets, budget information and the risks to the achievement of our plan.

This annual report addresses our performance against the 2015-16 Business Plan priorities to support our desire to become a government centre of excellence for suitability information. 2015-16 represented the second year of our strategic plan (2014-17).

Delivery and performance of disclosure activities

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

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

Disclosure Performance

	2015-16	2014-15	% Increase
Certificates issued	4,214,541	4,111,856	2.3%
Update Service:			
New subscribers	421,764	308,130	37%
Renewed membership	305,525	96,497	215%
Live subscribers	696,883	391,158	78%

During 2015-16 we issued 4,214,541 certificates (certificates issued will differ from applications received due to timing differences), of which 20.6% were issued as free of charge to volunteers. Of the enhanced criminal record applications received, 172,851 requested an early check of the adults barred list. We also processed 1,935 certificates for the US Embassy and 3,265 EU checks.

The average time taken to issue a DBS certificate from start to finish was 14.58 calendar days; this includes time with police forces if relevant.

Update Service

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

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

If new information is recorded, the employer can log onto the system and will be advised that the employee needs to apply for a new certificate.

Basic Certificates

Disclosure Scotland issued 1,176,065 Basic certificates for English and Welsh customers during 2015-16. The average turnaround time for issue was 4.6 days, with 99.9% of all disclosures being processed within 14 days (against a target of 90% within 14 days). DBS will commence the role of issuing Basic certificates during 2017.

Disclosure Operational Performance

Quality

Deliverable	Measure	Target	Actual
Quality	Sample Check Error Rate (Disclosure Certificates) (Rolling 12 month)	</=0.02%	0.01%
	Work Meets or Exceeds Quality standards - Disclosure	99.70%	99.97%
	Disclosure Certificates Successfully Disputed	<0.25%	0.10%
	Complaints Escalated to the Next Tier	<3.0%	0.50%

Our quality measures detailed above have been designed to ensure that the processes around our multiple data sources are robust and accurate in matching the data held on these systems against the applicant's details. Quality checks through sampling are undertaken as applications progress through our end-to-end process.

Despite this robustness as evidenced from the performance above, complaints do arise and wherever possible we ensure that these are resolved at the first point of contact to the satisfaction of the customer which avoids escalation to one of our managers. All of the disclosure quality measures exceeded their annual targets for 2015-16.

Timeliness

Deliverable	Measure	Target	Actual
Timeliness	% of All Disclosures Issued in 21 calendar days	85%	86.90%
	% of All Disclosures Issued in 8 weeks	95%	94.8%
	Average Police Force Turnaround Times (4 week average)	</= 12 calendar days	13.29 year average

The timeliness target to achieve 85% of all disclosures issued in 21 calendar days was achieved, however disclosures issued in eight weeks was higher than last year at 94.8% (94.5%) but below the annual target (95%). The performance in this area has been impacted by police performance. If MPS were operating at SLA levels we would have achieved 98.1%. Average police force turnaround times declined from last year reflecting the impact of a small number of underperforming forces which significantly increased complaints.

Customer Service

Deliverable	Measure	Target	Actual
Customer Service	Overall Achievement of Customer Focused KPIs	48/48	47/48
	Call Centre Service Quality	24/24	20/24
	Ops Disclosure Demand Forecasting	+/-2%	1.70%

During 2015-16 complaints have averaged 553 per month, which represents a rise of 36% compared to 2014-15. The main reasons for complaints are:

- DBS applications delayed at the police (predominately at the MPS) – represent 60% of complaints
- Update Service subscription/renewal issues - represent 15.8% of complaints

During the year, we responded to 97.9% of complaints within 10 working days, achieving our published KPI.

Following the review carried out by the Independent Complaint Reviewer in April 2015, which recommended 26 actions to help us improve our complaints service, we implemented a number of enhancements to our complaints policy and procedure to help simplify our complaints process and make senior managers more visible and accessible to customers. As a result, we were able to maintain a high resolution rate with 99.5% of complaints resolved in the first instance.

Despite the increases in complaints, call centre service performance improved with 0.87% of calls abandoned, significantly lower than last year (6.92% in 2014-15), and calls answered in 20 seconds improving from 64% last year to 91.4% against a target of 95%. Our customer focussed measures, including responding to complaints and enquiries, all improved from last year.

Delivery and performance of barring activities

One of our key statutory functions is to manage the lists of people barred from working or volunteering in 'regulated activities' with children (the children's barred list) and with vulnerable adults (the adults' barred list). Regulated activities typically involve regular and close contact with children or vulnerable groups e.g. teachers, childminders, doctors, nurses and carers.

Another of our key statutory functions is to make decisions as to whether a person referred to us for barring consideration should be included in one or both barred lists and also whether a person who no longer poses a risk of harm to vulnerable groups can be removed from a barred list.

The law on referrals and barring covers England, Wales and NI. Scotland has a similar scheme to protect vulnerable groups and we recognise each others' barred lists in our respective jurisdictions.

There are three main ways safeguarding cases are referred to us for barring consideration:

- Referring body referrals i.e. safeguarding referrals from employers, volunteer managers, professional regulators and local authority safeguarding teams;
- Automatic barring (autobar) referrals i.e. referrals from PNC information of people newly cautioned or convicted of certain serious offences specified by law; and
- Disclosure referrals i.e. referrals from people applying for a DBS enhanced criminal record disclosure with a barred list check in order to work or volunteer with children or vulnerable groups, who have a significant offending history.

For all referring body referrals, DBS can only consider the person for barring if the person is, has been or may in future be, engaged in regulated activity with children or vulnerable adults. We call this the Test for Regulated Activity (TRA). In 2015-16, 6,948 referring body referrals were received by DBS for barring consideration.

There are two types of autobar referrals, autobars without representations and autobars with representations. Autobars without representations relate to the most serious of offences and DBS is required by law to include the person in the specified barred list without seeking representations from the person and without any consideration of whether the person satisfies TRA. In 2015-16 we handled 1,172 autobar without representations cases. For autobars with representations, DBS can only consider the person for barring if they satisfy TRA. In addition, we must also seek and consider any representations the person may make as to why they should not be barred, prior to making the barring decision. In 2015-16 we considered 2,517 autobar with representations cases.

If a person applies to DBS for an enhanced criminal record disclosure including a check of a barred list in order to work or volunteer with children or vulnerable adults and that person has a significant offending history, then DBS will if appropriate, consider that person for barring. This is to ensure that people convicted for serious crimes before the 'autobar' referrals commenced in 2009, or who have offences that may indicate their unsuitability to work with children or vulnerable adults, are considered for barring if appropriate. In 2015-16, we considered 2,783 disclosure information referrals for barring.

DBS Board is ultimately responsible for the barring decisions made by DBS. Our barring decision-making processes are accredited to ISO:9001 standards and barring decisions are made by accredited decision-makers.

A barred person may also seek leave to appeal a barring decision but can only do so on a point of fact or law. They cannot seek to appeal the barring decision itself solely because they disagree with the decision.

Appeals are handled by the Upper Tribunal in England and Wales and the Care Standards Tribunal in NI. When an appeal is granted we may defend our barring decision at the relevant Tribunal. In 2015-16, 11 barred people either had their appeal upheld at the Tribunal or agreed to withdraw their appeal as DBS had used its review powers to remove them from a barred list(s) as the statutory criteria were met.

In the same period, 8 barred people had applications for appeal that were not upheld. This resulted in the person remaining included in the relevant barred list(s).

Quality

Deliverable	Measure	Target	Actual
Quality	Sample Check Error Rate (Barring Decisions) Measured against rolling 12 month	<=0.50%	0.30%
	Work Meets or Exceeds Quality standards - Barring	93.00%	95.02%
	Barring Decisions Successfully Appealed	<1.0%	0.25%

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 implementing robust processes that embrace quality. DBS service quality is subject to regular internal audit review. Our performance in terms of decisions successfully appealed helps demonstrate this robustness.

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

We are dedicated to providing a service of the highest possible quality and accuracy. DBS service quality is subject to regular internal audit review and both elements of our operations hold certificates under the ISO 9001 Quality Management Standard. Our operations are also subject to internal checks for quality and accuracy at all stages of the process. For 2016-17 Barring will strengthen its Quality Assurance Framework and carry out increased numbers of independent quality checks to provide increased levels of scrutiny and assurance of our case decisions.

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

All of the Barring quality measures exceeded their annual targets for 2015-16.

Timeliness

Deliverable	Measure	Target	Actual
Timeliness	% of all Barring cases closed in 3 months	65%	66.23%
	% of all Barring cases closed in 6 months	80%	84.29%

Barring achieved all published targets at the end of the fourth quarter and for the year-end. This was helped by the recruitment of additional caseworkers during quarter four to assist with the increase in the number of referrals. As part of their training they were able to contribute to the closing of cases albeit subject to the necessary quality reviews.

During the reporting period, we received 1,144 pieces of Parliamentary Correspondence, 99% of which was responded to within our 15 day target. This compares to 777 pieces of correspondence in 2014-15 and 479 in 2013-14. Similarly to complaints, 67% of all correspondence received in 2015-16 related to MPS delays.

We work closely with our colleagues in HO to enable any DBS related issues, which are raised directly with HO and Ministers, to be investigated and responded to as quickly and consistently as possible.

In September 2015, DBS achieved Customer Service Excellence (CSE) Accreditation status, two months ahead of schedule. This accreditation covers both DBS Liverpool and Darlington sites as well as the TCS Contact Centre and recognises our commitment and achievement to the delivery of excellent customer service.

Working with our DBS partners

Police

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

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

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

Our barring operations also have a close working relationship with the police focussing on three key areas:

- Provision of evidence packs to police for investigation and prosecution of offenders for breaches of bar or for knowingly employing barred individuals;
- Requesting case information from local police forces to assist with our barring decision-making; and
- Provision of barred lists, barred status of case information to police for crime prevention, apprehension of offenders or for recruitment or disclosure purposes.

During 2015-16 we provided the police with 113 evidence packs where we had information relating to potential offences. Typically, these cases involved a barred person working or seeking to work with a vulnerable group they are barred from.

We made 7,901 requests to local police forces for safeguarding information during 2015-16. We have a SLA with police and the majority of Police Disclosure Units were able to meet target timescales for responses. We work closely with those experiencing difficulties, notably the MPS, supporting them in the delivery of their recovery plans.

In 2015-16, under legislation we provided safeguarding information on request to police in relation to 507 cases. By working closely together we minimise potential safeguarding gaps and help make the UK a safer place to live and work.

Professional and Other Bodies

Professional bodies comprise Keepers of Registers such as the General Medical Council and Nursing and Midwifery Council and Supervisory Authorities such as Ofsted and the Care Quality Commission, covering health, social care and education sectors. Professional bodies make approximately 600 safeguarding referrals to us each year.

We have developed and implemented information sharing agreements or arrangements with 30 professional bodies and with the police, prison and probation services, Disclosure Scotland and Access Northern Ireland (the latter two organisations carry out barring and disclosure services for Scotland and NI respectively). We focus on building robust relationships with these key bodies and we regularly meet with them to review performance, resolve issues and to review our arrangements to meet any changed or new business requirements. New or amended requirements are then fully documented so that we have an agreed way of working that remains up to date. As we work closely with professional bodies, we help ensure that timely referrals are made and that relevant safeguarding information is shared efficiently, effectively and securely.

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

Safeguarding Organisations

During 2015-16 we held 14 general 'duty to refer' events across the country and presented at 35 major safeguarding conferences. More than 5,000 professionals attended these events with attendees agreeing that they have a better understanding of the referral duty because of this.

We target safeguarding conferences which cover key audiences, in particular local authority safeguarding teams, NHS organisations, faith, education and voluntary organisations. We have developed a powerful partnership for joint safeguarding initiatives and to share safeguarding information effectively, efficiently and securely to align with corporate strategic and business objectives. This is an integral part of DBS stakeholder relationship management strategy.

We are also refreshing our consultative group's model to a Communities of Practice approach. The interactions between the sector specific groups will take place through regular face to face meetings, webinars and events which will commence in 2017.

Registered Bodies

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

RBs can operate as an Umbrella Body, which means that they can submit checks on behalf of organisations that are not registered with us as an RB but who are recruiting to positions eligible for a Standard or Enhanced certificate. We manage the RB network through an RB account management team whose focus is to support the RBs to effectively discharge accurate and timely applications. By working with RBs, we have increased our electronic applications volumes to around 3.1 million in 2015-2016 (72% of application volumes), this is done through the e-Bulk service, which is currently the most efficient and effective application route.

In March 2016 the average turnaround time for electronic e-Bulk applications was 14 calendar days compared with 18 calendar days for paper applications. In addition, there are fewer data quality issues with e-Bulk applications.

This year we removed 370 RBs and 450 counter signatories from our RB register who did not meet the application submission threshold criteria.

The reduction in the network enables us to improve the accuracy of certificates for applicants and employers. RBs must adhere to the Conditions of Registration set out in regulations made under the Police Act 1997, as supported by the statutory Code of Practice.

Commercial partners

The TCS contract continues to provide a steady service to DBS, providing application development and management and Business Process Outsourcing services. Development of a modernised solution is in progress and DBS looks forward to the realisation of increased benefits, both internally and to our stakeholders, once this is in place.

Hewlett Packard Enterprise will provide the hosting services upon which the modernised TCS solution will sit. Hewlett Packard Enterprise and TCS are working together towards implementation of the new service in accordance with an agreed plan.

The facilities management service which is currently being provided to DBS by Interserve via a HO Property Group framework is being re-tendered this year by HO Property Group.

Business Plan Activities and Performance

Modernising our services – this priority reflected activity undertaken in year to deliver changes to our operating systems and processes to provide a common platform to increase efficiency and improve customer service.

We have not made the progress we had anticipated against this priority nor the supporting activities as a direct result of problems with R1 Testing which culminated in a “pause and re-plan” in November 2015 and June 2016.

However, good progress has been made on defining the benefits and establishing the baseline measures but the delay means the realisation of these benefits will take place later than originally planned. As we move towards go-live we are continuing to focus our attention on potential key critical path elements and risks particularly in relation to Basic Disclosures. We continue to work with TCS to ensure a timely delivery of R1 that meets our quality expectations.

Improving our criminal records performance – this priority reflects that a key part of the time, cost and risk of our disclosure process is generated by gathering information held locally by police forces.

We did not make the progress anticipated against this priority, as the review of the model is fundamentally a police decision. DBS decided to pause this business plan priority in January 2016, pending a feasibility review of possible options. SMT considered tactical options and commissioned an independent review of the current police funding across disclosure units. The outputs of this review have been used to progress a revised balanced scorecard covering productivity, quality and timeliness to support performance improvements across the existing model.

We will build on work undertaken in 2015-16 to review the efficiency, effectiveness and value for money of the police operating model. As part of this, we have been working with the National Law Enforcement Data Service Programme to undertake analysis of the current Police National Database landscape. All of these activities will be undertaken alongside strategic discussions with senior police officers to inform some of the longer term options. All of these activities will be undertaken alongside strategic discussions with senior police officers to inform some of the longer term options.

Enhancing safeguarding - An influential voice – this priority reflects our aim to protect the public through maximising the impact of our services to protect and safeguard children and vulnerable adults. It relates to building greater awareness, trust and influence to further enhance our reputation for safeguarding excellence. We have done this by championing our services through sharing our learning, listening to stakeholders, developing and leveraging key safeguarding partnerships, making robust barring decisions and providing timely and reliable suitability information for recruiting to positions of trust.

The completion of the Stakeholder Management Framework, Safeguarding Partnership Programme and NHS Safeguarding Network are aimed at effectively managing our key partners and developing robust and powerful relationships for joint safeguarding initiatives. Work has commenced to develop a new Account Management Model and this is expected to be implemented in 2017-18.

In regards to the IICSA, we assessed our capability in our operational directorates to enable us to quickly respond with safeguarding data for the Inquiry where possible. We have already put this to use and provided information to IICSA.

The Barring Review Implementation Project (BRIP) made good progress and was completed during 2016-17. This further strengthens our ability to make robust barring decisions that are fair, consistent and thorough. A sustainability audit will be conducted in 2017 to ensure the benefits have been fully embedded.

The completion of the review of barring risk assessment tools was re-prioritised to 2016-17, due to the delays in expert panel recruitment. The review process to date has benefitted from staff involvement and has created a strong sense of ownership with staff. This milestone is managed by the BRIP Board and was completed by June 2016.

The Referral Quality Feedback Mechanism and the development and publication of new datasets are milestones that both rely on R1 functionality. As R1 go-live was postponed, these milestones were re-prioritised to 2017.

Enhancing our functions – this priority reflects the activities undertaken across the organisation to prepare and position ourselves to launch new products and services.

The transition of England and Wales Basic certificates from Disclosure Scotland is scheduled for 2017. We have a jointly agreed transition plan and are working collaboratively to deliver this.

The delay to R1 has meant that we will have additional time to review the way we provide Barred List checks. HO is considering the best way to implement these changes.

In March 2016 DBS and HO commenced two pilots relating to the use of document scanners by RBs, and new identity checking guidance, including guidance which aligns to Right to Work checks. Outcomes were assessed and changes will be implemented during 2016-17.

Creating a strong performance culture, and enhancing the customer experience – this priority reflects the activities we continued in this year to put in place the right structures, skills and relationships to enhance our capability and capacity. This theme also reflects the activities we will undertake to understand what our customers value and how we can increase the level of satisfaction we provide to them.

We have successfully delivered our employee engagement survey and developed a corporate action plan to ensure we monitor our delivery and changes to our engagement with staff. We established a baseline for staff engagement with our staff engagement index achieving 58%, which is higher than comparable other government departments but less than the MORI average of 61%. DBS target for 2016-17 has now been set at 62%.

We have implemented the new Personal Development Review Performance Management framework with further improvements to the existing framework planned in 2016-17. Our People Strategy was supported by both SMT and Board and we now have a clear strategy and action plan to deliver to.

Phase 1 of the Target Operating Model (TOM) has been a significant piece of work this year. HR and Finance have both seen significant restructures and there has been successful functional alignment of other business areas.

In September 2015, DBS achieved CSE accreditation. We now have a customer experience team established and a programme of customer insight research to help develop our products and services.

Looking forward

We will continue to deliver excellent public services, safeguarding the vulnerable in our society, whilst making ourselves more efficient.

SUSTAINABILITY REPORT (and other matters)

Introduction

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

Mainstreaming the policy contribution to sustainability

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

DBS priorities are to:

- Comply with legal, regulatory and other requirements
- Manage the carbon dioxide equivalent (CO₂e) emissions from its building energy use and official travel
- Manage water use and waste responsibly on its estate
- Purchase goods and services that meet government standards while continuing to ensure value for money
- Actively encourage our suppliers and staff to support these aims
- Strive to make sustainability integral to decision making processes
- Procure from small businesses with the aspiration that 25% of all spend in contracts should be awarded to small and medium enterprises (SMEs)

Initiatives and areas for improvement

In 2015-16 DBS initiatives included:

- One of the main principles of DBS is “Digital by Default” and these channels are used for work wherever possible, reducing mail, travel and resources
- Recycling points around our two buildings: food waste, cans, paper, plastics, and batteries
- Recycling has been hampered by the continued use of under desk personal bins
- Increased investment in nine endpoint Cisco Video-Conferencing across Liverpool and Darlington sites, to reduce UK and international travel, whilst increasing the use of the on-line booking facility to generate more accurate usage reports

- Shredding and recycling of all paper waste takes place on both the Darlington and Liverpool sites through approved and accredited suppliers
- Alignment with HO policy on sustainable procurement

Governance arrangements

Sustainability activity in DBS is undertaken by Interserve Facilities Management working with DBS Facilities teams. Support is available from HO Sustainability Team who manages a virtual Sustainability Implementation Group, which comprises members from HO business units, functional teams and arms-lengths bodies.

Stakeholders

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

Summary of annual progress

Area	Metric	2013-14	2014-15	2015-16
Greenhouse gas emissions	Amount (tonnes CO ₂ e)	2,685	2,305	1,940
Building energy	Amount (tonnes CO ₂ e)	2,562	2,217	1,789
	Amount (kWh)	8,647,019	6,003,280	4,721,437
	Expenditure (£)	530,497	543,446	478,131
Travel	Amount (tonnes CO ₂ e)	123	88	152
	Expenditure (£)	237,437	264,107	250,290
Domestic flights	Amount (number)	162	100	65
Office waste	Amount (tonnes)	Not available	66	47
	Expenditure (£)	Not available	Not available	Not available
	% recycled by weight	Not available	45%	43%
Water	Amount (m ³)	Not available	7,388	13,975
	Expenditure (£)	Not available	25,307	43,929
Paper (A4 equivalent)	Amount (reams)	5,360	4,900	5,570
	Expenditure (£)	12,068	10,743	13,155

Data quality

All sustainability data is UK only. Our data has been externally assured by Carbon Smart.

The greenhouse gas conversion factors used can be found in the government environmental impact reporting requirements for business.³

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 Standards⁴ 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.

Health and Safety

We are committed to maintaining the standards required by the Health and Safety at Work Act 1974 and the other UK and international regulations relating to the health and safety of our employees and the public.

DBS maintains a Health and Safety Policy statement which is reviewed annually by Board. Where appropriate, DBS will use HO policies; in consultation with Trade Unions although some may be adapted to better reflect the needs of DBS, where necessary.

On a day-to-day basis qualified safety managers, who work as part of DBS Health and Safety team, review all aspects of the working environment and assist managers and staff in their obligations with regards to safe working.

Management also consult with trade union representatives, who have a position on the Health and Safety Forum which oversees compliance with the Health and Safety at Work Act and the internal Health and Safety policy.



Adele Downey
Chief Executive
1 March 2017

³ <https://www.gov.uk/measuring-and-reporting-environmental-impacts-guidance-for-businesses>

⁴ <http://sd.defra.gov.uk/advice/public/buying>

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

Director's Report

During 2015-16, the HO Minister with responsibility for DBS was Karen Bradley, Minister for Preventing Abuse, Exploitation and Crime however, Sarah Newton, Minister for Vulnerability, Safeguarding and Counter Extremism took responsibility for DBS on 7 July 2016.

In January 2016, the CEO, who has responsibility for running DBS, Adrienne Kelbie, left the organisation and the then Deputy Chief Executive, Adele Downey was appointed by Board as Acting Chief Executive pending permanent recruitment. Adele was formally appointed as Chief Executive in June 2016.

Details of non-executive and executive Board members can be found in the Governance Statement as can details of any personal data related incidents.

A register of interests for Board members was kept and updated regularly. This can be requested from DBS Secretariat or found at www.gov.uk/government/publications/dbs-register-of-interests

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.

Statement of Accounting Officer's Responsibilities

Provision of Information to Auditors

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

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 confirmed the appointment of Adele Downey, as CEO and AO of DBS in June 2016. 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.

DBS GOVERNANCE STATEMENT: 2015-16

Directors report

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

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

I confirm that I have reviewed the system of internal control in operation within my area of responsibility and along with Statements of Assurance from Directors, have made the following assessment to cover the period of 1 April 2015 to 31 March 2016.

My overall assessment for 2015-16 is positive and represents an improving position in some areas, particularly around governance and risk management which is proving to be effective. Challenges DBS has faced during the year have been significant and are set out in more detail below, they include IT implementation, data handling and police performance.

Internal Controls and Governance

As an NDPB, DBS is not bound by the terms of the Corporate Governance Code for Departments. However our governance arrangements, internal controls and processes, not dissimilar to most NDPBs, aim to reflect and follow the principles of good practice set out in the Code. I consider we have complied with that Code.

As a large organisation, we operate a multi-faceted control system, setting clear budgets and delegations, tracking and monitoring performance and assessing and mitigating risks.

During 2015-16 we continued to benefit from the independent advice of our non-executive Directors, both on the Board and through its committees.

As part of our system we have key internal controls including financial and procurement elements related to segregation of duties, authorisation and approval of expenditure. A report is presented at Audit and Risk Committee (ARC) detailing the assurances around our control environment. This includes the following areas: whistle blowing, health and safety, fraud, computer system security and information management compliance.

Main elements of the Governance structure

DBS Board as Governance Lead

The Board operates under a Constitution which sets out the governance arrangements for the Board and its committees, and in particular details the legislative framework for the Board. Its membership is made up of a Non-Executive Chair, six Non-Executive Directors (one of whom left in June 2015), and four executive directors (one of whom left in September 2015). The Chair invited the HO Director of Safeguarding to every DBS Board meeting and sent all Board papers to his office. The Board met on 10 occasions between April 2015 and March 2016. Attendance at those meetings is outlined in the annex following the Governance Statement.

The Board effectively guided DBS through major changes, such as oversight of the commercial relationship with TCS and planning for the implementation of the R1 system. It oversaw operational performance and strategic risks, a main issue during the reporting period being police performance, and various reviews that took place within DBS. The Board is subject to an annual effectiveness review, which took place in December 2015 and is detailed in the Constitution.

The Board received the final report from Eleanor Grey QC following her review of barring operations, pro-actively commissioned by the Board, to take stock of and inform continuous improvements and assist in the development of a relatively new organisation. All recommendations from the report were accepted and delivered by the end of June 2016 and the report was published in July 2016

In January 2016, the CEO, Adrienne Kelbie, left DBS. I became Acting Chief Executive and AO until formally appointed by Secretary of State in June 2016.

Board Committees

Four committees supported the Board under clear terms of reference. 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 Chairs report to Board raising any relevant concerns or risks. Each committee produces and presents an annual report of the activities undertaken and a review of its own effectiveness. Non-Executive Committee Chairs and membership are detailed in the annex at the end of this statement.

ARC: provided assurance to the Board and AO on a range of issues, including, that the standard of internal control within DBS is mostly satisfactory, whilst noting areas for continuing improvement. Assurance was also provided that the arrangements for risk management within DBS are on an improving trend from an already satisfactory base. Assurance was provided by the Committee on the accuracy and integrity of the Governance Statement and the robustness of governance arrangements within the organisation. Assurance was also provided on the accounting policies and integrity of the Annual Report and Accounts of DBS. This assurance is based on the audit opinion of DBS accounts for the period 1 April 2014 to 31 March 2015, reports received from Internal Audit and from the interim external audit of the 2015-16 accounts and latest progress report from National Audit Office (NAO). Assurance was provided that the results of Internal Audits have been considered by ARC and that adequate management responses have been received. Updates on subsequent actions against recommendations have been reported to ARC, to provide confirmation that agreed recommendations have been implemented. The Committee met five 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, measures and targets. It supported the executives in the development of accurate, relevant financial reports. The committee met five times.

Quality and Standards Committee: provided assurance to the Board as to the quality and standards of operations, and provided advice on complex barring casework. It scrutinised operational performance and progress on the BRIP behalf of the Board. The Committee benefitted from two new non-executives with specialist experience in safeguarding and met ten times.

Remuneration and Nominations Committee: assisted the Board to discharge its responsibilities in relation to remuneration, pay and reward. The committee met seven times.

Main elements of Risk Management and internal controls

DBS internal control system has worked effectively and is designed to manage risk to a reasonable assurance level, and maintain regularity and propriety, rather than eliminate all risks of failure. The system is based on an ongoing process designed to:

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

I am satisfied that the risk management processes in place are adequate and that the assurance provided by ARC to Board is effective. Alongside this, the management of corporate risks by the SMT and the RIF is effective, as is our relationship with HO, to manage joint risks.

Board as Strategic Risk Lead

Board leads oversight of strategic risks. It owns the Corporate Risk Management Framework and defined the overall risk appetite for the organisation whilst monitoring the overall risk profile. The Board reviewed strategic risks at each meeting and, in October 2015, undertook the annual refresh of the strategic risks to ensure they are linked to the strategic objectives for the new financial year. SMT leads on corporate risks.

Audit and Risk Committee (ARC)

ARC is a supporting Committee of the Board. It is chaired by an experienced non-executive Director and meets at least quarterly. It provides assurance that adequate processes are in place and are being effectively used to manage risk and controls in the organisation. It receives a report from the Risk Manager each quarter and scrutinises selected risks in detail. Management information is used to verify that risks are being appropriately escalated and to assess the overall risk and control environment of the organisation and its performance.

Senior Management Team (SMT)

SMT meets monthly ahead of Board meetings and spends significant time discussing the management and mitigation of risks as a standing agenda item. SMT agendas are largely focussed on key areas of risk. The profile of risk management has been raised amongst the management community, and the culture further embedded through the hierarchy of the organisation with all directorates reporting regularly to SMT on the management of risks within their area. These arrangements are supported by quarterly meetings (or sooner if required) between DBS Risk Manager and HO Sponsor Unit to ensure that DBS adequately manages the strategic risks reported within HO. Each Director provided the AO with a nine month Assurance Statement during the reporting period, these assurances were confirmed at the 12 month stage.

Risk Improvement Forum (RIF)

RIF met monthly. The Chief Financial Officer is accountable for effective operation of the monthly RIF as a delegated function from SMT. As chair; he is supported by forum members who include representative Heads of Service from each Directorate. RIF keeps under review the risk maturity of the organisation and provides assurance to SMT that all Corporate and Directorate risks and issues are managed effectively. Together they scrutinise the risk environment at a more detailed level and offer challenge to risk evaluations and mitigating actions to ensure active relevant risk management at all levels of the organisation.

Internal Audit

Under the terms of the DBS Framework Document, Government Internal Audit & Assurance (GIAA), formerly Home Office Internal Audit (HOIA) provides an independent and objective internal audit service operating to Public Sector Internal Audit Standards, supported by an agreed audit methodology documented in the GIAA Audit Manual.

They provide assurance in respect of DBS' governance, internal control and risk management framework. It also helps to ensure that I, as AO, and ARC meet the internal audit related requirements of Managing Public Money and the Audit Committee Handbook.

DBS had in place an internal audit programme for 2015-16, which GIAA delivered, covering both business as usual and programme related activity. This programme of work received the formal approval of ARC in June 2015. The programme received progress reviews at quarterly DBS SMT and ARC meetings. In addition, these forums also monitored the organisation's progress in implementing management actions arising from GIAA reports. The Head of Internal Audit provided the required annual opinion, which gave an overall assurance level of moderate, to the March 2016 ARC meeting.

In support of its opinion GIAA provided the following narrative on its findings. DBS is on target to achieve all but one of its published standards; with the one marginally missed due to issues beyond DBS's direct control. Further delays to the implementation of the R1 IT system and backlogs in a key police disclosure unit have had an impact on DBS this year. A continuation of the work undertaken by management to ensure delivery by key partners remains imperative if DBS is to achieve the corporate objectives outlined in its three-year strategic plan. Meanwhile, the business is also preparing itself for transition. The first phase of organisational design activity has completed and the second phase, focusing on the target operating model, is about to commence. Re-organisation and re-alignment of the Finance and HR functions to support transition is having a positive impact.

The risk management framework continues to be enhanced and the work of RIF is embedding good risk management practice throughout the organisation. The business has also begun a number of initiatives to develop strategic approaches to quality management, workforce planning and data management. These will further strengthen governance, risk management and control arrangements within DBS.

Financial Management

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

Fees and budgets were agreed in advance for the financial year, taking into account forecast volumes and business planning objectives. Budgets were scrutinised at a senior level across DBS in advance of formal approval by Board and HO Sponsor Unit. 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 and quarterly forecasts.

Actual financial performance against budget and forecasts was reported to SMT and Board on a monthly basis, with key variances, risks and other relevant financial information being highlighted.

DBS continues to ensure delivery of its business plan objectives in a cost effective manner.

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.

In 2014 the Office for National Statistics (ONS) concluded that DBS should be recorded as a Public Non-Financial Corporation (PNFC) for accounting purposes only. Since then additional provisions have been added to the Eurostat guidance that regulates these matters which resulted in DBS being recorded as a Central Government Body for accounting purposes and therefore DBS remains a NDPB. This change was retrospectively applied from 1 December 2012.

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

We publish Board member expenses on the Gov.uk website under 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.

Profile of Major Risks

DBS operated in a particularly challenging environment this year with the most significant risks largely dependent upon the performance of external suppliers.

Strategic issues and risks (2015-16)
• Failure to deliver Release 1, DBS modernised IT system
• Failure of the MPS to deliver disclosure and barring checks within the SLA targets
• Leadership of Barring function due to the departure of the Director
• Data Protection - managing and sharing information
• Failure of DBS operations to maintain work in progress at an optimum operational level
• Product demand and/or mix does not match forecast levels

Current significant strategic issues/risks:

1. R1 systems, processes and benefits in 2015-16:

R1 is a major IT project which will replace and improve our systems and will also increase our efficiencies, delivering additional benefits to our customers. The implementation of R1 is largely dependent upon the performance of TCS, and has been delayed due to issues identified during TCS' systems integration testing. The realisation of R1 benefits is therefore delayed and operational risk increased by having to rely upon our ageing legacy systems for longer than anticipated. The re-planning of the R1 implementation continues to be closely monitored by DBS Senior Responsible Owner to ensure that robust delivery plans are in place. The Cabinet Office Infrastructure & Projects Authority are being kept informed and continue to review progress.

2. MPS:

DBS funds police forces for the work it requires them to carry out, and monitors their performance through a SLA to which all police forces work. These SLAs were agreed between DBS and the National Police Chief's Council in August 2014. The MPS currently does not meet its performance targets for processing disclosure and barring information. This results in delays in sharing information with DBS and for applicants obtaining their certificates which has resulted in a significant increase in customer complaints. DBS has taken a proactive approach with the MPS and worked with them to support their recovery plan, for which they are accountable, to ensure that they can meet and stay within their SLA targets. The recovery plan is now in place and progress is being made in line with the plan.

3. Leadership of the Barring Function:

This issue emerged after the departure of the permanent barring operations Director and significant periods of absence amongst the leadership team. SMT proactively managed the issue and a permanent Director was appointed during 2016-17.

4. Data Protection:

The Data Assurance risk reported in last year's statement has been developed and broadened to provide a high level overview, including actions and mitigations to control Data Protection breaches and more generally, Information Governance around data sharing policies and procedures. This year's data losses are detailed on page 36.

Improvements since last Statement

In last year's Governance Statement, the AO reported against several significant risks and issues that were being managed by DBS at that time. I can confirm that significant progress has been made on the following issues:

1. Capacity and Capability:

An increase in skills and capability has been delivered supported by a Leadership Programme and the re-positioning of a Strategic Workforce Planning Forum with robust processes for managing establishment changes. As well as the planned delivery of the Target Operating Model (TOM) to strengthen delivery capabilities and a renewed performance management policy and procedure with supporting competency frameworks. This risk is now managed at directorate level.

2. Operational Supply Chain Delivery:

This issue has now been separated to manage the risks associated with Police, TCS and RBs individually.

3. Data Assurance:

A Data Management Action Group was set up by the Senior Information Risk Owner (SIRO) to undertake the actions required to mitigate a prior Data Assurance issue. All priority actions from the Data Management Action Group plan have now been delivered. SIRO also

requested that a GIAA be commissioned on data handling procedures which has provided a high assurance.

Security, Information Management and Assurance

DBS is again fully compliant with Level 2 of the HO group Information Management Maturity Model (One3M) and has achieved Level 3 in some areas. This is a tool for measuring the standards of information management within a business area against the HO information principles. One3M is broken down into seven sections reflecting the Cabinet Office's information principles. Information Asset Owner (IAO) and Records Advisor communities have been established across both sites along with one central asset register. Specialist IAO training has been delivered by The National Archives which reinforced the responsibilities of IAOs and the importance of the management of risk for the data assets. All DBS staff received the annual Data Protection update training including a refresh of the requirements of the Government Secure Classification scheme. During the reporting period, mandated e-learning was launched and was completed by all staff by June 2015.

ISA and Criminal Records Bureau merged to become DBS in December 2012. As reported last year, it was identified that, under legislative provisions, ISA had taken receipt of barring case files between 2009 and 2012 from the NI government relating to individuals who had been subject to barring consideration under previous barring regimes in NI. The management of these files was subject to a Memorandum of Understanding which included terms not allowing DBS to destroy or alter files. DBS became aware that a number of the files transferred to the ISA were subject to file destruction under their data management policies. Pricewaterhouse Cooper was commissioned by DBS chair to review our data retention policies. The review identified examples of good practice and highlighted areas for improvement for which an action plan is in place. The findings did not raise any safeguarding risks.

A data retention policy is in place and reviewed annually. Our policy reflects the specific retention requirements for all aspects of our business and has been considered against the approach taken by comparable organisations. Therefore, I am confident that it provides the detail necessary for us to safely manage the range of data for which we are responsible.

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

DBS deeply regrets personal data-related breaches. As reported last year an increase in data breaches was experienced which occurred during the uploading of addresses on hard copy application forms to the Disclosure system. This issue affected 170 applicants whose certificates contained police information and were sent out to an incorrect address. This has now been largely mitigated by a new scanning solution which was implemented in May 2015 and has been reviewed by Home Office Digital, Data and Technology which confirms its effectiveness. In June 2015 the incidents were self reported to the Information Commissioners Office and in May 2016 a decision notice was received stating that they have decided that no regulatory action is necessary. This is due to the information DBS provided to them when investigating the case being assessed and deemed adequate, the actions taken as a result of the breach and the measures put in place to correct the error bringing the error rate significantly lower at 0.002%.

Since 1 April 2015, the number of applicants whose certificates were sent to an incorrect address reduced to 12 out of 4m certificates issued (0.0003%).

Date of incident	Nature of incident	Nature of data involved	Number of people potentially affected
Certificates issued for the period: 1 April 2015-31 March 2016	Address discrepancies leading to certificates being delivered to wrong addresses	Applicants Names including other names, Address (although may have been incorrect), Date of Birth, Place of Birth, Gender Police Information - Police Records of Convictions, Cautions, Reprimands and Warnings Certificates are issued in an envelope that states only to be opened by addressee and provide return address	12 applicants with certificates issued containing police information

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	2*
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	0
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	7
V	Other	0
Total		9

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

Freedom of Information (FOI)

As a result of last year's Data Integrity Review, during the reporting period we have significantly enhanced our Publication Scheme, including more performance and metrics about our business. The Scheme now includes five comprehensive sets of data which can be viewed on our website. Updates to the existing data are made monthly and follow the FOI approval process.

Business Continuity Planning

TCS is responsible for carrying out disaster recovery testing of the IT systems infrastructure, with the testing schedule and outputs being reviewed by DBS.

DBS and TCS have reviewed and tested the Release 0 (R0) Business Continuity Plans (BCP) using a scripted disaster scenario. Lessons learned from this have been fed into the Master BCP and individual plans owned by each Head of Service or taken forward into the R1 planning where appropriate. ARC regularly reviews the approach to BCP. The current R0 plans underwent a further review in April 2016 and the residual risks are being tolerated. As we move toward implementation of R1, a revised set of BCP/disaster recovery plans will be written to take account of the new IT infrastructure which will bring both DBS sites together onto a shared IT platform.

Programme and Project Management

Last year the Programme Management Office strengthened the quality of programme management controls and established a Programme Board to monitor the delivery of significant DBS projects.

We are also strengthening the staffing resources and capability of the team through the establishment of a Head of Programme Management Office.

To support the delivery of the R1 Project, we have established weekly joint meetings with TCS to monitor and report on work package delivery confidence. Additionally, senior management engagement has been enhanced via monthly meetings between TCS and DBS Directors, focusing on the relationship and strategic delivery of the project.

We have established senior management exchange visits between TCS India and DBS offices to build relationships and accountability for the success of R1 delivery in 2017.

Overall Assessment

Taking into account the internal controls and governance outlined in this statement, my assessment is positive. We have faced significant challenges this year with R1 delays and poor MPS performance, despite this, my assessment is that operationally, we have performed well. We have a stable delivery plan for the modernised system, a healthy financial position, good achievement against our targets and significant management focus on police performance. I have noted above the areas of concern that are absorbing senior management time, some of which are dependent upon our suppliers, yet threaten our ability to meet our objectives. I will continue to press for resolution to these issues in the coming year and we will continue to remain focussed on supporting HO policy and priorities.

Annex – Board members attendance

Name	Role	Board	ARC	F&P	QSC	R&N
Bill Griffiths	Chair	10				
David Clarke	Non-Executive Director ARC Chair	10	5	4		7
Tom Davies	Non-Executive Director R&N Chair	9	5		10	7
Bernard Herdan	Non-Executive Director R1 Project Board rep	9	2	5		
Caroline Tapster <i>Left DBS in June 2015</i>	Non-Executive Director	2			2	1
Catherine Doran	Non-Executive Director F&P Chair	10	4	5	10	
Kath Tunstall	Non-Executive Director QSC Chair	9			9	7
Adrienne Kelbie <i>Left DBS in January 2016</i>	Chief Executive	7				
Adele Downey	Director for Corporate Strategy & People <i>Interim CEO from December 2015, permanently appointed June 2016</i>	9				
Janet Gauld <i>Left DBS in September 2015</i>	Director for Operations (Barring)	0				
Ian Johnston	Director for Operations (Disclosure)	10				
Paul Whiting	Chief Financial Officer	9		4		

NB: During the reporting period: 10 Board meetings took place, 5 ARC, 5 F&P, 10 QSC and 7 R&N. These meetings were complemented by several teleconferences and where appropriate 'out of committee' correspondence.

B Herdan ceased to be a member of ARC during the year, and took up the role as non-executive representative on the R1 Project Board, which meets monthly.

Attendance of Board / Committee members is shown; attendance of non members is not included.

REMUNERATION & STAFF REPORT (Audited)

REMUNERATION REPORT

The Remuneration and Nominations Committee is Chaired by a Non-Executive Director. It is a committee of DBS Board and as such reports into the Board. Details of its membership are set out in the Annex to the Corporate Governance Report. The Board has delegated to the Remuneration Committee the determination of the remuneration packages and other employment benefits of all employees and senior managers up to the CEO.

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 DBS's geographical areas of operation, and to recognise any specialist skills required for each position. The remuneration packages offered by DBS are designed to attract, retain and motivate senior managers and employees.

DBS has a grading structure with salary ranges for each grade. All new positions are graded using job evaluation to ensure that different roles are positioned fairly within the grading structure. An employee's base pay is determined with reference to the relevant salary scale for their role. Pay awards are made annually in line with HM Treasury pay guidance.

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

The contents of the remuneration tables are subject to audit.

REMUNERATION POLICY

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

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

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

Service Contracts

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

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

Service Compensation Scheme.

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

The CEO, Adrienne Kelbie, was appointed on 6 August 2012 for a statutory term of five years, to commence 1 December 2012. The CEO left DBS on 17 January 2016, and Adele Downey, then Deputy Chief Executive, took up the post of Acting Chief Executive pending permanent recruitment, and was formally appointed in June 2016.

Bonuses

The Terms of Appointment for the Chair, CEO 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 Executive Directors and Non-Executive Board Members of DBS. Pay for these individuals is approved by Cabinet Office.

Non Executives	Single total figure of remuneration					
	Fees**		Benefits in Kind		Total	
	(£'000)		(to the nearest £100)		(£'000)	
	2015-16	2014-15	2015-16	Restated 2014-15	2015-16	Restated 2014-15
Bill Griffiths, Chair	40-45	40-45	2,000	1,900	45-50	45-50
David Clarke	10-15	10-15	1,500	100	10-15	10-15
Tom Davies	10-15	10-15	3,000	4,600	15-20	15-20
Bernard Herdan	10-15	10-15	3,400	2,400	15-20	10-15
Caroline Tapster <i>Left DBS in May 2015</i>	0-5 (10-15)	10-15	1,800	4,700	0-5	15-20
Catherine Doran * <i>Started Mar 2015</i>	15-20 (10-15)	0-5 (10-15)	4,300	400	20-25	0-5
Kath Tunstall * <i>Started Mar 2015</i>	15-20 (10-15)	0-5 (10-15)	1,900	200	15-20	0-5

Non-Executives do not receive any pension benefits.

**Due to the timing of commencement, Catherine Doran and Kath Tunstall's actual remuneration paid in 2015-16 included payments relating to duties undertaken in 2014-15*

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

NB. The benefits in kind for Board Member expenses amounted to £18k for the year ending 31 March 2016 (£15k for 2014-15 which has been restated following further review of information)

Executive Directors	Salary ⁵ (£'000)		Benefits in Kind (to nearest £100)		Bonus Payments (£'000)		Pension benefits (£'000) ⁶		Total (£'000)	
	2015-16	2014-15	2015-16	Restated ⁷ 2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	Restated 2014-15
Adrienne Kelbie left Jan 2016 ⁸ Chief Executive	110-115 (125-130)	125-130	0	100	0	0	42	31	150-155	155-160
Adele Downey Deputy Chief Executive/Acting Chief Executive ⁹	80-85 (90-95)	80-85	0	100	0	0	29	18	115-120	95-100
Janet Gauld left Sept 2015 ¹⁰ Director for Operations (Barring)	60-65 (75-80)	75-80	0	400	0	0	15	30	75-80	105-110
Ian Johnston started May 2014 Director for Operations (Disclosure)	85-90	70-75 (80-85)	0	300	0	0	33	27	115-120	95-100
Paul Whiting started August 2014 Chief Financial Officer	100-105	60-65 (100-105)	0	100	0	0	39	24	140-145	85-90

⁵ Figures in brackets reflect the full year equivalent of the salary for individuals appointed to roles during the reporting year, or who left during the reporting year.

⁶ 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.

⁷ Benefits in kind for 2014-15 have been restated following further review of information

⁸ Adrienne Kelbie left on the 17 January 2016. Included in Adrienne's salary is £5,632 for excess annual leave not taken

⁹ During 2015-16, the then Deputy Chief Executive, Adele Downey, was appointed by Board as Acting Chief Executive pending permanent recruitment. Adele was formally appointed as Chief Executive in June 2016

¹⁰ Janet Gauld left on the 11 September 2015. Included in Janet's salary is £3,226 for excess annual leave not taken and £19,284 payment in lieu of notice. The subsequent appointment of an acting Director for Operations (Barring) is not disclosed above, as this temporary post has limited decision making capacity, is not appointed as a Board member by HO and carries no voting rights at Board

Pay multiples

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

The banded remuneration of the highest-paid Director in DBS in the financial year 2015-16 was £110k-£115k (2014-15, £125k-£130k full year figure). This was 4.65 times (2014-15, 5.60) the median remuneration of the workforce, which was £24,215 (2014-15, £22,770).

In 2015-16, no employees (2014-15, nil) received remuneration in excess of the highest-paid Director. Remuneration ranged from £10,000-£15,000 to £110,000-£115,000 (in 2014-15 the range was £10,000-£15,000 to £125,000-£130,000).

Pay Multiples	Year ending 31 March 2016 Salary	Year ending 31 March 2015 Salary
Highest Paid Director's Total Remuneration £('000)	110-115	125-130
Median Paid Employees Total Remuneration £	24,215	22,770
Ratio	4.65	5.60

The ratio has decreased in comparison to the previous year due to the highest paid Director remuneration being lower than last year.

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

Board Members' Expenses

Board Members' total travel and subsistence expenses for year ending 31 March 2016 amounted to £58k. Expenses were paid in accordance with HO Policy.

Salary

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

Benefits in Kind

Executive Directors' place of work was classified as single site at either Stephenson House or Shannon Court. Non-Executive Directors' place of work was classified as dual for both sites.

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.

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

Executive Directors	Accrued pension at pension age as at 31/03/16 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/16 £'000	CETV at 31/03/15 £'000	Real increase in CETV £'000
Adrienne Kelbie <i>left Jan 2016</i> <i>Chief Executive</i>	5-10	0-2.5	97	70	16
Adele Downey <i>Deputy Chief Executive/Acting Chief Executive</i>	40-45	0-2.5	652	576	22
Janet Gauld <i>left Sept 2015</i> <i>Director for Operations (Barring)</i>	20-25	0-2.5	398	378	7
Ian Johnston <i>Director for Operations (Disclosure)</i>	0-5	0-2.5	46	20	17
Paul Whiting <i>Chief Financial Officer</i>	0-5	0-2.5	44	17	18

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 will switch into

alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) 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 salary-related and range between 3% and 8.05% of pensionable earnings for members of **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. 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 three 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. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. 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% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

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

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Staff numbers and related costs comprise:

	Permanently employed staff £000	Others £000	2015-16 Total £000	2014-15 Total £000
Wages and salaries	21,231	2,001	23,232	22,858
Social security costs	1,419	-	1,419	1,385
Other pension costs	4,053	-	4,053	3,438
Total net costs	26,703	2,001	28,704	27,681

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

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

The PCSPS and the Civil Servant and Other Pension Scheme, known as "alpha" are unfunded multi-employer defined benefit schemes in which DBS is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2015-16, employers' contributions of £4.0 million (2014-15: £3.4 million) were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2014-15: 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2015-16. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £34k (2014-15: £32k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3.0% to 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) (2014-15: 3.0% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £4k, 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 (2014-15: £2k, 0.8%), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil (2014-15: £nil). Contributions prepaid at that date were £nil (2014-15: £nil).

Two staff retired early on ill-health grounds; the total additional accrued pensions liabilities in the year amounted to £4k (2014-15: £nil).

Average number of persons employed

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

	Permanently employed staff	Others	2015-16 Total	2014-15 Total
Directly Employed	705	52	757	726
Other	-	14	14	19
Total	705	66	771	745

Reporting of Civil Service and other compensation schemes – Exit packages

Comparative data for 2014-14 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	-	0 (0)	0 (0)
£10,000 - £25,000	-	0 (0)	0 (0)
£25,000 - £50,000	-	0 (3)	0 (3)
£50,000 - £75,000	-	0 (1)	0 (1)
£75,000 - £100,000	-	0 (1)	0 (1)
£100,000 - £125,000	-	0 (2)	0 (2)
£125,000 - £150,000	-	0 (1)	0 (1)
Total number of exit packages	-	0 (8)	0 (8)
Total cost / £'000s	-	0 (646)	0 (646)

OUR STAFF – (not audited)

Our people are at the very heart of our corporate strategy and plan. It is through their commitment and dedication that we bring the plan to life; and in doing so keeps the children and vulnerable adults in our communities safe. This can only be done through a team that is fully engaged in what we do and where we have the right people, with the right mix of skills to drive our progress.

We have done a lot of work this year reviewing our management structures and ensuring that our organisation design framework is fit for the future and in line with our TOM. Furthermore, we have strengthened our leadership capability through the recruitment of individuals to key positions and through the investment made in a range of development opportunities made available to our senior management to build and lead their teams.

Our new characteristics underpin how we work. Earlier in the year we engaged the entire workforce in developing these values. This was a significant engagement event that allowed us to truly work together to define the organisation. The characteristics are:

- Customer Focused – we work effectively with each other, our partners and the government to protect the public – responding to emerging priorities and exceeding expectations
- Professional – we're the best at what we do through expert advice, guidance and insight we have earned the confidence of the public, stakeholders and the government
- Accountable – we take ownership for our actions, understanding the seriousness of the work we do and the impact on individuals, employers and the economy
- Ambitious – we are performance driven and resilient, embracing new challenges and expanding our services to add value to the government
- Trusted – we do the right thing, even in difficult circumstances, using our experience and available intelligence to influence policy and make objective decisions

Over the last year DBS has continued to deliver and perform well against its key milestones. A review of how we monitor performance and conduct the Personal Development Review process with our colleagues was also undertaken.

Equality and Diversity

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

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

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

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

We have an Equality and Diversity Forum which is responsible for ensuring compliance with equality legislation and reviewing performance against the aims of DBS Equality and Diversity Strategy.

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

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

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

The tables below provide diversity data on our staff, excluding Non-Executive Board Members. The final table details the breakdown by gender of staff and Non-Executive Board Members.

Assumptions are not made about an individual's equality characteristics. Staff self define their equality characteristics and can withhold personal information in diversity monitoring. The statistics used in this report show unknown data where employees have not declared their equality characteristics. The declaration rate excludes those staff that has not provided their equality characteristics.

Diversity Data

Ethnicity <i>Declaration rate 95.33%</i>	Number	Percentage
White	755	92.75%
Minority Ethnic	21	2.58%
Unknown/Undeclared	38	4.67%
Religion <i>Declaration rate 90.42%</i>	Number	Percentage
Christian	490	60.20%
Other religious belief	47	5.77%
No religion	199	24.45%
Disability <i>Declaration rate 99.75%</i>	Number	Percentage
Non disabled	716	87.96%
Disabled	96	11.79%
Sexual Orientation <i>Declaration rate 91.65%</i>	Number	Percentage
Heterosexual	735	90.29%
LGB	11	1.35%
Unknown/Undeclared	68	8.35%
Age	Number	Percentage
16-29	75	9.21%
30-39	250	30.71%
40-49	254	31.20%
50-59	192	23.59%
60+	43	5.28%
Working Pattern	Number	Percentage
Full Time	582	71.50%
Part Time	232	28.50%

Gender breakdown	Female	Male	Total
Non-Executive Directors - Board Members	2	4	6
Executive Directors - Board Members	1	2	3
Employees	479	332	809
Total	480	339	819

Employee Involvement

Ensuring our people are actively involved in and committed to the achievement of our corporate strategy is essential to the success of DBS.

We regularly update staff on our business plans, results achieved, and opportunities to input into how we can continue to improve. The bottom-up approach to our business planning activity this year provided an excellent opportunity for our staff to directly engage in corporate planning, which resulted in very positive engagement and feedback.

A significant step change has been achieved in the relationship between Management and Public & Commercial Service Union (PCS) through more collaborative working. This approach has been underpinned by a DBS Employee Relations Strategy and Framework which has employee engagement at its centre.

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

Sickness Absence Levels

In the previous financial year 2014-15, the average number of days per person recorded as sickness was 10.66 at the end of March 2015.

The average number of days per person recorded as sickness over the last 12 months was 10.90 as at the end of March 2016. Extensive efforts to reduce the average working days lost per employee continue across DBS.

The continued health and well-being of our workforce is a continuing priority for the management of DBS. Support to individuals and their managers to ensure correct and timely advice is given has been key in the year. Additionally, we have implemented a new absence policy which is underpinned by improved management training. The initiatives taken have been positively received by our people and their PCS colleagues.

Spend on consultancy/temporary staff

DBS has spent £1.8m 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 obligations. The table below provides a breakdown of contractor resources for 2015-16 broken down by the time period that each individual resource was/has been in post.

Duration	Count
0-6 months	0
6 months – 1 year	6
1-2 years	8
2-3 years	3
Total for 2015-16	17

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

PARLIAMENTARY ACCOUNTABILITY & AUDIT REPORT

REGULARITY OF EXPENDITURE

Our Resources

Funding

DBS is a self-funding NDPB, operating on a full cost-recovery basis, and is dependent upon the volumes of applications for certificates and Update Service subscriptions received each year to generate the required level of income, based on the fee set by the government. There are different levels of fee for standard (£26) and enhanced criminal records checks (£44). Fees for both certificate levels and the Update Service (£13) allow volunteer applications to be processed free of charge. The fee income generated from enhanced certificates also funds the barring functions of DBS.

DBS is expected to make neither a surplus nor a loss. Effective cost controls are important elements of our business planning. We can only set budgets on an in-year basis. Intelligence on service volumes can be very volatile despite our existing mature demand/volume planning function.

Our finance team has been restructured during the year to provide continued support to SMT and Board, with additional qualified professionals joining the team. This reflects the increased prominence of the role of finance to the business and its positive impact on performance reporting, forecasting and decision making.

2015-16 Year End Position

Our year end outturn position of £24.3m net income is considerably higher than originally anticipated due to a number of reasons, the key factors including:

- Increased disclosure and update service volumes
- A triggered contractual reduction in TCS costs arising from increased disclosure volumes
- R1 delay leading to slippage of a number of IT related costs
- Under spends on a range of strategic initiatives that DBS were able to deliver at less than expected costs this year
- Delays in recruiting to a range of vacancies

Although a breakeven budget was originally set for 2015-16, the potential surplus position, together with explanations on variances was reported on a monthly basis to Board and HO Sponsor unit. The budget for 2016-17 is set at a breakeven position but recognised that there are a number of uncertainties including the R1 project.

As DBS works towards R1 delivery and the potential benefits that may be realised in future periods, work is ongoing on developing a DBS fee strategy to assess implications on pricing of our products in future periods.

Cash balances

Income received by DBS in relation to certificates and Update Service subscriptions is deposited into the Royal Bank of Scotland, which provides services under the Government Banking Service (GBS). This account is managed by TCS on behalf of DBS, and is transferred to the DBS main bank account on a monthly basis.

The cash balance at 31 March 2016 was £56.1m. Of this amount, £13.5m was reimbursed to HO in April 2016 for invoices they paid in March 2016 on behalf of DBS. This is included within the payables section of the accounts.

Capital expenditure and non-current assets

During 2015-16, capital additions amounted to £5.7m. This relates mainly to the development of the IT system being developed by TCS.

As at 31 March 2016, DBS held non-current assets of £37.8m. Of this amount, £36.7m related to intangible assets, mainly for development of R1 through the PFI arrangement.

Transparency

We support the Government's Transparency Programme, which enables the public to hold politicians and public bodies to account. It aims to reduce the government deficit and to deliver better value for money in public spending and to realise significant economic benefits by enabling businesses and non-profit organisations to build innovative applications and websites using public data. We follow the government's guidance on release of data in an open, non-proprietary standardised format via the FOI Act and our Publication Scheme. During the reporting period, we responded to 97 FOI requests, and responded to 100% of those within the 20 day target.

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 five days. The responsibility for paying DBS invoices belongs to Shared Services Connected Limited. We aim to pay all valid invoices within five days of receipt. We paid 91.31% of invoices within five working days in 2015-16 (2014-15 was 94.61%).

Losses and Special Payments (Audited)

There were two cases of fruitless payments (payments without corresponding receipt of service) as at 31 March 2016 (2014-15: eight cases). The total amount paid was £242 (2014-15: £593).

There were 176 cases of ex-gratia payments as at 31 March 2016 (2014-15: 222 cases). The total amount paid was £106k (2014-15: £169k). These payments relate to claims from members of the public for loss of earnings as a result of delays in DBS checking service and claims of maladministration. These payments are restricted to delays related solely to DBS processing.

Audit Fees (Audited)

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

FEES AND CHARGES (Audited)

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

	2015-16					2014-15
	Income	Costs	Surplus/ (Deficit)	Actual % recovery	Planned % recovery	Surplus/ (Deficit)
Activity	£'000	£'000	£'000			£'000
Enhanced DBS checks	135,218	(105,871)	29,347	128%	100%	3,792
Standard DBS checks	7,453	(7,252)	201	103%	100%	1,216
DBS Adult First	1,025	(1,121)	(96)	91%	100%	1,029
Update Service	7,126	(12,352)	(5,226)	58%	100%	862
Other*	533	(491)	42	109%	100%	222
Total	151,355	(127,087)	24,268			7,121

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

A description of the key DBS products can be found in the section titled Our Functions within the Annual Report.

During the year DBS reassessed the allocation of costs against products to ensure full costs of each service are appropriately apportioned.

Total costs are now apportioned to the appropriate income stream based on an estimate of the share of the costs applicable to that product. The costs of barring and corporate running costs have been shared across all products based on volume.

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 to the accounts, Statement of Operating Costs by Operating Segment.

Notional Cost per paid applications received in 2015-16*

	Costs £'000	Applications £000	Notional Cost £
Enhanced DBS checks **	105,871	3,092	34.64
Standard DBS checks	7,252	288	25.44
Update Service Subscriptions **	12,352	548	22.83

*Cost of processing a paid DBS check application is based on 20.6% (update service 24.7%) of the figures shown above being free-of-charge. Used for full-cost recovery purposes.

** Depreciation charges apply to all three products

Notional Cost per paid and volunteer applications received in 2015-16*

	Costs £'000	Applications £000	Notional Cost £
Enhanced DBS checks **	105,871	3,955	27.08
Standard DBS checks **	7,252	302	24.25
Update Service Subscriptions **	12,352	728	17.19

As noted in earlier in this report, we are developing our fee product strategy and this will consider the pricing of each of our products in future periods to ensure full cost recovery.

Remote contingent liabilities

There were no remote contingent liabilities for DBS at 31 March 2016.

LONG TERM EXPENDITURE TRENDS (Audited)

	2015-16 £000	2014-15 as restated £000	2013-14 as restated £000
Income	(151,355)	(145,464)	(135,031)
PFI service charges	40,459	51,873	66,451
Police costs	30,428	28,188	26,154
Staff costs	28,704	27,681	24,324
IT costs	13,351	8,678	3,672
Other costs	8,912	12,032	5,001
Depreciation, amortisation and impairment costs	5,233	9,891	12,969
Net expenditure / (surplus)	(24,268)	(7,121)	3,267

Note: for the purposes of expenditure trends 2012-13 has been excluded as DBS only commenced in December 2012

The above analysis indicates continued growth in our income arising from the introduction of the Update Service in June 2013, in addition to continued growth in disclosure volumes.

This has impacted on our staffing requirement and the volumes of disclosures issued to police forces for their input.

In terms of trends for our PFI service charges, TCS commenced contract provision in March 2014. The nature of this new arrangement differed from the previous supplier as historically a number of additional services were also provided within the arrangement, for example rental and facilities management for our Liverpool site.

The increase in our IT costs reflects additional hosting support for our new R1 system.

Other costs have increased from 2014-15 due to DBS now being directly responsible for rental and facilities management charges. The fall in 2015-16 reflects a reduction in PFI interest as the balance sheet liability has reduced as ongoing repayments have been made. This liability should be fully repaid at 31 March 2017.



Adele Downey
Accounting Officer
1 March 2017

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 2016 under the Protection of Freedoms Act 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures within the Accountability Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Disclosure and Barring Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Disclosure and Barring Service; and the overall presentation of the financial statements.

In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state the Disclosure and Barring Service's affairs as at 31 March 2016 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Protection of Freedom's Act 2012 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures within the Accountability Report which include information to be audited have been properly prepared in accordance with Secretary of State directions made under the Protection of Freedom's Act 2012; and
- the information given in the Performance Report and Accountability 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 parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

9 March 2017

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

**Statement of Comprehensive Net Expenditure
for the year ended 31 March 2016**

		2015-16	Restated
	Note	£'000	2014-15
		<u>£'000</u>	<u>£'000</u>
Income from sale of goods and services	5	(150,882)	(145,290)
Other operating income		<u>(473)</u>	<u>(174)</u>
Total operating income		<u>(151,355)</u>	<u>(145,464)</u>
Staff costs	3	28,704	27,681
Purchase of goods and services	4	91,298	96,870
Depreciation and impairment charges		5,233	9,891
Provision expense		95	200
Other operating expenditure		<u>1,265</u>	<u>1,462</u>
Total operating expenditure		<u>126,595</u>	<u>136,104</u>
Net operating expenditure		<u>(24,760)</u>	<u>(9,360)</u>
Finance expense		<u>492</u>	<u>1,721</u>
Net expenditure for the year		<u>(24,268)</u>	<u>(7,639)</u>
Cost of Capital dividend		-	518
Net expenditure after dividend payment		<u><u>(24,268)</u></u>	<u><u>(7,121)</u></u>
Other Comprehensive Net Expenditure			
		2015-16	Restated
	Note	£'000	2014-15
		<u>£'000</u>	<u>£'000</u>
Items which will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of property plant & equipment		(1)	(116)
- Net (gain)/loss on revaluation of Intangible assets	6	-	(68)
Comprehensive net expenditure for the year		<u>(24,269)</u>	<u>(7,305)</u>

The accounts for 2014-15 have been restated due to a change in accounting policy for deferred income as detailed in note 14.

The notes on pages 62 to 78 form part of these accounts.

Statement of Financial Position

as at 31 March 2016

		2015-16 £'000	Restated 2014-15 £'000	Restated 2013-14 £'000
	Note			
Non-current assets:				
Property, plant and equipment		1,190	1,266	1,712
Intangible assets	6	36,651	36,152	34,273
Total non-current assets		37,841	37,418	35,985
Current assets:				
Trade and other receivables	8	19,729	14,453	13,727
Cash and cash equivalents	9	56,069	43,934	23,015
Total current assets		75,798	58,387	36,742
Total assets		113,639	95,805	72,727
Current liabilities:				
Trade and other payables	10	(51,060)	(54,325)	(30,788)
Provisions		(1,164)	(222)	(44)
Total current liabilities		(52,224)	(54,547)	(30,832)
Total assets less current liabilities		61,415	41,258	41,895
Non-current liabilities:				
Other payables	10	-	(3,223)	(11,135)
Provisions		(76)	(965)	(994)
Total non-current liabilities		(76)	(4,188)	(12,129)
Total assets less total liabilities		61,339	37,070	29,766
Taxpayers' equity and other reserves:				
General fund		61,169	36,761	29,400
Revaluation reserve		170	309	366
Total equity		61,339	37,070	29,766

The financial statements on pages 58 to 61 were approved by the DBS Board on 29 June 2016

Approved by Adele Downey as Accounting Officer for Disclosure and Barring Service

Signed:



Date: 01/03/2017

The notes on pages 62 to 78 form part of these accounts.

The accounts for 2014-15 have been restated due to a change in accounting policy for deferred income as detailed in note 14.

Statement of Cash Flows

for the year ended 31 March 2016

		2015-16 £'000	Restated 2014-15 £'000
	Note		
Cash flows from operating activities			
Net operating (cost) / surplus		24,268	7,639
Adjustments for non-cash transactions		5,302	9,678
(Increase)/decrease in trade and other receivables	8	(5,276)	(726)
<i>Less movements in receivables not passing through the Statement of Comprehensive Net Expenditure</i>		26	413
Increase/(decrease) in trade payables and other payables	10	(6,488)	15,625
<i>Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		4,790	3,129
Use of provisions		(42)	(51)
Net cash inflow from operating activities		<u>22,580</u>	<u>35,707</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(276)	(27)
Purchase of intangible assets	6	(160)	(95)
Net cash outflow from investing activities		<u>(436)</u>	<u>(122)</u>
Cash flows from financing activities			
Consolidated Fund Extra Receipts (CFER) paid (funding returned to Home Office)		-	(1)
Capital element of payments in respect of finance leases and on-balance sheet (SoFP) PFI contracts		(10,009)	(14,665)
Net financing		<u>(10,009)</u>	<u>(14,666)</u>
Net increase/(decrease) in cash and cash equivalents in the period		<u>12,135</u>	<u>20,919</u>
Cash and cash equivalents at the beginning of the period	9	<u>43,934</u>	<u>23,015</u>
Cash and cash equivalents at the end of the period	9	<u>56,069</u>	<u>43,934</u>

The notes on pages 62 to 78 form part of these accounts.

The accounts for 2014-15 have been restated due to a change in accounting policy for deferred income as detailed in note 14.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2016

	General Fund £'000	Revaluation Reserve £'000	Taxpayers' equity £'000
Note			
Balance at 31 March 2014	32,068	366	32,434
Opening balance adjustment	(2,668)		(2,668)
Restated balance at 1 April 2014	29,400	366	29,766
Comprehensive Net Expenditure for the year	7,121	-	7,121
Grant in Aid	-	-	-
CFERs payable to the Consolidated Fund	(1)	-	(1)
Non-Cash Adjustments:			
Net gain/(loss) on revaluation	-	184	184
6.1			
Movement in reserves:			
Transfers between reserves	241	(241)	-
Balance at 31 March 2015	36,761	309	37,070
Balance at 1 April 2015	36,761	309	37,070
Comprehensive Net Expenditure for the year	24,268	-	24,268
Non-Cash Adjustments:			
Net gain/(loss) on revaluation	-	1	1
Movement in reserves:			
Transfers between reserves	140	(140)	-
Balance at 31 March 2016	61,169	170	61,339

The notes on pages 62 to 78 form part of these accounts

The accounts for 2014-15 have been restated due to a change in accounting policy for deferred income as detailed in note 14.

Notes to the NDPB's Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 FReM issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of DBS for the purpose of giving a true and fair view has been selected. The particular policies adopted by the DBS for the financial year ended 31 March 2016 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 HO on 2 May 2013 in accordance with PoFA.

On 30 November 2015 the ONS issued a National Accounts Classification Decision which classifies DBS as a NDPB effective from 1 December 2012. This change in accounting status means DBS will now be recorded as a Central Government Body for accounting purposes.

This reversion in status is due to new regulations in the way organisations are classified, the level of business carried out for other government departments and the fact that DBS is the single supplier for the services provided.

1.1 Accounting convention

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

1.2 Going concern

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

1.3 Restatement of 2014-15 results

The results for 2014-15 have been restated to reflect changes in accounting policy for deferred income (note 14). The Statement of Financial Position (SoFP) includes the restated figures for 2013-14 for comparison purposes only.

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 2016, 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:

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

Due to changes to planned delivery of the R1 project DBS reviewed and revised the estimated remaining life of its non-current assets to reflect the extended use of existing assets. As a result of this change in estimated life, £0.8m of costs relating to Intangible IT will move from this period into year ending 31 March 2017.

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 SoFP. DBS consider their current property leases to be operating leases.

Service concession arrangements

DBS is party to a 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. This judgement is considered in note 1.7. Judgement continues to be applied to the estimated percentage completion of the R1 asset and hence the valuation in the accounts. On the basis the project was delayed in year, the percentage completion included within the accounts at 31 March 2016 was not as far as originally planned, hence only a relatively small in year addition.

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 Intangible Assets

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

An annual revaluation exercise has been conducted in accordance with appropriate ONS indices and where a material revaluation is deemed necessary this has been taken to the revaluation reserve and/or Statement of Comprehensive Net Expenditure (SoCNE) as appropriate.

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

A review of assets was undertaken in March 2016 to ensure that the purpose for which the asset was being constructed and its associated valuation was appropriate.

1.6 Amortisation

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

- Information Technology – from date of recognition to end of useful economic life (3 to 15 years) - an increase from 3-13 years in 2015-16
- Software Licenses – from date of recognition to end of useful economic life (3 to 15 years) - an increase from 3-10 years in 2015-16

1.7 Service concessions (PFI/PPP)

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

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

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

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

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

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

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

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

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

PFI note 11 provides details of how DBS accounts for such arrangements and the financial commitments outstanding.

1.8 Cash and Cash Equivalents

Cash in the SoFP comprises cash at bank and in hand - see note 9.

Cash and cash equivalents in DBS's SoFP comprise balances held by the GBS. Income received in relation to checks is banked daily in certain DBS bank accounts, which are managed by TCS on its behalf.

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

1.9 Income & Income Recognition

Income represents fees charged to:

- applicants for applications for enhanced and standard checks of prescribed criminal record information
- register corporate bodies and signatories to access the criminal record process
- registered bodies for DBS Adult First
- applicants for Update Service subscriptions
- rental income

Recognition of income:

DBS now considers the significant risks and rewards of ownership to transfer when a disclosure certificate has been issued by DBS, or for the Update Service, when a subscription is active and available to the customer. For disclosures and update service subscriptions, the updated view is that we have only a single performance obligation and it is satisfied at the point the disclosure is issued (as we transfer physical possession of the certificate), or for the Update Service, access to the subscription is granted (as this provides them with the risks and rewards of ownership of the subscription). This means that revenue should be recognised at the same point. The impact of this change in accounting policy is detailed in Note 14.

1.10 Pensions

Principal Civil Service Pension Scheme (PCSPS):

The Department recognises the expected costs on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Partnership and Stakeholder Schemes:

The employer made a basic contribution of between 3% and 12.5% of pensionable earnings up to 30 September 2015 and between 8% and 14.75% of pensionable earning from 1 October 2015 (depending on the age of the member). This contribution is paid into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contributed a further 0.8% of pensionable pay up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

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

1.11 Value Added Tax (VAT) and Corporation Tax

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 rental income.

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

IFRS 9 Financial Instruments was issued in July 2014, effective for periods beginning on or after 1 January 2018. It is not yet adopted by the EU. HM Treasury is working towards implementing the standard in the FReM from 2018-19. It is not expected to have a material impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers was issued in May 2014, effective for periods beginning on or after 1 January 2018. It is not yet endorsed by the EU but is expected to be in late 2016. HM Treasury is working towards implementing the standard in the FreM from 2018-19.

It is not expected to have a material impact on the financial statements.

IFRS 16 Leases was issued in January 2016, effective for periods beginning on or after 1 January 2019. The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.

2. Statement of Operating Costs by Operating Segment

2015-16

	Operations Disclosure £'000	Operations Barring £'000	Information Directorate * £'000	Corporate Strategy & People Directorate & CEO * £'000	Finance & Corporate Support * £'000	Total £'000
Gross Expenditure	91,121	8,822	17,398	5,207	4,539	127,087
Income	(150,882)	-	(473)	-	-	(151,355)
Net Expenditure / (Income)	(59,761)	8,822	16,925	5,207	4,539	(24,268)

2014-15 Restated

	Operations Disclosure £'000	Operations Barring £'000	Change (Transition) * £'000	Corporate Services* £'000	Finance & Commercial * £'000	Total £'000
Gross Expenditure	100,916	10,742	15,464	7,476	3,227	137,825
Income	(145,464)	-	-	-	-	(145,464)
Net Expenditure / (Income)	(44,548)	10,742	15,464	7,476	3,227	(7,639)

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

Operations (Disclosure) is responsible for ensuring that DBS delivers an effective end-to-end disclosure service for its stakeholders, which include the police, RB's 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 and RBs. This involves effectively managing all aspects of service delivery and maintaining strong links with these stakeholders.

The Information Directorate (formerly Change (Transition)) is responsible for delivering DBS' business change programme providing programme governance and managing projects to deliver operational and service benefits for the organisation and support new strategic initiatives. Security and Facilities costs transferred to this directorate during 2015-16.

Corporate Strategy & People Directorate & CEO (formerly Corporate Services) is responsible for ensuring that all sponsorship requirements are met, and provide HR and other business support services to our organisation. The legal function transferred from this directorate to Finance and Corporate Support, during 2015-16 and Security and Facility transferred to the Information Directorate.

Finance and Corporate Support (formerly Finance & Commercial) are responsible for providing financial, commercial and legal advice, including the preparation of the Annual Report and Accounts and DBS Business Plan. The legal function transferred to this directorate from Corporate Strategy and People Directorate during 2015-16.

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

3. Staff numbers and related costs

Staff costs comprise:

	2015-16	2014-15
	Total	Total
	£'000	£'000
Wages and salaries	23,232	22,858
Social security costs	1,419	1,385
Other pension costs	4,053	3,438
Total net costs	28,704	27,681

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

4. Other Operating Costs

	2015-16	2014-15
	£'000	£'000
Goods and services		
PFI (and other service concession arrangement) service charges	40,459	51,873
Police and other data source costs	30,428	28,188
Facilities management and staff services	4,904	5,651
Travel, subsistence and other staff costs	660	769
Professional fees	1,411	1,616
Audit fees - External *	85	95
IT running and telephone costs	13,351	8,678
Total	91,298	96,870

* External audit fees for 2015-16 were £95k however, this has been offset by a £10k overprovision from earlier financial years.

5. Income

	2015-16	Restated
	£'000	2014-15
	£'000	£'000
Enhanced DBS checks	135,218	133,231
Standard DBS checks	7,453	6,945
DBS Adult First	1,025	1,029
Update Service	7,126	4,037
Other	60	48
Total income from sale of goods and services	150,882	145,290

Details of fees and charges can be found within the Accountability section of the Annual Report.

6. Intangible assets

				2015-16
	Information Technology £'000	Software Licenses £'000	Assets under Construction £'000	Total £'000
Cost or Valuation				
Balance at 1 April 2015	100,292	7,411	24,932	132,635
Additions	-	160	5,122	5,282
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2016	100,292	7,571	30,054	137,917
Amortisation				
Balance at 1 April 2015	(94,591)	(1,892)	-	(96,483)
Charged in year	(3,571)	(1,212)	-	(4,783)
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2016	(98,162)	(3,104)	-	(101,266)
Net Book Value at 31 March 2016	2,130	4,467	30,054	36,651
Net Book Value at 1 April 2015	5,701	5,519	24,932	36,152
Asset financing:				
Owned	889	3,621	5,738	10,248
Finance leased	-	-	-	-
On balance sheet PFI contracts	1,241	846	24,316	26,403
Net Book Value at 31 March 2016	2,130	4,467	30,054	36,651

6.1 Intangible Assets (continued)

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

7. Financial Instruments

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

8. Trade receivables and other assets

	2015-16	2014-15
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	14,506	14,064
Deposits and advances	5	19
Other receivables	3,115	-
Prepayments and accrued income	2,103	370
Total	19,729	14,453

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

Other receivables relate to a contractual reduction in service costs from TCS receivable in 2016-17, arising from disclosure volumes being higher than anticipated during the 2015-16 financial year.

9. Cash and cash equivalents

	2015-16	2014-15
	£'000	£'000
Balance at 1 April	43,934	23,015
Net change in cash and cash equivalent balances	12,135	20,919
Balance at 31 March	56,069	43,934

The following balances were held at:

Government Banking Service	56,069	43,934
Balance at 31 March	56,069	43,934

The year end balance of £56.1m includes £13.5m owed to Home Office for invoices they paid on behalf of DBS in March 2016.

10. Trade payables and other current liabilities

	2015-16	Restated 2014-15	Restated 2013-14
	£'000	£'000	£'000
Amounts falling due within one year:			
Trade payables	20,549	16,515	10,431
Accruals and deferred income	26,724	27,283	14,613
Dividend	-	518	-
Current part of imputed finance lease element of on-balance sheet PFI contracts	3,787	10,009	5,744
Total	51,060	54,325	30,788
Amounts falling due after more than one year:			
Imputed finance lease element of on-balance sheet PFI	-	3,223	11,135
Total	-	3,223	11,135

Trade payables includes an amount of £13.5m owed to Home Office for invoices they paid on behalf of DBS in March 2016.

The accounts for 2013-14 and 2014-15 have been restated due to a change in accounting policy for deferred income as detailed in note 14.

11. Commitments under PFI contracts

On-balance sheet (SoFP):

Tata Consultancy Services

A PFI contract was signed with TCS on 4 October 2012, with a total original contract value of £170m (gross). Due to a number of contract changes and additional requests for change the overall value of agreed costs with TCS stands at £219m. Following a period of transition from the incumbent supplier, live services commenced on 12 March 2014, and for the contract period up to 31 March 2016 payments of £124m have been made to TCS for application development and management and Business Process Outsourcing services. The contract is due to run for five years from the go live date, with the option to extend for up to a further three years.

Capital spend with TCS consists of the following items:

The total value of the PFI R1 asset is £34.8m, based on the spend set out in the contract above which consists of two milestone payments totalling £4.8m and £30.0m for the core R1 PFI asset. The milestone payments were fully capitalised in 2012-13 and 2013-14 and to date £24.3m of the core R1 asset is reflected as an asset under construction, with an expectation that this will be completed during 2017.

The basis for valuation of the R1 PFI asset under construction has been to recognise expenditure based on the progress made in developing the asset, from information provided by TCS. As a result of the delay in completing the project, it has been assessed that the proportion of build completed at 31 March 2016 was 81% of the total R1 asset value. This has been independently reviewed by DBS staff involved in the project. Once available for use, the asset will become an IT asset and will be amortised over its remaining life.

During 2014-15 and 2015-16 TCS have also developed other assets to support the existing IT system and the R1 development outside of the PFI arrangement with a total value of £5.8m, £0.1m reflected within intangible IT and £5.7m reflected as owned intangible assets under construction. No further capital commitment exists at the year end for assets outside of the PFI arrangement with TCS.

The total amount charged in the SoCNE in respect of the service element of on-balance sheet PFI or other service concession transactions was £40.4m (2014-15 £51.9m). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

	2015-16	2014-15
	£'000	£'000
Minimum lease payments		
Due within one year	37,842	37,205
Due later than one year and not later than five years	39,780	62,144
Due later than five years	-	-
	<u>77,622</u>	<u>99,349</u>
Less interest element	(286)	(2,291)
Present value	<u>77,336</u>	<u>97,058</u>
Service elements due in future periods	31 March 2016	31 March 2015
	£'000	£'000
Due within one year	28,065	37,205
Due later than one year and not later than five years	39,780	62,144
Due later than five years	-	-
Total service elements due in future periods	<u>67,845</u>	<u>99,349</u>
Total Commitments	<u>77,336</u>	<u>97,058</u>

In addition to commitments to TCS under the PFI arrangement noted above, the following other financial commitments have been agreed for change requests to the R1 system totalling £3.9m of which £2.1m is due no later than one year, and £1.8m not later than five years.

12. Related-party transactions

HO is the sponsor department of DBS and is regarded as a related party. During the year to 31 March 2016 DBS had a number of material transactions with HO, and also with other entities for which HO is regarded as the parent department, these are listed below:

Police authorities were regarded as related parties. DBS incurred costs of £30.4m to March 2016 (2014-15: £28.2m) with police authorities in respect of running and set-up costs.

Included within the total expenditure with the police was £1.5m (2014-15: £1.4m for DBS transactions with 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 to 31 March 2016 of £3.0m (2014-15: £3.1m) relating to income for DBS checks carried out during the year.

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

No board member, key manager or other related parties has undertaken any material transactions with the NDPB during the year.

13 Events after the Reporting Period

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

14. Deferred income – prior year adjustment

The accounting policy for income has been updated during the year. Historically, income was recognised when an application was accepted or subscription matched with an enhanced certificate, with income deferred if still being processed by the police.

DBS now considers the significant risks and rewards of ownership to transfer when a disclosure certificate has been issued by DBS, or for the Update Service, when a subscription is active and available to the customer. For disclosures and update service subscriptions, the updated view is that we have only a single performance obligation and it is satisfied at the point the disclosure is issued (as we transfer physical possession of the certificate), or for the update service, access to the subscription is granted (as this provides them with the risks and rewards of ownership of the subscription). This means that revenue should be recognised at the same point, with income being deferred if still being processed by DBS and with the police.

It is believed this change in policy provides a better reflection of when income should be accounted for by DBS. As a result of this change in accounting policy, the results for 2014-15 and 2013-14 have been restated to reflect changes for deferred income.

The analysis below shows the impact that the restatement had on the 2014-15 and 2013-14 results.

Statement of Comprehensive Net Expenditure - Restatement of 2014-15

	Original 2014-15	Amount restated	2014-15 as restated
Income from sale of goods and services	(145,773)	483	(145,290)
Other operating income	(174)	-	(174)
Staff costs	27,681	-	27,681
Purchase of goods and services	96,870	-	96,870
Depreciation and impairment charges	9,891	-	9,891
Provision expense	200	-	200
Other operating expenditure	1,462	-	1,462
Finance expense	1,721	-	1,721
Cost of Capital dividend	518	-	518
Total	(7,604)	483	(7,121)

Statement of Financial Position - Restatement 2014-15

Property, plant and equipment	1,266	-	1,266
Intangible assets	36,152	-	36,152
Trade and other receivables	14,453	-	14,453
Cash and cash equivalents	43,934	-	43,934
Trade and other payables	(51,174)	(3,151)	(54,325)
Provisions	(222)	-	(222)
Long term other payables	(3,223)	-	(3,223)
Long term provisions	(965)	-	(965)
Total Assets Less Total Liabilities	40,221	(3,151)	37,070
General fund	39,912	(3,151)	36,761
Revaluation reserve	309	-	309
Total	40,221	(3,151)	37,070

Statement of Comprehensive Net Expenditure - Restatement 2013-14

	Original 2013-14	Amount restated	2013-14 as restated
Income from sale of goods and services	(135,927)	896	(135,031)
Other operating income	-	-	-
Staff costs	24,324	-	24,324
Purchase of goods and services	95,949	-	95,949
Depreciation and impairment charges	12,969	-	12,969
Provision expense	78	-	78
Other operating expenditure	1,983	-	1,983
Finance expense	2,995	-	2,995
Cost of Capital dividend	-	-	-
Total	2,371	896	3,267

Statement of Financial Position - Restatement 2013-14

Property, plant and equipment	1,712	-	1,712
Intangible assets	34,273	-	34,273
Trade and other receivables	13,727	-	13,727
Cash and cash equivalents	23,015	-	23,015
Trade and other payables	(28,120)	(2,668)	(30,788)
Provisions	(44)	-	(44)
Long term other payables	(11,135)	-	(11,135)
Long term provisions	(994)	-	(994)
Total Assets Less Total Liabilities	32,434	(2,668)	29,766
General fund	32,068	(2,668)	29,400
Revaluation reserve	366	-	366
Total	32,434	(2,668)	29,766

Glossary

AO	Accounting Officer
ARC	Audit and Risk Committee
BCP	Business Continuity Plan
BRIP	Barring Review Implementation Project
CETV	Cash Equivalent Transfer Value
CEO	Chief Executive Officer
CSE	Customer Service Excellence
CSR	Corporate and Social Responsibility
DBS	Disclosure and Barring Service
e-Bulk	Multiple electronic applications and results
FOI	Freedom of Information
FReM	Government Financial Reporting Manual
GBS	Government Banking Service
GIAA	Government Internal Audit and Assurance
HO	Home Office
HOIA	Home Office Internal Audit
IAO	Information Asset Owner
IAS	International Accounting Standard
IICSA	Independent Inquiry into Child Sexual Abuse
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
ISA	Independent Safeguarding Authority
KPI	Key Performance Indicator
MPS	Metropolitan Police Service
NAO	National Audit Office
NDPB	Non-departmental public body
NI	Northern Ireland
ONS	Office of National Statistics
PCS	Public & Commercial Service Union
PCSPS	Principal Civil Service Pension Scheme
PFI	Private Finance Initiative
PMF	Performance Management Framework
PNC	Police National Computer
PNFC	Public Non-Financial Corporation
PoFA	Protection of Freedoms Act
R0	Release 0
R1	Release 1

RB	Registered Body
RIF	Risk Improvement Forum
ROA	Rehabilitation of Offenders Act
SIRO	Senior Information Risk Owner
SLA	Service Level Agreement
SME	Small and Medium Enterprises
SMT	Senior Management Team
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
SVGA	Safeguarding Vulnerable Groups Act
TCS	Tata Consultancy Services Ltd
TOM	Target Operating Model
TRA	Test for Regulated Activity
UK	United Kingdom
VAT	Value Added Tax

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