

AUDIT AND RISK MANAGEMENT COMMITTEE
Minutes from the Meeting held on
21st September 2010
Cambridgeshire Horizons Conference Room

COMMITTEE/ BOARD MEMBERS PRESENT:

John Bridge - Chair
Alex Plant
Cllr Alan Melton
Cllr Jill Tuck
Cllr Fred Brown

Cambridgeshire Chambers of Commerce
Cambridgeshire Horizons
Fenland District Council
Cambridgeshire County Council
East Cambridgeshire District Council

ALSO IN ATTENDANCE:

Ivan Matthews
Laragh Jeanroy
Gill Barker (Minutes)

Cambridgeshire Horizons
Peters, Elsworthy & Moore (Auditors)
Cambridgeshire Horizons

APOLOGIES:

Cllr Ian Bates

Huntingdonshire District Council

Actions

1. **Welcome and Apologies**

JB welcomed all members to the meeting.
Apologies were received from Cllr Ian Bates.

2. **Minutes of the Meeting held on 4th June 2010**

These were agreed.

3. **Matters Arising**

There were no matters arising which were not on the current Agenda.

4. **Directors' Report and Financial Statements – year to 31st March 2010**

The Annual Report and Financial Statements for the year to 31st March 2010 had been circulated previously.

IM highlighted the following:

Addition of a Note to the Accounts (Note 1 – Going Concern) to highlight the future uncertainty of the business. This was discussed and it was noted that there were a number of issues which could not be resolved at this time, but that would become clearer after the Comprehensive Spending Review (CSR), and further information from government on future funding, the proposal for a Local Enterprise Partnership (LEP) and potential funding sources such as CIL and the Housing Bonus. It was further discussed on how and by whom any decisions regarding Horizons future would need to be made.

As a result it was agreed that the wording in the accounts should allow for a degree of 'flexibility'. The suggested rewording was: 'a requirement for flexibility to be able to respond to the changing situation'.

JB also noted that Steve Sillery had now resigned, so this information should be added. The proposed nominee as a Developer Representative had yet to be approved by the Board.

Agreed:

Note 1 – Going Concern – to be altered to reflect flexibility, as noted above;

Steve Sillery's resignation to be noted;

Subject to the two items above, the Committee unanimously agreed to recommend the Annual Report and Financial Statements for the year ended 31st March 2010 to Main Board for approval and signature.

IM
IM

5. **Finance Report:**

August 2010 Management Accounts:

IM reported currently operating 7% under budget. This compared well with 13% at the same time last year.

Discussion:

Queried whether final tranche of HCA HGF Capital funding had finally been received? IM reported that it had, following a detour via the Cambridge City Council. There was discussion regarding this error by HCA and it was agreed that this should be the subject of a letter of concern to Sir Bob Kerlake.

Agreed:

Letter to HCA regarding the final tranche of HGF Capital monies noting concerns to be drafted by IM, for JB to sign off.

IM/JB

6. Budgets

a) Capital and Revenue Budgets

JW gave an overview of both Capital and Revenue budgets.

Main points:

- Projects now gathering pace since confirmation and receipt of final funds;
- Of the £22m capital for 2009/11, majority is committed to projects, but 2 projects may find it difficult to complete within the timescale of the Board extension of three months;
- Three projects – Hunts Town Centre, Cambridge Gateway and Northstowe Cycle Routes were all flagged as at risk of completion in timescale. All these projects have now moved on and have confirmed more likely to spend and have therefore been moved from 'red' risk to 'amber';
- Capital projects currently £1.7m overprofiled, so this will be monitored closely;
- Of particular note, the Hive project has received funding via the Skills Council, due to a bid from CCC and CRC, of £1m so the £300k underwrite by Horizons will not now be required;

Discussion:

- It was reported that the Ely Station area may come forward as a project which required funding in the near future. Noted that the GPB recommendation to Board regarding possible budget savings was to hold for contingencies or any urgent projects;
- Future funding stream potentials such as CIL were discussed. Noted that should CIL finally move forward, then it was essential that this was dealt with in an holistic manner;
- Query on the projected timescale and use of returns from the Addenbrookes Access Road funding. Noted that the timescale was lengthy. Also noted that this funding had come from the HGF Capital budget for the whole county and when it was returned, should be utilized for whole county projects;
- HGF Revenue of £1.7m for 2009/11 period had £300k unallocated up to the last Board meeting when new projects were agreed;

- b)
- Two projects have overspends, and one other project for Orchard Park were reviewed and agreed by GPB at their last meeting;
 - The following agenda item reviews all budgets, at Board's request.

Agreed:

The Capital and Revenue budgets were noted.

Review of Budgets for Horizons Board

JW's report had been circulated. JW explained the basis of the Board request. He noted that the table within the paper which set out the impact on each local authority of the withdrawal of the HPDG monies was to be reworked for Main Board following GPB meeting.

The Horizons Revenue and Core budgets had been examined and a number of savings had been identified in two categories, firm or potential. The firm savings of £200k were reviewed. In addition there was £90k of possible savings. GPB had reviewed these and were recommending to Board that these savings be made and the resulting monies be held for contingency purposes until the future of Horizons, and funding streams, was more clearly known.

Core budget savings of £74k had also been identified which gave a potential saving of £370k. GPB recommendation was noted.

Discussion:

- Noted that a LEP proposal had been submitted to government and that AP was now leading on the work to bring this to fruition whilst a decision from government was awaited.
- The need for prudence was discussed, until the uncertainty regarding the future diminished. Noted that this would more likely be early next year, as the detail of the Comprehensive Spending Review would not filter through to local level until much later;
- Noted that Horizons was currently progressing all projects;
- A requirement for lobbying was discussed. Noted that both Whitehall and Brussels should be lobbied more;
- A separate letter to government regarding the withdrawal of the HPDG was being organized. Noted that this should include a reference to CCC as the effects of this grant loss for the District authorities would have a 'knock on' effect;
- Query whether some monies could be spent on researching future funding. Noted that Horizons was already heavily into this work.

Agreed:

To recommend to Main Board that all identified budget savings should be retained for the transition period, to assist in the move forward once the decision on preferred option is made from the emerging priorities.

7. Risk Registers

a) Strategic Risk Register

GB's updated SRR had been circulated. Red Risks were funding and capacity issues. Otherwise no major changes; Positive changes on the following projects: The Hive; CLIP and Northstowe.

All movement in the register was noted.

b) Internal Risk Register

IM noted no changes to the IRR.

8. Review of Clay Farm, to include fall-back plan

AP gave a verbal update on the Clay Farm project, noting the proposal to utilise funding from the HGF Capital Flexible fund, and explained the detail. He noted that the proposal had been through the last JSGIC meeting and following on from their requirements, was now about to go for Main Board approval. The main thrust of this deal would allow much needed infrastructure for this development at an earlier stage. Returns on the equity proposal would be linked to target time periods. There was a buy-out option. The appropriate legal advice had been obtained throughout. A fall-back plan was no longer required.

Discussion:

- Query regarding overage/sit on hands. Noted that both were covered, with the equity deal linked to the land, and with build out timescales;
- Query regarding potential for sell-out to 'holding company' for lesser value, and then later build out for profit. AP to check.
- Noted that returns should come back to the Cambridgeshire 'pot' for future allocation to Cambridgeshire projects;

AP

Agreed:

Subject to above checks, this Committee recommends approval of this Equity Funding for Clay Farm to Main Board.

9. Core revenue funding beyond March 2011

AP reported that Core funding for Horizons beyond 2011 was unlikely. There was a possibility of a small amount for transitional purposes. Nothing is clear at the moment so Horizons is currently working to allow any and all possibilities.

Discussion:

- Noted that Horizons still has a record of 'delivery' on housing which is outstanding;
- Noted that if there was no money from government for Horizons, it would need to be considered whether Cambridgeshire continues to do this work 'collectively'.
- Noted that collective buying power was much stronger. Perhaps investigate each authority's strength and allocate work on that basis? Each doing what they do best using

- systems to get better services across Cambridgeshire;
- Noted that all authorities will have to become less 'precious'. Need to remind everyone how good at this Cambridgeshire already is.

10. Forward Dates & Agenda Planner

Dates noted. Noted that by the November meeting more information will be available and this meeting should be able to begin making tangible recommendations to Main Board.

11. Any other Business

Discussion regarding Tax Increment Finance potential. Noted that Cambridgeshire had applied for a 'pilot' scheme, earlier in the year. Suggestion that a letter should be drafted, AP to organize, from all authority leaders, stating that Cambridgeshire is ready for this, appending the previous letter of bid for a 'pilot' scheme. This was agreed by the meeting.

AP

The meeting closed at 1250.

12. Date of next Meeting

Scheduled for 24th November 2010, 1400 at Horizons.