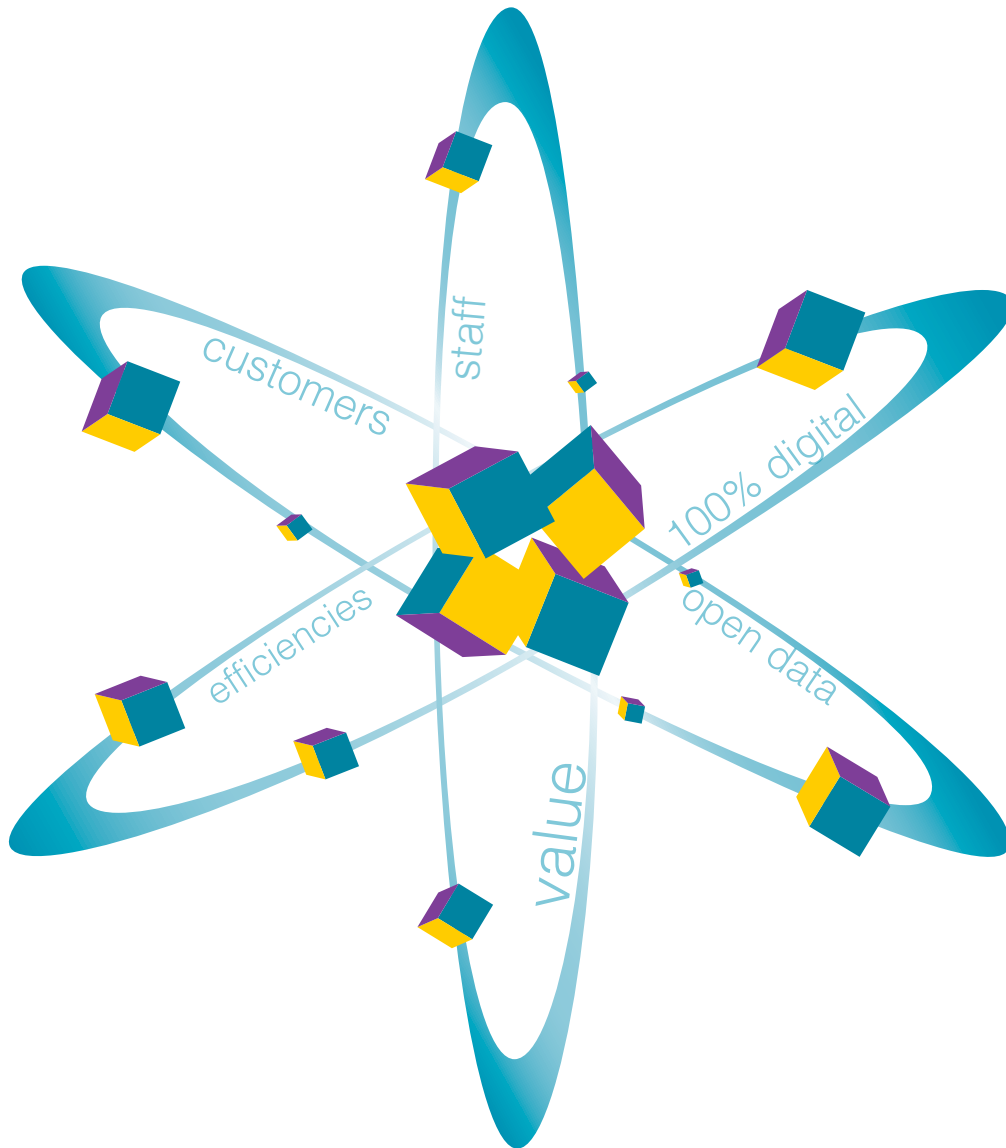


Companies House Strategic Plan 2014/2019



Introduction

This paper provides an overview of the Companies House (CH) Five Year Strategic Plan covering the period April 2014 to March 2019.

The strategic plan will deliver a transformation in the way customers and businesses interact with CH over the five year period. We will provide:

- Digital transformation to become a 100% digital organisation
- Open data that fully links to other government data on companies
- Improved register integrity through better investigation and remedies
- Reduced burdens through deregulation and joining up across government
- Efficiencies and the prospect of the simplification of registration fees

Summary

The headline activities in our plan are:

- To develop new digital services: The Companies House Service (CHS) will see our current digital filing and search services significantly improved and replaced by one single service by April 2015 and, in October 2014, we will launch the first phase of a new joint filing accounts service with HMRC, improving customer service and demonstrating our credentials as an effective collaborator across government
- To improve integrity, focussing on ensuring the register is trusted, contains timely and effective data, and that we have a reputation for identifying and resolving the causes of error and non-compliance
- To initially freeze registration fees and thereafter to explore ways to simplify the registration fees regime
- To digitally enable all registration transactions by August 2016, initially encouraging customers to the digital channel; and start the process of mandation to increase digital take-up firstly to 95%, and then beyond that by 2018/19
- To make digital company data free of charge from April 2015, maximising its benefit to the UK economy
- To ensure that, through driving digital enablement and take-up, we are in an excellent position to operate on the principle of 'data in – data out', allowing us to further develop our thinking and influence on how company data is linked across government
- To implement the biggest legislative and deregulatory changes since the 2006 Companies Act, improving transparency and reducing burdens
- Headcount reduced from 887 to 578 FTE by March 2019
- To change our internal processes over the period of the plan to ensure that the commitment to be 100% digital applies as much to non-customer facing activities as to our external services ambitions.

Furthermore, over the next five years we will deliver efficiencies that will see:

- Total running costs fall from £66.3m in 2014/15 to £50.4m in 2018/19
- Headcount reduced from 887 FTE to 578 by March 2019

The Plan

The plan runs from financial year 2014/15 through to the end of financial year 2018/19. It sets out in detail the activities that CH will undertake and the outcomes it will deliver for the first two years.

Entries for the later three years provide signposting to future activities such as the linking of data across government organisations, the concept of 'my account' with government, and Identity Assurance initiatives.

Our plan centres on the themes of our customers, our people and our finances. These central themes link directly to the three key principles under which CH operates:

- **Better and simpler for customers**
- **Better and simpler for staff**
- **Value for money**

Annex A provides a detailed financial forecasts and scenarios.

Annex B provides a Gantt chart view of the 5 year plan. The activities shown on the plan have been split into three distinct categories and colour co-ordinated accordingly. Blue represents known activity, red represents likely activity – the things we know are coming but which require more work to determine exactly what needs to be done. Finally, pink represents think-pieces which will determine particular solutions/decisions and will inform future activity on the plan.

Digital Transformation

New Digital Services

The register holds details of over 3.2 million UK companies. It is accessed and updated through various systems; these include WebFiling (for companies to file and update their information), WebCHeck (for searching basic company information and purchasing copies of other filed documents and information), CH Direct (a subscription service for regular users of company information), an XML Gateway (for software filers to provide updates to the register from their own systems) and a mobile app (for basic searches).

Although customer satisfaction with these services is generally very high, there is room for improvement. Some of the underlying technology and look and feel is becoming dated. Many customers both file and search information, which means they need to access multiple systems. Maintaining separate systems means additional complexity, costs (particularly search fees) and burdens for customers.

In view of these issues, and in line with the CH aim to provide exceptional digital services, the way in which the register is accessed is being transformed.

Over the next 2 years the core systems (WebFiling, WebCHeck and CH Direct) will be replaced by a new, single service. This will allow company information to be viewed and updated through a new web service.

As there will be no need to provide separate search systems (with their associated development, support and maintenance costs), this will fundamentally change the way CH makes information available and should be a major contributor to achieving another of our key strategic aims – free data.

Making the information on the register available free of charge is the best way to support the significant economic activity built on company information, as well as contributing to the government's broader open data agenda and focus on increased trust and transparency.

The key benefits of the new service include:

- Reduced burden for companies, moving away from a form filling approach to one based on checking information
- A new API, with improved functionality for software filers
- The API will be an open development, with a website to help 3rd parties develop their own products based on the register
- Improved design, based on customer needs and Government Digital Service (GDS) standards
- Faster availability and access to company information
- Open access to data
- Improved efficiency, reduced cost
- Increased trust & transparency, with “many eyes” checking data
- Enhanced search similar to Google
- Sign-in using existing on-line identities (e.g. PayPal, Google, Facebook)
- Digital based help and support

Key milestones for the new service:

Mid 2014

New service launched to run in parallel with existing services. It will feature a company profile screen showing the company name, number, registered office, incorporation date, last accounts filed and the first 5 officers, with links to a full list of officers, filing history, insolvency and mortgage details. It will be possible to change the registered office and to submit feedback on the new service. The new API will be available with this functionality for 3rd parties to begin developing or updating their services.

- Annual return
- e Reminders
- PROOF (sign-up for protection from fraudulent filing)
- Change of name
- Incorporate a company
- Disqualified directors

Once full functionality is available existing services will be withdrawn – WebFiling, WebCheck, CH Direct and the XML Gateway. CH will work with customers to ensure they are fully engaged in the development of CHS and the withdrawal of existing services.

Spring 2015

Free viewing of other company information and images.

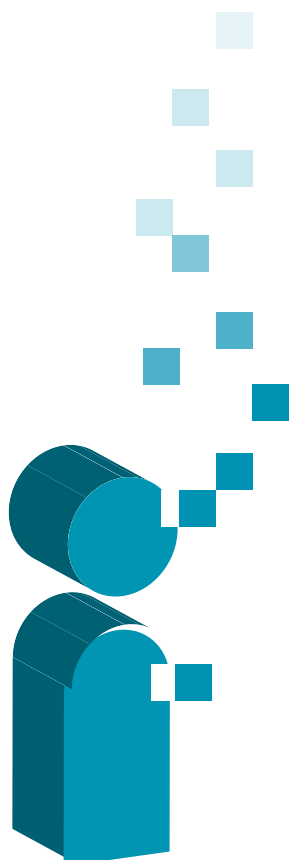
2015/16

Further functionality as follows (exact order and timing to be confirmed):

- Accounts filing and viewing accounts data for individual companies
- Monitor service (notifications of a company's filing activity)
- Dissolved company information
- Officer appointments
- Mortgage charges
- Advanced search
- Overseas company data
- Location of company records
- Shareholder information

For the time being, other services will continue. These include the mobile app and the bulk products for our larger customers, certificates, certified copies and scan on demand services. The new service should, however, provide an opportunity to review, improve or replace these in due course.

Customers will also see registration fees initially fixed and, as efficiencies are realised, CH will need to review fee levels and potentially reduce fees in the latter period of the plan. Furthermore, the simplification of the current fees regime has been identified as one of longer term actions. Such a move is dependent on detailed assessment, successful delivery of CHS, further digital enablement and organisational changes, all of which will likely mean that it is no longer possible to identify individual transaction costs, resulting in the move to a single fee.



Digital Enablement

Digital enablement of registration transactions and the rate of take-up of digitally enabled transactions by customers are also integral to CH strategic goals.

The phases by which we will look to drive the take-up of digital services are as follows:

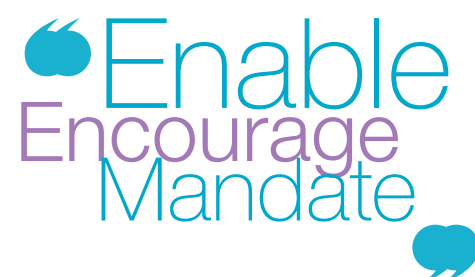
- **Enable**
- **Encourage**
- **Mandate**

The following table shows the current enablement position year to date as of 31st December 2013.

% Age of total documents digitally enabled	93.9%
% Age of total digital take-up	77.3%
Additional growth in total document digital take-up	16.6%
% Age of accounts digitally enabled (Nov12 - Oct 13)	94.8%
% Age of total digital take-up	58.2%
Additional growth in account take-up	36.6%
% Age of *general documents digitally enabled	92.6%
% Age of *general documents digital take-up	84.9%
Additional growth in general doc digital take-up	7.7%

The figures show that 93.9% by volume of total documents are now digitally enabled. Efforts in recent years have concentrated on take-up, but there remains the need to address the tail of transactions that are still to be enabled. The current plan will see 96% enablement by March 2016 with full enablement delivered by August 2016.

For some transaction types, particularly those of very small volume, it will not be cost effective to enable them in the 'end to end' way that we have for higher volume



transactions, so for these we will enable a more generic solution that will allow input from these transactions to feed into our workflow system alongside digitised input.

It should be noted that we are currently analysing the potential impact of forthcoming legislative changes on our development resources and the current plans for enablement could be subject to further change once that analysis is complete.

Digital Take-up

Further enablement is one part of the equation. The imperative, and the change from which we stand to gain most, is still driving take-up of those transactions already enabled, particularly accounts where take-up is currently 58.2%.

In 2014/15 we will run targeted campaigns for those accounts types that are already enabled and target specifically the top 100 accounting firms which continue to prepare and file on paper many thousands of accounts on behalf of clients. Future years will see additional campaigns to consolidate and increase the take-up for digital filing, particularly focusing on accounting firms using accounts production software, promoting digital filing as more account types are enabled.

We will broaden the scope of our customer facing activities to engage with and educate companies on the availability and benefits of electronic filing; we will build our connection with bulk data users and promote the commercial benefits of digitally filing iXBRL¹ data for market use; and we will capitalise on our strong relationships with software providers to jointly market the CH digital filing

facilities within their products. Linked to this we will re-purpose resource from our traditionally paper filing teams to establish a dedicated team to focus on improving the level of digital take-up. The team will initially focus on documents other than accounts that, when filed on paper, generate around 69,000 rejects of paper documents per year. Customers will be contacted after the rejection to discuss the benefits of our digital services and to assist them in signing up.

In addition to proactive telephone contact, this team will also conduct a review of our compliance correspondence (for example, we issue 3.5 million paper reminders every year) with a view to ensuring it is sufficiently focused on the benefits of using our online services. Through a similar review the team will also work to initiate contact with new directors allowing us to promote online usage at an early stage in a company's life.

As part of the strategic plan we have forecast new digital take-up levels which are shown below alongside the planned level of enablement:

	Level of digital Take-up	Level of enablement
2014/2015	81.4%	94% March 2015
2015/2016	85.1%	96% March 2016
2016/2017	87.5%	100% August 2016
2017/2018	88.7%	
2018/2019	89.7%	

1 inline eXtensible Business Reporting Language

As stated previously, the phases under which we will drive digital take-up are those of enable, encourage and mandate. The figures in the table above represent a forecast based on 'enable' and 'encourage', and they show a 46.7% increase in the number of documents filed digitally over the 5 years.

The difficulty associated with encouraging the digital take-up of accounts filing, where paper based working practices dominate, is ▶

seen as the major hurdle to driving digital take-up beyond the figures shown. Take-up for accounts filing is forecast to hit 85% by 2018/19 and the current thinking is that a significant incentive or imperative such as mandation would be needed to increase this.

The following table shows a number of scenarios for mandation and their impact on digital take up:

	Mandation Scenario	Impact on Digital Take-up (2018/2019)
1. Annual return (AR01) onl		90.2%
2. Accounts only		93.9%
3. AR01 and AR01 subsidiary forms		94.1%
4. Accounts and AR01		94.5%
5. Accounts, AR01 and AR01 subsidiary forms		98.3%
6. Accounts AR01, AR01 subsidiary forms, incorporations, mortgage and change of name		98.8%
7. Full mandation		100%

In considering the timing of any potential move towards mandation we have determined that we would require at least 12 months for consultation and the Parliamentary process (it would be subject to the affirmative debate process).

We have also taken the view that consultation and impact assessment should not take place until full enablement is delivered in August 2016. Therefore, we will develop our strategy for mandation, and seek Ministerial approval by April 2016, so that we have an agreed approach by August 2016. This will determine:

- The extent of mandation – what transaction types we choose to mandate
- The potential to split mandation into separate tranches, for example by type of transaction or company
- Potential triggers for mandation – e.g. level of digital take-up

Once determined, the plan shows the intention to mandate from April 2018, although there is the potential, subject to further advice as to whether mandation could be delivered in separate tranches, for some form of mandation earlier from April 2017.

Open Data, Free Data, Linked Data

The data on the Register is a fundamental part of the core national information infrastructure that underpins daily economic activity. CH believes that the best way to maximise the economic value of the information on the register is to make it available free of charge. The positive impact of making datasets available free of charge is evidenced in the 200% increase in accesses to company appointments information when the associated charge was removed in October 2012.

Our vision is of an online register, with anyone freely able to access the information on the register. The development of our digital services, moving away from separate search systems, means that the costs associated with search can be virtually eliminated. This should allow us to make the data available free of charge.

Our aim is to complete the necessary system developments during 2014/15 and, subject to the necessary assurances, to make the vast majority of our remaining chargeable information free during the following year.

Where services require any additional manual production or support, we will continue to charge for these.

In 2014/15 we will also begin the work required to identify what information the rest of government hold on companies and where and at what point do others in government interact with company information.

open
linked
free
data

Customer Support

Over the first half of 2014/15 we will determine our future customer support model. This will include the migration of customers from existing services as new functionality is released through the new single service API. The future support model will be further determined by customer insight and feedback from the new functionality as it becomes available. When CHS is implemented, the current model of different support teams for registration and search customers will no longer be applicable. CH will offer one single digital support service for customers to reduce the need for customers to call our Contact Centre for help and advice. Customers should be able, through the quality of our systems and online help, to be self-sufficient in resolving problems when using our online services.

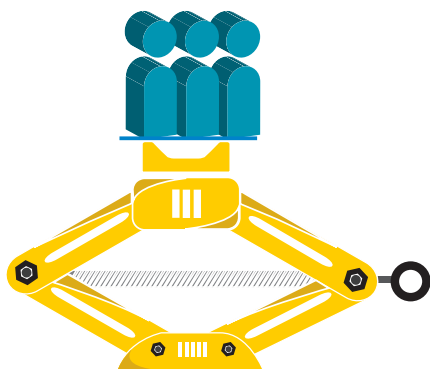
The CH website is earmarked to close in July 2014 when we complete our migration to GOV.UK. In conjunction with this we will look to update and improve online guidance to dissuade customers from the need to contact us directly.

Customers comfortable with technology will select the communications channel that makes best sense at the time that suits them. However the overall customer experience should be consistent. Customer communication should not be 'siloed' between the different channels – customer information needs to be viewed across all the channels and the same business logic and rules applied. This is different to the way that we conduct customer communication currently, as many of our channels are related to products or functions, such as CH Direct and WebCheck.

In the main, during 2014 customer support will remain the same as now as we expect the year predominately to be one of handholding and educating customers through the main changes – both as they happen and for those in the future.

2015 will see the greatest amount of change in customer support as more free data becomes the norm and customers settle down to the self service ethos that we have been promoting for what will then have been a period of twelve months.

The CH Contact Centre is an outsourced function and the current contract will expire in August 2016. We will consider the future role that the contact centre will play by October 2014. Once a solution is determined, any changes in scope or remit of the service will need to be fully articulated as part of a procurement exercise scheduled to commence in September 2015.



Improved Integrity: Better Investigation, Better Remedies

The strategic plan seeks to deliver a step change in the data quality and integrity of the register by 2018/19 creating:

- A register that is trusted
- A register with timely and effective data
- A reputation for identifying and resolving the causes of error and non-compliance
- A registry that identifies and acts on fraudulent filing behaviour

A series of challenging key performance indicators have been proposed to enable us to measure the success of the integrity initiatives.

- Improve event driven officer compliance by 50%
- Improve event driven registered office address compliance by 30%
- Reduce the occurrences of directors' inconsistencies by 95%
- Improve compliance for inconsistent directors' data from under 10% to 95%.
- Improve accounts hard compliance to 95%.

With accounts compliance, CH has robust, automated systems that begin action before accounts become due and generate prompts such as e-mails and letters to remind companies that accounts are due. The accounts regime is also supported by a civil late filing process. The combined effect is over 94% compliance a year.

 Timely and
effective
Data 

We will achieve the improvements to event driven officer compliance by:

- Periodic prompts to companies
- Notifications when a filing is late, with nudge messages such as timeliness is important to your credit rating
- Targeted communications
- Using the offence to enforce, where there is evidence of persistent and wilful non-compliance
- Working with professional bodies

It is also envisaged that a more freely available register will help improve the integrity of the information on the register. The increased accessibility of the information will highlight anomalies for CH to address with the companies.

CH will also explore whether there is scope for cross-referencing the data on the register with other data sources.

In looking at fraudulent activity which is focussed on the behaviours and actions of individuals and companies rather than the operation of the register itself, we will;

- Engage with external enforcement bodies (for example, National Crime Agency, National Fraud Intelligence Bureau, City of London Police, and Insolvency Service Enforcement (INSS)) to identify patterns and characteristics of fraudulent behaviour,
- Continue to develop our relationships with BIS prosecutors, Procurator Fiscal and Northern Ireland Public Prosecutors Office,
- Liaise with other government organisations that use software to analyse and identify potential fraudulent behaviour to determine how this might be deployed in CH.

 Continue
to
Develop 

Lower Burdens: Deregulation and Joining Up Across Government

The plan provides details of potential new development requirements that will be required as a result of forthcoming legislative changes. Examples of these include measures resulting from Government consultation and discussion documents on:

- 
- Company Filing Requirements, and
 - Trust and Transparency

Measures in the Company Filing Requirements consultation stem initially from Red Tape Challenge responses and will see, for example, a change from the current annual return process to a 'check and confirm' system, as well as improving the process for statement of capital filing. In addition, greater use of electronic communication will be enabled and the process for striking off a company will be shortened.

Measures being taken forward under Trust and transparency include a public register of beneficial owners, a ban on new allotments of bearer shares (which are anonymous), the provision of better education and guidance for directors and a strengthened disqualification regime – all focused on increasing the transparency of who is behind UK companies.

All of this will serve to both improve the data held on the register and further reduce the burdens on business.

There is also further legislative change relating to accountancy standards, insolvency changes and extractives reporting (an EU Accounting Directive measure), all of which will require changes to CH systems.

We are fairly well sighted on the impending nature of these changes and thus they are included in the plan. However, further analysis is required to understand the exact scope of the changes and their impact on CH systems processes and resources. Discussions are still taking place on the timing of implementation of these measures, which represent the biggest package of changes to company law since the 2006 Companies Act. The plan currently shows development commencing in April 2014, when we will have more clarity on the scope of change being proposed, and currently continues through to March 2016.

There is the potential for the development requirements relating to this legislative change to disrupt and even displace current planned development including CHS and further enablement.

Support for Business

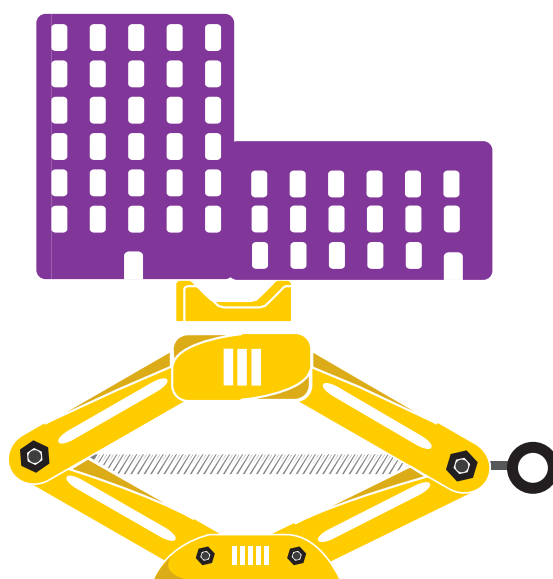
In providing support for business that goes beyond our registration and data provision services, we are seeking to work with partners to develop a digital 'my account with government' proposition for companies. This would enable cross government services for companies digitally delivered through a single gateway and providing a single view of all data held on companies by government.

CH has already started discussions with the Enterprise Directorate in BIS to link this thinking to their review on future business strategy; with GDS to link with the strategy for GOV.UK; and with HMRC to align with their plans on the future of their services.

The CH plan identifies in the first quarter of 2014/15 some further research into the additional data on companies that is held across government. This will lead on to further thinking on the 'my account with Government' concept all of which should conclude by December 2015. The potential implementation of any solutions emerging from this analysis is positioned on the

plan for January 2016 through to March 2018/19. This allows us to engage and work collaboratively with interested parties at a time when both our digital enablement programme and the implementation of legislative changes relating to company filing requirements and trust and transparency measures is complete.

October 2014 will see an early example of working across government to provide services in the shape of the launch of the first phase of a replacement service to enable the filing of accounts information to both CH and HMRC. This will provide a service which will enable companies to enter accounts data once whilst satisfying requirements for both CH accounts and HMRC corporation tax filings. Further functionality will be added through to April 2015, which will see the launch of the final service. This will be an improved service for customers and further reduce filing burdens. It also endorses the CH approach to collaboration across government in developing digital services for businesses.



Staff

The five year period of the plan will be a time of both considerable change and opportunity for CH staff. During this time we will seek to:

- Create culture change and new opportunities aligned to being a digital organisation
- Review organisational structure and design
- Digitise internal processes
- Deliver resource efficiencies

Culture Change and New Skills and Opportunities

To achieve success against our strategic objectives we will aim to retain the sense of community, passion for the work and supportiveness towards each other ▶

that characterises CH currently. However, in order to operate effectively in the digital age, a culture shift is required as summarised below.

Culture Shift

From	To
Inflexible	Flexible and agile
Internally focussed	Externally focussed
Customer aware	Customer centric
Directed	Empowered
Silo based approach	Collaborative
Skilled	Multi-skilled
Risk averse	Balanced risk taking
Process orientated	Innovative

We will carry out an annual skills audit to determine the gaps in capability that will inevitably exist as we move from an environment where skill sets have predominantly centred around operational business processes, to one where well developed digital skills exist across the entire workforce.

There will also be new opportunities for staff as CH evolves into a digital organisation. April 2014 will see the establishment of a dedicated team to take forward the work on data integrity and quality. Similarly, other teams will be tasked to help drive digital take-up. All of these new initiatives will utilise existing

resource. Alongside this we will attract and recruit external specialist staff to support and accelerate our digital journey. The plan allows for an investment of £1.3m for new skills.

To assist with the drive for efficiencies across the organisation we will continue to embed a more robust approach to performance management and introduce new lower targets for levels of recorded absences.

We will focus on maintaining our high levels of engagement and work closely with the staff to ensure we are clear about the changing requirements in terms of skills, attitudes and behaviours. This will enable staff to understand what is expected of them and what they can expect in return, particularly regarding the type of work available and the different ways of working we will adopt.

Organisational Structure and Design

As part of the People Strategy we will review, develop and implement a new organisational structure that facilitates culture change and supports innovation, empowerment and continuous improvement. Our current organisational structure is hierarchical in terms of management layers and decision making and is based around functional areas. Much good work has been carried out to develop a coaching and mentoring environment however the role of a leader and manager in CH has been very operationally focussed and has not been fully defined or robustly assessed with regards to people management activities.

We will review our organisational structure, the nature of roles and tiers of management to remove barriers to innovation and appropriate decision making. We will also place significant emphasis on leadership capability to support the cultural shift whilst maintaining business delivery. We will provide clarity on the responsibilities of this critical group regarding handling people issues and driving through an ambitious change

agenda, and hold them to account. Furthermore we will continue to move towards more closely aligning the needs of the individual with organisational needs. By clearly defining the new proposition to our staff we will also outline the benefits such as

- Diverse interesting work
- Responsibility and accountability,
- Opportunities for development
- Rewards and recognition
- Creative working environment

The new structure will be agreed in the first quarter of 2014/15 and implementation is shown on the strategic plan as completing in June 2015.

Internal Digital Processes

As well as ensuring that our customers are able to transact digitally with us, we will also ensure that internal processes follow the same principles.

Central to this is Electronic Workflow, which will deliver in October 2014 and which will move our scanning function to the front end of the document handling process, digitise at the point of entry and avoid moving paper around the organisation. In addition we will use Optical Character Recognition (OCR) functionality to speed the processing of the resultant images to give us efficiency benefits.

The workflow engine developed for electronic workflow will also be used to control the distribution of email around the organisation and draw this together with the correspondence scanning system so that all communications (whether originating on paper or digitally) will be handled coherently. The completion of this email workflow development is scheduled for June 2015.

Alongside this we will work to design out manual processes, wherever possible, across the organisation. To this end, a review of over 400 internal processes has taken place in order to identify potential opportunities for digitisation and subsequent efficiencies. The implementation of recommendations emerging from this review process requires further analysis and is currently shown, from a high level perspective, as an on-going activity across the full period of the strategic plan.

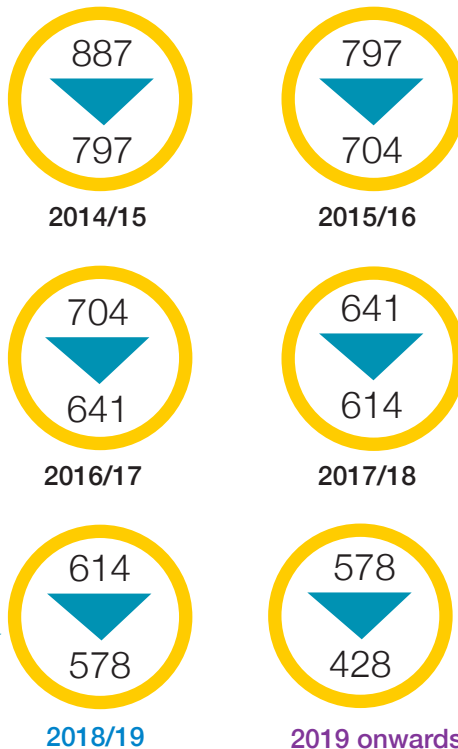
Delivering Resource Efficiencies

It is envisaged that as the activities around culture shift, organisational design and the digitisation of internal services take hold and combine with other initiatives such as increased digital take-up and a re-modelled customer support function, then there will be a significant fall in headcount across the organisation.

With this in mind, the plan references a capacity reduction process which sees an initial consultation process with the Trade Union and management taking place during the first quarter of 2014. Following consultation it is envisaged that we will run a series of voluntary exit schemes between October 2014 and March 2019. This will ensure a managed approach to capacity reduction as the benefits from organisational efficiencies accrue.

Over the plan period we will see headcount within the organisation fall year on year as follows:

Headcount Change (Includes Contractors)



Assumes mandate gives us 95% take up. Number moves to 563 with 98-100%

The final headcount figure for 2018/19 is based on a number of factors including digital take-up, new organisational structure and design and the automation of internal processes. Where digital take-up is concerned it is assuming a take-up level of 95%. We have seen earlier in this paper, that take-up beyond 90% is likely to require some form of mandate. Any mandate that drives take-up to 95-100% has the potential to generate further efficiencies.

Thus, as we reap the rewards of our actions across the five years of the plan a picture of CH emerges where in the years beyond 2018/19:

- Mandate of digital filing has driven take-up towards 100%
- There is the potential for further rationalisation of processes across our different locations
- Hard compliance rates are at over 95% for accounts and over 80% for annual returns
- All considerate work (as understood in 2013/14) has been automated
- There is minimal customer contact

In these circumstances we estimate a potential further headcount count reduction of approximately 150 could be possible (as table left).

Assumes benefits realised beyond the 5 year plan, as set out above.

Value for Money

Financial forecasts for the 5 year plan period are shown at Annex A.

Highlights include:

- Income levels are maintained at over £61m based on current rates of incorporation, freezing registration prices and the ending of charges for digital searches from 2015/16.
- Scenarios showing that a significant drop in incorporation rates (-25%) and increase in dissolutions (+20%) would be manageable.
- Potential to review prices from 2017 in view of the increasing register size and reducing costs.
- From a peak of 1,300 FTE in the late 2000s, headcount reduces from 887 in 2014/15 to 578 in 2018/19. There is potential for this to fall further to around 430 beyond the period of this plan.]
- Staff exit schemes costing £12m will reduce the annual paybill by £8m.
- Running costs (including £5.6m for the LFP scheme) fall from a peak of £66m to £50m a year.
- Capital expenditure is £29m, with £18m invested in developing digital services.
- Dividends of over £20m are generated for BIS.
- Cash levels remain over £37m throughout enabling a possible £15.9m cash repayment of public dividend capital to BIS. This would reduce the annual dividend cost by £0.9m.

There remains uncertainty regarding the rate of incorporations over the five year period. Current business forecasts show a significant growth in new companies based on past trends and more work is required to analyse and better understand this data. The financial plan has therefore taken a more prudent view assuming as its baseline position no further growth in incorporations over the period of the plan.

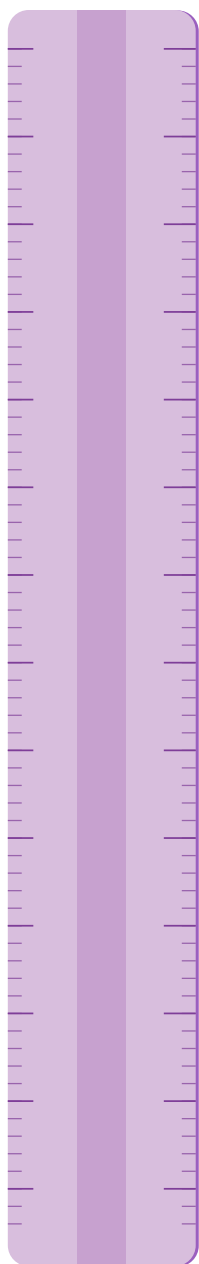
Further scenarios are provided in the finance plan which shows both incorporation rates growing as forecast and a 'worst case' lower volume estimate which sees, amongst other things, a reduction in incorporations below the baseline number, an increase of 2% in the dissolution rate, an inflation rate of 2% for pay and overheads and a slow down in the release of staff.

The baseline and scenarios provide confidence that our ambitions for free data and the simplifying of fees do not represent a financial risk.

It should be noted that there is uncertainty about the impact of possible new requirements emerging from the trust and transparency agenda. We have highlighted earlier in this paper that forthcoming legislative change is likely to impact on the timelines in the current plan. Furthermore we are aware of increasing pressure for CH to undertake greater verification and validation of the information on the register. It is clear that such a move would have significant resource and financial implications for CH.



Measuring Success



A series of key performance indicators will be used to measure progress against the strategic plan as follows:

- Customer Satisfaction
- Integrity
- Digitisation
- Staff Engagement
- Financial Performance

It is envisaged that each of these KPI's will be made up of an appropriate set of underlying measures – examples of which are shown below:

Customer Satisfaction

- Customer satisfaction score (Ipsos Mori)
- Net promoter score
- Service availability and response
- Avoidable contact

Integrity

- Timeliness of Directors updates
- Annual event driven compliance
- Resolution of disputes

Digitisation

- Enablement
- Take-up
- e Reminder take-up

Staff (Engagement)

- Staff engagement index
- Training days
- Work days lost
- Turnover

Financial performance (including efficiency)

- Income and expenditure vs. budget
- Efficiency (saving on operational costs)
- Cost per company
- Headcount

Dependencies and Assumptions

- Required digital take-up levels will be achieved by a combination of further enablement, customer education and mandation
- The plan assumes enablement and customer education will drive digital take-up to 90% and that mandation will be required to drive take-up to 95% and beyond
- Mandation will be in April 2018 – this assumes that the business case for mandation is approved and appropriate legislative changes are in place
- Planned withdrawal of existing core services is dependent on delivery of CHS – plan assumes withdrawal of WebCheck in April 2015, and of WebFiling and CH Direct in April 2016
- Data will be free to customers from April 2015 - assumes the appropriate assurances and clearance has been obtained
- IT capacity plan is dependent on 3rd party resource – plan assumes that service providers are able to deliver appropriately skilled resource when required
- Headcount efficiencies are dependent on increased digital take-up, automated internal processes and organisational structure change – plan assumes new organisational structure is in place by June 2015

Risks and Challenges

- Legislative programme - impact of legislative change on resources will displace other development activity on the plan (CHS and enablement)
- Engaging OGD's - need for effective engagement with others in Government to ensure digital opportunities for company data are maximised
- IT capacity, recruitment, pay and costs – need to ensure we are able to recruit and retain appropriate IT resource
- Incorporation rate – uncertainty regarding rate of incorporations which has potential to effect income and workload
- Pressure to change approach to verification, anti-money laundering and fraud – potential changing role for the register would have significant resource and financial implications
- Scottish Independence – has the potential to impact organisational design, income and cost assumptions, and efficiency goals

List of Annexes

Annex A

Financial Forecasts and Scenarios

Annex B

Five Year Strategic Plan Gantt Chart