

MINUTES OF FINANCE, AUDIT AND RISK COMMITTEE

Tuesday 10 November 2020

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
Fran Oborski	(FO)	Wyre Forest District Council
Steph Simcox	(SS)	Worcestershire County Council
Luke Willetts	(LW)	Worcestershire Local Enterprise Partnership

APOLOGIES:

Gary Woodman	(GW)	Worcestershire Local Enterprise Partnership
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IN ATTENDANCE:

Ste Ashton	(SA)	WCC / W5G (for Item 4)
Paul Fleming	(PF)	Advalus / W5G (for Item 4)

	AGENDA ITEM	ACTION
1.	Welcome and Apologies	
1.1	CW welcomed the FAR Committee members along with external invitee's Ste Ashton and Paul Fleming, who were in attendance for Item 4 on the agenda. Apologies were received from Gary Woodman.	
2.	Notification of Declarations / Conflicts of Interest	
2.1	CW declared that he is a member of the Malvern Hills Science Park (MHSP) Board in light of Item 4 and the potential links between W5G Co and MHSP. FAR Committee were in agreement that Chris could be party to the discussion and did not need to leave the call for that portion of the meeting.	
2.2	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	TK requested an update on the BetaDen item which was discussed at FAR Committee at the last meeting and subsequently at WLEP Board at the end of September.	

3.3 LW updated on the following points:

- WLEP Board approved the recommendation for BetaDen to go out with an ITT for external support to realise the sustainability plans
- ITT will go live w/c 16 November
- Cohort 4 recruitment campaign commences 12 November 2020
- Positive news on BetaDen's third party income target for 2020/21 with Heads of Terms about to be signed on a deal with a Worcestershire company for an 'Industry Expertise Partner'

4. W5G Co bid for Growing Places Funding

4.1 SA and PF presented their pitch to FAR Committee, outlining:

- Progress and investment made on 5G in Worcestershire to date;
- Proposal to establish W5G Co as a subsidiary of MHSP;
- Financial ask of £150k from WLEP Growing Places Fund (GPF) to support working capital of newly formed company in first 2-3 years of operation; and
- Proposed return on investment and risks associated.

4.2 SA referenced ability of this proposition to support BetaDen with access to 5G testbed and linking up these two key strands within the Worcestershire innovation eco-system.

4.3 MHSP Board considered the proposal at their meeting in October 2020 and provided a positive response to the pitch but highlighted the cash requirement for the new enterprise represented a significant proportion of MHSP reserves. Therefore, W5G Co have approached WLEP as part of their funding mitigation strategy.

4.4 SA outlined the proposal is £150k from MHSP and £150k from WLEP GPF – PF advised the proposal is compliant with UK EU State Aid regulations as MHSP has received no prior de minimis aid.

4.5 The FAR Committee agreed that the decision was two-fold:

- Are WLEP supportive of investing in W5G Co?
- If so, on what terms should WLEP invest – what is the right mechanism?

4.6 The FAR Committee absolutely endorse the sentiment of investing in W5G Co but held a lengthy discussion on several points related to the right structure of the investment into W5G Co.

4.7 CW and TK posed some queries for consideration including:

- Whether WLEP should receive some kind of share / equity in the company (e.g. 50%) based on level of investment being made;
- Need to consider how grant is accounted for on MHSP balance sheet – there will be tax implications on amount repaid which could lead to tax liabilities;
- Has the fact that MHSP has a number of public sector shareholders been factored into the State Aid Analysis undertaken –

PF advised this has been done and no issues with MHSP being considered a private entity; and

- Why now – was the need for funding factored into the W5G testbed project back in 2017? SA responded that whilst the project team knew sustainability was an issue up-front, at that point there was no certainty and lack of clarity as to whether this referred to partners and individual use cases or the test-bed environment itself

4.8 Due to time constraints and other business to be covered on the agenda, it was agreed that FAR Committee members would establish a short-term task and finish group ahead of WLEP Board so that a full recommendation on the proposed structure of the WLEP GPF investment into W5G Co could be provided to the WLEP Board for decision on 27 November.

4.9 It was agreed CW, TK and SS would work on the detail offline and produce a formal recommendation to capture the proposed terms of the investment. This sub-group of the FAR Committee would then discuss the proposal with the MHSP CEO ahead of WLEP Board meeting on 27 November. **CW / TK / SS**

5. 2020 / 21 Quarter 2 Financial Report

5.1 SS presented the 2020/21 Quarter 2 financial report.

5.2 No major concerns to highlight at this stage, other than a decision required from FAR Committee related to LGF programme.

5.3 SS reported that one of the schemes in the LGF programme has come across an unforeseen ecological issue relating to habitat on the Pershore Northern Link Road scheme. This resulted in circa £1m project expenditure having to be reprofiled into 2021/22. However, LGF expenditure is due to be utilised fully in 2020/21 as this is final year of the funded programme.

5.4 SS outlined proposed mitigation was to use the freedom and flexibilities within LGF programme and allocate the £1m Pershore Northern Link funding to another LGF capital scheme in the programme that has received WCC capital expenditure in-year, substituting WCC expenditure. The WCC expenditure would then be committed to the Pershore Northern Link Scheme in 2021/22.

5.5 FAR Committee agreed a recommendation be taken to WLEP Board stating the S151 Officer and WLEP CEO be given delegated responsibility to redistribute the funding on this basis.

5.6 The Q2 2020/21 financial report was agreed by FAR Committee to be presented to the WLEP Board on 27 November for approval. **SS**

6. APR 2020/21 Mid-Year Review Feedback

6.1 LW provided update on APR mid-year review meeting and referred FAR Committee back to the NAF exemptions and extensions presentation provided at the last meeting.

- 6.2 LW outlined the key discussion points from the meeting and talked through each of the Action Points agreed with BEIS / MHCLG.
- 6.3 LW suggested adding this to agenda for FAR Committee's next meeting, so that a detailed update on progress against each action point could be provided. FAR agreed with this proposal. **LW**
- 7. WLEP Programme Delivery Group proposal**
- 7.1 LW presented the report and proposal to establish a Programme Delivery Group, noting this was an Action Point agreed with BEIS via the APR process.
- 7.2 LW stated that the Getting Building Fund programme provides fresh impetus and rationale to establish this mechanism and oversee WLEP-funded programme activity.
- 7.3 FAR agreed with the proposal but made the following observations and comments to be incorporated into the final recommendation to WLEP Board:
- Need to ensure Finance rep is included from Accountable Body – SS agreed to attend the group with Deb Goodall as deputy
 - Need to consider links between FAR and PDG group e.g. risk register
 - FAR should be used as 'check and challenge' – TK agreed to be a member of the PDG to provide a continuity link with FAR
 - Need to be clear on voting rights around attendees – who are there in an observer/advisory capacity?
- 7.4 LW to incorporate these points into final proposal ahead of submission to WLEP Board on 27 November. **LW**
- 8. Feedback from WLEP Annual Report to OSPB**
- 8.1 LW advised that due to impact of COVID, WLEP's annual attendance at the Accountable Body's Overview and Scrutiny Performance Board was postponed this year. Instead, it was agreed a written report would be produced by WLEP Exec team and circulated virtually to OSPB members.
- 8.2 The report was produced and submitted to WCC at the end of October. It has subsequently been circulated to all members of the OSPB with WCC asking for any queries or feedback to be directed to them in the first instance, so they can be collated and passed back to WLEP.
- 8.3 LW updated FAR Committee that WCC have advised WLEP no concerns have been raised from the report to date. LW to circulate a copy of the report to FAR Committee for information. **LW**
- 9. Risk Register**
- 9.1 LW proposed that there were no major changes to existing risk assessments.

- 9.2 LW suggested one addition, related to Project Pipeline development and without focus on re-filling the pipeline, Worcestershire may lose potential future funding opportunities. FAR Committee agreed to this addition. LW to update Risk Register and circulate. **LW**
- 10. Summary of Key Messages and Reporting to WLEP Board**
- 10.1 FAR Committee Chair update to LEP Board in November to consist of reports on the following areas: **SS**
- 2020/21 Quarter 2 Financial Report – by SS **LW**
 - PDG Proposal – LW **LW**
 - W5G Co Funding Application to GPF – CW / SS **CW / SS**
- 11. Forward Plan for Next Meeting**
- 11.1 FAR Committee suggested the following items be considered for inclusion on the next FAR agenda:
- Q3 2020/21 – Financial Report
 - Risk Register
 - WBC Growth Hub Review progress
 - Progress against APR Mid-Year Review actions
- 12. AOB**
- 12.1 No AOB raised.
- 13. Date of Next Meeting**
- 13.1 Next meeting date for the FAR Committee is 13 January 2021 – to be held virtually via Zoom.