

Coast to Capital

Audit and Risk Committee Meeting

Wednesday 29 September 2021: 2:30 pm – 4:00 pm

By Zoom Video Conference

Committee Members:

- Chair: Amanda Jones (AJ)
- Directors: Mark Brunt (MB) and Rosaleen Liard (RL).
- Independent Members: Karen Hayes (KH); Chris Maidment (CM); Mike La Rooy (MR) and Andrew Swayne (AS).

Attendees:

- Accountable Body: Stephen Trigg (ST) Wendy McRae-Smith (WMS)
- Coast to Capital: Cali Gasson (CG); Kristel Smith (KS); Nicholas Darwin (ND); Anthony Middleton (AM).
- BEIS: Sarah Bosley (SB)

1. Introduction

a) Welcome and Apologies.

AJ welcomed everyone to the Zoom meeting.

It was noted that no apologies had been received and all Committee members were present.

Sarah Bosley and Stephen Trigg were welcomed to their first Audit and Risk Committee meeting.

b) Public Comments

It was noted that no public comments were received in advance of the meeting.

c) Minutes from last meeting and Matters Arising.

The Committee noted that all the actions in the Matters Arising document had been completed and approved the Minutes of the meeting held on 24 June 2021.

c) Conflicts of Interest

AJ read the conflicts of interest statement and invited any necessary declarations.

CM stated a potential conflict with his role as Chair of the Crawley Town Deal Board should the Crawley Innovation Centre project be discussed. KM also stated a potential conflict with her role as Head of Corporate Finance at Crawley Borough Council if the Crawley Innovation Centre project was to be discussed. These potential conflicts were noted, and it was confirmed that members would not be asked to leave the meeting at any point.

2. Chief Executive Statement

AM updated the Committee on the progress of the Crawley Innovation Centre project, noting that the Board had decided that Coast to Capital would not be a Shareholder. The Investment Committee, after reviewing the business case, invited the consortium to further look at developing an alternative business case. In doing so, Thales, Coast to Capital, and Crawley Borough Council have decided to dissolve their partnership which has led to the withdrawal of the "Plan A" proposal to the Investment Committee. Crawley Borough Council now intends to submit a business case for an Innovation Centre in Crawley on an alternative site, with the door remaining open to Thales to collaborate on the project.

AM proceeded to provide an update on the LEP Review, noting that its anticipated outcomes remain a key risk to the organisation. AM informed the Committee that more information is due to come forward after the release of the White Paper and outcome of the Comprehensive Spending Review due in October. Recent changes following the Government's cabinet reshuffle were noted as having the potential to affect the outcome of the review. AM highlighted previous work by the Finance and Resources Committee in looking at potential scenarios in how we would respond to the LEP review and update the Committee. AM highlighted the ongoing work through conversations with Local Authorities and other stakeholders and the upcoming plans to help strengthen the position of the LEP. AM concluded with an update on the C2C organisational structure and the recent reorganisation that has taken place, explaining that some small adjustments had been made. The Committee acknowledged that recruitment had been frozen unless considered critical and that, subject to Board approval, notice to break the lease on our office accommodation would be issued in November. This would provide notable savings which would benefit the organisation financially.

3. Risk

CG described the process to develop new departmental risk registers, following the restructure, and publication of the 21/22 Business Plan. In addition, top risks were identified and presented to the Committee.

CG highlighted the uncertainty around the LEP review and the lack of resources due to the restructure as being the top risks currently. AM added that Coast to Capital not being a going concern was also a major risk and provided context to recent developments that would affect C2C's income, namely questions around funding contributions from Local Authorities.

Discussion took place on how best to capture the LEP review risk, as it was seen as the most prominent issue. Members wanted to acknowledge the role of C2C LEP in the regional economy and the need for heightened awareness of how our work impacts the functional economic geography in the region, as this was a key strength. AS enquired about how we are raising this awareness with local MPs to which AM reported the efforts currently being undertaken by the LEP Network to address this issue and lobby MP's to raise awareness.

The Committee praised the work on developing a new organisational Risk Register and were happy that collaboration with the Finance and Resources Committee, and Investment Committee helps in scrutinising this. The Committee suggested that the register be updated to provide commentary on real examples of risk within the organisation rather than theoretical examples, and that risks should capture and reflect upon the impacts of restructure.

Before concluding the item, the committee further discussed the learnings from the assessment of Plan A for the Crawley Innovation Centre. A formal de-brief was requested, with a 'lessons learnt' paper to come back to the Committee in November in order to help inform how the LEP can best approach similar projects in the future.

Lastly, risks around income were further discussed considering recent developments highlighted by AM earlier in the conversation. The committee discussed the need for full support from all key stakeholders to stabilise income as these were significant figures to C2C's budget and therefore needed to be paid as originally promised

4. Audit Review

CG presented her report previously circulated and gave an overview of proposals in respect of internal audit. The Committee noted that internal resource had been lost after the departure of Anna Meredith.

Recommendations were to proceed with a procurement audit, on the basis this was agreed last November to happen within a 12-month timescale and to defer other internal audit work until the new financial year. This was accompanied by a proposal to develop an audit plan for the next 3 years, working with the Accountable Body audit team, where they could possibly provide the resource to deliver the scheme of work.

Whilst the Committee did acknowledge the progress made, there was concern regarding the proposed lack of any audit provision scheduled in the remaining financial year. AM echoed this and stressed his view that C2C should be committed to full and comprehensive audit processes. The Committee also questioned whether

a procurement audit was the right focus at this time given the scale of procurement within the organisation and suggested there may be more important audit areas to consider. They stressed the need for the company top risks to be used as a guide for our audit focus. There was acknowledgement that this would have its difficulties in the current context as we await the pending outcomes of the LEP review .

AJ recommended to the Committee that delegated authority be given to AM and CG, with support from herself to progress a plan for audit work to be undertaken this financial year, which was agreed. Additionally, the Committee recommended a Governance Review after the LEP review and once the future role of LEPs is clarified. An update of the audit plan for 21/22 to be provided at the November committee.

5. Governance

ND presented the previously circulated paper on Governance and provided the Committee with updates on the development of company policies post-restructure and the Accountable Body relationship.

ND drew attention to the updates to our Assurance Framework that had been made due to changes to the National Assurance Framework. In response to questions, he confirmed that the wording of the amendments were an exact copy as set out in the National Assurance Framework, that the Accountable Body had reviewed the changes and were content and that none of the amendments posed any risk or additional concern. It was agreed that the changes could be recommended to the Board for approval.

ND explained that the Assurance Framework would be reviewed again after the conclusion of the LEP review to ensure it is aligned to Government requirements and C2C's Business Plan. In response to a question from AJ, he confirmed that the Framework would be further shaped should the outcome of the LEP review necessitate a new business plan.

6. Close

a) AOB

There were no other items of business.

b) Future Meetings

The next meeting of the Audit and Risk Committee will take place on 25 November 2021 at 2.30pm.

Unconfirmed minutes – to be approved at next Audit and Risk Committee