



National Audit Office

## Board Minutes

Meeting held on 29 September 2022 from 15:00 to 15:30 hrs  
157-197 Buckingham Palace Road, London SW1W 9SP

<b>Members</b>		
Dame Fiona Reynolds	FR	Chair
Sir Martin Donnelly	MD	Non-Executive Member
Janet Eilbeck	JE	Non-Executive Member
Gaenor Bagley	GB	Non-Executive Member
Dame Clare Tickell	CT	Non-Executive Member
Gareth Davies	GD	Comptroller & Auditor General
Daniel Lambauer	DL	Executive Director responsible for Strategy and Resources
Kate Mathers	KM	Executive Director responsible for Financial Audit Service Line
Max Tse	MT	Executive Director response for Knowledge
<b>Attendees</b>		
Abdool Kara	AK	Executive Director responsible for People
Elaine Lewis	EL	Executive Director responsible for Financial Audit Quality
Rebecca Sheeran	RS	Executive Director responsible for VFM service line
Katie Clifford	KC	Head of HR policy and services
John McCann	JMcC	Director HR
Nigel Terrington	NT	Director Strategy
Tim Valentine	TV	Director Finance
Helene Morpeth	HM	Head of Governance and Risk

## 1. Chair's opening remarks

- 1.1 Dame Fiona Reynolds, Chair, welcomed members and attendees who were present for the Board strategy day to take a short break from the strategy deliberations, to conduct the formal business of the Board in respect of the review of the pay framework. She reported that further work had been carried out on the review proposals, in particular in relation to costings, at the request of the Board following the July meeting. She reported that the action for the Board today was to approve the review and its associated costings, if these were thought fit.

### Apologies for absence

- 1.2 There were no apologies for absence.

## 2. Review of the Pay Framework

- 2.1 John McCann reminded the Board that the main proposals in the pay review were driven by the need to attract and particularly retain staff in an increasingly competitive pay environment. They consisted of the introduction of a new Assistant Manager grade in the financial audit service line; adjustments to the NAO's pay ranges; and securing faster guaranteed progression to the mid-point of pay ranges. He provided the costing of the new proposals which have been arrived at by the NAO's expert modelling team. John McCann also referred to further implementation costs relating to the phasing in of the new financial audit grade.
- 2.2 Clare Tickell reported that RemCo had considered the costings earlier in September and had supported the proposals subject to the inclusion of additional assurances on the impact of the changes on in-grade pay gaps which she was pleased to see had been addressed. She also commented that the overall pay bill increase was a reasonable request to put forward to the Public Accounts Commission (TPAC) in the current climate; however the Board should consider carefully how to position this with the Commission. Gareth Davies reported that he and the Chair would have the opportunity to update TPAC on the proposals, at various touchpoints, in the lead up to the 2023-24 Estimate session.
- 2.3 The Non-Executives commented that the proposals supported the NAO's strategic objectives to attract, retain and develop high quality people. In addition, in light of the impact of the current external environment on the NAO, the proposals would also address the ongoing retention issue and would also make the Office more competitive in the external market. They recommended that these latter two points should be made more explicit in the submission to TPAC. In addition the Non-Executives commented that the data in the paper was difficult to absorb and suggested that the numbers should be presented in a more accessible way, both to NAO people and to TPAC.
- 2.4 Gareth Davies reported that the internal communications team have drafted a communication plan in plain English which provides an update on the in-year pay award (to be funded from the NAO's in-year budget) and the proposals in the pay review which are subject to TPAC approval at the 2023-24 Estimate session. He agreed to share the communications with the Non-Executives for their information.
- 2.5 The Board approved the proposals in the pay framework review including their associated costs.
- 2.6 Daniel Lambauer reported that the next stage in the pay review would cover the NAO's corporate services. The implementation date for the corporate service pay review would be from September 2023 and detailed proposals would be presented initially to RemCo and subsequently to the Board in early 2023.

**Actions: i) Nigel Terrington to ensure the submission to TPAC reflects the comments of the Board; and ii) Helene Morpeth to circulate the pay award communication to staff, to the Non-Executives.**

### **3. Acknowledgements**

- 3.1 Fiona Reynolds and Gareth Davies paid tribute to Janet Eilbeck's fantastic service on the Board over the last six years of her tenure. Both said they would miss her expertise on all matters relating to financial audit, her insight and perspective on strategy, and her sound judgement. The whole Board joined in thanking Janet for her service to the Board and to the Office.

### **4. Date and time of next meeting**

- 4.1 The Board noted that the next meeting would be held on 1 November 2022.