

UK Shared Business Services Limited

Minutes of the 112th UKSBS Board Meeting, held in Polaris House, Swindon, on Thursday 30th November 2023 commencing at 09.30am.

Attendees:

Board Members:		UK SBS Executive	
John Clarke, Chair	JC	Crispin Dawe, Chief Finance Officer	CD
Richard Semple, Chief Executive	RS	John Arnott, Chief Strategy Officer	JA
Michele Hughes	MH	Liz Creedy, Chief Operating Officer	LC
Graham McAlister	GM	David Walder, CDIO	DW
Helen Mills	HM	Paul Lazenby, Programme Delivery Manager	PL
Katrina Nevin-Ridley	KN-R		
Bidesh Sarkar	BS		
David Thomas	DT		
Observer / Sponsor		DWF	
Elaine Tuck	ET	Gordon Fraser, CoSec service	GF
Mark Bussey	MB		

Apologies:

Louise Mackin	LM
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1. WELCOME (SBS 048-23) and (SBS 049-23)

- 1.1 The Chair opened the Board meeting at 09.30 am and welcomed all in attendance.
- 1.2 The minutes of the meeting held on 28 September 2023 were approved as a correct record.
- 1.3 The Board reviewed the action log. It was noted that the outstanding actions should be closed.
- 1.4 There were no declarations of conflicts of interest in relation to items on the agenda.

2. NON-EXECUTIVE DIRECTOR

- 2.1 The Chair welcomed Michele Hughes to the meeting and proposed her appointment as an Independent Non-Executive director, noting that the Minister had endorsed her appointment. The Board approved the appointment unanimously.
- 2.2 The Chair introduced a paper on the role of observers, highlighting the involvement of owners in UKSBS corporate governance pursuant to Teckal compliance. It was noted that the role and responsibilities of observers had not been clearly defined and approved by the Board. The Chair also outlined proposals to define the observer role and to appoint additional observers.

- 2.3 The Board discussed the role of observers and the proposals tabled. There was general agreement that the observers had made a positive contribution to the Board and that the role should be more clearly defined. The Board gave approval in principle to the appointment of additional observers, and to the drafting of a document setting out the responsibilities of observers.

Action

- **JC to draft observer role and responsibilities document and present to the January meeting, supported by GF.**

3. UK SBS CHIEF EXECUTIVE REPORT (SBS 051-23)

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

- The Matrix Programme had recommended UKSBS as shared service centre, pending the approval of Programme Business Case 2, expected in January 2024. The business had engaged strongly with the Programme since the DMA outcome was announced, and planning for both transformation and service design was ongoing. A full discussion of UKSBS planning for and delivery of Matrix took place at the Board Offsite on 22 November.
- The SHARP Programme was making progress with UAT but this would be extended into 2024. Data migration challenges, particularly those associated with migration from Innovate UK's Workday system, presented a risk to the successful delivery of the programme by the go live date of April 2024, and this risk would continue to be tracked closely.
- The MoG Programme was performing successfully with payroll separation and a range of onboarding work ongoing. Mitigations for data transfer risks around onboarding were in planning.
- The BOE upgrade had been restarted in October, incorporating the latest E-Business Suite release (12.2.13), and was on track for a go live date of July 2024.
- Operations continued to face significant resource pressures and extra licencing costs from the increase in user numbers, now more than 700 above clients' planned levels and trending higher.
- Risk of significant overspend for the financial year had been identified, based on the costs of servicing rising user numbers, increasing UKRI procurement activity, and supporting the SHARP and Matrix programmes. Controls had been imposed to reduce cost pressures and these would be subject to monthly review.
- A significant personal data breach had occurred in early November and would be discussed under item 4 on the Agenda.

- 3.2 The Chair noted that data migration presented ongoing challenges in onboarding new clients and asked for greater detail on the processes, which was provided by JA. The Board agreed that UKSBS had greater understanding of data migration following the MoG Programme, and supported the development of a detailed playbook for data transfers.

Action

- **JA to draft a detailed playbook for data transfers and present to Board during 2024.**

4. OPERATIONAL DEBRIEF

- 4.1 RS gave an overview of a recent personal data breach by a printed payslips third-party supplier, describing the Silver-rated incident and management's response in detail. Key observations and actions, which would be tracked at the appropriate levels within UKSBS, were noted. RS further noted that the controls around the process were in the hands of UKRI who were conducting their own review.
- 4.2 The Board discussed the incident and interrogated certain aspects of UKSBS' response, principally in relation to communications, which some directors felt could have been better handled. The Executive agreed to review communication guidelines within incident response plans to ensure board incident awareness, and lines to take in stakeholder communication, were given appropriate levels of priority.

Action

- **RS / the Executive to review and update incident response plans to ensure (i) board members are aware of the background timeously, and (ii) there is clarity across UKSBS on lines to take with stakeholders.**

5. AUDIT COMMITTEE UPDATE

- 5.1 GM delivered the Audit Committee verbal update and the following points were noted:
- The Corporate Risk Register had been reviewed extensively, with two out of tolerance risks noted together with the new risk, assessed as within tolerance, of delivery of Matrix.
 - The Committee had reviewed the Operations Risk Register and discussed the longer term operational risks facing UKSBS.
 - The 2023/24 internal audit reviews were making good progress and the Committee was satisfied that GIAA would deliver the audit plan. The Committee had approved the appointment of GIAA for the 2024/25 financial year.
 - The Committee had discussed PO cover matters extensively and noted the importance of identifying and escalating gaps as soon as possible.
 - Updates on data protection and risk had both covered the personal data breach incident, and the Committee had discussed UKSBS' response and the actions the Executive proposed to take going forward.
- 5.2 The Board discussed the importance of a strong internal audit function and it was noted that GIAA had suitable expertise and advisory capacities, and that UKSBS benefitted from clients sharing the same internal audit service provider. GM confirmed that the Committee had considered the merits of GIAA fully before approving their appointment.
- 5.3 The Chair noted that it would be positive for interested observers to attend Audit Committee meetings, and to build their feedback into a more proactive discussion of risk at the Board.

6. FINANCE, PERFORMANCE AND RISK (SBS 052-23 via PowerBI)

- 6.1 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 forecast outcome for the year was an overspend of approximately £1.4 million, attributable largely to MoG changes, for which some PO cover was outstanding. Cover had been promised for SHARP but remained outstanding for Matrix, and the Executive would follow up financial matters with clients to reduce the risk to UKSBS' working capital.
 - LC reported a strong operational performance since the previous meeting, highlighted the delivery of complex pay awards and other change requests, and noted the increased user survey scores. LC further noted that concern had arisen around delivery of change requests in HR services but this was being addressed.
 - DW reported that D&I activity was shifting to future planning and business case building as good progress had been made on removing legacy technology, and there were no significant issues being reported with BAU systems. Opportunities to launch new products would be explored in the aftermath of SHARP go live.
- 6.2 The Board discussed the forecast overspend and noted the matters for which PO cover had yet to be received. ET gave the Board an insight into the funding challenges facing Whitehall departments, and there was agreement that UKSBS should discuss funding arrangements with transformation programme boards in order to shape and manage expectations.
- 6.3 In discussions on Operations, it was noted that the data breaches reported were principally the result of human error, which was being addressed by training. The Chair asked if this, and similar return to green plans, could be captured within the report which could then be leveraged further in stakeholder conversations.

7. BOARD PERFORMANCE EVALUATION (SBS 053-23)

- 7.1 CD noted the requirement for the Board to undertake an annual evaluation, and described the evaluation framework, roles in delivery of the evaluation process, and next steps. In discussions the Chair noted that the evaluation was an opportunity for directors to consider the quality of their collaboration and discussions, separate from the structure of UKSBS governance.
- 7.2 The Board considered the proposed approach to the 2023 Board Performance Evaluation as set out in the paper, and agreed to the framework and questionnaires contained therein. It was noted that the results would be discussed at a future meeting.

BS and DT left the meeting at 11.00.

8. MAJOR PROGRAMMES (SBS 054-23)

- 8.1 JA introduced the report, noting that the Board had held considerable recent discussions on the Matrix Programme, which would be the subject of the following item on the Agenda. JA gave an overview of the up to date position of the MoG Programme and the BOE upgrade, which was received positively by the Board.
- 8.2 MB gave an update on the status of the SHARP Programme, noting the progress made in UAT for HR and Helpdesk areas. MB then described in detail the challenges the Programme faced, highlighting in particular the Innovate Workday platform and finance process UAT, and stated he had a 70% level of confidence in the April 2024 go live date. It was noted that complex pay awards in the new year presented a further risk of delay.
- 8.3 The Board discussed the status of the SHARP Programme, the risk of a delay to go live and the potential financial and resource impacts of programme concurrency on UKSBS. It was noted that, in the event April go live could not be achieved, the Programme would most likely delay for a further three months, and it was agreed that this would be preferable to a series of rolling delays.
- 8.4 The Chair noted that a new governance structure being introduced in the new year would create greater transparency, and UKSBS would do everything possible to collaborate with the Programme to overcome the current challenges.

9. MATRIX (SBS 055-23)

- 9.1 PL presented the slide deck on Matrix Transformation Strategy, produced by the Programme with input from UKSBS, to the Board. The importance of consistent messaging across teams supporting the Programme was noted.
- 9.2 RS added context around the work of the Programme currently under way, covering SaaS and SI procurement, service design and planning end-to-end transformation, and noted that UKSBS was embedded in the service blueprinting work by Veran Consulting which was a valuable opportunity to deepen collaboration and influence the design of Matrix shared services.
- 9.3 In discussions ET confirmed that Whitehall department representatives had considerable input into the Programme and that transformation strategy would be shaped to dovetail with UKSBS' business plans. It was noted that discussions on updates to the slide deck, which could be presented to wider stakeholders, would continue offline.

10. NEXT BOARD MEETING

- 10.1 The items to be considered at the next Board meeting on 25 January 2023 in Polaris House, Swindon, were noted as:
- Business Planning
 - Matrix Programme

- SHARP Programme

11. ANY OTHER BUSINESS

- 11.1 The Chair proposed that MH be appointed as a member of the Audit Committee and this was approved unanimously by the Board.
- 11.2 Interested observers were invited to attend the next meeting of the Audit Committee, due to take place on 22 February 2024.

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

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