

Companies House Main Board Meeting

Date: Friday, 27 June 2008
Time: 9.00 am
Room: Mulberry Meeting Room, Companies House, Cardiff

Present:

Gareth Jones (Chair)	Tim Moss
Tom Smith	Tim Knighton
Gwyneth Edwards	Mike Nash
Phil Bushby	Steve Pitt
Helen Thewlis	James Frowen
Des Lloyd	Rowena Harding
Simon Morgan (item 4 only)	David Bulpin (item 5 only)
Arthur West (item 5 only)	Tamara Hillman (Secretariat)

1 Introduction

- 1.1 Gareth opened the meeting by welcoming members, especially James and Des who were attending as observers and to Rowena who was shadowing Phil for the day.

2 Minutes from May's meeting

- 2.3 The minutes were agreed as an accurate record of the discussions that took place subject to the following changes :-
Item 2 - title to read April's meeting
Para 12.2 - second sentence to read "diazo copying machines"

3 Review of Actions from last meeting

Updates had been provided for the outstanding actions from last month with the following verbal updates being provided:-

- 3.1 **Action 3.1 - Minister's visit:** The minister would now be visiting on Thursday 11 September instead of the 23 July. Phil informed the meeting that an external design company had been appointed to identify some suitable artwork / designs for the newly refurbished reception area (beyond the security barriers), he assured members that the area would be completed before his visit.

It was agreed that a note would be issued to the SLT and ATUS informing them of this change.

Action: Morag

All Staff Events: A recommendation paper was presented to ABB for discussion but because of time constraints it was not discussed, it would be carried forward to July's meeting. Thereafter, recommendations from ABB would be put to the Main Board.

Action 5.4 - Business Continuity: The plans now reflect comments made at the previous meeting with two scenarios being tested during July.

Action 7.2 - Annual Report and Accounts 2007/08: Yesterday, the Audit Committee approved the accounts subject to some minor amendments. Gareth personally thanked Mike and Emrys (and their teams) for presenting the document to the committee and for fielding the questions raised, especially the discussions that took place around the depreciation rate of CHIPS. Thanks were also conveyed to Paul Reynolds who had drafted the front end of the document and co-ordinated all arrangements. Gareth would sign off the complete document next week before being printed.

Action 12.2 - Contract Management of diazo machines: With regard to the associated risk, Steve informed the meeting that it was decreasing and he would inform ARC of the position. For the short

term an external company had been identified who would continue to provide support for the ageing copying machines. However, with regard to a longer term solution, a paper would be presented to ABB in July recommending that we stop microfiche duplication and withdraw the product, also factoring in any legal issues that would need to be considered before a firm agreement was made.

Finance – Gabem: Further to intelligence being sought, a paper was submitted that outlined the impact on Companies House’s operational and financial positions should Gabem continue to dispense with any defunct companies that were incorporated as a result of the tax changes last year. If they did proceed, the impact would be gradually felt over the next year or so.

Following a discussion, it was agreed that further evidence needed to be collated to demonstrate that all issues had been addressed and reported on. It was suggested that HMRC be contacted to obtain their perspective on the situation. Legal advice should be obtained to fully understand what our options were. **Action: Tom**

Further analysis also needed to be conducted around the financial implications. **Action: Mike**

Strategic Direction

4 Companies House Risk Appetite (*Simon Morgan joined the meeting*)

4.1 Simon briefly provided some background to explain how Companies House formalised its appetite towards risk several years ago. He explained that as the reporting mechanism / process had not been reviewed for two years or more, the need had arisen to conduct a formal review to ensure that management were still happy with the way that risk was measured and reported on.

4.2 Gareth opened discussions and said that he thought the current process was good and was the best he had seen across the public sector. He also added that as a matter of course an annual review should be conducted at June’s meeting each year hereafter (due to the changing environment of the organisation to ensure the process was still fit for purpose). **Action: Tam**

4.3 During discussions it was agreed that risk appetite should also be incorporated into both our business planning and benefits reporting processes. To provide reassurance, Simon informed members that he was in the process of drafting a risk portfolio that would encompass information from all these areas and from a financial / cost perspective too. It was also recommended that the risk type ie reputational, financial etc, could also be included within the portfolio.

4.4 With reference to the risk level grid submitted, it was agreed that by Friday 4 July, individual directors would review the risks that sat within their remit to ensure that they were accurately recorded and correctly reported on with any comments being forwarded to Simon.

- Business Impact – Gareth
- Income & Expenditure Impact – Mike
- Environmental Impact – Tim M / Phil
- Reputational Impact – Tim M
- Legal Impact – Gwyneth
- Customer Service Impact – Tom
- Staff Impact - Phil

Action: All

Gareth thanked Simon for attending and for his contribution.

5 Product Lifecycle Management (*Arthur West and David Bulpin joined the meeting*)

5.1 Tim M introduced the item explaining that a Product Management Audit was recently conducted and the findings and subsequent questions that arose were presented in a paper for Main Board endorsement. In summary, although Companies House had a range of products and services that were delivered and managed through different channels, it did not have a structured process for managing and developing products through their lifecycle. The board were invited to discuss the issues / recommendations that came out of the audit to agree a suitable way forward.

- 5.2 The board agreed that it was an ideal time to have discussions around this item as it would sit nicely with the discussions that were taking place about the overall future strategy of the organisation. However before a firm decision could be made, it was fundamental that a clear business strategy be initially defined in order for the board to agree a cohesive forward looking plan for our products and services post CAP. The aim being, that the overall strategy and product strategy would be agreed by the end of this financial year with the view to identifying the resourcing needs in next years business planning round.
- 5.3 Following discussions, the board broadly agreed to the principles outlined in the paper, members concluded that in order to guarantee success, it would be key to ensure that product owners / managers were identified who would be given complete ownership of a specific group of products and channels by providing the end to end management of them. This would provide the assurance that our products would be developed further and not remain stagnant.
- 5.4 In conclusion, Tim M agreed to carry out some further work on the principles and the underlying structure identifying how the work should be taken forward. Tim to present his finding at a future meeting for further discussion and agreement. **Action: Tim M**

Gareth thanked Arthur and David for their input.

6 Review of Steering Board Awayday

- 6.1 Board members unanimously agreed that the day had been particularly useful, especially the discussions that took place with SAGE to understand their customer insight work; how they reached certain business sectors ie ring fencing services; how they use their contact centre and management information. On the latter point, it was noted that we could get some quick wins as we already had the tools in place and produced good management information, however, we could make better use of our complaints / customer information.
- 6.2 Tim M circulated a paper that outlined a list of expectations that had been captured during the day, highlighting the various elements / areas of work that Steering Board members would like to see delivered in 3 – 6 months time. Tim added that he would now build on the outcomes factoring in the strategic work that already had been done with the view to putting some building blocks in place to provide a sound platform for our future strategy. He would also engage Tony Sudworth in the process and would synthesise the work that he had done around the goals and objectives. His aim would be to present a paper to September's Steering Board outlining his recommendations.

Corporate Governance : Main Board Assurance Role

7 CAP / STAR – updates

- 7.1 CAP – Tim K reported that the risk status around the programme was still marked as amber. He was pleased to report that good progress had been made due to the accelerated activity within the development teams. Team work between the developers and analysts had improved, with improved resourcing and alignment of the work streams. Work had been broken down into smaller chunks which had also improved results. Overall initial indications and team moral was positive. Ron Skelly from OGC would conduct an independent review during July. The main challenge now was to ensure that things were kept simple and that each milestone was achieved on time. On the latter point, the board agreed that a strong signal needed to be cascaded to reconfirm the issue that the agenda was to be strictly adhered to and there would be no additional enhancements unless absolutely vital.

CAP change requests - a number of essential change requests had been approved by the CAP programme board all of which would not impact on the time frame. Concern was raised regarding the endorsement / approval process that Main Board should provide. It was agreed that as four Main Board members sat on the programme board, it would suffice for Gareth to be consulted on the position following each programme board meeting.

7.2 STAR – Tim M was pleased to report that three STAR projects (bi – lingual annual return, XMLC and WebCheck incorporating the Monitor and filing histories services) went live on the 15 June. This was seen to be an excellent achievement and milestone to have reached and deemed to be a big success. The governance structure around the programme was now being looked at as were the plans and interdependencies around the future releases of four key streams of work (Business Link, e – proof, analysis work around all form transactions and Accounts).

8 Agency Business Board – Update

8.1 Tom provided an update. He said that a key issue discussed had been the methodology for calculating our compliance targets. The issue being that that the current metrics used to measure the hard and soft compliance rates counted all new companies as “compliant”. In conclusion, the board agreed that they would continue to measure the compliance targets in the same way for this financial year, thereafter they would be more rigorously measured. However, it was noted that there would be a significant reduction in performance during the next financial year. It was also noted that the current number of defunct companies sitting on the register at the moment would also have an impact on compliance figures (and had been the subject of one ministers case).

8.2 On a related issue, Main Board had requested an update on :-

- **Annual Return Income** - in summary, there was a shortfall of £1.3m in income as 14k reminder letters had not be issued that would usually prompt a trigger to file the annual return document. However, assurance had been provided that DEF 1 and DEF 2 reminder letters would be released imminently. It was also noted that a fair proportion of these companies would not file a return, but in these cases income might be generated as a result of them filing 652A’s.
- **DEF 3 letters** – fixes had been identified to the issues that had arisen around the strike off letters, however these would not be issued for another couple of weeks.

8.3 In addition, Tom continued by saying :-

- **Customers** - the board had acknowledged that the demise of Gabem would impact on our e take up targets, especially for accounts and PROOF. In response to Audit Committee’s suggestion that Companies House should adopt a more aggressive marketing effort to promote PROOF, it was noted that work was in hand and a working group had been convened to address the issues. Tim M would provide feedback at the next meeting. **Action Tim M / Tam**
- **Sports & Social Club** – a paper, outlining the issues affecting the club, had been submitted to the meeting. Following discussions around the issues in the summary, ABB concluded that the club should continue to exist but their Terms and Conditions needed to be looked at and their Terms of Reference be redefined in order to reflect its relationship with Companies House. Main Board endorsed the decision adding that the key to its success was proper leadership with additional support from management on a proper footing. It was suggested that the SLT be canvassed to gauge interest to identify interested members. **Action: Phil**

9 Financial Performance and forward look – May 2008

9.1 Mike submitted the monthly finance reporting pack, touching upon the highlights. In summary, income was slightly below forecast at £11.1 due to the reduction in annual return income. Incorporations continued to perform well with £1m already being taken in the first two months. Income received from our search services remained strong at £0.2m ahead of plan. Total expenditure for May stood at £10.1m, which was below forecast. Companies House should be taking steps towards stripping £1m out of its expenditure. As at the end of May, the closing cash balance was £13.7m.

9.2 With regard to expenditure, attention was drawn to figures presented around headcount. Concern was raised regarding some discrepancies as total headcount figures were not consistent against the payroll figures. It was agreed that Mike and Phil would look at the issue and report their findings

back. It would also be beneficial if there was only one process in place that recorded headcount, Phil agreed that his team would look at this. **Action: Mike / Phil**

- 10.1 It was noted that the changes / future vacancies within operations would also have an impact on the statistics. Tom noted that Customer Delivery headcount would need to be reassessed as part of the reforecasting exercise.

11 Balanced Scorecard 2008/09

- 11.1 Tim M introduced the scorecard noting that the suggested improvements had been incorporated, the quality of the information had improved as it was now more accurately populated and that owners had been identified. As ABB reviewed the document every month, instead of Main Board duplicating the process, it was agreed that Tom would flag any issues following ABB's perusal.
- 11.2 To ensure that the document and the information contained therein was fully embedded into the organisation, it was suggested that an e-mail be issued to the leadership team on a monthly basis informing them of its publication. **Action: Tim M**

12 Review of Critical Risks

- 12.1 The high level Risk Register was submitted to the meeting, members were invited to comment on the detail. It was noted that there had not been a great deal of change around the Main Board profile, however the following updates were provided :-
Trading Fund - this risk still remained a key issue due to the increased workload and BERR ownership still not being apparent. A separate risk around this issue to be added regarding the Trading Fund Assessment
Annual Report Income - to be flagged as a new risk
- 12.2 Phil informed the meeting that Shirley O'Neill would attend the Main Board next month to report the findings following the gap analysis around Health and Safety. **Action: Tam**

HR, Culture and Communications

13 Payround

- 13.1 Phil informed the meeting that he would circulate a note to the business informing staff of progress made to date regarding the pay negotiations as soon as possible. A note would also be circulated about the staff bonus. **Action: Phil**

14 Peer2Peer Communication Topics for July

- 14.1 Following the results that recently emerged from the staff survey, the board agreed that they wanted to obtain further clarification / understanding to the results received around the question of staff being treated equally. Careful thought was required in drafting the communication and questions in order to obtain the desired outcome.
- 14.2 It was also agreed that the issue of "dress code" would also be included as staff had raised this as a top topic for discussion at previous meetings.

15 Self Review

- 13.1 Helen provided some comprehensive feedback that members found extremely useful. She highlighted some general remarks about Gareth's chairmanship, explaining that he fielded the discussions well with all members being engaged in the process and being able to contribute fully. She liked the fact that he, and other members, frequently provided praise where it was warranted. She thought members were very animated, passionate about certain issues ie P2P discussions and that they were conscious that discussions should be kept strategic. Helen also alluded to the positive attitudes of members and she felt that members certainly lived the values.

13.2 As board observers, Rowena, James and Des were asked for their thoughts. Overall all observers said that they had enjoyed the experience, thought that the discussions were informative / open / frank / honest and that it was clear to see that they were part of a strong team that supported one other.

**14 Any other Business
Staff Survey**

14.1 As the results were now available, it was agreed that the individual section results be circulated to the corresponding directors as soon as possible. Overall, results were good and were an improvement on last year but attention needed to be focussed in some areas in order to obtain a better understanding of the figures. It was noted that additional comments would not be published office wide but a summary of themes would be available. It was also agreed that a final paper should be circulated to the Steering Board, including representatives / stakeholders within BERR, as they were credible positive results. It was noted that although we had a good story to tell, feet were firmly on the ground.

15 Chairman's closing remarks

15.2 As this was Helen and Steve's final meeting as associate members of the board for the near future, Gareth thanked them for the time they had dedicated and the contributions that they had made to the meetings / discussions during their three months. He hoped that they would take the opportunity in the future to join the board again.

The next meeting would take place on Wednesday 30 July at our offices in Nantgarw.

**Tamara Hillman
Secretariat
3 July 2008**