

Board Meeting in Public
Tuesday, 03 February 2026

Title of Paper	Audit, Risk and Governance Committee Report	Agenda No.	5.2.3
Nature of Paper	<input checked="" type="checkbox"/> Official	<input type="checkbox"/> Official Sensitive	
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Presenter(s) at Meeting	Ian Murphy, Chair of Audit, Risk and Governance Committee		
Presented for	<input type="checkbox"/> Approval <input checked="" type="checkbox"/> Information <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Update		
Is there a plan to communicate this to the organisation?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yet to be determined		
Executive Summary			
This report is submitted to the Board to draw attention to the main items discussed at Audit, Risk and Governance Committee (ARGC) meetings held on 8 January 2026.			
Previously Considered by			
N/A			
Recommendation			
The Board is asked to note the report.			
Risk(s) identified (Link to Board Assurance Framework Risks)			
Strategic Objective(s) this paper relates to:			
<input type="checkbox"/> Collaborate with partners <input type="checkbox"/> Invest in people and culture <input type="checkbox"/> Drive innovation <input checked="" type="checkbox"/> Modernise our operations <input type="checkbox"/> Grow and diversify our donor base			
Appendices:	None		

1. Background

This report is submitted to the Board to draw attention to the main items discussed at Audit, Risk and Governance Committee (ARGC) meetings held on 8 January 2026.

2. Risk

Board Assurance Framework

The Committee reviewed the BAF, with particular attention to risk P-03: Service Disruption – Loss of Critical ICT, which is the sole principal risk at the risk limit. The Committee also discussed principal risk P-05: Finance. Whilst this risk is within the judgement zone its level continues to be influenced by fluctuations in funding agreements and the requirement to meet Government set cost savings. The Committee noted action being taken to manage the principal risks.

Principal Risk Deep Dive Reviews

The Committee completed one principal risk deep dive at its January meeting in relation to P-11 Corporate Governance. They also took assurance from a report from the People Committee following their review of the P-07 People Staffing principal risk.

P-11 Corporate Governance Deep Dive - The Committee noted that the Corporate Governance risk was introduced following a second limited internal audit finding, with most issues now resolved as reflected in the moderate internal audit opinion for 2024/25. The risk remains a principal risk due to the need to replace the risk management system by August 2026. Action being taken to seek tenders for the new system was noted. The Committee were supportive of that, once the risk management system contract risk is addressed, the Corporate Governance principal risk be reduced to operational level.

P-07 People Staffing – It was noted that principal risk P-08 (Leaders and Managers) has been removed from the principal risk structure with this risk now merged into principal risk P-07 (now titled People Staffing). The change reflects a streamlined approach to people-related risks and was approved by the People Committee. The Committee noted the contributory risks and the action to address these. Discussions on the risk levels is ongoing.

Portfolio Status

The Committee received the Portfolio Status Report for the period ending 30 November 2025. The report provided a comprehensive update on the health of the investment portfolio with a focus on transformational programmes. The report provided assurance on delivery progress and was previously reviewed by the Executive Team at their Performance meeting on 10 December.

It was noted that projects previously rated Red had shown improvement, although four remain at Red and are forecast to return to Green mainly by February 2026. Delays continued to affect the delivery of key milestones, with performance at 60% against target and in-month spend variance exceeding 50%, although overall portfolio milestone delivery remained above target at 77%. The year-end financial forecast had declined further, with Blood and Group and Capital now below budget, despite significant spend anticipated in Quarter 4 and approximately £3.1m of unapproved costs included for projects developing business cases.

The Strategy, Planning and Transformation Group have considered actions to bring activity forward in Quarter 4 to mitigate risks. Minor change was reported in the realisation of financial and non-financial benefits. The Committee discussed management changes to process which were planned to better manage programme funding moving forward.

Artificial Intelligence Governance and Framework

The Committee received an update on NHSBT's approach to artificial intelligence (AI) and noted work that has taken place since the Board's initial discussion in January 2025 on the opportunities and challenges associated with AI adoption. The paper focused on risk and assurance, outlining progress made in establishing governance, controls and an overarching framework, as well as the further work required as NHSBT's approach continues to mature. The Committee endorsed the AI governance model and capability framework, noting that the pace of change and benefits of delivery would depend on investment and prioritisation across people, processes and technology. The organisation's risk appetite would also be a factor. The Committee noted that the governance model and capability framework would now be presented to the Board for approval and that a strategic discussion was also planned for the February Board meeting.

Freedom to Speak Up Guardians Report

The Committee received the Freedom to Speak Up (FTSU) Annual Report for the period October 2024 to September 2025. The report outlined key developments including the planned transfer of National Guardian's Office functions to NHS England, the relocation of the FTSU service to Quality & Governance, and a positive independent internal audit review by GIAA. The Committee noted the themes from FTSU cases driven largely by risk-averse responses rather than case volume. The Committee noted work that was taking place to address findings from the report. The report is to be presented to the Board at their meeting on 3 February 2026 for further discussion.

Business Continuity Process for Escalation of Incidents

Following a request from the ARGC at their last meeting the Committee received details of the Business Continuity escalation process, outlining how decisions are made in response to disruptive events. The paper set out the decision-making framework and the support available where responses may require NHSBT to operate outside normal policy or regulatory parameters. The Committee took assurance from the report and discussion related to it.

3. Audit

Internal Audit Progress and Actions

The Committee received an update on the 2025-26 Internal Audit Plan. It was noted that scoping had been completed for all, but one audit and GIAA were confident that the revised timelines set out in their report can be met. Planning for Q1 of 2026/27 is underway to allow reviews to be distributed more evenly across the year.

The Committee noted that there were currently 13 live actions from finalised reviews, none of which were overdue. Three actions have agreed extensions to their due dates however.

External Audit and Annual Report and Accounts Updates

The final External Audit Plan for 2025-26 was presented to the Committee for approval. The level of materiality for the audit was noted and the audit risks, which were common to most audits, were also noted. Due to Parliament's Summer recess being a week earlier the timetable for the audit and Annual Report and Accounts had been amended from the prior year and whilst slightly shorter it was achievable.

The Committee approved, subject to agreement of the auditors, a minor amendment to NHSBT's Accounting Policies regarding the threshold at which building additions require a full site valuation.

An update was received in relation to progress in addressing outstanding audit recommendations from the last external audit and the Committee were satisfied with the progress made.

4. GovernanceBoard Performance Report – proposed changes

Following a Board request for Medical Assisted Treatment reporting and forecasts for Blood Product, o negative and Ro donor metrics, the Committee formally approved amendments to the Board Performance Report to add this information. The usefulness of the additional information was discussed. It was noted that it does not reliably predict short-term pressure on blood stocks, which are influenced by multiple operational factors; however, it does indicate the overall resilience of the donor base across the reporting period.

Policy Approvals

The Committee approved amendments to the following policies:

- Confidentiality and Data Protection Policy
- Anti-Fraud, Bribery and Corruption Policy

Committee Skills and Capability Report

Following a Board Skills, Capability and Diversity review completed in November 2025, the Committee considered the findings of this so far as they relate to the Audit, Risk and Governance Committee. No immediate gaps were identified however the Committee considered whether in the future additional expertise related to Plasma and manufacturing would be desirable. The benefit of signposting Board members to existing videos and resources that could support their understanding of core business areas was discussed. The Committee noted the update and agreed that the current skills profile is broadly strong, with opportunities for targeted development to be explored further.

5. Reports

The Committee reviewed the following Reports:

- Losses and Special Payments
- Counter Fraud
- Debt Management
- Waivers to Procurement Regulations and High-Risk Contract Awards

6. Sub-Committee/Sub-Group Reports

The Committee received reports/minutes from the following sub-committees/sub-group:

- Risk Management Committee
- ARGC Finance Oversight and Scrutiny
- Information Governance Committee

7. Items for escalation to the Board or Board Committees

The following items were noted for escalation to the Board at this meeting:

- The BAF will be included in the supplementary Board papers in future.
- The Board will receive the Artificial Intelligence Governance and Framework and additionally receive a strategic update on the subject at the February meeting.
- The Board will receive the Freedom to Speak Up Guardians Report at the February meeting.
- The Confidentiality and Data Protection policy and Anti-Fraud, Bribery and Corruption policy will be presented to the February Board for approval.