

FRAMEWORK DOCUMENT

Foreword

I am delighted to introduce this revised Framework Document for Companies House. Companies House was only the second Executive Agency to be established, in 1988, and it has continued to evolve since then. Customer-facing Agencies are at the forefront of modernising public services and should be at the leading edge of technological change in Government.

The Framework Document sets out the relationship between BIS Ministers, the Department, and Companies House as a partner organisation in achieving the Department's objectives. Trading Funds like Companies House have an important part to play in delivering Government services efficiently and effectively, benefiting both companies and customers who search for company information. All Agencies are required to show improved effectiveness, efficiency and quality and Companies House has a strong track record in doing so. This demands strong visionary management, committed staff, stretching but achievable targets and Ministerial support where necessary. I have every confidence that Companies House will continue to rise to these challenges and that this process of change and improvement will continue.

I wish Companies House every success for the future.



Minister for Business and Regulatory Reform

8th December 2009

1. Introduction

1.1.1 Companies House became an Executive Agency of the then Department of Trade and Industry, now the Department for Business, Innovation and Skills (“the Department”) on 3 October 1988 and was granted Trading Fund status on 1 October 1991. This document sets out the framework of policy and accountability within which Companies House operates.

1.2 The Registry for England and Wales is based in Cardiff with an Information Centre also in London. The Registry for Scotland is situated in Edinburgh and the Registry for Northern Ireland is situated in Belfast Companies House employs 1064.25¹ full time equivalent staff. Its annual expenditure is approximately £67.1m²

1.3 The Companies House website is www.companieshouse.gov.uk

1.4 [In this document any references to he/him shall be taken to include she/her as appropriate.]

2. Role of Companies House

2.1 The business of Companies House is the registration and provision of company information. This involves:

- the incorporation and re-registration of new companies and changes of company name;
- the dissolution of companies and striking off the register of defunct companies;
- ensuring that companies comply with the statutory information disclosure requirements of the Companies Acts and any other relevant legislation;
- registering and retaining company information; and
- making the information available for public inspection and use.

3. Companies House Vision

Companies House vision is to be a world class information exchange: accessible, easy to use and trusted.

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¹ 31 March 2009

² Financial Year 2008/09

4 Companies House Strategic Direction

4.1 The mission for Companies House is to be at the heart of company information in the UK, recording the life events of companies for all to see.”

The key elements of the strategy revolve around:

- Creating excellent customer experiences
- Providing trusted information
- Developing capability
- Developing capacity.

4.2 Companies House’s strategic direction contributes to the achievement of the Department’s strategic objective to deliver free and fair markets, giving greater competition, for businesses, consumers and employees.

4.3 It also supports the Department’s Public Service Agreement PSA 6: Deliver the Conditions for Business Success in the UK.

4.4 Companies House has the right to be consulted by the Department on both its own targets and any relevant PSA targets prior to Ministerial approval.

5. Performance Targets

5.1 Companies House’s overall performance is measured against a number of key performance targets that are reviewed and set annually by the Minister in the context of approval of the annual business plan (see Section 8) and following a recommendation from the Chief Executive and Steering Board. The targets are announced by means of a Written Ministerial Statement. Performance against them is reported in the Companies House Annual Report and Accounts and in The Departmental Report.

5.2 The targets currently cover the following areas:

Customer to provide high quality services, (for example, to resolve complaints within a specific time, to achieve a specified level of customer satisfaction, to maintain a specified level of systems availability and to achieve a specified level of compliance);

People to achieve excellent levels of staff satisfaction and attendance, and realise environmental targets;

Process to run processes to specified quality and time targets;

Finance to deliver against specific financial and efficiency targets and achieve the required 3.5% average rate of return for the Treasury.

6. Accountability

The Secretary of State

6.1 The Secretary of State for Business, Innovation and Skills determines the policy framework within which Companies House operates but is not involved in its day-to-day management. He agrees the strategic objectives and sets the key financial and performance targets for Companies House and approves the Strategic Direction and the annual Business Plan (see Section 8).

The Responsible Minister

6.2 The Secretary of State may delegate to the responsible Minister approval of the Strategic Direction and Business Plan and agreement and monitoring of the key financial and performance targets. The Chief Executive and other members of the senior management team and the Steering Board shall meet the responsible Minister once a year to agree the targets and discuss performance, risks and such other issues as might be appropriate at the time. The Chief Executive has the right of direct access to the Minister.

Departmental Sponsorship

6.3 Departmental sponsorship for Companies House is undertaken by the Director General of Fair Markets Group. The sponsor is the key link between Companies House and the Department ensuring that both the Department and Companies House have a clear understanding of each other's objectives and methods of working. The role of the sponsor is to:

- advise Ministers on the strategic direction of Companies House in the context of wider Departmental or cross-governmental objectives;
- agree a framework for strategic performance management;
- advise Ministers on their response to strategic performance information;
- advise the Chief Executive on steering Companies House activities to ensure that they most effectively support the delivery of the relevant Departmental objectives;
- ensure that Companies House has the delegations and authorities necessary for effective delivery and continuous improvement;
- assist the Chief Executive to work through the implications of any recommendations emerging from business process reviews that affect Companies House.

6.4 These functions are, in the main, fulfilled through the Departmental sponsor's membership of the Steering Board (see Section 7 and Annex C).

The Chief Executive

6.5 The Chief Executive is appointed by the Secretary of State for a fixed period, normally by open competition. His/her initial salary is determined on appointment and subsequently in accordance with the recommendations of the Senior Salaries Review Body. The Chief Executive is responsible for the day-to-day management of Companies House and is directly accountable to the Secretary of State/responsible Minister and the Permanent Secretary as the Principal Accounting Officer for the efficient running, financial management, overall performance and strategic planning for Companies House. The Chief Executive is the Registrar of Companies for England and Wales. There are separate Registrars for Scotland and Northern Ireland, who are accountable to the Chief Executive of Companies House and appointed by the Chief Executive in common with all other staff outside the Senior Civil Service under powers delegated from the Secretary of State.

Accounting Officers

6.6 The Chief Executive is the Accounting Officer for Companies House. His responsibilities in this respect, including responsibility for the propriety and regularity of the public finance for which he is accountable and the keeping of proper records, are set out in the "Accounting Officer's Memorandum" issued by HM Treasury. This is published in "Managing Public Money"³, and in the publication "Regularity, Propriety and Value for Money"⁴ (HM Treasury, July 1997). The Chief Executive's financial powers are delegated to him by the Department's Head of Finance through a formal delegation letter as updated from time to time.

6.7 The Permanent Secretary of the Department for Business, Innovation and Skills is the Principal Accounting Officer and is responsible for ensuring that there is a high standard of financial management across the whole Department. As such, he retains the right to monitor:

- the Chief Executive's use of the resources allocated to him;
- compliance with legal requirements; and
- conformity with agreed departmental policies.

He will not otherwise become involved in the day-to-day management of Companies House.

Parliamentary Accountability

6.8 The Secretary of State is accountable to Parliament on all matters relating to Companies House.

³ HM Treasury 1 October 2007

⁴ HM Treasury 11 November 2004

- 6.9 Ministers will encourage Members of Parliament (including the European Parliament) and Assembly Members for the Welsh Assembly Government, to write directly to the Chief Executive on those operational matters for which he is responsible, but Members are entitled to raise with Ministers policy issues and issues arising from any reply they may have received from the Chief Executive on operational matters. The Chief Executive will refer to Ministers without delay any matter on which it is proper for a Minister to provide the initial reply.
- 6.10 The Registrar of Companies for Scotland will normally reply to letters from Members of the Scottish Parliament, and the Registrar of Companies for Northern Ireland will normally reply to letters from Members of the Northern Ireland Assembly, though the Chief Executive may occasionally do so on matters of operational or general importance to Companies House.
- 6.11 The Chief Executive will provide Ministers with any information needed to answer Parliamentary Questions (PQs) or deal with other Parliamentary business. Ministers will decide the appropriate way to respond to PQs about Companies House and will normally ask the Chief Executive to write to a Member of Parliament who asks a question about any matter delegated to Companies House. Such letters will be published in Hansard.
- 6.12 The activities of Companies House fall within the jurisdiction of the Parliamentary Commissioner for Administration.

The Committee for Public Accounts and Select Committees

- 6.13 The Chief Executive may be summoned to appear before the Public Accounts Committee (PAC) to give evidence on the discharge of those responsibilities that have been delegated to him. The PAC may decide to take evidence both from the Chief Executive and the Principal Accounting Officer on their respective responsibilities for Companies House.
- 6.14 At Select Committee hearings Ministers will normally ask the Chief Executive to represent or accompany them if the Committee is concerned with the day-to-day operations of Companies House.

Devolved Administrations

- 6.15 Companies House will comply with the requirements of the Memorandum of Understanding and overarching Concordats between the Government and the devolved administrations (as published in Command Paper Cm 4444 and subsequent revisions).

Other Central Government Departments and Initiatives

6.16 Companies House will respond constructively to relevant initiatives from elsewhere in Central Government. These may include, for example, working with others to ensure “joined-up” and electronic delivery of services, supporting the diversity agenda and the agenda for better regulation and cultural change within the Civil Service.

Customers

6.17 Companies House has a responsibility to all its customers and endeavours to provide them with high quality services, which represent value for money and are courteously and efficiently delivered. In March 2009 Companies House was accredited to the Information Fair Trader Scheme (IFTS), a scheme run by the Office of Public Sector Information (OPSI) and which is ruled by the principles of openness, fairness and transparency. Companies House retained its Charter Mark Award in July 2009 and will be seeking accreditation to the new Customer Service Excellence Standard in 2010.

6.18 Companies House holds a number of Focus Groups at locations across the country. The meetings give customers the opportunity to raise any issues or concerns they may have regarding the quality of information and service provided by Companies House, providing necessary feedback to develop and improve services.

6.19 As part of its formal complaints and appeals procedures, Companies House has appointed independent Adjudicators. Customers can refer their appeals or complaints to the Adjudicator if they feel that an issue has not been satisfactorily resolved through the normal administrative channels, which finish with a response from the Chief Executive or any of the senior management team to whom the task is delegated. The complaints and appeals procedures can be found on the Companies House website at www.companieshouse.gov.uk or can be obtained from:

Companies House
Crown Way
Cardiff CF14 3UZ
Tel: 0303 1234 500

7. The Steering Board

7.1 The membership of the Companies House Steering Board is made up of:

- an independent Chair, appointed with the agreement of the Secretary of State;
- at least three further independent members appointed to bring experience of private sector practice to bear on the operation and strategy of Companies House and to provide challenge. Members are

appointed in line with the best practice guidance issued by the Office of the Commissioner for Public Appointments;

- the Director General of Fair Markets Group or representative
- the Chief Executive and Directors of Companies House
- Director of Corporate Law and Governance, BIS

7.2 The Board normally meets at least four times a year.

7.3 The Steering Board is advisory and has no executive functions. Its role and full Terms of Reference are attached at Appendix B

8 Business and Corporate Planning Framework

8.1 The Chief Executive is required to prepare a three year corporate plan which sets the strategic objectives for Companies House over the plan period and the programme of work and priorities, including specific work objectives and milestones, to achieve the strategic objectives. Companies House does this through its Strategic Direction and the annual Business Plan which is reviewed each year by the Companies House Steering Board before submission to the responsible Minister and the Secretary of State for approval.

8.2 The Department will assist Companies House in its planning process by providing information about likely policy developments or other changes that could impact on Companies House.

8.3 The annual planning cycle culminates each year with the Business Plan being presented to Ministers in March to enable the targets to be laid before Parliament before the beginning of the new financial year.

8.4 The current Strategic Direction and Business Plan can be found on the Companies House website at www.companieshouse.gov.uk or can be obtained from the address in paragraph 6.19.

9 Reporting

9.1 The Chief Executive is required to produce an Annual Report and Accounts each year. These should be produced as a single document and be prepared in accordance the Government Financial Reporting Manual and HM Treasury's annual Trading Funds Accounts Guidance.

9.2 The Annual Report and Accounts must contain:

- details of performance against targets for the year;
- details of progress towards the strategic objectives;

- a summary of activities during the year;
- a forward look for the coming year; and
- financial information.

9.3 The current Annual Report and Accounts can be found on the Companies House website or can be obtained from the address at paragraph 6.19.

10. **Accounts and Audit**

10.1 The Chief Executive, as the Accounting Officer, shall produce and sign audited annual accounts (see also Section 9). As a Trading Fund, Companies House prepares the accounts in accordance with the requirements of HM Treasury's Accounts Direction to Trading Funds which is issued annually and requires the accounts to be prepared in compliance with the accounting principles and disclosure requirements of the Government Financial Reporting Manual.

10.2 The annual accounts are subject to external audit by the Comptroller and Auditor General who is required to give an audit opinion as part of his Certificate and Report on Companies House to Parliament.

10.3 The audited Annual Report and Accounts shall be laid before both Houses of Parliament, by the Comptroller and Auditor General, before the start of the summer recess after the financial year end.

Internal Audit

10.4 The Chief Executive is responsible for ensuring that internal audit services are in place to ensure the proper conduct of Companies House affairs and to allow him to discharge his responsibilities as Accounting Officer. Internal Audit will operate in accordance with the objectives and standards laid down in the Government Internal Audit Manual.

10.5 The Department's Internal Audit Service has a right of access to Companies House, after consultation with the Chief Executive and the Chair of the Audit Committee, to perform any work necessary to provide independent assurance to the Principal Accounting Officer as to the quality and integrity of Companies House internal audit process. The cost of such examinations is borne by the Department.

The Audit Committee

10.6 The Audit Committee is a sub-committee of the Steering Board established to advise the Accounting Officer and the Steering Board on internal control and risk management. The Audit Committee is chaired by an independent member of the Steering Board. It has no executive powers. Its terms of reference are at Appendix C.

11 **Risk Management**

- 11.1 The Chief Executive is required to develop and maintain a sound system of internal control that supports the achievement of Companies House policies, aims and objectives. Included are procedures for identifying and prioritising the principal risks faced by Companies House as a whole – these involve the drawing up and maintenance of comprehensive risk registers, their monitoring and review. These are reviewed by the Audit Committee at each meeting.

12 Financial Framework

- 12.1 Companies House operates as a Trading Fund under the powers established in the Government Trading Funds Act 1973, as amended by the Government Trading Act 1990.
- 12.2 Companies House has a statutory duty to break even taking one year with another. In addition, the Secretary of State, with HM Treasury concurrence, sets Companies House a financial objective to achieve, taking one year with another, a 3.5% average rate of return based on the operating surplus expressed as a percentage of average net assets.
- 12.3 As a Trading Fund Companies House is off-Vote. Its transactions with the Department are largely restricted to the payment of an annual dividend and repayment of principal and interest on loans from the Department as set down in pre-agreed schedules. The minimum level of the dividend is equivalent to 3.5% of net assets employed over the year less interest payments. The actual amount payable each year is agreed with the Department prior to audit of the accounts and taking account of cash reserves held by Companies House.
- 12.4 Companies House shall provide such information on its financial position as the Department may from time to time request.

13 Commercial Policy

- 13.1 Companies House obtains income almost entirely from activities where a fee is payable in accordance with statute. As required by HM Treasury, the level of income received from fees and charges is intended, in each case, to cover the full costs of the services being provided. These costs are specified by applicable Orders under Section 102 of the Finance (No2) Act 1987. Fees and charges are calculated in accordance with the HM Treasury Fees and Charges Guide. Companies House seeks approval from Parliament and HM Treasury as necessary for changes to fees and charges. Companies House administers a Late Filing Penalty Scheme on behalf of the Secretary of State which is paid into the consolidated fund (the money actually being paid over by BIS). Companies House receives the cost of administering the scheme from BIS's budget.

14. Management of Resources

Staff – Conditions of Service

14.1 Companies House staff are civil servants within the Department of Business, Innovation and Skills and are employed subject to the Civil Service Management Code and in accordance with rules and guidance issued by the Cabinet Office, the Office of the Civil Service Commissioners and HM Treasury covering the Civil Service as a whole. Companies House has delegated authority on pay and personnel issues, and complies, where determined, with relevant national or departmental agreements affecting the terms and conditions on which staff are employed. Companies House also has delegated authority to operate the Department's age retirement policies including the authorisation of early retirements and reemployment of staff after retirement. This is subject to i) clearing, where applicable, with the Department that the necessary funds are available, ii) obtaining any necessary Treasury consents [DAO (GEN)04/02] and iii) acting within the framework of the Departmental Redundancy Agreement.

Personnel Policies and Procedures

- 14.2 The Chief Executive determines the management structure and organisation of Companies House including staffing levels. He has responsibility for all aspects of human resource management of Companies House staff (excluding members of the Senior Civil Service – see paragraph 14.7) subject to HM Treasury and Cabinet Office rules. Personnel functions delegated to the Chief Executive are set out at Appendix D.
- 14.3 Companies House staff are eligible to apply for advertised posts elsewhere in the Department, other agencies and the wider Civil Service, and similarly certain advertised posts occurring within Companies House are open to application from suitably qualified staff from other parts of the Department, other agencies or the wider Civil Service.
- 14.4 The Chief Executive is responsible for establishing a training and development strategy to ensure that staff acquire and maintain the skills and competencies needed to realise their potential, to carry out operations efficiently and to achieve published standards of service.
- 14.5 Companies House is an equal opportunities employer and is committed to policies on valuing diversity, health and safety and staff welfare consistent with those of the Department.
- 14.6 Good staff relations are essential to the success of Companies House and the Chief Executive is responsible for ensuring that staff and their trade union representatives are kept informed and consulted where appropriate about matters that affect their terms and conditions of employment.

Senior Civil Service

14.7 Members of the Senior Civil Service within Companies House will have the status, pay, and other conditions of service that are common to the Senior Civil Service. Issues affecting posts within the Senior Civil Service must be approved by the Permanent Secretary.

15. Other Delegated Responsibilities of the Chief Executive

15.1 Companies House acquires all necessary support services on the basis of best value for money. Before establishing new corporate support services, Companies House will seek to take advantage of existing common Departmental support services giving due regard to the specific needs of the business including timeliness, quality and value for money. Where there is to be any significant investment or contractual commitment to corporate support services, Companies House will enter into consultative dialogue with the appropriate BIS central services function. The Chief Executive has delegated authority for:

- the development, operation and procurement of information technology systems. As part of this Companies House will abide by the agreement with the Department on information sharing on e-services development;
- compliance with the provisions of the Data Protection Act 1998 and the Freedom of Information Act 2000 in respect of all relevant data held by Companies House;
- consultation with staff and Trade Unions as part of ensuring good staff relations. Companies House will continue to operate in accordance with the Whitley arrangements and the Chief Executive will chair an Agency Whitley Committee. Issues not resolved may be pursued within the usual procedure through the Departmental Whitley Council;
- compliance with the requirements of the Public Records Act 1958 and 1967 in respect of records management by Companies House;
- management of Companies House occupied buildings;
- health, safety, security, fire, welfare, environment and first aid matters including the discharge of duties under the Health and Safety at Work Act 1974, all fire associated regulations and any Notices issues by the Health and Safety Executive;
- procurement issues for Companies House relating to both goods and services on the basis of obtaining the best overall value for money. Except as otherwise agreed, individual services may be provided in-house, commissioned from the Department or another agency on a repayment basis, or contracted out.

16. Organisational Reviews of Companies House

- 16.1 Companies House was previously subject to five-yearly, independent reviews of its status, operations and performance. The last quinquennial review of Companies House took place in 2000. The final report is available on the Department's website (www.bis.gov.uk).
- 16.2 As recommended in the Agency Policy Review, which reported in July 2002, quinquennial reviews of individual organisations have been replaced by end-to-end reviews of the effectiveness of the business processes involved in achieving specific departmental outcomes. Any review of Companies House's own high-level objectives, structures and processes will therefore be integrated into these wider ranging departmental reviews, the nature and timing of which will be decided in the context of the Department's business planning process.

17. Review and Amendment of Framework Document

Review

- 17.1 This Framework Document is effective from 1 October 2009. It will be reviewed by the Department and Companies House, in consultation with HM Treasury and the Departmental or Local Trade Union Side, no sooner than October 2010.

Amendment

- 17.2 The Secretary of State and the Chief Executive may agree at any time to amend the Framework Document in consultation with the Departmental or Local Trade Union Side and with the agreement of HM Treasury as appropriate. Minor amendments to keep the Framework Document up-to-date that do not require such formal approval will be made by Companies House in consultation with the Department or Local Trade Union Side as the need arises.

Publication

- 17.3 Copies of the Framework Document and subsequent revisions will be placed in the libraries of both Houses of Parliament.
- 17.4 Additional copies of this Framework Document can be obtained from Companies House or from the Department as follows:

Companies Strategy Director
Companies House
Crown Way
Cardiff CF14 3UZ
Tel: 029 2038 0641

Department of Business, Innovation
and Skills
Fair Markets Group

Bay 474
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 6845

17.5 An electronic version is available from the Companies House website at www.companieshouse.gov.uk