



# Marine Management Organisation

## **Board meeting minutes: 25 June 2013**

### **Board**

Sir Bill Callaghan (BC) – Chair  
Rob James (RJ) – Board member  
Derek Langslow (DL) – Board member  
Jeremy Loyd (JL) – Board member  
Nigel Reader (NR) – Board member  
Jane Ryder (JR) – Board member  
Jayne Scott (JS) – Board member  
Lord Robin Teverson (RT) – Board member  
Andrew Wells (AW) – Board member

### **In attendance**

James Cross (JC) – Chief Executive Officer  
Liz Humphreys (LH) – Director of Corporate Services  
Andy Beattie (AB) – Director of Operations  
Carolyn Cadman (CC) – Director of Customers and Partnerships  
Steve Brooker (SB) – Director of Marine Development  
Michelle More (MM) – Financial Controller  
Mel Austen (MA) – Chief Scientific Advisor  
Darren Sanders (DS) – Board and Executive Services Manager (Secretariat)  
Paul Boyd (PB) – Head of Human Resources (observer)  
Jen Powell (JP) – Senior HR Business Partner (observer)  
Joseph Miller (JM) – Litigation Lawyer (item 5 only)  
Martyn Youell (MY) – Head of Fisheries Management and Effort Control (item 5 only)

### **Item 1: Closed session**

1.1 The Board considered paper MMO BM 3002 and oral updates in a closed session in which all attendees, other than JC and the Secretariat, were absent.

### **Item 2: Welcome and introductory remarks – Board meeting: Sir Bill Callaghan**

2.1 The Chair, Sir Bill Callaghan (BC), opened the Board meeting and welcomed all attendees. BC also welcomed two members of MMO staff as observers, PB and JP.

### **Item 3: Declaration of interests**

3.1 JR declared that she will convene a new marine law sub-committee as part of her role of member of the Law Society of Scotland Law Reform Committee. BC noted the declared interest which was considered to be non-prejudicial and as such, all were invited to remain in the meeting and participate in discussions.

### **Item 4: Minutes of the 17 April 2013 Board meeting and actions update**

4.1 With reference to the minute, NR informed the Board that reference to "audit" in item 5 was in respect of internal audit and offered a correction confirming that one internal audit report had been presented before the end of the financial year. The minutes from the 17 April 2013 Board meeting were agreed subject to a correction for the declared interest from JS in which she had declared appointment as a panel member for the Competition Commission and had separately been appointed by Welsh Government to review funding for teaching medical and dental students within the NHS.

4.2 The action list and updates provided within the actions update paper were noted by the Board. The Board noted that Chris Preston had been appointed as Head of Marine Planning and Sustainable Fisheries in the Department for Environment, Food and Rural Affairs (Defra).

### **Item 5: Delegation of fishing vessel licensing for vessels registered to ports in Wales**

5.1 JM and MY joined the meeting. JM presented to the Board a paper that provided background to and sought authorisation for the Executive to sign an agreement under section 83 of the Government of Wales Act 2006 between MMO and Welsh ministers. JM informed the Board that in May 2012, Minister Benyon signed a concordat between Defra and the relevant departments of the other UK devolved administrations. One of the intentions of this was that the responsibility for the licensing of vessels registered to ports in Wales, Scotland and Northern Ireland would fall to the devolved administrations of those territories. However, while the intention of the concordat was to pass the statutory power over, it was not possible to achieve this aim, at least in respect of Welsh vessels without passing primary or secondary legislation. JM informed the Board that legislation has passed some vessel licensing powers to the Welsh Government though Welsh vessels wishing to fish in English waters, other European member states' waters or the high seas, they must still come to the MMO for a licence.

5.2 JM advised that in order to give effect to the policy intent, MMO and Welsh government identified legal provisions allowing public bodies to 'contract-out' functions to the Welsh Government. To this end, a draft agreement under section 83 had been negotiated. The legal effect will be that Welsh ministers will be empowered to exercise the legal function of the MMO in licensing fishing vessels registered Welsh ports for all areas of the sea.

5.3 The Board discussed the proposal in detail with particular focus on risk and mitigation and were assured as to the quality of the proposal and the level of

monitoring and indemnity in place. The Board also noted that the proposed agreement is for a period of 12 months whilst a legislative solution remains preferable in the long term. The Board authorised the entering into the agreement as proposed and sought to review the agreement again in 12 months' time. The Board thanked MY and JM for presenting the paper.

## **Item 6: Audit and Risk Assurance Committee update**

6.1 NR presented to the Board the Audit and Risk Assurance Committee's (ARAC) third Annual Report. The Board welcomed the report and following discussion, it was agreed that the report could be tweaked to reflect more on building a greater profile to risk appetite and further embedding risk awareness into the MMO's routine governance and management. In addition, it was agreed that an annex recognising that the work of the ARAC requires the involvement staff from across the organisation, in addition to members and regular attendees, would be a worthwhile addition. NR agreed to implement the changes and that a revision will be circulated outside of committee for noting.

**Action: 24/01** –DS to circulate the revised ARAC Annual Report for noting.

6.2 NR provided the Board with an oral update reflecting activity at the 20 June 2013 ARAC meeting. The Board were advised that DS had led a workshop on information rights legislation – NR confirmed that the ARAC were assured as to compliance in this area and that organisational change will provide additional robustness. The Board noted that a final paper on this subject will be presented to the ARAC in September 2013. NR reflected on internal auditing confirming that procedures had been tightened to ensure improved delivery of the 13/14 Audit Plan and that the ARAC will consider progress further in September. The Board requested sight of the 13/14 Audit Plan in September.

**Action: 24/02** – LH to present the 13/14 Audit Plan to the Board in September 2013.

6.3 NR confirmed that in accordance with best practice, the ARAC met with the external and internal auditors in the absence of management to provide the opportunity to discuss any issues of a sensitive or confidential nature. NR informed the Board that no issues were discussed which had not been or could not be disclosed to management and that David Hakin, National Audit Office (NAO) Auditor, offered a positive opinion on the Financial Controller and the strength of the MMO Finance Team and welcomed the importance which the Accounting Officer manifestly attached to his role.

## **Item 7: Final accounts for 2012/13**

7.1 MM presented to the Board the final Annual Accounts for the year ended 31 March 2013 for approval to allow the Accounting Officer to sign. In addition, the Board was asked to note the analytical review which highlights significant variances in the period and provides explanations on why they have occurred. MM advised the Board as to minor changes to be made to the paper presented following scrutiny by the ARAC on the 20 June.

7.2 MM confirmed that the audit of the accounts has been positive, with five minor observations that are neither material or require amendments to the original disclosure. Additionally, there were two management letter points which were not deemed to be significant. BC thanked MM for the paper and asked the Board to consider approval. The Board discussed the Annual Accounts noting feedback from the ARAC that the NAO had been highly complementary as to the quality of the information presented. After discussion, the Board approved the Annual Accounts for 2012/13.

## **Item 8: Final annual report for 2012/13**

8.1 MM presented to the Board the final Annual Report (including the Remuneration and Sustainability Report) for 2012/13 for approval. MM confirmed that this annual report has been written so as to bring more balance to how the MMO reports performance and risk, taking into account increased targets and measures, with greater alignment to those areas where risks have crystallised. In particular, there is more clarity and transparency of performance, supported by revising 2011/12 performance to reflect targets achieved in year but outside of planned timescales.

8.2 The Board reviewed and discussed the annual report suggesting enhancements to the foreword and presentation of the performance annex. In addition, JS highlighted a required change within the remuneration report in respect of dates of appointment for herself and DL. JC welcomed the suggestions and given their pertinent nature, he agreed that the changes will be made to the version to be signed in advance of being laid before Parliament. BC confirmed that the Board approved the annual report subject to the agreed changes.

## **Item 9: Final governance statement for 2012/13**

9.1 MM presented to the Board the final governance statement for 2012/13. MM confirmed that no comments were received following audit by the NAO and that the audit completion report recognises no significant internal control weaknesses. MM advised the Board of a few minor changes following review by the ARAC and following discussion, the Board approved the Governance Statement for 2012/13.

## **Item 10: End of year finance report**

10.1 MM presented to the Board a report detailing end of year financial performance as at 31 March 2013. MM confirmed that the MMO spent £30,995,000 in 2012/13 which is within 0.6% of the budget allocation and achieved the target set by the Board of 2%. MM asked the Board to note the information presented within the paper and the annexes: the Board discussed the paper, welcoming the detail and assurance as to the final end of year position following mid-year review.

10.2 NR confirmed to the Board that there is a plan in place to reconsider in year reporting with reflection on the concept of 'profit and loss' and the Board were asked to note that NR, MM and RT will meet shortly to discuss options for reporting on 13/14 in September. JC agreed that the suggestion that more clarity on financial performance with regards management of the European Fisheries Fund will feature in future reporting. The Board noted the final financial position of the MMO as at 31 March 2013 and thanked MM for presenting the paper.

## **Item 11: Health and safety report (including October 2012 to March 2013)**

11.1 JC presented to the Board a health and safety report including a report reflecting October 2012 to March 2013. JC introduced to the Board a Strategic Health and Safety Group which forms part of Defra's corporate governance structure, confirming that we are part of this with LH sitting on the group. JC also informed the Board that the MMO is seeking to achieve the Better Health at Work Award (BHAW) by the end of 2013 and that a zero-tolerance approach to violence and aggression towards MMO staff is regularly reinforced. The Board discussed the report noting that JC is working to ensure that near hits are reported and that this process should be as simple as possible. BC thanked JC for the report noting that JC will continue to Chair the Health and Safety Working Group and that the reporting of near hits is actively encouraged.

## **Item 12: CEO report**

12.1 JC presented to the Board his CEO report asking the Board to consider the item detailing MMO cultural development. JC advised the Board that he considered the results of the staff survey to be poor and that he was commissioning an external review of the results of the last 3 years of the people survey together with the free-form comments. In addition this, the review will consider the last three years of the customer survey and the stakeholder survey together with the free-form comments alongside those of the "Ask The Executive" questions from the last year. JC advised that the results of this analysis will form the basis of the recommendations. The Board engaged with JC on this item noting JC's intention to implement significant cultural development within the MMO and the importance of follow through on proposed activities.

12.2 JC asked the Board to consider the item on organisational consistency. JC advised the Board that he wishes to focus effort on ensuring consistency in how we deliver our operational activities, such as how we handle procurement matters and the consistency of decision making in areas such as enforcement. The Board noted the item.

12.3 JC reflected on a 20 May 2013 adjournment debate called by Alison Seabeck MP which was heard in the House of Commons. The debate focused on concerns raised against the MMO in relation to the accuracy of reports published and our management of the limits on fishing effort for scallop fisheries. In addition, the debate considered transparency and staff conference spending. JC asked the Board to note the letter presented at annex 1 which was to John Robbs (Defra Director – Marine Programme and Natural Environment) which sought to respond to the debate. The Board welcomed the quality of the response. RT suggested that there would be value in targeted engagement in this matter.

12.4 JC talked to the Board about the management of the Western Waters effort regime touching upon the great deal of interest and scrutiny that this regime has attracted. The Board discussed the management and methodologies in place for the Western Waters effort regime including reporting effort uptake, and the Board noted the issues and JC's intention to continue working closely with the ARAC on this issue in the lead to publishing his findings once all strands of his review are finalised.

12.5 JC introduced an item reflecting on budget pressures asking the Board to note the large degree of uncertainty at present and to take assurance that steps set out at the 9 May Corporate Plan workshop to reduce the MMO cost base, in line with assumptions, are underway.

### **Item 13: Operations delivery overview**

13.1 SB introduced to the Board an update from the Marine Development Directorate. SB confirmed that the draft East marine plans and supporting documents were submitted to Defra for approval to proceed to public consultation on the 31 May 2013 and that the minister had been briefed on the Monday 24 June. Work continues to develop the South Inshore and South Offshore marine plans. SB asked the Board to note additional updates on licensing performance, the fees and charges revision, coordinating regulation, the licensing internal audit report and notable licensing cases. The Board discussed the updates and thanked SB for the paper.

13.2 AB presented to the Board a paper reflecting activity within the Operations Directorate. AB asked the Board to note that there will be considerable change to the way in which compliance and enforcement activity is reported. The focus will shift away from inspection hit rates and will gradually move to a multi layered approach where we will more clearly report the critical inputs and outputs of compliance and enforcement activity. The Board discussed the paper discussing improvements made in respect of data entry and progress made with the on board deployment of electronic logbooks to the fleet and noted that all over-15 metres vessels are now electronic log only. AB also touched upon Common Fisheries Policy reform and the sale of bluefin tuna. The Board thanked AB for the update.

### **Item 14: Corporate performance report**

14.1 LH presented to the Board the corporate performance report. LH introduced to the Board the new performance reporting dashboards which draw together the key performance indicators and key steps with the key operational risks and financial information for each strategic outcome detailed. The Board discussed the report and recognised its value as a management tool. However the Board suggested strengthening the reporting by offering a cover paper setting out key messages together with clear linkages back into other reporting mechanisms presented to the Board such as the directorate reports. JC confirmed that the feedback was welcome and that the reporting will evolve in readiness for September's Board meeting.

14.2 CC asked the Board to consider the timetable for production of the 2014/17 Corporate Plan. The Board noted the timetable and that the Board will be asked to give consideration to strategic context in September. The Board noted that a special session to assess budgetary impacts may be called in advance of September's session should it be warranted.

## **Item 15: 2013 Survey results: customer satisfaction and people survey**

15.1 CC introduced to the Board a paper detailing the results of the 2013 People Survey and Customer Survey. CC focused on the results of the 2013 Customer Survey confirming that the results demonstrate a positive trend in that overall customer satisfaction has increased by 6% on the previous year, meeting the target of 70%. However, work to build upon the results is underway which includes a piece of work analysing the last three years results of the customer survey including free-form comments. In addition, heads of function will be engaged in this work together with close working with partners from across the network to gather insight. The Board confirmed satisfaction with the results and noted that the work underway, together with a number of priority actions identified as a response to the customer survey ratings, represented good progressive actions.

## **Item 16: 2013 Organisational Development Programme**

16.1 CC introduced to the Board a paper that updated the Board on the implementation of a 2013 Organisational Development Programme following Board discussion at the 9 May Corporate Plan workshop. The Board were advised that a phase 1 work stream will achieve savings required by 2014/15 by restructuring the Evidence, Data and Knowledge Management function including the formation of an Information Management Team, an assessment of the function and form of IT and Programme Management Office and the Stakeholder and Communications Teams. In addition, this will be supplemented by the recruitment pause and reviews of key contracts. CC advised the Board that these activities will be supported by enabling work streams which will include HR, communications, governance, finance and procurement and development work streams. CC informed the Board that the programme will also reflect external drivers such as budget decisions, triennial review, Strategic Alignment and civil service reform. The Board discussed the update noting that phase 2 work streams will deliver the savings required by 2015/16 and that business cases will support work stream delivery.

## **Item 17: Engagement overview**

17.1 Due to time constraints, it was agreed that this item would feature in September's meeting.

## **Item 18: Forward look**

18.1 BC asked the Board to note and provide comment on the contents of the Board and committee forward look paper. The Board noted that a members' meeting will take place on the 3 July in Newcastle and that an item on the strategy for the delivery of the European and Maritime Fisheries Fund will feature on the agenda for the meeting in November 2013.

## **Item 19: Next meeting (18 September 2013)**

BC confirmed that the next meeting of the MMO Board will take place on 18 September 2013.

**Item 20: Any other business and close of meeting**

BC closed the Board meeting thanking all for their attendance and participation.