

FINANCE, AUDIT AND CORPORATE RISK COMMITTEE MEETING
30 APRIL 2021 FROM 3.00 PM TO 4.00 PM
TEAMS MEETING
MINUTES
Attendees:

Diane Grannell (DG), Chair
 Richard Smith (RS)
 Aidan Dunn (AD)
 Lorna Carver (LC)
 Corrina Osborne (CO)

Also present

Kathryn Hill (KH)

Apologies:

Tony Ferrari (TF)

Item	Notes and Decisions	Action
1.	<p>Apologies were received from TF.</p> <p>Declarations of Interest were received from DG who declared anything related to B&P College.</p>	
2.	<p>Approval of Draft Minutes</p> <p>The Minutes were agreed as an accurate reflection of the last meeting.</p> <p>Matters arising: AD mentioned that he had an action to provide written assurance to the LEP of the audit arrangements. He informed that there is an audit currently being undertaken in regards Dorset Council's payment processes which will include the LEP and he is waiting for that to finish and he will then send out the letter.</p>	
3.	<p>Update on LEP Review</p> <p>LC explained that there is a LEP review currently being undertaken by Government. She informed the group that the review is related to policy changes and not LEP performance, such as change of government policy for the allocation of new capital which will entrust Local Authorities to bid for and deliver Levelling Up Funds and the new Community Funds.</p> <p>LC detailed that in March 2021 Government announced it would be working with LEPs to undertake the review and in the last few months some capital funding schemes have been distributed through Local Authorities rather than LEPs. She noted however that the UK Shared Prosperity Fund is still yet to be finalised and could be the replacement for European Funding and if distributed via LEPs would be a large capital funding pot.</p> <p>LC stated LEP performance acknowledged as good and not in question and the intention is to evolve the form, functions and geographies of and build on the contribution LEPs are making including during the pandemic, emphasising the importance of a relevant, local business voice and the role of LEPs in</p>	

strategic investment decisions is recognised and core to the evolved role and remit. She explained that the importance of relationships with Local Government is recognised and that LEPs remain responsible and accountable for delivery of LGF, GBF projects.

LC informed the group that the aim is to come to a detailed resolution by the Summer, to inform advice to Ministers and the Spending Review on how to evolve LEPs to best support and represent businesses in places.

In terms of governance, LC stated this is a government led project with formal Project Manager and an appointed Minister. The LEP Network Board will provide LEP element of Steering Group and there will be a series of sub projects each led by a LEP Chair or CEO plus CLGU rep. There will be a formal process to document meetings and agree communications and this will require a full Whitehall "write around".

LC informed the group that the LEP Network has assisted in forming different working groups covering certain topics and members of the 38 LEPs will sit on these. Emma Hunt is a member of the Objectives work group, Cecilia Bufton is a member of the Accountability working group and Lorna Carver is part of the geography group.

LC emphasised that the National Industrial Strategy and Plan for Growth are similar and therefore the work on the Dorset Local Industrial Strategy is still valid, particularly as it is entirely evidence based. LC also highlighted that the Dorset Investment Prospectus is also evidence based and not branded as Local Industrial Strategy and therefore will also still be relevant. In terms of plans for the place, these two major strategic documents will be important regardless of the LEP review.

LC informed the group that the focus of our work will continue to be drawing investment into Dorset, as per the strategic documents and that is irrespective as to whether the funds are distributed through LEPs or other organisations. LC shared some possible outcomes and highlighted to the Committee how well-prepared Dorset LEP is for any changes. She advised that our work is worthwhile and links together as we excel in the 'day job' including skills and business, innovation and driving funding into Dorset which we should feel proud of.

LC stated that Dorset LEP adds huge strategic value not just through capital fund allocation, she advised that the UKSPF is still to play for but even without capital funding there is a substantial role Dorset LEP can play in skills and business.

LC reiterated that if Local Industrial Strategy is no longer relevant, the evidence and key themes still stand, and we have a place-based plan to drive investment. She stated that the strategically important matter is driving funding into the place – regardless whether this goes to the Local Authorities to implement. What is important is that the right things will be implemented and will be on a strategic level (ie unlocking and unblocking rather than maintaining).

LC stated that given the remit of this committee, she would like this group to discuss this which will enable visibility and offer reassurance to the Board. LC emphasised that this years funding is fully secured and therefore any possible financial implications would not be until April 2022. She advised that the LEP review has been added to the corporate risk register and we will continue to flag via communications the achievements of Dorset LEP and also to influence

and lobby. LC finished to say there is no action to be taken yet but any discussion will come through this committee and recommendations made to the Board.

RS highlighted the importance of the Board being very clear that there is no need to panic at this time as funding is secured until at least April 2022 and therefore the current level of activity and resources should continue for the time being.

AD agreed and stated that from a finance perspective, Dorset LEP is in a sound place for the rest of the financial year and from a risk perspective, the biggest risk at this moment is the loss of key staff and their knowledge during this period of uncertainty. He emphasized that the risk is around paralysis at a time when the economy needs major stimulation.

RS agreed and stated that given there is no financial risk at present, the Board must be aware that attempting to create savings through staff costs at this time would create significant risk. Business as usual activities must continue to be delivered.

RS stated the Board at this time should be focused on project pipeline and data rather than LEP structure. He emphasised that there is great opportunity between now and July and the Board should contemplate further work on the project pipeline. RS stated the Investment Prospectus had kick started this work but suggested sectoral consultations around commissioning projects should any extra funding become available. For instance, in each key sector understanding what projects would make the biggest positive impact on their sector, rather than issuing a call for ideas. The suggestions should then be underpinned by key data to evidence why those identified projects would have the biggest impact and we will then have a clear evidence base to show that the proposed solutions (projects) will address the key issues and have a substantial impact. RS stated Dorset LEP should work with economic development teams within the councils on this.

DG agreed with the previous comments and stated we need to ensure we avoid a big tailspin and that we must give reassurance to Dorset staff at this time. She stated this is genuinely is a review and we therefore should keep an open mind around what might come out of it as it may be a very positive outcome.

RS stated it was highly unlikely a review would state that growth and productivity in the region would not be required and therefore having an understanding of the data for decision making, evidence base and pipeline is key to ensuring Dorset is head of the queue for any future funding.

LC informed the group that as part of the last LEP review, Professor Nigel Jump undertook a piece of work on geography which was very helpful. RS stated it was unlikely geographical groups would be a risk for us as Dorset will be in a group regardless and the mitigation is that LC is sitting on the geographies working group.

RS flagged that a key risk could be Local Authority partners ceasing to engage, going in different directions and dispersing effort and in fact the next 3-6 months is the most important time for the Local Authorities and Dorset LEP to be exactly aligned so Dorset can be on the front foot of any changes. Developing a robust pipeline will help with this as if capital funding no longer is to be distributed by LEPs, the Local Authorities will have this in place if they are expected to deliver it.

	All committee members offered their support to LC.	
4.	<p>Capitalisation Costs</p> <p>LC discussed a presentation around capitalisation of costs and highlighted the resilience this measure will bring to Dorset LEP.</p> <p>LC presented the costs required to manage funds such as Getting Building Fund which has full time staff to do so and discussed how this is not currently reflected in the Dorset LEP budget. LC also discussed recent budget changes such as the absence of bank interest for instance.</p> <p>LC informed the committee that there was a discussion at Performance and Investment Committee (PIC) around the capitalisation of Local Growth Fund and the PIC were supportive of Getting Building Fund capitalisation and recommended Finance, Audit & Corporate Risk Committee review this.</p> <p>LC advised that the capitalisation would be a 1% charge on any project that is not fully committed and that our contracts permit this. DG stated the recipients are public sector organisations who should therefore understand this position</p> <p>AD confirmed to the group that as the Section 151 Officer that he was content with the principle of this approach.</p> <p>The Committee agreed to the recommendation to apply a 1% capitalisation cost to all Getting Building Fund projects which are not fully committed.</p>	
5.	<p>Any Other Business</p> <p>No items were raised.</p>	

Note: Date of Next Meeting - 28 June 2021 at 10.00 am