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BD 06 M01
March 2006

JNCC SUPPORT CO.

**CONFIRMED MINUTES OF THE FIFTH MEETING OF THE JNCC SUPPORT CO.
BOARD HELD WEDNESDAY 22 MARCH 2006 AT MONKSTONE HOUSE, CITY
ROAD, PETERBOROUGH, PE1 1JY**

Present:

Dr Blakiston Houston
Dr B Brown
Mr Darby (Chairman)
Professor Doyle
Ms Fowler
Professor Ingram
Mr Lloyd Jones
Dr Markland
Dr Moser
Professor Pentreath
Mr Riddleston
Mr Steer
Dr Vincent
Mr Yeo

In attendance:

Mr Burton
Mr Lawrence
Mrs Quince

Apologies:

Professor Sprent

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1. Chairman's opening remarks.
2. Declaration of Interests.
3. Amendments to minutes of the fourth Board Meeting (**BD06P01**).
4. Matters Arising.
5. Report from the Company Secretary - *Oral*
6. Report from the Executive Management Board (**BD06P02**)
7. Third Quarter Monitoring Report 2005/06 (**BD06P04**)
8. Report from the ARMC - *Oral*
9. New Financial Management Information System **BD06P03**)
10. Any other business

1. Chairman's Opening Remarks

- 1.1 Chairman informed the Board that this would be Professor Pentreath's last meeting.

1.2 Chairman informed the Board that Professor Ingram had been appointed as Deputy Chairman of the Board under article 41 as a consequence of his appointment as Deputy Chairman of the Joint Committee.

2. Declaration of Interests

2.1 Nothing was declared.

3. Minutes of the Third Board Meeting (BD05M02)

3.1 The minutes of the third Board Meeting were agreed subject to the amendment contained in paper BD 06 P01.

4. Matters Arising

4.1 Nothing was reported.

5. Report from the Company Secretary (Oral)

5.1 Mr Burton gave an oral report.

5.2 The Board were informed that Sir Martin Doughty had terminated his directorship of the company.

5.3 **The Board formally admitted Ms Sarah Fowler as a member and director of the company.**

5.4 Board members were reminded to advise the Company Secretary of any directorships or changes to personal details. This will ensure the register of members' interests is maintained accurately. Members were also reminded to confirm their details as at 2nd March 2006 against those as held by Companies House, for the purposes of the annual return.

6. Report from the Executive Management Board (BD06P02)

6.1 Mr Yeo presented the report.

6.2 The Board were informed that the Executive Management Board had met three times since the last company board meeting in December. The main items discussed by EMB included:

- The third quarter out-turn
- The purchase of a new finance system
- Risk management and avian influenza
- Publicity opportunities
- The NERC Bill

6.3 Regarding paragraph 5 of the paper, the Board were informed that the JNCC strategy had not yet been circulated beyond the organisation due to problems encountered with changing the name of the company. It was considered important to link these two items together. However, it was important to

promote the strategy and a date for a launch had been set for early 2007. By then it was hoped that agreement could be reached on changing the name of the company.

6.4 The Board noted the report.

7. Third Quarter Monitoring Report 2005/06 (BD 06 P04)

7.1 An addendum to the paper was tabled by Mr Lawrence, which incorporated the changes requested at the December meeting.

7.2 Mr Lawrence introduced the paper explaining that it provides information on progress against targets and on the financial position of the company for the period to 31st December 2005. In addition, Programme Leaders have estimated the likely outturn at year-end.

7.3 The Board were informed that the figures show an underspend against budget and that this was predicted to continue to the year-end. It was emphasised that not being able to carry funds forward creates problems when faced with the situation of an underspend. With this in mind, the Executive Management Board has put in place contingency plans to ensure that the Grant-in-Aid for 2005/06 is fully utilised.

7.4 The Board were informed that the performance against the programme milestones contained in the corporate plan are progressing well with the majority achieving a performance rating indicating that they will be achieved by the year end.

7.5 The Board were asked to note the report and attached tables.

7.6 In discussion the following points were raised:

- i. It was important that non-executive directors were given an opportunity to monitor, review and advise on corrective action at outturns. It was considered too late in March to review the December outturn figures and to make judgements about what level of action was required. It was acknowledged that the third quarter outturn should have been circulated in January, but this had not been done;
- ii. The levels of delegation from the Company Board to the Executive Management Board should be clarified to ensure the decision-making process is mapped out and responsibility for making decisions is clear;
- iii. The Global Advice and Overseas Territories programmes both show a downward trend in performance against milestones. It was important to continue to progress work in these areas.

7.7 The Board noted the report and tables.

AP1 The levels of delegation from the Company Board to the Executive Management Board should be clarified to ensure the decision making process is mapped out and responsibility for making decisions is clear including the engagement of non-executive directors as appropriate.

AP2 Outturns to be circulated to Members in between meetings to ensure they are informed as soon as possible of the financial and performance information.

8. Report from the Audit and Risk Management Committee (ARMC) (oral)

8.1 Professor Ingram gave an oral report to the Board of the meeting which had taken place the previous day.

8.2 The Committee had been presented with the draft internal audit strategy and operational plan for 2006/07. Following discussion, members approved the strategy and operational plan to commence 1 April.

8.3 The Committee had been presented with the draft risk management strategy for comment and approval. Subject to comments, the strategy was agreed and approved for communication to staff.

8.4 At the June meeting last year, the Committee chose nine performance indicators they wished to receive reports on. It was noted that the majority of indicators had been achieved in full. Two indicators had been partially achieved. Deadlines had slipped due to annual leave commitments on both sides over the summer period. Dates for audit fieldwork next year will be planned accordingly to avoid the August period.

8.5 The Committee was presented with a paper giving a summary of the audit recommendations last year, together with a report on outstanding recommendations and revised deadlines for their implementation. A total of 35 recommendations were made last year. Of these, eight have been satisfactorily implemented, a further 12 have been partially implemented and nine were not due for implementation. The remaining six were outstanding and internal audit have agreed revised deadlines with management for their implementation.

8.6 The Committee was given the opportunity to comment on the year end timetable. Committee noted that the timetable for production of the accounts offered little opportunity for slippage. The Committee was informed that the implementation of the new finance system would impact on the work programme of the Finance Manager and it was therefore necessary to employ a temporary accountant to help produce the end of year accounts. An accountant who had previously worked for the JNCC has agreed to step in to undertake this task. Assurances were given by the external auditors that their commitments under the timetable would be met.

8.7 A written report would be circulated to all Board members for information.

AP3 A written report from the ARMC to be circulated to Board members for information.

9. New Financial Management System (BD 06 P03)

9.1 Mr Lawrence introduced the paper explaining that currently English Nature provide the JNCC's financial management system at very low cost. He went on to explain that in October, following the creation of Natural England, this will no longer be an option available to the company.

9.2 Mr Lawrence explained that following a thorough assessment of the options, it was considered that a simple independent accounting system would suit the needs of the organisation and would offer best value for money. The cost of implementing the system is estimated to be less than £100k, and this figure has been built into the JNCC's business plan for 2006/07. The Board's attention was drawn to the risk assessment provided in Annex 2.

9.3 The Board were asked to:

- i. note the report; and
- ii. endorse the actions already taken to procure the finance system by 1 October 2006.

9.4 In discussion the following points were raised:

- i. it would be helpful to see a cost benefit analysis of all the options;
- ii. contingency plans need to be put in place should the system not be procured by 1 October;
- iii. English Nature had agreed an extension to the service level agreement for the provision of a finance system if they were unable to join the Defra SSO by 1 October;
- iv. an audit on the risks associated with the implementation of a finance system had recently been completed and a report was expected within the next two weeks.

9.5 The Board noted the report and endorsed the actions taken and the option to procure a simple accounting system by 1 October, subject to the provision of the cost-benefit analysis of all the options.

AP4 A cost benefit analysis of all the options would be circulated to Members for information.

10. Any Other Business

10.1 No items were raised.