

# Disclosure

SCOTLAND



## Annual report and accounts

2022/23



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# 1

Performance  
report



## Overview

The purpose of this overview is to provide a summary about Disclosure Scotland's (DS) purpose, our main objectives and strategies, the main risks affecting how we achieve our objectives and how we have performed over the year.

### Chief Executive's foreword

Welcome to the Disclosure Scotland Annual Report and Accounts. I am delighted to report the positive aspects of our development over the course of the financial year as well as some of the challenges we faced and will continue to face. I am also going to look forward and set out how our performance over the past year will be built on in the year ahead.

I would like to highlight some of the main outputs from last year.

- **We delivered online results through a trial service.** We have successfully created a service which can give employers and disclosure subjects a secure online disclosure. This is a first for the organisation.
- **We significantly improved our production systems.** We have released a steady stream of digital enhancements to our systems that make them faster, more secure and more capable.
- **We made new partnerships.** We have partnered with Digital Identity Scotland to pilot new technology that will open online services for all of Scotland's people. We have collaborated with the Scottish Court Service to use an online portal to speed up our PVG barring service, and with local authorities and partners across government to support Scotland in meeting the demands of the



**Gerard Hart**

Chief Executive of Disclosure Scotland

humanitarian crisis caused by the war in Ukraine.

- **We improved our governance.** With recognition from both internal and external audits that our governance systems are robust, we have kept innovating. New Programme Boards have been created and delivered to improve our delivery controls and a strategic design authority will make sure that every project aligns to our bigger picture.
- **We performed strongly in giving the public the disclosure checks they needed.** Disclosure Scotland has, for the last financial year, returned one of its best ever levels of performance including through peak periods, meaning that safeguarding outcomes are improved and employment opportunities progressed more quickly across Scotland.

These are good achievements but there is no room for complacency. Major challenges exist, some that impact all public bodies and some that are specific for us. Our job is to keep getting better, collaborate more, spend money wisely and operate with transparency and integrity to overcome all of the challenges that we face.

- **There's pressure on public finances.** The cost crisis and other macroeconomic circumstances are severely impacting public finances. We have a large programme to deliver. We need to work with our colleagues in central government to maintain progress and pace whilst playing an active part in making money go further, so the government can deliver on all of its vital objectives.
- **The risk of cyber-attack.** As we move our services into the digital domain, we deliver improved security in every area but new risks open up and these threats are ever-evolving from state and criminal actors who seek to damage our systems and data. Our security posture is under constant review to make sure that we can safely deliver great digital public services.
- **We have high levels of technical debt to address whilst simultaneously building new services.** Our production systems need a new platform and processing layer. These are very significant engineering projects that we have been carrying out, whilst also developing and implementing functional improvements. Doing all of these things at the same time is incredibly complex and challenging, but it is completely necessary.
- **We have a complex change portfolio.** We have three Change Programme Boards managing a digital programme, Act programme and a programme of business change to help us meet our strategy for DS 25. We are changing organisational culture to support increased collaboration, alignment between strategy and delivery, and robust project management that is consistent across all activities. We know that we have to keep improving on all fronts.

I hope that all of our colleagues and stakeholders are as enthused and positive about the years ahead as I am. I look forward to continuing to work alongside all of my colleagues here in Disclosure Scotland in the service of Scotland.

## Purpose and activities

As an Executive Agency of the Scottish Government, Scottish Ministers determine our policy and objectives. We deliver those objectives on their behalf. Ministerial responsibility for Disclosure Scotland in 2022/23 rested with the Minister for Children and Young People, Ms. Clare Haughey.

Our role is to provide a service that supports safeguarding, by protecting the vulnerable while balancing the need for people with convictions to move on from their past and contribute to society.

We promote safeguarding by operating the National Barring Service, where we investigate those who may be unsuitable to work with children and protected adults and, if necessary, bar them from such work or volunteering. We provide employers with accurate disclosures that they can use to make safer recruitment decisions.

We offer employers training on how to use disclosures in a fair and appropriate way. We encourage any employer who would like this training to contact us. We are strongly committed as Corporate Parents and are closely engaged with organisations that promote the access of people with convictions to employment, such as 'Release Scotland' and

Our operational functions are largely defined by five pieces of legislation.

- [Police Act 1997 \(part V\)](#)
- [Protection of Vulnerable Groups \(Scotland\) Act 2007](#)
- [Management of Offenders \(Scotland\) Act 2019](#)
- [Age of Criminal responsibility \(Scotland\) Act 2019](#)
- [Disclosure \(Scotland\) Act 2020](#)

During the course of our Corporate Strategy 2021/25, we will bring the new [Disclosure \(Scotland\) Act 2020](#) into force.

## Our strategy

We published our Corporate Strategy and Plan, DS 25, in 2021. It detailed the outcomes we will achieve through providing excellent disclosure and PVG Barring Services to the people of Scotland.

This report provides a 'state of the nation' update on our progress towards these outcomes and the data herein should be considered through the lenses of these objectives. Even business as usual data has strategic relevance as our production systems stabilise, optimal performance becomes the new normal and costs for production reduce.

Paradoxically, change is the consistent feature of the period 2021 to 2025. Our strategy sets out an exciting vision for how Disclosure Scotland will contribute to Scotland flourishing in the years ahead, both economically and in helping protect all of us at the times in our lives when we are most vulnerable. The following bullet points list what we need to do.

- Develop our people in the workplace, building skills, knowledge and capacity.
- Apply digital innovation to everything we do.
- Engage with our customers and stakeholders in a genuine and meaningful way as we improve existing and deliver new services.
- Cut unnecessary spending and run an efficient organisation.
- Embrace change to realise the amazing ambition that lies behind the new legislation contained in the Disclosure (Scotland) Act 2020.

Our strategy commits us to deliver two main things: first, to make services better incrementally and, second, to implement the outcomes flowing from the policies within the Disclosure (Scotland) Act 2020. Part one of this means that we need to do the basics right and make strategic choices that allow us to get better at delivering business as usual services. We also need to introduce new capabilities under the current legislation, whilst making sure that these can be built upon to eventually deliver the services of tomorrow.

Our task is more complex because of the high levels of technical debt inherited from the 2019 programme that delivered our PASS system. We are tackling that in a way that also allows us to fix today's issues and also create a platform fit for tomorrow's innovations. We are on course to do that as this report shows, but we must remain agile and focused. Our governance capability must continue to evolve to stay as sharp and focused as will undoubtedly be needed, to maintain progress at a time when public finances are extremely tight.

## Our services

We are at an exciting point in our journey, in terms of both the services we provide and the way we provide them.

The Disclosure (Scotland) Act 2020 provides the legislative framework within which we will fundamentally transform our disclosure and National Barring Service to:

- make them clearer, more accessible and more proportionate
- extend our legal powers of protection
- help Scotland's communities to be safer and more inclusive

Our three important functions are to:

- 'Disclose' – provide disclosure certificates
- 'Protect' – manage the PVG scheme
- 'Promote' – support our customers and stakeholders to use our services

More information on the work we do can be found on [our website](#).

## The Scottish Government's purpose

Our strategic aims contribute to meeting Scotland's [National Performance Framework](#). That framework provides the strategic context we operate in and sets out the purpose and values that we uphold.

'Working together to improve the lives of people in Scotland'



Our aims are to achieve the following outcomes of the framework:

- 'We live in communities that are inclusive, empowered, resilient and safe'
- 'We grow up loved, safe and respected so that we realise our full potential'
- 'We have thriving and innovative businesses, with quality jobs and fair work for everyone'
- 'We respect, protect and fulfil human rights and live free from discrimination'
- 'We value, enjoy, protect and enhance our environment'

## Civil Service Code

Our civil servants are bound by the [Civil Service Code](#), which sets out the core values and standards of behaviour expected of our people. Agency and contractors must also meet these principles.

The core values of the Civil Service Code are:

- integrity – we will put the obligations of public service above personal interests
- honesty – we will be truthful and open
- objectivity – we will base advice and decisions on rigorous analysis of the evidence
- impartiality – we will act solely according to the merits of the case and serve equally well governments of different political persuasions

## Our vision, mission and objectives

We use our six strategic objectives to inform our business priorities and to influence the approach we take as we strive to achieve our goals:

- we make Scotland's people safer by barring unsuitable people from working with us when we are vulnerable and providing a quality, effective and efficient disclosure regime to support safe recruitment decisions
- we use our influence and expertise beyond our organisational boundaries to integrate disclosure with wider initiatives in the service of Scotland, supporting the Scottish Government to deliver its National Outcomes
- we will innovate to deliver high quality services in an affordable way by boosting efficiency, innovation and reducing costs to deliver value for public money
- we will innovate digital technology in partnership with our customers and build a disclosure service that is affordable, efficient, accurate and easily accessible
- we will deliver a comprehensive programme of digital and policy disclosure reform to make Scotland safer and fairer
- we invest in the development of our people to grow a talented, diverse and inclusive workforce tailored to deliver our disclosure and safeguarding national outcome

Within DS 25 our Corporate Strategy, we have planned high level outcomes we are working towards:

- people and organisations have the information they need to make safe, fair and inclusive recruitment decisions
- communities are safer and vulnerable people are protected from harm
- people have a say in how the services they need are delivered and improved according to their needs



- people can move on from past mistakes, contribute economically and flourish in society
- we provide a better service for everyone, outwardly focused with people at the centre of the services they need

# Performance report

## Performance summary

Our performance report looks at what we achieved, based on our objectives laid out in our Business Plan 2022-23 and how this has contributed to achieving our objectives and strategic aims. These are also laid out in our Corporate Strategy and plan, DS 25. We are truly proud of what has been achieved, overcoming challenges and taking advantage of opportunities; with a real focus on improving governance and delivery, managing our digital services and demonstrating our core commitment to safeguarding.

**Throughout the year, we processed our highest ever volume of applications (627,000) for disclosure certificates while staying 8% above our service level commitment.**

Our performance throughout 2022-23 has been impressive and we have met our Service Level Agreement (SLA) for the whole year. Our high level of performance throughout the year was achieved through targeting areas such as:

- improving efficiency
- eliminating waste
- system platform improvements
- re-configuring staffing

Our colleagues worked hard to complete these applications and ensure Scotland is a safer place to work.

We supported the Scottish Government Homes for Ukraine Scheme, processing over 10,000 applications for hosts. Furthermore, our policy



team made sure that the right disclosures were done, and we made sure that the whole safeguarding apparatus around them was focused on the outcome of protecting children and vulnerable people from harm.

We have improved our internal system used to process applications and introduced new functions which improve the quality and accuracy of our vetting work. Our finance system (Sage) was also upgraded during the year. This is the most up to date version and is in the cloud. This will enable us to adopt e-invoicing in 2023/24, in line with our digital goals.

Our governance has continued to improve, through the implementation of our Risk Strategy and improvements to change governance; resulting in a substantial rating from Internal Audit which is a higher rating than previous years.

The [Framework document](#) explains the detailed accountability and governance for our organisation, and the context for our relationship with Scottish Ministers and Scottish Government Directorates. For a full description of our organisational structure, please refer to the Director's Report.

To support the delivery of change across Disclosure Scotland, our Change Management Team continues to evolve. Building on findings from two Internal Audits over both 2021-22 and 2022-23, the Change Management Team have focused on ensuring high standards across all programmes and projects, and developed robust reporting on progress across our governance structure.

Business cases and financial controls have been a focus and this has ensured that we are managing change robustly. Most specifically, this has meant we have been able to monitor finances closely but also find savings in both Capital and Revenue budgets that have gone straight back into the Scottish Government to help pay for other key services.

The Change Management Team were also critical in implementing improvements to our change governance structure. These included the introduction of Programme Boards this year covering the three thematic areas of Disclosure Act, digital and the delivery of DS 25. These Programme Boards bring together both internal and external stakeholders and allow for a greater depth of advice.

Throughout the year we have seen digital delivery that has provided significant system improvements in functionality (features to complete a set of tasks or actions) and background infrastructure. This has enabled faster and more efficient processing of applications.

A big success was the capability of online accounts. The private beta launched early March 2023, with the first employers in the history of Disclosure Scotland now receiving digital results.

It has been a customer first also, as customers can now create online accounts and view full disclosure results after passing a robust online Identity and Verification check.

These checks are using brand-new technology; we are the first organisation in Scotland to use this. All this has been delivered in partnership with Digital Identity Scotland.

The [Framework document](#) explains the detailed accountability and governance for our organisation, and the context for our relationship with Scottish Ministers and Scottish Government Directorates. For a full description of our organisational structure, please refer to the Director's Report.

## Main objectives and strategies

In 2021 we published our Corporate Strategy and Plan (DS 25). This strategy and plan looks at our aims, vision and roadmap for the next four years. We have a target vision for 2025, where we will become a better, more streamlined organisation that puts people at the heart of everything we do.

Our [Business Plan 2022-23](#) was developed following consultation across Disclosure Scotland and with advice from our Board. It is very much aligned to DS 25, focused on our core objectives: Disclose, Protect, Promote and Digital. Alongside these are our overarching objectives that are incorporated into everything we do: Corporate and Governance, and People.

## Disclose

Towards the latter part of the year, we have been helping the Scottish Government's response to the crisis in Ukraine.

During 2022-23 our objective was to provide an efficient and accurate service that meets customers' expectations and needs.

## Performance

We received 627,000 applications this year against a forecast of 608,000 – showing an improvement in our forecasting capabilities compared to previous years.

Our Service Level Agreement (SLA) at 31 March 2023 was 98.4% of applications completed within 14 days.

We processed over 200,000 free criminal-record checks for key workers since the Coronavirus (COVID-19) pandemic which started in February 2020, playing a part in keeping Scotland safe for vulnerable people.

During our peak period our performance stayed strong, which is a testament to the work that has been done to improve efficiency and the system platform. There are still areas for improvement which will be continued to be worked on during 2023-24. These improvements will be faster completion of applications due to automation of routine tasks and online accounts/results, which will reduce the need for paper certificates being produced and applicants having access to their results quicker.

We continued our safeguarding outcomes by assessing the 9,700 referrals sent to us. We took 3,000 of those to a further stage of formal consideration and 1,200 of those were listed for 'barring'. In total 1,539 people were added to the barred list as unsuitable to work with vulnerable people; contributing to keeping our communities safer.

Further information on application and safeguarding statistics can be found in the performance analysis.

## Recruitment and resourcing

Continuing to look for opportunities within shared services across Scottish Government, we set up a partnership with the Student Awards Agency for Scotland for a pilot on shared resource. Both organisations have differing peak periods, and on a small scale both organisations will loan staff to undertake training and work for each organisation during their peak period. This is in its early stages and already feedback has been positive.

## Expedited service

Since autumn 2021, we have contributed to the Scottish Government's commitment to remove potential barriers to recruitment by having an expedited service for health and social care role applications. This was done in collaboration with Scottish Government colleagues and other public service organisations to address some of the pressures on health and social care staffing.

To deliver this expedited service, we established new delivery structures, with much

praise from the wider sector. To date we have processed over 10,000 applications for these checks. This work continued through the financial year and helped employers ensure the right people were working in our health and social care roles.

## Protect

Our objective in 2022-23 was to work with our customers and stakeholders to understand their needs and make sure we are ready to meet the requirements of the Disclosure (Scotland) Act 2020. We effectively deliver and continuously improve the PVG scheme and protection services.

Safeguarding is at the core of all that we do and to support this we introduced a Director of Safeguarding to the Leadership Team. This role was brought in to ensure safeguarding is at the heart of everything Disclosure Scotland does, especially through its programmes of change. The Director of Safeguarding has been working to enhance the service that the National Barring Service provides and push for continued collaboration across Disclosure Scotland, as well as reviewing upcoming changes and ensuring they meet the objectives set within our Corporate Strategy DS 25.

## Disclosure (Scotland) Act 2020

We continued to work with stakeholders in relation to the secondary legislation needed to pave the way for implementing the provisions in the Disclosure (Scotland) Act 2020. By working in partnership with Police Scotland we commenced section 89 of the Act, meaning that statutory

guidance is now in place for the chief constable's functions under the PVG Act.

With ministerial approval, the policy team amended the offence lists in the Police Act 1997 and made corresponding changes to Rehabilitation of Offenders Act legislation, to bring these lists in line with the equivalent lists in the Disclosure Act 2020. We also made further amendments to the offence lists, to cater for new offences created by the Scottish and UK Parliaments since the Disclosure Act had achieved Royal Assent.

This work ensures the offence lists are appropriate and up to date, and reduces any safeguarding risk that might arise in the interim period until the Disclosure Act is fully implemented.

Access to the Scottish Courts and Tribunal Service (SCTS) portal is now available to all National Barring Service staff. This enables smarter monitoring of the progress of criminal proceedings and reducing the administrative burden on the team and SCTS.

## Promote

Our objective for 2022-23 was to promote opportunities for people with convictions to contribute to society, while making sure our customers and stakeholders meet their regulatory duties; including those introduced by the Disclosure (Scotland) Act 2020.

## Stakeholder engagement

During 2022-23 we continued our support to customers. Our focus is to increase understanding of various aspects of our services, including obligations as a registered body and when to refer to Disclosure Scotland. We also deliver sessions with employers to help them recruit fairly. In 2022-23, we held 152 workshops for 910 organisations/1587 delegates, which involved:

- 721 organisations attending one of our workshops for the first time
- 163 organisations/202 delegates participating in Disclosure Act related workshop engagement
- 122 organisations/371 delegates receiving 'Helping Employers Recruit Fairly' (Scotland Works for You) training

The movement of our customer engagement function to include a significant online presence has provided the organisation with more flexibility in how we engage with our customers. This supports our business objectives and meets our customer needs.

We have continued our drive on delivering a 'channel shift' (a process by which organisations encourage customers to access services through different channels) from paper to digital PVG applications. We did this through a clear and consistent communications plan. The channel shift has improved customers' experiences of our services and contributed to efficiency savings. We set up a regular programme of online training, workshops and informal engagement for customers and stakeholders, focusing on improving people's understanding of our services and the Disclosure (Scotland) Act 2020, and encouraging fair recruitment practices.

We developed video guidance throughout the year, on PVG eligibility, types of disclosure, publication and promotion. Further video guidance is already in development for publication in 2023/24. We also undertook an initial series of training for corporate parents on recruiting people with convictions (delivered in conjunction with Who Cares? Scotland).

We completed a project with Volunteer Scotland Disclosure Services to enhance the service offering for both our customers. Through this project, we found process and governance improvements that helped to reduce the overall turnaround time for applications within the voluntary sector.

## Social media

We improved and increased our use of social media, resulting in more followers on Twitter, LinkedIn and Facebook. This was a 55.1% increase in followers across all platforms:

- Twitter – 2.5% increase
- LinkedIn – 13.4% increase
- Facebook – 39.2% increase

This has been an important way of maximising contact with stakeholders and customers.

## Digital

Our strategic digital aim is to continually search for new ways of working to improve our services through the use of technology, creativity and innovation. We want to provide a better service for everyone and develop the services that people need, in partnership with them.

We have made significant performance and functionality improvements to our digital technology. This has increased our ability to not only cope with the current volume of applications, but to also support the programme of change needed to put the Disclosure (Scotland) Act 2020 in place.

We took steps to act upon the findings of an independent assurance review and received significant praise from assessors on the improvements we have made.

The main outcomes from the review were:

- **Improvements to business cases needed.** We produced a range of business cases to support the digital and Act programmes. The documentation defined the scope and outcomes that were expected to be delivered.
- **Resource plan required.** We identified resources required to support the programme, in the form of a resource plan. This informs overall end-to-end costs to deliver the necessary digital change and the Disclosure Act.
- **Product life cycle has deficiencies.** We improved our delivery and product life cycle.

## Resource

Like many other public bodies, Disclosure Scotland faces the same challenges in attracting and retaining key digital skills within the organisation. This has resulted in the use of temporary resource. However, progress continues on our journey to reduce reliance on temporary resource and develop our own staff. This includes identifying key partnerships, and working with our People Services Team to develop resourcing strategies to attract permanent staff.

Digital places user research and feedback at the heart of digital service design. We have continued to build and improve our dedicated user-centred design department, which now contains a significant number of staff who were promoted from within the organisation.

## Digital Identity Scotland

Last year we started work with Digital Identity Scotland to create an identity and verification (ID&V) solution, that not only meets the needs of Disclosure Scotland, but across the public sector. This fed into the launch this year of a private beta for online services. These online services aim to deliver digital certificates to our customers and will support the wider provisions within the Disclosure Act (Scotland) 2020.

The private beta commenced in February 2023, and it meant that organisations as well as applicants were (for the first time ever) able to view their results online.

Digital Identity Scotland are the key development partner in creating our ID&V solution that meets the needs of Disclosure Scotland and can be rolled out to other government organisations. This will help create a single connected digital journey, and is a valuable and exciting piece of work which will continue in 2023-24.

## Digital platform

We re-engineered our platform to future-proof our estate and offer an enhanced service to internal and external users. This will allow us to press ahead in developing the capability required to deliver the Disclosure (Scotland) Act 2020.

## Governance

**Our objective for this year was to improve our 'corporate landscape', which includes risk, business continuity (the ability to continue to deliver an acceptable level of service following a disruptive event), and governance arrangements. This is to make sure we are accountable, honest, responsive, effective and efficient in decision making and improving performance.**

Governance has continued to evolve and improve over 2022-23 and this is evident in the governance ratings provided by Internal Audit. We will continually build on this, through stronger, data-driven reporting and building on the capacity within our Board and Audit and Risk Committee.

## Change Management Team (CMT)

Our governance of change has continued to improve following the introduction of the CMT. This team includes a change management office, project management office and an assurance function.

The CMT have worked across Disclosure Scotland's change portfolio to raise standards of programme and project governance, while also working with teams to develop a positive change culture.

At the end of 2022, the CMT introduced further changes to how we ran our change governance. These changes came from feedback at our key governance groups and were developed to ensure our change portfolio was managed as effectively as possible.

The changes included:

- disbanding the Change Team and Advisory Panel structure established in late 2021
- formation of three Programme Boards aligned to key work streams, following standard programme management terms of reference and including both internal, external and non-executive membership
- retention (or creation where applicable) of advisory or working groups to support the overall portfolio, focused on stakeholders and technical advice



## Risk

Significant work has been undertaken across Disclosure Scotland's risk landscape during 2022-23. Reporting has improved, risk assessments completed and focus has been put on training and development of members of our Corporate Risk Review Group. These have all contributed to a positive risk management culture.

More information on risk can be found in the Governance Statement and risk section in the Performance Analysis.

## Fraud and bribery

For 2022-23 the focus has been on a test and learn approach as we embed our Counter Fraud Strategy. Implementing a test plan, that sees the Counter Fraud and Bribery Group work through test cases to ensure our strategy and policy are robust. Further training is needed across Disclosure Scotland and this is something we will focus on for next year.

More information on fraud and bribery can be found in the Governance Statement.

## Strategic finance

We continued to use our tools to support and monitor spending across all projects, making sure our spending delivers best value and the intended benefits. Reporting has significantly improved and early engagement with strategic finance has allowed early sight of emerging issues.

We have also developed a medium term financial strategy to demonstrate how it plans to achieve financial sustainability. DS 25 sets out the aim to 'cut unnecessary spending and run an efficient organisation'. In line with that aim, it was agreed that we should document how we intend to achieve that. That is the purpose of this new finance strategy.

## Our people

The People Services team continues to evolve, covering key areas of human resources, learning and development, health and safety, facilities and people engagement.

During this reporting period, continued progress has been made in all areas. The team has supported colleagues to adapt to hybrid working. We continue to make improvements to the accommodation at Pacific Quay and working from home arrangements, to ensure the comfort and safety of colleagues.

During 2022/2023, we had a gap in the Health and Safety Manager role. To mitigate the initial risk, we worked with Registers of Scotland to procure the services of a qualified health and safety professional. We have now since recruited this post within Disclosure Scotland.

In addition, we retrained our fire marshals, first aiders, mental health first aiders and Display Screen Equipment (DSE) assessors. This is to ensure health and safety provision is to a consistent standard whilst operating a hybrid way of working.

There has been a re-brand of our Health and Safety Committee and a pool of Health and Safety Liaison Officers (HSLO) have also been identified. The HSLO assist the health, safety and facilities manager with day-to-day health and safety issues and inspections at Pacific Quay.

We have carried out an audit of colleagues' home working set up, with DSE requirements being actioned as appropriate. We have re-established quarterly health and safety inspections with our trade unions and during 2022/2023, there have been no major health and safety incidents.

The People Strategy and workforce plan will support the delivery of our DS 25 strategic objectives and our 'people' outcomes.

## Hybrid working

During 2022-23 we continued our hybrid working arrangement (working partly at home and partly in the workplace). This is a healthy and balanced approach to the office and home working so that we get the best benefits of both.

Our creative space was utilised throughout the year for sessions with our Minister, Fraser Figure (the senior link between our Chief Executive and the parent government department), individual teams and Directorate sessions.

## People Survey

The 2022 People Survey results, published in December 2022, showed an overall response rate of 79%. Our engagement index score was 65%, which demonstrated a 1% decrease from 2021.

The overall scores demonstrate similar results to the 2021 for the majority of areas. There was a significant improvement for 'Leadership and Managing Change' increasing 4%, reflecting improved senior manager visibility. However, there was a decrease for 'Pay and Benefits' of 12%, reflecting the current cost of living crisis and dissatisfaction with pay within the Civil Service.

More information on the People Survey can be found in the [People engagement section](#).

## Annual Working Days Lost (AWDL)

Information on AWDL can be found in the [Attendance and wellbeing section](#).

## Resourcing

Recruitment and retention remained a challenge throughout the year due to financial pressures and operating in a tight recruitment market. Areas such as digital, finance and communications, have continued to experience difficulties with attraction and acquiring specific skills sets. To address these challenges and ensure our resourcing strategies are inclusive, we appointed an internal resourcing manager within People Services.

The resourcing manager's role is to support hiring managers more effectively, work closely with our resourcing colleagues in the Scottish Government and investigate new ways to attract more candidates to apply for posts in

Disclosure Scotland. This has included conversations utilising existing early talent initiatives and working in partnership with the University of the West of Scotland as a way of widening our reach to a potential pool of graduate candidates.

We have also continued to use a shared services approach successfully with other agencies. This will be further explored alongside other resourcing strategies through the implementation of the People Strategy and workforce planning.

Our strategic workforce planning group was set up in 2022. A key part of its remit is to ensure our resourcing strategies are meeting our intended workforce planning outcomes. A critical piece of work for 2023 will be the development of our workforce plan. This will provide a baseline of our resourcing requirements now and a future forecast. It will detail the activities required to fill any gaps, ensuring our people can deliver our future services and meet the needs of our stakeholders.

## Looking forward

The objectives we achieve in 2023-24 will make significant contributions to improving the quality of our services, the technology we use, and our collaboration with stakeholders and our people.

We recognise that collaboration is essential for achieving our objectives and we will continue to promote joint working between our people, other professionals and service users. This will allow then to build on each other's skills, knowledge, experiences and expertise, which leads to more innovation, efficient processes, improved communication and increased success.

Our programme of work for 2023-2024 focuses on continuous improvement, looking at how we can become more efficient, improve the results we deliver, and contribute to public-service outcomes.

Some of the planned outputs for 2023-2024 are as follows:

- introduce a continuous improvement team to look at other ways we can improve
- design training and guidance materials, with the help of stakeholders, to make sure they are more targeted and suit the needs of users
- continue to promote continuous improvement, through innovation and collaboration with our people, partners and stakeholders - to make sure the services we provide are dynamic, streamlined, high quality and tailored to users
- make contributions to improving the quality of our services, the technology we use, and our collaboration with stakeholders and our people
- create a new website for publishing information on a modernised, accessible and dynamic platform to meet the diverse needs of customers and stakeholders
- use automation technology to increase productivity, free up staff time for complex activities, and make us more resilient as an organisation

By the end of 2023, we want to remove as much paper as possible from the process and eliminate the countersignatory having to confirm applicants' identities. Doing so will reduce costs by removing paper and postal requirements.

Moving online will also help us eliminate some key data protection risks. For example, passing a particular process before opening the digital envelope containing online results will be necessary to make it more secure. Sending digital results means new risks, but our security teams are all working on this with our in-house data protection and policy experts.

## Performance Analysis

Performance reporting is supported by a number of more detailed management information reports. In particular, the performance update report shared with the Disclosure Scotland Board at each Board session. This report will be replaced in the coming year with a Key Performance Indicator report that will assist the Board in providing assurance to myself as Chief Executive. This analysis covers our volumes, performance against targets, complaints and risk to performance.



## Volume of applications received

We received 627,000 applications during 2022/23, 3.2% above our forecast and 0.5% above volumes received in the previous year. This was the highest volume received since we completed the transfer of English and Welsh Basics to Disclosure and Barring Service in 2018.

Application type	Applications received 2022/23	Applications received 2021/22	Year on year change
Basic	272,000	295,000	-8%
Standard/Enhanced	35,000	26,000	35%
<b>Police Act Disclosures</b>	<b>307,000</b>	<b>322,000</b>	<b>-5%</b>
Scheme Record	160,000	148,000	8%
Scheme Record Update	158,000	152,000	4%
Statement of Scheme Membership	3,000	2,600	15%
<b>Protection of Vulnerable Groups (PVG)</b>	<b>320,000</b>	<b>302,000</b>	<b>6%</b>
<b>Total</b>	<b>627,000</b>	<b>624,000</b>	<b>0.5%</b>

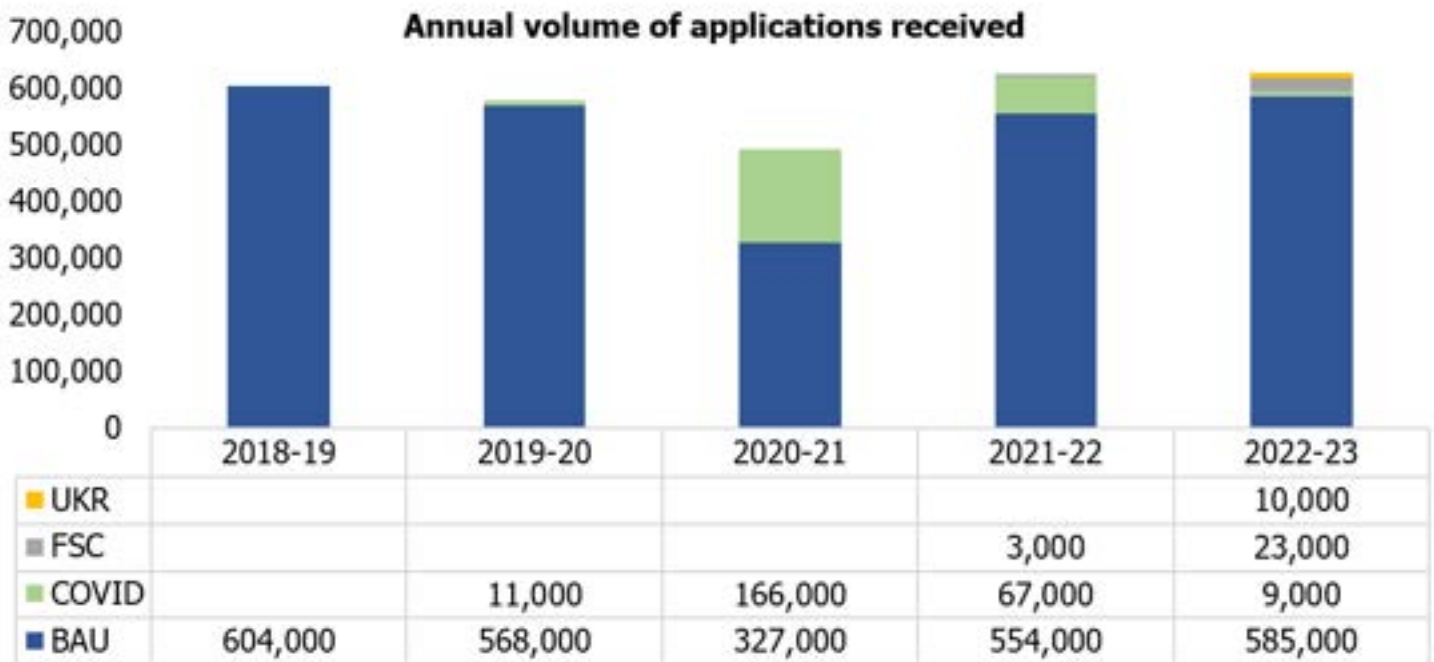
Note: figures for applications received are rounded to nearest thousand.

2022/23 Basic volumes were 23,000 (8%) below 2021/22 volumes. The high volumes Disclosure Scotland received during the October and November months of the previous two pandemic years were not replicated this year. This is most likely due to the end of COVID restrictions. 2022/23 Basic volumes were, however, 12,000 (5%) above the 2019/20 volume, i.e. the last year before the pandemic.

PVG volumes continued to increase with an annual total of 320,000 for 2022/23, showing a growth of 6% upon 2021/22.

Standard and Enhanced volumes saw a 35% increase on last year's volumes. The additional volumes were due to the Enhanced applications that were needed for households hosting people from Ukraine. The applications Disclosure Scotland received during 2022/23 fell into four categories, namely, Business as Usual, COVID, Free Social Care (FSC in table below) and applications for host families for people from Ukraine (UKR in table below). Their volumes are illustrated in the graph below. The grand majority of applications were Business as Usual (94%).

Disclosure Scotland received 9,000 COVID applications during 2022/23 before the COVID-free scheme ended on 26 June 2022. The majority of these, 8,000, were PVG. There was a gradual decrease in the number of COVID applications from the end of 2021/22 and into 2022/23 while they transferred into Business as Usual (BAU in table below) applications.



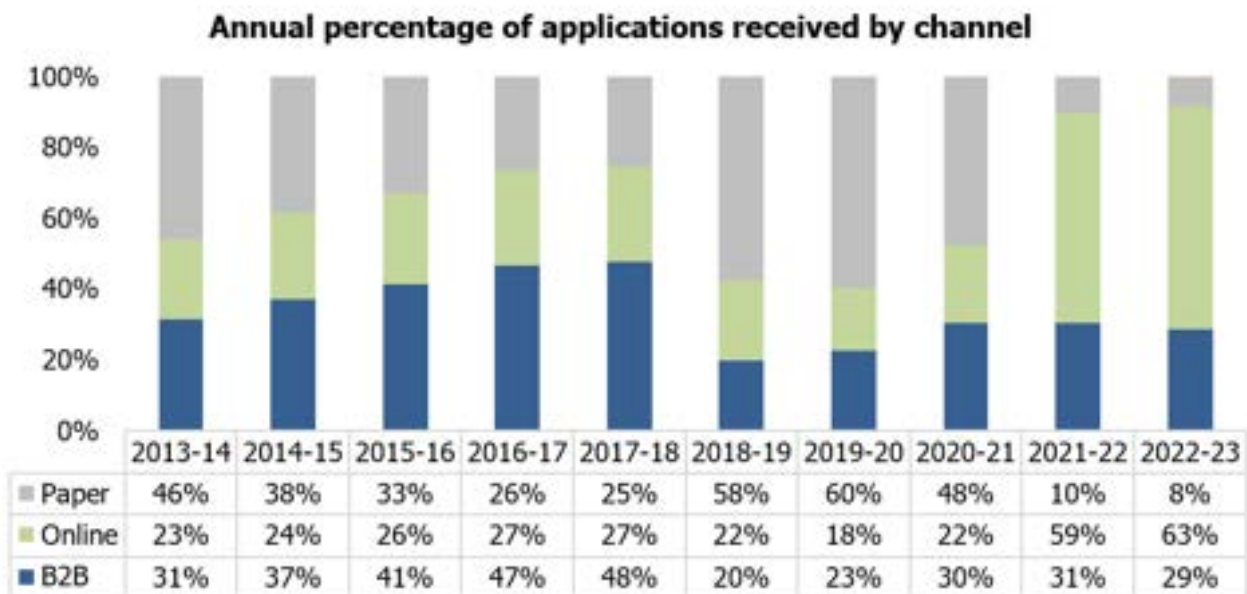
The Free Social Care scheme, where PVG applications for the social care sector were free of charge for applicants, continued into 2022/23 and ended on 31 March 2023. Disclosure Scotland received 23,000 Free Social Care applications during 2022/23.

From April 2022, free Enhanced applications were offered to host families for people from Ukraine. During 2022/23 Disclosure Scotland received 10,000 of these applications.

Both free Social Care and host family application volumes have contributed to the total annual volume exceeding last year's annual volume.

The split between the volumes received across the different channels (paper, online and Business to Business B2B) has changed significantly over time. A marked shift from the digital to the paper channel was seen in 2018/19 as we completed the transfer of English and Welsh Basics to Disclosure and Barring Service\*. This trend continued in 2019/20, with the ongoing decrease in English and Welsh Basics received online, and to a lesser extent, the B2B channel.

In September 2020, an online channel for PVG was introduced with a consequent increase in digital applications over the following years. During 2022-23, 97.5% of all PVG applications were received through the online channel in comparison to 11% during 2020-21. The total percentage of applications received through the online channels (Online and B2B) was 91.5% in 2022-23. This is a 89.9% increase in 2021-22 and 52.5% in 2020-21.



\*Disclosure and Barring Service (DBS) helps employers make safer recruitment decisions by processing DBS checks for England, Wales, the Channel Islands and the Isle of Man.

## Performance against performance target

Disclosure Scotland's main performance target is to process 90% of correctly completed applications within 14 days\*\*. The average processing time for all applications was 5.3 days with 98.4% of applications completed within 14 days. Consequently, Disclosure Scotland met its performance target agreed with Scottish Ministers.

Average processing times and the percentage processed within 14 days by application type can be found in the following table. COVID-free applications were prioritised and their average processing time was 3.1 days with 98.5% of applications completed within 14 days. In 2021/2022 our Service Level Agreement (SLA) at 31 March 2022 was 98% of applications completed within 14 days. This with an average processing time of 6.58 days.

Application type	Applications completed 2022/23	Applications completed 2021/22	Average processing time (days) 2022/23	Average processing time (days) 2021/22	% processed within 14 day target 2022/23	% processed within 14 day target 2021/22
Basic	269,000	290,000	3.6	4.4	99.7%	99.7%
Standard/Enhanced	34,000	27,000	5.3	6.0	96.7%	95.5%
<b>Police Act Disclosures</b>	<b>303,000</b>	<b>317,000</b>	<b>3.8</b>	<b>4.6</b>	<b>99.4%</b>	<b>99.3%</b>
Scheme Record	153,000	144,000	6.7	6.1	97.2%	97.2%
Scheme Record Update	149,000	147,000	6.8	6.0	97.5%	98.1%
Statement of Scheme Membership	2,000	2,000	3.2	3.3	98.9%	98.7%
<b>Protection of Vulnerable Groups (PVG)</b>	<b>304,000</b>	<b>293,000</b>	<b>6.7</b>	<b>6.0</b>	<b>97.3%</b>	<b>97.7%</b>
<b>Total</b>	<b>608,000</b>	<b>611,000</b>	<b>5.3</b>	<b>5.3</b>	<b>98.4%</b>	<b>98.5%</b>

Note: figures for applications completed are rounded to nearest thousand.

\*\*This is measured from the day a fully and correctly completed application is received by Disclosure Scotland to the day of dispatch, and excludes any time an application has spent in exception. Examples of exception time include where an enquiry is to a Police force and the application is put on hold until the force responds, and where an application is put on hold while further information is requested from the applicant.



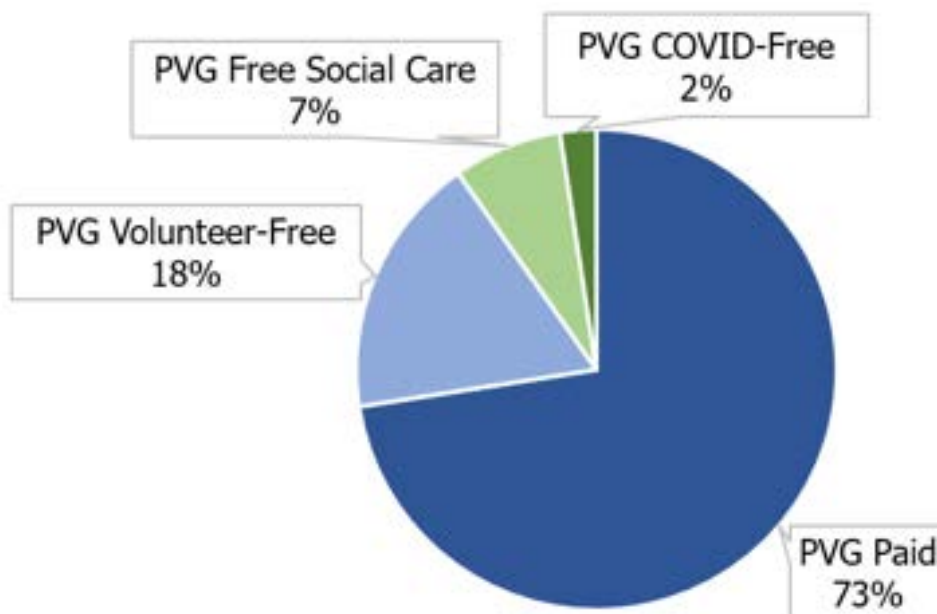
In 2022-23, 88,000 new members were added to the PVG scheme and 17,000 were removed. This has brought membership of the PVG scheme to 1,533,000 at the end of March 2023.

The National Barring Service carried out 'initial consideration' for listing on 9,700 individuals during 2022-23, a 12% increase on the 8,700 carried out in 2021-22.

As the PVG scheme matures, an increasing proportion of referrals for 'initial consideration' for listing come from the ongoing monitoring (OM) of existing PVG scheme members. The percentage of referrals from OM has gradually increased from 31% in 2015-16 to 54% in 2022-23.

Of the 9,700 referrals received at 'initial consideration' by our National Barring Service, slightly over 3,000 progressed to 'formal consideration' and just under 1,200 people were barred. By March 2023, Disclosure Scotland had barred over 9,600 individuals since the PVG scheme went live.

Disclosure Scotland provides funding to Volunteer Scotland Disclosure Services (VSDS) to enable them to offer free PVG checks to volunteers within the regulated workforce. In 2022/23, 27% of all PVG applications processed were provided free of charge, of which 2% were COVID-free checks, 7% were Free Social Care checks, and 18% were free checks for volunteers. This is a slight increase on last year when 16% of PVG applications were free checks for volunteers. The majority of PVG applications from qualifying voluntary organisations were made from VSDS (77% in 2022/23).



### Complaints

During the course of 2022/23 we received 40 complaints (64 in 2021/22). We responded to 90% within target timescales which is a decrease from the previous financial year (100% in previous financial year). We reviewed all complaints that did not meet the timescales and ensured process changes were made to reduce that chance of this continuing.

We will continue to be an open and upfront organisation that welcomes feedback to ensure we provide a better service for everyone and remain outwardly focused with people at the centre of the services they need.

### Freedom of Information, Subject Access Requests and data breach

During the course of the year, we completed 92.59% of requests submitted under the Freedom of Information (Scotland) Act 2002 within the statutory timescale. We reviewed all Freedom of Information (FOI) requests that did not meet the timescales and ensured process changes were made to reduce the chance of this continuing. We found that both complaints and FOI requests that missed the timescales had similar reasons and we were able to adapt both processes to reduce any further impact. 100% of Subject Access Requests were completed within statutory timescales. Information on our performance against data breach targets is held in our Governance Statement.

### Risk profile

Throughout the year, Disclosure Scotland has managed corporate risks in line with our Risk Management Strategy to ensure mitigations are put in place to minimise impact and likelihood. Our key risks for this financial year have been:

- **Financial pressures faced across the public sector.** As with all public sector bodies we have seen and expect further financial pressures to ensure the public purse is managed in a considered and effective way.
  - In previous years the risk was managed as a single risk focused on budget. As we move into the new financial year we are changing our approach and will adapt this into three risks. Two focused on current and immediate funding pressures and one that is more horizon focused and considers the wider economic risks faced by Disclosure Scotland. This allows Disclosure Scotland to be more proactive in considering how we implement our medium term financial strategy.

- **The risk of cyber-attack.** As we build new digital services we have had to consider and adapt our strategy to ensure we are correctly tempering our ambition to go paper free with a forensic unpicking of all of the risks and possible avenues that our plan could be compromised.
  - Throughout the year our Information Security team have reviewed our cyber incident response plan and have developed exercises to test this plan. We have put in place an Information Security Forum and used this group to regularly review our security plans and cyber resilience.
- **Disaster recovery.** We have worked throughout the year to ensure Disclosure Scotland could maintain its safeguarding responsibilities should Pacific Quay become unavailable.
  - To mitigate this risk we completed a review of our Disaster Recovery and Business Continuity Plan to ensure it was up to date and in line with our new hybrid working model.
- **Digital skills.** In line with other public sector organisations, we are continually developing new ways to attract people with the appropriate digital skills to ensure our delivery plans are executed effectively. Through the year we have worked with CodeClan – an organisation that builds digital skills to bring in trained staff and put them in development roles. We have also conducted an internal skills audit to establish whether there are any colleagues in the organisation who have digital skills which we are not utilising.
  - We have made a number of appointments using this method and we are planning further audits in the coming year.

# Sustainability report

## Introduction

We are committed to reporting and improving our environmental and sustainability performance in line with the Scottish Government's objectives. These objectives included by 2020, reducing all emissions by 42% and supporting their Sustainable Procurement Action Plan. To date there has been no further targets set other than net zero by 2045.

For this reporting year, a hybrid working trial was implemented in Disclosure Scotland. This new working pattern has enabled colleagues to return to work following the lifting of COVID restrictions.

To meet business needs, a parameter of 4 to 15 days a month in the workplace has been set. During this time, the average desk usage over the two floors and the creative space is currently between 40% to 60% capacity. This has meant that there has been an increase in the use of equipment and facilities post pandemic to support hybrid working. Overall staffing average headcount for 2022/2023 was 464 and the average Full Time Equivalent (FTE) was 446.6.

## Shared building and methodology

The tenancy of the building we occupy was secured on behalf of Scottish Ministers by the former Scottish Criminal Record Office (SCRO). In recent years, the Scottish Police Authority (SPA), formerly Scottish Police Service Authority (SPSA),



has redeployed staff from our building across its estate.

Its occupancy is currently 26% of the building, with Disclosure Scotland. The gas, electricity, water consumption and waste for the building are not separately metered. We are recharged by SPA for 74% of all costs relating to the building. On this basis, and with agreement from SPA, we will report on 74% pro-rata basis of the total figures provided by SPA on energy, waste and water.

## Baseline

The first year that Disclosure Scotland accurately recorded and reported on the impact our activities have had on the environment was 2013/14. These figures are a baseline for environmental reporting. Reporting will be demonstrated as baseline plus the last five years.

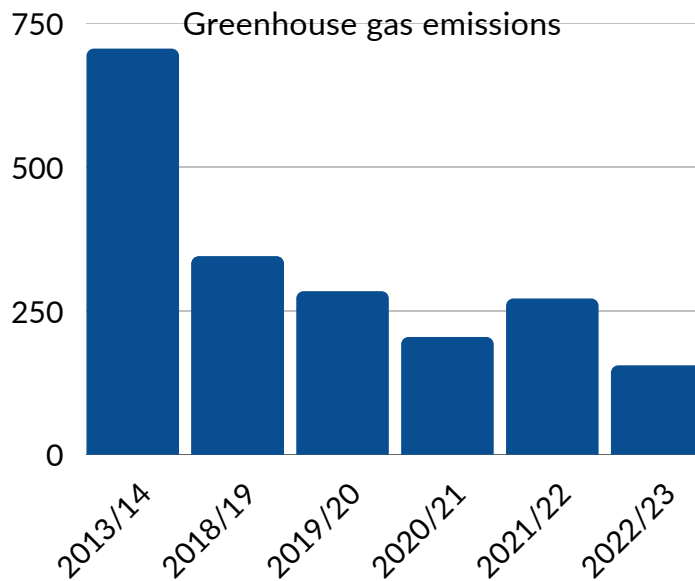
## Greenhouse gas emissions (CO2)

The graph to the right shows a decrease in our greenhouse gas emissions (GGE) compared with 2021/22.

The figures continue to demonstrate a substantial decrease of 79% from our baseline year of 2013/14, and a reduction of 43% from 2021/2022.

As in previous years, the majority of our GGE resulted from supplied electricity consumption.

Hybrid working practices and the outcomes of an energy efficiency audit have helped to focus actions to further reduce our greenhouse gas emissions over the last year.



Non-financial indicators (tCO2e)	2013/14	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Scope 1</b>						
Direct emissions from gas consumption	89.83	70.26	85.14	91.71	122	82.14
<b>Scope 2</b>						
Indirect emissions from purchased electricity consumption	614.29	261.52	190.92	101.22	149	72.52
<b>Scope 3</b>						
Water official business travel	1.75	12.66	7.8	11.24	0.14	0.21
<b>Total CO2 emissions</b>	<b>705.87</b>	<b>344.44</b>	<b>283.86</b>	<b>204.17</b>	<b>271.14</b>	<b>154.87</b>

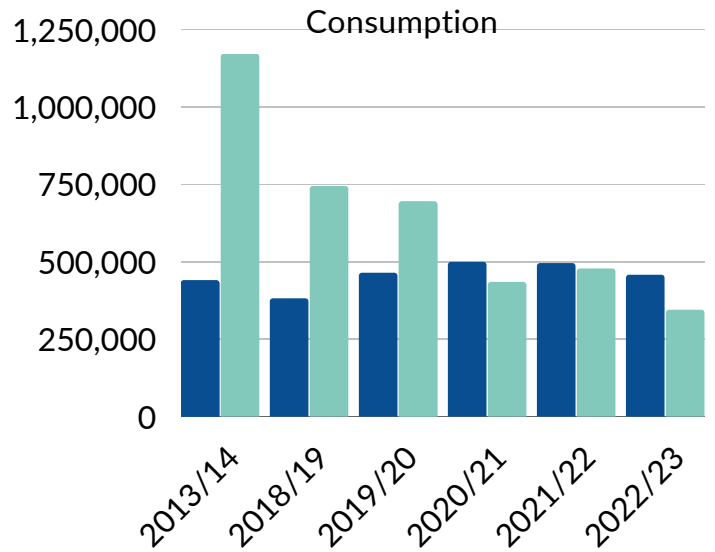
**Scope 1** emissions have reduced as a result of hybrid working and actions taken as a result of our energy efficiency audit e.g. greater management of the heating system, replacement of lighting bulbs to LED bulbs and turning off equipment, such as monitors, when not in use rather than leaving on standby.

**Scope 2** emissions have reduced since 2021/22. Again this is due to hybrid working practices embedding and better management of the use of our electrical equipment and lighting within the building.

## Use of resources and their related expenditures

SPA continue to work with their facilities contractor to look more closely at energy use and efficiency savings which can be made across the entire estate.

Both gas and electricity consumption have reduced compared to 2021/22. Both SPA and Disclosure Scotland had energy efficiency audits carried out during 2022/23. The outcomes and actions taken as a result of these audits has been positive with reductions in both gas and electricity consumption highlighted in the chart below and opposite.



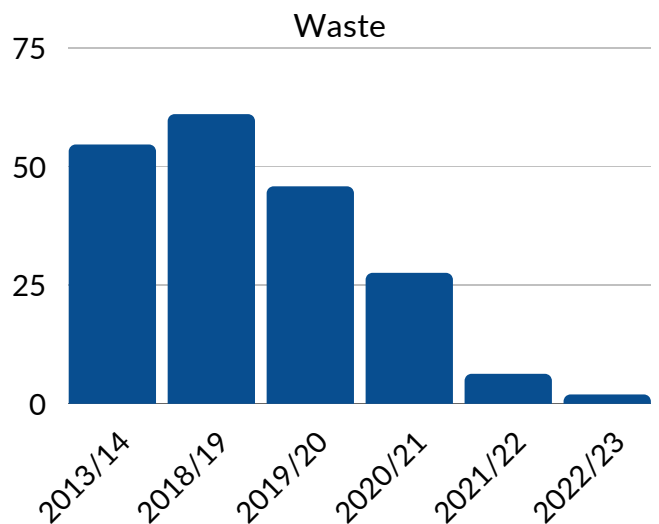
Energy	2013/14	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Gas</b>	439,823	381,491	463,969	498,782	494,834	457,099
<b>Electricity</b>	1,170,927	743,929	693,988	434,187	477,432	344,371

Water consumption for 2022/23 has increased since 2021/22. This can again be attributed to having more staff attending the office through hybrid working compared to 2021/22 and using toilet and kitchen facilities. However, overall there has been an 80% reduction in water consumption from our baseline in 2013/14.

Electricity, gas and water consumption and costs	2013/14	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Related consumption data (kWh)</b>						
Gas	439,823	381,491	463,969	498,782	494,834	457,099
Electricity	1,170,927	743,929	693,988	434,187	477,432	344,371
<b>Water</b>	2,922	1,748	1,980	391	254.6	488.4
<b>Financial Indicators (£k)</b>						
Expenditure on energy	225	118.06	104.33	73.9	69.5	90.03
Water supply costs	8.59	6.72	8.12	5.55	5.04	0.90

## Waste minimisation and management

Police Scotland are now receiving more accurate figures for waste which is indicated by the drop in previous years' figures. They have now separated the figures to give an accurate account of the waste for landfill and waste that has been recycled.



Waste minimisation and management	2013/14	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Non-financial indicators (f)</b>						
Landfill	0.60	0	17.9	5.09	2.79	1.28
Recycled	54.02	61.02	27.9	22.47	3.48	0.64
<b>Total</b>	<b>54.62</b>	<b>61.02</b>	<b>45.8</b>	<b>27.56</b>	<b>6.27</b>	<b>1.92</b>
<b>Financial Indicators (£k)</b>						
<b>Total waste disposal costs</b>	<b>8.17</b>	<b>9.23</b>	<b>9.03</b>	<b>11.87</b>	<b>11.37</b>	<b>12.19</b>

## Sustainable procurement

We fully support the Scottish Government's Sustainable Procurement Action Plan. Wherever possible, we use collaborative contracts where 'sustainability' has been an important evaluation measure. Where we cannot source a particular commodity other than by individual tender, our own policy requires a similar evaluation measure. The action plan includes working with supported businesses.

We continue to work closely with the Scottish Police Authority who tenant the building and control energy and waste contracts. Both Scottish Police Authority and Disclosure Scotland have worked together to take forward the actions of energy efficiency audits. The building has been given a Energy Performance Certificate (EPC) rating of C which is reflective of the building's age. We will continue to raise awareness to support the reduction of our energy and water consumption and look for more sustainable and environmentally friendly ways to do this.

A new health, safety and facilities manager is now in place in Disclosure Scotland. A key remit of their role will be to take forward our climate agenda, working towards net zero. This will include working in collaboration with other organisations through climate and environmental forums.



## Financial performance

In 2022/23, Disclosure Scotland was allocated a total budget of £24.347 million by Scottish Ministers through the Budget (Scotland) Act 2022. This included £9.503 million 'Resource DEL' (non-cash) to cover depreciation and amortisation, £8.444 million 'Resource DEL' (cash) to meet net expenditure and an additional direct capital budget of £6.4 million for our transformation programme.



The final budget position as amended by the two Scottish Statutory Instruments - the autumn and spring budget revisions (ABR and SBR respectively), is summarised in the table below.

<b>2022/23 Level 3 Budget classification</b>	<b>Opening budget 2022/23 £m</b>	<b>Autumn budget revision £m</b>	<b>Spring budget revision £m</b>	<b>Revised budget 2022/23 £m</b>
Resource DEL - expenditure	£24.1	£0.0	£3.6	£27.7
Resource DEL - income	(£15.7)	£0.0	£0.0	(£15.7)
<b>Total Resource DEL</b>	<b>£8.4</b>	<b>£0.0</b>	<b>£3.6</b>	<b>£12.0</b>
Resource DEL - non-cash (ring-fenced)	£9.5	£0.0	(£1.7)	£7.8
AME - non-cash (ring-fenced)	£0.0	£0.4	£0.0	£0.4
Direct Capital	£6.4	£2.1	(£0.2)	£8.3
<b>Total approved budget</b>	<b>£24.3</b>	<b>£2.5</b>	<b>£1.7</b>	<b>£28.5</b>

The Scottish Government publish the budget and revisions at level 3 but the budget is held by the Scottish Government at Level 4 - the level published by Scottish Parliament Information Centre (SPICE), and is monitored at this level throughout the year by the Scottish Government. Disclosure Scotland's budget at level 4 is in the following table.

2022/23 Level 4 Budget classification	Opening budget 2022/23 £'000	Autumn budget revision £'000	Spring budget revision £'000	Revised budget 2022/23 £'000
Resource DEL - expenditure	£24,163	£0	£3,592	£27,755
Resource DEL - income	(£15,719)	£0	£0	(£15,719)
<b>Total Resource DEL</b>	<b>£8,444</b>	<b>£0</b>	<b>£3,592</b>	<b>£12,036</b>
Resource DEL - non-cash (ring-fenced)	£9,503	£0	(£1,653)	£7,850
AME - non-cash (ring-fenced)	£0	£437	£0	£437
Direct Capital	£6,400	£2,100	(£250)	£8,250
<b>Total approved budget</b>	<b>£24,347</b>	<b>£2,537</b>	<b>£1,689</b>	<b>£28,573</b>

At ABR, the Capital budget was increased by £2.100 million reflecting the cost of developing our in-house application processing system. AME non-cash budget totalling £0.437 million was received relating to the recognition of the IFRS16 lease transition. This increased the Capital DEL budget to £8.500 million and the overall total budget to £26.884 million.

At SBR, a transfer of £1.000 million of Resource DEL (cash) was received as planned from the Scottish Government Health and Social Care Directorate to Disclosure Scotland as a contribution to the PVG Scheme. In addition, as in previous years in recognition of the effect of the free coronavirus disclosures, the Resource DEL (cash) budget was increased by £2.583 million. An additional £0.009 million was received for AME Resource DEL (cash) relating to the interest element of IFRS16 during the year. The Capital budget was decreased by £0.250 million reflecting the cost of developing our in-house system. The Resource DEL (non-cash) budget was reduced by £1.653 million. The SBR adjustments gave us a total budget of £28.573 million.

As in previous years, we reported expenditure and income forecasts to the Directorate for Financial Management, Finance Programme Management Division and the Director for Children and Families on a monthly basis. The basis of these include internal budget monitoring systems and volumes modelling which substantiate income projections. The volumetric model uses information based on trend analysis and intelligence gathered via regular discussions with key customers.

## Performance report

The model differentiates between types of disclosures and was monitored, updated and evaluated regularly to inform income forecasts.

The table below depicts actual expenditure for 2022/23 (from the statement of net comprehensive expenditure) against the budget authorised per the Budget Bill (with capital shown separately) highlighting the final outturn position as at the end of the financial year.

<b>Year to 31 March 2023</b>	<b>Actual £'000</b>	<b>*Budget Bill £'000</b>	<b>Variance £'000</b>
Income	(£17,267)	(£15,719)	(£1,548)
Expenditure	£33,759	£36,042	(£2,283)
<b>Total</b>	<b>£16,492</b>	<b>£20,323</b>	<b>(£3,831)</b>
<b>Represented by:</b> Resource DEL (excluding capital DEL)	£0	£20,323	£20,323
2022-23 Resource DEL not spend	£16,492	£0	(£16,492)
<b>Total</b>	<b>£16,492</b>	<b>£20,323</b>	<b>(£3,831)</b>
<b>Capital DEL</b>	<b>£7,932</b>	<b>£8,250</b>	<b>(£318)</b>
<b>Total</b>	<b>£24,424</b>	<b>£28,573</b>	<b>(£4,149)</b>

\*Includes impact of budget revisions

All actual expenditure was contained within budget allocated by the Scottish Government.

Capital DEL expenditure is predominantly represented by investment to develop the Protecting and Safeguarding Scotland (PASS) system, which is our internally generated system, in an agile way.

Our results are consolidated into the Scottish Government accounts. The Resource DEL (cash) underspend was due to a significant unforeseen increase in income and savings that resulted from an ask by the Scottish Government. Planned savings of over £2 million in expenditure were realised during the year and this was achieved by using various methods to control our costs, including recruitment freezes. The Resource DEL (non-cash) underspend was due to amortisation of build being less than expected reflecting the capital underspend.

The bulk of our operating costs of £33.759 million consist of direct expenditure; salaries (permanent staff, agency staff and contractors), information technology support and maintenance contract payments and the cost of accessing police and other relevant information. The majority of our budget is consumed directly or indirectly on customer-centric operational activities.

### Agreed funding for 2023/24

For this year, we have been allocated a budget of £23.5 million through the Budget (Scotland) Act 2023. This is detailed in the table below.

2022/23 Budget classification	Opening budget - level 3 2022/23 £m	Opening budget - level 4 2022/23 £'000
Resource DEL - expenditure less income	£8.4	£8,444
<b>Total Resource DEL</b>	<b>£8.4</b>	<b>£8,444</b>
Resource DEL - non-cash (ring-fenced)	£10.1	£10,063
Direct Capital	£5.0	£5,000
<b>Total approved budget</b>	<b>£23.5</b>	<b>£23,507</b>

A budget transfer of £1.0 million of Resource DEL (cash) is also planned from the Scottish Government Health and Social Care Directorate to us as a contribution to the PVG scheme as in previous years. This transfer will be carried out through the budget revision process.

### Cost of disclosure applications

Disclosure fees are set by Scottish Ministers. During 2022/23, the fee for all types of disclosure, other than PVG disclosures, was £25. The price of PVG scheme membership was £59, the price of a Scheme Record Update was £18 and where this leads to a request for a Scheme Record, the price was £41. The fees have remained unchanged since 28 February 2011 with operational efficiencies mitigating cost inflation.

The requirements of the Disclosure (Scotland) Act 2020 may lead to a change in fee structures and will be aligned to our future operating model and the cost to deploy our service.

'Qualifying Voluntary Organisations' have volunteers applications processed at no charge and are 'free at the point of delivery'.

DocuSigned by:  
  
5587E733F884E3

Chief Executive and Accountable Officer:  
Disclosure Scotland  
Date: 16/08/2023

# 2



## Accountability report

# Directors' report

## Management structure

During 2022/23, our structure has changed slightly to reflect the journey Disclosure Scotland is on and our move into Phase 2. The changes are focused on effectively delivering our goals and strategic purpose and ensuring clear lines of remit, roles and responsibilities.

The new structure is outlined in the image below, but in summary we have:

- introduced a new Director of Safeguarding that sits under the Deputy Chief Executive Business Strategy
- moved from functions between directors, so we have a more traditional Director of Corporate Services and Director of

Policy and Customer Engagement

- introduced a Digital Director that sits under the Deputy Chief Executive Digital Strategy

Details of governance arrangements can be found in the Governance Statement.

The Chief Executive and executive directors form the Leadership Team and are part of the Board. They are our senior strategic decision-making group, with 20 managers (some specialist) to monitor and manage day-to-day business to secure the delivery of organisational objectives set out in our Business Plan.



## Board

Non-executive board members are appointed by the Chief Executive for a period set out in their terms and conditions which must not exceed four years. Individual members may be reappointed, but may not serve for a total period exceeding eight years.

Board appointments are made in accordance with guidelines issued by the Commissioner for Ethical Standards in Public Life in Scotland. These require appointments to be made on merit after a fair and open competition.

In my Governance Statement, I set out the role of the Disclosure Scotland board (the board) and its relationship with the Leadership Team and governance arrangements.

The Non-executive board membership for 2022/23 comprised:

Name	Appointment
Kavita Chetty	Appointed December 2019 resigned July 2022
Douglas Hutchens	Appointed October 2015 to present
Christopher Wroath	Appointed December 2019 to present
Stuart Smith	Appointed July 2018 resigned December 2022
Keith Rosser	Appointed December 2019 to present
Alistair Sim	Appointed January 2023 to present
Stephanie Glavin	Appointed January 2023 to present

The [Register of Interest](#) of Non-executive board members and their biographies are held on our website.

Our Non-executive board members sit on the board, with some also sitting on the Audit and Risk Committee. They also provide critical advice within our change governance structure. They support and advise the Chief Executive on strategy and governance.



- Attendees at the Disclosure Scotland Board Away Day 2022.

## Change governance

In my governance statement, I set out the changes we have made in 2022/23 to the governance structure supporting our current portfolio of change. This included disbanding the current Change Team and Advisory Panels and the introduction of Programme Boards. These new Programme Boards feed into our wider governance structure and were introduced in January 2023. Although these Advisory Panels provided a valuable service at the time such as a critical independent viewpoint, we are committed to continually



improving our governance and through feedback have added their value and refocused them into a more simple Programme Board structure. Each Programme Board is chaired by the Senior Responsible Owner for that Programme and included representation from internal representatives, Non-Executive members and independents. The core membership for each group is outlined below.

## DS25 Programme Board

Name	Title
Deputy Chief Executive Business Strategy	Chair/ Senior Responsible Owner
Deputy Chief Executive - Digital Strategy	Vice Chair
Douglas Hutchens	Non-executive board member
Lauren McNamara	Student Awards Agency

The DS 25 Programme Board also has members from across Disclosure Scotland.

Title	Title
Head of Change Management	Director of Corporate Services
Head of Customer Engagement	Head of People Services
Head of Corporate Governance	Acting Deputy Director of Digital and Service Delivery
Operations Manager	Principal Finance Manager (Strategy)
Change and Improvement Lead	Senior Communications Manager

Title	Title
Change Manager	Project Management Office, Secretariat
Director of Safeguarding	-

## Disclosure Act Programme Board

Name	Title
Lynne McMinn	Chair - Director of Policy and Customer Engagement
Keith Rosser	Directorate for Financial Management - Finance Business partner
Tibs Zaheer	Directorate for Financial Management - Finance Business partner
Tracey McIntyre	Directorate for Agriculture and Rural Economy - Deputy Director Rural Payments and Inspections Division (RPID)

The Disclosure Act Programme Board also has members from across Disclosure Scotland

Title	Title
Director of Safeguarding	Deputy Chief Executive - Strategic Change and Operations
Head of Customer Engagement	Head of Policy
Programme Manager	Delivery Manager (Act)

Title	Title
PMO Co-ordinator	Principal Finance Manager (Strategy)
PMO Co-ordinator	Senior Communications Manager

Title	Title
Communications Manager	Risk and Assurance Lead
Head of Corporate Governance	Change and Improvement Lead

## Digital Programme Board

Name	Title
Kenny Birney	Chair - Deputy Chief Executive Digital Strategy
Christopher Wroath	Non-executive board member
John Campbell	Digital Programme Director (Scottish Government Digital Transformation)
Peter Tolland	Programme Director (Scottish Government Digital Transformation)

The Digital Programme Board also has members from across Disclosure Scotland

Title	Title
Director of Safeguarding	Director of Policy, Customer Engagement and Communications
Head of Digital Delivery	Acting Deputy Director of Digital and Service Delivery
PMO Lead	Head of Operations
Principal Finance Manager (Strategy)	Head of Business Improvement and Compliance

## Audit and Risk Committee

In my governance statement, I set out the role of the Audit and Risk Committee (ARC) and its relationship with the Leadership Team.

The ARC membership for 2022/23 comprised:

Name	Title
Douglas Hutchens	Non-executive board member, Chair of the ARC
Stuart Smith	Non-executive board member (until December 2022)
Keith Rosser	Non-executive board member
Stephanie Glavin	Non-executive board member (from January 2023)
Dr Tom Mitchell	Independent member

## Fraser Figure

Our senior link between our Chief Executive and our parent government department is through our Scottish Government Fraser Figure - the Director of Children and Families. Our director is responsible for overseeing the relationship between Scottish Ministers and Agencies and for ensuring that agencies are

part of portfolio management arrangements including business planning, performance reporting and risk management.

Our Fraser Figure provides support and constructive challenge to make sure that delegated authority is being exercised properly and that agencies are high performing and continuously improving organisations. As part of their advice to Ministers about strategic matters, the Fraser Figure provides advice about the strategic direction and contribution of executive agencies.

Our Fraser Figure for 2022/23 was Michael Chalmers, Director of Children and Families.

## Statement of Accountable Officer's responsibilities

Under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, Scottish Ministers directed that we prepare for each financial year, a statement of accounts in the form of and on the basis set out in the Accounts direction on [page 73](#).

The accounts are prepared on an accruals basis and must give a true and fair view of our state of affairs and our net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements 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 accounts
- prepare the accounts on a going concern basis
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Principal Accountable Officer of the Scottish Administration has appointed our Chief Executive as Accountable Officer for Disclosure Scotland.

The responsibilities of an Accountable Officer, include responsibility for:

- the propriety and regularity of public finances
- keeping proper records and for safeguarding assets

These responsibilities are set out in the Memorandum to Accountable Officers issued by the Principal Accountable Officer.

The Accountable Officer has taken all the steps that he ought to have taken to make sure he is aware of any relevant audit information and to establish that the auditors are aware of that information. So far as the Accountable Officer is aware, our auditors are aware of all relevant information.

The Accountable Officer takes personal responsibility for the Annual report and accounts, and the judgements required for determining that it is fair, balanced and understandable.

Relevant information which our auditors are unaware of, and that in my role as Accountable Officer, I have taken all necessary steps to make myself aware of any relevant information and to establish that our auditors are aware of that information.

The Accountable Officer takes personal responsibility for the Annual report and accounts, and the judgements required for determining that it is fair, balanced and understandable.

# Governance Statement

## Scope of responsibility

This Governance Statement outlines Disclosure Scotland’s approach to corporate governance, setting out our internal control structure and risk management approach. These structures support the achievement of our aims and objectives as agreed with Scottish Ministers, whilst safeguarding the public funds and assets which have been assigned to me and for which I am personally responsible in terms of section 15 of the Public Finance and Accountability (Scotland) Act 2000.

I confirm that, as far as I am aware, there is no relevant information which our auditors are unaware of, and that in my role as Accountable Officer, I have taken all necessary steps to make myself aware of any relevant information and to establish that our auditors are aware of that information.

I can confirm that the Annual Report and Accounts are fair, balanced and understandable and I take personal responsibility for the judgements required for determining that they meet the criteria described.

## Governance framework



Disclosure Scotland is an Executive Agency and part of the Scottish Government. Our [Framework Document](#) sets out the detailed accountability and governance for the organisation, and the context for our relationship with Scottish Ministers and the Scottish Government. Our Framework Document should, in any event, be formally reviewed at least once every three years and be subject to a detailed review at key trigger points. We will be reviewing and republishing our Framework Document in August 2023 to reflect the changes in our governance arrangements in relation to change management.

Our systems of internal control and assurance are in line with best practice and the Scottish Public Finance Manual, and seek to identify the principle risks to the achievement of our aims and objectives.

The systems detailed in this statement have been in place during the year under review and up to the date of approval of the Annual Report and Accounts.

## The board

In my role as Chief Executive, I am currently supported by five Non-executive board members, two Deputy Chief Executives and three directors who together comprise the Board. The Board supports and advises myself as Chief Executive on strategy and governance by:

- constructively challenging and contributing to the development of strategy and the future direction of Disclosure Scotland, proposing ambitious targets and innovative approaches
- overseeing our systems of accountability and control, including appropriate physical, personnel and cyber security controls designed to protect assets, staff, and the public during their interactions with us while monitoring whether the internal groups and processes provide sufficient assurance that performance is routinely and actively monitored
- ensuring that the voice and needs of users are embedded in our thinking and planning
- ensuring compliance with laws and regulations

We continued utilising hybrid options through the year allowing members to attend in person or virtually, giving us greater flexibility for these meetings.

During the year, two board members resigned, and therefore following consultation we appointed two interim non-executive members while we begin a wider recruitment campaign for permanent members later in 2023.

Further details of board meetings are available on our [website](#). During 2022/23, the board met formally on seven occasions. The main elements of business considered were our:

- digital delivery
- key performance indicators
- change governance, assurance and delivery
- endorsing the business plan
- advising on the development of the People Strategy
- providing advice on strengthening our Safeguarding service

## The Audit and Risk Committee

I am also supported by an Audit and Risk Committee. The Audit and Risk Committee currently comprises of one independent member and three Non-executive board members - one of which is the Chair. In line with the Disclosure Scotland Board, the Finance non-executive member changed mid-year to an interim member. The Audit and Risk Committee is responsible for overseeing our risk, control and governance arrangements. It also considers our exposure to fraud and our capacity to respond to emerging issues. I attend these meetings in the capacity of Accountable Officer along with relevant directors, other officials and both internal and external auditors.

During 2022/23, the committee formally met on four occasions. The main elements of business considered by the Audit and Risk Committee were our:

- corporate risks and risk management
- audit recommendations
- internal audit updates and planning

- external audit updates and planning  
Information governance
- Annual Report and Accounts

## Leadership Team

I am also supported in my role by a Leadership Team which is made up of two Deputy Chief Executives and three directors. This year they have met at least weekly to continually work towards our goals and make decisions. The Leadership Team focuses on:

- setting the strategic direction and translating directions into actions
- creating the conditions that enable our people to deliver the actions and agreed outcomes
- maintaining the focus on overarching plans and horizon scan to decide if our priorities need to change
- embedding safeguarding into all areas of Disclosure Scotland

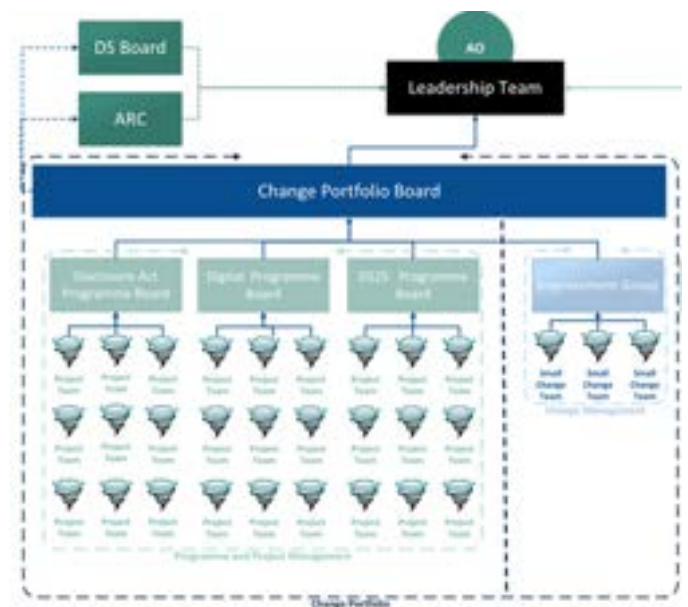
In 2022, I reviewed the Leadership Team roles and responsibilities and changed the remit of the two Deputy Chief Executives so they could be more overarching and focus on business and digital strategy. There were then three directors: a Director of Policy and Customer Engagement, a Director of Corporate Services and a Director of Safeguarding. I also incorporated weekly collaboration sessions into the Leadership Team calendar of business, allowing us time to focus on specific items. Some of the items we have reviewed are:

- how we will transition our digital services onto a new platform (Platform Migration)
- the delivery of the Disclosure Act
- project considering potential changes in what we charge for our services (Fees Project)
- the delivery of Online Accounts

## Heads of Service

Each director is supported by their Heads of Service. Each Head of Service has a specific remit and is tasked with translating the strategic directions into business as usual activities. The Heads of Service meet on a twice weekly cycle to discuss key activities, concerns and to ensure collaboration of activities across Disclosure Scotland. The Leadership Team shares a weekly briefing with the Heads of Service to ensure decisions are translated across the business. The Leadership Team have worked with the Heads of Service to review overall collaboration and they now include the Leadership Team in some of their weekly meetings for further input.

## Change governance



Disclosure Scotland is delivering a wide ranging and complex change portfolio which includes:

- delivery of the Disclosure Act
- digital platform stability and sustainability
- improved digital services

- improved business activities focused on demonstrable value for money

The governance arrangements now consist of four Advisory Panels, fed into by four Change Teams.

- Disclosure Act
- Digital Improvement and Innovation
- Business Improvement
- Stakeholder and Social Mission

We had previously introduced Change Teams (hurricanes) with the purpose of putting the capacity for change and innovation at the centre of Disclosure Scotland. The approach has worked, with a positive impact on discouraging silo working and supporting delivery on tactical changes. In project management terms, they have essentially operated as 'Programme Boards' but also allowed for a collaborative working space to add value to ongoing projects and generate solutions to issues/challenge statements.

We have taken the opportunity to reflect on these arrangements and take on feedback from internal audit, and those operating in this environment to introduce a revised change governance structure. We have introduced three Programme Boards which cover:

- Disclosure Act (chaired by the Director of Policy and Customer Engagement)
- Digital (Chaired by the Deputy Chief Executive Digital Strategy)
- DS25 Delivery (Chaired by the Deputy Chief Executive Business Strategy)

Underneath these sits a range of project teams (mini hurricanes) that lead on the day-to-day delivery of individual projects feeding into these broader programmes of work.

The Programme Boards also take over the roles of the current Advisory Panels. As the membership of each includes both Disclosure Scotland staff, external representation (appropriate to each subject) and non-Executive representation.

The Disclosure Act Programme Board is focused on delivery of the Disclosure Act. Our Director for Policy and Customer Engagement is SRO and acts as Chair for this group. All work aligned to the delivery of the Act reports through this group.

The Digital Programme Board oversees the Digital Enhancement and Digital Enabler programme. These report through a specific Digital Programme Board due to the focus of their delivery over a specific period. The Deputy Chief Executive for Digital Strategy as Senior Responsible Officer acts as Chair for this group.

The Disclosure Scotland 25 Programme Board focuses on all other medium sized project work (both digital and non-digital) that align and support delivery of DS 25. The Deputy Chief Executive for Business Strategy acts as Chair for this group.

Above the Programme Boards is the Leadership Team. Clear lines of escalation for each Programme Board will allow for decisions, risk and issues to be considered by the Leadership Team, fully informed by the advice of the Programme Boards. We believe this structure will also allow for decision making to be taken far more easily at lower levels. SROs remain responsible for the delivery of their programmes, and the Programme Boards will



allow for advice to be sought on programme and project level decisions.

The creation of the wider change governance structure, while being focused on having strong governance, was also centered on having an approach that provided strong independent advice and creating an environment that reduced silos and supported creativity.

Sitting therefore just outside the formal governance structure is a set of advisory groups with specific functions:

- Service Improvement Group – this group will manage the small change process structure. It will facilitate discussion on ideas to determine the feasibility of small change requests and provide advice on initial scoping of ideas ahead of these being taken forward. It also works with the Change Management Team to manage and prioritise small changes.
- Stakeholder Group – this is a group that all project/change leads have access to when requiring stakeholder input. Leads identify when and what this group can add value to in their project and approaching the group for advice and assurance as appropriate.
- Technical Advisory Group – the complexity of digital change determines the need for technical advice supporting major digital projects. This group provide advice and assurance over technical delivery strategies.

## Information and Business Continuity

### Information management

As an Agency of the Scottish Government, and in

relation to the services we provide, we comply with the governance structure documented within the Security Policy Framework (SPF). This includes the roles and responsibilities, and formal risk management as expected by the Home Office and Police Scotland.

An established process is in place to report, manage and recover from information risk/cyber security incidents. Lessons are shared from any incidents, and managers have a responsibility to ensure that all suspected or actual information security breaches are reported to the Data Protection Officer and Disclosure Scotland IT Security Team.

The roles which must be in place to manage information risk and personal data are defined within the Security Policy Framework. These include Accountable Officer, Senior Information Risk Owner and Information Asset Owner roles, whose terms of reference are defined within the Security Policy Framework. Named staff hold these roles and they have undergone training. In addition to this, we have a Data Protection Officer and a Data Protection Practitioner in place.

## Data protection

Overall, 72 breaches occurred compared to 37 the previous year which is an increase of 48%. This increase can be attributed to work done throughout the year to increase awareness of our data protection and governance procedures and seeing the true pattern of incidents from across the organisation; which is illustrated by an increase in minor data breaches generally caused by human error, and no increase in higher risk occurrences. Within 22/23 we rolled

out and monitored a new breach process successfully, meaning that each of the recorded breaches has an individual investigation and report attached which was fed back to colleagues with corrective actions. Sixty-nine were deemed low risk and four medium with no breach found to be high risk, meaning we did not report to the Information Commissioners Office.

All staff complete the mandatory yearly UK General Data Protection Regulations training and information management training. Operational staff have been provided with additional Breach Awareness Sessions. Tailored in-house induction training is provided to all new starts and monitored to ensure coverage.

There are appropriate guidelines in place for the action that is needed where there is a breach or other error impacting the UK GDPR duties. This is assessed regularly. The classification of data breach types and a focus on root cause analysis continues to provide a source of targeted messaging.

## Information security

The Senior Information Risk Owner retains responsibility for information security, including security incidents that do not involve personal data breaches, along with Information Asset Owners to manage information risk. Our independent security accreditator provides additional support and advice to our Senior Information Risk Owner.

In 2022/23 incident numbers have remained low with a total of 16 (2020/21, 13) security incidents. One was logged for awareness purposes. Most were investigated and closed on

the dual authority of the independent accreditator and Senior Information Risk Owner with proactive interventions to decrease the risk of future occurrences. Two incidents are still open, one is a new active investigation, the other is an operational weakness which required a change of process and storage.

We have continued to strengthen and improve our process for security of information by using education, communication and visibility:

- all staff, inclusive of contractors, have to attend a mandatory security induction which details topical examples of recent cyber and security threats
- important security messages are circulated to staff routinely to respond to any security trends that are emerging or as a general reminder of good practice
- the security team raised their profile by developing specific security pages for our intranet and writing blogs, highlighting the best way to contact security if an incident occurred

We have stringent security protocols in place to prevent cyber attacks causing data loss or damage and to alert us to any such attempts. To date we have no recorded incidents of a cyber attack. We recognise the impact that this would have on our business and continue to mitigate accordingly.

## Business continuity

Business continuity is managed by the Corporate Governance Team. Disclosure Scotland business continuity plans were reviewed during coronavirus and are in the process of being reviewed to align with our

hybrid working approach. As part of this review we completed a project to replace our Disaster Recovery site.

Our business continuity plan was tested during a power cut and this allowed us to find further areas of improvement for the plan. The plan covers possible scenarios, Business Impact assessments for each business area and links to local recovery plans based on some of the noted scenarios. In the coming year, the plan will be reviewed by our Leadership Team and Board.

## Assessment of corporate governance

During 2022/23, we had effective Audit and Risk Committee and Board meetings covering a range of key issues and providing key advice across key areas. During the year we took on feedback from our Board and Audit and Risk Committee and made changes to how those meetings were planned and the range of business discussed. Corporate Governance worked to ensure these meetings provided the Chief Executive with further assurance by allowing the Board to not only review papers on what has been done, but also introduce a space for the Board to offer strategic insight to items of the future. The reports being presented have also been improved, with an increase in data driven reports presented in formats allowing clear analysis and support advice.

I have already outlined the improvements we have implemented to further strengthen our change governance, and a robust reporting regime has been introduced across our portfolio of change to ensure visibility of important

milestones and dependencies.

As part of our Board planning we completed a number of sessions at the Board away days on:

- equality, diversity and inclusion
- a review of Governance
- the design of our Target Operating Model
- cyber awareness
- safeguarding

These sessions allowed the Board to have extra time to focus on these items that the normal Board meetings do not allow for.

Coupled with the implementation of strengthened governance structures, we believe that we have greater strategic insight, tactical approaches to managing change and a growing track record of successful delivery.

As Accountable Officer, I have responsibility for reviewing the effectiveness of Disclosure Scotland's overall governance framework, including the system of internal controls. The system is designed to manage, rather than eliminate risk of failure to achieve our policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. This has been assessed through the following:

- the Board's consideration of business plans, project reports, the assessment and management of risk and our strategic direction
- the Audit and Risk Committee's consideration of the adequacy and effectiveness of the system of internal control and risk management along with their self-assessment

- the work of our internal auditors who, prior to formal audit, agree an annual audit plan and report to the Audit and Risk Committee recommendations in management letters and audit reports from external audit which provides independent assurance
- the corporate risk register and reports from the Corporate Risk Review Group to the board and Audit and Risk Committee in advance of their meetings
- independent assurance provided by third parties through our advisory panels

## Internal audit

Internal Audit provides independent assurance on the adequacy and effectiveness of the systems of governance, controls and financial management. Our Internal Audit service is provided through a shared service agreement within Scottish Government. This year they completed their full schedule of reviews as agreed by the Audit and Risk Committee in February 2022.

An overall substantial assurance opinion was provided by Internal Audit for this period. This was informed by three Internal Audit Reviews and our progress in implementing previous audit recommendations.

Audits undertaken this year:

- Project Management Office – reasonable
- Capacity and Capability – reasonable
- two advisory reviews on Service Desk and Assurance Mapping

Our Corporate Governance function manage the implementation of recommendations resulting from each of the reviews, and progress is reviewed at every Audit and Risk Committee.

## External audit

The financial statements for 2022/23 are audited by auditors appointed by the Auditor General for Scotland. Deloitte LLP carried out this audit and the fee for this service was £41,900. There were no payments made for non-audit work undertaken during the year.

## Risk management

To align with good practice and as with all bodies adhering to the Scottish Public Finance Manual, we operate and maintain a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. We maintain a risk register, which records internal and external risks and identifies mitigations to reduce the threat of these risks occurring, minimising their impact should they materialise.

Our Risk and Control Framework is based on a process designed to identify the main risks to being able to achieve our aims and objectives, to evaluate the nature and level of exposure built in these risks and to manage them proportionately, efficiently, effectively and economically.

We operate a Corporate Risk Review Group chaired by our Head of Corporate Governance. It includes a cross-section of managers and strategic leaders who are empowered to make informed decisions on how we manage and mitigate risks.

This focus is adopted across all directorates and projects/programmes, allowing Disclosure

Scotland to manage risk in line with achievement of our Business Plan and Corporate Strategy objectives and outcomes. Disclosure Scotland risks are escalated to the Director for Children and Families register where additional influence is required or where Disclosure Scotland cannot fully mitigate the risk without assistance.

Our governance groups, including the Audit and Risk Committee and Leadership Team, complete periodic in-depth reviews to provide risk oversight and governance. The Leadership Team completed a risk deep dive in November 2022 that allowed the Corporate Risk Review Group to review and understand the concerns of the Leadership Team.

Building on previous risk improvements, the Corporate Risk Review Group members underwent further training sessions with the Scottish Government's Risk Team and began the redrafting of our risk appetite statements.

Work will continue to improve our risk management approach in 2023/24.

Through the year we actively managed risks around:

- **Digital resourcing.** The public sector as a whole has a shortage of digital skills. We have worked to mitigate this risk through activities such as working with graduates from CodeClan (an organisation that builds digital skills) and conducting in-house skills audits to establish any resources who already have digital skill we are not utilising.

- **Cyber security.** As we move more of our systems from paper to online we have had to continue to ensure we actively manage the likelihood and potential impacts of possible cyber security threats. We have learned lessons from other bodies that have been impacted by such threats and we will continue to ensure this is a top priority.
- **Data breaches.** These are always going to be viewed as a significant concern for Disclosure Scotland and we have continued this year to build on training and data breach education, while improving the services our in-house data protection team manage.

## Counter fraud

Disclosure Scotland have a Counter Fraud and Bribery Strategy and Policy (which includes a Fraud and Bribery Response Plan). These are published on Saltire for all staff and regular updates are communicated to staff. A communications plan has been developed with communications regarding the strategy/policy scheduled for twice yearly (not including any ad hoc updates).

An annual testing schedule has been developed and includes three types of test: a review of the strategy and policy, a self-assessment and a desktop exercise. A review of the policy and the self-assessment was done at the Fraud and Bribery Response Meeting in December 2022.

Disclosure Scotland utilises the Scottish Government processes for staff whistleblowing and any subsequent escalation and investigation of complaints.

## Review of effectiveness of internal control

2022/23 has seen further governance improvements delivered particularly within our change portfolio. Our change portfolio is focused on the delivery of our strategic objectives as outlined in DS 25.

To help further inform this final review, I received a full set of certificates of assurance from budget holders, along with completed associated internal control checklists in May 2023. On the whole, we are pleased to report substantial confidence across a number of key themes. One was recorded as limited, however we will use the Audit Tracker presented to the Audit and Risk Committee to monitor performance and progress in this area, and all reasonable confidence levels throughout the year to support a positive movement in confidence.

A number of separate issues have arisen regarding ongoing monitoring data systems and processes. Whilst these have each been independent of one another and have a number of root causes, there is enough of a theme that a holistic review of the range of Ongoing Monitoring data receipt, monitoring and system behaviours should be considered to increase levels of assurance. I am assured that with each digital issue, robust action has been taken and specific issues have not been repeated – demonstrating the effectiveness of response.

As these issues may lead to safeguarding risk, it is essential that whilst I feel collectively assurance levels are at an acceptable level for our services, Ongoing Monitoring processes and data monitoring and management should be called out as an area for closer review during 2023-24.

I can conclude, based on the evidence contained within the statement that the arrangements in place covering management practices, policies, guidance, delegations and assurances that govern us and oversee our strategic direction, performance monitoring and review continue to be regarded as fit for purpose in accordance with our governance framework. Collectively, these comply with generally accepted best practice principles and relevant guidance contained within the extant Scottish Public Finance Manual.

## Openness and transparency

We are committed to conducting our work in an honest, objective and open fashion, making sure the best interests of our customers and our people are at the forefront of all that we do. Our [Framework document](#) outlines how we operate and conduct our business.

To foster clear and open communication with our customers and stakeholders, we have continued to embrace the use of social media channels, including Twitter, the mygov website, e-bulletin and in-house publications.

Our core publications, including the Corporate strategy and plan, Business plan, Annual Report and Accounts and Corporate Parenting Plan are published externally, together with our procurement strategy and the minutes of our board and Audit and Risk Committee meetings.

To meet our users' needs, communication strategies continue to be influenced by customer insight. Across all major campaigns the Communications Team recognise our 'internal customer', making use of Saltire (intranet) and relevant internal channels, to ensure that our people are informed on important developments, opportunities and our services. Saltire analytics confirm that this internal focus has increased our peoples' understanding of our services and purpose. This approach has been particularly successful in engaging our colleagues, raising the visibility of our Leadership Team, embedding hybrid working and bringing our colleagues along with the change.

Our Leadership Team (LT) continue to be committed to being visible and available to our

people. 'Let's Keep Connected' (LKC), launched in May 2020 and we introduced hybrid events in June 2022, enabling our colleagues to attend face to face or online, ensuring they are fully informed of new developments and have the opportunity to ask the LT questions. These sessions covered areas that our colleagues requested, including digital and our change journey. Analytics show us that LKC is continuously improving in terms of usefulness.

Based on our annual internal channels' colleagues survey in February 2023, 96% of our colleagues who attended the Let's Keep Connected event found it useful. Furthermore, 70% found the event engaging and 66% felt that they learned more about the Leadership Team's role in the organisation. From the feedback, one comment stated, 'I liked the way Gerard engaged with people and asked them to tell the Leadership Team what is happening at grass roots.' Further comments showed that the Leadership Team blogs and engagement with colleagues in the office day-to-day helps colleagues engage with the Leadership Team.

Along with this, we have introduced and continued with a number of other initiatives, including:

- Heads of Department weekly blogs
- Disclosure Scotland Yammer/Viva Engage
- a Saltire page dedicated specifically to Heads of Department and C1s to raise visibility, including a graphic created with names and titles
- created internal and external videos to improve our customers' knowledge of the disclosure system and highlight the work of our Change Teams to our people

- created internal and external videos to improve our customers' knowledge of the disclosure system and highlight the work of our Change Teams to our people

We have continued to develop and promote our corporate identity this year resulting in all social media platforms, and e-bulletin sign ups tracking positively. Each platform has grown during the year – Twitter (2.5% increase), LinkedIn (13.4% increase) and Facebook (39.2% increase), giving us a 55.1% total increase in followers across all platforms.



## Remuneration and staff report

The remuneration policy governing our management and employees is set by the Scottish Government under its standard terms and conditions of employment. Information is kept in accordance with General Data Protection Regulations (GDPR).

### Service contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit based on fair and open competition. This also includes circumstances when appointments may be otherwise made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service compensation scheme.

Further information about the work of the Civil Service Commissioners can be found at the [Civil Service Commission website](#).

We do not have a remuneration committee.

### Salary and pension entitlements

The following section provides detail of the remuneration and pension interests of our board for the year to 31 March 2023.

### Salary

Includes gross salary, overtime and any allowance

to the extent that it is subject to UK taxation. The report is based on payments made by us during the financial year.

### Bonus payments

No performance pay or bonuses were paid in 2022/23 (2021/22, £nil).

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty's Revenue and Customs as a taxable emolument. In 2022/23 this value was £nil (2021/22, £nil).

### Staff turnover

Staff turnover as at 31 March 2023 was 5.33% (2021/22, 3.03%). Our aim is to retain talent within Disclosure Scotland. To better understand why colleagues, leave/move on from Disclosure Scotland we will be implementing a new exit questionnaire/interview policy led by Scottish Government. This will be built into the new Oracle Fusion system to provide an easy way for colleagues to provide this feedback.

### Employment policies

Disclosure Scotland is an executive agency of the Scottish Government and as such follows the employment policies of the Scottish Government. There may be instances where local changes are made to the application of policies to fit with our business, but the general principles are followed and are accessible for our people.

## Remuneration

(Information in following tables is audited)

### Single total figure of remuneration

Officials	Salary (£'000) 2022/23	Salary (£'000) 2021/22	Bonus payment (£'000) 2022/23	Bonus payment (£'000) 2021/22	Benefits in kind (to nearest £100) 2022/23	Benefits in kind (to nearest £100) 2021/22	^Pension benefits (to nearest £100) 2022/23	^Pension benefits (to nearest £100) 2021/22	Total (£'000) 2022/23	Total (£'000) 2021/22
<b>Gerard Hart</b> Chief Executive	85-90	75-80	-	-	-	-	10,000	19,000	95 - 100	95-100
<b>Alan Eastwood</b> Director of Corporate Services (remunerated to 28/05/2021)	-	10-15 Full Year 75-80	-	-	-	-	-	3,000	-	15 - 20
<b>Neill Kemp</b> Director of Digital and Service Owner (remunerated to 01/10/2021)	-	35-40 Full Year 75-80	-	-	-	-	-	16,000	-	55-60
<b>Laura McCluskey</b> Deputy Chief Executive - Business Strategy	75-80	75-80	-	-	-	-	31,000	29,000	110-115	100-105
<b>Kenny Birney</b> Deputy Chief Executive - Digital Strategy (remunerated from 01/10/2021)	85-90	35-40 Full Year 80-85	-	-	-	-	33,000	13,000	115-120	50 - 55
<b>Nicola McBain</b> Director of Corporate Services (remunerated from 12/08/2021)	70 - 75	40-55 Full Year 65-70	-	-	-	-	29,000	31,000	100-105	70 - 75
<b>Lynne McMinn</b> Director of Policy and Customer Engagement (remunerated from 20/04/2021)	70-75	65-70	-	-	-	-	27,000	38,000	100 - 105	105 - 110

## Single total figure of remuneration

Officials	Salary (£'000) 2022/23	Salary (£'000) 2021/22	Bonus payment (£'000) 2022/23	Bonus payment (£'000) 2021/22	Benefits in kind (to nearest £100) 2022/23	Benefits in kind (to nearest £100) 2021/22	^Pension benefits (to nearest £100) 2022/23	^Pension benefits (to nearest £100) 2021/22	Total (£'000) 2022/23	Total (£'000) 2021/22
<b>Kathleen McInulty</b> Director of Safeguarding (remunerated from 19/04/22)	75-80 Full Year 75-80	-	-	-	-	-	29,000	-	105 - 110	-
<b>Douglas Hutchens</b> Non-Executive board Member	5-10	10-15	-	-	-	-	N/A	N/A	5-10	10-15
<b>Stuart Smith</b> Non-Executive board Member	5-10	5-10	-	-	-	-	N/A	N/A	5-10	5-10
<b>Keith Rosser</b> Non-Executive board Member	0-5	5-10	-	-	-	-	N/A	N/A	0-5	5-10
<b>Christopher Wroath</b> Non-Executive board Member	0-5	5-10	-	-	-	-	N/A	N/A	0-5	5-10
<b>Kavita Chetty</b> Non-executive board member (remunerated to 07/06/22)	-	0-5	-	-	-	-	N/A	N/A	-	0-5
<b>Thomas Mitchell</b> Independent member	0-5	0-5	-	-	-	-	N/A	N/A	0-5	0-5
<b>Alastair Sim</b> Non-executive board member (remunerated from 09/01/23)	0-5	-	-	-	-	-	N/A	N/A	0-5	-

^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). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Stephanie Glavin is not remunerated for her role as a Non-executive board member as she is employed by Social Security Scotland which is an Executive Agency of the Scottish Government.

## Pension benefits

(Information in following tables is audited)

Officials 2022/23	Accrued pension at pension age as at 31/03/23 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/23 £'000	CETV at 31/03/22 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (Nearest £100)
G Hart	40-45	0-2.5	717	643	(1)	-
K Birney	5-10	0-2.5	68	47	12	-
N McBain	20-25	0-2.5	250	212	11	-
L McCluskey	10-15	0-2.5	146	122	12	-
L McMinn	20-25 plus lump sum of 35-40	0-2.5 plus lump sum of 0	332	286	11	-
K McInulty	15-20	0-2.5	228	200	16	-

Non-executive board members' positions are non-pensionable.

## 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: three 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 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). 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 defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and 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 updated 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) their pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal and General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do contribute, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the

cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 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](http://www.civilservicepensionscheme.org.uk) [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the 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.

## Pension contributions

The executive directors of the board are members of the Principal Civil Service Pension Scheme (PCSPS). Our contributions to the scheme in respect of these members amounted to £137,302 for the year to 31 March 2023 (2021/22, £102,965).

## Payments to past directors

There have been no payments made to past directors during 2022/23 (2021/22, £nil).

## Our People

Our workforce comprises a mix of permanent and fixed-term core Scottish Government staff, temporary agency staff and interim managers. The agency staff form part of a conscious strategy to address resource requirements over a short-term planning horizon. This strategy will continue to operate to ensure we have flexibility and drive forward our change and transformation programmes during the coming year, however, there will considerable efforts made to reduce our use of agency/contractors across Disclosure Scotland.

We also contribute to the Scottish Government early talent initiatives in the form of modern apprentices and students. The Apprenticeship Levy was introduced from 1 April 2017 and aims to help fund new apprenticeships. The levy is calculated as 0.5% of the organisations pay bill minus a £625 (2021/22, £625) levy allowance calculated by the Scottish Government. For 2022/23 we contributed a net total of £54,589 (2021/22, £47,072) to the Scottish Government total Apprenticeship Levy charge.

The breakdown of staff in post at 31 March 2023 is illustrated in the following table:

Staff type	Head count	Full time equivalent (FTE)
Permanent	360	340
Fixed term	8	8
Agency	23	20
Contingent (Interim managers)	52	51
Modern Apprentices	2	2
Students	0	0
<b>Total</b>	<b>445</b>	<b>421</b>

Note: the data above is sourced from Disclosure Scotland's internal staff database.

Our overall head count as of 31 March 2023 was 445 (421 FTE) (2021/22, 451 (424 FTE)), of which 360 (340 FTE) (2021/22, 356 (335 FTE)) were permanent, 52 (51 FTE) (2021/22, 36 (36 FTE)) contingent staff and 23 (20 FTE) (2021/22, 52 (47 FTE)) were agency staff. In 2021/22, we also employed 6 (5 FTE) fixed term staff and 1 (1 FTE) Modern Apprentice. While the number of permanent staff continued to increase from 2021/22 to 2022/23, the number of agency staff continued to decrease as part of our effort to be less reliant on agency staff.

Our turnover of staff during the year ended 31 March 2023 was 5.33% (2021/22, 3.03%).

## Gender composition of staff

The gender composition of staff as of the 31st March 2022 is detailed in the following table:



Staff composition	Male	Female
<b>Board members</b>		
Non-executive board members	4	1
Senior Civil Service	1	0
Senior Leadership Team	2	4
<b>All other Scottish Government employees</b>	<b>179</b>	<b>185</b>
<b>Total</b>	<b>186</b>	<b>190</b>
<b>Total excluding Non-executive board members</b>	<b>182</b>	<b>189</b>

Note: the data in the table above is sourced from Scottish Government Human Resources and only includes permanent, fixed-term and modern apprentice employees.

## Building capability

We continue to use the Scottish Government Performance Management system to manage individual performance and development requirements. In 2022, the People Services Team rolled out refresher awareness sessions on Performance Management and the roles and responsibilities of colleagues and line managers.

We partnered with Glasgow Clyde College and accessed £15K of funding through the Flexible Workforce Development Fund initiative in 2022. This funding has supported the increase of our workforce capability across a range of skills including digital skills, report writing, resilience and health and safety.

Work on an organisational skills audit and workforce plan continues and will help to target our learning and development activity to increase

capability and support effective succession planning.

## Attendance wellbeing

Our level of sickness absence is 10.3 average working days lost (AWDL) as of end March 2023. This is the same as AWDL as of March 2022. There were increases in AWDL in June 2022 (11.9) and September 2022 (11.6) before starting to reduce again in December to (10.8) and March (10.3). Throughout 2022/23, there has been a significant drive to reduce the AWDL figure across the organisation, primarily by ensuring contact with individuals on longer term absences and by upskilling individual line managers in this area. As part of this focused approach, bi-monthly HR meetings now take place between our People Services Team and departments. This ensures that early intervention strategies are implemented to support attendance and well-being. One-to-one support from the People Services Team continues to be available to support the effective management of absence cases.

An attendance management action plan will continue to be implemented during 2023, including training for line managers, HR surgeries, spotlight/deep dive on areas for targeted improvement, benchmark with other organisations and the development of a health and well-being calendar.

## People engagement

We positively encourage our people to provide feedback to help us shape the organisation and our decision making processes.

We participate in the annual UK-wide Civil Service People Engagement Survey where colleagues have the opportunity to formally give their views. In 2022, a total of 274 responses were received, giving an overall response rate of 79%. This compares favourably with the response rate for Scottish Government (73%) and the UK Civil Service as a whole (65%).

Our People Engagement and Communications Network is in its second year. Building on successes, the network will continue to drive staff engagement improvements through the People Survey Action Plan during 2023. This will also include the delivery of our Social Impact Pledge and working with our partner charities.

## Trade Union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a requirement on public sector employers to publish information relating to facility time taken by union representatives before 31 July each year.

There are no separate arrangements in place for us to publish information relating to facilities time and the requirements will be covered within the main Scottish Government Annual report and accounts.

## Partnership working

We recognise the importance of good employee relations and conducting them through a constructive partnership. We fully endorse and support the goals and principles set out within the Scottish Government Management Main

Bargaining Unit [Partnership Agreement](#).

To support this agreement and to provide a forum for constructive discussion a formal Disclosure Scotland Partnership board meets every quarter to consider common employee relations issues and strategic issues facing Disclosure Scotland. This is supplemented with a Local Partnership forum who meet monthly to discuss operational and delivery issues. We continue to work closely with the local trade union representatives on a range of areas including employee relations, health and safety, implementation of new ways of working, job design and workforce planning. Further information on Health and Safety can be found on [page 17](#).

## Equality, diversity and inclusion

Since the last reporting period, there has been a continued focus on inclusion and valuing difference, in light of the impact of coronavirus and the return to the workplace with the implementation of our hybrid working pilot scheme. Our internal People Engagement and Communications Network is in its second year, with a remit to drive engagement across the organisation and provide an inclusive workplace and culture. We continue to input into the wider equality mainstreaming work within Scottish Government providing data and progress updates for the organisation.

All colleagues are required to have at least one diversity and inclusion objective as part of their annual appraisal, this ensures they can set themselves clear actions they will take over the year to promote and drive areas of equality

across the organisation. We use equality and diversity information provided via the eHR system and analyse data provided by the Corporate Services Analytical Team in Scottish Government to inform decisions.

A Strategic Workforce Planning Group was established in July 2022. Part of the remit of this group is to monitor and report on workforce data including information on protected characteristics and to look at areas for improvement, for example encouraging job applications from under-represented groups. We are committed to promoting the Scottish Government equality and inclusion training, with the Inclusive Culture for colleagues and managers now being a mandatory training requirement. All of our permanent employees are Civil Servants. We directly recruit staff up to salary band C in line with Scottish Government policy on equal opportunities and the Civil Service Commissioners Recruitment Code. All permanent vacancies in the Scottish Government are fairly and openly advertised with successful candidates chosen based on merit. Many vacancies and temporary responsibility supplement opportunities are advertised internally first, providing opportunities for colleagues to develop and progress their career within the organisation. We provide fair and inclusive access to a range of learning and development opportunities across the organisation.

We have a Race Equality Action Plan which will form part of our wider Equality and Diversity Strategy to be developed in 2023. We are part of the Non-Departmental Public Bodies Equality Forum, where knowledge and good practice is shared with other organisations in all areas of Equality, Diversity and Inclusion.

At our Board away day in July 2022, an interactive session was held on Equality and Diversity and Equality Impact Assessment (EQIA), delivered in conjunction with the Equality and Human Rights Commission.

## Pensions

Pension benefits are provided through the Civil Service pension arrangements. More details on the Principal Civil Service Pension Scheme and the treatment of liabilities in our financial statements can be found in the Remuneration Report.

## Fair pay disclosure (audited)

Staff employed by Disclosure Scotland are paid under core Scottish Government terms and conditions. Agency staff are employed under pay parity conditions. Some staff who transferred into us under the Transfer of Undertakings (Protection of Employment) regulations 2006, as amended on 1 April 2015, have retained their BT terms and conditions.

In accordance with the Government Financial Reporting Manual (FReM), we are required to disclose the relationship between the remuneration of our highest-paid director and the median remuneration of our workforce.

The banded remuneration of our highest-paid director during 2022/23 was £85-90k (2021/22, £75-80k). This is a percentage change of 10% and relates to pay award and banding movement. The highest-paid director was 3.6 times (2021/22, 3.4 times) the median remuneration of the workforce, which was £24.5k (2021/22, £23.2k). The highest-paid

director was 3.7 times (2021/22, 3.4 times) the 25th Percentile which was £23.3k (2021/22, £23.2k) and 2.6 times (2021/22, 2.5 times) the 75th Percentile which was £34.3k (2021/22, £31.5k). The average percentage change is 11% which relates to pay awards and banding movement. The above pay percentiles does not include agency staff. Agency staff are included in the calculation below. The individual pay ranges shown have an agency fee of 11% removed as this is recovered within the chargeable rate.

All staff are paid with reference to Scottish Government pay bands A to C (£22,182 minimum to £80,434, (2021/22, £21,045 to £77,340) except for the Chief Executive whose pay is aligned to the Senior Civil Service pay scale.

The FReM definition of total remuneration includes salary, non-consolidated performance-related pay, non-consolidated recruitment and retention allowances for specialists and transfer value of pensions. The calculation is based on our full-time equivalent staff at the reporting period end-date on an annualised basis. No members of staff have received non-consolidated performance pay or benefits in kind.

## Staff numbers and costs (audited)

The average number of full-time equivalent persons employed (including senior management) and costs during the year to 31 March 2023 was as follows: as of 1 April 2017 all agency staff and contractors' staff have to pass the IR35 HRMC test to ensure they should not be included in the Payroll. For 2022/23, the pay range of these staff was between £20k and £180k.

The Median remuneration of these staff was £110.9k (2021/22, £27.5k) and 1.28 times the highest paid director (2021/22, 2.86 of the highest paid director). The 25th Percentile was £85.5k (2021/22, £24.6k) and 1.01 (2021/22, 3.21) of the highest paid director. The 75th percentile was £127.5k (2021/22, £119.8k) which was 1.47 times (2021/22, 1.52) the highest paid director's remuneration. However, the highest paid contractor was 2.02 times more than the highest paid director. The 20% irrecoverable VAT, adding to the cost of agency staff and contractors, is excluded from this. Agency and contractor staff were employed within the Operations and IT departments during the year.

At the end of March 2023, the number of permanent staff who have declared a disability is 34, representing 10% of the total staff in this category. When recruiting, we give full and fair considerations to applications made by disabled people and take into regard their particular aptitudes and abilities.

Fairness of opportunity and ongoing support is ensured through the application of Scottish Government disabled policies.

-	2022/ 23	2021/2 2	2022/2 3 £'000	2021/2 2 £'000
Senior managers*	7	6	675	502
Central services**	80	70	5,410	5,400
Disclosure Services	196	205	6,485	5,335
National Barring Service	67	59	2,257	2,128
<b>Scottish Government staff</b>	<b>350</b>	<b>340</b>	<b>14,827</b>	<b>13,365</b>
Agency and temporary staff***	71	83	2,575	2,474
<b>Total</b>	<b>421</b>	<b>423</b>	<b>17,402</b>	<b>15,839</b>

\* Executive team, including one member of the Senior Civil Service.

\*\* Includes Corporate Services, IT Services, Business Change and Transformation Programme and Digital teams.

\*\*\* Includes interim managers deployed on transformation and agency staff used for operational delivery as we continue to transform our business in an increasing digital environment.

The range of agency and temporary staff in 2022/23 was 72 to 87 FTE (2021/22, 79 to 102 FTE).

Highly paid off-payroll worker engagements as at 31 March 2023, earning £245 per day or greater:

-	Total
Number of existing arrangements at 31 March 2023	56
<b>Of which no. that existed:</b>	<b>27</b>
Less than 1 year	16
For between 1 and 2 years	4
For between 2 and 3 years	9

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater:

-	Total
Number of temporary off-payroll workers engaged during the year ended 31 March 2023	73
<b>of which:</b>	<b>73</b>
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	0
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which: No. of engagements that saw a change to IR35 status following review	N/A

The aggregate staff costs were as follows:

Staff costs	2022/23 £'000	2021/22 £'000
Wages and salaries	10,850	10,012
Social security costs	1,090	885
Apprentice levy	55	47
Pension costs	2,832	2,421
Agency and temporary staff	2,575	2,474
<b>Total payroll costs</b>	<b>17,402</b>	<b>15,839</b>
Movement in employee benefits	(166)	83
<b>Total staff costs including movement in accrued leave benefits</b>	<b>17,236</b>	<b>15,922</b>

The amount expended by Disclosure Scotland on consultants, not included in staff costs, was £0 (2021/22, £8,025).

## Pension scheme costs and employers' contributions (audited)

For 2022/23, employers' contributions of £2,825k were payable to the PCSPS (2021/22, £2,414k) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands.

The contribution rates are set to meet the cost of the benefits accruing during 2022/23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £7k (2021/22, £7k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and have ranged from 8% to 14.75% of pensionable earnings. The employee does not have to contribute, but where they do contribute, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

## Reporting of Civil Service and other compensation schemes - exit packages (audited)

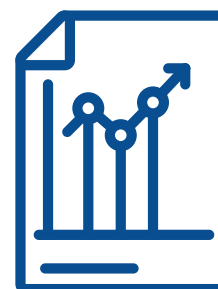
Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional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

There were no redundancy or other departure costs paid in 2022/23 (2021/22, £nil).

# Parliamentary accountability and audit report

## Appointed auditor and audit fee

The Auditor General has appointed Deloitte LLP as our external auditor for the five-year period 2022/23 to 2026/27. The national fee for this service was £41,900 (2021/22, £46,940) which related solely to the provision of the statutory audit service.



During 2022/23, we made one special payment of £1,900 (2021/22, two payments, £11,657) and one fruitless payment totalling £957 (none, 2021/22).

## Losses and special payments

At the end of 2022/23 the level of debt over 90 days was £11,815 (2021/22, £19,721) following approval to impair aged debt by £7,237 (2021/22, £40,376) during the year in accordance with our Framework document. This wholly related to individual debts equal to or less than £3,000 with £nil (2021/22, £nil) written off relating to individual debt of greater than £3,000.

Our debt recovery section will continue to pursue payment of these debts where cost effective to do so. In 2022/23 we recovered £1,958 (2021/22, £10,090) of debt which had previously been impaired. We continue to develop our debt recovery policy alongside the Scottish Government Legal Department.

There were two digital projects (2021/22, none) that were written off during the financial year as the expected benefits were not realised, totalling £178,632. The decision was made to cease spend on these two projects and this was approved by our Finance Business Partners at Scottish Government.

## Fees and charges

The fee for each disclosure application is set by Ministers. The table below details the income generated in 2022/23 for each disclosure type:

Disclosure type	Fee	2022/23 £'000	2021/22 £'000
All disclosures (except PVG)	£25	7,372	7,336
PVG scheme membership	£59	6,141	5,702
Scheme Record Update	£18	2,133	1,995
Scheme Record	£41	152	144

In addition to this, £368k (2021/22, £339k) was received for subscriptions and registrations including charges for additional countersignatories.

The value of non-chargeable disclosures provided to voluntary organisations during 2022/23 amounted to £2.318 million (2021/22, £1.952 million).


The value of free coronavirus checks during 2022/23 amounted to £0.297 million (2021/22, £2.162 million).

The value of free Social Care checks that were given to applicants during 2022/23 totalled £1.021 million (2021/22, £94,037) and this amount was recovered from the Scottish Government by Disclosure Scotland.

The value of free checks carried out on hosts of Ukrainian refugees during 2022/23 totalled £252k (2021/22, £nil).

## Remote contingent liabilities

Contingent liabilities that meet the disclosure requirements in IAS 37 are included in the notes to the accounts. There are currently no remote contingent liabilities.

DocuSigned by:  
  
55B7B733F8564E3

Chief Executive and Accountable Officer

Disclosure Scotland

Date: 16/08/2023



# Independent auditor's report to Disclosure Scotland, the Auditor General for Scotland and the Scottish Parliament

## Reporting on the audit of the financial statements

### Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Disclosure Scotland for the year ended 31 March 2023 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cash Flow Statement, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent auditor's report to Disclosure Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

### Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

### Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

### Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on

## Independent auditor's report to Disclosure Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body
- inquiring of the Accountable as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations
- we obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Public Finance and Accountability (Scotland) Act 2000

Do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Disclosure (Scotland) Act 2020, Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the requirement to operate within the revenue budget set by the Scottish Government as part of the Budget (Scotland) Act. The risk is that the expenditure in relation to year end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a break even position. In response to this risk, we obtained confirmation of the revenue budget via the Budget (Scotland) Act and tested a sample of accruals, prepayments and invoices received around the year end to assess whether they have been recorded in the correct period.

In addition, we identified a potential fraud risk in relation to disclosure fee income. The risk is that management may be incentivised to allocate revenue to future years given future year financial pressures and projected surplus position. Hence, there is a risk that the revenue recognised is not complete, and that the cut off of income recognised at the year end is inaccurate. In response to this

## Independent auditor's report to Disclosure Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

risk, we have developed an expectation of the fee income to verify completeness and performed testing of a sample of income recognised around the year end to assess whether it has been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations
- reading minutes of meetings of those charged with governance and reviewing internal audit reports

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent auditor's report to Disclosure Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

### Reporting on regularity of expenditure and income

#### Opinion on regularity

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998

#### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### Reporting on other requirements

#### Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

#### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

## Independent auditor's report to Disclosure Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

## Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## Independent auditor's report to Disclosure Scotland, the Auditor General for Scotland and the Scottish Parliament (cont.)

### Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

### Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

DocuSigned by:  
  
15866F02CE69431

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)

110 Queen Street

Glasgow

G1 3BX

United Kingdom

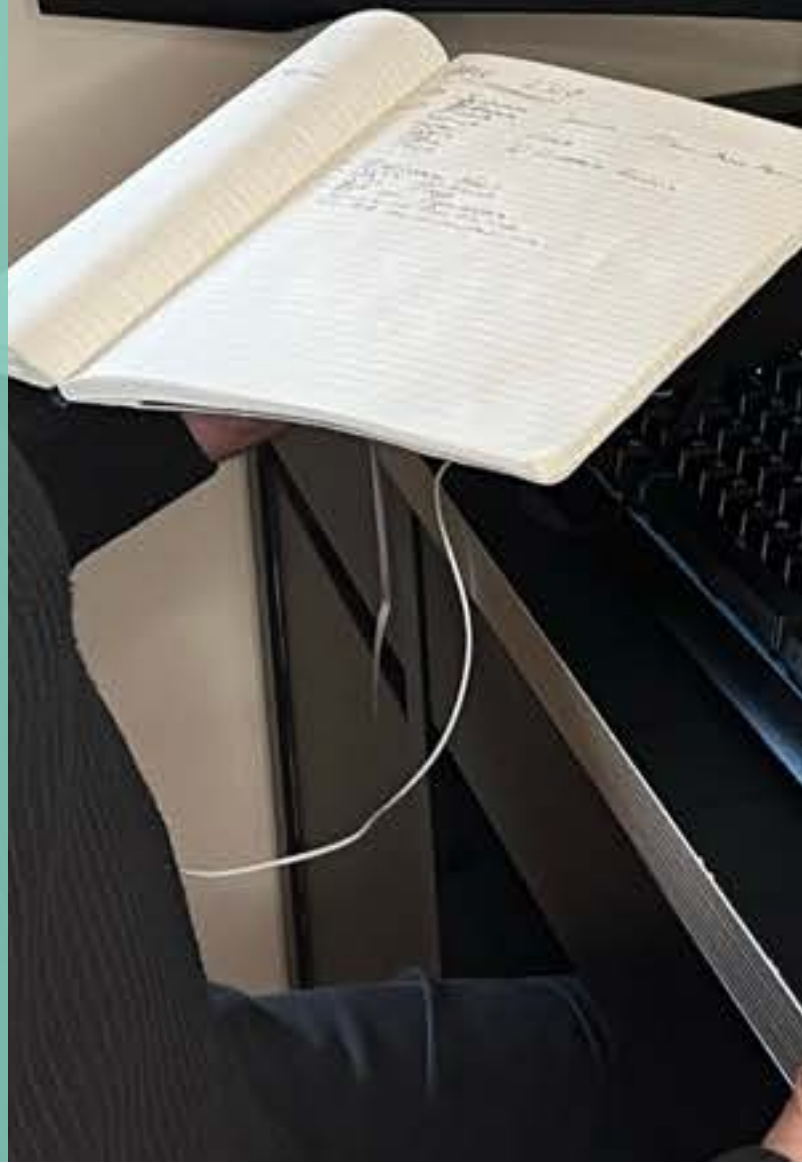
16 August 2023

# 3

## Financial statements

### Types of Disclosure

- Basic
- Standard
- Enhanced
- Protection of Vulnerable Groups (PVG)





# Financial statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2023



Expenditure	Notes	2022/23 £'000	2021/22 £'000
Staff costs	4	17,236	15,922
Other operating costs	4	8,839	8,851
Depreciation and amortisation	4	7,684	6,851
<b>Total</b>	-	<b>33,759</b>	<b>31,624</b>

Income	Notes	2022/23 £'000	2021/22 £'000
Income from disclosure fees	2	16,166	15,516
Other operating income	3	1,101	391
<b>Total</b>	-	<b>17,267</b>	<b>15,907</b>
<b>Net cost of operations</b>	-	<b>16,492</b>	<b>15,717</b>

The above results relate to continuing activities.

The notes on pages 85 to 106 form part of these accounts.

## Statement of Financial Position at 31 March 2023

<b>Non-current assets</b>	<b>Notes</b>	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Property, plant and equipment	5	94	131
Right of use assets	6	912	0
Intangible assets	7	23,637	22,893
<b>Total non-current assets</b>	-	<b>24,643</b>	<b>23,024</b>
<b>Current assets</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank	11	281	214
Trade receivables and other current assets	8	2,156	1,895
<b>Total current assets</b>	-	<b>2,437</b>	<b>2,109</b>
<b>Total assets</b>	-	<b>27,080</b>	<b>25,133</b>
<b>Current liabilities</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Trade payables and other current liabilities	9	(2,819)	(2,184)
Lease liabilities	10	(437)	0
<b>Total current liabilities</b>	-	<b>(3,256)</b>	<b>(2,184)</b>
<b>Total assets less current liabilities</b>	-	<b>23,824</b>	<b>22,949</b>
<b>Non-current liabilities</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Lease liabilities	10	(478)	0
<b>Total non-current liabilities</b>	-	<b>(478)</b>	<b>0</b>
<b>Total assets less liabilities</b>	-	<b>23,346</b>	<b>22,949</b>
<b>Taxpayer's equity</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
General fund	12	23,346	22,949
<b>Total Taxpayer's equity</b>	-	<b>23,346</b>	<b>22,949</b>

The notes on pages 85 to 106 form part of these accounts.

Chief Executive and Accountable Officer authorised these Financial Statements for issue on  
16/08/2023



Chief Executive and Accountable Officer

Disclosure Scotland

Date: 16/08/2023

## Cash flow statement for the year ended 31 March 2023

<b>Cash flows from operating activities</b>	<b>Notes</b>	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Net operating (expenditure)	12	(16,492)	(15,717)
Adjustments for non-cash transactions	4, 13	7,726	6,898
Increase in trade receivables and other current assets	8	(260)	(49)
Increase in trade and other payables	9	635	(355)
<b>Net cash (outflow)/inflow from operating activities</b>	-	<b>(8,391)</b>	<b>(9,223)</b>
<b>Cash flows from investing activities</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Purchase of property, plant and equipment	5	(24)	(33)
Purchase of intangible assets	7	(7,932)	(5,550)
<b>Net cash outflow from investing activities</b>	-	<b>(7,956)</b>	<b>(5,583)</b>
<b>Net cash (outflow)</b>	-	<b>(16,347)</b>	<b>(14,806)</b>
<b>Cash flows from financing activities</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
From Scottish Consolidated Fund	12	16,847	14,773
Lease repayments	10	(442)	0
Interest element of leases	-	9	0
<b>Net financing</b>	-	<b>16,414</b>	<b>14,773</b>
<b>Net increase in cash and cash equivalents</b>	-	<b>67</b>	<b>(33)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>11</b>	<b>214</b>	<b>247</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11</b>	<b>281</b>	<b>214</b>

The notes on pages 85 to 106 form part of these accounts.

## Statement of changes in taxpayers' equity for the year ended 31 March 2023

Equity	Notes	2022/23 General fund £'000	2021/22 General fund £'000
<b>Total Taxpayer's equity</b>	-	<b>22,949</b>	<b>23,844</b>
<b>Changes in taxpayer's equity</b>	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Non-cash charges	13	42	47
Net operating income for the year	SOCNE/ 12	(16,492)	(15,715)
Parliamentary funding	12	16,847	14,773
<b>Balance at 31 March</b>	-	<b>23,346</b>	<b>22,949</b>

The notes on pages 85 to 106 form part of these accounts.

## Notes to the accounts

### Note 1 - Statement of accounting policies

#### 1.1 Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FRoM). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note. There are no specific estimates to note.

## 1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment (PPE), intangible assets, and, where material, financial asset investments and inventories to fair value as determined by reference to their current costs. The presentation currency used to prepare these financial statements is Great British Pounds (GBP) and the level of rounding is to the nearest thousand.

## 1.3 Going concern

The accounts are prepared on the going concern basis, which provides that we will continue in operational existence for the near future. The Statement of Financial Position for 2022/23 shows the taxpayers' equity as a liability. Our funding for 2023/24 has been agreed with the Scottish Government.

## 1.4 Income recognition policy

Income recognised relates directly to our operating activities and is stated net of VAT. It includes fees and charges for services provided on a full cost basis to external customers, in particular, the fees and charges associated with the processing of Basic, Standard and Enhanced disclosures and the operation of the PVG scheme.

Income received, per the above, is recognised once an application has successfully passed the application processing stage and progressed onto the disclosure check stage and consequently recorded as a sale. Any income received, but not matched to a sale at the financial year end is either recorded as an outstanding refund or prepayment.

Once an application has progressed to the disclosure check stage a refund will only be given in exceptional circumstances, for example, service failure on our behalf.

## 1.5 Property, plant and equipment (PPE)

### Recognition

All PPE assets are accounted for as non-current assets unless they are deemed to be held-for-sale, and will be accounted for under IAS 16 Property, Plant and Equipment.

Scottish Ministers hold the legal title or effective control over all land and buildings shown in the accounts.

### Capitalisation

All assets falling into the following categories are capitalised:

- plant and equipment which is capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000 (exclusive of VAT)
- Information and Communications Technology (ICT) systems are capitalised where the individual cost is over £1,000 (exclusive of VAT)

Expenditure on furniture, fixtures and fittings are charged to the Statement of Comprehensive Net Expenditure in the year the cost is incurred and are not capitalised.

### Measurement

All plant and equipment assets are measured initially at cost, representing the costs directly attributable to getting or building the asset, and bringing it to the location and condition necessary for it to be capable of operating.

After, all assets are measured at fair value. Plant and equipment assets that have short useful lives or low values (or both) are reported on a depreciated historic cost basis as a proxy for fair value.

Operational assets are valued at market value for existing use and we use, as a proxy, depreciated historical cost.

### Subsequent cost

Subsequent expenditure is capitalised into an asset's carrying value where it is probable the future economic benefits associated with the item will flow to us and the cost can be reliably measured. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

### Depreciation

Items of property, plant and equipment are depreciated to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Depreciation is charged on a straight-line basis on each main class of property, plant and equipment as follows:

<b>Equipment - non-fixed plant</b>	Three to 10 years
<b>ICT equipment</b>	Three years
<b>Bespoke ICT equipment</b>	Five years

## 1.6 Right of use assets

### Scope

In accordance with IFRS 16, contracts, or parts of a contract that convey the right to use an asset in exchange for consideration are accounted for as leases, including peppercorn leases. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration.

The standard also applies to arrangements with other public sector organisations which share accommodation, often through MOTO (Memorandum Of Terms of Occupation) agreements.

Contracts for services are evaluated to determine whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

Contracts for low-value items, in line with the capitalisation levels for PPE noted above in note 1.5, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months, are excluded.

### **Initial recognition**

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. IFRS 16 has been applied using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 Leases. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

### **Lease expenditure**

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

## **1.7 Intangible assets**

### **Recognition**

Intangible assets that meet the recognition criteria are capitalised where they are capable of being used to delivering our business requirement for more than one year and they have a cost of at least £1,000 (exclusive of VAT).

### **Measurement**

Intangible assets are initially known at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.



Intangible assets are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using guides or some suitable model, to the lower of depreciated replacement cost and the value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost. These measures are a proxy for fair value. Intangible assets under development are not amortised.

### Revaluations and impairment

Increases in asset values arising from revaluations are known in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the statement of comprehensive net expenditure, in which case they are accepted as income.

Decreases in asset values and impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the statement of comprehensive net expenditure.

Intangible assets held for sale are reclassified to 'non-current assets held for sale' measured at the lower of their carrying amount or 'fair value less cost to sell'.

### Amortisation

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner that is consistent with the consumption of economic or service delivery benefits.

Amortisation is charged on a straight-line basis to the Statement of Comprehensive Net Expenditure on each of the main class of intangible assets as follows:

<b>Computer software - Internally developed</b>	Five years of life if shorter
<b>Computer software - Licences</b>	Three years or life of licence if shorter
<b>Held for sale</b>	Not amortised

## 1.8 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for damage whenever events or changes in conditions indicate that the carrying amount may not be recoverable. A damage loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the statement of comprehensive net expenditure are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

### 1.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an estimate of likely impairment. Balances are considered to be impaired and are subsequently written off where the likelihood of recovery is virtually nil (i.e. where the debtor is in liquidation).

### 1.10 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 1.11 Cash and cash equivalents

Cash and cash equivalents relate wholly to balances arising from fees charged for services provided to our customers. The cash is periodically transferred to the Scottish Government who oversee all banking arrangements on our behalf. Therefore, the balance shown results from short-term timing differences in respect of this transfer.

### 1.12 Leasing

#### Leases (after 1 April 2023)

Leases are accounted for under IFRS 16, and is explained in note 1.6.

#### Leases (before 1 April 2023)

Prior to FY 2022/2023, leases were accounted for under IAS 17 Leases. We have some leases for photocopiers and water coolers of a small value. In FY 2021/22, we had an operating lease with the Scottish Police Authority (SPA) to lease approximately 74% of a shared building. The rent was charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. For this Financial Year, the lease has been recognised as a lease under IFRS 16. Since we have used the modified retrospective approach for accounting for the lease, the prior year comparisons have not been restated.

### 1.13 Financial instruments

Financial instruments are accounted for in accordance with IAS 32, IFRS 7, IFRS 13 and IFRS 9 as interpreted by the FReM.

IFRS 9 contains three principal classification categories for financial assets:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL)

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss, which is applied to derivatives and other financial liabilities designated as such at initial recognition
- financial liabilities arising from the transfer of financial assets which did not qualify for de-recognition, whereby a financial liability is recognised for the consideration received for the transfer
- financial guarantee contracts and loan commitments

We have classified our financial instruments, which we consider to be non-complex, as follows:

#### Financial assets

Cash and cash equivalents, trade receivables, and accrued income will be classified and measured at amortised cost.

#### Financial liabilities

Trade payables, accruals and lease liabilities will be classified and measured at amortised cost.

### 1.14 Employee benefits

#### Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following year.

#### Pension costs

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded and non-contributory. We recognise the expected cost of providing pensions for our employees on a systematic and rational basis over the period during which we benefit from their services by payment to the PCSPS of

amounts calculated on an accruing basis (see also disclosures made in the Remuneration and Staff Report). Liability for the payment of future benefits is a charge to the PCSPS.

In respect of the defined contribution schemes, we recognise the contributions payable for the year.

### 1.15 Value Added Tax

Operating Costs are stated net of VAT where VAT is recoverable. We are registered for VAT as part of the Scottish Government, which is responsible for recovering VAT from HM Revenue and Customs on our behalf.

### 1.16 Segmental reporting

We identify operating segments based on internal reports that are regularly reviewed by the Chief Executive and the board in order to allocate resources to the segments and assess their performance. We report on one single core segment, which represents the principal objective of the administration and processing of disclosure applications.

### 1.17 New accounting standards

All new standards issued and amendments made to existing standards are reviewed by Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM in force for the year in which the changes become applicable. The standards that are considered relevant to Scottish Government and the anticipated impact on the consolidated accounts are as follows:

#### **IFRS 17 – Insurance contracts**

The implementation date for IFRS 17 is not yet confirmed and the impact has not yet been determined. The Financial Reporting Advisory Board are considering implementation of the standard in the public sector, however, the earliest date of mandatory adoption of the Standard, as per the FRAB paper 145 (11) would be from financial year 2024-25.

## Note 2 - Income from disclosure fees

Income	2022/23 £'000	2021/22 £'000
Disclosure fees	16,166	15,516
<b>Total</b>	<b>16,166</b>	<b>15,516</b>

## Note 3 - Other operating income

Income	2022/23 £'000	2021/22 £'000
Prior year write-off recoveries and prepayments	64	298
Kickstart income	16	0
Social Care applications	1,021	93
<b>Total</b>	<b>1,101</b>	<b>391</b>

## Note 4 - Operating costs

Administration costs	2022/23 £'000	2021/22 £'000
Staff costs*	-	-
Wages and salaries	10,850	10,012
Social Security costs	1,090	885
Apprentice Levy	55	47
Other pension costs	2,832	2,421
Agency staff	2,575	2,474
Other staff costs - employee benefits	(166)	83
Travel and subsistence	8	12
Rentals under operating leases***	0	446
Computing services	2,799	2,516
Computer maintenance	520	479
Printing costs	998	995
Research and development	6	8
Auditors remuneration and expenses	42	47
Other admin expenditure**	1,186	1,191
<b>Programme costs</b>	<b>£'000</b>	<b>£'000</b>
Grant funding paid	819	791
Other programme expenditure	2,461	2,366
<b>Total operating expenditure</b>	<b>26,075</b>	<b>24,773</b>
Depreciation	498	68
Impairment	179	0
Loss on disposal of assets	54	0
Amortisation	6,953	6,783
<b>Total Non-cash expenditure</b>	<b>7,684</b>	<b>6,851</b>
<b>Total expenditure</b>	<b>33,759</b>	<b>31,624</b>

\* Details of staff numbers and costs can be found in the Staff report on [page 68](#).

\*\* Includes rounding adjustment

\*\*\* IFRS 16 has been implemented during 2022-23 with no changes to comparative date, the prior year figures include rentals under operating leases under IAS 17. The impact on the SoCNE in 2022-23 is £9k scoring against finance costs, and £437k scoring against depreciation.

## Note 5 - Property, plant and equipment

<b>Cost or valuation</b>	<b>ICT hardware 2022/23 £'000</b>	<b>Total 2022/23 £'000</b>
Balance at 1 April 2022	406	406
Additions	24	24
Transfers in/(out)	0	0
Disposals	(2)	(2)
<b>At 31 March 2023</b>	<b>428</b>	<b>428</b>
<b>Depreciation</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2022	275	275
Charged in a year	61	61
Disposals	(2)	(2)
<b>At 31 March 2023</b>	<b>334</b>	<b>334</b>
<b>Net book value</b>	<b>94</b>	<b>94</b>

<b>Analysis of asset financing</b>	<b>ICT hardware 2022/23 £'000</b>	<b>Total 2022/23 £'000</b>
Owned	94	94
Leased	0	0
<b>Net book value</b>	<b>94</b>	<b>94</b>

## Note 5 - Property, plant and equipment continued

<b>Cost or valuation</b>	<b>ICT hardware 2021/22 £'000</b>	<b>Total 2021/22 £'000</b>
Balance at 1 April 2021	1,906	1,906
Additions	33	33
Transfers in/(out)	47	47
Disposals	(1,580)	(1,580)
<b>At 31 March 2022</b>	<b>406</b>	<b>406</b>
<b>Depreciation</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2021	1,787	1,787
Charged in a year	68	68
Disposals	(1,580)	(1,580)
<b>At 31 March 2022</b>	<b>275</b>	<b>275</b>
<b>Net book value</b>	<b>131</b>	<b>131</b>

<b>Analysis of asset financing</b>	<b>ICT hardware 2021/22 £'000</b>	<b>Total 2021/22 £'000</b>
Owned	131	131
Leased	0	0
<b>Net book value</b>	<b>131</b>	<b>131</b>



## Note 6 - Right of use assets

<b>Cost or valuation</b>	<b>Building 2022/23 £'000</b>	<b>Total 2022/23 £'000</b>
Balance at 1 April 2022	-	-
On transition	1,349	1,349
Transfers in/(out)	-	-
Disposals	-	-
<b>At 31 March 2022</b>	<b>1,349</b>	<b>1,349</b>
<b>Depreciation</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 April 2022	-	-
Charged in a year	437	437
Disposals	-	-
<b>At 31 March 2022</b>	<b>437</b>	<b>437</b>
<b>Net book value</b>	<b>912</b>	<b>912</b>

<b>Analysis of asset financing</b>	<b>Building 2022/23 £'000</b>	<b>Total 2022/23 £'000</b>
Owned	-	-
Leased	912	912
<b>Net book value</b>	<b>912</b>	<b>912</b>

This is a new note for 2022-23 as this is the first year of adoption of IFRS 16 - Leases. See Note 1.6 – Accounting policies for more information on the adoption of this standard.

## Note 7 - Intangible assets

Cost or valuation	Software licences 2022/23 £'000	IT software 2022/23 £'000	Assets under construction* 2022/23 £'000	Total 2022/23 £'000
Balance at 1 April 2022	54	34,359	5,868	40,281
Additions	386	215	7,331	7,932
Transfers in/(out)	0	1,487	(1,487)	0
Disposals	0	(186)	(179)	(365)
<b>At 31 March 2023</b>	<b>440</b>	<b>35,875</b>	<b>11,533</b>	<b>47,847</b>
Amortisation	£'000	£'000	£'000	£'000
Balance at 1 April 2022	49	17,339	0	17,388
Charged in a year	4	6,949	0	6,953
Disposals	0	(130)	0	(130)
<b>At 31 March 2023</b>	<b>53</b>	<b>24,158</b>	<b>0</b>	<b>24,210</b>
<b>Net book value</b>	<b>387</b>	<b>11,717</b>	<b>11,533</b>	<b>23,637</b>

Analysis of asset financing	Software licences 2022/23 £'000	IT software 2022/23 £'000	Assets under construction* 2022/23 £'000	Total 2022/23 £'000
Owned	387	11,717	11,533	23,637
Leased	0	0	0	0
<b>Net book value</b>	<b>387</b>	<b>11,717</b>	<b>11,533</b>	<b>23,637</b>

\*Assets under construction additions relate to our Transformation Programme expenditure to replace aged systems with our new system (PASS) and on-going additional digital enhancements being made to the new environment. The carrying value of the PASS system at 31 March 2023 is £11,334,062 and the asset is amortised over its useful life in line with our accounting policy in note 1.7.

## Note 7 - Intangible assets continued

Cost or valuation	Software licences 2021/22 £'000	IT software 2021/22 £'000	Assets under construction* 2021/22 £'000	Total 2021/22 £'000
Balance at 1 April 2021	102	53,968	506	54,576
Additions	0	42	5,508	5,550
Transfers in/(out)	0	99	(146)	(47)
Disposals	(48)	(19,750)	0	(19,798)
<b>At 31 March 2022</b>	<b>54</b>	<b>34,359</b>	<b>5,868</b>	<b>40,281</b>
Amortisation	£'000	£'000	£'000	£'000
Balance at 1 April 2021	93	30,310	0	30,403
Charged in a year	4	6,779	0	6,783
Disposals	(48)	(19,750)	0	(19,798)
<b>At 31 March 2022</b>	<b>49</b>	<b>17,339</b>	<b>0</b>	<b>17,388</b>
<b>Net book value</b>	<b>5</b>	<b>17,020</b>	<b>5,868</b>	<b>22,893</b>

Analysis of asset financing	Software licences 2021/22 £'000	IT software 2021/22 £'000	Assets under construction* 2021/22 £'000	Total 2021/22 £'000
Owned	5	17,020	5,868	22,893
Leased	0	0	0	0
<b>Net book value</b>	<b>5</b>	<b>17,020</b>	<b>5,868</b>	<b>22,893</b>

\*Assets under construction additions relate to our Transformation Programme expenditure to replace aged systems with our new system (PASS) and on-going additional digital enhancements being made to the new environment.

## Note 8 - Trade receivables and other current assets

Assets	2022/23 £'000	2021/22 £'000
Trade receivables	1,300	1,412
Accrued income	1	0
Prepayments	855	483
<b>Total</b>	<b>2,156</b>	<b>1,895</b>

## Note 9 - Trade payables and other current liabilities

Liabilities	2022/23 £'000	2021/22 £'000
Trade payables	151	850
Accruals	2,128	628
Holiday pay/flexi-time accrual	540	706
<b>Total</b>	<b>2,819</b>	<b>2,184</b>

Our policy is to pay all invoices that are not in dispute within 10 days. We aim to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in accordance with these terms. For the year ended 31 March 2023, we paid 95% (2021/22, 96%) of all undisputed invoices within 10 days of receipt. This represents 2,861 invoices out of an annual total of 3,002.

## Note 10 - Lease liabilities

<b>Obligations for the following periods comprise:</b>	<b>Building 2022/23 £'000</b>	<b>Total 2022/23 £'000</b>
Not later than one year	442	442
Later than one year and not later than five years	479	479
Less interest element	(6)	(6)
<b>Present value of obligations at 31 March 2023</b>	<b>915</b>	<b>915</b>

<b>Liabilities</b>	<b>Building 2022/23 £'000</b>	<b>Total 2022/23 £'000</b>
Current	437	437
Non-Current	478	478

For Government bodies reporting under the FReM, IFRS 16 was implemented with effect on 1 April 2022 and replaces IAS 17 (Leases).

Disclosure Scotland has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. Refer to Note 1.6 Right of Use Assets for further details.

Leases are discounted using the rate implicit in the lease. Where that rate cannot be readily determined, leases are discounted at the entity's incremental borrowing rate.

Where an entity has no borrowings (which is the case here for Disclosure Scotland), HM Treasury issues in their PES paper, the discount rates to be used.

The rate we have used is 0.95%.

As of 31 March 2022, our operating lease commitment was £1,370,000, with £13,000 relating to low value assets and short term leases and the remainder relating to our property lease which was capitalised on transition under IFRS 16. The entity has used the discount rate noted above to calculate the value of the right-of-use asset along with the lease liability at 1 April 2022. The entity has recognised £1,349,000 of right-of-use assets and £1,349,000 of lease liabilities upon transition to IFRS 16. There is no effect on our retained earnings relating to the transition.

## Note 11 - Cash and cash equivalents

Cash	2022/23 £'000	2021/22 £'000
At 1 April	214	247
Movement in cash at bank*	67	(33)
<b>Balance at 31 March</b>	<b>281</b>	<b>214</b>

\*The cash at bank balance represents monies held within our collection account. The balance is usually transferred to Scottish Government main bank account in April 2023.

## Note 12 - General fund

Funding	2022/23 £'000	2021/22 £'000
At 1 April	22,949	23,844
Scottish Government funding	16,847	14,773
Notional charges	42	47
Net operating cost	(16,492)	(15,715)
<b>Balance at 31 March</b>	<b>23,346</b>	<b>22,949</b>

## Note 13 - Notional charges

The following charges have been included within the accounts:

Remuneration	2022/23 £'000	2021/22 £'000
Auditor's remuneration	42	47
<b>Total</b>	<b>42</b>	<b>47</b>

The audit fee is a notional charge as notified by our external auditor Deloitte LLP. This fee scores against the non-cash Resource DEL budget provided by the Scottish Government.

No additional work was undertaken for Disclosure Scotland during 2022-23.

## Note 14 - Related party transactions

A related party transaction is a business arrangement between two parties who are already linked prior to the deal. For example, a business arrangement between Disclosure Scotland and the Scottish Government.

We are an Executive Agency of the Scottish Government. The Scottish Government is regarded as a related party and during the year, we had various material transactions with the Scottish Government. All income and expenditure is accounted for within the financial systems of the Scottish Government.

In addition, we had a small number of material transactions with other government departments, central government bodies, non-departmental public bodies and other similar organisations, primarily the Home Office and Scottish Police Authority.

During the year, apart from their service contracts, no board member, Independent Audit and Risk Committee member, or manager has undertaken any material transactions with Disclosure Scotland.

## Note 15 - Losses and special payments

At the end of 2022/23, the level of debt over 90 days was £11,815 (2021/22, £19,721) following approval to impair aged debt by £7,237 (2021/22, £40,376) during the year in accordance with our Framework document. This wholly related to individual debts equal to or less than £3,000 with £nil (2021/22, £nil) written off relating to individual debt of greater than £3,000.

Our debt recovery section will continue to pursue payment of these debts where cost effective to do so. In 2022/23 we recovered £1,958 (2021/22, £10,090) of debt which had previously been impaired. We continue to develop our debt recovery policy alongside the Scottish Government Legal Department.

There were two digital projects (2021/22, none) that were written off during the financial year as the expected benefits were not realised, totalling £178,632. The decision was made to cease spend on these two projects and this was approved by our Finance Business Partners at Scottish Government.

During 2022/23, we made one special payment of £1,900 (2021/22, two payments, £11,657) and one fruitless payment totalling £957 (None, 2021/22, £0).

## Note 16 - Operating lease commitment

By 31 March 2023, we were committed to making the following payments in respect of operating leases:

Payments	Equipment £'000	Property £'000	Total 2022/23 £'000	Total 2021/22 £'000
Within one year	6	0	6	446
Within two to five years	2	0	2	924
After five years	0	0	0	0
<b>Total</b>	<b>8</b>	<b>0</b>	<b>8</b>	<b>1,370</b>

The property leases disclosed in Financial Year 2021/22 refer to our office premises, and was accounted for under IAS 17 (leases). For Financial Year 2022/23, the office premises has been accounted for under IFRS 16 using the modified retrospective approach. Therefore there is no restatement of prior year comparatives necessary.

During the year, we paid £6,407 relating to low value leases.

## Note 17 - Finance leases

We have no leases of this nature as at 31 March 2023.

## Note 18 - Contracted capital commitments

At 31 March 2023, contracted capital commitments totalled £nil (2021/22 £nil). Disclosure Scotland's capital expenditure is expenditure on an internally generating intangible asset which requires the employment of IT contractors.



## Note 19 - Financial instruments

Under IFRS 7 'Disclosure and Presentation of Financial Instruments', we are required to disclose information about the significance of financial instruments held over the year and the nature and extent of risks arising from those financial instruments. We are not exposed to the degree of financial risk faced by business entities because of the way we are funded. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing us in undertaking our activities.

<b>Financial assets</b>	<b>Loans and receivables 2022/23 £'000</b>	<b>Loans and receivables 2021/22 £'000</b>
Trade receivables (note 8)	1,300	1,412
Accrued income (note 8)	1	0
<b>Total</b>	<b>1,301</b>	<b>1,412</b>

<b>Financial liabilities</b>	<b>Loans and receivables 2022/23 £'000</b>	<b>Loans and receivables 2021/22 £'000</b>
Trade payables (note 9)	151	850
Accrued expenditure (note 9)	2,128	628
Lease liabilities (note 10)	915	0
<b>Total</b>	<b>3,194</b>	<b>1,478</b>

### Liquidity risk

The Scottish Parliament makes provision for our use of resources in a Budget Act for each financial year. At the moment, we are mainly self-financing. The resources given through the Budget Act is in respect of specific annual projects. Cash authorisation is provided by the Scottish Government to the extent that spending is covered by budget authority. As a result, we are not exposed to liquidity risks.

**Fair values**

Assets and liabilities are carried at fair value in the balance sheet.

**Note 20 - Contingent assets/liabilities**

There are no contingent assets/liabilities to note.

**Note 21 - Events after the reporting period date**

There are no non-adjusting events (Post Balance Sheet Events) after the reporting period date to report.

On 16 August 2023, our Audit and Risk Committee recommended to the Accountable Officer that the 2022-23 Annual Report and Accounts be signed.

# Presentation to Parliament and publication

## Direction by the Scottish Ministers



### DISCLOSURE SCOTLAND

#### DIRECTION BY THE SCOTTISH MINISTERS

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

1. The statement of accounts for the financial year ended 31 March 2010 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses, and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

A handwritten signature in black ink, appearing to read 'Alison Stanger'.

Signed by the authority of the Scottish Ministers

Dated 9 February 2010

## Contact information

You can contact us by letter, telephone or email:

Disclosure Scotland  
PO BOX 250  
Glasgow  
G51 1YU

Tel: 03000 2000 40  
(Monday to Thursday 9am to 4pm. Friday 9am to 3:30pm)

Email: [response@disclosurescotland.gov.scot](mailto:response@disclosurescotland.gov.scot)

Twitter: [@DisclosureScot](https://twitter.com/DisclosureScot)

[www.mygov.scot/organisations/disclosure-scotland](http://www.mygov.scot/organisations/disclosure-scotland)

