

UK Shared Business Services Ltd

Annual Report and Financial Statements

2022/23

UKSBS

Shared Business Services



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Chairman's statement

2022/23 has been a busy and successful year for UKSBS, in which we have continued to demonstrate the huge value of having a captive shared service centre owned by and delivering to the public sector. This period has been characterised by strong service delivery, together with our demonstrable ability to meet a range of demanding change requirements, with tempo and agility. This was recently recognised by the Company winning the Global Sourcing Association Award for the Public Sector Project of the Year for our quick and effective action to help mitigate cost of living challenges for households across the nation by delivering the Government's Energy Support Scheme payments.

February 2023's Cabinet reshuffle demanded another rapid response, as three new Government Departments were created (DESNZ, DSIT and DBT), replacing BEIS and DIT. Drawing on extensive previous knowledge and experience, UKSBS has reacted and adapted to continue to enhance service delivery, whilst establishing the new Departments' finance, HR, payroll and procurement services. This includes the onboarding of approximately 1,500 additional users transferring in from DCMS. These changes have also resulted in the three new Departments becoming shareholders of the Company and I have enjoyed welcoming their new non-executive directors to our Board.

Our key focus with UKRI has been the implementation of the SHARP Programme. The new Oracle Fusion ERP platform has been designed and built, with IBM as the implementation partner. Testing has commenced and we look forward to going live at the start of the next financial year. Considerable work has been devoted to transforming and developing the organisation, its people and its processes to be ready for this shift to managing and exploiting modern SaaS based business services.

The transformational journey that UKSBS has been on over the past few years, together with the knowledge and experience gained this year, on SHARP and the delivery of Machinery of Government changes, sets the Company up very well to meet the needs of the Matrix Programme. I am confident that we are in a strong position to take on responsibility for delivering services to the nine Departments that form the Policy Cluster in the Government's Shared Services Strategy, and we have been contributing significantly to the Programme's assessment phase.

Our Business Plan sets out our ambition of providing ever increasing value to our partners, through growth, based on enduring service quality, resilient digital infrastructure and leveraging the opportunities provided by the Government Shared Services Strategy. The Company is firmly on track to attain this aim and the robust business services delivered to customers are a true credit to the entire workforce.



John Clarke
Chairman
UK Shared Business Services Ltd

Strategic Report

Strategic Context

With pressures on the UK public sector, UKSBS remains committed to becoming the leading public sector business service provider, offering ever-improving user experience and realising increasing value for money for the taxpayer. There are opportunities to do this through:

Expanding current services to existing clients that do not receive the full range available

Provide current services to other government departments or public bodies

Explore opportunities to provide new services

Reflecting the continued importance of the Cabinet Office's [refreshed Government Shared Services \(GSS\) Strategy](#), published in March 2021, the focus remains on working to ensure that UKSBS is selected at the single back-office business services provider for the Policy Cluster of nine government departments. The nine departments have established the Matrix Programme to implement the GSS strategy.

The February 2023 Machinery of Government (MoG) changes saw BEIS and DIT reorganise into DBT, DESNZ and DSIT. This means that UKSBS now provides services to three of the Matrix Programme departments. Through the year the Matrix Programme has undertaken exploratory work into alternative insourcing and outsourcing options with the intent of recommending a decision by autumn 2023. This perpetuates significant uncertainty for UKSBS and its employees as to how the Company's mission and vision will be best achieved. Whatever decision is made, UKSBS will work with its owners to pursue the best possible future for the Company, while continuing to deliver high-quality services to clients.

To mature the capacity and capability of the Company and position it for the future, UKSBS is undertaking key activity across six themes.

End User Experience

The end user experience of our services is being improved with the advent of increased digitisation and automation of forms supporting our legacy ERP that supports our Whitehall clients. This builds on the new 'Bridge' knowledgebase and our earlier introduction of 'Connect', a front-end application enabling mobile execution of common activity. With UKRI in the SHARP programme, UKSBS has been collaborating to introduce a new SaaS ERP/HCM platform in early 2024, that will significantly enhance the user experience for UKRI employees. A focus on the importance of a quality human interaction, when appropriate, continues, with membership of the Institute of Customer Service providing a strong professional framework. Clear client and end-user feedback loops provide insights for continuous improvement.

Cost Effectiveness

As a mutually owned, not-for-profit shared business services provider, UKSBS's costs compare favourably with other providers. This is confirmed using external consultants. We continue to seek further cost reductions through continuous improvement, exploiting the opportunities of greater self-service and automation and increasing client user numbers enabling fixed costs to be spread more thinly.

Partner Engagement

We are investing in growing and professionalising our partner engagement approach. This is essential to manage and meet more effectively the expectations of existing clients, as well as leading the establishment of the new client relationships resulting from the MoG changes. Client governance has been adapted to focus on specific client needs.

Workforce

Workforce planning ensures we right-size the organisation to meet the evolving concurrent demands of quality service delivery and major programme delivery. During a year of labour market challenges the approach to marketing job opportunities with UKSBS was reviewed. Resulting in an increase in quality

and quantity of candidates, and a reduced time to hire. As a response to the challenges faced, the year saw a significant increase in the provision of learning opportunities to equip employees for success in a cloud-first environment. Our approach to performance development and reward will be aligned to our culture and the demanding expectations of the team. The organisation's commitment to Equality, Diversity and Inclusion together with Corporate Social Responsibility reflects in our employee value proposition and continuing strong employee engagement survey results. Pre-pandemic, UKSBS was already a flexible employer, and now hybrid working has been fully embraced as this is vital to attracting, engaging and retaining the committed public servants needed for success.

Technology

Much has been done to deal with legacy technical debt in UKSBS and invest in a modern, loosely-coupled architecture, exploiting cloud middleware services. The SHARP programme will see one of UKSBS' two current ERP/HCM platforms, supporting UKRI, move to a new SaaS platform. The other platform, supporting Whitehall clients, is scheduled to be replaced in 2026. The company's current platform is being upgraded to the latest on-premise version to ensure it remains properly supported until then. Additionally, Disaster Recovery capabilities will be enhanced early in 2023/24. Exploitation of digitisation and automation capabilities will continue as will investment in security and cyber resilience to ensure that the ever-evolving threat is countered. ISO27001 accreditation has been maintained.

Business Agility

UKSBS is adopting more agile and flexible approaches to drive continuous improvement and better respond at speed to changing circumstances of clients and the government's evolving priorities. Work commenced to introduce the Scaled Agile Framework (SAFe), with the SHARP service providing the opportunity to trial our first agile release train. UKSBS has established a Managed Service Partnership with PwC, providing additional knowledge, expertise and capacity to the organisation. This is improving our broad understanding of real collaborative working, within the organisation and with clients. All change will continue to be delivered at cost against agreed priorities.

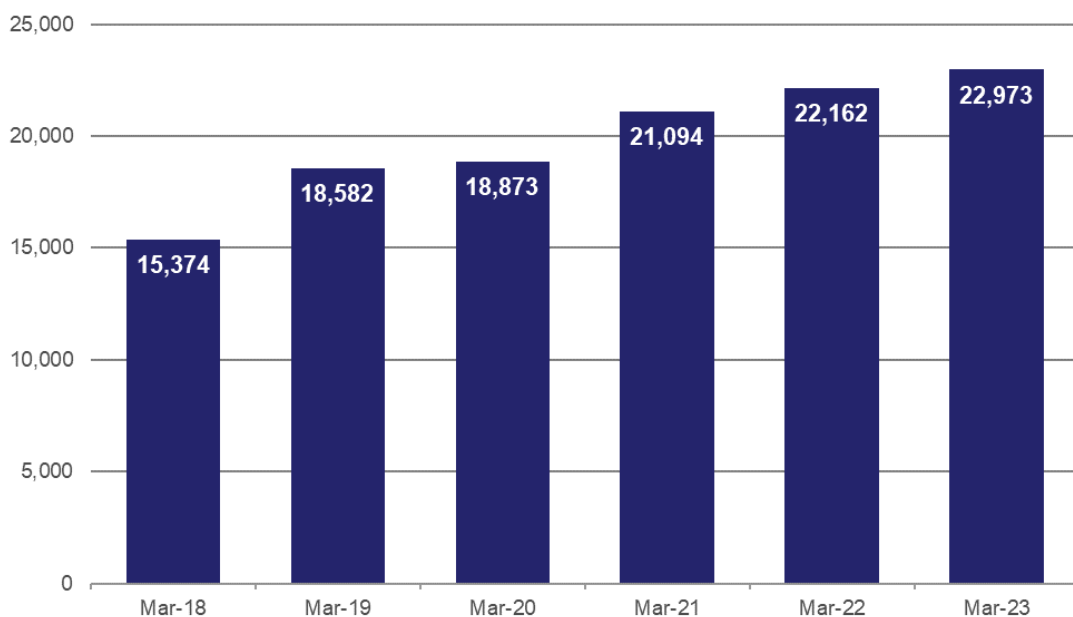
Ukraine Conflict

UKSBS has not been directly affected by the Ukraine conflict.

Overall Service Performance

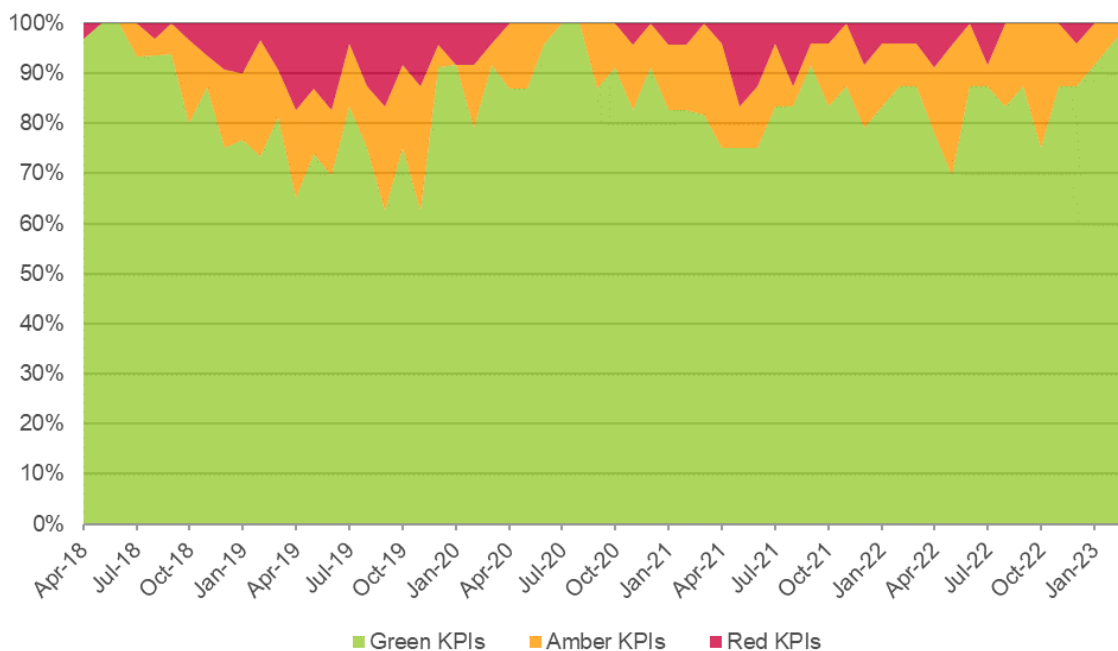
User numbers continue to rise, with total users at 22,973 on 31 March 2023, up from 22,162 at 31 March 2022.

Chart 1: User numbers – March 2018 – March 2023



Service Key Performance Indicators (SKPIs) – previously termed the Key Service Indicators (KSIs) – continue to be monitored, alongside the Strategic Key Performance Indicators (KPIs) linked to the strategic themes. 86% of SKPIs were achieved for the whole of 2022-23. The chart below indicates the five-year trend of SKPI performance.

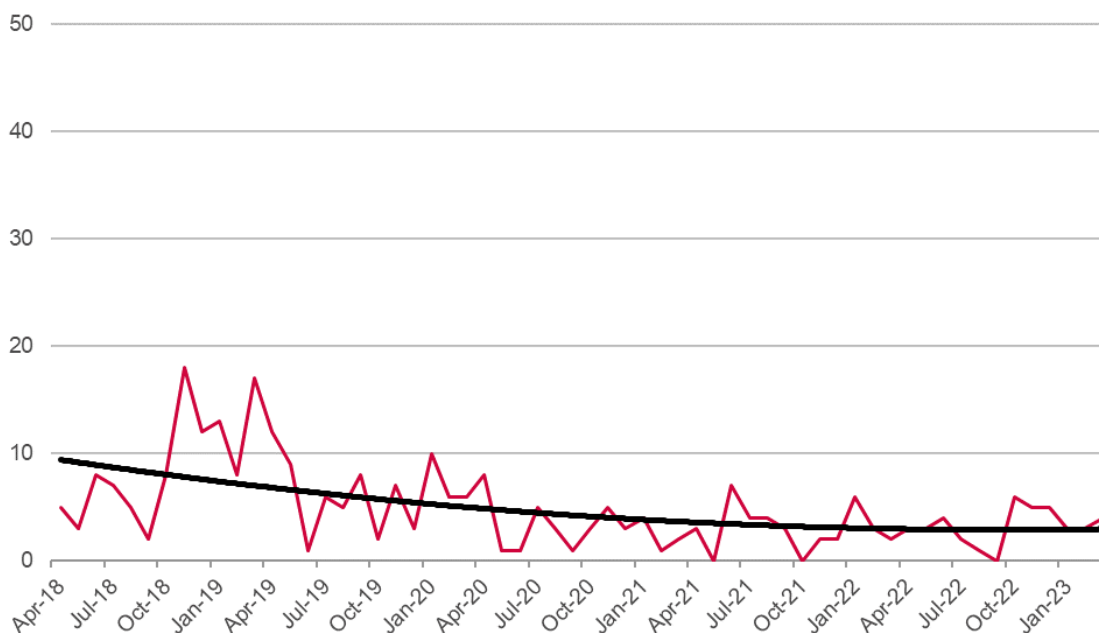
Chart 2: Service Key Performance Indicators (SKPIs) – Red, Amber, Green



Customer Complaints Received

Customer complaints continued to remain very low in 2022-23, averaging one complaint for every 22,181 key transactions handled.

Chart 3: Customer complaints 2018 – 2023



Financial Performance

The Company's financial results for the year are set out in the financial statements (page 38 onwards). The reported result for 2022/23 is a loss of £566,000 (2021/22: £49,000 profit), including £2.2m million cost of depreciation and amortisation (2021/22: £1.8 million).

The Company does not operate with the intention of making a profit, but it is exposed to profits and losses in respect of the difference between actual costs for the year in respect of service delivery and the value of the purchase orders agreed with clients for these charges (see notes 1.4 and 2). In 2022/23 costs rose against expectations following the agreement of purchase orders, resulting in a modest loss which UKSBS has been able to accommodate within its existing cash position and funding arrangements.

Both income and costs increased in 2022/23 over the previous year because of the cost of the SHARP programme, which is funded by UKRI, and an increase in the number of end users.

The net asset value at 31 March 2023 was £1.8 million (31 March 2022: £2.4 million). Further details are set out in the Statement of Financial Position and accompanying notes to the financial statements.

Client and Service Changes

As a result of the February 2023 Machinery of Government Changes, the Department of Business, Energy & Industry Strategy (BEIS), together with the Department of International Trade (DIT) ceased to be clients. In parallel, the Department of Business & Trade (DBT), the Department of Energy Security & Net Zero (DESNZ) and the Department of Science, Innovation and Technology (DSIT) became clients. Details are provided in note 13 to the Financial Statements.


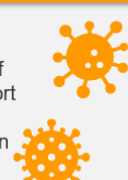
Delivery of Change Programmes & Projects

The UKSBS Partnership and Change team provides highly skilled and experienced resource to support delivery of a portfolio of change to support strategic objectives and operational priorities for both clients and UKSBS.

In 2022/23 the team successfully supported and drove the delivery of 80 change requests, ranging from standard to complex, within the portfolio of change including transformation programmes, technology improvements and mobilising for the Machinery of Government changes announced in February 2023. The team's versatility and agile approach enabled it to respond quickly, and successfully deliver a significant number of complex projects, some of which are in the case studies below.

Change Delivery Case Studies



Energy Bills Support Scheme	Transferring people under TUPE	Covid-19 support to businesses
<p>£400 non-repayable automatic discount to eligible households in England, Scotland and Wales to help with energy bills during winter 22/23.</p>  <p>Our role Working collaboratively with fBEIS, UK SBS drew on our unique service delivery model to deliver quickly and efficiently. So far, over 1,200 payments and £40bn</p> <p><i>"We couldn't have done it without you!"</i> – Director for Net Zero Buildings, fBEIS</p>	<p>fDIT brought in-house its Trade Advisory Service, a network of international trade advisers.</p> <p>UK SBS delivered the transfer of 334 employees from 18 organisations with 21 different sets of terms and conditions into fDIT within 2 months' of receiving the detailed requirements.</p> <p>"a fantastic, collaborative piece of work."</p>	<p>As part of the Government's Covid-19 support package, one-off Local Restrictions Support Grants were offered to support UK businesses in January 2021.</p>  <p>Our role UK SBS delivered over 300 payments totalling £6.5bn to businesses in retail, leisure and hospitality sectors.</p> <p>We absorbed the transactional costs within existing budgets.</p>

Our change governance connects strategy to delivery and ensures that change activities are actively managed in a controlled, governed and efficient way, with full transparency and visibility. We continue to evolve this and are transitioning from a traditional PPM approach to Lean Portfolio Management, shifting our focus to defining outcomes rather than outputs, maximising the throughput of value and monitoring emerging solutions to deliver early value. To support this, in 2022 we began implementation of Scaled Agile Framework (SAFe) and a Centre of Excellence where dedicated Agile practitioners provide training, advice and support to embed business agility, complementing existing delivery methodologies.

Business Agility

As a service organisation, UKSBS is adopting an agile framework and ways of working to increase the value we deliver to our partners by enabling us to quickly sense and respond to opportunities and market changes proactively and efficiently. The key elements of our agile adoption so far include:

Leadership

We have delivered training to all of our senior leaders to support them in both adopting and demonstrating a growth mindset, good servant leadership and role modelling the behaviours which underpin our agile journey. Our senior leadership team meets regularly to ensure common understanding and purpose. We are continually evolving an open culture which enables ideas to be generated at all levels throughout the organisation.

Lean Agile Centre of Excellence

We have established a team of dedicated agile practitioners providing advice and support across the organisation. This team works closely with our leadership to drive and track our adoption of SAFe.

Lean Portfolio Management

We have started the journey to transition from P3M to lean portfolio management, evolving our change tooling, processes and governance. We are working to enable more wide-spread use of agile methodologies where there suite the intended delivery aims.

Roles and Practices

We have introduced Product Management and Ownership to ensure we maximise the value of our technology suite in a way that meets our customers' needs, as well as to give clarity of roles and responsibilities internally and with our clients, and to help our people navigate our systems. We are preparing for the launch of our first Agile Release Train to support the implementation of Oracle Fusion with UKRI. Our teams increasingly adopt a range of agile practices including value stream visualisation, systems thinking, scrum and Kanban.

Learning and Resources

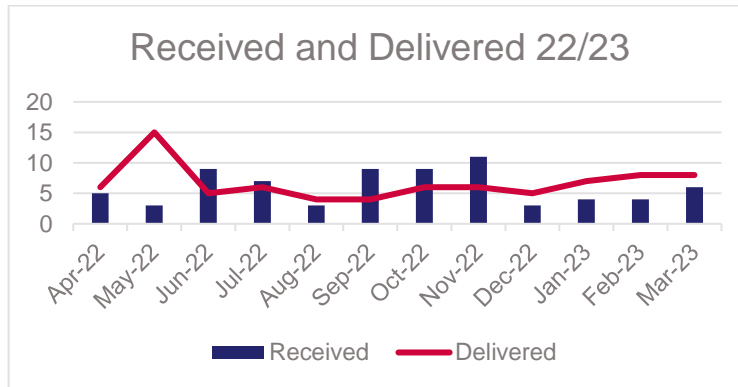
We offer a range of learning opportunities and resources to support our colleagues from formal training and certification and coaching to bite-size lives, lunch and learn sessions and blogs. We have a range of tooling to support agile ways of working, such as Jira and Miro.

Communities of Practice

Groups with a common interest in a specific technical or business area (like product owners) come together to collaborate, share best practice and evolve these skills.

Change Requests

The number of Change Requests (CRs) from owners and from within UKSBS dropped significant comparison to the previous year, as the SHARP programme progressed. The numbers of change requests raised and delivered in 2022/2023 are shown below.



UKSBS manages and delivers a prioritised portfolio of change for its clients. Alongside this, we are progressing our own change journey, adopting new technologies, optimising efficiency and enhancing user experience, whilst behind the scenes modernising our infrastructure, strengthening our security, and growing the skills and capabilities of our people. All underpinned by a culture of continuous improvement.

Data Protection Act 2018 and Data Security

UKSBS continues to put the maintenance and security of data at the heart of the organisation’s activities. An internal programme, Securing our Data and Reputation (SoDaR), brings together key activities to provide a holistic view of data management across the Company. The focus has been on effectiveness of Data Protection Impact Assessments, continued education and training of employees and ensuring legacy data is appropriately handled. UKSBS retains ISO 27001 certification.

UKSBS recognises working towards full implementation of the legislative requirements must remain cognisant of current technical barriers. The Audit Committee receive regular updates on areas of potential non-compliance and the mitigating actions in place.

Our People

Our employees are essential to all that we do, and we work together to deliver our key objectives. This year, in meeting the requirements of our clients, UKSBS has steadily increased its headcount. The year began with 624 employees (586 FTE) and finished with 639 (600 FTE) (excluding contractors).

UKSBS continues to embed its Values and Behaviours in all that the organisation seeks to achieve alongside ensuring an inclusive and supporting working environment is provided.



The Board have endorsed an ambition People Strategy 2023-28 which, at its heart aims to leverage our public sector values and to build on our flexible, caring and creative environment so that we grow and retain people who feel empowered to make a difference for our clients in support of the UK society and economy. This means we plan to continually evolve how we address three inter-related challenges, as below.

An effectiveness challenge – right resources, right skills, right price:

- To maintain and act upon our data-driven, strategic workforce plan to deliver the capacity and capability for tomorrow’s challenges
- To build a centre of excellence for shared service education to leverage both early career and mature entry opportunities to grow and retain talent with an enduring focus on service quality, innovation and continuous improvement
- To evolve our reward strategy to cost effectively ensure we can reward the application of acquired competencies to retain talent in the public sector.

An engagement challenge – right attitudes, right behaviours, right results:

- To ensure a diverse workforce and an inclusive flexible workplace, where employees are valued and feel involved, informed and motivated to support each other in delivering value to our clients and owners.

A leadership challenge – right people, right capabilities, right capacity:

- To build and maintain a talented and professional leadership cadre that looks to the future in setting an organisational vision and plans to continually evolve UKSBS capabilities and right-size capacity.

Diversity

At 31 March 2023, the numbers of males and females in the Company were as follows:

	Males	Females
Board (excluding the Chief Executive)	3	3
Executive Team (including the Chief Executive)	4	3
Employees (excluding Executive Team)	251	381

At 31 March 2023 the proportion of employees who have elected to be identified as being from an ethnic minority is currently 11.9% (2021/22: 13.1%).

UKSBS publishes its Gender Pay Gap report annually on the UKSBS website. This includes an action plan that is linked to a wider Equality, Diversity and Inclusion Strategy. The gender pay gap is the difference in the average pay between men and women in an organisation over a period of time no matter what the role is. In March 2022, when comparing mean (average) hourly pay, women’s mean hourly pay is 18.5% lower than men’s (22.3% in March 2021).

Employee Health

During 2022/23 the average number of working days lost through recorded sickness absence was 3.0% (2020/21: 3.6%).

Internal Governance

The internal governance structure includes the Portfolio Direction Group, the Risk, Assurance and Security Committee, the Operations Delivery Committee and the People Committee.

The Strategic Leadership Group and Leadership Group meet regularly with the Executive, to ensure two-way engagement on priorities and future planning for the organisation.

Further information on the Executive structure and Committees can be found in the Annual Governance Statement on pages 20-28.

Managing Risks and Controls

The Government Internal Audit Agency (GIAA) continues to provide the Company's internal audit function and in 2022/23 undertook ten audits. An overall assurance opinion of 'Moderate' was issued by the GIAA Head of Internal Audit, reflecting the results of audits which have consistently demonstrated continued effective operation of the Company's governance and risk management processes.

The GIAA Head of Internal Audit's annual report is summarised in the Annual Governance Statement, noting management had addressed those concerns raised the previous year and that controls around core processes were found to be improving.

The Company's Corporate Risk Register (CRR) is reviewed at every Board and Audit Committee meeting. Each major team maintains its own risk register, capturing risks to team-specific activity and objectives, as well as a procedural-driven Risk and Control framework. Processes are in place to escalate risks from team risk register to the CRR as and when necessary.

A number of key risks have been successfully mitigated throughout the year. However, despite mitigating activity, some corporate risks remain out of tolerance on the CRR in the early months of 2023/24; Cyber-attack (information security); Successful and timely delivery of SHARP; Machinery of Government changes; Strategic alignment of ends ways and means; Concurrency and volume of major change and an unfavourable Matrix decision. Risk response plans have been developed and actions will continue throughout the year to continue to mitigate these evolving and continuing risks.

Managing our Footprint

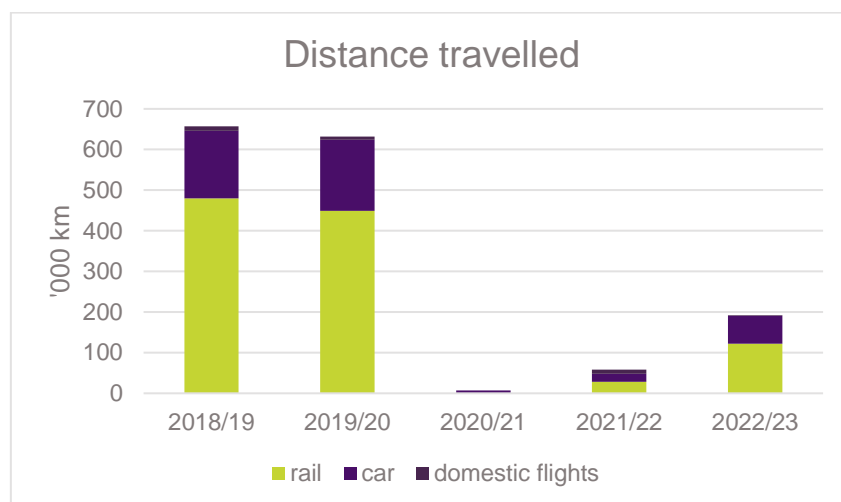
The UKSBS Corporate Social Responsibility (CSR) Policy sets out the principles for managing our environmental impact.

During 2022/23, sustainability consultancy, 3ADAPT, was commissioned to initiate the development of a Corporate Social Responsibility Strategy. Through a combination of a desk review, interviews and workshops an initial CSR framework, outlining key metrics, responsibilities and actions, was developed. The accompanying action plan will be taken forward in 2023/24.

Travel

UKSBS has embraced hybrid working since April 2022. Videoconferencing has played a key role in enabling this, becoming a new low-carbon standard way of working across UKSBS. All staff are equipped with the necessary technology to work from home and each of our office buildings benefit from excellent videoconferencing facilities. The ability of colleagues to join meetings remotely, rather than travelling to between offices or to other locations for meetings, has helped to reduce carbon emissions from travel. It has also provided the added benefit of cross-site team meetings, breaking down silos and increasing collaboration.

Business travel by UKSBS employees fell dramatically in 2020/21 due to the COVID pandemic. This has increased over the past two years but remains below pre-COVID levels. In 2022/23, our people travelled approximately 192,000km on Company business, which is a reduction of 30% compared with 2018/19. Most of our travel is by train (almost two-thirds of the total distance travelled) while domestic flights accounted for 1,000km travelled (compared with 11,000km in 2019/20).



The following table shows expenditure on total travel over the last five years. From 2018/19 to 2019/20, there was a 9% decrease in annual travel cost, despite an increase in FTE. A comparison between 2018/19 and 2022/23 shows a 26% fall in absolute cost and a 20% decline in cost per FTE.

2018/19		2019/20		2020/21		2021/22		2022/23	
Cost (£000)	FTE*	Cost (£000)	FTE*	Cost (£000)	FTE*	Cost (£000)	FTE*	Cost (£000)	FTE*
286	485	260	561	63	584	33	603	73	620

* Full Time-Equivalent (FTE) numbers include contractors

Paper

The Company uses A4 and A3 paper that is 75% recycled (made from post-consumer waste using low CO₂ production methods).

Buildings

UKSBS operates over three sites: Polaris House, Swindon (Head Office), Concept House, Newport and Queensway House, Billingham. All sites are owned or managed by third parties (Government Property Agency or Local Authority). The Company complies with energy, water and waste management measures in operation at each site. The breakdown of energy consumption and waste generated at each site, based on % footprint occupied by UKSBS¹ within the respective buildings, is outlined in the tables below, by site.

Polaris House, Swindon

	Polaris House Total	UKSBS Share	Units per employee per year ¹
Electricity (kWh)	2,414,116	340,149	626.43 kWh / per year
Gas (kWh)	1,440,350	202,945	373.75 kWh / per year
Water (M ³)	9,417	1,326.86	2.44 M ³ / per year
Recycled waste (tonnes)	53.03	7.47	0.014 tonnes / per year
Incinerated waste (tonnes)	36.98	5.21	0.010 tonnes / per year
Anaerobic Digestion (tonnes)	13.80	1.94	0.004 tonnes / per year

¹ Unit per employee per year based on employee and contractor numbers in March 2023

Concept House, Newport

	Concept House Total		UKSBS Share	Units per employee per year
Electricity (kWh)	1,673,403		74,132	1029.61 kWh / per year
Gas (kWh)	95,238		4,219	58.60 kWh / per year
Water (M ³)	3,159		140	1.94 M ³ / per year
Recycled waste (tonnes)	42		1.86	0.026 tonnes / per year
Incinerated waste (tonnes)	0		0	0
Anaerobic Digestion (tonnes)	88		3.90	0.054 tonnes / per year

Queensway House, Billingham

	Queensway House Total	UKSBS Share	Units per employee per year
Electricity (kWh)	87,256	46,712	753.42 kWh / per year
Gas (kWh)	331,835	100,211	1,616.47 kWh / per year
Water (M ³)	1,738	525	8.47 M ³ / per year
Recycled waste (tonnes)	5	0.75	0.012 tonnes / per year
Incinerated waste (tonnes)	26	3.88	0.063 tonnes / per year
Anaerobic Digestion (tonnes)	Information not available	N/A	N/A

Overall, as people have to the office, our carbon footprint as measured by electricity and gas usage across three sites has increased compared with 2021/22, although some reductions have been seen at Polaris House where energy efficient technologies are being rolled out. Similarly, our total office waste has increased slightly.

Polaris House, which accommodated 80% of our employees and therefore accounts for the highest proportion of our footprint, is shared premises occupied by UKRI, UK Space Agency, Government Internal Audit Agency, Government Property Agency and UKSBS and is managed by UKRI's Joint Building Operations Services (JBOS). The building has been awarded, and implements, an Environmental Management system (EMS) via ISO 14001 and successfully retained its ISO 14001 accreditation in April 2021 with no non-conformities. JBOS is responsible for the EMS and environmental aspects of the campus.

All waste produced at Polaris House is reused, recycled or incinerated with energy recovery. UKSBS is fully committed to a programme of review and reduction in the use of energy, finite resources and waste disposal.

The majority of our carbon emissions emanate from the use of mains supplied electricity within our head office at Polaris House, and it is this resource that when targeted with energy saving technologies will return the highest level of reductions. The Company looks forward to working with UKRI and other Polaris House tenants in taking forward plans to reduce our individual and collective footprints.

Section 172 Reporting

The Directors are bound by their duties under the Companies Act 2006 (the Act) and the manner in which these have been discharged, particularly their duty to promote the success of the Company for the benefit of its members as a whole. Whilst UKSBS is not required to report under the UK Corporate Governance Code 2018, it is considered to be a large private company under the Act and this section reflects some of the key themes of the new governance and reporting regulations.

As a Public Contract Regulations (PCR) Regulation 12 Company, there is a unique relationship between the Board and Shareholders, with owner-nominated representatives appointed to the Board alongside independent directors. The Board recognises the importance of a continuing effective dialogue with Shareholders and the sharing of relevant information to ensure that the strategy and objectives of the Company are clearly articulated and understood by all. This also allows for the opportunity for feedback and to address any questions or issues raised and for all members to be treated fairly

The directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the CEO, Executive Team and other employees of the Company. The wider impacts of any decisions taken are considered and underpinned by the culture, values, behaviours and standards exhibited within the organisation.

Risk Management, Governance and Decision-Making

UKSBS provides a range of critical services to our clients, in particular the payment of suppliers, people and grants. It is vital that the Company continually identifies, evaluates, manages and mitigates risks. Further information on the risks faced by the Company and how they are managed can be found within the Directors' Report and the Annual Governance Statement.

Each year, the Board undertakes a review of the UKSBS three-year Business Plan. Once agreed by the Board and Shareholders, this sets the strategic direction for the Company and provides the basis for resourcing plans and financial budgets. In the development of the Business Plan, the Board has regard to a variety of matters including the interests of various stakeholders and the long-term reputational effects of decisions taken. The CEO is responsible for delivering the agreed strategic Business Plan, with authority delegated to the Executive team as appropriate to make decisions subject to the values of the Company.

Employees

The employees of UKSBS are its most valuable asset and are central to the long-term success of the Company. The culture, values, behaviours and standards underpin the way in which UKSBS delivers service and are the key elements to maintaining a high standard of business conduct and quality services. The Board supports the CEO in embedding the right culture to deliver long-term success. The Board sets the Company values; these were refreshed in 2019, driven by our employees' voices and views through workshops and facilitated sessions. An annual employee engagement survey, supported by 'pulse' surveys, regularly elicits employees' views on the direction of the company, how it is being led and the overall working environment, providing valuable insights for improvement activity. The Board reviews and agrees the UKSBS Code of Conduct policy on an annual basis.

All employees participate in an annual performance review with a focus on objectives and achievements at the beginning of the year and a focus on identifying relevant opportunities for career development at the half-year. The performance framework reflects the Company's values and behaviours. Workforce planning ensures that the impacts of change programmes is reflected in resourcing activity to equip the organisation with the right skills and talent to deliver success in the future.

Further information on our people, diversity, values, culture and engagement with the Trade Unions can be found on pages 9-10 and within the Directors' Report.

Relationships with Clients

Our biggest clients are our owners; the fundamental principle for the existence of UKSBS is to provide effective and efficient back-office services to its clients. UKSBS does not seek to make a profit and operates on a cost-recovery basis. The Company has embedded a partnered approach in its relationships with clients in a Partnership Services Agreement agreed by the Board and clients. This is currently being refreshed to reflect the recent February 2023 Machinery of Government Changes. The Agreement is underpinned by a client engagement boards and functional service review meetings.

Client and customer (end-user) feedback and satisfaction scores are collected and shared with clients to inform continuous service improvement priorities. Key Performance Indicators (KPIs), annually agreed with clients, provide the information required to make accurate deductions of service performance. Key Service Indicators (KSIs), that are focussed on key UKSBS process steps, are closely monitored and acted upon.

Further information on client relationships and interactions can be found within the Annual Governance Statement.

Communities and the Environment

The Board approves the Corporate Social Responsibility (CSR) policy as part of its annual governance review. Given the priority placed by our owners and clients on achieving net zero and the wider sustainability agenda, UKSBS continues to develop its approach to this important issue through implementing a CSR Strategy that is woven into the organisation's activities.

Details on further environmental considerations can be found on pages 11-13.

Focusing on the Future

UKSBS is committed to working in partnership with our owners to grow the business and provide value to the UK public sector through providing modern, stable, efficient and effective services. Increasing agility and adaptability will ensure responsiveness to clients' changing requirements and UKSBS will continue to transform its capacity and capability alongside modernising and replacing the underlying technology platforms. UKSBS will continue to work with and support all owners in the development of their new solution programmes whilst building upon the strong working relationships already formed with our clients to continue to meet their service delivery expectations both now and in the future.

For and on behalf of the Board



**Richard Semple, Chief Executive Officer
UK Shared Business Services Ltd**

Date: 28 September 2023

Directors' Report

UK Shared Business Services Ltd is a company limited by shares providing a range of services to its Shareholders, all of which are public bodies. Whilst changes to our owners' strategies have potentially significant implications for the Company, our prime objectives remain the same – to deliver efficient, effective and value for money services.

On 7 February 2023, the government announced a Machinery of Government (MoG) change to include the creation of three new government departments and the dissolution of BEIS. Confirmation was received on 3rd May 2023 that the sponsorship of UKSBS would transfer from BEIS to the Department for Science, Innovation and Technology (DSIT), along with the shares previously held by BEIS. During July 2023, the ownership of the Company was expanded to include the Department for Energy, Security and Net Zero (DESNZ), and the Department of Business and Trade (DBT). All relevant documentation, including the constitutional documents and framework agreement, has been revised to reflect the changes in ownership.

The Board of Directors

The majority of Board members are appointed from owner organisations to comply with Regulation 12 of the Public Contracts Regulations 2015, the framework through which UKSBS provides services to its owners.

The following table identifies all the Company Directors that held office during the accounting period, and later to the date of the report. The changes to ownership of the Company during July 2023 led to some changes in Board membership.

	Date Appointed	In post/date resigned
Chair		
John Clarke ¹	16 June 2021	In post
Executive Directors		
Richard Semple	1 May 2018	In post
Non-Executive Directors		
Ruth Elliot	1 April 2018	Resigned 28 February 2023
Graham McAlister	1 April 2018	In post
Alice Hurrell	27 September 2018	Resigned 27 July 2023
Nick Sammons	30 March 2021	Resigned 25 May 2023
Victoria McMyn	3 August 2021	Resigned 31 May 2022
Katrina Nevin-Ridley	29 September 2022	In post
Louise Mackin	1 March 2023	In post
Helen Mills	19 July 2023	In post
Bidesh Sarkar	19 July 2023	In post
David Thomas	19 July 2023	In post

Meetings of the Board and its Committees

The Company's governance structure and composition and operation of the Board are described within the Annual Governance Statement on pages 20-28, which forms part of this Directors' Report.

The Board meets formally every other month. Meeting frequency, membership and focus of each of the Board Committees is set out below:

Audit Committee

The Audit Committee meets five times a year. In 2022/23, the Committee was attended by Graham McAlister, Kim Humberstone (co-opted member, resigned 28 September 2022), Victoria McMyn (co-opted member, resigned 31 May 2022) and Tim Sparrow (co-opted member, appointed 29 September 2022). The Audit Committee meetings are also attended by external (National Audit Office (NAO)) and

internal (GIAA) audit. Throughout the year, the Committee's work included, inter alia, approving the internal audit plan and receiving all completed audit reports, reviewing Corporate and Departmental risk registers, monitoring the implementation of audit recommendations, providing assurance to the Board on the effectiveness of risk managements controls and systems and reviewing reports of fraud and whistleblowing policies.

Remuneration and/or Nominations Committee

The Board meets as the Remuneration and/or Nominations Committee as and when required to consider and advise the Board on remuneration and terms of conditions for Executive and Non-Executive Directors. The Board met three times as the Remuneration Committee in 2022/23.

Independent Directors

In accordance with the Company's constitutional documents that were agreed by Shareholders in August 2018 and revised in July 2023, all independent Non-Executive Directors and Executive Directors are appointed by unanimous decision of the Shareholders. Owner-nominated Non-Executive Directors are appointed by unanimous decision of the Board.

For the period 1 April 2022 – 31 March 2023, those Non-Executive Directors considered by the Board to be independent were John Clarke and Graham McAlister. At the time of the report, a recruitment process was underway to identify a third, independent Non-Executive Director.

Performance Evaluation of the Board

An external Board performance evaluation was undertaken over the winter of 2022/23. This included interviews of both Board members and the Executive team. The key points of the evaluation results are noted within the Annual Governance Statement on page 27. The Audit Committee also undertook an annual review of its effectiveness and individual Committee members' performance.

Dividends

No dividends were paid on ordinary shares during the period and the Directors do not recommend a payment of a final ordinary dividend.

Political and Charitable Contributions

The Company made no political donations or incurred any political expenditure during the period. The Company made no charitable donations during the period.

Employment of Disabled People

UKSBS aims to create a productive environment, representative of and responsive to different cultures and groups, where the contributions of all employees, agency workers and contractors are recognised and valued and everyone has an equal chance to succeed. As such, UKSBS is committed to an active and inclusive approach to equality, which supports and encourages all under-represented groups, promotes an inclusive culture, and values diversity. The UKSBS Diversity and Inclusion Group continues as an employee group to share views and contribute ideas to shape and drive activities to encourage further inclusiveness.

The Company's Inclusiveness Policy applies to all aspects of employment, including recruitment, terms and conditions of work, training and development, promotion, performance management, grievance, discipline and treatment of workers when their contract of employment ends. Applications for employment by disabled people are welcome and are always fully considered. In the event of an employee becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate support is provided. The Company received Disability Confident Level 2 re-accreditation in April 2022.

Employee Communications and Engagement

UKSBS has a number of established communication channels in place to ensure that any information on matters of concern to our employees is communicated clearly, effectively and timely. Internal channels focused on employees include face-to-face engagement, Town Halls, emails, instant messaging, videoconferencing, TV screens, the intranet, posters and printed materials. The Communications Team is responsible for maintaining the Communications Policy and guidance and dissemination of information via the appropriate channels.

The Trade Union (TU) is consulted when considering any policy changes or decisions that may affect UKSBS employees. Regular meetings take place between Corporate HR, the CEO and the TU to share updates on the strategic direction of the Company, operational / business-as-usual information and to ensure the views of the employees are considered when making decisions that may affect their interests.

Slavery and Human Trafficking Statement

In accordance with Section 54 of the Modern Slavery Act 2015, the UKSBS statement on slavery and human trafficking as agreed by the Board has been published on the UKSBS website.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for preventing and detecting fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The Comptroller and Auditor General (National Audit Office) was re-appointed as auditor during the period, under Section 487 of the Companies Act 2006.

For and on behalf of the Board



**Richard Semple, Chief Executive Officer
UK Shared Business Services Ltd
Date: 28 September 2023**

UK Shared Business Services Ltd

Annual Governance Statement 2022/23

The UK Shared Business Services Ltd (UKSBS) Board is accountable to shareholders for ensuring that the Company operates governance and internal controls that are fit for purpose and in accordance with applicable legislation. As well as being a company limited by shares, UKSBS is a public body and is required to comply with applicable Government and Departmental policies, instructions and guidance. Central to this is compliance with Managing Public Money to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The UKSBS Board has delegated responsibility for the preparation of this Annual Governance Statement to the UKSBS Chief Executive, who is also a Company Director, Board member and the UKSBS Accounting Officer. The Statement has been signed by the Chief Executive on behalf of the Board following Board consideration and agreement.

The Purpose of the Governance Statement

The Annual Governance Statement forms part of the Company's Annual Report and Accounts, as a record of the stewardship of the Company by the Board and Executive. It outlines the Company's governance, business and control structures, and highlights changes implemented and challenges addressed during the year.

Corporate Governance Framework

UKSBS is a company limited by shares wholly owned by the Department for Business, Energy and Industrial Strategy (BEIS) and UK Research and Innovation (UKRI). It is classified within the public sector and operates as a Public Contract Regulations 2015 (PCR 2015) Regulation 12 entity.

On 7 February 2023, the government announced a Machinery of Government (MoG) change to include the creation of three new government departments and the dissolution of BEIS. As at the date of this Statement, work is still underway to determine the impacts of this announcement on UKSBS and our clients / owners. At a high level, it is anticipated that the ownership of UKSBS will expand to add two more departments.

Confirmation was received on 3rd May 2023 that the sponsorship of UKSBS would transfer from BEIS to the Department for Science, Innovation and Technology (DSIT), along with the shares previously held by BEIS. All relevant documentation, including the constitutional documents and framework agreement, will be revised to reflect the changes in ownership.

Following direction from the Cabinet Office for all government Arm's Length Bodies to be administratively classified, a working group composed of BEIS and UKSBS representatives undertook an analysis of classification options to understand the operational impacts, both short and long term, of classifying UKSBS, a previously unclassified body. It was recommended that UKSBS be classified as a Non-Departmental Public Body (NDPB), confirmation of which was received on 3 January 2023. Although UKSBS was broadly compliant with requirements, there were some areas of partial compliance and the Cabinet Office confirmed they were comfortable with this approach.

The Shareholders' Agreement and Articles of Association were last reviewed and agreed by the Shareholders in August 2018. Also central to the running of the Company, alongside the constitutional documents, is the corporate governance framework including Board and Committee terms of reference, a corporate scheme of delegation, corporate policies, the Partnership Services Agreement (PSA) and the sponsorship framework with BEIS.

The sponsorship framework agreement with BEIS was updated substantially in February 2022 to reflect the current relationships and working practices, and to move the framework to the new Cabinet Office

template. Minor adjustments were made to the sponsorship framework agreement as a result of the NDPB classification.

Change Programmes

Alongside the delivery of business-as-usual (BAU) services, UKSBS has been managing major change activities both internally and across the client base.

Following the agreement, in March 2020, for BEIS and UKRI to progress separate approaches to new platform solutions for the provision of HR and Finance services, two programmes of work were established. The Full Business Case for the UKRI Services for HR, Accounting, Reporting and Procurement (SHARP) programme was approved at the end of March 2022, with Oracle and IBM later announced as the provider and service integrator respectively. The SHARP programme is due to be implemented by the end of the 2023/24 financial year, with testing taking place in the spring and summer. UKSBS has provided significant resource and effort into the programme to ensure its successful and effective implementation.

The refreshed Government Shared Services (GSS) Strategy, relaunched in 2020, grouped government departments into five clusters, each drawing their back-office business services from a single service provider, working on common business processes, data standards and performance metrics. UKSBS was identified as the service provider for the Policy Cluster of government departments and the Matrix programme was launched. The Comprehensive Spending Review in 2021 then presented further challenge and delay to the Matrix, with significant work underway by all parties, supported by an external consultant, to plan, develop and refine the future provision of services to the Matrix cluster.

An upgrade project has been planned to ensure continued support to the BEIS Oracle Estate (BOE) until the platform is replaced by the Matrix Programme.

UKSBS will continue to provide stable and secure services to our existing clients and has a clear focus on maintaining high quality BAU services, whilst working closely with UKRI and BEIS to input, support and progress vital preparation work for both the SHARP and Matrix programmes.

Alongside the SHARP and Matrix programmes, UKSBS embarked on an internal transformation programme to ensure that it is ready to manage and exploit the opportunities that come from moving to modern cloud platforms and scaling to meet the demands of a growing client and user base. The programme has implemented a new operating model, including the establishment of a four-tiered service delivery model and the adoption of an agile approach to change and improvement. The Programme is now focussed on optimising the organisation across three workstreams:

- The People Working Group – workforce planning, skills and capability, reward and performance, resourcing and recruitment and behaviours
- The Operating Model Working Group - service, quality and cost model, Operating Model evolution, LEAN agile centre of excellence and digital tooling and approach
- The Infrastructure, Security and Data Enablers Working Group –Data protection and information security, role-based access control, position management and outcomes analysis and reporting
- Several other major projects and programmes were completed in 2022/23 that required significant UKSBS resource and technical input, including:
- Successful processing of high-profile payments totalling over £40billion to support the Government’s Energy Bills Support Scheme (EBSS), under tight timescales due to the speed of the policy development
- Digitalisation of a number of UKSBS forms, with a view to focus on automating forms end-to-end with clients; and
- Extended functionality of the UKSBS Connect App for BEIS, DIT, INSS and UKSA users.

A detailed three-year roadmap charts out the Company’s change activities, providing a framework for project delivery and is updated on an annual basis to align with the Business Plan.

An internal one-year Operating Plan reflects our priorities and provides a clear line of sight between the Business Plan strategic themes and each business area’s plans, helping us work as One Team. It sets

out what each team and pillar need to know and do to ensure everyone plays their part to deliver against the plans.

The Business Plan is a three-year plan, refreshed and updated annually, that sets our direction to achieve our vision to become the leading UK public sector business services provider, actively sought by government bodies.

Through its established portfolio approach, UKSBS will continue to monitor the pressure on key resources and teams to safeguard the impact of delivering change and / or affecting service delivery.

Internal Governance

There were no changes made to the internal governance structure in 2022-23, with the Executive Committee continued to be supported by the Operations Delivery Committee, the Risk, Assurance and Security Committee (RASC) and the Portfolio Direction Group (PDG), alongside the subordinate Portfolio Progress Group (PPG).

The Securing our Data and Reputation (SoDaR) programme was subsumed into the Company's Transformation Programme under the Infrastructure, Security and Data Enablers Working Group. It has a continued focus on SharePoint online migration, disposal of data outside of retention schedules, the Knowledge and Information Management (KIM) Strategy and joiners, movers and leavers improvements.

UKSBS's Information Security Management System (ISMS) has been ISO 27001 certified by the British Standards Institution, the UK Accreditation Service's certification body for international standards. The ISO 27001 stage 2 certification audit concluded in December 2021, with no non-conformities, observations or opportunities for improvements identified. Follow up audits have taken place in year with no material issues found and ongoing audits have been factored in to the 2023-24 audit plan to avoid duplication where appropriate.

The UKSBS Board Structure and Operation

The UKSBS corporate governance structure consists of a Board and an Audit Committee. To ensure compliance with Regulation 12 of the Public Contracts Regulations 2015, which provides the framework through which UKSBS delivers services to its owners, the majority of the Board is comprised of owner-nominated Non-Executive Directors (NEDs).

The Board meets as a Remuneration and/or Nominations Committee when circumstances require, rather than maintaining separate committees.

The roles and responsibilities of the Board and the Audit Committee are defined within the Company's Articles. Their terms of reference were last agreed by the Board on 29 September 2022.

The Board comprises seven members as follows:

- Two independent NEDs, with one having been appointed by the shareholders as the Board Chairman;
- Four NEDs from owner organisations; and
- One Executive Director (the UKSBS Chief Executive).

The appointment of John Clarke as Chairman has been extended for another three-year term and concludes in August 2027.

A recruitment campaign is underway to appoint a third independent NED to the Board to address an identified skills gap. It is expected for this appointment to be confirmed in late summer 2023. All of the Company's Directors acknowledge and understand fully their responsibilities.

In September 2022, as part of its Annual Governance Review (AGR), the Board reviewed corporate policies, committee structure, membership and terms of reference to ensure alignment with the constitution.

To support the AGR, and to align with best practice and the UK Corporate Governance Code, the 2022-23 Board Performance Evaluation was facilitated by an external third party. This was conducted by way of questionnaires and interviews with each of the Board members, Audit Committee members, the Executive team and internal and external audit. The key outcomes from the 2022-23 performance evaluation include:

- The role of the Audit Committee to further support the Board, particularly in relation to risks, to be considered.
- Succession planning to ensure that the right balance of skills and experience continued to be represented was a key activity for the Board to undertake.
- Clarification on the roles and responsibilities of the Board observers.
- The Board acknowledged that the Executive team would welcome greater challenge and involvement with development of the Company's strategy; a roadmap of change would allow for transparent discussions and further scrutiny by the Board members.

While not obliged to comply with the UK Corporate Governance Code, the Board has agreed that they will consider and apply the guidance where possible and practicable within the context of the Company's operating environment and will not report on how it has been applied.

Set out below is a record of Board membership and Board and Audit Committee attendance from 1 April 2022 to 31 March 2023.

Name	Status	NED Status	Attendance/meetings eligible to attend	
			Board	Audit Committee
John Clarke	Non-Executive Director (chair from 1 August 2021)	Independent	6/6	n/a
Ruth Eliot ¹	Non-Executive Director	UKRI	5/5	4/4
Graham McAlister	Non-Executive Director	Independent	5/6	5/5
Alice Hurrell	Non-Executive Director	BEIS	5/6	n/a
Nick Sammons	Non-Executive Director	BEIS	5/6	n/a
Victoria McMyn ²	Non-Executive Director	UKRI	0/0	n/a
Katrina Nevin-Ridley ³	Non-Executive Director	UKRI	4/4	n/a
Louise Mackin ⁴	Non-Executive Director	UKRI	1/1	n/a
Richard Semple	Executive Director (CEO)	n/a	6/6	n/a
Kim Humberstone ⁵	Co-opted member of Audit Committee	n/a	n/a	1/3
Tim Sparrow ⁶	Co-opted member of Audit Committee	n/a	n/a	1/2

¹ Ruth Elliot resigned from the Board on 28 February 2023.

² Victoria McMyn resigned from the Board and Audit Committee on 31 May 2022

³ Katrina Nevin-Ridley was appointed to the Board on 29 September 2022

⁴ Louise Mackin was appointed to the Board on 1 March 2023

⁵ Kim Humberstone left the Audit Committee on 28 September 2022

⁶ Tim Sparrow was appointed to the Audit Committee on 29 September 2022

The shareholder representatives and the Chair met four times in 2022-23 to discuss the strategic priorities and performance of UKSBS and ensure alignment of the organisations' strategies.

The Board met three times as the Remuneration and Nominations Committee in 2022-23 to agree the annual pay award and strategy and to consider and approve future pay and reward proposals.

The Audit Committee is independent of management and comprises two NEDs, one of whom is appointed as the Chairman, and one external co-opted member. Representatives from the Company's external auditors (National Audit Office, NAO) and internal auditors (Government Internal Audit Agency,

GIAA) are invited to attend every meeting. The UKSBS Chief Executive (as SIRO) and the Data Protection Officer are invited to attend and report to the Audit Committee. The Committee met five times in 2022-23, at each meeting considering inter alia, completed audit reports and the Company's Risk Register, monitoring management responses to, and progress with, implementation of audit recommendations, receiving detailed presentations on risks, monitoring health and safety and taking a risk-based approach to the consideration of the Company's budget and financial management.

The Committee provides feedback to Board meetings on all relevant audit, risk and control issues.

Client Governance

Two partner-led Boards were established in 2019/20. Both are chaired by an alternating owner representative. The Partnership Change Board (PCB) (replacing the Business Design Authority) meets bi-monthly and agrees the prioritisation of Change Requests (CRs) across all client organisations and UKSBS, provides delivery oversight, reviews new and current services provided by UKSBS and reviews changes to partner or customer process or policy. The Partnership Service Management Board (PSMB) also meets bi-monthly and provides performance assessment of current end-to-end services specified in the Partnership Services Agreement (PSA).

A review of the customer governance forums is underway to reflect the implementation of the change programmes, predominantly SHARP, to ensure they are fit for purpose and effective when operating across two different platforms.

Additionally, service management reviews operate on an individual client basis with the day-to-day, end-to-end service relationship maintained between service delivery teams and the clients' corporate functions.

To support these engagements, UKSBS holds periodic review meetings with client organisations on a mutually agreed frequency – anything between monthly and annually. These meetings provide an opportunity for customers to engage with UKSBS about issues or queries relating to any aspect of service taken by the client.

The separation of high-level Business Plan success measures and operational service performance indicators was agreed to allow the UKSBS Board the opportunity to review strategic progress alongside operational delivery measures. This also provides the PSMB with the flexibility to review and adapt performance indicators to address immediate challenges and ensure their relevance. A new performance management report pack has been designed and built using PowerBI, enabling users to drill down into specific areas of concern or interest and allowing for more dynamic visualisation of performance measures.

Client and customer feedback mechanisms exist, with individual customers having the ability to rate the service that they have received and provide any comments on the completion of each Service Request in Oracle or an Incident or Service Request in ServiceNow. On a monthly basis, UKSBS works with the respective clients to identify key client issues for inclusion within the regular client reporting. Quarterly, UKSBS works with respective senior client contacts through a client feedback survey to collect feedback at a service level.

In 2022-23, as part of a Cabinet Office initiative as part of the Government's Shared Services Strategy, UKSBS introduced a new quarterly customer survey to help us better understand customers' experiences of interacting with our services. It enables UKSBS to measure customer satisfaction, identify areas for improvement and enable us to benchmark the services we provide against other Government Shared Services providers. It will complement the feedback already provided via the Service Request / Incident User Experience surveys and forms part of our quarterly performance reporting to each client organisation.

The Executive Team

The Executive Team comprises Richard Semple (Chief Executive Officer), John Arnott (Chief Strategy and People Officer), Victoria McMyn (Chief Change Officer, from August 2022), Liz Creedy (Chief Operating Officer, from August 2022), Crispin Dawe (Chief Finance Officer), David Walder (Chief Digital and Information Officer) and Caroline Jenkins (Company Secretary). Jacqui White (Chief Change Officer) retired in April 2022 and Andrew Lewis (Chief Operating Officer) retired in March 2022.

The Executive Team meets monthly, supplemented by weekly operational meetings and at least two strategy offsite meetings a year.

The Strategic and Leadership Groups

As part of the UKSBS transformation programme, the organisational design structure was arranged in to four levels. These levels provided a new approach to leadership engagement, creating three groups instead of two previously (Senior Leadership Group (SLG) and Middle Leadership Group (MLG)):

- All 'Heads of' at Level 2 form the 'Strategic Leadership Group' (SLG) with the Executive
- Our 'Leadership Group' (LG) includes all managers at Level 3
- Our 'Junior Leadership Group' (JLG) includes all Performance Leads at Level 4.

The Strategic Leadership Group meets monthly, with an offsite meeting held every quarter. The meetings provide an opportunity for SLG from each pillar to provide relevant updates from within their areas or on specific programmes of work, for the Executive team to share progress on strategic matters and for in-depth debate and consideration to be given around the development of the operational plan and business plan.

Risk and Internal Control Management

The Company uses the 'three lines' risk management approach and operates in line with Cabinet Office guidelines:

- Operational management
- Central compliance oversight
- Internal Audit programme

Risk and control activities are set out in the Risk Management Strategy, Policy and Guidance, which were reviewed and endorsed by the Board and Audit Committee. The Audit Committee reviews Corporate Risk at each meeting and holds a deep-dive review of each pillar risk register over the course of the year to ensure a consistent approach to risk management in line with the Company's risk appetite. Risk management and internal controls are subject to an annual review by internal audit.

The Board is responsible for identifying the Company's strategic risks and setting the Company's risk appetite, which was last agreed in July 2022, linked to business planning. The Board considers the risk register and mitigating actions at every meeting with scrutiny of Risk Management and Internal Controls carried out by the Audit Committee.

The Chief Executive ensures active management of risk and internal controls through monthly Risk, Assurance and Security Committee (RASC) meetings, scrutiny of the Risk Register, quarterly self-assessments completed by service areas (first line of defence), dip sampling of controls and risk response plans by the Risk, Information and Security Compliance team (second line of defence) and an annual audit of the internal controls framework completed by GIAA (third line of defence). This model of three lines of defence provides the Chief Executive and Board with the required confidence that business processes are operating effectively as designed and satisfy control objectives, highlighting process steps or controls that require attention and the action to be taken.

In 2022, a new Risk and Control Framework template was launched internally, moving from a process-based assessment to a control based assessment and to include any controls testing under ISO 27001.

The Chief Executive provides an assurance report to client Accounting Officers twice a year based on the internal self-assessments and second line of defence assessment of controls together with the results of internal audit reports, audit actions, performance indicators and client feedback on key issues identified within the relevant time period.

Risks

As part of the overall Risk Management process, key risks facing the Company are captured in the Corporate Risk Register, each owned by a member of the Executive Team for management and detailed risk response plans are put in place for those risks with a current risk score that is over-appetite. Risks are actively managed and monitored by the Executive, RASC, the Audit Committee and the Board.

During 2022/23 the Company identified and successfully managed a number of corporate risks including those relating to the sustainment of some systems beyond May 2023 (Jes/Seibel/ BOE and ROE), Strategic Alignment with Ends Ways and Means recruitment and retention.

At the end of the financial year and looking ahead to 2023-24, the three key over-appetite risks are as below.

- Cyber Security – Due to the continuing evolution / advancement of cyber-attacks, this risk continues as we seek to ensure we maintain robust people, process and technical defences.
- Recruitment and Retention – Improvements made to job advert wording and placement have seen an increase in the quality and quantity of candidates however there are still ongoing work in relation to increasing retention across the organisation and streamlining the onboarding process. This risk was downgraded to an over appetite risk in January 2023 after being treated as an issue since August 2022. Future MOG and Matrix capacity requirements will have a bearing on the Company Recruitment and Retention capacity.
- Machinery of Government Changes – Understanding the impacts of the recent government announcement to create two new government departments and disband BEIS. In March 2023 this is being treated as an Issue.

Data Security

The Company has not been made aware of any significant information security breaches in the 2022-23 financial year. However, there have been minor breaches which have been managed and reported in line with established procedures.

The high-volume transactional nature of much of the business and the necessary requirement for human intervention in processes result in these occasional minor breaches. The Company takes practical precautions to minimise breaches and, over the year, common trends have been identified with mitigating measures put in place. Employees undertake Knowledge and Information Management training on joining the Company and annually thereafter. Where human error is identified, disciplinary action may result.

Unannounced internal simulated phishing campaigns have taken place to test employees understanding and knowledge of processes to follow should they suspect a phishing attempt and further training is provided to individuals if necessary.

Security policies, including incident management and reporting, are subject to regular reviews to ensure they remain fit for purpose.

Government Functional Standards

Government functional standards are system-wide reference documents designed to:

- support coherent, efficient and mutually understood ways of working across government
- provide a stable basis for continuous improvement and professional development
- provide a stable basis for proportionate and tailored assurance activities to monitor adherence, allow risk-based control and compare performance

- clarify accountabilities, by defining the roles needed, what people in those roles are accountable for, and who to.

UKSBS is integrating these disciplines appropriately into our control frameworks to be able to monitor these in the future within our business-as-usual work.

Whistleblowing Arrangements

The Company maintains a Whistleblowing policy which is reviewed annually by the Audit Committee and Board. The policy was last updated and approved by the Board in September 2022. The policy is accessible to employees via the Company intranet and managers are alerted to this and other core Company policies at induction and through training interventions. No incidents were raised in 2022-23.

Macpherson Review

The review of quality assurance of Government analytical models undertaken by Sir Nicholas Macpherson and published by HM Treasury in March 2013 made a number of recommendations for government departments and their arm's length bodies. UKSBS reviewed its use of analytical modelling and concluded that it does not have any in scope for reporting.

Assurance on Tax Compliance

The Alexander Review published in May 2012 made a number of recommendations to ensure that the highest standards of integrity could be demonstrated in the tax arrangements of senior public appointees. All UKSBS senior employees and those Board members who are remunerated are paid through the payroll. Arrangements to secure assurance from contractors that appropriate tax arrangements are in place.

In 2022/23 the Company identified 23 contractors who were within scope of the Alexander Review criteria. Assurance that the appropriate tax arrangements are in place for all 23 contractors was sought and confirmation received.

Review of Effectiveness

The UKSBS Board is responsible for conducting an annual review of the effectiveness of the organisation's governance, risk management and internal controls. The Governance Statement represents the outcome of this review.

The review is informed by the Board's annual governance review, decisions and actions, the work of the Audit Committee, the outcomes of the twice-yearly internal assurance process, The the oversight and review work of the Executives in relation to corporate and departmental risk mitigation and implementation of audit recommendations and the work of the Company's internal and external auditors.

An external Board performance evaluation took place between November 2022 and January 2023, and the resulting report was considered by the Board at its meeting of 30 March 2023. The following points were noted.

- The Board was generally well balanced with a good mix of skills and experience
- and attendance. The additional independent NED, to be appointed in autumn 2023, would bring additional breadth of knowledge to the Board.
- Succession planning for future NEDs was a key activity for the Board to undertake to ensure that the right balance of skills and experience continued to be represented on the Board.
- The Board acknowledged that the Executive team would welcome greater challenge and involvement with development of the Company's strategy.
- It was agreed that Board meetings would be extended to allow for deep-dives reviews into various aspects of the Company.

GIAA was re-appointed as the Company's Internal Auditors for the financial year 2022-23. In his Annual Report and Opinion dated 25 April 2023, the Head of Internal Audit (HIA) has provided two opinions, one

for UKSBS customer-facing operations and the other for internal operations. In both cases, a Moderate assurance opinion has been given, maintaining the previous years' ratings.

The HIA's opinion acknowledged that recruitment into specific posts had addressed previous shortfalls and improved capability and capacity within UKSBS to deliver projects and programmes. Whilst challenge still remained in delivering wider transformation, good progress had been made in-year to embed it into Business as Usual (BAU) across the organisation. It was noted that the SHARP and Matrix Cluster Programmes had their own challenges in relation to timescales, expectations and the future role of UKSBS; decoupling transformation from the Matrix programme and the upgrade of the BOE platform were welcomed as positive future-proofing activities.

The results of audits in-year have continued to demonstrate a sound control environment is established and operating effectively, with continuing good progress made to refresh the IT governance arrangements to strengthen cyber security and disaster recovery during the year. As in previous years, wider issues remain over the ability of UKSBS to change processes where the behaviours that drive compliance ultimately sit with customers. Evidence from this year's review indicates progress in addressing these through ensuring greater clarity of respective responsibilities between UKSBS and customers.

Conclusion

The Board has considered the Annual Governance Statement and the evidence underlying its production.

UKSBS will continue to work in partnership with BEIS and UKRI on their respective new solution programmes, whilst implementing our own internal transformation to be able to successfully deliver against them, managing the resultant risks and seizing the opportunities the Matrix cluster approach brings.

The Board is satisfied that the organisation's overall governance and internal control structures are fit for purpose, are being applied and are subject to appropriate scrutiny by the Executive, Internal Audit, the Audit Committee and the Board.

For and on behalf of the Board



**Richard Semple, Chief Executive Officer
UK Shared Business Services Ltd
Date: 28 September 2023**

Remuneration Report for the year ended 31 March 2023

The Remuneration Report is prepared using the Government Financial Reporting Manual (FReM).

The Board determined in December 2015 that they would meet as a Remuneration and/or Nominations Committee in line with need rather than maintaining a standing committee. Meeting as the Remuneration and/or Nominations Committee the Board is responsible for:

- Considering and agreeing policy for the remuneration of the Company's Executive, being the Chief Executive Officer (CEO) and any other Executives reporting directly to the CEO.
- The process for the recruitment, selection, remuneration and terms and conditions for the CEO and recommending appointment to the Shareholders for unanimous agreement. This includes ensuring compliance with government policies and processes where they apply.
- The appropriateness of the remuneration policy for all employees and proposals for any annual pay award in accordance with government guidelines are also considered. Remuneration in this context covers salaries, bonus schemes and any other benefits.

The Board met three times as the Remuneration and Nominations Committee in 2022-23 to agree the annual pay award and strategy and to consider and approve future pay and reward proposals.

Service Contracts

Non-Executive Directors and any external members of Committees are appointed for a fixed term of office, renewable by agreement. Independent Director appointments, including the Chairman, and the CEO, require unanimous agreement of the Shareholders. Owner- nominated Board members require unanimous agreement of the Board. The Non-Executive Directors are appointed for either a two- or three-year term of office. The notice period set out in terms of appointment is no less than three months. The services of the majority of Non-Executive Directors are provided on a pro bono basis by their employing organisations. As at 31 March 2023, these Directors were Alice Hurrell, Katrina Nevin-Ridley, Louise Mackin and Nick Sammons. The two Independent Non-Executive Directors on the Board are both remunerated. There is also one external non-remunerated member co-opted to the Audit Committee.

Information regarding Directors', External Committee members' and Executives' service contracts is set out below.

Directors and Committee Members (excluding the Chief Executive Officer) (subject to audit)

	Appointment		Remuneration £000	
	From	To	2022/23	2021/22
John Clarke (Chairman)	16 June 2021	31 July 2027	20-25	15-20
Graham McAlister	01 April 2018	31 March 2025	0-5	0-5
Alice Hurrell ¹	27 September 2018	27 July 2023	n/a	n/a
Ruth Elliot ²	1 April 2018	28 February 2023	n/a	n/a
Nick Sammons ³	30 March 2021	25 May 2023	n/a	n/a
Victoria McMyn ⁴	3 August 2021	31 May 22	n/a	n/a
Katrina Nevin-Ridley	29 September 2022	30 September 2024	n/a	n/a
Louise Mackin	1 March 2023	31 March 2026	n/a	n/a
Kim Humberstone (co-opted member of the Audit Committee) ⁵	27 September 2018	30 September 2022	n/a	n/a
Victoria McMyn (co-opted member of the Audit Committee) ⁴	15 June 2020	31 May 2022	n/a	n/a
Tim Sparrow (co-opted member of the Audit Committee)	29 September 2022	30 September 2024	n/a	n/a

1. Alice Hurrell resigned from the Board on 27 July 2023.
2. Ruth Elliot resigned from the Board on 28 February 2023.
3. Nick Sammons resigned from the Board on 28 February 2023.
4. Victoria McMyn was appointed as a Board member for a three-year term but resigned from the Board and Audit Committee on 31 May 2022.
5. Kim Humberstone left the Audit Committee on 28 September 2022

UKSBS Executive Team (including the Chief Executive Officer)

Name	Appointment Date	Expired Term	Notice Period
Richard Semple	01 May 2018	Open Ended	3 months
John Arnott	01 January 2016	Open Ended	3 months
Jacqueline White	07 August 2017	Resigned	3 months
Liz Creedy	01 August 2022	Open Ended	3 months
Victoria McMyn	04 July 2022	Open Ended	3 months
David Walder	1 January 2022	Open Ended	3 months
Andrew Lewis	04 January 2018	Resigned	3 months
Crispin Dawe	01 March 2018	Open Ended	3 months

Salary

Salary covers pensionable and non-pensionable amounts and includes: gross salaries; performance related pay; overtime; allowances and any ex-gratia payments. It does not include any amounts for the reimbursement of expenses directly incurred in the performance of an individual's duties in accordance with the UKSBS travel and subsistence policy.

Benefits In Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HMRC as a taxable emolument. Benefits in kind were not provided to any member of senior management during the financial year.

Bonuses

UKSBS did not budget or plan for bonus payments in 2022/23 and none were paid (2021/22: none).

Pay Multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the total remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

Total remuneration for these purposes includes salary (as defined above), non-consolidated performance-related pay, benefits in kind and severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director in UKSBS in the financial year 2022/23 was £150,000-£155,000 (2021/22: £145,000-£150,000). This was 6.3 times (2021/22: 6.4) the lower quartile of the workforce, which was £23,683 (2021/22: £23,205)

The banded remuneration of the highest-paid director in UKSBS in the financial year 2022/23 was £150,000-£155,000 (2021/22: £145,000-£150,000). This was 5 times (2021/22: 5) the median remuneration of the workforce, which was £30,283 (2021/22: £29,330).

The banded remuneration of the highest-paid director in UKSBS in the financial year 2022/23 was £150,000-£155,000 (2021/22: £145,000-£150,000). This was 3.7 times (2021/22: 3.9) the upper quartile of the workforce, which was £40,558 (2020/21: £38,235).

The highest paid director of UKSBS percentage change from the previous financial year of salary and allowances is 2% on salary and allowances.

The employees of UKSBS taken as a whole (excluding the highest paid director), the average percentage changes from the previous financial year of salary and allowances is 5% on an average salary of £33,722 (21/22 £32,256).

The Pension Scheme

The main pension scheme used by employees of UKSBS is the Research Councils' Pension Scheme (RCPS), which is a defined benefit government pension scheme. The Company also offers a Partnership stakeholder pension. Further details of these schemes are given in the notes to the financial statements.

The remuneration and pension tables shown below include members of the Executive Team.

Remuneration of senior employees (subject to audit)

Single total figure of remuneration								
Employee Name	Salary (£'000)		Bonus Payments (£'000)		Pension Benefits (£'000)		Total (£'000)	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Arnott J	100-105	100-105	0	0	0	0	100-105	100-105
Semple R	150-155	145-150	0	0	0	0	150-155	145-150
Lewis A	20-25	120-125	0	0	-27	4	-5-0	125-130
Creedy L	65-70	0	0	0	27	0	95-100	0
McMyn V	75-80	0	0	0	28	0	100-105	0
White J	0-5	95-100	0	0	-8	44	-5-0	135-140
Dawe C	85-90	85-90	0	0	69	37	155-160	120-125
Walder D	110-115	25-30	0	0	62	128	170-175	155-160

Liz Creedy became a member of the Executive Team on 1st Aug 2022; the table above reflects remuneration from that date. The full year equivalent remuneration she received in 2022/23 was £100-105k.

Victoria McMyn became a member of the Executive Team on 4th Jul 2022; the table above reflects remuneration from that date. The full year equivalent remuneration she received in 2022/23 was £110-115k.

Andrew Lewis left the Company on 13th Jun 2022 and his full year equivalent salary was £120-125k. As the employee left within the year this has had generated a negative result on their pension benefits.

Jacqueline White left the Company on 15th Apr 2022 and her full year equivalent salary was £95-100k. As the employee left within the year this has had generated a negative result on their pension benefits.

No Executive bonuses were awarded in the years 2022/23 or 2021/22.

Pension Benefits of senior employees (subject to audit)

Employee Name	Accrued pension and lump sum at pension age as at 31/03/2023 (£5,000 bands)	Real increase in pension and lump sum at pension age as at 31/03/2023 (£2,500 bands)	Cash equivalent transfer value as at 31/03/2023 (£'000)	Cash equivalent transfer value as at 31/03/2022 (£'000)	Real increase in cash equivalent transfer value as at 31/03/2023 (£'000)
Lewis A	55 - 60 Lump sum 165-170	0 Plus a lump sum of 0	1,242	1,235	(26)
Creedy L	0 - 5	0 - 2.5	26	0	21
McMyn V	25 - 30	0 - 2.5	349	296	16
White J	15 - 20	0	246	245	(7)
Dawe C	25 - 30	2.5 - 5	472	376	60
Walder D	10 - 15	2.5 - 5	125	79	35

Richard Semple and John Arnott opted out of pension arrangements throughout the periods shown, so no figures are shown.

Details of Pension Scheme

Employees of UKSBS are members of the Research Councils' Pension Schemes (RCPS) which are defined benefit schemes funded from annual grant-in-aid on a pay-as-you-go basis. The benefits are by analogy to the Principal Civil Service Pension Scheme, except that while the schemes provide retirement and related benefits based on final or average emoluments, redundancy and injury benefits are administered and funded by UKSBS. The scheme is administered by the Research Councils' Joint Superannuation Service.

From 30 July 2007, employees may be in one of four defined schemes; either a 'final salary' scheme (classic, classic plus or premium); or a career average scheme (Nuvos). Pensions payable are increased annually in line with changes in the Consumer Prices Index (CPI). Employees' contributions vary between 4.6% and 8.05% depending on scheme. The employer's contribution is agreed by the RCPS Board of Management on the recommendation of the Government Actuary's Department (GAD) and is currently set at 26.0% of pensionable pay.

The Research Councils' Pension Scheme (RCPS) is a 'by-analogy' scheme to the Principal Civil Service Pension Scheme (PCSPS) and as a result any changes made to the PCSPS, including member contribution rates, are automatically applied to the RCPS.

On 1 April 2015 PCSPS launched a new pension scheme called Alpha. This scheme is similar to the Nuvos career average scheme, but with the retirement age aligned to the state pension age. RCPS cannot at present create a by-analogy Alpha scheme as the legislation does not currently permit this. Reform options are currently being discussed with HM Treasury and BEIS who have given permission for RCPS to continue 'as is' for the time being.

A table of the employee contributions by pay band and scheme is provided below.

Annual Pensionable Earnings (full-time equivalent basis)	Classic	Premium, Classic Plus & Nuvos
	2022/23 contributions	2022/23 contributions
£0 - £23,100	4.60	4.60
£23,101 - £56,000	5.45	5.45
£56,001 - £150,000	7.35	7.35
£150,001+	8.05	8.05

A Partnership Pension Account was made available to new staff from 1 October 2002, based on the portable Stakeholder Pension introduced by the Government in 2001. This is a defined contribution scheme. The employers pay the RCPS 0.8% of pensionable pay to cover death in service and ill health benefits. The employers pay the balance to the employee's private pension provider.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pensionable age. Pensionable age is 60 for members of classic, classic plus and premium and 65 for members of Nuvos.

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Research Councils' pension arrangement and for which the RCPS has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

Real Increase in the Value of the CETV

The real increase in the value of the CETV reflects the increase effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (excluding the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

For and on behalf of the Board



**Richard Semple, Chief Executive Officer
UK Shared Business Services Ltd.
Date 28 September 2023**

Independent Auditor's Report to the Members of UK Shared Business Services Limited

Opinion on financial statements

I have audited the financial statements of UK Shared Business Services Limited for the year ended 31 March 2023.

The financial statements comprise UK Shared Business Services Limited's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of UK Shared Business Services Limited's affairs as at 31 March 2023 and its loss for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of UK Shared Business Services Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that UK Shared Business Services Limited's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on UK Shared Business Services Limited's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury's Financial Reporting Manual.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of UK Shared Business Services Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- maintaining proper accounting records;
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006, and the requirements of HM Treasury's Financial Reporting Manual to the extent these do not conflict;
- ensuring such internal controls are in place as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;

- preparing the Annual Report, excluding the Remuneration Report, in accordance with the Companies Act 2006;
- preparing the Remuneration Report in accordance with HM Treasury's Financial Reporting Manual; and
- assessing UK Shared Business Services Limited's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of UK Shared Business Services Limited's accounting policies and key performance indicators;
- inquired of management, UK Shared Business Services Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to UK Shared Business Services Limited's policies and procedures on
 - identifying, evaluating and complying with laws and regulations,
 - detecting and responding to the risks of fraud, and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including UK Shared Business Services Limited's controls relating to UK Shared Business Services Limited's compliance with the Companies Act 2006 and Managing Public Money;
- inquired of management, UK Shared Business Services Limited's head of internal audit and those charged with governance whether
 - they were aware of any instances of non-compliance with laws and regulations, and
 - they had knowledge of any actual, suspected, or alleged fraud; and
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within UK Shared Business Services Limited for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of UK Shared Business Services Limited's framework of authority and other legal and regulatory frameworks in which UK Shared Business Services Limited operates. I focused on

those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of UK Shared Business Services Limited. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment and tax law.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.



Matthew Kay (Senior Statutory Auditor)
2 October 2023

For and on behalf of the **Comptroller and Auditor General (Statutory Auditor)**
National Audit Office, 157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP

UK Shared Business Services Ltd

Financial Statements

Statement of Comprehensive Income for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
CONTINUING OPERATIONS			
Revenue	2.1	48,482	40,102
Cost of sales	2.2	(43,962)	(35,545)
GROSS PROFIT		4,520	4,557
Administrative expenses	2.3	(5,086)	(4,507)
OPERATING (LOSS)/PROFIT		(566)	50
Lease Interest		0	(1)
Finance income		0	0
(LOSS)/PROFIT BEFORE INCOME TAX		(566)	49
Taxation	6	0	0
(LOSS)/PROFIT FOR THE YEAR		(566)	49
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		(566)	49

All revenue and costs relate to continuing activities. No gains and losses have been recognised apart from the loss for the year.

The Company has large retained losses because since the Company's inception it has not included depreciation and amortisation within the cost base used to calculate service charges to clients. Therefore, depreciation on those non-current assets that were initially funded from share capital generated significant losses.

UK SHARED BUSINESS SERVICES LTD

Statement of Financial Position as at 31 March 2023

	Notes	2023 £000	2022 £000
ASSETS			
NON-CURRENT ASSETS			
Intangible Assets	7	4,794	3,839
Property, plant and equipment	7	3,012	2,758
Right of use assets	11	13	79
		7,819	6,676
CURRENT ASSETS			
Trade and other receivables	8	4,244	4,267
Cash and cash equivalents	9	4,674	3,371
		8,918	7,638
TOTAL ASSETS		16,737	14,314
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	10,133	7,911
Leases	11	4	14
		10,137	7,925
NET CURRENT ASSETS		(1,219)	(287)
NON CURRENT LIABILITIES			
Other Payables	10	4,790	4,009
Leases	11	0	4
TOTAL LIABILITIES		14,927	11,938
NET ASSETS		1,810	2,376
SHAREHOLDERS' EQUITY			
Called up share capital	13	62,016	62,016
Retained earnings		(60,206)	(59,640)
TOTAL EQUITY		1,810	2,376

The financial statements were approved by the Board of Directors on 28 September 2023 and were signed on its behalf by:



Richard Semple, Chief Executive Officer
UK Shared Business Services Ltd
Date: 28 September 2023

UK SHARED BUSINESS SERVICES LTD

Statement of Cash Flows for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from/(used in) operating activities			
Operating (loss)/profit		(566)	50
<hr/>			
Depreciation charges tangible assets	7	783	745
Depreciation charge right of use assets	11	66	66
Amortisation charge intangible assets	7	1,321	949
Decrease/(Increase) in prepayments	8	(83)	(248)
Decrease/(Increase) in receivables	8	106	1,566
(Decrease)/Increase in payables	10	3,003	2,346
Payment of lease liabilities		(14)	(66)
<hr/>			
Net Cash Inflow from Operating Activities		4,616	5,408
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Cash flows from/(used in) investing activities			
Purchases of tangible fixed assets	7	(1,037)	(1,142)
Purchases of intangible fixed assets	7	(2,276)	(2,415)
Interest received		0	0
<hr/>			
Net cash from/(used in) investing activities		(3,313)	(3,557)
<hr/>			
Net cash from/(used in) Financing Activities			
Lease liability interest		0	(1)
<hr/>			
Net cash from/(used in) Financing activities		0	(1)
<hr/>			
Increase/(decrease) in cash and cash equivalents		1,303	1,850
Cash and cash equivalents at beginning of year	9	3,371	1,521
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Cash and cash equivalents at end of year	9	4,674	3,371
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UK SHARED BUSINESS SERVICES LTD

Statement of Changes in Equity

	Called up share capital £000	Retained earnings £000	Total equity £000
Balance as at 1 April 2021	62,016	(59,689)	2,327
Retained profit/(loss) for 2021/22	-	49	49
Balance at 31 March 2022	62,016	(59,640)	2,376
Retained (loss)/profit for 2022/23	-	(566)	(566)
Balance at 31 Mar 2023	62,016	(60,206)	1,810

Notes to the Financial Statements for the year ended 31 March 2023

1. Accounting Policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards and meet the accounting and disclosure requirements of the Companies Act 2006 and the accounting and financial reporting standards issued or adopted by the International Accounting Standards Board as interpreted for public sector use by the Financial Reporting Manual (FRoM) in so far as these requirements are appropriate and do not conflict with the Companies Act.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts. Estimates are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances. There are no judgements or key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements other than as disclosed in the financial statements.

On 7th February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade, the Department for Digital, Science, Innovation and Technology, and the Department for Energy Security and Net Zero. UKSBS has been designated to the Department for Digital, Science, Innovation and Technology with accounting officer responsibilities formally transferred from 1st April 2023.

1.2 Going concern basis

The Directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. The financial statements are therefore prepared on the basis of going concern. This opinion is based on commitments made by the Shareholders that they will continue to take service from the Company. The Strategic Report refers to uncertainty relating to decisions to be made by the Matrix cluster, but because of the relatively small proportion of the Company's income that might be at risk, this uncertainty is not considered by the Directors to represent a threat to the continued existence of the Company.

1.3 New accounting standards and interpretations

The Company has considered the newly-issued accounting standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Company or would not have a significant impact on the Company's financial statements.

1.4 Revenue recognition for services provided to customers

IFRS 15 is applied to the funding streams for standard service charges, recoverables and other service charges which are described in Note 2. These streams represent UKSBS' charging to customers for specific services. In both cases, revenue is recognised in the accounts as performance obligations are met through the delivery of services.

Fees for the provision of continuing services ('standard service charges') are agreed with customers at the start of each financial year and are set at a level to cover the anticipated costs of service provision, excluding depreciation and amortisation. These are recognised over time in the periods to which they relate, generally coinciding with UKSBS' financial year. Purchase orders are agreed with UKSBS' government customers for specific budgeted amounts; this can lead to a small profit or loss to the extent that those budgeted and billed amounts are different to the actual costs of providing these services, since there is no contractual mechanism for true-up.

The costs of other sundry activities representing a service to customers ('recoverables' and 'other service charges') are charged in arrears on a cost recovery basis at a point in time, specifically when the project or task has been completed or a milestone reached.

Revenue is stated net of VAT where VAT is applicable.

1.5 Revenue recognition in relation to government funding for programmes and projects

From time-to-time the Company may be funded to undertake programmes and projects, principally for the enhancement of the systems it uses to offer services to customers.

The Company accounts for these funding streams as government grants under IAS 20, using the income approach i.e. recognising them in profit and loss (as revenue) over the periods in which the Company incurs the related expenditure that the income is intended to cover. Where this expenditure is capital in nature, grants will become receivable (billable) in advance of this expenditure being recognised, because it will be released to the Income Statement over future periods as depreciation or amortisation. In such cases, the income is deferred and released as income in the period in which the relevant costs, such as depreciation and amortisation, are recognised. Deferred income is shown within liabilities in the statement of financial position. Practice and custom between UKSBS and its funders is for grants to be claimed on an 'actuals' basis – the Company therefore does not recognise revenue in excess of its actuals even if the purchase order agreed with the funder allows for a higher amount.

The net result of these policies and practices is, in general, for the revenue and related costs to be equal in any given year, leading to break-even for this income stream..

1.6 Non-current assets and depreciation

The value of the Company's non-current assets is stated at cost less accumulated depreciation and impairment losses. Only those assets costing more than £3,000 and having an economic value to the Company beyond the year in which they were bought are capitalised. Where parts of an item have different useful lives, they are accounted for as separate assets.

Depreciation is applied on a straight line basis over the estimated useful economic lives of assets.

Assets under construction are not depreciated. Depreciation methods, useful lives and residual values of non-current assets are reviewed at least at each balance sheet date.

1.6.1 Intangible non-current assets

Intangible assets relate to purchased software, software licences and certain system development costs. Cloud computing services do not give rise to an intangible non-current asset unless the arrangement can be shown to allow "control" as defined in IAS 38.

1.6.2 Tangible non-current assets

Tangible assets include items such as IT hardware and fixtures & fittings.

1.6.3 Estimated useful economic lives of non-current assets

The following estimated useful economic lives are used in the calculation of depreciation.

Tangible assets

Fixtures and fittings: 5 years

IT hardware: 5 years

Intangible assets

IT software: 5 years maximum

IT development costs: 5 years maximum

Note that if IT licences or capitalised development costs have an expected useful economic life that is shorter than 5 years, the costs are depreciated over that shorter period.

Capitalised right-of-use assets are depreciated over the life of the lease.

1.6.4 Impairment review

Depreciation methods, estimated useful economic lives and residual values of non-current assets are reviewed at least at each balance sheet date. Any resultant impairment charges are charged to the Statement of Comprehensive Income and the carrying value of the relevant non-current asset is reduced to the recoverable amount. The recoverable amount of an asset is the amount to be recovered through use or sale.

1.7 Financial instruments

The nature of the Company's activities and the method of its funding mean that the Company is not exposed to the degree of financial risk faced by non-public sector entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of companies engaged in investment, lending or borrowing. The Company has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Company in undertaking its activities.

Receivables are initially recognised when services are delivered. Financial liabilities comprise trade and other payables, and other financial liabilities.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred taxation. Current corporation tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

1.9 Deferred Tax

Deferred tax is not relevant to the Company.

1.10 Employee benefit costs

The main pension scheme used by employees of the Company is the Research Councils Pension Scheme (RCPS) (see note 14). The RCPS is a multi-employer defined benefit scheme. As instructed by IAS 19, since UKSBS is unable to reliably estimate its share of the underlying asset and liability of this and other schemes noted below, they are accounted for on the basis of employer contributions in the periods they fall due, as for defined contribution schemes.

1.11 VAT

Revenue is stated net of VAT where VAT is applicable. Because the Company doesn't apply VAT to income from within the same VAT group, it has to comply with a limited partial recovery formula for input VAT and therefore expenditure and fixed asset purchases are shown inclusive of VAT where applicable. Residual input tax is reclaimable by the application of the partial recovery formula and is taken as negative expenditure.

1.12 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation, and where the amount of the obligation can be reliably estimated.

1.13 Judgements, estimates and assumptions

A number of judgements have been made around non-current assets, particularly regarding useful economic lives and depreciation rates used. These have been more fully explained in Note 1.6 above.

2. Revenue, Cost of Sales, Administrative Expenses and Auditor's Remuneration

2.1 Revenue

Revenue	2022/23	2021/22
Rendering of services	£000	£000
Department for Business, Energy and Industrial Strategy	10,996	10,098
UK Research and Innovation	34,177	27,091
Revenue from related parties	45,173	37,189
Other Non-Departmental Public Bodies	13	13
Other Central Government Bodies	3,289	2,900
Other Income	7	0
Total revenue	48,482	40,102

Revenue is recognised as follows:

Standard Service Charges – fees for the provision of continuing services agreed with customers at the start of each financial year to cover the anticipated costs of service provision. Revenue is recognised annually and the charges recovered in 12 equal parts on a monthly basis. The intent is to try to break even.

Recoverables – charges raised to recover the cost of items purchased for re-sale to clients such as training and immigration charges. Costs are fully recoverable and revenue is recognised on successful completion of the service.

Other service charges – sources of income for providing other services e.g., recovery of secondment charges for staff on loan to client organisations. Revenue is recognised following provision of the service.

Programmes and Projects – sources of income to recover the cost of specific, large projects UKSBS has been requested to undertake. Charges are made and revenue recognised when a project milestone has been reached.

Deferred Income - income that has been deferred and is released as income in the period in which the relevant costs, such as depreciation and amortisation, are recognised. Deferred income is not recognised as part of the requirement for IFRS 15 but as part of IAS 20, accounting for Government Grants.

2022/23 Income analysis	Standard service charges	Recoverables	Other service charges	Programmes and Projects	Deferred Income Release	Total
	£000	£000	£000	£000	£000	£000
BEIS	9,166	0	174	205	1,451	10,996
UKRI	24,435	404	0	8,514	824	34,177
ONDPB	13	0	0	0	0	13
OCGB	2,952	0	0	337	0	3,289
Other income	0	0	7	0	0	7
Total	36,566	404	181	9,056	2,275	48,482

2021/22 Income analysis	Standard service charges	Recoverables	Other service charges	Programmes and Projects	Deferred Income Release	Total
	£000	£000	£000	£000	£000	£000
BEIS	8,449	0	92	254	1,303	10,098
UKRI	25,044	591	0	1,143	313	27,091
ONDPB	13	0	0	0	0	13
OCGB	2,857	0	0	43	0	2,900
Other income	0	0	0	0	0	0
Total	36,363	591	92	1,440	1,616	40,102

Key:

- BEIS – Department for Business, Energy and Industrial Strategy
- UKRI – UK Research and Innovation
- ONDPB – Other Non-Departmental Public Bodies
- OCGB – Other Central Government Bodies

2.2 Cost of sales

The cost of sales is the direct cost of providing service to our customers relating to the above revenue and is as follows.

	2022/23 £000	2021/22 £000
Payroll costs	22,839	22,128
IT equipment, maintenance and software	15,340	9,234
Consultancy	2,717	1,231
Depreciation	783	745
Amortisation	1,321	949
Depreciation of right of use assets	66	66
Cost of Goods Sold	350	526
Telecommunications	232	448
Travel and subsistence	83	28
Other	231	190
Cost of sales of continuing activities	43,962	35,545

2.3 Administrative expenses

Administrative expenses, the costs of corporate support as opposed to the costs of delivering service, are as follows.

	2022/23 £000	2021/22 £000
Payroll costs	3,309	2,928
Administrative costs	1,688	1,490
External audit	89	89
Total administrative expenses	5,086	4,507

Payroll costs include social security costs and employer's pension contributions.

The external audit fee was £74k plus VAT.

No fees were paid to the Company's auditors other than for the audit of the Company's annual accounts as above.

3. Employees and Directors

	2022/23 £000	2021/22 £000
Wages and salaries	19,283	18,585
Social security costs	2,006	1,833
Other pension costs	4,858	4,638
	<hr/> 26,147	<hr/> 25,056

The employees' and directors' payroll costs are included with the cost of sales and administrative expenses disclosed in note 2.

Included in the employment costs above are amounts in relation to directors of the company as shown in the directors' report. There is no performance related pay in respect of directors and there has been no compensation for loss of office during the period. The remuneration of the directors was £175,716 (2021/22, £177,861) and nil pension contributions are paid.

The average monthly number of employees during the year was as follows.

	2022/23	2021/22
Average number of employees	620	622
Average number of employees (full time equivalent)	581	589
Average number of contractors	24	21

Included in the figures above are 11 employees on fixed term contracts with a combined salary of £286k (2021/22, 8 employees on fixed term contracts with a combined salary of £192k).

4. Reporting of Civil Service and other Compensation Schemes – Exit Packages

Exit Packages by cost band	Compulsory Redundancies		Other departures agreed		of exit packages by cost band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
<£10,000	0	0	0	0	0	0
£10,000 - £25,000	0	0	0	0	0	0
£25,000 - £50,000	0	0	0	0	0	0
£50,000 - £100,000	0	0	1	0	1	0
£100,000 - £150,000	0	0	0	0	0	0
£150,000 - £200,000	0	0	0	0	0	0
Total number of exit packages by type	0	0	1	0	1	0
Total resource cost (£'000)	0	0	92	0	92	0

5. Profit before Income Tax

The profit before income tax is stated after charging:

	2022/23 £000	2021/22 £000
Depreciation – tangible assets	783	745
Amortisation – intangible assets	1,321	949
Depreciation – right of use assets	66	66
External auditors' remuneration (including VAT)	89	89

6. Income Tax

The income tax charge in the Statement of Comprehensive Income comprises Corporation Tax charged at 19% (2021/22 19%) on bank interest receivable plus any adjustments arising from prior years. Corporation Tax of £0k is recognised for 2022/23 (2021/22 £0k).

There is no deferred tax in these financial statements relating to 2022/23 or 2021/22. No deferred tax asset has been recognised as the Company is not likely to incur profits in the near future against which such assets may be offset.

7. Non-current Assets

INTANGIBLE ASSETS		PROPERTY, PLANT AND EQUIPMENT	
	Software & intangibles £000		Plant & machinery £000
COST		COST	
At 1 April 2022	65,664	At 1 April 2022	6,074
Additions	2,276	Additions	1,037
Disposals	(1,269)	Disposals	(954)
At 31 Mar 2023	66,671	At 31 Mar 2023	6,157
AMORTISATION		DEPRECIATION	
At 1 April 2022	61,825	At 1 April 2022	3,316
Disposals	(1,269)	Disposals	(954)
Charge for year	1,321	Charge for year	783
At 31 Mar 2023	61,877	At 31 Mar 2023	3,145
NET BOOK VALUE		NET BOOK VALUE	
At 31 Mar 2023	4,794	At 31 Mar 2023	3,012
COST		COST	
At 1 April 2021	63,249	At 1 April 2021	4,932
Additions	2,415	Additions	1,142
Disposals	0	Disposals	0
At 31 March 2022	65,664	At 31 March 2022	6,074
AMORTISATION		DEPRECIATION	
At 1 April 2021	60,876	At 1 April 2021	2,571
Disposals	0	Disposals	0
Charge for year	949	Charge for year	745
At 31 March 2022	61,825	At 31 March 2022	3,316
NET BOOK VALUE		NET BOOK VALUE	
At 31 March 2022	3,839	At 31 March 2022	2,758

Included within the note above are assets under construction that as at 31 March 2023 have not started to depreciate. Software and intangibles £2,695k (21/22 £2,254k) and property, plant and equipment £1,272k (21/22 £1,116k). The most significant items are as below.

Significant assets under construction as at 31 March 2023	£000
Network simplification	832
Bridge knowledgebank redevelopment	264
Virtual desktop servers	218

Depreciation methods, useful lives and residual values of the non-current assets were reviewed by the Company as at 31 March 2023.

8. Trade and Other Receivables

	2022/23	2021/22
Current:	£000	£000
Trade receivables	77	319
Other receivables	0	2
Accrued Income	2,381	2,243
Prepayments	1,786	1,703
	<hr/>	<hr/>
	4,244	4,267
	<hr/>	<hr/>

9. Cash and Cash Equivalents

	2022/23	2021/22
	£000	£000
Current cash and equivalents	4,674	3,371

10. Trade and Other Payables

Current:	£000	£000
Trade payables	858	821
Other payables	825	791
Accruals	5,630	3,736
Deferred Income received from related parties	2,820	2,563
	<hr/>	<hr/>
	10,133	7,911
	<hr/>	<hr/>
Non-Current:		
Deferred Income received from related parties	4,790	4,009
	<hr/>	<hr/>
	4,790	4,009
	<hr/>	<hr/>

11. Right-of-Use Assets

	2022/23 2022/23 £000	2021/22 2021/22 £000
Capitalised asset balance as at 01 Apr 22	79	145
Depreciation charge for year	(66)	(66)
Net asset balance as at 31 Mar 23	13	79

Minimum lease liabilities under non-cancellable operating leases fall due as follows:

	2022/23 £000	2021/22 £000
Within one year	4	14
Between two and five years	0	4
Over five years	0	0
Total lease liability	4	18

The lease asset is depreciated on a straight-line basis over 5 years at an annual cost of £66k.

UKSBS also pays a variable element with regards to this lease dependent on the number of copies made (click cost). This cost is partially absorbed by UKRI, according to usage.

The discount rate used for the right of use asset is as issued annually in the HM Treasury Public Expenditure System (PES).

12. Financial Instruments and Capital Risk Management

Risk management is carried out by the Executive Team under the direction of the Board. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide benefits for shareholders and other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure the Company may return capital to shareholders or issue new shares.

Credit risk

The Company has credit risk in the form of receivables from its customer companies. These companies are all in the public sector, have an appropriate credit history and have undertaken to pay on agreed terms.

Liquidity risk

The Company evaluates and follows continuously the amount of liquid funds needed for business operations in order to secure that funding.

Cash flows and fair value interest rate risk

As the Company has no significant interest-bearing assets, the operating income and operating cash flows are substantially independent of changes in market interest rates.

Fair value

Assets and liabilities have been accounted for at historic cost, which due to their nature is not materially different from Fair Value.

13. Called Up Share Capital

Ownership of the Company as at 31 March 2023

As at 31 March 2023, the shareholders of the Company were as below.

The Department for Business, Energy and Industrial Strategy (BEIS) held one Government Department (GD) Share carrying 51% of the votes controlling the company.

UK Research and Innovation (UKRI) held nine Non-Government Department (NGD) Shares carrying 49% of the votes controlling the company.

The Department for Business, Energy and Industrial Strategy (BEIS) held four Deferred Shares.

The Department for Business, Energy and Industrial Strategy (BEIS) also held 62,016,358 Non-Voting Shares. Holders of Non-Voting Shares are entitled to 100 per cent of the profits of the Company. The holders of GD, NGD and Deferred Shares have no right to dividends or to otherwise participate in the profits of the Company.

On 1 October 2013, the one Employee Trust Share was re-designated as 4 Deferred Shares of nominal value £1 each and transferred from UKSBS Employee Engagement Company Limited (a company now dissolved) to BIS (a predecessor department of BEIS). The holders of the Deferred Shares are not entitled to receive notice of, or vote at, any meeting of the Company.

Allotted, issued and fully paid Share Capital at 31 March 2022 and at 31 March 2023:

Share class	Held by	Number of shares (all with a nominal value of £1 each)	Ownership %
Government Department (GD)	BEIS	1	51%
Non-Government Department (NGD)	UKRI	9	49%
Deferred	BEIS	4	n/a
Non-Voting	BEIS	62,016,358	n/a
TOTAL		62,016,372	

Ownership of the Company as at the date of approval of the Financial Statements

On 7th February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade (DBT), the Department for Digital, Science, Innovation and Technology (DSIT), and the Department for Energy Security and Net Zero (DESNZ). The ownership of the Company changed in July 2023 and now rests with UKRI and all three of the new departments mentioned, as below.

As at the date that the Board approved the financial statements, the shareholders of the Company were as below.

- The Department for Digital, Science, Innovation and Technology (DSIT) held one Sponsor Share carrying 51% of the votes controlling the company.
- UK Research and Innovation (UKRI) held nine Non-Government Department (NGD) Shares carrying 35% of the votes controlling the company.
- The Department for Energy Security and Net Zero (DESNZ) held one Government Department (GD) carrying 7% of the votes controlling the company.
- The Department for Business and Trade (DBT) held one Government Department (GD) carrying 7% of the votes controlling the company.
- The Department for Digital, Science, Innovation and Technology (DSIT) held four Deferred Shares.
- The Department for Digital, Science, Innovation and Technology (DSIT) also held 62,016,358 Non-Voting Shares. Holders of Non-Voting Shares are entitled to 100 per cent
-

- of the profits of the Company. The holders of Sponsor, GD, NGD and Deferred Shares have no right to dividends or to otherwise participate in the profits of the Company

Allotted, issued and fully paid Share Capital at the date of approval of the Financial Statements

Share class	Held by	Number of shares (all with a nominal value of £1 each)	Ownership %
Sponsor	DSIT	1	51%
Government Department (GD)	DESNZ	1	7%
	DBT	1	7%
Non-Government Department (NGD)	UKRI	9	35%
Deferred	DSIT	4	n/a
Non-Voting	DSIT	62,016,358	n/a
TOTAL		62,016,374	

14. Employee Benefit Obligations

Pension plans

The Research Councils' Pension Scheme (RCPS) is in all respects 'by-analogy' with the Principal Civil Service Pension Scheme, except that the employer's contribution is determined separately on the recommendation of the Government Actuary's Department (GAD). It is a notionally funded, contributory, defined benefit scheme, and is administered by the Research Councils' Joint Superannuation Services. The Scheme's accounts are prepared by UK Research and Innovation (UKRI) on behalf of the Chief Executive UKRI as Accounting Officer for RCPS.

The employer's contribution for those Company employees who participate in RCPS is agreed by RCPS Board of Management on the recommendation of the GAD and the employer's pension rate until further notice will be 26.0%.

The RCPS is a multi-employer defined benefit scheme. As instructed by IAS 19, since UKSBS is unable to reliably estimate its share of the underlying asset and liability of this and other schemes noted below, they are accounted for on the basis of employer contributions in the periods they fall due, as for defined contribution schemes. The RCPS prepares separate accounts and the Company contributions for 2022/23 were £4.9m (2021/22 £4.6m).

Some employees have retained alternative pension arrangements that originated with the organisations from which they transferred. For 2022/23 the employer's contribution for these employees was 15.9% for the Medical Research Council Pension scheme and 15.8% for the United Kingdom Atomic Energy Authority Scheme. UKSBS also offers a stakeholder pension which attracts age-related employer contributions between 3% and 12.5%. Additionally, any level of optional employee contributions is matched by a further employer contribution up to maximum of 3% of pensionable salary.

In order that the defined benefit obligations recognised in the RCPS financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the HM Treasury Financial Reporting Manual requires that "the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years". The last formal actuarial valuation undertaken for RCPS as at 31 March 2018 was completed in February 2021.

15. Related Parties

Revenue from related parties is detailed in note 2.

Expenditure with related parties during the year was as follows

	2022/23 £000	2021/22 £000
Department for Business, Energy and Industrial Strategy	45	44
UK Research and Innovation	821	1,265
	<hr/> 866	<hr/> 1,309

Expenditure with related parties is for various items, the biggest being rent and building services, printing services and staff secondments.

Trade receivables and accrued income balances with related parties

	2022/23 £000	2021/22 £000
Due within 1 year:		
Department for Business, Energy and Industrial Strategy	196	101
UK Research and Innovation	2,076	2,167
	<hr/> 2,272	<hr/> 2,268

Trade payables and accruals balances with related parties

	2022/23 £000	2021/22 £000
Due within 1 year:		
Department for Business, Energy and Industrial Strategy	45	44
UK Research and Innovation	598	673
	<hr/> 643	<hr/> 717

Related Party Disclosures

The Company is a separate legal entity, wholly-owned by customers, providing services to multiple customers. Transactions with related parties take place on a cost-recovery basis. The Company seeks to set service charges such that it breaks even.

The Company is deemed to be a state-controlled entity because the only shareholders are publicly-owned entities. The Company has been classified by the Cabinet Office as a Non-Departmental Public Body (NDPB).

The shareholders as at 31 March 2023 were the Department for Business, Energy and Industrial Strategy (BEIS) and UK Research and Innovation (UKRI). Note 13 explains the changes in ownership between then and the date that the Board approved the financial statements. As at 31 March 2023, the Department for Business, Energy and Industrial Strategy (BEIS) was the ultimate controlling party of the Company. At the date that the Board approved the financial statements, the ultimate controlling party of the Company was the Department for Digital, Science, Innovation and Technology (DSIT).

The accounts provide disclosure of all material transactions with those who are recognised as key management personnel as per IAS 24 'Related Parties'. This is taken to be those members of staff who are included under Executive Directors' remuneration in the Remuneration Report and all UKSBS Board members. Currently there are no additional disclosures due to related parties.

16. Losses and Special Payments

There were no losses or special payments made during the financial year 2022/23 (2021/22 £9k).

17. Events after the Reporting Period

On 7th February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade (DBT), the Department for Digital, Science, Innovation and Technology (DSIT), and the Department for Energy Security and Net Zero (DESNZ).

The ownership of the Company was expanded and now rests with UKRI and all three of the new departments mentioned above. Note 13 explains the new ownership structure. This is not expected to have a financial impact.

As part of the machinery of government change, the Department for Digital, Science, Innovation and Technology (DSIT) became the sponsoring Department of the Company.



Registered Office

UK Shared Business Services Ltd
Polaris House
North Star Avenue
SWINDON
SN2 1FF

Registered Number: 06330639 (England and Wales)