

**Audit and Risk Management (ARM) Committee
Minutes from the Meeting held on
6th September 2011
Conference Room, Cambridgeshire Horizons, Endurance House,
Vision Park, Histon, Cambs CB24 9ZR**

COMMITTEE/ BOARD MEMBERS PRESENT:

**John Bridge - Chair
Cllr Ian Bates
Cllr Jill Tuck
Cllr Alan Melton
John Williamson**

**Cambridgeshire Chambers of Commerce
Huntingdonshire District Council
Cambridgeshire County Council
Fenland District Council
Cambridgeshire Horizons**

ALSO IN ATTENDANCE:

**Ivan Matthews
Gill Barker (Minutes)**

**Cambridgeshire Horizons
Cambridgeshire Horizons**

APOLOGIES:

Actions

1. Welcome and Apologies

JB welcomed all members to the meeting. There were no apologies.

2. Minutes of the Meeting held on 1st June, 2011

These were agreed.

3. Matters Arising

- Item 5 – HGF – Revenue funds were likely to be £100K underspent at end of September. It had already been agreed that these funds would be combined with Horizons reserves as one pot for decision on what would happen to them;
- Item 6 – Residual Funding was being dealt with on this Agenda;
- Item 8a) – Strategic Risk register – Discussion regarding new Affordable Housing issues and a reply letter to the Housing Minister. JW explained that the Strategic Housing Board had now produced an updated document which posed many questions of the new policies and were awaiting a response. This would be a good time to follow up with a recast letter seeking answers not received in the original reply.

Discussion:

- The meeting agreed to a draft letter being worked up to go out from Cllr Tuck as Chair of Horizons;
- Noted that a letter of thanks had been sent to Nigel Howlett, CEO of the CHS Group (Horizons landlord) regarding the surrender of the premises. It was further noted that agreement had been reached with the CHS Group regarding delapidations, which would be at no cost on a quid-pro-quo basis for the fixtures and fittings to remain. Apparently an 'arm' of the CHS Group may be taking up residence.

4. LEP Update

JB gave a verbal update. He noted that Alconbury's bid for Enterprise Zone status had been successful. This was extremely good news for the LEP, as was the bid for start up funds which had also been successful at £220K.

The LEP Board would meet on 15th September and now needed to kick start the work. Issues to be agreed were structure of LEP, business plan and setting up of a small core team.

Discussion:

- Noted that the EZ was very good news. Agreed that this project needed to get moving quickly. Required one point of contact identified early and marketed so that everyone knows where and who to go to. Reported that George Osborne had mentioned Alconbury specifically in his radio interview. JB to send IB a copy.
- JW to query marketing arrangements with Laura Halstead and ask her to circulate information.

JB

JW

5. HGF Capital and Revenue Programme

JW's report had been circulated. He noted that this was for information only on the close down of the Programme. Management of the few projects which have still to conclude after Horizons closes will be handled by CCC.

Capital - £20m of the £26.5m available is now spent, with the remainder committed. Detail reflected in Appendix A. Section 3 covers projects which will continue after September;

Revenue – Section 4 - £1.2m claimed of the £1.96m available and there will still be some remainder despite some new projects. Up to £120K will be added to the remainder of the Horizons Reserves and this is dealt with at Item 6. Appendix B shows Revenue projects still continuing.

Discussion:

- Table at Appendix A should also show whether each project is over/under spent;
- Query whether there will be a final document once all projects are completed. This is unlikely, as the culmination of projects will not occur until after Horizons has closed down, but it is unnecessary as the mapping of the run down to closure is contained within it;
- Noted that throughout the life of HGF the County has been the 'banker' and provided the necessary certification to CLG regarding the finances.

JW

6. Horizons Residual Funding

JW's paper had been circulated which included two tables, Table A showing projects to be recommended for funding, and Table B showing projects which did not score enough to be recommended.

JW then outlined updates to the tables in the paper which had occurred as a result of agreement reached at the Growth Partnership Board meeting held on 31st August. One aspect of this agreement was to upgrade a project request from Cambridge City Council, shown as No. 1 on Table B, a viability study on Cambridge North West for a value of £25k. There were some smaller adjustments to larger projects to assist this (Alconbury proposal reduced by £10K to £90K and St Neots by £5K to £70K) and it was noted that the overall 'pot' was likely to be slightly more due to additional residual funds from HGF Revenue programme.

Discussion:

- The additional City project was discussed and it was agreed that it was usual for developers to fund a viability study. It was further noted that under the scoring system this project had not made the original 'cut'. There did not seem to be any reasons available as to what had occurred to change GPB's collective mind. JW was asked to query with City why this was not the case in this example, seeking justification for it to be paid for out of these funds.
- Query as to confidence level that these projects would complete? Noted that this had formed part of the scoring process, so as confident as could be.
- It was further reported that the Northstowe project was now very much back on the Agenda with County and SCDC agreeing to provide shared officer support. Meetings with the two Joint Promoters, Gallagher and the HCA were taking place and a planning application for Phase 1 should come through next year. All looking very positive.

JW

Agreed:

- Paper should have some form of words to show criteria and

scoring rationales and associated confidence levels regarding projects;

- The meeting was content with the overall thrust of the proposals and that it represented a good spread of the final monies. It further noted that the proposals had been agreed by the sub-committee of local authority Board members.

7. July 2011 Management accounts

IM's report had been circulated. He highlighted the £23K under budget representing 6%. Original budgets had allowed for all staff to remain full term to end of September, but some had left early, including Alex Plant, which had reduced the overall redundancy costs. Those who had moved to the County on short fixed term contracts were having their redundancy packages carried forward and underwritten by Horizons through a Memorandum of Understanding (MOU).

Discussion:

Query why Accommodation Costs were overbudget? IM noted that the budget set had been based on the considerably reduced budget utilised last year so had been challenging, and that one project – CRIF – was utilising core budget for external hire of meeting facilities.

8. Horizons Company Legacy issues

JW's paper had been circulated. He noted that Board had agreed in June for Horizons to be maintained as a legal entity post September 2011 to await the return of the investment monies. As a result work was being carried out to amend and update the Articles of Association and Members Agreement to reflect this. Draft versions were currently in circulation with the local authority officers for comment. They included having only Founder Members as Directors/Members of the company and simplified processes. In reality the Company will be dormant for some years until the investment monies begin to return, circa 2017. A decision regarding whether current Directors will all stand down and each authority appoint new ones will have to be made.

Also, there has to be a mechanism by which it is not forgotten that the County has 'first call' on the returning funds to cover the borrowing requirement it has taken out regarding the HGF Capital programme overprofiling of £1.15m. This is being organised through an MOU, the draft of which is also circulating for comment at the moment.

Discussion:

- With monies not returning for 6 years or so, it was suggested that the Board membership should not have 'named individuals' but rather state each authority leader. Then, when the time comes, each individual authority leader can either take up the position of Board member, or delegate it appropriately. It was confirmed that the amended Company documents already allow for this;
- Noted that each authority deals with membership of outside bodies as an annual event;
- Noted that the County will hold the account into which the monies will return. Suggested also that the County CEO is vested as Company Secretary, and that it becomes the CEO's responsibility to call a Board meeting as and when monies begin to return.

9. Statutory accounts year to 31st March 2011

The draft Annual Report and Financial Statements to 31st March 2011

had been circulated. IM reported that due to Inland Revenue tagging requirements, the format of the accounts is different from previous years. Rather than pay for expensive software to be able to complete this 'in house' Horizons was taking advantage of it's auditors software for this purpose. However, this does make the issue of 'changes' to the document being somewhat complicated.

Discussion:

- It was noted that the figures contained in the accounts are a matter of fact;
- There were no queries regarding the Directors Report;
- It was noted that Cambridge City Council had recommended some changes including a couple of factual errors. These were discussed.

Agreed:

This meeting recommended that the factual changes to the Directors Report as noted by the City Council be made and that subject to that Main Board should approve the Annual Report.

10. Any other Business

JB thanked all those members of ARM for their contributions over the years and also to Ivan and latterly John for ensuring the Committee had the relevant information.

AM then thanked JB for acting as Chair, a job he has carried out admirably.

JB then thanked GDB for the Admin support.

The meeting closed at 1615.

11. CLOSE