



Protecting and improving the nation's health

Minutes

Title of meeting	Audit and Risk Committee	
Date	Tuesday 21 st February 2017	
Time	10:00 – 12:00	
Venue	Wellington House, 133-155 Waterloo Road, London SE1 8UG	
Present	Rosie Glazebrook	Non-executive member of PHE Board
	Michael Hearty	External Independent Adviser
	Martin Hindle	Adviser, PHE Board
	Sir Derek Myers (Chair)	Non-executive member of PHE Board
In attendance	Michael Brodie	Finance and Commercial Director
	Catherine Hepburn	National Audit Office
	Kishor Mistry	Deputy Director, Corporate Risk and Assurance
	Abdul Mohib	Lead Risk Management Adviser (<i>for risk management items</i>)
	Naseem Ramjan	National Audit Office
	David Robb	Group Internal Audit
	Duncan Selbie	Chief Executive
	Cameron Robson	Group Internal Audit
	Alex Sienkiewicz	Director of Corporate Affairs
	Alan Stapley	Deputy Director, Finance
	Andrew Strodder	Lead Assurance Adviser (<i>for assurance and IA actions item</i>)
	Tony Vickers-Byrne	Director of HR (<i>for risk deep-dive item</i>)
	Pauline Watts	Chief Nurse's Directorate
	Mike Yates	ARC Secretary
Apologies	Simon Reeve	Department of Health
	Graham Reid	Department of Health

Introduction and apologies

17/001 Apologies were received from Simon Reeve and Graham Reid.

17/002 Martin Hindle informed the Committee of his interest in Porton Biopharma Ltd in light of the item on the National Audit Office's financial audit 2016/17.

Minutes of the previous meeting: 24th November 2016

17/003 Enclosure AR/17/01. The minutes were accepted as an accurate record.

Matters arising

17/004 Enclosure AR/17/02. The Committee noted the paper. There were no actions that either had a date later than today's meeting or would be covered as part of another agenda item.

Strategic risk register

17/005 Kishor Mistry and Abdul Mohib gave the strategic risk register report (Enclosure AR/17/03).

17/006 The Science Hub risk had now been split between capability and delivery, and business change (new risks 8 and 9). The HR risk relating to workforce (risk 2) had been tightened up and now related more to PHE's scientific workforce.

17/007 The risks around the ring-fenced grant had also been split into three risks (14, 15 and 16) to distinguish between proposed future spend, delivery of improved public health outcomes and potential dis-investment. On risk 16, Michael Hearty asked whether a bit more detail might be added to the mitigations section to cover scenario planning and what PHE was doing to ensure statutory and non-statutory levers were made best use of to promote good public health after the ring-fence is removed.

17/008 In consideration of risks 5 and 7 relating to information governance and cyber security, the Chair asked is test attacks were part of PHE's mitigation. Michael Brodie confirmed that penetration testing did take place. The chair asked that this be added to the mitigations content.

Action: Kishor Mistry and Abdul Mohib, with FCD, to add mitigation on penetration testing to risk 7.

17/009 The Committee **NOTED** the report.

Risk management deep-dive – Human Resources

17/010 Tony Vickers-Byrne presented the HR risk deep-dive (Enclosure AR/17/04).

17/011 Tony began by describing some of the key workforce issues for the UK. These included:

- Brexit – PHE had around 350 EU nationals in post;
- Ageing workforce – by 2020 one third of the working age population and 50% of the total adult population would be over 50;
- Projected 2.3m gap in the UK workforce by 2030 due to Brexit and the ageing workforce;
- Diversity and staff health and wellbeing now top of the agenda across the best public and private sector employers;
- Gap between the leadership cultures in the best private and public sector organisations narrowing.

17/012 The key workforce issues for PHE were:

- Science Hub move to Harlow in 2021;
- Obtaining a fair pay settlement for the 700 staff on legacy terms and conditions;
- Staff mobility across the system – recognition of continuous service;
- Apprenticeships target and the levy: PHE target of 120 by March 2018;
- Diversity and inclusion;
- Flexible working vital to ensure diversity and retain skills.

HR's key priorities for 2016/17 included:

17/013

- Streamlined, consistent, efficient, measured and digitally based transactional HR services with the customer at the centre;
- Enhanced quality control and integration of HR operational services;
- Supporting our people managers in developing and caring for their staff during ongoing organisational change, with business partners increasingly integrated into management teams, supported by tailored interventions for teams with low engagement scores, and working closely with our cohort of 400 plus volunteers;
- Improving diversity and staff inclusion across all parts of PHE, tackling pay inequalities and unconscious bias and recruiting from new labour markets, including 120 apprentices;
- The forthcoming NIS reorganisation and integral cultural change project in preparation for Science Hub;
- Establishing the clear link between effective diversity and staff inclusion and staff health and wellbeing outcomes and promulgating this across employers;
- Rolling out the diversity dashboard and positive action programme across PHE so that we create a level playing field across PHE as an exemplar to the country;

- Workforce planning fully integrated with finance and business planning and including a comprehensive apprenticeship programme.

17/014 HR had a key risk on the strategic risk register relating to workforce capacity and capability. Robust risk management processes for the directorate were described.

17/015 The following was being done to mitigate the risk:

- An external review of PHE's operational HR services – business partnering, recruitment, payroll and pensions, recruitment and L&D administration – was taking place to “future proof” these services. Korn Ferry consultancy would commence the work on 27 February 2017 and were expected to report by the end May 2017;
- A review of the pay and learning and development arrangements across the regional laboratories had been agreed and would be taken forward at pace by the NIS SMT, HR, OWD and Finance;
- Reasonable turnover would be pursued and ensuring that PHE remained an attractive employer for public health professionals.

17/016 Other HR risks and their mitigations were described.

17/017 The Chair asked that the HR risk register be circulated to members for information.

Action: Tony Vickers-Byrne to circulate the latest HR risk register to members.

17/018 Michael Hearty asked that the Korn Ferry work be added as mitigation in the strategic risk register. He also suggested, and it was subsequently agreed, that a brief report be given to the Committee at the end of the year following completion of the review.

Action: Tony Vickers-Byrne to provide a brief verbal update in November on the HR external review.

17/019 The Committee **NOTED** the report.

Integrated governance report

17/020 Kishor Mistry spoke to the Integrated Governance Report (Enclosure AR/17/05).

17/021 Work was being done to tighten up serious untoward incident reporting and management, and suggestions were to be put to the Quality and Clinical Governance Committee the following week.

17/022 The Committee **NOTED** the report.

Outstanding Internal Audit actions summary

- 17/023 Enclosure AR/17/06. Michael Hearty recognised the good work that had been done to reduce the number of the outstanding actions, and the work of PHE and Internal audit colleagues to embed a more robust action reporting and management regime.

Internal Audit progress report for 2016/17 and initial programme for 2017/18

- 17/024 On the progress report for 2016/17 (Enclosure AR/17/07), Michael Hearty suggested that there was still a lot of work to complete before the end of the financial year. Were Internal audit confident about completing the work? Cameron Robson confirmed that he was confident that the work would be done by the end of the financial year.

- 17/025 Cameron also said that although it would be tight to pull together the necessary assurance information for inclusion in the Annual Report, it should be possible to do this.

- 17/026 On the 2016/17 proposed programme (Enclosure AR/17/08), Cameron Robson and David Robb met with the chair prior to the start of the meeting. A final report would be presented for sign-off in June.

Losses and special payments

- 17/027 Michael Brodie spoke to this report (Enclosure AR/17/09) which the Committee duly **NOTED**.

PHE Financial Governance Framework documentation (including SFIs, Scheme of Delegation, Cabinet Office controls guidance)

- 17/028 Michael Brodie presented PHE's Financial Governance Framework (Enclosure AR/17/10).

- 17/029 There had been a 'root and branch' review of the Standing Financial Instructions (SFIs), and arising from this work, the scheme of delegation had also been reviewed. A document bringing clarity to Cabinet Office and 'local' financial controls had also been put together and was in the process of being cleared.

- 17/030 The documents making up the framework would be reviewed annually. Training modules for each were also being developed.

- 17/031 Michael Heart said the documentation looked good and the individual elements connected well with each other.

- 17/032 The Chair asked whether NAO colleagues liked the Framework. The confirmed that they did

- 17/033 The Committee **NOTED** the report.

National Audit Office - 2016/17 financial audit

17/034 NAO colleagues presented their report (Enclosure AR/17/11). They confirmed that they were on track. They had received a good quality set of draft accounts – earlier than in previous years, which had been helpful.

17/035 The Committee **NOTED** the report.

NAO procurement review recommendations

17/036 Michael Brodie provided the latest update of the action being taken to meet the recommendations in the recent NAO report on procurement in PHE (Enclosure AR/17/12).

17/037 Work was progressing well and a new Deputy-Director had been appointed to oversee this work.

17/038 Michael also presented the first of regular reports on Single Tender Actions (STAs) - Enclosure AR/17/13. There had only been 11 out of around 14,000 payments. Five of the STAs were to cover potential non-compliant activity. Michael gave an explanation of each of these.

17/039 NAO colleagues confirmed when asked that they felt the organisation was moving in the right direction, and that PHE and the NAO were working closely and well together on this. NAO would provide its own update paper to the June meeting of the Committee.

Action: NAO to provide an update to their procurement review report in June.

17/040 The Committee **NOTED** the reports.

2016/17 Annual Report and Accounts

17/041 Alex Sienkiewicz gave an update on progress with the 2016/17 Annual Report (Enclosure AR/17/14). Good early progress had been made with this and key sections had already been shared in draft with the NAO.

17/042 Alex particularly sought views on the Governance Statement. The Chair said he would like to see a little more information in the analysis of performance on 2016/167 actions. Where actions had been completed, the Chair felt that a brief indication of the impact of the actions would be helpful.

Action: Alex Sienkiewicz to seek supporting information for the performance analysis section of the Annual Report.

17/043 Members would send further comments to Alex.

Any other business

17/044 A first draft of the Chair's report to the Board would be provided by Mike Yates.

Action: Mike Yates to provide the Chair with a draft annual report.

17/045 The meeting concluded at 11:50.

Date of next meeting

17/046 Tuesday 6th June 2017, 14:00 to 16:00, Wellington House.

Meeting of members and auditors in the absence of officers

Mike Yates
Board Secretary
February 2017