

Companies House Business Plan 2015-2016



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Introduction

The Companies House Business Plan for 2015/16 covers the second year of our 5 year strategy, which was agreed by BIS Ministers in March 2014.

There has been some excellent progress against our Strategic Plan, including increased take-up of digital transactions, the successful beta launch of our new on-line service, more open data and a reduction in the average cost of each company on the register. There are some new challenges to consider, in particular:

- increasing workloads due to higher than forecast register growth,
- the implementation of legislative measures including significant system changes,
- digital development capacity and
- a renewed focus on the quality of our work.

This Business Plan sets out a summary of progress, an update on the operational and wider environments, and detailed plans for 2015/16.

Our strategy for the 5 years to 2018/19 builds on our core purpose and will deliver:

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

all supported by the rich potential embodied in our people technological and financial resources. More details on our Strategic Plan can be found here [here](#)

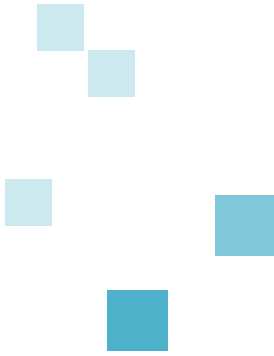
free
data



highlights

2014 2015

digital
transformation



free
data

Highlights 2014/2015

2014/15 has been a busy year for Companies House, with many challenges and successes. Some of our highlights included:

Digital Transformation

- The new Companies House digital service was launched in August to 4,000 customers for beta testing to very positive feedback and passed our Government Digital Service (GDS) assessment
- The joint Company Accounts and Tax Online (CATO) service was launched in October 2014 for beta testing
- Take-up levels for digital filing increased to 82%
- The Companies House website has moved to gov.uk
- A more streamlined and secure process for customers' documents from a new scanning and electronic workflow process
- Over 200 hours testing our prototype services to ensure that they meet customer needs in our usability suite

Open Data

- The register was accessed over 300m times, 98% of which were free
- The free iXBRL accounts data product was downloaded over 30,000 times
- We won the 2014 XBRL International Project Excellence Award for Innovation in XBRL and Open Data for our contribution to the success of the XBRL (eXtensible Business Reporting Language) standard
- The mobile app reached 40,000 downloads
- In July Ministers announced that all our digital data would be available free of charge from the second quarter of 2015.

Improved Register Integrity

We have strengthened the integrity of the register through better scrutiny of company information held. For example;

- We worked with FTSE 350 companies in cases of non-disclosure of subsidiary undertakings achieving 100% compliance by December 2014
- We targeted companies that did not have the minimum natural person directors. Over 99% of companies complied. We are working with law enforcement to gain 100% compliance

We joined the Government Agency Intelligence Network (GAIN) and provide data to assist investigations; we have also established links with the National Crime Agency (NCA) and regularly share data. This work will help to build greater confidence and trust in company data.



Reduced Burdens

- We implemented changes simplifying the company names regime giving companies more choice in the names they register
- The new Companies House digital service has been designed with users needs at the forefront making it easier for companies to file and access information
- The burden of filing accounts to both CH and HMRC was reduced through working on a joint service

Efficiency

- Average cost per company on the register reduced by 5% from £13.76 to £12.87
- Over £3m in efficiencies have been delivered, including significant savings from new print, mail and finance systems contracts
- Overall headcount has fallen by approximately 50 full-time equivalents, a 5.5% reduction. While this is in line with the strategic plan it did not account for the increase in new incorporations which are up by 8%

In addition

- Achieved an Investors in People Gold Award, highlighting excellence in clear leadership, communication and continuous improvement
- The staff engagement score was maintained at 64, in the highest quartile of public sector bodies
- Attendance levels have improved to an average of around 7.5 days absence

Looking ahead

2015
2016

digital
transformation

free
data

2015/16 - Looking Ahead

The progress made in the first year of the strategy creates an excellent springboard for the year ahead. This is a demanding programme of change for Companies House; one that is also exciting and full of opportunity.

Looking ahead to 2015/16 our priorities in line with our strategy include:

- Digital transformation – the next releases of our new on-line services
- Open Data - making all our digital data free
- Improved register integrity – continue to identify areas where we can improve accuracy and timeliness and contribute to Government activities to tackle economic crime and fraud
- Reduced burdens – developing our new Companies House digital service, implementing legislative changes and the next phase of the joint accounts filing service with HMRC
- Efficiencies - maintaining our strong focus on efficiencies
- Staff engagement and development

Digital Transformation

Our plans for digital transformation are set out in our Digital Strategy which can be found [here](#).

The digital strategy focuses on the following;

- Our older public-facing digital services need to be replaced with services which are better and simpler for users
- How we will deliver those new services is through a focus on quality and innovation. Quality means doing things so rework and maintenance are minimised. Innovation means embracing change, new tools, technologies and ideas
- Our commitment to digital by default means we are striving to increase filings to as close to 100% digital as possible
- Open data means delivering on our commitment to free data by June 2015, and then continuing to improve the accessibility of that data

- Following the Government Digital Strategy, we need to embed digital skills into our organisational fabric, developing a culture that always puts users' needs first.

Our aim is to provide great user focused digital services; in particular the way in which the register is accessed is being transformed. Over the next 2-3 years the core systems (WebFiling, WebCheck and CH Direct) will be replaced by the new CH digital service. This will allow company information to be viewed and updated through a modern web platform that is at the forefront of Government's Digital Transformation Programme.

We had initially planned to develop more of our filing services on the new digital service during 2015/16. Now that the development requirements for Small Business, Enterprise and Employment Act 2015 (SBEEA) and other measures are clearer, it is apparent that the scale and scope of these changes is much bigger than we had assumed. We have therefore revised our development plans and the focus for 2015/16 will be to ensure that our existing services are ready for the new legal requirements, which begin taking effect from June 2015. We are investing £8.1m in digital transformation in line with our strategic plan. The impact on the strategic plan is that we have had to push back our enablement plans and the next phase of our new service development but to tackle this we will now look to increase our resource in this area.

Digitally enabling more of our paper based transactions is a key goal. Alongside this it is imperative to continue driving take-up of those transactions already enabled.

Specific plans for 2015/16 include:

Digital transactions:

- Increase digital filings to 85%

We will invest in helping companies, accountants, banks and agents that file on paper to switch to using our digital services.

This will include insight work into why some filers are not using our digital services; training, guidance or other support for those willing to change but unsure how to; targeting those firms of accountants that submit the highest volumes of accounts on paper; working with software firms to identify users that could file digitally but choose not to; working with banks and other lenders that file mortgage charges on paper; holding local events where there are concentrations of paper filers, and other campaigns to encourage digital filing.

We have also started work to enable digital accounts for Limited Liability Partnerships and Insolvency documents. We are also seeking ways to enable the low volume forms with a simple solution. An increase in digital transactions will reduce the amount of data entry necessary and will help customers to get the information right first time and reduce data errors.

Our new Companies House digital service:

- Full launch of our new service and the API. This will transform our electronic services, with modern technology and a new web service. It will be better and simpler for customers, making it easier to view and update company information

The Company Accounts and Tax Online (CATO) project will bring the online Corporation Tax (CT) filing service into line with other HMRC digital services. The current beta service will be enhanced with:

- Further release in April for full statutory accounts and abbreviated accounts
- Final release June/July for dormant and companies limited by guarantee

Capacity:

- £2m investment in third party development resource
- £300k investment in CHIPS infrastructure (database servers)
- enhance our digital capacity through a graduate programme

Resilience:

- Review of CHIPS database structure and backup/recovery approach
- £100k investment in improved third party support arrangements
- Independent review of business continuity arrangements

Open Data

This year will see a major development in Open Data, with the release of all Companies House's digital data free of charge.

The data on the Register is a fundamental part of the core national information infrastructure that underpins daily economic activity. Companies House strategic plan, endorsed by Ministers, agreed that the best way to maximise the value of the information on the register to the UK economy is to make it available free of charge.

Any public information on the register that is accessed through digital channels, including our bulk services, will be available free of charge. This will include:

- Basic company data
- Accounts information
- Appointments and charges
- Information about other events in a company's life that are registered at Companies House
- Digital images

We will continue to charge for non-digital services, such as certificates and our on demand service to convert documents held on microfiche to digital formats, whilst we explore digital solutions for these services. The existing systems (WebFiling, WebCheck and CH Direct) will be replaced by the new Companies House digital service.

We are also continuing to explore opportunities to link our data with other Government data in line with our Strategic Plan.

The SBEEA will mean new data sets including that for persons of significant control. This year's plan will determine how this should be made available and will include release of shareholder data.

Improved Register Integrity

The Strategic Plan seeks to deliver a step change in the quality and integrity of the information on the register. This will ensure that the register continues to be a trusted source of adequate, timely and accurate data.

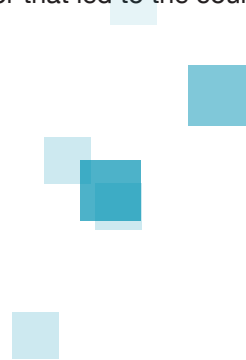
This goes hand in hand with our other key themes. The more open our data is, and the more it is viewed, the more trust and transparency is increased as more people will be highlighting and challenging inaccuracies and inconsistencies.

A high profile High Court case in late 2014 has re-emphasised the importance of these issues. In particular we will;

- Continue to work across government and law enforcement agencies to help identify how Companies House can contribute to wider Government activities in tackling economic crime and fraud. Companies House and NCA are leading a cross-Whitehall Enforcement User Group.
- Continue to work with credit reference agencies and the anti-fraud community to identify integrity issues and opportunities for improving accuracy and timeliness of data on the register
- Analyse and address data issues on the register. This includes timeliness and accuracy of director and registered office address data, legacy insolvencies
- Provide improved data analysis & statistics
- Continue to build our understanding of the Government's Citizen Identity Assurance agenda and its application to our services. We are also working with other Government Departments including HMRC to develop the requirements for business identity assurance
- Increase the sign up for our protected online filing service (PROOF) which prevents attempts to change companies registered office address or directors without their knowledge

The plans described above focus on the information provided by companies. We will also improve the quality of our own work, ensuring that the risk of errors in processing documents is minimised as far as possible. We will enhance the discovery, reporting and correction of these to improve the process and minimise the risk of this occurring.

This includes a comprehensive quality improvement action plan covering all of the measures introduced and planned since the error that led to the court case mentioned above.



Open Data



Quality & Integrity of the Register

Some of the new legislative changes will introduce new requirements for greater disclosure on companies, but ultimately will mean improvements for UK plc by increasing transparency about who really owns and controls companies and building trust in UK companies. These include;

- Requirement to keep a register of People with Significant Control (PSC) over the company ('PSC register'). The information in that register will be filed at Companies House and available for public inspection.
- A ban on Bearer shares.
- Restrictions on when companies can appoint corporate directors.

We expect to implement the changes for bearer shares and corporate directors during the year and to develop the changes for PSC for implementation in April 16.

Reduced Burdens

We have worked with BIS to introduce legislative changes which will simplify filing requirements and reduce burdens for our customers. During this year we will develop the changes to systems and processes in time for the implementation expected early in the next financial year. These include;

- Replacing the annual return with a requirement to 'check and confirm' the company information at least once every 12 months and notify any changes.
- Suppression of directors' day of birth
- Simplification and consistency of the statement of capital
- Shorter timescales for striking-off companies from the register
- A new remedy for registered office disputes and certain director appointments disputes
- The option for private companies to keep some of their statutory register information on the public register
- Companies will be able to deliver certain categories of optional information to the registrar

Some of these changes will be implemented in this year and we will continue to develop the remaining changes for implementation in April 16.

We will continue to focus on user needs including refreshing our usability facilities.

Efficiency

We have an excellent track record improving the efficiency of the organisation and reducing the average cost per company on the register.

We will continue to carefully manage our costs and drive value for money in our purchasing contracts.

We have set ourselves a target to reduce the average cost per company, adjusted for inflation and excluding exceptional items, by 25% over three years from our 2013/14 baseline. To achieve this we will need to deliver a 10% reduction in 2015/16.

A detailed efficiency plan will be prepared, including the following examples:

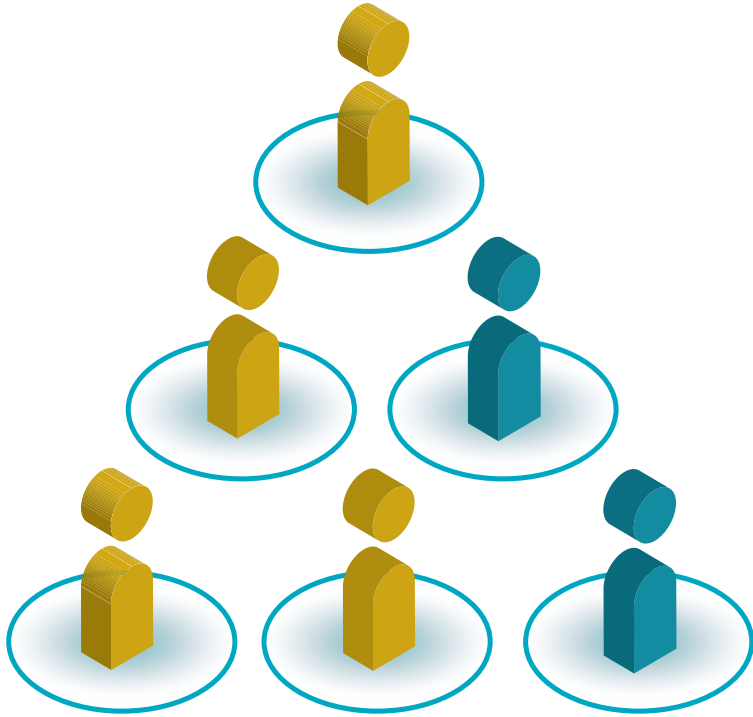
- A new debt collection contract that will provide a more efficient process with potential savings of around £400k per year based on current volumes.
- Further print and mail efficiencies building on the new contract put in place in 2014/15 targeting savings of £50k per year
- Move from our legacy late filing penalty system to our new finance platform saving an approximate £50k per year.
- Issue of e-reminders will save another £350k per year.
- work with Intellectual Property Office to host a shared finance system.

We will continue to embed a continuous improvement culture and share knowledge and best practices with other organisations including members of the BIS family and other government departments.

Changes to some fees will be required in 2015/16, in particular a reduction to fees is likely to take place in the summer due to increased efficiencies and reduced costs. We are also reviewing how the changes to protected information, specifically the suppression of directors' day of birth and the new PSC register, will affect fees. There may be further changes required for these in October and January.

There will also be significant work in 2015/16 preparing proposals for fees the following year. These include the change from an annual return process to check and confirm, and further progress to simplify our fees.

People



People

We will build on the high levels of engagement and commitment that Companies House staff continue to show. This is a period of significant change so there will be a strong focus on supporting people through this.

The Strategic Plan assumptions around workload, digital take-up and efficiencies indicated a reduction of around 58 posts in 2015/16 but these assumptions have changed. Although take-up and efficiency plans are on track, register growth is significantly higher than forecast, as is the resource required to prepare for and implement the legislative measures. In addition to the increased workload we have increased our resource in the integrity and quality measures.

These changes in headcount broadly balance, so, following a reduction of around 50 full-time equivalent staff in 2014/15, no further significant changes in overall headcount are anticipated during 2015/16.

Our strategy also covered an organisational design programme, which covers two main strands. The first is ensuring our organisational structure is best suited to providing high quality digital services, with the second looking at appropriate management layers given the cultural changes taking place.

Much of the design work for the organisational structure has taken place, however given the significant change programme already in place and the potential risks to implementing the SBEEA measures, we have decided to postpone rolling this out until after these are in place.

Further significant organisational design changes, including any changes to management layers, will therefore be looked at again towards the end of 2016/17.

- A new Senior Leadership Development Programme delivered in partnership with the University of South Wales
- Continuation of our cultural journey
- New roles in digital services, including a graduate programme, and new roles supporting the SBEEA and other measures
- A minimum of 5 days learning for every person
- A new performance management system
- Improvements to the work environment, including better training facilities, meeting rooms, shared spaces and quiet areas

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Finance & Investment

Overall, Companies House income is forecast to be £62.3m in 2015/16, with expenditure of £62.7m planned. This results in a deficit of £0.4m.

Financial highlights include:

- 10% reduction in the average cost per company on the register (from £12.87 to £11.58 adjusted for inflation and excluding exceptional costs)
- a significant reduction of £4.4m in income
- staff costs (including VES) falling by £3.6m
- dividend falling by £0.5m due to a reduction in the inflation rate this is based on
- £5m internal and £2m external investment in software development
- £1.1m to be invested in IT infrastructure, including additional storage, modern devices, business continuity and a segregated network for development
- £500k investment in driving take-up of digital services
- further investment of £1.75m in “The Way We Work” programme to improve shared space

Main assumptions underlying financials forecasts:

- Incorporations to increase by 5% to 630,000 in 2015/16, although a planned reduction in the fee charged in 2015/16 reduces the total received overall by £1m compared to 2014/15
- Annual returns income is up by £2.8m reflecting the continued growth in the size of the register
- WebCheck and CHD customers are assumed to move across to CHS once that service is introduced. This will result in a reduction of £6.2m (61%) in search income compared to 2014/15
- Staff costs reduce by a net £1m compared to 2014/15 to £32.3m. This includes a reduction of £2.1m due to savings from the VES scheme, offsetting a 1% pay increase together with significant investment in digital development staff and contractors
- Staff costs capitalised in the year is £5.0m, including £1.8m by contractors

- Overheads generally continue at levels consistent with 2014/15, although some further efficiency savings have been generated as contracts are renewed. Overall, overheads have fallen by £0.4m compared to 2014/15. The main additional costs are an investment of £0.6m in Software as a Service, including Office 365 and BMC Cloud monitoring, expenditure of £0.5m supporting a drive for higher electronic take up, and £0.5m to convert roll-film images to a more sustainable format. The main savings compared to 2014/15 include a reduction in legal costs of £1.3m, and £0.4m reduction in professional fees.
- Depreciation costs increase by £0.8m reflecting the investment in IT capacity and capability, and there is no exit scheme planned in 2015/16.
- Forecasts include a dividend payable, calculated in line with the standard Treasury approach (3.5% real rate of interest on average net assets. After adjusting for inflation the rate used to calculate the dividend is predicted to be 5%. Net assets include the public dividend capital, revaluation reserve and general reserve balances). There are ongoing discussions with Treasury and BIS relating to the inclusion of the dividend in fees and on the appropriate asset base to be used in the calculation.

Public Targets

Public Targets

This year we will condense the number of public targets that we are set to make them more focussed. This does not mean that we will not strive to meet the same high standards, we still continue to monitor our performance against those targets internally.



CUSTOMER SATISFACTION



customers scoring 6 to 10
88%

EFFICIENCY



reduction in cost per company
10%

COMPLIANCE



Accounts
94%

Annual returns
77%

Service Availability



Availability of all services

99.9%

Investment & Finance

Companies House Finance Budget 2015/2016 Business Plan

Income statement (all figures in £000's)	2013-2014	2014-2015	2015-2016	Budget Q2
Income	Actual	Forecast	Budget	Variance
Incorporations	7,973	8,684	7,671	(1,013)
Annual Returns	34,548	36,528	39,291	2,763
Other Regulatory Income	4,820	4,811	5,146	335
Search Income	10,306	10,022	3,844	(6,178)
Other Income	1,233	1,350	1,167	(183)
	58,880	61,395	57,119	(4,276)
LFP	5,015	5,300	5,200	(100)
Trading Fund Income	63,895	66,695	62,319	(4,376)

Expenditure

Staff				
Total Staff	30,016	32,218	32,297	(79)
Capitalised	(2,553)	(4,010)	(5,028)	1,018
Other Staff Costs	1,269	1,533	1,433	100
Total Pay Staff	28,732	29,741	28,702	1,039

Overheads

IT Costs	4,728	3,502	3,746	(244)
Customer Related	7,168	7,243	7,853	(610)
Office	350	424	376	48
Accommodation	4,378	4,645	4,679	(34)
Admin & Legal	5,117	6,983	5,695	1,288
	21,741	22,797	22,349	448

VES	0	2,523	0	2,523
Depreciation & Impairment	6,419	7,216	7,999	(783)
Total	56,892	62,277	59,050	3,227

Surplus before interest	7,003	4,418	3,269	(1,149)
Net Interest	109	129	120	(9)
Dividend Payable	(4,357)	(4,325)	(3,825)	500
Surplus(Deficit)	2,755	222	(436)	(658)

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Companies House Business Plan 2015/2016 Statement of Financial Position (all £000s)

	2013-2014	2014-2015	2015-2016
Non-current assets	42,178	40,884	42,819
Receivables	5,617	5,770	4,619
Cash	37,325	40,709	37,642
Total Assets	85,120	87,363	85,080
Payables	9,620	10,593	10,346
Provisions	1,052	2,100	500
Total liabilities	10,672	12,693	10,846
Total assets less total liabilities	74,448	74,670	74,234
Public dividend capital	15,889	15,889	15,889
General fund	52,657	52,879	52,443
Revaluation reserve	5,902	5,902	5,902
Total	74,448	74,670	74,234

Companies House Business Plan 2015/2016 Cash Flow (all £000s)

	Actual 2013-2014	Forecast 2014-2015	Budget 2015-2016
Retained Surplus for the year	2,755	222	(436)
Estimated Dividend	4,357	4,325	3,825
add Depreciation/Impairment	6,419	7,276	7,999
add working Capital change	749	1,900	(236)
	14,280	13,723	11,152
Less Capital expenditure			
Improvements to working environment	508	322	1,750
Improvements to IT systems	4,716	5,660	8,144
	5,224	5,982	9,894
Less dividend paid	4,261	4,357	4,325
Net Cash inflow/(outflow)	4,795	3,384	(3,067)
Opening cash balances	32,530	37,325	40,709
Closing cash balances	37,325	40,709	37,642

Companies House Business Plan 2015/2016 Capital Expenditure (all £'000)

People, Property & Procurement	
Ground Floor Collaborative Working	1,525
Server Room a/c Replacement	145
HV transformers replacements	80
	1,750
Improvements to Customer Facing Systems	
Internal Staff- SBEE	3,186
Contractors - SBEE	1,842
Additional Capacity	2,000
	7,028
IT Infrastructure	
Dev Lan Servers/network	180
Business continuity planning	250
Additional storage	440
Printers/laptop refresh	210
Other equipment	36
	1,116
Total	9,894

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