



Marine Management Organisation

Board Meeting Minutes: 7 July 2015

Held at De Vere New Place, Shirrell Heath, Southampton SO32 2JY

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
Robin Teverson (RT) – Board member
Andrew Wells (AW) – Board member

In Attendance

John Tuckett (JT) – Chief Executive Officer
Steve Brooker (SB) – Director of Marine Development
Craig McGarvey (CM) – Head of Corporate Strategy and Performance
Michelle Willis (MW) – Chief Finance Officer and Director of Corporate Services
Dickon Howell (DH) – Acting Chief Scientific Advisor
Gary Saunders (GS) – Acting Head of HR
John Humphreys (JH) – Financial Reporting Manager - Observer
Darren Sanders (DS) – Head of Governance - Secretariat
Adam Kennedy (AK) – Governance and Board Support Officer – Secretariat

Apologies

Andrew Beattie (AB) – Chief Operating Officer

1. Welcome and introductory remarks: Sir Bill Callaghan

1.1 The Chair, Sir Bill Callaghan (BC), opened the Board meeting and welcomed all attendees, including Gary Saunders (GS) attending his first Board meeting as the MMO's Acting Head of HR and John Humphreys as an observer.

1.2 Apologies were noted from Andrew Beattie (AB).

2. Declaration of Interests

2.1 The standing declaration from Nigel Reader (NR), regarding his interests in Natural England (NE), Natural Resources Wales (NRW) and the Joint Nature Conservation Committee (JNCC) was noted. No other interests were declared.

3. Minutes of the 16 April 2015 Board meeting and actions update

3.1 BC invited attendees to raise any points of accuracy in respect of the 16 April 2015 meeting minutes. The minutes were confirmed as an accurate record of discussions. BC invited comment on the actions update. John Tuckett (JT) noted that actions in respect of the Triennial Review Action Plan and Maritime Growth Study were covered by the agenda and in reference to action 35/05, confirmed that a DG MARE representative to sit on the Marine Planning Programme Board was being looked into. The actions update paper was noted by the Board.

4. Minutes of the 9 June 2015 Board meeting

4.1 BC invited attendees to raise any points of accuracy in respect of the 9 June 2015 meeting minutes. NR suggested a revision to the wording at item 3.2 to say 'NR advised that the ARAC had encouraged JT to raise the Head of Internal Audit overall assurance level to the higher end of moderate for the 2015/16 financial year'.

5. Audit and Risk Assurance Committee (ARAC) update

4 June 2015 ARAC meeting update and draft minutes

5.1 NR presented to the Board a paper detailing business conducted at the 4 June 2015 ARAC meeting, noting that outcomes had been reported orally to the Board at their meeting on 9 June 2015. The Board noted the ARAC update paper together with the draft minutes of 4 June 2015 meeting.

ARAC 2014-15 Annual Report

5.2 NR invited the Board to consider the ARAC Annual Report for 2014-15. NR highlighted areas of focus at page 12, which sets out assurance provided by the ARAC to the Board and Accounting Officer, based upon evidence through the year, and page 13, which sets out the priorities for 2015-16.

5.3 In respect of page 12, NR invited the Board to note that KPMG's performance in delivering the internal audit programme had been good, with their quality of insight and analysis very good, as had been the engagement with management and value from audits. NR made one qualification to this, in that the Head of Internal Audit did not attend the 4 June 2015 ARAC meeting to present their opinion. NR confirmed that he had raised this issue with them and received assurances that this would be addressed in 2015-16. NR continued by confirming that the MMO continued to enjoy a positive relationship with the National Audit Office (NAO), despite the process for end of year audit running less smoothly than previously, confirming that Michelle Willis (MW) and David Hakin, NAO, had taken away a number of issues to discuss.

5.4 In reference to page 13, NR reviewed the ARAC priorities for 2015/16, including a need to plan and manage succession arrangements for outgoing ARAC member, Jane Ryder (JR), who will be replaced by Robin Teverson (RT) during the period. NR took this opportunity to thank JR for her contribution to the ARAC and personal support provided to him as chair.

5.5 Andrew Wells (AW) referenced the cover paper and enquired whether internal audit arrangements were under threat and any timescales for this. NR gave assurance that, being in year one of a three year contract, internal audit service was not under threat at present. However, following this period, it is possible that internal audit could be swept up in Defra rationalisation.

7 July 2015 ARAC meeting update

5.6 NR provided an oral update of the business conducted at the 7 July 2015 ARAC meeting, including a second formal look at the Annual Report and Accounts, which on this occasion was accompanied by NAO's Audit Completion Report for 2014/15, confirming the award of a clean audit certificate. NR noted a difference of views between the NAO and MMO in relation to two provisions under the materiality threshold and that these had been classified as unadjusted misstatements. NR confirmed that on this basis the ARAC endorsed the 2014-15 Annual Report and Accounts for signing.

5.7 NR highlighted an issue in relation to a request from Defra, for changes to be made to the Annual Report, including changes to the Accounting Officer's Governance Statement. NR confirmed that while from a pragmatic approach the changes were acceptable, there was a point of principle to record with regards this practice. NR added his awareness of a number of other Defra bodies who had received similar requests.

6. 2014/15 Annual Report

6.1 JT invited MW to run through recent amendments to the Annual Report and highlight the stylistic changes suggested by Defra. The Board discussed the proposed changes in detail and agreed to reflect these in the Annual Report. The Board were satisfied that the ARAC had considered the detail around the internal control issues that had been removed and have a programme for follow up through the internal audit programme. The Board agreed to add reference to the MMO website as a source of further information for the MMO's performance in delivering 2014/15 Key Performance Indicators and Key Steps. BC confirmed that subject to the changes, the Board approved the Annual Report.

Action 36/01: MW to update the Annual Report, signposting to the MMO website for more detailed performance information

7. 2014/15 Annual Accounts

7.1 MW detailed key changes to the Annual Accounts, including the creation of a provision for pensions. MW noted two unadjusted errors and two management letter points. In summary of the audit process, MW and NR described a number of issues arising during the course of interim and final audits, which largely related to the appointment of a new audit team, and confirmed that they had expressed these views to the NAO.

7.2 NR confirmed that the Annual Accounts for 2014/15 had received positive endorsement from both the ARAC and the NAO, before BC confirmed the Board's approval of the accounts for signing by the Accounting Officer.

8. MMO Evidence Strategy 2015-2020

8.1 Dickon Howell (DH) delivered a presentation proposing the MMO's Evidence Strategy for 2015-2020, inviting comments from Board members. The Board agreed that the product provided a good perspective and analysis of the present landscape, but lacked a strategic view of what it hopes to achieve and how, including resourcing and a clear indication of financial costing. The Board underlined the importance of prioritisation in the continued development of the strategy. JT suggested retitling this element as 'MMO Evidence Strategy 2015-2020 – Part 1: Landscape', with work continuing to develop the next part, including priorities, resource and how to achieve. The Board approved this approach and acknowledged the positive progress in the production of this baseline. DH thanked the Board for their comments.

9. Response to pulse survey results

9.1 JT invited the Board to consider a report detailing Progressive's analysis of the pulse survey results. JT recognised little change in the period following the previous staff survey, but acknowledged key messages that he and Directors need to take note of, fundamentally that issues around communications and the performance management system remain. JT welcomed GS's arrival and the experience and perspective his appointment will bring to this area. This view was shared by Board members. The Board expressed concern over results in key areas and reiterated the availability of the Remuneration Committee to support JT and directors in embedding routine good management practices. JT confirmed the aim for being able to demonstrate measurable improvements in this area by late 2015/early 2016. The Board noted the analysis report and the follow up work being taken forward.

10. CEO and Director report

10.1 JT presented his CEO and Directors report, inviting the Board to note key updates, including next steps for the Rame Head disposal site.

10.2 In reference to the Health and Safety section of the report, Board members enquired as to any incidents in the period. JT confirmed that no incidents had been reported. The Board also enquired as to whether there would be value in non-executives undertaking a corporate manslaughter training refresher. JT agreed to consider arrangements for this.

Action 36/02: JT to consider corporate manslaughter training refresher for non-executive Board members

10.3 The Board noted the CEO and Directors report.

11. Board and Committee Forward Look

11.1 The Board noted that the 2016 Board calendar was being developed and that all members should confirm their availability to Darren Sanders (DS) at the earliest opportunity.

11.2 The Board requested an update on marine plan developments at the next meeting, to include an assessment of how current plans are being used and lessons learned to date.

11.3 The Board noted the Forward Look.

12. Next meeting

12.1 BC confirmed the next Board meeting will be held on 24-25 September 2015.

13. Any other business and close of Board meeting

13.1 BC invited attendees to signal any items for discussion under any other business. There were no further items of business. BC thanked attendees for their participation and closed the meeting.