



Companies House

Framework Document

Companies House – August 2014

August 2014



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Companies House is an Executive Agency of the Department for Business, Innovation and Skills (BIS).

Contents

1. Contents

1. Status and Function	4
2. Governance Framework	5
3. Policy Framework	11
4. Financial Framework	12
5. Human Resources	14
6. Review of the Framework Document	16

2. Annexes

A: Trading Fund Order, Amendment Order & Treasury Minute	17
B: Key Legislative Measures Setting out the Statutory Functions of the Registrar of Companies, or Delegated Functions from the Secretary of State	26
C: Companies House Board Sub Committees	
Audit Committee	31
Remuneration and Nomination Committee	
D: Financial Framework	
Appendix 1 – Financial Delegations	36

1. Status and Function

Status

1.1 Companies House (CH) became an Executive Agency of the then Department for Trade and Industry, now the Department for Business, Innovation and Skills (BIS”) on 3 October 1988. It was granted Trading Fund status on 1 October 1991, in accordance with the Government Trading Funds Act 1973, as amended by the Government Trading Act 1990. Companies House’s Trading Fund Order 1991, updated in 2009, and its associated current Treasury Minute are set out in Annex A.

1.2 This document sets out the framework of policy and accountability within which CH operates.

Functions

1.3 The Registrar of Companies performs the functions conferred on him/her through the Companies Act 2006, and other associated legislation. The Registrar also performs functions on behalf of the Secretary of State, in relation to the registration of companies or other matters, as the Secretary of State may from time to time direct. A current list of the legislation that the Registrar administers is available at Annex B.

The main statutory functions of the Registrar can be summarised as follows:

- the incorporation of new companies and other entities;
- the dissolution and striking off the register of defunct companies and other entities;
- ensuring compliance with the statutory information disclosure requirements of the Companies Acts and any other relevant legislation; and
- making the information available for public inspection and use.

1.4 The Register of Companies for England and Wales is located in Cardiff with an information centre also in London. The Register of Companies for Scotland is situated in Edinburgh and the Register of Companies for Northern Ireland is situated in Belfast. The Registrars for Scotland and Northern Ireland are accountable to the Registrar of Companies for England and Wales and appointed by him/her in common with all other staff outside the Service, under powers delegated from the Secretary of State.

Public Data Group (PDG)

1.5 CH is a member of the PDG. The purpose of the PDG is to build on capabilities and existing best practice, to support growth in the UK economy by delivering efficiencies and improvements in public services through its members. These objectives are additional and incremental to those with which the PDG members are already individually charged.

1.6 The PDG provides collective advice to the responsible BIS Minister through its Board. Both the CH Chair and its Chief Executive are members of the Board.

2. Governance Framework

Overview

2.1 CH's corporate governance and accountability arrangements draw on best practice in both the public and private sectors.

2.2 The key players within the governance arrangements are:

- the Secretary of State for BIS;
- the Permanent Secretary of BIS, as principal accounting officer
- the CH Board, under an independent non-executive Chairman; and
- the Registrar of Companies for England and Wales, who is also the Chief Executive of CH.

2.3 Detailed roles and accountabilities of these players are summarised below. Annex C sets out the roles and compositions of subcommittees of the Board, which support the Board in the governance of CH.

Secretary of State for Business Innovation and Skills (BIS)

2.4 The Secretary of State for BIS has ministerial responsibility for CH and the majority of legislation under which CH operates. This responsibility is delegated to a chosen Minister (The "Ministerial Owner"). The Ministerial Owner is accountable to Parliament for matters relating to CH. In accordance with the Companies Act 2006 and associated legislation, the Ministerial Owner can make regulations where appropriate.

2.5 The Ministerial Owner has a number of responsibilities in relation to CH and the Chief Executive:

- The Ministerial Owner approves the appointment of the Chairman of the Board;

- He/she will meet the Chairman and Chief Executive annually to discuss CH's performance, risks, targets and outlook for the coming year, before CH's annual report and accounts are submitted for approval. The Ministerial Owner must lay copies of every such report before Parliament:
- The Ministerial Owner will also approve:
 - ◊ Top-level organisational objectives which balance the government's shareholder, and policy interests in CH;
 - ◊ The overarching strategy and annual Business Plan;
 - ◊ Public Targets which are stretching but achievable, and will drive delivery of the Business Plan; and
 - ◊ The policy and finance framework within which the Chief Executive is to operate.

Permanent Secretary of BIS

2.6 The Permanent Secretary of BIS is the Principal Accounting Officer for CH, and is responsible for ensuring that there is a high standard of financial management across the whole Department.

2.7 The Permanent Secretary confirms the appointment of the Chief Executive, who is also Accounting Officer, and who will normally hold office until he/she vacates it in accordance with the terms of his/her appointment. The Permanent Secretary may remove the Chief Executive from office if he/she is unable or unfit to discharge his/her functions.

2.8 The Principal Accounting Officer and Accounting Officer both report directly to the Ministerial Owner with respect of their different responsibilities. If any differences of view arise between the Principal Accounting Officer and the Accounting Officer, it is for the Ministerial Owner to decide on what should be done.

2.9 Both Accounting Officers are liable to be summoned before the Public Accounts Committee (PAC) to answer any questions relating to the discharge of their respective responsibilities.

2.10 The Permanent Secretary does not have responsibility for or involvement in the day to day operations of the CH. The Permanent Secretary has delegated operational sponsorship of CH to the Shareholder Executive. The Shareholder Executive will monitor the performance and activity of CH, primarily through quarterly review meetings with the CH management team. CH will provide the Shareholder Executive with reasonably requested information to enable it to fulfil this function. The Shareholder Executive will provide support to CH as necessary in its engagement with BIS and other government departments.

Companies House Main Board (“The Board”)

2.11 Led by an independent, non-executive Chairman, the Main Board’s principal role is to set the organisation’s strategy, direction and to oversee operational effectiveness.

2.12 The Board comprises the Chief Executive, senior Executives and Non-Executive Board Members (NEBMs), one of whom is a representative of the Shareholder Executive.

2.13 To fulfil its role, the Board has two key subcommittees, each chaired by a non-executive member of the Board: the Audit and Risk Committee and the Remuneration Committee. The Board is also supported by the Operational Board, chaired by the Chief Executive.

2.14 In discharging its role, the Board has received delegated authority from the Ministerial Owner to approve certain categories of business decisions. The delegated authority limits will be reviewed on an annual basis. Where decisions are needed on issues that would exceed the agreed thresholds, the Board will make recommendations to the Ministerial Owner.

Role of the Board

2.15 The Board will:

- Set CH’s values and ensure its obligations to its shareholder and all its other stakeholders (including customers, employees and other Government departments) are understood and met;
- Agree CH’s long term vision and objectives;
- Agree CH’s Annual Business Plan, including the budget and targets, prior to Ministerial approval
- Approve strategies, plans or proposals that support the Business Plan. The Board must judge case by case (guided by the agreed delegated authority levels) whether it can approve these itself, or endorse them prior to submission to the Ministerial Owner for approval;
- Manage significant risks borne by CH in pursuit of its strategic objectives;
- Agree the Annual Report and Accounts and associated documentation, including dividend payments;
- Agree major changes to CH’s corporate structure or management and control structure, including major changes to the agreed division of responsibilities between the Board and the Chief Executive;
- Agree terms of reference for the Board subcommittees;
- Review reports from the Board subcommittees and review the performance of the Board, Board committees and individual directors;
- Take responsibility for matters of public interest which could affect CH’s reputation including health and safety, environmental, communications and fraud; and
- Maintain a register of interests declared by members of the Board.

Composition

2.16 The size and broad composition of the Board will be agreed with the Chief Executive by the Chairman. The Chairman is to ensure that there is an appropriate balance of the necessary skills and experience, and between executives and non-executives. In line with best practice it is expected that this will be split broadly equally between Executive and Non-Executive. There should be no fewer than 4 Executive Directors (Chief Executive & 3) and 4 external NEBMs (Chairman & 3 others). As a minimum it will comprise:

- Non-executive Chairman;
- Chief Executive;
- Other executive Director(s) as required and agreed by the Chairman;
- External NEBMs – chosen to ensure that the Board has an appropriate mix of skills and experience. The role of the NEBMs is to provide expert advice, guidance and challenge to the Executive team; and
- A member of Shareholder Executive sitting as a formal NEBM.

Accountabilities within the Board

2.17 CH Board members do not have the statutory responsibilities associated with company directors. However, the Chair and Non-executives are expected to act in line with high standards of corporate governance to ensure that CH complies, where appropriate, with the Code of Good Practice for Corporate Governance in Central Government Departments as well as working with the Board to ensure appropriate oversight and governance of the strategy, plans and performance of CH.

Chair

2.18 The Chair is responsible to the Ministerial Owner for leading the Board and ensuring that it is effective in discharging its role, providing external advice and expertise to inform the CH's decision making process, and acting as a source of advice and guidance to the Chief Executive. This includes ensuring that the Board acts as far as possible in line with the best practice set out in the Code of Good Practice for Corporate Governance in Central Government Departments as well as working with the Board to ensure appropriate oversight and governance of the strategy, plans and performance of CH.

Duties of the Chair

2.19 The Chair will:

- Maintain an independent position on the board with the objective of constructively challenging, where appropriate, the status quo and management assumptions and decisions;
- Ensure that the Board as a whole is effective in its overall role;
- Develop, together with the Chief Executive and the other members of the Board, the strategic direction for the CH, within the context of the broader development of a PDG and external market trends and conditions, and to agree this with the Ministerial Owner;
- Monitor objectively the delivery of the business strategy, management performance and attainment of objectives;
- Contribute actively to the development of relationships with all stakeholders, both within Whitehall and more broadly;
- Ensure the business employs best practice in respect of corporate governance, including the establishment of appropriate committees for areas such as audit and remuneration;

- Ensure the business has adequate financial reporting disciplines in place;
- Ensure the Board has adequate systems to monitor and address any conflicts between the business and the personal interests of its individual directors;
- Participate in matters such as succession planning and remuneration, which will include sitting on the Remuneration Committee which handles senior pay and appointments; and
- Ensure that NEBMs appointed to the Board receive an appropriate induction and support to deliver their duties.

2.20 The Chair has a direct responsibility for advising the Ministerial Owner on the effectiveness of the Board and of material issues impacting on the Companies House. He/she will also be a member of the PDG Board.

2.21 In fulfilling his/her duties for leading the Board, the Chairman shall have the right of direct access to the Minister.

Registrar of Companies and Chief Executive

2.22 The role of the registrar of companies is to carry out the role referred to in the Companies Act 2006, and associated legislation, including functions carried out as the Secretary of State. He/She has all the powers, responsibilities and duties conferred and imposed on the registrar by that Act and the secondary legislation made under them. In carrying out those specific operational functions, they are not subject to any Ministerial control or direction, although they are, or course, subject to supervision by the court through the judicial review jurisdiction.

2.23 The role of the Chief Executive is to lead and manage CH in order to ensure the delivery of objectives and targets, and in particular the successful implementation of an approved Business Plan and compliance with this Framework Document. He/she will also be a member of the PDG Board.

2.24 The Chief Executive shall be appointed as

the Accounting Officer for the Trading Fund by the Permanent Secretary of HM Treasury, and as such is accountable to Parliament for the proper, effective and efficient use of public funds, as set out in HMT guidance published in “Managing Public Money”, and may be required to appear before the PAC. He/she is also responsible for ensuring that any general guidance issued by relevant central government departments is observed and implementing recommendations of the PAC or other Parliamentary Select Committees if they are accepted by government. In addition, 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 CH.

2.25 In fulfilling his/her responsibilities as the Registrar of Companies, the Chief Executive and as Accounting Officer for CH, he/she shall have the right of direct access to the Minister. He/she will meet the Ministerial Owner annually to discuss CH’s performance and the outlook for the coming year. The meeting will take place before CH’s Annual Report and Accounts are submitted to the Ministerial Owner for approval.

Duties of the Chief Executive

2.26 The Chief Executive will:

- Manage and control the CH Trading Fund, ensuring that all expenditure incurred in respect of the funded operations are to be paid out of the Trading Fund;
- Achieve any further financial objectives determined by the Ministerial Owner, with Treasury concurrence;
- Carry out the responsibilities of the Accounting Officer of the Trading Fund:
 - ◊ In this capacity, he/she is responsible for the proper, effective and efficient use of resources and ensures compliance with the requirements in Managing Public Money and with any general guidance issued by the Treasury and the Cabinet Office;
 - ◊ In particular, he/she prepares and signs a statement of accounts for each financial year,

which is to be transmitted to the Comptroller and Auditor General.). He/she is responsible for ensuring that the requirements of Managing Public Money are met;

- ◊ He/she must also send an annual report and accounts, audited by the National Audit Office (or a sub-contracted authorised firm of accountants) to the Ministerial Owner, with a report containing information as to the funded operations in such form as the Treasury may require;
- Appoint the staff of CH on appropriate terms and conditions consistent with wider Government guidance; and
- Authorise, if necessary, other members of CH to carry out his functions;, whilst retaining Accounting Officer responsibility;
- Develop, together with the Chairman and the other members of the Board, the strategic direction for the CH, within the context of the broader development of a PDG, and to agree this with the Ministerial Owner;
- Publish a Business Plan, which includes the Annual Budget and Key Performance Indicators and targets for the organisation. Before publishing the plan, he asks the Ministerial Owner to approve the Annual Budget and key performance indicators and targets, which are then presented to Parliament by means of written ministerial statements;
- Seek approval or endorsement (as appropriate) from the Board for all significant business decisions, within framework set out in Annex D;
- The Chief Executive will respond to correspondence and written Parliamentary Questions received directly from Members of Parliament on matters concerning the day-to-day operation of CH. He will also reply to correspondence on such matters that the Ministerial Owner receives from Members of Parliament.

Accountabilities

- As Chief Executive, to the CH Board in its role of agreeing business strategy and Business Plan;
- To the Ministerial Owner for the organisation's performance; and
- To Parliament as Accounting Officer.

2.27 In the event that the Chief Executive believes that a decision taken by the Chairman or the CH Board will cause a conflict with his/her responsibilities Accounting Officer, he/she will seek to remedy this in discussion first with the Chairman and/or Board and then through the Permanent Secretary in BIS and Treasury. If it proves impossible to resolve the conflict, the Registrar will invite the Ministerial Owner to issue an Accounting Officer Direction.

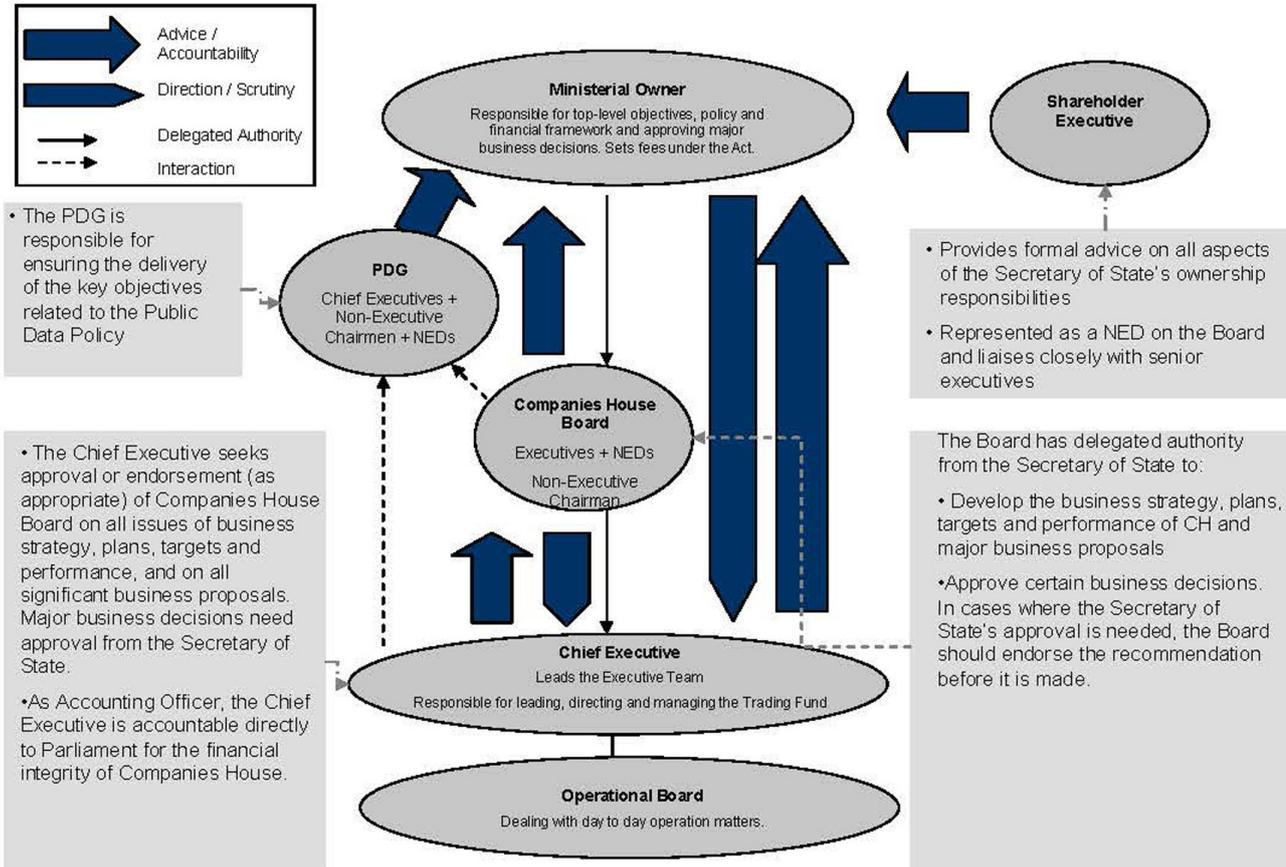


Figure 1: overview of governance and accountability framework for CH.

3. Policy Framework

3. Policy Framework

3.1 Companies House delivers its statutory responsibilities and approved Business Plan, within its Trading Fund Order. It is also bound by policies and standards which are general across government, and by some which are more specific to Trading Funds. The main non-financial elements in this framework are set out below. Policies and standards bearing on the financial management of CH are set out in Section 4.

Customers

3.2 CH has a responsibility to all its customers and shall endeavour to provide them with high quality services, which represent value for money and are courteously and efficiently delivered. To monitor this responsibility, CH shall regularly seek feedback from customers, giving them the opportunity to raise any issues or concerns they may have regarding the quality of information and service provided by CH, to inform the on-going developments and improvements to services.

3.3. As part of its formal complaints and appeals procedures, CH has appointed independent adjudicators. Customers can refer their appeals or complaints to an 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.

Department of Business, Innovation and Skills (BIS) as a lead on corporate law policy

3.4 CH implement company law policy as developed by BIS, taking CH views into account as appropriate. The relevant team within BIS will liaise with CH in developing policy, in particular when it would impact CH's operations. Likewise, CH will liaise with BIS policy leads on any issues arising that would have wider policy implications.

HM Treasury

3.5 CH will comply with Treasury guidance to government departments and trading funds. Any changes to the financial structure of the Trading Fund will be discussed and agreed with BIS and HM Treasury.

Cabinet Office

3.6 The Department will follow general Cabinet Office guidance given to all government departments, Executive Agencies and Trading Funds.

Employees/Trade Unions

3.7 The Chief Executive is to ensure that employees and Trade Unions are appropriately consulted about proposed changes to conditions of service. CH will recognise the negotiating rights of all relevant Trades Unions and will negotiate with them on matters related to pay and conditions of service. It will engage openly and constructively with all Trades Unions in discussing proposals for changes affecting staff.

Devolved Administrations

3.8 CH 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).

4. Financial Framework

4.1 This chapter sets out the broad financial basis on which the Department operates, and related policies and standards.

Financial Strategy

4.2 The trading fund annual report and accounts must satisfy the accounting principles and disclosure requirements of the relevant edition of the relevant sections for a trading fund of the Financial Reporting Manual issued annually by the Treasury and take account of guidance contained in Managing Public Money and trading fund guidance, and any other relevant guidance that Treasury and Cabinet Office may issue.

4.3 Further details on the CH Financial Framework are set out in Annex D.

Planning

4.4 CH will prepare a Strategic Plan. The Plan will cover strategic issues over a period of five years and will be reviewed as required, but normally annually. The annual Business Plan will be developed to deliver the aims set out in the Strategic Plan. The Strategic Plan will include:

- vision and strategic objectives;
- the plan to deliver against the objectives;
- a statement as to how the strategy addresses the PDG objectives as laid out in the PDG Terms of Reference dated 19 March 2012; and
- a risk management plan.

4.5 CH needs to be run as efficiently as possible, consistent with the delivery of its objectives. Managers are continually tasked with eliminating inefficiencies, increasing productivity, reducing costs and increasing value for money without threatening the quality that customers require. Internal plans contain specific efficiency targets.

Key Performance Targets

4.6 The overall performance of CH is measured against a number of Public Targets that are reviewed and approved each year by the Ministerial Owner. They will be published annually in the business plan following recommendation by the board. The targets are announced by means of a Written Ministerial Statement. In addition, within CH a range of performance targets will be monitored.

4.7 The relevance of these targets will be reviewed regularly and new targets introduced as appropriate to reflect the changing business and government environment. These targets will be cascaded through CH as appropriate, down to individual staff level.

Risk Management

4.8 CH operates risk management processes at all levels, from strategic risks through to project delivery. The Board and the Audit Committee review the risk management strategy and, in particular, assess the adequacy of the internal controls operating within all key processes in relation to risk identification, assessment, response and monitoring.

External audit

4.9 In accordance with section 4(5)(b) of the Government Trading Funds Act 1973, the Comptroller and Auditor General is the external auditor. The external auditor shall give an audit opinion as part of his Certificate and Report on CH to Parliament.

Internal audit

4.10 The Board and the Chief Executive are responsible for making suitable arrangements for the provision of an effective internal audit service, to be procured in a manner that demonstrates best value for money. Internal audits are conducted in accordance with the objectives and standards of the Public Sector Internal Audit Standards.

4.11 The Department's Internal Audit Service has a right of access to CH, 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.

Annual Reports

4.12 CH will prepare an Annual Report and Accounts, in accordance with such relevant guidance as Treasury and Cabinet Office may issue.

4.13 The Annual Report and Accounts will be the route for public reporting, to demonstrate to stakeholders that CH provides value for money and is delivering efficient, effective services in line with customer requirements and broader strategic objectives.

4.14 The Annual Report and Accounts review the operations over the previous year, provides details of performance against objectives and targets and review planned developments. The Report and Accounts will meet the accounting and disclosure requirements set by Treasury.

4.15 The Annual Report and Accounts will be submitted to the Comptroller and Auditor General within an agreed timetable for audit and certification.

4.16 The audited accounts will be laid before both Houses of Parliament before the start of the summer recess after the financial year end, and will be published on the CH website.

4.17 The Annual Report shall be approved by the Board before presentation to the Ministerial Owner.

5. Human Resources

Terms and conditions of service

5.1 CH's employees are civil servants employed on terms and conditions of service consistent with the rules and principles set out in the Civil Service Management Code and the provisions of the Civil Service Pension Scheme. Within this framework, the Chief Executive is responsible for the appointment of staff and for determining their tenure and other conditions of appointment.

5.2 Where the Chief Executive wishes to make proposals for changes to existing terms and conditions of employment that would exceed current management flexibilities, these will need to be agreed with BIS, HM Treasury and the Cabinet Office as appropriate. There will be full consultation with staff and their representatives, including the Trade Unions, on any changes that affect terms and conditions of appointment.

5.3 The Chief Executive is also a civil servant and is a member of the Senior Civil Service.

5.4 The Chairman and Non-Executive Board Members (NEBMs), other than the Shareholder Executive member, are appointed in a private capacity and are not Civil Servants.

HR Strategy and Policy

5.5 The management policies for people aim to achieve a well-motivated, properly trained and developed workforce committed to servicing customer needs and with appropriate skills to meet the needs of the business. CH will continue to encourage and facilitate a two-way flow of information and ideas between management and staff.

5.6 The Chief Executive will develop and maintain a HR management strategy which enables CH to recruit, develop, retain and motivate staff in the numbers and with the appropriate skills and expertise required; whilst observing the principle of equitable treatment of all.

5.7 The Board is responsible for ensuring that CH complies with statutory requirements in relation to health and safety matters and that management of health and safety reflects relevant guidance and best practice.

Pay and Performance

5.8 The Chief Executive is responsible for the personnel review arrangements and the pay and grading of all staff. This includes the ability to make promotions, to deal with inefficiency, disciplinary and grievance matters and for determining pay and grading. Any proposal to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money. In carrying out these responsibilities, the Chief Executive will seek the approval of the Ministerial Owner, the Minister for the Civil Service, Cabinet Office or Treasury as appropriate. Senior appointments and pay levels will be endorsed by the Remuneration & Nominations committee.

5.9 For the Senior Civil Service, this responsibility is exercised within the broad framework set out by the Cabinet Office, but excludes those matters where responsibility remains with the Cabinet Office. The annual review of SCS pay is the responsibility of CH's Remuneration and Nominations Committee.

5.10 For staff below Senior Civil Service level, the Chief Executive has authority for pay bargaining and setting terms and conditions of service. This will be undertaken with the agreement of central departments where appropriate, and after consultation with staff and their Trade Union representatives.

5.11 CH is committed to ensuring that its staff are developed and trained so that they are able to make the maximum contribution to its success. Staff will be given the opportunity to participate in their personal development and to link their skills and experience with the needs of the organisation. Staff will be supported, as necessary, by a development strategy that offers technical, professional and managerial training, and appropriate vocational qualifications. All staff will participate in performance assessment procedures, and will be encouraged to discuss their development needs as part of the annual performance appraisal process.

Recruitment

5.12 Recruitment will be undertaken on the basis of fair and open competition. The Chairman will be appointed to normal public sector appointment guidelines and appointment will be agreed by the Minister.

5.13 The Remuneration and Nomination Committee will have an input into the recruitment process of Executive Directors and Non-Executive Board Members (NEBMs). For Non-Executive Board Members specifically (NEBMs), the Chair shall be responsible for their appointment, in consultation with the Chief Executive and the Remuneration and Nominations Committee.

Conduct and Discipline

5.14 The Chief Executive will have full powers in matters relating to the conduct and discipline of all employees. The full range of disciplinary sanctions will be at the Chief Executive's disposal, including dismissal, loss of pay and posting. A system of grievance and appeals procedures will be available to staff, including the right of appeal, as set out in published guidance.

Equality and Diversity

5.15 The Chief Executive will promote best practice in the area of Equal Opportunities. He/She will take appropriate steps to provide members of staff with a working environment free from discrimination and harassment..

6. Review of the Framework Document

Review arrangements

6.1 This framework document will be reviewed at intervals of not more than three years, or when it is necessary to do so, and particularly if changes are sought by the Board in the light of experience of CH operations or changes in circumstances.

Publication

6.2 Copies of this framework document and any subsequent revisions will be published and placed in the libraries of the Houses of Parliament.

6.3 Additional copies of this framework document can be obtained from CH's website:
www.companieshouse.gov.uk.

Annex A: Trading Fund Order, Amendment Order & Treasury Minute

S T A T U T O R Y I N S T R U M E N T S

1991 No. 1795

GOVERNMENT TRADING FUNDS

The Companies House Trading Fund Order 1991

Made

31st July 1991

Coming into force

1st October 1991

Whereas:

(1) It appears to the Secretary of State for Trade and Industry (“the Secretary of State”) that—

(a) those operations described in Schedule 1 to this Order (being operations of a Department of the Government for which the Secretary of State is responsible) are suitable to be financed by means of a fund established under the Government Trading Funds Act 1973(1) and, in particular, to be so managed that the revenue of such a fund would consist principally of receipts in respect of goods or services provided in the course of the operations in question; and

(b) The financing of the operations in question by means of such a fund would be in the interests of improved efficiency and effectiveness of the management of those operations;

(2) In accordance with sections 1(3) and 6(4) of the Act of 1973, the Secretary of State has taken such steps as appear to him to be appropriate to give an opportunity to such persons as appear to him appropriate to make representations to him and has laid before Parliament a report about the representations received and his conclusions;

(3) In accordance with section 2 of the Act of 1973, the Secretary of State has determined with the concurrence of the Treasury that the assets and liabilities set out in Schedule 2 to this Order are properly attributable to the operations for which a fund is to be established by this Order and are suitable to be appropriated to that fund;

(4) In accordance with section 6(2) of the Act of 1973, a draft of this Order has been laid before the House of Commons and has been approved by a resolution of that House.

Now, therefore, the Secretary of State in exercise of the powers conferred upon him by sections 1, 2 and 2B(6) of the Act of 1973, and all other powers enabling him in that behalf, with the concurrence of the Treasury hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Companies House Trading Fund Order 1991 and shall come into force on 1st October 1991.

Interpretation

2. In this Order:—

“the Act of 1973” means the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990 and the Finance Act 1991;

“Companies House” means that part of the Department of Trade and Industry known as the Companies House Executive Agency;

“the fund” means the fund established by article 3 of this Order;

“the funded operations” means the operations of Companies House as described in Schedule 1 to this Order; and

“the registrar of companies” has the same meaning as in the Companies Act 1985(2).

Establishment of the fund

3. There shall be established as from 1st October 1991 a fund for the funded operations.

Source of loans

4. The Secretary of State is designated as the source of issues to the fund by way of loan.

Assets, liabilities and public dividend capital

5. —

(1) The Crown assets and liabilities set out in Schedule 2 to this Order shall be appropriated as assets and liabilities of the fund.

(2) The sum of £18,454,000 shall be treated as public dividend capital.

Limitation of indebtedness

6. The maximum amount that may be issued to the fund by way of loan under section 2B of the Act of 1973 shall be £40,000,000.

Peter Lilley

Secretary of State for Trade and Industry

30th July 1991

We concur

Tom Sackville

Irvine Patnick

Two of the Lords Commissioners of Her Majesty's Treasury

31st July 1991

Article 2

SCHEDULE 1 THE FUNDED OPERATIONS

1. The following operations with respect to companies and other forms of business organisation required by law to register, or register information, with the registrar of companies:

- (a) the registration and striking off the register of such entities;
- (b) the regulation of the registered names of such entities;
- (c) the registration or recording of information required by law to be submitted to the registrar in respect of such entities;
- (d) the maintenance of records required by law to be kept by the registrar concerning such entities;
- (e) the making available for inspection of those records and the provision of copies of such records or of any information contained in or based upon those records;
- (f) the administration and enforcement of laws relating to such entities, including the consideration and pursuit of complaints about the breach of such laws;
- (g) the provision of guidance on matters relating to the law and practice governing such entities.

2. The regulation of business names, including the administration and enforcement of laws governing the use of business names (including the consideration and pursuit of complaints about the breach of such laws) and the provision of guidance on matters relating to the law and practice governing the use of business names.

3. Without prejudice to the foregoing, the performance by the registrar of companies of any function of his imposed on him by law as at 1st October 1991 and the performance of any functions of the Secretary of State as are performed as at that date by any officer employed within Companies House.

4. Operations incidental, conducive or otherwise ancillary to the foregoing.

Article 5

SCHEDULE 2 ASSETS AND LIABILITIES

ASSETS

- Freehold land and building at Crown Way, Cardiff.
- Plant and computers as at 1st October 1991 used or allocated for use in the funded operations.
- Intangible assets arising from the funded operations as carried on up to that date.
- Current assets as at that date used or allocated for use in, or arising from, the funded operations.

LIABILITIES

- Creditors as at that date arising from the funded operations.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the setting up as from 1st October 1991 of a fund with public money under the Government Trading Funds Act 1973 for the operations of Companies House as described in Schedule 1 to the Order. It designates the Secretary of State for Trade and Industry as the authorised lender to the fund and imposes a limit of £40,000,000 on the amount which may be lent to the fund. It provides for the assets and liabilities set out in Schedule 2 to the Order to be appropriated to the fund and for £18,454,000 to be treated as public dividend capital.

(1)

[1973 c. 63](#), as amended by the Government Trading Act [1990 \(c. 30\)](#). That Act, as so amended, is set out in Schedule 1 to the Act of 1990. Section 2 of the Act, as so amended, was further amended by section 119 of the Finance Act [1991 \(c. 31\)](#).

The Companies House Trading Fund (Amendment) Order 2009

Made

**

Coming into force immediately after it is made

It appears to the Secretary of State for Business, Enterprise and Regulatory Reform (“the Secretary of State”) that—

(a) the operations covered by this Order (being operations of a Department of the Government for which the Secretary of State is responsible) are suitable to be financed by means of the fund established by the Companies House Trading Fund Order 1991(1) (“the 1991 Order”) and, in particular, to be so managed that the revenue of the fund would consist principally of receipts in respect of goods and services provided in the course of those operations and the existing funded operations described in Schedule 1 to the 1991 Order; and

(b) the financing of the operations covered by this Order by means of that fund would be in the interests of improved efficiency and effectiveness of the management of those operations.

In accordance with sections 1(3) and 6(4) of the Government Trading Funds Act 1973(2) (“the Act of 1973”), the Secretary of State has taken such steps as appear to him to be appropriate to give an opportunity to such persons as appear to him to be appropriate to make representations to him and has laid before Parliament a report about the representations received and his conclusions.

In accordance with section 2 of the Act of 1973, the Secretary of State has determined with Treasury concurrence that the assets and liabilities inserted into article 5 of the 1991 Order by article 2(4) of this Order are properly attributable to the operations covered by this Order and are suitable to be appropriated to the fund established by the 1991 Order.

In accordance with section 6(2) of the Act of 1973, a draft of this Order has been laid before the House of Commons and has been approved by a resolution of that House.

The Secretary of State makes the following Order in exercise of the powers conferred by sections 1, 2 and 6(1) of the Act of 1973, and with the concurrence of the Treasury.

1. This Order may be cited as the Companies House Trading Fund (Amendment) Order 2009 and comes into force immediately after it is made.

2.—(1) The Companies House Trading Fund Order 1991 is amended as follows.

(2) In article 2—

(a) after the definition of “the Act of 1973” insert—

““the additional funded operations” means—

(a)

the operations described in paragraphs 1, 2 and 4 of Schedule 1 to this Order when carried on in exercise of the functions of the registrar of companies for Northern Ireland in accordance with the Companies Act 2006, and

(b)

without prejudice to paragraph (a), the performance by the registrar of companies for Northern Ireland of any function imposed upon him by law as at 1st October 2009 and the performance of any functions performed as at that date by any officer employed within Companies House which immediately before it had been entrusted to that officer had been functions of the Department of Enterprise, Trade and Investment for Northern Ireland;”;

(b)in the definition of “the registrar of companies”, for “the Companies Act 1985” substitute “the Companies Act 2006”.

(3) At the end of article 3 insert “and as from the time of the coming into force of the Companies House Trading Fund (Amendment) Order 2009 those operations are extended to include the additional funded operations”.

(4) After article 5(1) insert—

“(1A) As from the time of the coming into force of the Companies House Trading Fund (Amendment) Order 2009 there shall be additionally appropriated—

(a)as assets of the fund the following Crown assets, namely—

(i)the register of companies for Northern Ireland;

(ii)current assets as at that time used or allocated for use in, or arising from, the additional funded operations; and

(b)as liabilities of the fund the following Crown liabilities, namely creditors as at that time arising from the additional funded operations.”.

Name

Economic and Business Minister,
Department for Business, Enterprise and Regulatory Reform

Date

We concur.

Name

Name

Two of the Lords Commissioners of Her Majesty’s Treasury

Date

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Companies House Trading Fund Order 1991 (S.I. 1991/1795) by adding to the operations of Companies House funded under that Order its operations as the companies registry for Northern Ireland in accordance with the extension of the Companies Act 2006 to Northern Ireland. The Order adds to the assets and liabilities of the Companies House Trading Fund assets and liabilities attributable to the operations of the companies registry for Northern Ireland. The additional assets are estimated to have a value of £5,000 and the additional liabilities are estimated to have a value of £5,000.

(1)

S.I. 1991/1795.

(2)

1973 c.63, as amended by the Government Trading Act 1990 (c.30). That Act, as so amended, is set out in Schedule 1 to the Act of 1990. Section 2 of the Act, as so amended, was further amended by section 119 of the Finance Act 1991 (c.31). There are further amendments to the Government Trading Funds Act 1973 which are not relevant to this Order.

Companies House Treasury Minute

Dated 14 May 2014

1. Section 4(1) of the Government Trading Funds Act 1973 (“the 1973 Act”) provides that a trading fund established under that Act shall be under the control and management of the responsible Minister and, in the discharge of his function in relation to the fund it shall be his duty:
 - (a) To manage the funded operations so that the revenue of the fund:
 - (i) Consists principally of receipts in respect of goods and services provided in the course of the funded operations, and
 - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
 - (b) To achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. The trading fund for Companies House was established on 1 October 1991 under the Companies House Trading Fund Order 1991 (SI 1991 No. 1795).
3. The Secretary of State for the Department for Business, Innovation and Skills, being the responsible Minister for the purposes of section 4(1)(b) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by Companies House to achieve, over the period from 1 April 2014 to 31 March 2019, a return, averaged over the period as a whole, of at least 3.5 per cent real¹ in accordance with Managing Public Money. This will take the form of an operating surplus on ordinary activities post exceptional items and interest (payable and receivable), but before dividends, expressed as a percentage of average capital employed. Capital employed shall equate to the total assets from which shall be deducted the total liabilities.
4. This Minute supersedes that dated 21 July 2009.
5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

¹ 3.5% real will be calculated annually as 3.5% plus the latest inflation estimate for that year, provided by ONS. By way of a worked example, for the fiscal year 2013-2014 the financial target will be 5.5%. This has been calculated as (1+3.5% +2.0%), where 2.0% is the ONS 2013-14 inflation estimate: National Accounts figures from the ONS, <https://www.gov.uk/government/publications/gdp-deflators-at-market-prices-and-money-gdp-march-2013>

Annex B: Key legislative measures setting out the statutory functions of the Registrar of Companies, or delegated functions from the Secretary of State,

Companies Act

Companies Act 2006 and secondary legislation (Incorporation and dissolution, enforcement, filing, public inspection and dissemination of documents)

- The Companies (Model Articles) Regulations 2008
- The Companies (Cross Border Mergers) (Amendment) Regulations 2008
- Companies Act 2006 (Amendment) (Accounts and Reports) Regulations 2008
- The Companies (Revision of Defective Accounts and Reports) Regulations 2008
- The Companies (Late Filing Penalties) and Limited Liability Partnerships (Filing Periods and Late Filing Penalties) Regulations 2008
- The Companies (Trading Disclosures) Regulations 2008
- The Companies Act 2006 (Annual Return and Service Addresses) Regulations 2008
- The Partnerships (Accounts) Regulations 2008
- The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008
- The Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008
- The Companies Act 1985 (Annual Return) and Companies (Principal Business Activities) (Amendment) Regulations 2008
- The Companies (Registration) Regulations 2008
- The Companies (Particulars of Company Charges) Regulations 2008
- The Companies (Reduction of Share Capital) Order 2008
- The Company, Limited Liability Partnership and Business names (Sensitive Words and Expressions) Regulations 2009
- The Company, Limited Liability Partnership and Business names (Miscellaneous Provisions) (Amendment) Regulations 2009
- The Company and Business Names (Miscellaneous Provisions) Regulations 2009
- The Companies (Authorised Minimum) Regulations 2009
- The Companies (Shares and Share Capital) Order 2009
- The Companies (Disclosure of Address) Regulations 2009

- The Community Interest Company (Amendment) Regulations 2009
- The Unregistered Companies Regulations 2009
- The Companies (Companies Authorised to Register) Regulations 2009
- The Overseas Companies Regulations 2009
- The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009
- The Registrar of Companies and Applications for Striking Off Regulations 2009
- The Companies Act 2006 (Accounts, Reports and Audit) Regulations 2009
- The Companies (Trading Disclosures) (Amendment) Regulations 2009
- The Registrar of Companies (Fees) (Companies, Overseas Companies and Limited Liability Partnerships) Regulations 2012
- The Companies (Disclosure of Address) (Amendment) Regulations 2010
- The Registrar of Companies (Fees) (Companies, Overseas Companies and Limited Liability Partnerships) (Amendment) Regulations 2011
- The Companies Act 2006 (Annual Return) Regulations 2011
- The Overseas Companies (Execution of Documents and Registration of Charges) (Amendment) Regulations 2011
- The Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012
- The Registrar of Companies (Fees) (Companies, Overseas Companies and Limited Liability Partnerships) Regulations 2012
- The Companies Act 2006 (Amendment of Part 18) Regulations 2013
- The Companies Act 2006 (Amendment of Part 25) Regulations 2013
- The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013
- The Companies (Revision of Defective Accounts and Reports) (Amendment) (No. 2) Regulations 2013
- The Small Companies (Micro-Entities' Accounts) Regulations 2013
- The Companies and Limited Liability Partnerships (Forms, etc.) Amendment Regulations 2013
- The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013

- The Unregistered Companies (Amendment) Regulations 2013
- The Companies (Receipt of Accounts and Reports) Regulations 2013
- The Companies and Partnerships (Accounts and Audit) Regulations 2013

LLP legislation

- Limited Liability Partnerships Act 2000 and associated secondary legislation (Registration, filing, public inspection and dissemination of documents)
- The Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008
- The Small Limited Liability Partnerships (Accounts) Regulations 2008
- The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008
- The Limited Liability Partnerships (Amendment) Regulations 2009
- The Limited Liability Partnerships (Scotland) Amendment Regulations 2009
- The Limited Liability Partnerships (Application of Companies Act 2006) Regulations 2009
- The Limited Liability Partnerships (Application of Companies Act 2006) (Amendment) Regulations 2013

Insolvency legislation

- Insolvency Act 1986 (as amended)
- The Insolvency Rules 1986 (as amended)
- The Insolvency (Scotland) Rules 1986 (as amended)
- The Insolvency (Northern Ireland) Order 1989 (as amended)
- The Insolvency Rules (Northern Ireland) 1991 (as amended)
- The Railway Administration Order 2001
- The Energy Administration Rules 2005
- The Cross Border Insolvency Regulations 2006
- The Cross Border Insolvency Regulations (Northern Ireland) 2007
- The PPP Administration Order 2007

- The Bank Insolvency (England and Wales) Rules 2009 (as amended)
- The Bank Insolvency (Scotland) Rules 2009
- The Bank Insolvency Rules (Northern Ireland) 2009 (as amended)
- The Bank Administration (England and Wales) Rules 2009 (as amended)
- The Bank Administration (Scotland) Rules 2009
- The Bank Administration (Northern Ireland) Rules 2009
- The Water Industry (Special Administration) Rules 2009
- The Bank Insolvency (Scotland) (Amendment) Rules 2010
- The Bank Administration (Scotland) (Amendment) Rules 2010
- The Investment Bank Special Administration Regulations 2011
- The Investment Bank Special Administration Rules (England and Wales) 2011
- The Investment Bank Special Administration Rules (Scotland) 2011
- The Energy Supply Company Administration Rules 2013
- The Energy Supply Company Administration (Scotland) Rules 2013
- Postal Administration Rules 2013

Disqualified director legislation

- Company Directors Disqualification Act 1986 (Recording Disqualification Orders)
- Company Directors Disqualification (Northern Ireland) Order 2002
- The Companies (Disqualification Orders) Regulations 2009
- The Companies (Disqualification Orders) Regulations (Northern Ireland) 2010

Limited Partnerships legislation

- Partnerships Act 1890, Limited Partnerships Act 1907 and associated secondary legislation (Registration, filing, public inspection and dissemination of documents) (as amended)
- The Limited Partnerships (Forms) Rules 2009
- The Legislative Reform (Limited Partnerships) Order 2009

- The Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (modified the LP Act 1907)

Other legislation

- Insurance Companies Act (Filing of returns)
- Joint Stock Companies Acts
- Housing Act 1996 (Sections 3,4,6,63,64 and schedule 1) (in respect of Social landlords which are companies requiring authorisation from the regulator before filing certain documents)
- Newspaper Libel and Registration Act 1881 (Registration, filing, public inspection and dissemination of documents)
- The Stamp Act 1891 (registration of stamped instruments)
- Industrial and Provident Societies Act 1965 (section 53)
- The European Economic Interest Grouping Regulations 1989 and The European Economic Interest Grouping (Amendment) Regulations 2009
- Statutory Water Companies Act 1991 (section 21)
- Charities Act 1993, Charities Act 2006, Charities Act 2011
- Commonwealth Development Corporation Act 1996 (sections 24 and 26)
- Company and Business Names (Chamber of Commerce Etc) Act 1999 (Name approval)
- Financial Services and Market Act 2000 (Part 6 and section 366)
- The Open-Ended Investment Companies Regulations 2001
- The European Public Limited-Liability Company Regulations 2004 and The European Public Limited-Liability Company (Amendment) Regulations 2009
- 'The European Public Limited Liability Company Regulations (Northern Ireland) 2004
- The Companies (Audit, Investigations and Community Enterprise) Act 2004
- Community Interest Company Regulations 2004 (Filing of certain documents only)
- Charities and Trustee Investment (Scotland) Act 2005 and The Scottish Charitable Incorporated Organisations Regulations 2011
- The Companies (Cross Border Mergers) Regulations 2007
- The Companies (Cross Border Mergers) (Amendment) Regulations 2008
- Housing and Regeneration Act 2008 (in respect of Social landlords which are companies requiring authorisation from the regulator before filing certain documents)

- The Companies (Companies Authorised to Register) Regulations 2009
- The Manchester Ship Canal Revision Order 2009
- The Mersey Docks and Harbour Revision Order 2009
- The Commonhold (Amendment) Regulations 2009
- The Right to Manage (RTM) Companies (Model Articles)) (England) Regulations 2009
- The Right to Manage (RTM) Companies (Model Articles)) (Wales) Regulations 2011
- Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012)
- The Community Interest Company (Amendment) Regulations 2012

Annex C: Companies House Board Sub Committees

Audit Committee

Status

The Board has established an Audit Committee as a Committee of the Board.

Purpose

The purpose of the Audit Committee is to give advice to the Board and to the Chief Executive (as Accounting Officer) on the adequacy and effectiveness of corporate governance, risk management and control framework in the organisation. This includes arrangements for both internal and external assurance on its delivery

Authority

The Committee acts only in an advisory capacity and has no executive powers.

The Committee is authorised by the Board and by the Chief Executive (under his authority as Accounting Officer) to investigate any activity within the scope of these terms of reference. It is authorised to request any information it requires from any employee of CH and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of other parties with relevant experience and expertise if considered necessary.

Reporting Responsibilities

The Chairman of the Audit Committee will submit the minutes of each of its meetings, to the CH Board.

Duties

The Audit Committee will fulfil the following duties within the corporate governance framework.

- In relation to the Board
 - To review the draft annual financial statements, and recommend their approval by the Board, before submission to the external auditor during the final audit process;
 - To satisfy itself in particular on:
 - the appropriateness of, and any changes in, accounting policies and practices;
 - compliance with relevant accounting standards and HM Treasury guidance;
 - compliance with legal requirements; and
 - major judgmental areas.
 - Additionally the Committee should be informed by the Chief Executive, when necessary, of any material adjustments to the annual accounts arising from the audit process;
 - To review the Chief Executive's annual report to the BIS Principal Accounting Officer on the health of financial systems;
 - To review the Chief Executive's Governance statement on internal controls prior to publication in CH's accounts;
 - To review the risk management strategy adopted by Companies House and, in particular, assess the adequacy of the internal controls operating within all key processes in relation to risk identification, assessment, response and monitoring;
 - To review and evaluate the adequacy of the business continuity plans;
 - To consider, where necessary, the risks associated with the activities proposed in the planning documents in relation to their potential benefits;
 - To assist the Chief Executive and Board in developing an anti-fraud policy and culture. This will include regular review and evaluation of anti-fraud and whistle-blowing policies, together with monitoring of fraud reporting;
 - To undertake a self-appraisal exercise once a year, to ensure the Committee remains effective in achieving its terms of reference and adding value to the corporate governance and control systems of the CH; and
 - To consider any other matters referred to the Audit and Risk Committee by the Board or any of its members.

- In relation to Internal Audit
 - To review the objectives, scope and arrangements for internal audit paying specific regard to the adequacy of the map of assurance activity actual and planned across the organisation;
 - To review the internal auditor's annual report to the Chief Executive;
 - To consider matters arising from all internal audit reports, the proposed management actions and any significant unresolved findings, advising on the adequacy of management responses;
 - To review the internal auditor's annual report to the Chief Executive, using this to inform comments on the Governance Statement and future assurance plans;
 - To review arrangements for cooperation between internal and external audit; and
 - To review the overall standard and effectiveness of internal audit.

- In relation to External Audit

- To confirm with the external auditors the objectives, scope and arrangements of their audit and to agree the fee to be paid to them;
- To discuss with the external auditor any problems, significant issues or reservations arising from the interim and final audits using this insight to inform advice to the CEO; and
- To review the external auditor's Management Letter and the adequacy of the management's response to it.

Information requirements

The Audit Committee will be provided with the following for each meeting:

- A report summarising any significant changes to the CH's Risk Register;
- A progress report from the Internal Auditor including a summary of the work performed, key issues identified, management response to recommendations, changes to the Internal Audit Plan and any resource issues affecting delivery of the Internal Audit objectives;
- A progress report from the External Audit representative summarising the work done and issues identified. The Audit Committee will also be provided with the following, as appropriate:
 - The Internal Audit Plan;
 - The Internal Auditor's annual report;
 - Summaries of all other internal audit reports;
 - Details of any proposals to tender for audit functions;
 - The results of any other significant assurance activities impacting on the organisation;
 - The External Auditor's management letter;
 - The CH's draft annual financial statements and annual report including KPIs;
 - Details of any changes to accounting policies and guidance on risk and corporate governance contain, for example, in DAO letters;
 - The draft Governance Statement;
 - The Chief Executive's annual report on the Health of Financial Systems; and
 - A report on the CH's business continuity plans.
- The Committee reserves the right to call on any corporate document or employee it feels will aid it in delivery of its terms of reference.

Members of the Audit Committee

There shall be a minimum of three members with a quorum of three members. Members shall be NEBMs members of the Board, with the appropriate skills and experience. This will include the Shareholder Executive NEBMs. Any non-executive who is appointed without Board membership should be offered the appropriate support to delivery their duties. Current members are listed in the CH Annual Report.

The committee will be chaired by one of the CH Board NEBMs, but not the Board Chair, and should be a qualified accountant.

The Chief Executive, the Director of Corporate Services and the Head of Internal Audit and NAO shall be invited to attend meetings.

The Audit Committee reserves the right to sit without any of these attendees. The Head of Internal Audit and External Audit will have free and confidential access to the Chair of the Audit Committee.

Members of the Audit Committee are appointed by the Board, for an initial term of three years. Members may be asked to step down by the Board, but in the event of there being any outstanding matters on which they believe their views have not been properly addressed, they may communicate these views to the Chairman of the Board, who shall determine how such matters shall be resolved.

Frequency of Meetings

There shall be a minimum of four meetings during each financial year. If required, additional meetings can be convened at the request of the Committee Chair or of two Audit Committee members.

Remuneration Committee

Status

The Remuneration Committee is a subcommittee of the Board.

Role

- To approve the CH annual pay remit.
- To agree the formula for payments under the Corporate Efficiency Award based on assessment of the performance of the Companies House against its Budget and key performance indicators;
- To endorse, or comment on the Executive Team's judgement of the affordability of making the payments;
- To review and approve any proposed revisions to the Corporate Efficiency Award;
- To endorse, if appropriate, proposed annual pay/bonuses to Senior Civil Servants in CH if discretion is delegated to the Chief Executive by BIS;
- To endorse the arrangements and criteria for Companies House Senior Civil Servants performance related pay;
- To review and endorse the proposed remuneration to be paid to the Chief Executive under the terms of his engagement with BIS;
- To consider and advise on any other reward and recognition issues such as issues arising from pay and grading reviews, as directed by the Board or requested by the CH Executive;
- To ensure that senior appointment and pay decisions consider Cabinet Office guidelines and BIS's Senior Remuneration and Oversight Committee (SROC) approvals processes.

Membership

The Committee should comprise of four members, with a quorum of three nonexecutive directors of the Board (including the Shareholder Executive NEBMs), together with the Chief Executive. The Committee will be chaired by the Chairman of the Board and other attendees shall include the Corporate Services Director.

The Chief Executive will absent himself from all discussions concerning his own performance and remuneration.

Timing of Meetings

The Committee meets when required. It is likely that meetings will be required in March (to set the parameters for pay negotiations and agree process for the SCS pay/bonus); in May (to agree the formula for the corporate bonus scheme); and once or twice per year to advise on issues arising from CH's pay and grading review and as required to deal with senior recruitment matters.

Annex D: Financial Framework

- F1 A Treasury minute laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Fund Act 1973, indicates that the Secretary of State has determined (with Treasury concurrence) that a further financial objective desirable of achievement by Companies House shall be to achieve a return, averaged over the period as a whole, of at least 3.5% in the form of a surplus on ordinary activities before interest payable and dividends payable, expressed as a percentage of average capital employed. Capital employed shall consist of the capital (PDC and the long-term element of any loans) and reserves.
- F2 The net assets of Companies House are financed by Public Dividend Capital, outstanding loans and General and other reserves. Companies House shall look to pay dividends to its shareholder of at least the return requirement set out in the Treasury minute.
- F3 As a Trading Fund, CH is permitted to borrow from BIS to finance capital expenditure and permanent working capital needs. In accordance with section 2(3) of the Government Trading Funds Act 1973, the Ministerial Owner has fixed a limit on additional borrowing by CH of £130 million. All Loans are subject to the presentation of a timely and compelling business case.
- F4 All sums received by Companies House will be paid into, and expenditure incurred, will be paid out of the Trading Fund. Companies House will transfer any surplus or deficit generated to its general reserves. Companies House can reinvest retained earnings in the business in line with the Business Plan and subject to delegations set out in Appendix1.
- F5 Companies House will retain, maintain and renew only the assets it needs for its business and will dispose of surplus assets to achieve economy in its operations. Any proposals to alter significantly the assets held by Companies House will be considered during the Business Planning process and endorsed by the Companies House board. Appraisals for all major investments will be undertaken in accordance with the current HM Treasury guidance.
- F6 The delegated authorities for CH are set out in appendix 1. Companies House shall obtain BIS's prior written approval before committing to expenditure that exceeds these delegations and go against any principles, rules and guidance and advice in managing Public Money.

Appendix 1

Financial Delegations

Standard Approval Thresholds ²			
Type of Expenditure	Limit above which Owning Department Approval must be sought		
Capital expenditure	£8,000,000		
Non capital expenditure	£8,000,000		
Land and Buildings			
Expenditure on Land and Buildings	£500,000		
Specific Approval Thresholds			
Type of financial commitment	Limit above which Owning Department Approval must be sought	Limit above which Cabinet Office approval must be sought	
Digital Spend	£100,000	£100,000	
ICT capex and non-capex	£1,000,000	£1,000,000	
ICT back office	£1,000,000	£1,000,000	
Advertising and marketing	£100,000	£100,000	
Consultancy	£20,000	£20,000	
Property leases	£100,000	£100,000	
Other financial commitment			
Type of financial commitment	Limit above which Owning Department Approval must be sought		
Actions leading to write-offs/write downs	£25,000 per case		N/A
Ex-gratia payments	£50,000 (£7,000 per case)		N/A

All figures are subject to Cabinet Office and (where relevant) BIS approval levels.

² All subject to CH's own internal approval process

Framework Document

Companies House – August 2014

