JNCC Support Co 38th Meeting Minutes Confirmed

Date: 19 June 2023	**Time: 14.30**
Venue: Virtually via MS Teams	

Present

Professor Melanie Austen
Independent Member

Mr Charles Banner
Independent Member

Lord David Blencathra
Natural England

Mr David Collins
JNCC Director and Company Secretary

Professor Colin Galbraith
Chair and Independent Member

Ms Cath Denholm
Independent Member

Dr Gemma Harper
JNCC Chief Executive

Professor Pete Higgins
NatureScot

Professor Julian Orford
Council for Nature Conservation and the Countryside

Professor Tom Meagher
Independent Member

Professor Steve Ormerod
Natural Resources Wales

Ms Aoife Martin
NatureScot

In attendance

Ms Rebecca Ashcroft
JNCC

Mr Rob Porter
JNCC

Mrs Tracey Quince
JNCC

Apologies

Sir David Henshaw
Natural Resources Wales

1 Chairman's opening remarks

1.1. Professor Galbraith welcomed everyone to the thirty-eighth meeting of the JNCC Support Company Board of Directors.

2 Declaration of interests

2.1 No relevant or new interests were declared.

3 Amendments to the minutes of the June 2022 Board meeting (BD 23 01)

3.1 The minutes of the June 2022 Board meeting were confirmed, with one small amendment, "Dr Aoife Martin" to be changed to "Ms Aoife Martin".

4 JNCC Annual Report and Accounts (ARA) for 2022/23 (BD 23 02)

4.1 Mr Kay from National Audit Office (NAO) introduced the item, informing members that the ARA was almost complete with a small number of items to clear, but there were no further issues to address. The net effect of unadjusted misstatements on the Statement of Comprehensive Income (Profit and Loss) and Balance Sheet was £189k, this was within the threshold of £450k. Manager and Director review at NAO, together with the Comptroller and Auditor General (C&AG) certification was expected in the next 10 days. Revenue recognition on key contracts had been identified as an area of concern as JNCC had not fully addressed the judgement implicit in the application of FRS 102[1] to key contracts. There was therefore the risk that both Statement of Comprehensive Income (Profit and Loss) and Balance Sheet could be materially misstated due to the timing of revenue recognition. Mr Collins confirmed that going forward JNCC would comply fully with FRS102.

[1] FRS102 is the general financial reporting standard (managed under the UK Financial Reporting Council) that applies to all UK entities (private and public) and forms the basis for the preparation of JNCC's financial statements. JNCC's statements also meet the requirements of the Companies Act 2006 and the Government Financial Reporting Manual (FReM) which is prepared by HM Treasury

4.2 Mr Banner informed members that the Annual Report & Accounts (ARA) as presented had been reviewed by ARAC in detail and subject to the final small amendments they were content to recommend the ARA to the Board to approve.

4.3 Dr Harper highlighted the additional level of detail applied to the ARA this year by NAO and the challenging timescales for providing evidence and assurance which had been difficult for the team. Difficulties experienced this year would be discussed with NAO colleagues and rectified for next year. Mr Collins explained that audit standards were now stricter, so this had meant a more challenging process. JNCC and NAO had worked well together to achieve a final outcome with JNCC receiving an unqualified audit opinion. Following the conclusion of the audit JNCC management had agreed with NAO to recommend a £57k adjustment to the accounts with respect to a one-off income recognition error. As a result, the final deficit figure to be posted in the adjusted accounts would increase from £32k to £382k. Professor Galbraith noted the challenges the team had faced this year, the increased scrutiny and the rising costs which would need to be discussed by ARAC when they receive the external audit strategy for 2023 to 24. The Board **delegated** final sign of the ARA to Mr Banner as Interim Chair and Dr Harper as Accounting Officer. Professor Galbraith asked that NAO ensure that everything is completed by 30th June (subject to progress with clearances with Defra's sponsorship functions).

4.4 Mr Kay asked that the Board consider whether the unadjusted misstatements, set out in the identified misstatements section (page 13) should be corrected. Members **confirmed** they were content not to correct the misstatements which stood at £189k, which was within the threshold figure of £450k. Mr Kay asked that the Board consider the adequacy of the going concern disclosures included in the draft financial statements and conclude on whether this is a fair assessment. The Board were **content** with the adequacy of the going concern disclosures and considered it a fair assessment. This consideration to be included in the letter of representation to the Comptroller and Auditor General (C&AG). **Mr Kay left the meeting as planned due to other commitments at this point.**

4.5 Dr Harper informed the Board that new account managers from the Government Internal Audit Agency (GIAA) and NAO had been appointed this year. This had meant new emphasis and additional scrutiny. JNCC welcomed the scrutiny, but issues in relation to the ARA had been raised late in the day which had increased pressure on the finance team. JNCC was experiencing significant rises in costs for both internal and external audit and these would have to be discussed and negotiated. Dr Harper had raised the concerns about GIAA and NAO with Mr Barker, JNCC's Defra Director last week. Similar issues were being seen in Defra and would be highlighted to the Defra lead to address.

4.6 In discussion members made the following comments: -

i. Was the Board to be concerned about the risks highlighted in the NAO Audit Completion Report of moving to a new IT system, which could mean

delays to processes and increased costs. Mr Collins confirmed that implementation of the new system had been delayed, however NAO were flagging the generic risks of implementing the new system. There were no issues of concern beyond that to flag to the Board.

ii. The ARA would benefit from a list of acronyms at the front of the document.

iii. Error on Page 47 'or' should be 'for' in the sentence "Scope 1 (Direct) Air conditioning - We have been unable to confirm the figures for air conditioning consumption at our site in Inverdee House and will work with SEPA and Defra on how this can be quantified moving forward. Inverdee House has exposed concrete soffits within the primary spaces which provide thermal mass reducing the need for air conditioning, saving energy and decreasing running costs and maintenance expenditure associated with air conditioning systems and suspended ceilings."

4.7 In conclusion, the Board were grateful to NAO for their work, but noted the concerns raised about the timing of raising issues and the increased level of detail. The Board thanked Mr Porter and his team in what was his first year of delivering the ARA, who had focused on the end goal and maintained the relationship with NAO to get the ARA over the line. From the Board's perspective, a good process had been followed. The Board thanked Professor Galbraith for his excellent work as Company Board Chair and wished him well in his new role as Chair of NatureScot.

4.8 The Board:

i. **Approved and adopted** the JNCC Annual Reports and Accounts (ARA) for the year ending 31 March 2023, subject to any final small amendments. The Board delegated final sign off of the ARA to Mr Banner and Dr Harper.

ii. **Authorised** the Company Secretary to lodge the accounts with Companies House;

iii. **Authorised** the Chief Executive to arrange for the accounts to be laid before the Houses of Parliament and the Scottish Parliament in accordance with the requirements of the NERC Act 2006 (Schedule 4, section 18) ;

iv. **Authorised** the Chief Executive to sign the letter of representation for the year ended 31 March 2023.

Action point(s)
AP01 Mr Porter to add a list of acronyms to the ARA and amend the error identified in 4.6 (iii) above.

5 Any other business

5.1 Following his departure as Chair of the Joint Committee, Professor Galbraith asked the Board to consider the appointment of a Deputy Chair for the Joint Committee, following Mr Banner's appointment as Interim Chair from 21st June. The Deputy Chair was a Joint Committee appointment which could be ratified by the Committee upon being proposed. It was not a legal requirement to have a Deputy, but it was helpful to have someone in place to cover in the event of the Chair's absence. Members were asked to email any comments on the appointment of a Deputy Chair to Mr Banner by 3rd July. Mr Banner confirmed that a Deputy could be appointed from the whole Committee and was not restricted to independent members.

Action point(s)
AP02 Committee members to email comments on the appointment of a Deputy Chair for the Joint Committee to Mr Banner by 3rd July.