

## UK Shared Business Services Ltd

**Minutes of the 110<sup>th</sup> UK SBS Board Meeting, held in Caxton House, Tothill Street, London, on Thursday 27<sup>th</sup> July 2023 commencing at 10.00am.**

### Attendees:

<b>Board Members:</b>		<b>UK SBS Executive</b>	
John Clarke, Chairman	<b>JC</b>	Crispin Dawe, Chief Finance Officer	<b>CD</b>
Richard Semple, Chief Executive	<b>RS</b>	John Arnott, Chief Strategy Officer	<b>JA</b>
Louise Mackin	<b>LM</b>	Liz Creedy, Chief Operating Officer	<b>LC</b>
Graham McAlister	<b>GM</b>	Victoria McMyn, Chief Change Officer	<b>VM</b>
Helen Mills	<b>HM</b>	David Walder, CDIO	<b>DW</b>
Katrina Nevin-Ridley	<b>KN-R</b>		
David Thomas	<b>DT</b>	<b>Observers</b>	
		Mark Bussey, Programme Director, SHARP, UKRI	<b>MB</b>
		Elaine Tuck, Shared Services Deputy Director, BEIS	<b>ET</b>
		James Michelson, DBT	<b>JM</b>
		<b>DWF</b>	
		Gordon Fraser, CoSec service	<b>GF</b>

### Apologies:

Bidesh Sarkar	<b>BS</b>
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#### 1. WELCOME (SBS 031-23) and (SBS 032-23)

- 1.1 The Chairman opened the Board meeting at 10.00 am and welcomed all in attendance.
- 1.2 The minutes of the meeting held on 25 May 2023 were approved as a correct record.
- 1.3 The Board reviewed the action log. It was noted that the outstanding actions should be left open pending a future update.
- 1.4 There were no declarations of conflicts of interest in relation to items on the agenda.

#### 2. NON-EXECUTIVE DIRECTORS

- 2.1 The Chairman reported that Helen Mills, David Thomas and Bidesh Sarkar had been nominated as non-executive directors by DSIT, DESNZ and DBT respectively, and the new directors were welcomed to the Board. It was noted that director induction was being organised.
- 2.2 The Board approved the appointment of the non-executive directors unanimously.

2.3 Alice Hurrell's resignation as a director, effective from the end of the meeting, was accepted.

### 3. UK SBS CHIEF EXECUTIVE REPORT (SBS 023-23)

3.1 The Chief Executive's report was received by the Board and the following points were noted:

- Operational performance had been strong, with total user numbers at 23,500 and a further increase of 1,700 expected, attributable to MoG changes. RS also highlighted the successful processing of cost of living payments, and noted that the funding of top-up payments to domestic consumers was pending a decision by Treasury.
- The change portfolio had seen considerable activity, with nine CRs delivered, a single sign on for ROE implemented, and continuing digitisation, automation and network simplification programmes.
- MoG planning and implementation had commenced, and significant items had been completed. It was noted that MoG had returned to a risk in the Corporate Risk Register.
- SHARP had entered SIT(Systems Integration Test) which was expected to complete in mid-September, with UAT (User Acceptance Testing) underway from October to December and a go live date of 1 April 2024. The most serious risk of further delay to the programme lay in data migration, however, UK SBS would continue to track this risk.
- UK SBS had contributed significantly to the Matrix RFI in connection with the DMA, and dialogue had been constructive, however, concerns around the Simplex modelling approach continued. The DMA outcome was due to be released at the end of July.
- The UK SBS Corporate Risk Register had been updated to reflect the risk of a negative DMA outcome, which would impact the strategic direction of the business through loss of a growth opportunity, and contingency plans had been drawn up to drive the response to a range of outcomes. RS noted that both the risk and the contingent response would be discussed fully later in the meeting.
- The UK SBS funding allocation for 2023/24 had still not been confirmed, with services being delivered under temporary PO cover. The risk of strategic misalignment of ends, ways and means had consequently been moved to out of tolerance in the Corporate Risk Register.
- Ownership changes pursuant to the recent MoG reforms had been completed successfully, and the new shareholders were represented at the Ownership Group meeting on 13 July.

3.2 JC commented that the owners feedback on MoG and UK SBS operations was positive.

3.3 The Board discussed the update with a focus on Matrix and, in response to a question from DT, it was confirmed that knowledge and agility gains arising from MoG/SHARP could be applied to SBS Matrix readiness and programme implementation.

#### 4. AUDIT COMMITTEE UPDATE

4.1 GM delivered the Audit Committee verbal update and the following points were noted:

- The 2023/24 audit programme was proceeding to the agreed, later timescale, and the Annual Report and Financial Statements would be presented at the next meeting. Satisfactory progress updates from NAO and Internal Audit had been received.
- The Corporate Risk Register had been reviewed in depth, with the new risk of a potential unfavourable Matrix DMA outcome noted. All out of tolerance risks and appropriate mitigations had been discussed.
- The Committee had discussed the major change programmes, and were satisfied with the up to date position on programme planning and implementation.

4.2 GM addressed the status of the 2023/24 financial allocation, noting the contribution of additional pay, other cost inflation and increased business activity to the current forecast overspend, and highlighting the consequent cashflow risk. It was noted that UK SBS was a limited company and the directors acknowledged their responsibility for Going Concern.

4.3 The Board discussed the potential financial consequences if the allocation remained outstanding. ET noted that DSIT PO cover for MoG change was due for approval shortly. Having discussed the audit implications, JC indicated that he felt the UK SBS funding model needed review in the long term, however, in the meantime it would be satisfactory to obtain any required Letter of Comfort from owners for audit purposes.

#### Action:

- **CD to write to DSIT requesting a Letter of Comfort.**

#### 5. FINANCE, PERFORMANCE AND RISK (SBS 035-23 via PowerBI)

5.1 The Board received the performance report. Each Executive presented the key points of the report relevant to their area and the following were noted:

- CD noted that the cost-of-living payment of £1,500 per FTE was presenting a funding challenge, and efficiencies would have to be explored to tighten cost control. A BAU overspend was possible if the 2023/24 allocation was not confirmed.
- LC noted a strong operational performance since the previous meeting, highlighting the delivery of extra cost of living payments and operational support for major change programmes, and reviewing the KPIs.
- DW reported that the July Audit Committee had held a deep dive on the Digital & Information Services Risk Register, and noted the reduction in risks over time. Network simplification was making systems more resilient and the transfer of DR capability to ARK had been a success, delivering operations at lower cost.

5.2 The Board discussed the reports, with an initial focus on finance. In response to a question, CD noted that at the current rate of overspend, UK SBS cash reserves would be exhausted in September, and re-iterated the options available to management to reduce short term costs. DT noted that owner governance processes for approving

change, including financial matters, appeared overly cumbersome and time consuming, and there was a consensus that this should be addressed at owner level.

- 5.3 On operational KPIs, the Board held a discussion on how quality was best measured, noting the GIAA assurance piece was a rolling programme, and it was agreed that the Board would benefit from a report of the assurance methodology.

## 6. MAJOR PROGRAMMES (SBS 000-23)

- 6.1 VM introduced the report, noting the volume of change being delivered across the major change programmes and the portfolio of CRs. The majority of change activity was tracking to plan or completed on schedule, and only legal and business critical CRs would be taken forward for approximately 15 months.
- 6.2 The revised SHARP plan had been approved by the programme board. VM noted SIT was on track with a low number of defects identified so far, and outlined the range of further work to be undertaken in connection with the programme.
- 6.3 VM further noted that UK SBS had submitted an extensive return to the Simplex RFI and clarification information had been provided. Concerns had been identified around the Should Cost Model on cost assessment and benchmarking, and UK SBS was engaging closely with Simplex to influence the DMA modelling. VM also reported on a variety of actions UK SBS had taken to develop active an active stakeholder engagement strategy concerning Matrix.
- 6.4 The Board discussed progress on the major programmes, with a focus on Matrix. It was noted that UK SBS was cost competitive on an objectively valid comparison with private sector competitors, and highly competitive on change delivery. Further, the Board discussed the strategic themes of UK SBS transformation, as articulated in the 2023/26 business plan.

### Action:

- **VM to circulate a note to the Board on the position reached with Simplex regarding the DMA analysis and report.**

It was agreed to take item 8 and then revert to the Agenda.

## 8. RESOURCING MODEL (SBS AC 000-23)

- 8.1 JA introduced a report on the UK SBS Resourcing Model, noting that interoperable PowerBI based workforce planning and resource modelling tools were now available, and gave an overview of the modelling approach and time horizons. JA also reviewed the range of assumptions inherent in workforce planning and noted that UK SBS had a positive record in the context of the significant resourcing challenges outlined.
- 8.2 The Board discussed the changes made within the business, and future resourcing plans. RS noted the potential for TUPE (Transfer of Undertakings Protection Employment) transfers to arise from Matrix and the executive foresaw a disparity between the likely FTE demand and headcount, which would pose a challenge to resource the business in a fair manner. There was consensus that UK SBS had the right tools for strategic long term resource planning.

## 7. MATRIX DMA CONTINGENCY PLANNING (SBS 000-23)

- 7.1 JA introduced a report on contingency planning for the Matrix DMA outcome, noted the three outcome scenarios envisaged, and reviewed the elements of communications planning, working with clients and addressing the internal challenges for UK SBS leadership, all with a focus on the scenario of a negative DMA outcome.
- 7.2 RS noted such an outcome would pose a serious leadership challenge across a number of fronts, including client confidence, staff morale, recruitment and retention, and executing a pivot to adjacent markets. The period between the announcement of the DMA outcome and business case approval being given would present an opportunity, if required, to re-state UK SBS' strengths to the Programme Board.
- 7.3 The Board discussed the DMA and proposed contingency plan. GM noted that if UK SBS believed the assessment was based on a flawed model then this should be challenged as soon and as strongly as possible, which was echoed by JC. There was agreement that the contingency plan was a strong document and the Board had confidence that UK SBS would be able to handle any of the envisaged DMA outcomes.
- 7.4 JC requested that the Board give their views on three points he believed were of critical importance, as follows:
- 7.4.1 That the non-executive directors were comfortable with the Simplex DMA analysis, and UK SBS efforts to identify and resolve any flaws timeously.
- 7.4.2 That UK SBS owners have outsourcing of shared services risk on their respective risk registers, pending the DMA outcome.
- 7.4.3 That should UK SBS not be selected as Matrix partner, and at some future point other departments decide to engage shared services from the business, the non-executive directors were happy for UK SBS to follow that development pathway.

The Board agreed to the three points as noted.

## 9. NEXT BOARD MEETING

- 9.1 The items to be considered at the next Board meeting on 28 September 2023 in Polaris House, Swindon, were noted as:
- Annual Report
  - Going Concern
  - Remuneration Report
  - Annual Governance Review
  - Mid-Year Financial Review
  - Major Programme Updates
  - Audit Committee ToR
  - Health and Safety Policy
  - Health and Safety Annual Report

## 10. ANY OTHER BUSINESS

The was no other business and the meeting closed at 1pm.

A REMCOM meeting and closed session took place at the conclusion of the Board meeting.