

## **Board meeting minutes: 23 November 2011**

### **Board**

Sir Bill Callaghan (BC) – Chair  
Jayne Scott (JS) – Deputy Chair  
Rodney Anderson (RA) – Board member  
Richard Birmingham (RB) – Board member  
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

### **In attendance**

James Cross (JC) – Acting Chief Executive  
Mel Austen (MA) – Chief Scientific Advisor  
Andy Beattie (AB) – Acting Head of Planning and Regulation  
Carolyn Cadman (CC) – Director of Customers and Partnerships  
Liz Humphreys (LH) - Acting Director of Operations and Compliance  
Alison Thompson (AT) – Director of Corporate Support and Governance  
Debbie Moore (DM) – Head of Board and Executive Services

### **Apologies**

None

### **Item 3: Welcome and introductions**

The Chair, Sir Bill, opened the Board meeting and welcomed all attendees.

### **Item 4: Closed session**

BC asked the Executive to leave the meeting to enable the Board to consider papers in a closed session.

### **Item 5: Declarations of interests**

The Executive were invited to re-join the meeting. NR referred to the agreed protocol for managing sensitivities arising from his dual Board membership (MMO and Natural England). In line with the protocol, NR had previously advised the Chair of the following likely sensitivities in the CEO report: Challenge from the Marine Conservation Society/ClientEarth, marine conservation zones, Falmouth licence application, environmental impact assessment compliance for the aggregates sector and Risk-SRR014.

NR updated the Board on his consultancy work for the Welsh Government (declared on 22 September) which is now complete.

The Chair noted the declared interest which is considered to be non prejudicial and as such NR was invited to remain in the meeting and participate in discussions.

## **Item 6: Minutes of last meeting and actions**

Minutes from the 22 September 2011 meeting were agreed subject to the following amendments:

- CEO report (4) Strategic risk SRR014 – the narrative to include the following sentence. "The Board took into account DECC's observations and considered the advice of the Audit and Risk Committee (A&RC)."
- Committee updates – the narrative in paragraph 1 to read "NR presented the first annual report of the Audit and Risk Committee to the Board."

In relation to matters arising, NR drew attention to minute "that the minutes of the Audit and Risk Committee would be brought to the November Board meeting". The Board were advised that copies of the minutes would be available for Board members at the end of the meeting.

Minutes from the 24 October 2011 meeting were agreed.

The action list and updates were noted.

## **Item 7: CEO report**

JC introduced the report and highlighted the following matters.

(1) An update on the challenge from the Marine Conservation Society (MCS)/ClientEarth was provided. We replied by letter on 12 October offering the opportunity of a meeting and explaining the range of management actions we have taken in respect of marine protected areas. MCS/ClientEarth have replied in letter dated 4 November in which they welcome the opportunity to meet and will respond to our letter more fully in the near future.

The Board discussed the challenge and implications. It was agreed that we should seek to hold the meeting with MCS/ClientEarth in the near future and continue to implement a range of management activities in marine protected areas.

(2) Following a recent announcement from the minister, the Department for Environment, Food and Rural Affairs' (Defra) public consultation on marine conservation zones (MCZs) will be delayed until the end of 2012. This will result in the earliest designation likely to be in 2013 which will have implications for marine planning. We will continue to work with Natural England and Joint Nature Conservation Council (JNCC) as they prepare their conservation advice for Defra.

The Board agreed that we should take the opportunity to work with stakeholders, such as the Royal Society for the Protection of Birds (RSPB) and Wildlife Trusts, at a senior level to explain the role of the MMO and manage expectations.

(3) The Falmouth licence application continues with further engagement with the Falmouth Harbour Commissioners and Falmouth Docks and Engineering Company regarding the proposed trial. A request for a licence to carry out the trial is expected shortly. The trial itself will take at least six months.

The Board noted the update.

(4) The surveillance pilot trials to test the nature and scope of any benefits though using a combination of inshore and offshore surveillance platforms as well as fixed wing aircraft and helicopter operators has commenced. In addition, discussions with the Royal Navy are commencing to explore levels of service that can be provided within the financial resources available from April 2013.

The Board discussed the pilot study, in particular its value for money and targeting. JC explained that the pilot was testing the Compliance and Enforcement Model and sought to target resources in the most efficient and effective way possible. The Board welcomed this and it was agreed that the pilot would be externally evaluated.

**Action: A15/01 Liz Humphreys to advise the Board on the conclusions of the external evaluation of the surveillance pilot.**

(5) An update on environmental impact assessment (EIA) compliance for the aggregates sector was provided. Work is progressing as planned and discussions are continuing with industry.

The Board noted the update and the processes we had gone through to take this course of action.

(6) JL referred to strategic risk SRR014 which relates to a concern that statutory nature conservation bodies (SNCBs) will not have sufficient capacity to provide the MMO with timely advice due to capacity issues and advised the Board that he had similar discussions recently with the aggregates industry. The Board noted this and sought further clarification on MMO capacity especially within the licensing team. JC advised that MMO staff are continuing to work with industry, statutory advisers and others to understand the level of resources needed and the challenges faced by all. AB provided further details on the numbers, nature and types of licence applications expected and how this was factored into resource planning through the corporate planning process.

The Board agreed that we need to continue to engage with SNCBs to build an understanding of any delivery issues and work together to resolve them. The Board stressed the importance of the MMO's role in running an efficient and effective licensing function.

(7) There is no decision yet on the judicial review of the decision not to grant a harbour revision order relating to the Humber Oil Terminal. The Board asked to be notified of the decision.

(8) DL welcomed the recruitment update and asked about grant in aid scenarios given recent messages from the coalition Government about future spending plans.

The Board were advised that no formal notification had been received but the Executive were mindful of not adding to ongoing running costs.

(9) The Board noted the results of the customer, staff and stakeholder surveys. It was agreed that we should take opportunities to continue to present a positive image of the MMO and what has been achieved. CC explained that the targets set for future surveys were challenging and staffs across the business functions are implementing plans with the aim of improving satisfaction levels.

(10) The following comments were made in respect of Annex 1, the performance report against strategic objectives (SO).

- SO 1.2 (enforcement of marine activities) – the introduction of the Investigation Review Group was welcomed.
- SO 1.3 (marine licences) – the figures on licence applications determined in accordance with published standards were useful but more clarity would be helpful to set context.
- SO 5 (EFF) – the Board welcomed the green status and agreed this is an excellent achievement as this outcome has had a red status for some time. AT added that all audit recommendations have been implemented and governance arrangements are approved. The Board noted the necessity to direct resource to deliver the outcomes that we are seeking to achieve as an organisation.
- SO3 (marine biodiversity) – the Board queried the green status given the delay in consulting on marine conservation zones. JC advised that status is considered green as we are on track with our key steps and deliverables in the Corporate Plan.

**Action: A15/02 Alison Thompson to bring a paper to the Board on how the outcomes of the EFF grants compare with the MMO strategic objectives.**

(11) The Coastal Report at Annex 3 was discussed and considered to be a useful update. The Board asked for more clarity around the tables relating to vessel inspection statistics and Royal Navy surveillance inspections.

**Action: A15/03 Liz Humphreys to develop performance statistics on investigations for future reports.**

## **Item 8: Finance report**

AT presented the financial position at the end of September 2011 after conducting the mid-year review. At the mid-point of the financial year the MMO has spent £13.9 million against an original budget of £15.8 million, giving an underspend of £1.9 million. The reasons for the underspend are a combination of issues including: lower spend against payroll and travel and subsistence budgets, and requirements for data and evidence for marine planning. The underspend has been offset against lower than predicted cost recovery in licensing fees.

A full review of financial spend to date and ongoing requirements has been carried out and amended budget profiles have been agreed. The Executive Team have assured themselves that all of the strategic outcomes are deliverable with current budget levels and then have considered, in conjunction with the heads of function, where the year to date £1.9 million underspend could be re-invested according to

business need, including investment in surveillance pilot scheme and an increase in fuel costs for surface surveillance, investment in marine officers and electronic recording systems training and an increase in IBM costs. Overall this leaves a £0.7 million underspend.

The Board queried the increased fuel costs for surface surveillance and the wording of the contract. It was agreed that a paper would come to Audit and Risk Committee on 13 December.

**Action: A15/04 Alison Thompson to present a paper to Audit and Risk Committee on 13 December to consider the Royal Navy price increase and contractual arrangements.**

The Board asked for more information on the IBM cost increase. AT explained this was due to an increase in staff (therefore more desktops) and a 4 per cent cost of living allowance.

DL commented that it is useful to see the mid-year review and requested that the end of year position shows final outturn against original budget. It would also be useful to separate payroll, travel and subsistence and training in future reports.

The predicted underspend was discussed and the Executive were asked to consider bringing forward planned work where appropriate to further business objectives. NR would advise in his capacity as functional lead on financial matters and Chair of Audit and Risk Committee.

NR raised the shortfall in cost recovery from licensing fees. It was agreed that a report would come to the Audit and Risk Committee on 13 December and that the relevant corporate plan objective and key steps commitment would be revisited in the light of the outcome of the investigation.

**Action: A15/05 Alison Thompson and Andy Beattie to present a paper to Audit and Risk Committee on 13 December to consider the cost recovery from licensing applications.**

The Board noted the report and asked the Executive to take opportunities to reduce this year's underspend without incurring unsustainable cost increases in subsequent years.

## **Item 9: Corporate Plan review**

DM introduced the paper, which is the part of the annual review of the rolling 2011-15 Corporate Plan. The revised strategic objectives, key steps and performance indicators were attached for comments and an updated financial position by strategic outcome was included for information.

The Board offered the following suggestions:

- The financial allocation for corporate services, governance and use of resources (SO9) appeared high. The resource allocation and wording of the strategic outcome should be re-visited. The key step relating to cost recovery appears ambitious and should be reconsidered in the light of the work currently underway

and the Audit and Risk Committee scrutiny. This should reflect the timing of the planned fee changes.

- Acronyms should be avoided and the whole document made more readable.
- Indicators on equality should refer to gender.
- Key steps in SO4 (fisheries management) should be expanded rather than focus on quota management.

The Board approved the engagement plan.

## **Item 10: Review of the effectiveness of inshore fisheries and conservation authorities (IFCA)**

LH presented the paper which gives clarity about IFCA governance arrangements and joint working with the MMO and emphasised their importance to the MMO.

The Board agreed it is important that we continue to work with IFCAs in various ways to support them in operating with maximum effectiveness. It was agreed that the Board members have a role through their engagement work which will be reviewed when the Board strategic engagement plan is updated early next year, as planned.

The Board noted the paper and asked for a further update in nine months time.

**Action: A15/06 Update on review of IFCA effectiveness to be added to forward look for September 2012.**

## **Item 11: Review of MMO data entry processes**

LH presented the paper summarising the work that has taken place to address challenges of data entry. The progress reports on data entry for the nine reporting districts are improving with only one currently showing a red status. This is expected to move to green shortly (green status means "Business as usual. Under 10 metre logsheets and sales notes input within 5 working days of receipt").

The Board discussed the paper and more detail was provided on volumes of work compared to staff numbers per district, uptake of electronic log sheets and next phases including the vessel monitoring system plus electronic logbook system.

It was noted that the Defra led review of inshore fisheries reform would have further implications in relation to the management of the under 10 metre fleet.

The Board noted the paper and welcomed the proposed development of performance indicators to monitor future progress.

## **Item 12: Health and safety report (April to September 2011)**

AT presented the third biannual report on health and safety. There have been five incidents in the reporting period, none were major. Inspections have been carried out in three coastal offices and all offices will be visited before the end of March. The review of the health and safety culture at the MMO, conducted by Defra at the request of the CEO, has given positive results and highlighted areas for development which will be actioned through a working group led by the Health and Safety manager.

The Board agreed that it is necessary to raise the profile of health and safety across the MMO through the leadership role of the Board and the Executive.

The Board noted the report and agreed that health and safety matters should appear higher on future meeting agendas.

### **Item 14: Forward look**

DM presented the forward look and updated the Board on arrangements for the members' meeting, which will be held in Newcastle on 14 December, to focus on the Board review of effectiveness.

A further paper will be brought to the January Board meeting to consider the revised framework document. This meeting will also consider the report from the Audit and Risk Committee self assessment including recommended changes to the terms of reference.

### **Item 15: Next meeting**

The next members' meeting will be held on 14 December at 10.45 am in Newcastle. The next Board meeting will be held on 25 January in Newcastle.

### **Item 16: Any other business**

The Board were updated on the recent European Fisheries Fund fisheries local action group launch event in Whitehaven, which CC had attended on behalf of the Board. Positive media coverage focussing on the benefits to the local community and fishing industry that will be delivered by the grant had been achieved and another two were noted to be taking place on 29 November in North Norfolk and 1 December in Bridlington.