

UK Shared Business Services Limited

Minutes of the 111th UK SBS Board Meeting, held in Polaris House, Swindon, on Thursday 28th September 2023 commencing at 10.00am.

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
Louise Mackin	LM	Liz Creedy, Chief Operating Officer	LC
Graham McAlister	GM	Victoria McMyn, Chief Change Officer	VM
Helen Mills	HM	David Walder, CDIO	DW
Katrina Nevin-Ridley	KN-R		
Bidesh Sarkar	BS	Observers	
		Mark Bussey, Programme Director, SHARP, UKRI	MB
		Elaine Tuck, Shared Services Deputy Director, BEIS	ET
		DWF	
		Gordon Fraser, CoSec service	GF

Apologies:

David Thomas	DT
--------------	-----------

1. WELCOME (SBS 039-23) and (SBS 040-23)

- 1.1 The Chair opened the Board meeting at 10.00 am, welcomed all in attendance, and thanked the attendees at the Board Offsite held on the previous day for their constructive discussions.
- 1.2 The minutes of the meeting held on 27 July 2023 were approved as a correct record.
- 1.3 The Board reviewed the action log. It was noted that the actions relating to the Audit Committee and Major Programmes could be closed.
- 1.4 There were no declarations of conflicts of interest in relation to items on the agenda.

2. APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

- 2.1 The Chair reported that, following the interviewing of nine candidates, an offer of appointment to the role of Independent Non-Executive Director had been made to Michelle Hughes. The Chair described Michelle's career background and noted that her experience could act as a catalyst for further change.
- 2.2 The Board noted that unanimous shareholder approval to submit the proposed appointment for Ministerial endorsement would be sought, in accordance with the Shareholders' Agreement.

3. UKSBS CHIEF EXECUTIVE REPORT (SBS 042-23)

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

- The period had seen strong growth in service demand as MoG changes were implemented, with an increase in user numbers to approximately 25,000.
- The BOE upgrade would re-start, being on track for a go-live date in July 2024, with the associated risks brought into tolerance by progress across the major change programmes.
- SHARP had made good progress with SIT complete and planning commenced for UAT. The principal current challenges concerned data migration, particularly from Innovate's Workday databases. The Corporate Risk Register had been updated to reflect the increased probability of the SHARP go-live date being delayed beyond 1 April 2024. UKSBS would consequently retain ROE beyond the end of the financial year unless this proved to be unnecessary.
- The analysis stage of the Matrix DMA was complete and a report had been produced. The announcement of the outcome had been delayed and was now expected in early October. RS noted that all aspects of the Matrix programme had been discussed in detail at the Board Offsite.
- A series of Research England grant payments had been made inaccurately, and the UKSBS Finance Service Team, UKRI and recipients had worked to rectify them in an example of successful partnership working. A report on this incident had been received from GIAA and, following review by the executive, lessons would be learned to ensure the root causes of the error were addressed.

3.2 In response to a question on the gap between forecast costs and actual outcomes, RS noted the difficulty in forecasting accurately amidst significant uncertainty over user numbers and the cost of business operations. The Board agreed that UKSBS delivered cost-effective solutions and that financial outcomes had to be seen in the context of the very challenging economic environment.

3.3 Following a discussion on the challenges around taking on Innovate UK payroll ahead of SHARP go-live, the Chair asked for assurance that UKSBS had sufficient capacity to deliver the services and this was confirmed.

4. AUDIT COMMITTEE UPDATE

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

- The Committee had received the 2022/23 Annual Report and Financial Statements and Letter of Representation, and recommended them to the Board for approval.
- The Committee had reviewed its Terms of Reference and various UKSBS policies as part of the Annual Governance Review and recommended them to the Board for approval.
- The Corporate Risk Register had been reviewed, with the increased probability of a delay to the SHARP go-live date noted. All out of tolerance risks and appropriate mitigations had been discussed.
- The Committee had noted concern over the delay of audit reviews to Q3 and requested assurance that the concurrency of a large number of audits would not pose a risk to the delivery of the audit plan. Both GIAA and RASC had indicated that they would be able to deliver the audit plan according to the revised timetable.

4.2 It was noted that financial and risk management qualifications represented a skills gap in the current membership of the Committee, and the proposed Independent Non-

Executive Director would be able to contribute significant relevant experience in these areas.

- 4.3 GM reported that inconsistencies had been identified between the Committee Terms of Reference and UKSBS Articles of Association, concerning a requirement for the Committee's annual report to the Board to be published in the Annual Report and Financial Statements, and differing provisions on the composition of the Committee membership. The Board noted this update and agreed to amend the relevant documents as a component of future governance changes.

5. GOING CONCERN (SBS 043-23)

- 5.1 CD presented the Going Concern paper, noting the relevant points of the FRC guidance and outlining current matters for consideration by the Board in respect of the preparation of the Annual Report and Financial Statements on a going concern basis. In this respect it was noted that letters of support had been received from DSIT, DESNZ and UKRI, evidencing their intention to continue to take services from UKSBS.
- 5.2 The Board noted the principles and requirements of Directors' duties regarding the going concern basis for the preparation of the Annual Report and Financial Statements, and confirmed that they considered the going concern basis to be appropriate for the preparation of the Annual Report and Financial Statements.

6. ANNUAL REPORT AND FINANCIAL STATEMENTS (SBS 044-23)

- 6.1 The Board received the draft 2022/23 Annual Report and Financial Statements, noting that the documents had been reviewed by the Audit Committee and recommended to the Board without amendment.
- 6.2 In response to a question on the level of challenge from the external Auditor, CD confirmed that NAO challenged the executive constructively. There was a discussion around support from the Sponsor and it was noted this had not been sought but there was a general expectation of support if the need for it should arise.
- 6.3 The Board confirmed that it had reviewed the Company's business for post balance sheet events and found none, approved the Annual Report and Financial Statements and the Letter of Representation to be sent to the NAO, and authorised the Chief Executive to sign the Annual Report and Financial Statements and the Letter of Representation on behalf of the Board.

7. FINANCE, PERFORMANCE AND RISK (SBS 045-23 via PowerBI)

- 7.1 The Board received the performance report. Each Executive presented the key points of the report relevant to their area and the following were noted:
- LC reported a strong operational performance since the previous meeting, reviewing the KPIs and highlighting various workstreams under way to increase the user experience score. It was noted that operational planning for the next two years was under way, and that an HR professional was being brought in to review HR service delivery with the existing team.
 - DW updated the Board on Digital and Information Services, noting progress across various projects and highlighting a gradual switch in activity from reducing technical debt to building future cloud-based infrastructure. The Chair stated it was important to change the narrative communicated around technology to one of innovation rather than managing legacy issues.

- CD noted a significant improvement in the liquidity position since the previous meeting which was welcomed by the Board. CD further noted that most issues around funding from government department clients had been resolved, with agreement from DBT on a small number of matters still outstanding, and work to achieve agreement on the apportionment of costs would be progressed in the near future.
- JA gave an overview of People matters, noting that the rates of absence, staff turnover and employee satisfaction gave no cause for concern, and that the restructuring of the People team, which would deliver increased capacity for workforce development and strategy, would be complete by November. In response to a question on the impact of the additional cost of living payment, JA reported that little direct feedback had been received, however, reduced discontent around pay was being reported and recruitment in lower-paid roles was holding up.

7.2 In discussions on the review of HR services, it was noted that the applicable KPIs did not always reward those actions which prioritised service excellence, and this would be addressed as part of a comprehensive review of the design and delivery of the service. It was further noted that the value in the review for clients would take the form of recommendations for change.

7.3 In discussions on finance, ET noted that departments were facing challenges in confirming their funding with HM Treasury, and the difficulty in quantifying costs at any given point in time due to uncertainty exacerbated matters. There was agreement that departments and UKSBS should make every effort to assist each other in overcoming challenges around budgeting. The Chair reminded the meeting of the consensus at the Offsite that UKSBS must balance agility and high quality service with commercial considerations.

7.4 The Board discussed workplace culture, referring to the provision for workplace assistance and the values and behaviours encouraged in UKSBS. It was noted that nothing approximating a toxic working environment could be identified, however, there was a tendency for slow intervention in cases of stress and mental ill health, and the Board agreed that equipping all levels of management to deal with these matters at team level should be prioritised.

8. ANNUAL GOVERNANCE REVIEW (SBS 046-23)

8.1 CD presented the Annual Governance Review paper and Annexes, noting the purposes of the review and identifying the policies which had been reviewed at the Audit Committee meeting. The Board discussed the proposed policy changes, with a particular focus on changes to the UKSBS Corporate Scheme of Delegation.

8.2 The Board reviewed the Annexes and agreed to approve:

- the Terms of Reference for the Board and the Audit Committee;
- the membership of the Audit Committee as Graham McAlister (Chair) and Tim Sparrow (co-opted);
- the UKSBS Corporate Scheme of Delegation; and
- the UKSBS corporate policies.

8.3 The Board further noted all those aspects of the UKSBS corporate governance arrangements stipulated in the Annual Governance Review paper.

9. MAJOR PROGRAMMES (SBS 047-23)

- 9.1 VM introduced the report and gave an overview of the major change programmes for the benefit of the new directors, outlining their purpose and up to date position. It was noted that the majority of activity was tracking to plan or completed to schedule, representing excellent progress in the context of the complex change portfolio. It was further noted that steps had been taken to reduce the associated delivery risks, with a focus on actioning business-critical CRs only until Autumn 2024.
- 9.2 The SHARP Programme continued to report an Amber status for delivery with a go-live date of 1 April 2024. SIT was complete and the current status reflected risks in data migration and reconciliation activity, delay in integration design, build and testing, and readiness for UAT. Next steps would involve a focus on data extraction and reconciliation across Oracle and Workday, business readiness activity and detailed planning for UAT.
- 9.3 Regarding Matrix, VM noted the up to date position on the technology and blueprinting workstreams, and the status of UKSBS delivery planning focussed on mobilisation activity. UKSBS had engaged departmental COOs to discuss strategies around Matrix challenges. VM further noted that UKSBS colleagues were being updated on the status of the Programme, and communications were ready for deployment in all DMA decision scenarios.
- 9.4 The MoG Programme was reporting a Green status, having completed several key deliverables since the previous meeting and resolved data quality issues. The Board noted that the Programme continued to receive very positive feedback from clients.
- 9.5 There was a discussion around the required level of investment for transformation and whether this necessitated amendments to business cases. It was noted that UKSBS had articulated to clients that investment could unlock progress in driving change forward.
- 9.6 The Board discussed progress on the major programmes with a focus on capacity to deliver change. It was noted that the falling number of CRs could create extra capacity in the event of a successful Matrix DMA outcome, and that the Corporate Risk Register showed a reduced risk of concurrency and volume of major change. RS advised the meeting that significant effort would be required to mobilise for Matrix but the expectation was that sufficient capacity would be available.

10. NEXT BOARD MEETING

- 10.1 The items to be considered at the next Board meeting on 22 November 2023 in Polaris House, Swindon, were noted as:
- Cyber Security
 - Matrix

11. ANY OTHER BUSINESS

- 11.1 The Chair reminded the recently appointed non-executive directors of the induction programme, and encouraged other members of the Board to participate if they felt they could offer the benefit of their skills and experience in the induction of colleagues to UKSBS.

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

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