

**JNCC SUPPORT CO.
BOARD MEETING**

**CONFIRMED MINUTES OF THE EIGHTEENTH MEETING OF JNCC SUPPORT
CO. HELD ON THURSDAY 24 SEPTEMBER 2009 AT MONKSTONE HOUSE,
CITY ROAD, PETERBOROUGH, PE1 1JY**

Present:

Dr Bridgewater
Mr Casement
Mr Crawley
Dr Goold
Professor Hill
Dr Joyce
Mr Pritchard
Professor Usher
Professor Warren
Judith Webb
Mr Yeo
Via video-conference - Mr Archdale

In attendance:

Mrs McQueen
Mrs Quince
Dr Stott

Apologies: Mr Thin, Mr Lloyd-Jones and Mr Christensen.

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1. Dr Bridgewater's opening remarks

- 1.1 Dr Bridgewater informed the Board that this would be Professor Usher's last Board meeting. He thanked him for his contribution to the Board and wished him well for the future.
- 1.2 Dr Bridgewater requested members to consider, as part of the Joint Committee's performance self-assessment exercise, the frequency of Board

meetings and links between the Board's functions and those of the Joint Committee which might allow the Board to meet annually rather than quarterly.

2. Declaration of interests

2.1 No interests were declared.

3. Minutes of the seventeenth board meeting and matters arising

3.1 The minutes were agreed. There were no matters arising.

4. Report from company secretary (oral)

4.1 Mrs McQueen informed the Board that Mr Steer's appointment to the Board had been terminated.

4.2 Mrs McQueen reminded members that a change to the Companies Act meant that residential addresses were no longer required as the official address used by Companies House and published on their website. Members now had a choice to use an alternative 'service' address. Members who hadn't responded to a request made in advance of the meeting were asked to advise Mrs McQueen of their preference by the end of September.

5. Report from the Executive Management Board (BD 09 P10)

5.1 Mr Yeo introduced the paper which provides information on: funding; a review of the programme structure; a review of the Governance and Corporate Services programme; staff pay settlement; Science Quality Task Force; and Swine Flu.

5.2 The Board **noted** the report and in discussion the following points were raised:

- i) with action in hand to establish contingency plans for critical areas of work if JNCC is severely affected by swine flu, the Board agreed it would like to see the organisation's Business Continuity Plan so members could familiarise themselves with the arrangements; and
- ii) there was an overlap in the work undertaken by the Committee performance sub-group and the review of the Governance and Corporate Services programme which was currently underway. It was confirmed that recommendations from the performance sub-group would be fed into the programme review.

5.3 Dr Bridgewater asked the company secretary to send a short letter of appreciation to Mr Steer, thanking him for establishing and developing the Company.

6. First quarter monitoring report 2009-10 (BD 09 P09)

- 6.1 Mr Yeo introduced the paper which provided information on progress against targets and the financial position of the JNCC Support Co. for the period to 30 June 2009. The paper reflects decisions made by the Executive Management Board (EMB) at their August meeting. The EMB recommended revised wording to four key performance indicators (KPIs), set out in Annex 1, Table 3.
- 6.2 The Board **noted** the report and **endorsed** the changes to key performance indicators as set out in Annex 1, Table 3. In discussion the following points were raised:
- i) nineteen KPIs are at risk and require additional action to bring them back on track. Many of the risks revolve around staffing and delivery. The Board hoped a more positive report on progress would be reported at the December meeting; and
 - ii) the Board were pleased that KPI 42 (review of the Governance and Corporate Services programme) was now being progressed. Delays had occurred due to lack of staff resource to undertake the review.

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

- 7.1 Mr Pritchard gave an oral report on the meeting of the Audit and Risk Management Committee (ARMC) which had taken place the previous day. The main points were:
- i) a mid-year progress report on internal audit had been discussed. The plan of work agreed for the current year was generally well in hand;
 - ii) two audits were being commissioned from other providers rather than being undertaken by Deloitte. The ARMC had secured confirmation that while Deloitte's assurance report will contain a caveat to the effect that Deloitte cannot give an opinion about these two audits, that fact will not have any prejudicial effect on the assurance rating to be given to the organisation by Deloitte or the National Audit Office (NAO);
 - iii) the environmental management systems audit had been completed. It found that JNCC has satisfactorily completed three out of the sequence of six British Standard certification stages (BS8555) and recommended the award of an Acorn Certificate;
 - iv) the ARMC discussed progress with implementation of the recommendations made by NAO in the end of year report they submitted to management in June (known as the ISA 260 report). One of the outstanding issues from the previous ARMC meeting's discussion of this was to clarify JNCC's potential liability to pay Corporation Tax. Unfortunately, and contrary to previous indications, the advice now received from HM Revenue & Customs (HMRC) is that JNCC is liable to pay. There should not be a large bill for this in future (the main relevant items, interest earned on bank deposits and sales of publications, will both be relatively small), but the backdated

arrears (to 2005) come to approximately £16,000. HMRC have also ruled that the charity status provision which turns out not to give JNCC exemption from Corporation Tax probably does not give exemption from VAT either, and there could be a backdated liability for this as well. This news has only recently arrived: the next step is to secure some specialist VAT accountancy advice on the way forward. Further details of this will be provided to the Board at their December meeting;

- v) the ARMC discussed the draft strategy for external audit in the year 2009-2010, and were content with the proposals set out by the NAO. The discussion took account of lessons learned from operation of the process in 2008-2009. The revised strategy will be brought back for final agreement at the ARMC's next meeting in December, when there will also be an update on the negotiation concerning the audit fee to be charged;
- vi) a paper reviewing JNCC's policy on preventing and responding to fraud was discussed. "Fraud", in this context, is defined as not only acts which directly misappropriate funds, but also acts which constitute misuse of sensitive data. A final revised version of the policy will be produced shortly and should be given a high profile among staff. The plan thereafter is that the policy will be reviewed annually, timed to take account of the annual Treasury Review of Fraud in Government Departments, which is considered by the ARMC each time it appears. No cases of fraud, presumptive fraud or fruitless payments had been reported since the last meeting;
- vii) once every year, at its September meeting, the ARMC scrutinises the organisation's risk registers, after they have been updated and revised by internal staff workshops over the summer. This was duly done, and after probing a number of issues and clarifications, the ARMC endorsed the registers as presented in the papers for the meeting. Based on the risk registers, the ARMC agrees every year a selection of "top risks" for reporting to the Board (in the ARMC annual report in June). In 2008-2009 ten such risks were selected. For the coming year, the ARMC, having regard to the benefits of continuity and comparability from one period to the next, but also to evolving perceptions concerning priorities, decided not to report on one risk relating to information retrieval and two relating to stakeholder support (partly because of duplication in the list of risks), and to add a risk relating to legal challenge to advice, e.g. on marine Natura sites. The eight risks selected for reporting in 2009-2010 are therefore as follows:

Risk code	Definition
A2	Lack of clarity regarding JNCC's role in relation to other government bodies (formerly 'Other Government bodies take on functions of national and international significance without agreement of Joint Committee')
A3	Mismatch between resources needed to implement JNCC's strategy over an appropriate timescale and funding provided by Government
A6	Changes to the functions, composition or resourcing arrangements of JNCC and/or Company arising from statutory/political changes in the country conservation bodies or sponsor bodies, do not take full account of JNCC's

	circumstances (formerly A7: ‘A change in the functions, composition or resourcing arrangements of JNCC and /or Company arising from statutory changes in the country agencies or sponsor bodies’)
A8	Not being aligned to existing/developing UK Government and Devolved Administrations priorities (formerly A9: ‘Not being aligned to existing/developing Government priorities’)
C2	Ineffective governance at Committee, Company Board and Executive Management Board levels
C4	Failure to identify major issues affecting the environment
C10	Advice is subject to legal challenge, e.g. identification of marine Natura sites
C13	Accidental and deliberate breaches of security of confidential information

The question arises as to what the Board ideally wishes to gain from this process, and whether the current form of reporting (bullet-points summarising the controls exercised) gives good value, or whether there are other approaches the Board may wish to consider. (There is potentially a link here also with the process being launched in late 2009 for a performance self-evaluation of the Joint Committee and Company Board). Board members are invited to communicate views and suggestions on this to the ARMC Chair (dep@dendros.org.uk) during the remainder of 2009;

- viii) a closed session at the end of the meeting offered the opportunity for a routine review of the performance of external audit in the previous year. This was useful for capturing experiences from the NAO’s first year of auditing JNCC.

8. AoB

8.1 There was no other business.

9. Date of the next meeting

9.1 3 December 2009 in Peterborough.