

UK Shared Business Services Ltd

Minutes of the 73rd UK SBS Board Meeting held at Polaris House, Swindon on Thursday 23rd March 2017 commencing at 10.20am.

Attending:

Board Members:		UK SBS Executives:	
Tim Knighton (Chair)	TK	Tim Jones, Finance Director	TJ
Carol Bernstein	CB	John Arnott, Corporate Services Director	JA
Anne Dixon	AD	Caroline Jenkins, Company Secretary	CJ
Joanna Brigham	JB	Gavin Foxall, CPO	GF
Emma Floyd	EF	Phil Edgell, IT Security Team (for item 6)	PE
Hilary Reynolds	HR	Chris Kruk, IT Security Team (for item 6)	CK
Chris Pope	CP		
Nolan Smith	NS		

A. CLOSED SESSION

A1. There was a closed session of the Board with the Company Secretary in support.

Actions:

- **Consideration to be given as to how the UKRI Programme Director (once appointed) could attend Board meetings going forward and in what capacity.**
- **Executive structure to be considered as part of the closed session at the May Board meeting.**

1. WELCOME (SBS 012-17, 013-17)

- 1.1 The Chair opened the Board meeting at 10.20am and welcomed all in attendance.
- 1.2 The minutes of the meeting held on 24 January 2017 were agreed.
- 1.3 There were no declarations of conflicts of interest relating to any matter on the agenda.
- 1.4 The Board considered the action log and noted the completed actions.

2. BEIS UPDATE

2.1 CP and EF provided a verbal update and the following points were noted:

- The BEIS strategy for shared service delivery was under development, with a draft paper expected to be circulated for comment by the end of March. CP thanked JB and the UK SBS team for their contributions.
- CP outlined the three options being considered. A cost analysis had been completed. The final paper was due to be submitted to the BEIS Exec Com in May.
- The sponsorship for outsourced services (SSCL) had been transferred to CP; the department was comfortable with CP's position as sponsor, UK SBS Board member and the current UK SBS Procurement arrangements.
- The formation of UKRI was being led from the core department, with Gareth Davies appointed as SRO. The ownership of the programme would pass to Mark Walport in due course, subject to the timing of Royal Assent being granted. Research Council

led activity was underway to identify what UKRI would need in place to operate effectively from Day One.

- The department was settling post-merger with DECC and adapting / aligning ways of working.
- From 1 April 2017, Angie Ridgwell would be managing all corporate functions within BEIS.
- Emma Stace would soon be leaving BEIS to take up a new appointment within the Department for Education.
- BEIS was due to move from a transition to transformation programme over the next few weeks, although it was noted there was some miss-alignment on direction of travel within the department.

3. EXECUTIVE DIRECTOR REPORT (SBS 015-17)

- 3.1 The Executive Director's report was received by the Board.
- 3.2 Discussions took place with regard to IR35; JB noted that no business critical contractors had been lost and that the opportunity had been taken to review the resourcing model. AD informed the Board that legal advice received from Counsel had confirmed the position with regard to contractors and was content to share the advice if required.
- 3.3 The recent employee survey results for Procurement were noted; GF outlined the action plan in place to address the issues raised. Although the overall satisfaction score for Procurement remains above average for the Company, it had slipped from its previously stronger position.

4. AUDIT COMMITTEE UPDATE (SBS 016-17)

- 4.1 The Board received the Audit Committee update report.
- 4.2 In answer to a question, NS confirmed that none of the frauds investigated involved UK SBS employees.

5a. FINANCE (SBS 017-17, 018-17)

- 5.1 The P11 full year forecast for BAU showed a surplus of £614k, consistent with the P10 forecast. The surplus was £200k higher than the mid-year forecast due to an equal combination of both pay and non-pay cost underspends. A spike in IT spend was expected towards the end of the financial year.
- 5.2 The dilapidation costs for North Star House had not yet been agreed; commercial negotiations with the landlord had commenced regarding the final position. BEIS had confirmed that the costs did not have to be met from this FY.
- 5.3 The NAO interim audit had concluded with only one issue raised regarding the financial accounting for dilapidations.
- 5.4 BEIS had confirmed that the 2015-16 going concern letter received from BIS would still valid for the next financial year, subject to NAO approval. The Board confirmed that they consider the going concern basis to be appropriate for the preparation of the financial statements.

- 5.5 TJ informed the Board that although the formal budget allocation letter for 2017/18 budgets had not yet been received, the funding had been confirmed informally. It was noted that allocation letters had not been received before 1 April in previous years. Discussions took place on whether it was viable for the Company to proceed with budget setting for the 2017-18 financial year without first receiving the formal allocation letter from BEIS; it was also dependent on where in the process HMT was with agreeing BEIS' budget allocation for the year.
- 5.6 The current 'top-slicing' charging model for the Research Councils to be reviewed following the BEIS shared service strategy decision.
- 5.7 It was noted that BEIS and UKRI / Research Councils would need to agree funding for programme costs and change over and above BAU.
- 5.8 TJ confirmed that UK SBS had not yet been requested to provide estimated costs to the UKRI programme Board for the formation of UKRI. Indicative ranges of system costs had been provided to BEIS as part of the budget submission for 2017-18.

Actions:

- **A letter to be sent to BEIS from the Board highlighting their concerns regarding the Company setting budgets for the next financial year without first receiving a formal allocation letter from BEIS.**
- **The budget submission to BEIS to be re-circulated to the Board.**
- **UK SBS budgets to be considered at the May Board meeting.**

5b. PERFORMANCE AND CLIENT ISSUES (SBS 019-17)

- 5.9 The Board received the performance report.
- 5.10 JA outlined the work underway to stabilise the turnover levels within the HRSD payroll team.
- 5.11 Once the change required for the formation of UKRI was known, a programme of work would be brought back to the Board, highlighting any issues or concerns i.e. with regard to resource, time, funding etc.
- 5.12 It was noted that BEIS / CP did not routinely receive the Procurement performance report; Procurement performance would continue to be scrutinised at UK SBS Board meetings.

5c. RISK (SBS 020-17, 021-17)

- 5.13 The Board considered the risk register. It was noted that the shadow UKRI Executive Committee would be formed from April 2017. Together with BEIS, it was imperative that there was a common understanding of programme and change prioritisation. NS to raise the issue at the next Audit Committee chairs meeting.

6. CYBER SECURITY (SBS 022-17)

- 6.1 The Board welcomed PE and CK to the meeting.
- 6.2 The cyber security report was received by the Board. PE and CK provided a verbal presentation and the following points were noted:

- Some organised crime groups target specific companies for cyber-attacks, others use a more random approach; both can cause significant financial and reputational damage.
- UK SBS would soon be completing cyber essentials, a government-backed, industry supported scheme to help organisations protect themselves against common cyber-attacks.
- The UK SBS security team was working with colleagues across the Research Councils to address any weaknesses and make systems more secure where required. The service provided was in line with IT services already agreed with the Research Councils.
- There was a need to ensure that all IT related policies were up to date and fit for purpose.
- PE confirmed that UK SBS was seeking accreditation that was proportionate to the size and nature of the Company.
- PE and CK to be formally involved in the digital and technology roadmap development for UKRI Day One.
- JA confirmed that sufficient resource was in place for current workloads; however it would need to be increased to implement UKRI requirements once known.

Action:

- **A further report on cyber security to be considered at the May Board meeting, to highlight the information required from the Research Councils to ensure an effective cyber security system can be built and the risks that exist from a UK SBS perspective, in particular with regard to end users.**

7. PROCUREMENT GOVERNANCE (SBS 023-17)

7.1 CP and GF were in the process of transferring the Contracting Authority responsibility back to the relevant Accounting Officer (AO); the UK SBS procurement team would act as an agent to advise, provide guidance on the procurement process and deliver contracts to the relevant AO. The overall Procurement risk profile to the Company had reduced due to the process controls that had been implemented since the initial internal audit.

7.2 The Board agreed to enhance and formalise the current arrangements in place until July 2017 at the latest. The BEIS shared service strategy decision in May should help inform the future direction of Procurement governance arrangements; an update to be provided at the May Board meeting to outline the BEIS intention, including a link to UKRI formation and an outline of the proposed operating model. The Board to reconsider Procurement at the July meeting and take a decision on its governance should the outcome of the BEIS shared service strategy in relation to Procurement not be satisfactory or conclusive.

8. GOVERNANCE (SBS 024-17)

8.1 The Board approved the latest draft (v0.6) of the Annual Governance Statement and delegated authority to the Chair, Audit Committee Chair and Executive Director to finalise the draft ahead of submission to BEIS on 3 April 2017.

9. NEXT BOARD MEETING

9.1 The items to be considered at the next Board on 25th May 2017 were noted:

10. ANY OTHER BUSINESS

Emma Floyd

- 10.1 EF informed the Board of her resignation, to take effect on 17 April 2017. The Board thanked EF for all of her dedication and valuable input to Board meetings over the last 18 months and wished her well for the future.

Board closed at 12.30pm

Next meeting: 25 May 2017