

MINUTES OF WLEP FINANCE, AUDIT AND RISK (FAR) COMMITTEE

Tuesday 18 May 2021 (10:00 – 12:00)

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

APOLOGIES:

Cllr Karen May	(KM)	North Worcestershire Political Representative
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IN ATTENDANCE:

Luke Willetts	(LW)	Worcestershire Local Enterprise Partnership
Linda Smith	(LS)	BetaDen
Kendra Hudson	(KH)	Worcestershire County Council - Observer

AGENDA ITEM

ACTION

1. Welcome and Apologies

- 1.1 CW welcomed the FAR Committee members.
- 1.2 Apologies were received from Cllr Karen May. Guests are Linda Smith for the BetaDen item and Kendra Hudson, an intern working in Steph's service area and one of 11 apprentices currently employed by WCC. She is involved in the budget monitoring. CW added she is welcome to join other future meetings for further growth and experience.

2. Notification of Declarations / Conflicts of Interest

- 2.1 CW declared interests in that Worcestershire County Cricket Club and Select Research are recipients of WLEP GPF funds and are also clients of Bishop Fleming. Chris also sits on the Malvern Hills Science Park Board, relevant to the item on BetaDen discussion later on the agenda.
- 2.2 No other interests declared by FAR Committee.

3. Actions from Previous Meeting

- 3.1 Reactions from previous meeting in January were sought by CW which included a presentation from Phoebe Dawson, WLEP. It was acknowledged the Growth Hub transition to WLEP being a huge success.
- 3.2 GW acknowledged work still underway on Growth Hub model and likely direction of travel for Growth Hub was to move from volume transactions to more of an account management relationship approach with businesses.

- 3.3 SL stated a very positive presentation from Phoebe Dawson and hoping that she is getting the support needed. CW requested WBC was invited to next FAR Committee for progress report on Business Plan 2021/22 and if FAR can provide support. **LW**
- 3.4 CW brought to the committees' attention he is happy to still stand as Chair of FAR even though he has now stepped down from WLEP Board due to term of office expiring.
- 3.5 SS queried how FAR Committee reports to Board would work with CW no longer in attendance. LW and GW advised that intention is for summary of FAR notes to be communicated to WLEP Board under FAR standing item on agenda with SS and LW updating on finance and risk items as is current practice. CW agreed and if there was a particular item that needed to be escalated, CW would seek an invitation to Board via WLEP Chair/CEO.
- 3.6 TK asked whether minutes are presented to the board. GW advised meeting records are published on website in line with Local Assurance Framework. Also, discussions at FAR shared the Board agenda and vice versa.

4. Progress Update on BetaDen (20/21 Review and 21/22 Plan)

- 4.1 LS went through the main points from paper circulated with agenda and invited questions.
- 4.2 TK asked a question on the proposed timescales for resolving whether a commercial/partnership arrangement can be finalised between BetaDen and MHSP.
TK followed with a question about the sustainability of project beyond both the 31 March 2022 and the end of ERDF in June 2023.
LS responded that the partnership with MHSP was the key to bringing in further funding. CW agreed that the relationship was a no brainer and that we should resolve this.

CW suggested that we progress looking at the structure of the cohort and its members and therefore create a payback loop to sustain Betaden.

The executive team have a verbal agreement in principle for MHSP to work with BetaDen on exploring potential business unit as part of MHSP operations. Work underway to establish a licence arrangement.

- 4.3 SL raised what lessons we can learnt from BetaDen experience with trying to leverage in private sector funding. ERDF funding has meant there are constraints to delivering a public / private funding model.

LS explained the process and feedback since the May 2020 FAR Committee. The team continue to look to other models to generate private and public investment.

SS felt there were two challenges 1) making a success of project with public funding 2) Raising enough funding to make the programme viable. She felt that a difficult decision may have to made sooner rather than later regarding

the likelihood of long-term sustainability. The executive recognised the challenge but was proving it could deliver good quality companies and these are all on trajectory of growth, some into the Science Park, but the funding model was a complex picture.

4.4 Actions for executive

- Reshaping of the Betaden project related to the Community Renewal Fund (CRF) bid and its output.
- Recognise where the measure is outcomes-based, Betaden has developed some good examples of successful delivery
- Continue to develop financial sustainability model – considering a share option in cohort members and developing a lower costed model. Taking on the learnings and change the model to something that was investable.
- Betaden to present to a future LEP Board which will express the FAR Committee's concerns regarding future investment and direction of the project.

GW / LW

5. 2020 / 21 Quarter 4 Financial Report

5.1 SS presented the 2020/21 Quarter 4 financial report to the board. Positive position for the 2021 year overall.

Local Growth Fund - Churchfields and Pershore have not spent to profile in the financial year. However, as agreed with the WLEP Board in November, that funding could be allocated within the total programme and therefore additional spend on Southern Link Road means these LGF funded scheme will be completed in 2021/22. WLEP LGF spend has been fully utilised across the programme.

Revenue spend has been lower than expected with the impact of Covid on programmes, events and travel. This will be transferred to the LEP reserves. This reserve has been utilised to invest in improvement in IT, also covering any impact for potential redundancies. WLEP are subject to the Accountable Body's audit arrangements and any subsequent audit findings will be reported to the FAR Committee.

We are proposing a standstill budget for 2021/22, however it was acknowledged that there is a potential problem due to forecast flat levels of income against inflationary expenditure.

5.2 Growing Places fund has just over £1m left to develop other schemes and therefore the WLEP Board are in a stronger position to invest to support delivery of the strategy to 2040.

5.3 Additional allocation of £3,000 profiled to Stratford-Honeybourne rail study was noted, WLEP working in partnership with Wychavon District Council and WCC on this project. Also Getting Building Fund achieved its expenditure profile of £6m in 2020/21 and is on target with £6m spend profile for 2021/22.

- 5.4 The Growth Hub financial position was reported as healthy and reported successful spend of government grants around Peer to Peer and EU transition support for businesses with good outcomes achieved.
- FARC agreed the financial end of year statement to be presented at the May board for sign off and subsequent inclusion in WLEP Annual Report. **SS / LW**
- 5.5 It was agreed that Growth Hub and its performance would be presented to the next FAR Committee; particular focused on strategy, delivery, support to business and economic recovery. **GW / LW**

6. WLEP / BEIS Annual Performance Review Outcome

- 6.1 LW advised FAR Committee of the positive annual performance review feedback, following the session held in February with officials.
- 6.2 LW advised that grading system had changed slightly for 2020/21 and instead of Inadequate/Good/Outstanding it was now simply a Met/Not Met metric.
- Pleased to report that WLEP have met all requirements across Strategy / Delivery and Governance in 2020/21.
- 6.3 LW updated FAR Committee on the agreed action points from the APR meeting and progress made against each of them. FAR were content with progress and agreed to updates ahead of future mid-year review / APR sessions to ensure that a positive Annual Performance Review outcome is achieved at the end of 2021/22.
- 6.4 Following the meeting, BEIS noted that WLEP had not been subject to the local scrutiny process in the same way during 2020/21 due to the meeting being cancelled as a result of COVID-19 impacts. WLEP instead provided a written annual report that was circulated to OSPB members.

BEIS were keen for WLEP to confirm arrangements for 2021/22 and WLEP have liaised with Accountable Body and are now scheduled to attend OSPB on 30 September 2021. This has been communicated to BEIS.

7. Risk Register

- 7.1 Risk Register was comprehensively reviewed and updated last meeting and FAR acknowledged and signed off updates.
- LW advised key update to be added this time was around the National LEP Review and the potential impact this could have on local resourcing depending on outcomes around scope, remit and geography etc. FAR agreed to addition.
- 7.2 Updated Risk Register to be circulated to FAR to ensure changes made reflect discussion at the meeting. **LW**

8. Summary of Key Messages and Reporting to WLEP Board

- 8.1 FAR update to LEP Board in May to consist of report(s) on the following areas:

- 2020/21 Q4 Financial Report – SS **SS**

8.2 WLEP Board to also note the key messages from FAR discussion today: **GW / LW**

- BetaDen Review
 - Recognise where the measure is outcomes-based, Betaden has developed some good examples of successful delivery
 - Potential relationship with MHSP is critical and should be fully explored to support future sustainability
 - Noted the constraints around ERDF funding not enabling private sector funding leverage
 - Betaden to present to a future LEP Board which will express the FAR Committee's concerns regarding future investment and direction of the project.
- Finances
 - Positive healthy position to report on finances
 - Endorsed finances and end of year statement for sign-off by Board and inclusion in WLEP Annual Report 2020/21

9. Forward Plan for Next Meeting

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

9.2 Proposed items for July meeting to include Growth Hub and OSPB. **LW**

10. AOB

10.1 None raised.

11. Date of Next Meeting

11.1 Next meeting date for the FAR Committee is:

06th July 2021 (Q1 2021/22) 13:00 – 15:00 – to be held virtually via Zoom.

16 November 2021 (Q2 2021/22) 13:00 – 15:00