

# UK Shared Business Services Limited

**Minutes of the 113<sup>th</sup> UKSBS Board Meeting, held in Polaris House, Swindon, on Thursday 25<sup>th</sup> January 2024 commencing at 09.30am.**

## Attendees:

<b>Board Members:</b>		<b>UK SBS Executive</b>	
John Clarke, Chair	<b>JC</b>	John Arnott, Chief Strategy Officer	<b>JA</b>
Richard Semple, Chief Executive	<b>RS</b>	Liz Creedy, Chief Operating Officer	<b>LC</b>
Michele Hughes	<b>MH</b>	Crispin Dawe, Chief Finance Officer	<b>CD</b>
Graham McAlister	<b>GM</b>	Victoria McMyn, Chief	<b>VM</b>
Helen Mills	<b>HM</b>	David Walder, CDIO	<b>DW</b>
Bidesh Sarkar	<b>BS</b>		
David Thomas	<b>DT</b>		
		<b>DWF</b>	
<b>Observer / Sponsor</b>		Gordon Fraser, CoSec service	<b>GF</b>

## Apologies:

Katrina Nevin-Ridley	<b>KN-R</b>
Elaine Tuck	<b>ET</b>
Mark Bussey	<b>MB</b>

## 1. WELCOME (SBS 056-23) and (SBS 057-23)

- 1.1 The Chair opened the Board meeting at 09.30 am and welcomed all in attendance. It was noted that a quorum was not present, and that matters requiring Board approval would be dealt with out of Committee by unanimous resolution.
- 1.2 The Chair reported that notice of Louise Mackin's resignation as a director of UKSBS, effective from 19 January 2024, had been received. It was noted that the vacancy for an NGD director would be filled by UKRI in due course.
- 1.3 The minutes of the meeting held on 30 November 2023 were reviewed and no amendments were proposed.
- 1.4 The Board reviewed the action log. It was noted that the outstanding actions should be closed.
- 1.5 There were no declarations of conflicts of interest in relation to the items on the agenda.

## 2. OBSERVERS (SBS 002-24)

- 2.1 The Chair introduced a paper on the role and responsibilities of observers; the responsibilities being set out in annex 1. The Board reviewed the draft responsibilities of observers and agreed to their adoption, subject to the inclusion of a specific Board confidentiality condition.

2.2 The Chair noted the proposal to appoint observers from the Cabinet Office, the Department for Culture, Media and Sport, and the Matrix Programme, pending the approval of Matrix Programme Business Case 2. The Board agreed to the proposed appointments.

### 3. UK SBS CHIEF EXECUTIVE REPORT (SBS 003-24)

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

- RS noted two issues on the Corporate Risk Register: Successful and Timely Delivery of the SHARP Programme, and RDEL Forecast Overspend.
- The SHARP Programme go live date of April 2024 had slipped and would most probably be re-scheduled for a date in the summer/autumn of 2024. UKSBS was engaged in SHARP replanning activity with UKRI and IBM but whatever the outcome, the implementation stage of the Programme would now extend into the next financial year. Contingency plans to run on ROE had been activated, however, market support for Oracle E-Business Suite 12.1.3 would cease at the end of the calendar year.
- The full year forecast overspend on RDEL came to £1.5 million, being £0.8 million for BAU RDEL and £0.7 million for non-BAU RDEL. The principal causes of the forecast overspend were noted as UKSBS transformation to create capacity to support Matrix and leverage SHARP, unfunded activity in connection with these programmes, and greater-than-forecast user numbers and activity per user. Cost controls had been implemented in recruitment and T&S.
- If the above-noted issues remained live, UKSBS would face heightened levels of risk associated with Concurrency and Volume of Major Change, arising from the delay to the SHARP go live date, and a potential 2024 MoG, and in the next financial year Strategic Misalignment of Ends, Ways and Means.
- Operational points highlighted included complex pay settlements implemented for all clients save DESNZ, action taken to correct a significant foreign currency transaction, implementation of the customer support strategy and lessons learned from a business continuity exercise focussed on managing data loss consequences. Significant activity across the change portfolio was also noted.
- As a consequence of the latest increase in the National Living Wage, the Band B minima would be increased by 9.8% with effect from 1 April 2024. The impact on the business was outlined, and it was noted that the increase would be considered in modelling for the 2024 pay award.

3.2 The Board discussed the forecast RDEL overspend. The Chair noted that a change of government during 2024 was a probability and asked if enough surge capacity to accommodate another MoG was being built into the budget for the next financial year, stating the business was efficient but needed to avoid being stretched. In response, CD noted that UKSBS would look to build surge capacity into any MoG funding bid, should one arise, rather than into BAU.

3.3 The Board considered the causes of the delay to SHARP go live and the consequences of the likely impact on UKSBS. It was noted that the principal obstacles

to go live were data cleansing, migration and assurance, and there were significant challenges to overcoming these in a manner acceptable to Innovate due to the design of the infrastructure. It was noted, in relation to the question of whether confidence in the go live date expressed previously had been misplaced, that reporting had been timely and UKSBS could only influence the Programme. The need for greater involvement in design and implementation of transformation strategies was a lesson which would be applied to UKSBS' engagement with Matrix.

- 3.4 The Board moved on to discuss Matrix Programme governance and UKSBS' relationship with the Programme. Concern was expressed on a lack of clarity as to where accountability for data migration sat within the Programme governance framework. It was agreed that UKSBS should take a proactive approach and communicate our requirements to the Programme. It was further agreed that the Board should focus more on the real impacts of risks crystallising, and that a session on risk governance should be included in the agenda for the March meeting.
- 3.5 The discussion returned to financial risk and CD shared a slide on key financial data. CD noted that a potential overspend of £2 million became apparent in November 2023, and reviewed the component elements behind the headline figure. Several directors queried the strength of UKSBS' client relationships in cases where payment for work was outstanding, and expressed the view that services should not be delivered before a PO had been signed. The Chair stated this matter should be raised at an Owners' meeting given their accountability for financial pressures.
- 3.6 The Board concluded their discussion of financial matters by considering forecasting and charging. It was noted that clients' expectations of flexibility from UKSBS were in conflict with good risk management for a business undergoing the current level of transformation, and PO gaps were themselves creating the requirement for austerity cost controls. It was further noted that the Matrix Programme had identified an action to develop a pricing and charging model. The Board agreed that a deeper discussion on commercial modelling, in conjunction with forecasting and budget-setting, was required, and the Chair requested that a paper on UKSBS financial governance be presented to the March meeting.
- 3.7 In response to a request from RS, the Board expressed their support for lifting junior staff pay to at least the statutory level.

#### **Actions**

- **RS to clarify where accountability for data migration sits within the governance of the Matrix programme.**
- **GF to add an item on Risk Governance to the March agenda.**
- **CD to convene an Owners' meeting to resolve immediate funding issues and consider longer-term change to commercial T&Cs.**
- **CD to prepare a paper on UKSBS financial governance for the March meeting, covering forecasting, budgeting and commercial decision-making.**

#### 4. FINANCE, PERFORMANCE AND RISK (SBS 004-24 via PowerBI)

4.1 The Board received the Standing Items Report. It was agreed that Finance and Risk had both been covered in sufficient depth in the discussion at item 3 above, and LC presented the key operational points of the Performance update:

- The Q3 net promoter score survey had been circulated and the analysis would be reported to the March Board.
- The User Experience and Service Satisfaction scores were stable for the period, however the score of 5.9 for Recommend UKSBS remained below target.
- KPI scores were relatively stable across the period.
- Second line audit of controls had commenced and the results, including findings on the extent of automation in the control environment, would be reported to the Board at a future meeting.

BS left the meeting at 10.45.

4.2 LC further noted an operational failure to pay bonuses to 55 senior civil servants had occurred in December, outlined the causes and confirmed the matter had been resolved speedily. UKSBS was communicating service requirements to clients in a clear and timely manner. The Chair commented that this incident must not be repeated.

4.3 The Board concurred that recent operational setbacks reflected the increased demands on the business exceeding the available capacity. In response to questions as to how long this stress was sustainable, and how the benefits of Perform Plus would be realised, LC stated that they were informing changes in ways of working, and that current operations would be sustainable in future provided these insights continued to be rolled out in practice.

#### 5. MAJOR PROGRAMMES (SBS 005-24)

5.1 JA introduced the report, noting the earlier detailed discussions covering Matrix and SHARP. It was further noted that the MoG programme was rated amber due to challenges in onboarding DCMS employees to DSIT, with management confident the March deadline would be met notwithstanding data challenges.

5.2 VM reported that her team had enjoyed a productive day with the Matrix Programme, engaging across both the Transformation and Communications & Engagement workstreams. The Board noted that the Matrix Transformation Strategy had been approved by the Matrix Steering Group in December and UKSBS was working with the Programme transformation team on strategy implementation.

5.3 The Board discussed accountability for strategy implementation in the context of UKSBS' position as the prospective SSC, noting that the business had not had sight of PBC2. Concern was expressed at the absence of a RACI and the apparent split of Technology from People. There was a consensus that central control of the

implementation of the Matrix Transformation Strategy should be exercised from within UKSBS, and that Programme governance needed urgent clarification.

#### Action

- **JC to raise the Board's views with senior Matrix stakeholders.**

#### 6. BUSINESS PLANNING (SBS AC 006-24)

- 6.1 JA presented the updated draft Business Plan, noting that its structure had been redesigned around maturity themes reflective of Matrix Transformation. The updated document sought to articulate planning holistically across the business and focus on what the future holds for UKSBS.
- 6.2 The Board discussed the draft Business Plan and whilst the document met with general approval, it was noted that the needs of all clients should be given due consideration. It was further noted that the Business Plan should challenge shareholder perceptions around innovation and cost-effectiveness, and convey to the reader the benefits of selecting UKSBS as the Matrix SSC.
- 6.3 The Board noted that the final draft Business Plan would be presented to the March meeting for approval.

#### 7. NEXT BOARD MEETING

- 7.1 Items to be considered at the next Board meeting on 28 March 2024 in Polaris House, Swindon, were noted as:
- New Observers
  - Financial Governance
  - Major Programmes
  - Business Plan

#### 8. ANY OTHER BUSINESS

- 8.1 JA introduced the Gender Pay Gap Report, noting that there were no red flags and the report was intended for publication.
- 8.2 It was noted that progress on reducing the pay gap should be included in narrative reporting where possible. The Chair commented that reporting on Ethnicity data would be a good next step. JA noted that by 2025 UKSBS would have sufficient data assurance to report this figure.

There was no other business and the meeting closed at 12.15 pm.

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