

Directors' report

For the year ended 31 December 2020

The Directors present their annual report and the audited financial statements for the year ended 31 December 2020.

The Company has chosen, in accordance with section 414c(11) of the Companies Act 2006, and as noted in this Directors' report, to include certain additional matters in its strategic report, that would otherwise be required to be disclosed in this Directors' report. These are as follows:

- a summary of the Company's trading activities;
- strategic investment details are included in the Financial performance section;
- principal risks and uncertainties;
- future prospects; and
- principle activities of the Company.

Directors and Secretary

The present Directors and Company Secretary are listed on page 1.

From 1 January 2020 to date, the following changes have taken place:

| Director | Appointed | Resigned |
|------------|--------------|------------------|
| A L Cliff | 28 July 2020 | |
| T W Harris | 28 July 2020 | |
| P J James | | 23 February 2020 |
| V J Wallis | 28 July 2020 | |

Going concern

The Company has sufficient financial resources to meet its financial needs. The Directors believe the Company is well positioned to manage its business risks successfully in the current economic climate. The Strategic report on pages 2 to 5 and Directors report on pages 6 to 8 describe the Company's business activities and financial performance for the year, together with the factors likely to affect its future development, performance and position. Additionally, pages 3 to 4 of the Strategic report cover credit, operational and liquidity risks which may affect the Company's financial position. The Directors have assessed the principal risks of the Company over the duration of the planning cycle. These included possible challenging market conditions due to the impact of Covid-19 on the economy and possible adverse implications of Brexit. The Company provides services to other subsidiary companies in the Group and the 2020 Plan modelled a number of different scenarios across the members of the Group which were directly and indirectly influenced by the Covid-19 pandemic. The key judgements applied were in relation to the likely time period of Covid-19 related restrictions, and the subsequent impact on the economic recovery.

Therefore, having made due enquiries, the Directors reasonably expect that the Company has adequate resources to continue in operational existence for at least 12 months from 5 March 2021 (the date of approval of the financial statements). Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

Research and development activities

The Company's research and development activities are concentrated around projects to develop computer software and associated operational business capability.

Engagement with employees

The Company, which is a member of, and the employing entity for, the Group, values the wellbeing and enthusiasm of its employees and has well-established mechanisms for engaging with the workforce, including through regular meetings of the regional and national Employee Representative Bodies ("ERB").

All employees are invited to participate regularly in the 'DiaLoGue' survey, a tool to measure engagement. From early April 2020 the surveys were made shorter and were available to employees more frequently. This enabled the Group and the Company to generate continual insight into employee wellbeing and identify where employees needed additional support during the early stages of the Group's response to the COVID-19 pandemic. The increased frequency continued for the remainder of 2020, as the Group continued to support employees throughout the period. The results of each survey are reviewed and discussed by the Group's Executive Committee and the Board of the Company's parent company, DLIG.

The results of these surveys and the views exchanged through the ERB assist the Directors in setting people-focused action plans and in exercising their duty under section 172 Companies Act 2006 and in having regard to the interests of the Company's employees.

The Group's intranet enables engagement and communication on a single platform and provides the Directors, management and employees with a forum in which to share information and exchange views. Interaction with employees takes place via newsletters, team meetings and all-employee telephone conferences.

Directors' report

For the year ended 31 December 2020

The Group continues to focus on building pride in the Group, encouraging and celebrating staff equality, diversity, inclusion and human rights. The Group's diversity and inclusion practices are in line with the Universal Declaration of Human Rights and the Group supports diversity through its internal diversity forum: Diversity Network Alliance.

The Group provides a cost-effective way for employees to acquire shares in DLIG. In early 2020, the Group offered all eligible employees a Free Share award of 180 Ordinary Shares and eligible employees are permitted to participate in the Group's Buy As You Earn ("BAYE") Share Incentive Plan. The Group also complies with the principles of the Living Wage Foundation.

The Group believes that the engagement and morale of employees, and their pride in working for the Company is linked to its reputation in the community. The Group and the Company seek to align their giving with their employees' interests through our community and social committees, volunteering, and participating in a payroll giving scheme.

Further examples of how the Group has engaged with employees, and how DLIG's directors have had regard to the interests of employees, can be found throughout the DLIG annual report.

Employees with disabilities

The Group and the Company are committed to promoting diversity and inclusion across every area of the business through initiatives such as the Diversity Network Alliance. At recruitment, we adjust and enhance our application and selection process, and guide and provide additional training for interviewees, where necessary. Our Diversity Network Alliance focuses on a number of strands including employees with disabilities. It identifies areas where we can improve and help people to continue working for us. We reasonably adjust employees' working environments and equipment, and roles and role requirements. We also ensure that everyone can access the same opportunities.

Community fund

The Group immediately responded to the Covid-19 crisis by establishing its very own Community Fund targeting much needed resource to charities and local authorities where our main office sites are based. It was a small way of providing a helping hand to a variety of causes throughout the UK.

Disclosure of information to the Auditor

Each person who was a Director of the Company on the date of approval of this report confirms that:

- i. so far as the Director is aware, there is no relevant audit information, being information needed by auditors in connection with preparing their report, of which the Company's Auditor is unaware; and
- ii. each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information, and to establish that the Auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has expressed its willingness to continue in office as Auditor and it is the intention of the Directors to reappoint Deloitte LLP under the deemed appointment rules of section 487 of the Companies Act 2006.

Directors' indemnities

The Directors have the benefit of an indemnity provision contained in the Company's Articles of Association, subject to the conditions set out in the Companies Act 2006.

Statement of corporate governance arrangements

The Directors are committed to maintaining the highest standards of corporate governance, but do not regard it to be necessary or appropriate for the Company formally to adopt a corporate governance code. The Group provides each member company with access to its central resources and provides policies in all key areas such as finance, risk human resources and the environment. These central resources and policies are aligned to the Group's governance framework, which is consistent with the 2018 UK Corporate Governance Code.

The core elements of the governance framework are the:

- schedule of Matters Reserved to the DLIG Board and the DLIG Board Committees' Terms of Reference;
- High Level Control and System of Governance Framework document;
- Risk appetite statements;
- Enterprise Risk Management Strategy and Framework;
- Group policies, which address specific risk areas, are aligned to the Group's risk appetite, and inform the business how it needs to conduct its activities to remain within risk appetite; and
- Minimum Standards, which interpret the Group policies into a set of requirements that can be implemented throughout the Group.

During the year, the Company complied with the Group's governance framework. Further information on the system of governance in operation throughout the Group can be found in DLIG's annual report.