

## MINUTES OF FINANCE, AUDIT AND RISK COMMITTEE

Wednesday 18 January 2021

Virtual Meeting via Zoom Video Conferencing

### PRESENT:

Chris Walklett (Chair)	(CW)	Partner, Bishop Fleming
Tony King	(TK)	Private Sector Representative
Stuart Laverick	(SL)	Heart of Worcestershire College
Steph Simcox	(SS)	Worcestershire County Council
Gary Woodman	(GW)	Worcestershire Local Enterprise Partnership
Luke Willetts	(LW)	Worcestershire Local Enterprise Partnership

### APOLOGIES:

Fran Oborski	(FO)	Wyre Forest District Council
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### IN ATTENDANCE:

Phoebe Dawson	(PD)	Worcestershire LEP (for Item 4)
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### AGENDA ITEM

### ACTION

#### 1. Welcome and Apologies

1.1 CW welcomed the FAR Committee members along with Phoebe Dawson, Director of Business Engagement for the Worcestershire Local Enterprise Partnership, who is in attendance for Item 4 on the agenda. Apologies were received from Fran Oborski.

#### 2. Notification of Declarations / Conflicts of Interest

2.1 CW declared that Select Research and Worcestershire County Cricket Club (both recipients of LEP Growing Places funding) are both clients of Bishop Fleming.

2.2 No other interests declared by FAR Committee.

#### 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 TK requested an update on the W5G item which was discussed at FAR Committee at the last meeting and subsequently at WLEP Board at the end of November.

3.3 GW updated on the following points:

- WLEP Board approved the recommendation for £150k investment into W5G, but didn't agree mechanism, board delegated options appraisal to LEP CEO and S151 Officer re: how to get £150K back to LEP Exec.
- Agreed for Chair of FAR to take this offline and resolve with LEP CEO and S151 Officer

**GW / SS / CW**

#### **4. Progress Update on Growth Hub Review**

- 4.1 Phoebe stated the growth hub transferred across to Worcester City Council on 8 Jan 2021 following recommendation from LEP board in May to transition of the growth hub to be more closely aligned with WLEP operations.
- 4.2 Settled on Worcester City Council as the parent company. Working with them on finance and HR to make sure that is all in place.
- 4.3 Staff moved over from Chamber of Commerce on 8<sup>th</sup> Jan, all staff and roles transferred to city council with exception of the ERDF contract has been novated across to be delivered by Worcestershire County Council. Primary reason is because ERDF prefer if it goes to an organisation which has history in delivering EU programmes.
- 4.4 Several issues regarding the transfer were discussed by FAR including the findings made by the consultants that supported the Growth Hub Review, John Anderson and Associates. Firstly, they found that a physical HUB was necessary to enable face-to-face delivery of support to businesses but could complement virtual delivery well. Three physical bases across the county have been identified for use by the Growth Hub team and wider WLEP Exec Team moving forward:
  - 4 Copenhagen street, Worcester;
  - Parkside Offices, Bromsgrove; and
  - Malvern Hills Science Park, Malvern.
- 4.5 WLEP decided to take on an IT contract for themselves with Growth Hub. This transferred on Monday 11 Jan and the entire team are now working on Traktivity (shared CRM system) with Local Government.
- 4.6 Growth Hub have already begun implementation of a new marketing and comms strategy. There has been a slight delay due to staff sickness, but it is now happening.
- 4.7 Following transfer, WLEP are already seeing engagement with businesses that we weren't before. And we can now work on getting that intelligence out further and help us shape our strategy and interventions going forward.
- 4.8 Engagement with team has skyrocketed over past 12 months due to COVID-19 impact and EU exit primarily. The next key task following the transition is the development of a comprehensive business engagement strategy, to ensure WLEP are receiving intel from the Worcestershire business community.

- 4.9 The Growth Hub are introducing a business peer-to-peer network, which entails 12 businesses in a sector working and engaging with other businesses from similar sectors to share ideas and support each other on key business topics. Also received additional supplementary monies from BEIS in 2020/21 to provide support to businesses affected by the EU transition.
- 4.10 Next year's Growth Hub budget will potentially be around £462,000 but is still subject to confirmation from BEIS.
- 4.11 FAR raised a few questions following PD presentation:
- SL wondered how we could measure jobs that we have safeguarded via Peer to Peer initiative?
    - PD said that is not an official KPI, its more for our own information. LEP will check in with those businesses supported on a 3,6- and 12-month basis.
  - CW stated that it will be hard to really gauge job saving/creation. Engagement, profiling, promotion and good case studies is the only thing that is in our control.
    - PD stated we know we need to look at inward investment and PD's next big project is the business engagement strategy of which Inward Investment will feature.
  - TK asked is there any risk because it's going to be a subsidiary of the city council, that businesses outside the city, feel this is a Worcester city growth hub as opposed to a county-wide growth hub?
    - PD says the relationship has changed, Worcester city are purely doing pay and rations, we are as a growth hub and LEP paying for that space. The team are doing admin, HR and finance. It's very much a Worcestershire focused delivery mechanism operating across the county in 3 bases, Malvern, Worcester, Bromsgrove.
  - TK asked what impact does this have on the FAR committee itself?
    - SS said there is a section of Growth Hub in the financial monitoring report this quarter but will be more comprehensive in future.
    - SS says there is a lot of information available on this spend.
    - GW stated that the FAR committee are welcome to ask for more detail if necessary.
  - CW asked if LEP shares best practice with other growth hubs?
    - PD said there is a review coming up of the Growth Hub network. We work very closely with the Midlands cluster

and there are fortnightly meetings where we share best practice.

- GW says we are starting to see some sort of standardisation with other Growth Hubs.

4.12 FAR acknowledged the great work undertaken by PD and team in executing a smooth timely transition.

4.13 FAR Committee will receive additional financial information in future quarterly reports to monitor the performance of the Growth Hub and added a risk to the Risk Register to ensure WLEP operations not adversely affected by increased responsibilities.

**SS / LW**

## **5. 2020 / 21 Quarter 2 Financial Report**

5.1 SS presented the 2020/21 Quarter 3 financial report.

5.2 No major concerns to highlight at this stage. SS stated the income is currently in excess of expenditure, mainly due to impact of COVID on forecast spend, and savings made on physical conference vs virtual event delivered in October 2020.

5.3 Positive position overall. As reported last quarter, there is a risk of delayed spend on Pershore, but we may speed up the infrastructure work to mitigate this. If we don't have any major winter related issues, it is hopeful we will spend all the money in Bromsgrove that we planned too. At end of Dec the financial monitoring report stated we spent just south of £8m from a £10m budget in-year.

5.4 Updated salary forecast for Q4 has been provided from the Chamber (who manage staffing budgets for LEP and Growth Hub). SS stated that this included an underspend of around £20k due to holding a vacancy in Exec Team part of year.

5.5 SS noted an error on Table 4 of report which had not been updated following Q4 staffing forecast from Chamber. Reserve balance needs to reflect £63k this year, not £40k as per current entry. SS to ensure this is amended and incorporated into report to WLEP Board.

**SS**

5.6 SS also commented on positive position that that more GPF funding had been received back from Redditch Gateway scheme, meaning WLEP have about £400k left to recover from the project.

5.7 SL advised it would be prudent for WLEP to earmark some funding for project development in preparation for cessation of EU funding. LW agreed and advised Project Development Fund of £250k available from GPF to support development of project pipeline.

5.8 The Q3 2020/21 financial report was agreed by FAR Committee to be presented to the WLEP Board on 21 January for approval.

**SS**

## **6. WLEP APR 2020/21 Preparation**

- 6.1 LW advised FAR Committee of the date scheduled APR with BEIS, 3rd Feb. Guidance was released to LEPs on 19th December, on a more 'streamlined' process this year acknowledging many are still managing capacity constraints due to impact of COVID-19.
- 6.2 As per last year, APR will focus on strategic impact, delivery and governance mechanisms that have been put in place. Paperwork submission deadline is 20th January 2021.
- 6.3 LW provided FAR with a refresher on APR mid-year review meeting and associated actions, as well as outlining the progress made against each of the Action Points agreed with BEIS / MHCLG.
- 6.4 FAR were comfortable with update on action points provided. LW agreed to share copy of final submission to FAR and will provide an update on outcome at next FAR Committee meeting. **LW**

## **7. Risk Register**

- 7.1 LW requested a thorough review of Risk Register by FAR Committee today, as is good practice, and last meeting's review of risks was done by exception, due to time constraints.
- 7.2 FAR agreed and undertook a line by line review of the Risk Register resulting in the following: **LW**
- 2 risks closed and moved into 'Closed' tab
  - 3 new risks added to bottom of Register (numbers 21-23)
  - 8 risks reviewed and revised – Column K references the changes made and rationale for audit purposes
  - 10 risks reviewed but 'no changes made' – date of review referenced in Column K for audit purposes
- 7.3 Updated Risk Register to be circulated to FAR to ensure changes made reflect discussion at the meeting. **ALL**

## **8. Summary of Key Messages and Reporting to WLEP Board**

- 8.1 FAR Committee Chair update to LEP Board in January to consist of reports on the following areas:
- 2020/21 Quarter 3 Financial Report – by SS
- 8.2 FAR Chair to also note the key messages from FAR discussion today:
- WBC Growth Hub Review
    - Important to collaborate across Growth Hub network to identify and learn from best practice (to guard against duplication)
    - Be realistic when setting KPIs for future Growth Hub performance monitoring
  - Finances

- Positive healthy position to report on finances
- However, there is a degree of frustration and concern over lack of future funding landscape from central government

## **9. Forward Plan for Next Meeting**

9.1 FAR Committee agreed to defer to LW to advise on suggested items for the next meeting of FAR. Following meeting LW suggested: **LW**

- 2020/21 Q4 financial report
- WLEP Annual Report (including FAR sign-off of final statement of accounts)
- WLEP 2021/22 report to OSPB
- APR outcome
- FAR Chair / membership proposals
- Risk Register

9.2 FAR Committee to flag to LW if they would like to see additional items put forward for consideration for future FAR meeting agenda. **ALL**

## **10. AOB**

10.1 CW flagged to FAR Committee that he is reaching end of term as WLEP Board Member in March 2021. CW unsure he will be eligible to be FAR Committee Chair once term ends, however has discussed with GW and would be willing to 'hold the fort' until suitable transition is agreed.

10.2 Succession planning added as a risk to Register earlier. LW and GW to review WLEP LAF and discuss with CW future proposals. **GW / LW / CW**

10.3 CW agreed to chair FAR Committee meeting in May.

## **11. Date of Next Meeting**

11.1 Next meeting date for the FAR Committee is 18 May 2021 – to be held virtually via Zoom.