

MINUTES OF FINANCE, AUDIT AND RISK COMMITTEE

Tuesday 10 March 2020

Bishop Fleming, 1-3 College Yard, Worcester, WR1 2LB

PRESENT:

Chris Walklett (Chair)	(CW)	Partner, Bishop Fleming
Tony King	(TK)	Sanctuary Housing
Stuart Laverick	(SL)	Heart of Worcestershire College
Steph Simcox	(SS)	Worcestershire County Council
Luke Willetts	(LW)	Worcestershire Local Enterprise Partnership

APOLOGIES:

Fran Oborski	(FO)	Wyre Forest District Council
Gary Woodman	(GW)	Worcestershire Local Enterprise Partnership

IN ATTENDANCE:

N/A

	AGENDA ITEM	ACTION
1.	Welcome and Apologies	
1.1	CW welcomed the FAR Committee Board. Apologies were received from Fran Oborski and Gary Woodman.	
2.	Notification of Declarations / Conflicts of Interest	
2.1	CW declared that he is a member of the Malvern Hills Science Park Board. However, CW has stepped down and is no longer a member of the BetaDen Advisory Board. CW also advised that Select Research and Worcestershire County Cricket Club (both recipients of LEP Growing Places funding) are both clients of Bishop Fleming.	
3.	Actions from previous meetings	
3.1	The committee reviewed last meetings actions and agreed them as an accurate record of the meeting.	
3.2	LW updated FAR Committee on key actions, all of which had been completed and/or were on agenda for the meeting.	
4.	2019 / 20 Quarter 3 Financial Report	
4.1	SS presented the 2019/20 Quarter 3 financial report.	
4.2	The Committee formally noted the forecast position for 2019/20, which currently shows a minor overspend of £2k at end of the year but will be met by earmarked reserves. LW explained the primary reason behind this forecast overspend, is due to the with-holding of additional capacity	

funding by Government, due to the overlapping geography issue remaining unresolved.

- 4.3 This has meant WLEP have had to make difficult decisions to ensure core operations were delivered within a constrained financial envelope alongside additional priorities requested by Government, including implementation of the LEP Review recommendations and the development of a Local Industrial Strategy.
- 4.4 SS highlighted to FAR that there is an unallocated amount of LGF funding in the 2020/21 programme, totalling £44k. SS sought the views of FAR as to proposals to submit to WLEP Board.
- 4.5 SL proposed the funding could be used to support the W5G sustainability test-bed, in terms of providing equipment from network providers. FAR were in support of this proposal as a suggestion, alongside the potential option of going out to an open call for project ideas which could be supported by WLEP investment, subject to any proposals being strategically aligned with WLEP objectives. FAR preferred these options to simply allocating the £44k to one of the four remaining schemes in the LGF programme.
- 4.6 The final out-turn position for 2019/20 will be reported to FAR at their next meeting in May 2020.
- 4.7 The Q3 2019/20 financial report was agreed by FAR to be presented to the WLEP Board on 27 March for approval. **SS**

5. WLEP Business Engagement Update

- 5.1 LW outlined proposals endorsed by WLEP Board to refresh business engagement strategy. These include making greater use of the existing network of business membership organisations operating across the county who regularly engage with a wider representation of businesses and gather intelligence across the county, for example the Chamber of Commerce, Circle 2 Success, Federation of Small Businesses, Institute of Directors etc.
- 5.2 WLEP will schedule quarterly meetings with these organisations to share intelligence to better inform local activity and strategy. TK suggested Bank of England as a stakeholder to engage due to local forums they have run in the past and successful engagement and intelligence gleaned.
- 5.3 Additionally, WLEP will schedule 3 business forum events each year, which will be free for businesses to attend and will be hosted in various locations in the county to engage a larger number of businesses on key topics of interest.
- 5.4 As a result of these proposals, WLEP Board have approved the recommendation to dissolve the WLEP Business Board and members have been notified. These new arrangements will commence in early 2020/21. FAR Committee are supportive of this approach and happy to support future events.

6. Annual Performance Review (APR) 2019/20

- 6.1 LW updated FAR on APR meeting and outlined WLEP's progress against implementing each of the National LEP Review recommendations.
- 6.2 LW talked through the presentation slides previously shared with FAR Committee. LW outlined the changes to WLEP Board membership and the composition of the Board to address the gender diversity target.
- 6.3 FAR Committee agreed with the APR evidence provided by WLEP and felt that the positive indicative ratings should be achieved following BEIS/CLGU moderation in March.
- 6.4 WLEP Exec Team will notify FAR on the outcome of Annual Performance Review once ratings have been communicated from Government – this will be done virtually. **LW**

7. Risk Register and Issue Management

- 7.1 LW presented the WLEP risk register which was agreed at September 2019 meeting of FAR Committee.
- 7.2 FAR's decision to RAG rate two of the strategic risks as red, was escalated to WLEP Board in September 2019, who agreed with the assessment and mitigation strategies. Despite further correspondence between Ministers and the LEPs and local discussions between LEPs on the overlap issue, a local resolution has not been possible.

As a result, FAR agreed with current assessment remaining as red for both of the following risks:

- Risk No. 2 – *“Failure to manage overlap with GBSLEP will adversely affect WLEP’s ability to deliver the economic strategy for Worcestershire in the north of the county.”*
- Risk No. 12 – *“A lack of government support or funding results in poor delivery of the WLEP economic strategy, or a failure to deliver individual priority projects.”*

- 7.3 The third risk discussed was as follows:

- Risk No. 6 – *“A political change in national LEP responsibilities results in a risk of the LEP failing to adapt to, or delivery on priorities, and potentially exacerbating existing risks.”*

It was agreed that the impact and probability assessments did not require changing at this stage however this should continue to be monitored as the new Government's plans and budget announcement details emerge.

- 7.4 FAR Committee advised that a Business Continuity risk be added to the Risk Register considering recent flooding events and Coronavirus

concerns. LW advised on BC plans in place already, which include remote working or using different office bases when normal travel is affected.

7.5 FAR requested that a verbal update be provided to WLEP Board at their next meeting on 27 March to advise them two risks remain rated as red. **LW**

7.6 LW to update Risk Register and re-issue to FAR Committee. **LW**

8. Summary of Key Messages and Reporting to WLEP Board

8.1 FAR Committee Chair update to LEP Board in March to consist of reports on the following areas:

- 2019/20 Quarter 3 Financial Report – by SS
- WLEP Risk Register update (verbal) – by LW
- BetaDen request (verbal – as per AOB item below) – by CW

CW / SS / LW

9. Forward Plan for Next Meeting

9.1 The agenda for the next meeting will include:

- Q4 2019/20 – Financial Report
- WLEP Annual Report to OSPB update
- BetaDen Sustainability Report
- Risk Register

10. AOB

10.1 LW and SS advised that WLEP have been invited to the Accountable Body's (Worcs County Council) Overview and Scrutiny Performance Board (OSPB) on 3 June to present its Annual Report. WLEP's report will be discussed by FAR at the next meeting.

10.2 FAR Committee discussed the BetaDen project which has received pump priming investment from WLEP. FAR Committee are keen to understand the long-term sustainability plan for BetaDen, recognising need to transition from a fully public funded model.

10.3 LW advised FAR that the BetaDen Advisory Board have endorsed a recruitment exercise for an Investment Manager to undertake this activity. FAR challenged this approach and felt a brokered solution of external expertise could yield better results for BetaDen and Worcestershire. LW advised this option was considered by BetaDen Advisory Board, but their preference was a dedicated individual to strengthen capacity of the team.

10.4 FAR Committee are keen that benefits realisation of the project to date are fully understood, so that a Return on Investment and Value for Money

assessment can be undertaken. Similarly, FAR Committee want to understand the opportunity costs associated with BetaDen, for example in the Inward Investment space.

- 10.5 FAR requested the WLEP Executive take FAR Committee's views back and request a BetaDen Sustainability report is presented to May WLEP Board, coming to FAR Committee beforehand for input and scrutiny. Focus should be around three areas: **LW**
- Benefits realised to date
 - Projected benefits to end of programme
 - Activity underway and progress to become sustainable

- 10.6 SS advised that a Benefits Realisation framework can be provided to support this report and ensure tangible outputs are outlined e.g. patents registered, businesses created, and jobs created etc. **SS**

11. Date of Next Meeting

- 11.1 Next meeting date for FAR Committee is 19 May 2020.