



Business Plan

2016/17



Companies House

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Introduction

This business plan covers the period from April 2016 to March 2017. It sets out the work we will undertake to progress Companies House towards its strategic goals. Our key overarching goals are:

- **Becoming a 100% digital organisation**
- **Providing transparency in business through open data and improved data integrity**
- **Reducing burdens on business through deregulation, service improvements and efficiency**

We have already taken significant steps towards each of these goals.

Summary

This year our main focus will be on driving forward our digital enablement programme and implementing the major changes of the Small Business Enterprise and Employment Act (SBEE). By the end of the year it will be possible to complete 96% of all transactions digitally, reducing the need for companies to file paper documents with us. We recognize that moving to digital filing is a step change for many customers. However, the benefits to customers in digitization are great. Through better communication of our services, complete digital enablement and customer support we will be aiming for 85% take up on our digital services.

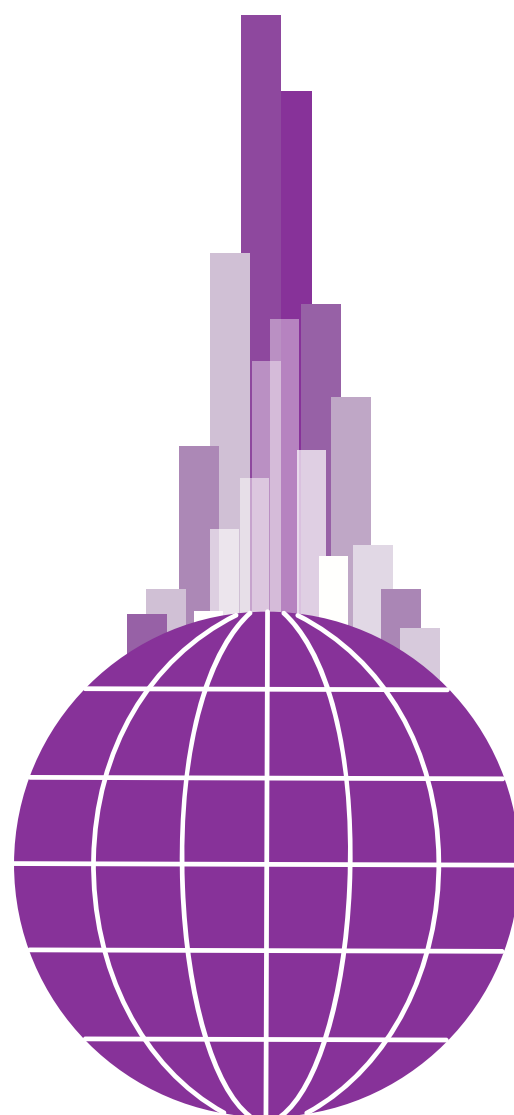
In 2016 we will be implementing the SBEE Act. This will see the UK being the first to provide a public register of People with Significant Control (PSC). As part of this implementation we will also simply provide some significant improvements to businesses. For the first time customers will be able to confirm their record is up to date at any point during the year, rather than having to file an annual report on a set date. We will also be working closely with HMRC to offer a Streamlined Customer Registration Service, allowing businesses to incorporate and register for tax purposes in a single customer journey.

Companies House supports the economy by making available essential company data for corporate transparency. We will be focused this year on ensuring that we are managing data to the highest possible standards. Last year we launched Companies House Service (CHS). This provided free access to the register online for inspection by all. The feedback has been overwhelmingly positive. We will be continuing to improve CHS, responding to customer feedback and identifying ways to link Companies House data to that of other parts of government. We also recognise that some customers are concerned about the availability of the data in a digital age, while recognising that increased transparency is a requirement in return for limited liability.

The UK is often seen as leading the way in the development of good corporate governance. The introduction of the PSC register is a world first, and many countries are keen to follow our lead. In May 2016, the UK will host the first ever joint conference of the Corporate Registers Forum (CRF) and the European Commerce Registers' Forum (ECRF).

Providing high quality services with maximum efficiency is at the centre of our business operations. In the coming year we will be aiming for a 3.5% reduction in the average cost of running the register per company. To support our aims in these areas we will also retain our continued efforts to improve performance, this year we will be focusing making sure our people have stretching objectives and are given clear feedback to support continuous improvement. The steady increase in digital take up is a significant part of our drive for increasing efficiency, and more enablement and customer engagement will be a focus in 2016/17.

As an organization we will continue to focus on improved customer service. We have a wide range of customers, from very small limited companies to the largest FTSE100 companies. There are filing customers who need to interact with us regularly, to file documents and comply with legal obligations and search customers who value the openness of the register and use this to make informed business decisions. It is essential that we deliver excellent, efficient services and the lowest cost possible, for all our customers.



Our corporate targets

To achieve an 85% digital take up of our services

To e-enable 96% by volume of all Companies House transactions

To maintain an availability of our digital services of 99.9%

To reach a compliance level for the filing of accounts of at least 94.5%

To achieve a 3.5% reduction in average cost per company

To achieve a customer satisfaction score of at least 82%

Becoming a 100% digital organization

In June 2015 we launched our Companies House Service (CHS), providing free access to the Register. This service will replace our older services WebCheck and Companies House Direct (CHD) and will ultimately also provide a full filing service for customers. These older services were paid for and less accessible to the wider public. Opening up the Register to free online inspection supports the government's priority to create greater transparency across the business world. It enables people to have confidence in a business they are dealing with, allowing them to view accounts, check compliance and see the details of who runs a company, before deciding whether they wish to do business with them. The CHS service is now experiencing around 8 million data requests per day, and achieves a customer satisfaction score of over 90%.

The first quarter of 2016-17 will see the completion of key search functionality on the new CHS service, with the addition of overseas company data and enhanced company and officer search features. This will build on the disqualified officer information and company monitor functionality introduced at the end of 2015-16. This will allow us to discontinue the legacy WebCheck service which has already seen more than 80% of its traffic switch to CHS. We will work closely with any remaining customers to ensure a smooth transition to the new service. Adding the final elements of search functionality to CHS will ultimately allow us to close CHD, again we will be working closely with our customers to provide a smooth transition. As a further improvement to our services we will develop a streaming API. This will allow customers to tap into a continuous real time data stream of information from the register. This means they will be able to take a complete copy of the register and receive a regular stream of updates of any changes.

CHS allows our search customers to deal with us entirely digitally. It is essential to our strategy that filing companies are also able to interact with us in the same way. In particular, our strategic goals around improved efficiency and greater integrity rely on our ability to achieve maximum levels of digital take-up of our filing services. To that end we will increase the filings that are enabled for digital submission and invest in efforts to engage and support customers making the transition from paper to digital, as services become available.

In January 2016 we launched our first fully digital service to receive reports of payments made to governments by large companies in the extractives industries. We will start the year having completed the development of software filing of accounts in accordance with new accounting standards and regulations, which software providers are keen to include in their products. This, combined with accounts developments on CHS during 2016-17, will give us a comprehensive platform of digital accounts services from which to launch a more concerted drive among accounting firms and be in a position to plan and signal our intention to withdraw paper filing at the appropriate time.

We will continue to drive take up levels of our e-enabled services, to improve efficiency to customers as well as reducing errors and improving the quality of data. In the coming year we will be aiming to achieve an 85% digital take up of our services.



FREE

Providing transparency in business through open data

However, although over 90% of our transactions by volume are digitally enabled not all of our systems have been enabled for digital use. Some customers are still required to file on paper, in fact we currently have 300 forms which can only be filed on paper. In the coming year we will e-enable many of those transactions which are currently paper based. By the end of this year we will have digitally enabled 96% of all Companies House transactions. This will lead to greater efficiency, quicker customer service and a reduction in error rates. It will also be the first steps towards extending the CHS service to be a more complete filing service rather than a search service.

For all our services availability is of great importance to customers. Customers today expect online services to be available 24/7. We therefore have a target of 99.9% availability of our services.

Transparency

One of the key goals of this government is to create increased levels of transparency around businesses. In 2015 we began the process of abolishing bearer shares. This process will finish with the conversion of all bearer shares to registered shares, with the bearers name entered into the register of members, meaning shares can no longer be held anonymously. This process should be completed by June 2016.

One element of transparency is ensuring that companies comply with their obligation to file information with Companies House. The accounts of a company are an important document that many customers wish to see to properly understand the financial position of a company with which they may choose to do business. We have therefore set a target of ensuring a 94.5% compliance level for the filing of accounts on time.

It is important that people can see who owns, and controls, companies with which they are dealing. The Companies Register has always been based on the assumption that the directors run the companies and therefore these are the people who must be named. However, it is also well understood that the beneficial owners of companies are different to the legal owners or directors of companies.

In June 2016 we will launch the first public register of People with Significant Control (PSC). This will help to improve transparency about the ownership and control of UK companies, and will improve perceptions of the UK as a good place to do business. This is an area where the UK is leading the way and the implementation of the PSC register, anticipates a requirement in the 4th EU Money Laundering Directive. We are working towards full implementation in June 2017 of other aspects of this Directive.

Data protection

The Register is intended to be an open source of information, made available to any member of the public. This is an important part of the transparent approach the UK takes towards business. However, the Register contains some personal data, including residential addresses and dates of birth. With an increasing focus on data protection, it is important that we have the right balance between protection and transparency. In October 2015, we introduced the partial suppression of the date of birth, by removing from the public record the day of birth. This gives a greater degree of security to company directors, without having a significant effect on the transparency of the register. Customers are still required to provide their full date of birth to the registrar, but this is not made available to the wider public.

In the digital age, where information is widely available over the internet, a number of customers have raised concerns regarding the amount of data that is made publicly available. The Registrar is legally required to make the register publicly available, and has very limited powers to restrict or remove data. However, we recognize that the position regarding long dissolved companies may warrant reconsidering. Currently, Companies House has an agreement to transfer records to the National Archives once a company has been dissolved for 20 years. Only at this point is the Registrar able to remove data from the register. In 2016 we will be talking to customers about our policy in this area, and whether the 20 year rule remains fit for purpose in the modern age. We will complete our work in this area and agree an amended policy with the National Archive by October 2016.

Another specific area that has generated a number of queries is that of historical addresses of registered offices. In some cases a company may have had a registered office which was the residential address of an individual director. The registered office must be placed on the public register and, even if this registered office is changed at some future time, the original address will remain a part of the register. The Registrar currently has very limited powers to remove addresses of registered offices once they have been placed on the register. In the coming year, we will explore whether more could be done to give the Registrar wider powers to remove, in limited circumstances, historical details of a registered office when this is in fact a residential address.

Integrity and data quality

We are committed to making data open and free. As we move towards an increasingly digital organization the availability of our data will improve, as will the integrity and quality of the register, through increased opportunities to view and comment upon it. We are already seeing increased commentary on the register, and its use has grown significantly since the introduction of CHS. In the coming year we will implement a change to CHS that will give customers the digital facility to tell us when they believe that there is something inaccurate or incorrect about data on the register. This will take the form of a “report it now” button on CHS. This improvement to our services will benefit customers with an easy and efficient method of reporting inaccurate or incorrect data. It will also improve the quality of data held on the register, as we will be able to advise customers to correct their record or take compliance action if necessary.

The quality of the register relies on its information being up to date, which in turn relies on compliance of companies with the law. We will implement changes to our Web Filing system to identify officer changes that are filed late. This will introduce nudge techniques to inform filing customers of the consequences of filing this important data set on time. This change is designed to improve current poor levels of compliance for the 1.6 million officer changes every year. In a similar area we will be working closely with government and law enforcement to improve the reporting of director disqualifications, thereby increasing compliance levels for the Disqualified Directors Register, protecting the public from, and acting as a deterrent to, poor corporate conduct.

In April 2016, Companies House will introduce two new procedures brought in through the SBEE Act, which will improve the integrity of the information on the register, and help those involved in disputes with companies. The first is a new process to help when a company is using an address for its registered office without permission. Where a complaint is received Companies House will seek evidence of authorisation, and if the registrar is satisfied that the company is not entitled to use an address, he will have the power to change the Registered Office address to a default, Companies House address. Second, Companies House will introduce a new measure to provide a simpler way to get falsely appointed directors' details removed from the register. If a company cannot prove that an individual consented to act in their appointment, then the individual can apply to have the notification of their appointment removed from the register.

Reducing burdens through deregulation, service improvement and efficiency

Reducing burdens


The reduction of burdens on business is a key goal for the government, as part of its aims to make the UK an excellent place to do businesses. Companies House continually aims to make the process of incorporation and maintenance of register details as simple as possible for businesses. Our continuous drive to make our systems more efficient ensures that we are able to keep transaction costs for business as low as possible.

In the coming year we will introduce a number of measures under the SBEE Act which will create greater efficiency for businesses. One of the biggest changes for our customers will be the introduction of the Confirmation Statement. This will replace the current annual return. Instead of having to annually file their company details, customers will now be able to view online their company register and confirm that the information is up to date, or make any necessary changes. Companies can confirm their record at any time during the year, so may choose to do so at the point where they need to make amendments to their information. This represents a significant reduction in the burden on individual businesses and should result in more up to date information being kept on the register. Alongside this we will be introducing the option of allowing companies to keep certain information on the public register on the register at Companies House, rather than having to hold their own registers at an elected address.

The SBEE Act also introduces a simplification to Statement of Capital filing requirements, which Companies House will implement in June. The changes remove the requirement to show the amount paid or unpaid on each share, instead allowing companies to show the aggregate amount unpaid on the total number of shares. As well as being a much simpler filing for companies, this figure is more useful for shareholders and creditors as it shows the amount still due to the company.

We will also be working with other government departments to provide a unified customer journey, to reduce the burden of setting up and registering with government for new companies, so that registration will be in one place and data need only be provided once. In the past year we launched, together with HMRC, Combined Accounts and Tax Online filing (CATO) which allows the smallest limited companies to complete their accounts and corporation tax calculations online and fulfil their filing requirements with Companies House and HMRC in a single transaction.

Continuing our close working relationship with HMRC in the coming year, we will design and develop SCRS, which will be in close alignment with the Government's Digital Service processes. The new service will allow customers to incorporate their company at Companies House and register for tax with HMRC in one transaction via a single online service. This is another area where our move towards greater digital interaction will allow customers to complete several transactions quickly and efficiently. Over the course of the year, we will be continuing our joint working with the Charity Commission to develop a method, involving iXBRL, of helping charitable companies to fulfil their obligations to file accounts with both Companies House and the Charity Commission. Further to this, we are working closely with the Charities Commission on the implementation of the facility for charitable companies to convert to Charitable Incorporated Organisations (CIO).



In 2015/16 we achieved a 10% reduction in the average cost per company on the register, following an 8% saving in the previous year. 2016/17 will see higher workloads, a slowdown in the growth of digital take-up and revised headcount requirements. The introduction of the SBEE measures has created numerous new options for customers, and we anticipate this generating an additional 1.2 million transactions a year. We are, however, planning a small decrease in overall staff numbers over the course of the year. We will retain our focus on improving efficiency and reducing costs to business, with a target of a 3.5% reduction in average costs of running the register per company.

Beyond the UK

The UK is seen by many as leading the way in developing a framework for strong corporate governance and tackling corruption within the business world.

In May 2016, Companies House will host the first joint Conference of CRF and ECRF, which will be held in Cardiff. The Conference will be attended by about 300 delegates from all round the globe. The five day conference will cover a wide range of topics with expert speakers from around the world. There will be panel debates on key challenges such as anti-corruption, beneficial ownership and data integrity. There will also be opportunities for sharing best practice, and to discuss the latest advancements in company registration and the vital economic role played by the data business registers hold.

In the coming year we will continue work on the Interconnection Directive. Its requirements for communication across the Business Registers Information System, and for data on companies regulated by the First Company Law Directive, will be implemented in June 2017. Falling out from this, we will work for the joining of the European Business Register and the European Commerce Registers Forum, so that business registers across Europe can speak with one voice. Further afield, we will continue to lend our expertise to work the United Nations Commission on International Trade Law (UNCITRAL) is doing to develop a model law on company registration and regulation.

Our people

We have an ambitious programme of work planned for the coming year, much of which will require us to work in different ways or to introduce entirely new products and services. We cannot achieve this without investing in our people. In the coming year we will be focused on building high engagement levels, developing the skills of our staff and managing performance levels effectively.

Engagement

We continue to pride ourselves on the high level of staff engagement that we achieve, in difficult economic times. We will build on progress we have made in delivering the priorities outlined in our People Strategy and Culture Change Programme. We plan to retain positive aspects of our existing culture, while continuing to focus on areas such as flexibility, change management, constructive challenge and professional behaviours. New Values, developed by staff will reinforce the changes required; these Values will underpin all our work during 2016/17, particularly in terms of how we will interact with our customers and colleagues. Alongside this, our management of attendance will continue to improve with a new emphasis on the health and well-being of all our staff.

Structure

In 2015/16, as part of the Government initiative to employ apprentices, we took on 22 apprentices. In the coming year we will be working to ensure they are successfully integrated into our business, they gain relevant qualifications and contribute to our culture change journey. Our graduate programme will also be firmly embedded into the organization with the eight graduates on our current scheme rotating through a variety of roles and regular evaluation taking place.

Following the implementation of the SBEE Act, we will review our organisational structure to ensure it is fit for purpose, and consider whether we have the appropriate roles and skills profile to enable us to deliver a challenging agenda of change and be a leading digital register. We will consider whether there is a need for a targeted exit scheme to support any restructuring proposals. Recognising that this can be a challenging and unsettling time for staff, we will also launch a management development programme, which will ensure that leaders will have the skills to motivate, develop and lead their teams through change.

Performance management

Performance management is critical to getting the most from our people. There will be a clear focus on ensuring our people have meaningful stretching objectives supported by robust standard setting. This will be delivered through more active management of staff subject to performance plans, with training for managers to support them. Where we identify under performance due to skills gaps we will act quickly to fill these. By June 2016 we will complete a digital skills audit to assess capability of all staff and identify gaps, with a view to completing an assessment on the impact a reduction in our skills gap has on productivity and efficiency. This will also be supported by the introduction of an online evaluation tool to measure effectiveness of training from organisational and individual perspectives.

Our customers

Throughout everything we are focused on offering the very best services to our customers, whether search customers or filing customers. We recognize that the coming year will present our customers with a significant number of changes. The SBEE Act will put additional requirements on customers to provide information they have not previously had to collect in relation to the PSC regime and the move from the familiar annual return process to the new process of filing confirmation statements changes the manner in which our customers interact with us.

Based on previous experience of the implementing the 2006 Companies Act, we recognize that such a large change may well impact on the satisfaction our customers feel, and is likely to result in a drop in satisfaction levels. Throughout this process we will be providing customers with clear guidance to assist them in complying with their new obligations. Our front line service staff have received extensive training to enable them to provide customer support and we are confident that we can manage this change well. We have therefore set ourselves a challenging target of achieving an 82% customer satisfaction rating across the coming year.

Financial performance

As shown in the table on the next page, our total income in 2016/17 is forecast to be almost the same as that of the previous year, at close to £66 million. Although some fees are reducing and free data means that search income continues to fall, this is offset by the continued growth in the number of companies. Our expenditure on core processing and related activities will stay broadly the same, despite the increase in the number of companies and therefore the number of transactions processed. There is, however, significant new activity including additional measures in the Act, a new apprenticeship scheme and new cloud and other IT services.

We will continue to invest in new and improved digital services at the same level as 2015/16. Throughout the coming year we will also be covering the costs of a number of one off activities, including the digitization of old records stored on film which are currently degrading and the costs associated with a major ongoing legal case.

We will also be covering the costs of our new digital platform during its transition period from being a purely search service to a full filing and search service. As a result, on planned activity, a deficit is forecast; this will be covered by our reserves, which have accumulated over recent years due to unplanned surpluses. As these costs are either one off expenditure or short term transitional costs we do not anticipate these activities leading to a deficit in future years.

Forecasts at Jan 2016

Companies House Finance Budget 2016/2017 Business Plan

Income statement (all figures in £000's)

Income	2015/16	2016/17
Registration	53,133	55,733
Search	6,518	3,574
Other	1,540	1,388
Late Filing Penalty service	4,500	5,200
Total Income	65,691	65,895
Expenditure		
Core activity		
Staff	25,386	25,847
Overheads	21,604	21,003
Total	46,990	46,850
New Activity	1,325	4,387
Development/Change	3,481	3,570
Total expenditure	51,796	54,807
Gross surplus/(deficit)	13,895	11,088
Depreciation	7,628	8,168
Interest	(157)	(150)
Dividend	3,825	3,791
Net surplus/(deficit)	2,599	(721)
Exceptional costs	2,525	2,061
Retained surplus / (deficit)	74	(2,782)