



CREATIVITY IN THE UK

**MINUTES**  
**AUDIT AND RISK ASSURANCE COMMITTEE ("ARAC") OF FESTIVAL**  
**2022 LTD ("Unboxed")**

10.30 – 12.30pm, Monday 22 November 2021  
*Badminton, Level 4, 6 Brindley Place, Birmingham, B1 2JB*

**Members:**

Faraz Tasnim (FT) (Chair)	Board Director, Festival 2022 Ltd
Liam Hannaway (LH)	Board Director, Festival 2022 Ltd
Roger Lewis (RL)	Board Director, Festival2022 Ltd

**Observer:**

Greg Wilson (GW)	National Audit Office
Daniel Coles (DC)	DCMS
Alison Breadon (AB)	PWC
Adam Richards (AR)	PWC
Sarah Tromans (ST)	OC

**In Attendance:**

David Grady (DG)	Chief Financial Officer
Caroline McGrory (CMcg)	Chief Legal Officer
Phil Batty (PB)	Executive Director
John Darnbrook (JD)	Head of Business Integration
Richard Pomfret (RP)	Senior Finance Manager
Lucy Bailey (LB)	Senior Legal Counsel
Sarb Hair (SH)	Secretariat

**Apologies:**

Amali de Alwis (AA)	Board Director, Festival 2022 Ltd
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NO.	ITEM	ACTION OWNER
1	<p><b>Approval of Minutes &amp; Matters Arising</b></p> <p>The ARAC approved the minutes of the last ARAC meeting held on 30 September 2021.</p> <p>FT raised matters arising as follows:</p> <p>Action 1 - Continued monitoring of Devolved Administrations' (DA's)/ Strategic Delivery Bodies' funding to provide assurance on cross-programme financial monitoring. PB updated the Committee that there are existing governance forums between the devolved nations which allow us to create regular reporting for ARAC. Action closed.</p> <p>Action 2 - Audit recommendation tracker to be brought to each meeting and added to the internal controls meeting. Action closed, ongoing ARAC main agenda point.</p> <p>Action 3 - Recruitment Policy to be circulated for approval. Action closed.</p> <p>Action 4 - A new risk around logistics including purchasing commodities and the changing macro environment was identified including supply chain, technical and production, goods (such as timber, technology chips and labour market) to be reflected in the next risk discussion. Action closed.</p>	

	<p>Action 5 - It was agreed to review the covid principles considering the requirement for each of the nations on an ongoing basis. Status: Ongoing.</p> <p>Action 6 – A paper to be provided to update on the Technology Standards in place across the 10 commissions in the new year. Status: In Progress.</p> <p>Action 7 - AA to meet with Andy Peacock to provide assurance on the cyber security environment. Status: In progress.</p>	
<p><b>2</b></p>	<p><b>Executive Update</b></p> <p>PB provided the following update:</p> <ul style="list-style-type: none"> <li>• Nine out of the ten commissioning agreements are fully executed.</li> <li>• Monthly contract management meetings are going well. High quality reporting information is being received, as well as challenges and risks being reviewed openly.</li> <li>• LB and PB are preparing a series of legal templates that will be useful during the lifetime of the project for the commissioned organisations.</li> <li>• MG has completed all six weekly creative development reviews. Good discussions held around digital approaches and an external review of digital assets is being completed.</li> <li>• An event took place in Manchester attended by all ten commissions and representatives of UNBOXED colleagues. Further workshops are planned in Birmingham in January with a third planned for the first event in Paisley.</li> <li>• Quarterly management meetings with the commissioned organisations are due to take place in December.</li> <li>• A Governance Manager, Laura O'Flynn, has been appointed who will be overseeing the coordination of governance arrangements.</li> <li>• A meeting with the HR and workforce review group took place which will report an update to the board.</li> <li>• A discussion around inflation increasing through 2022 took place including contingency measures to address this. Three distinct challenges across the teams around production, labour and cost of materials were discussed. A review will be carried out across these challenges.</li> </ul>	
<p><b>3</b></p>	<p><b>Internal Audit</b></p> <p>AR summarised the progress update on Internal Audit activities undertaken since the last update to the Committee in September.</p> <p>Current activity in progress:</p> <ul style="list-style-type: none"> <li>• Full commissioning agreements</li> <li>• Project portfolio management</li> <li>• Capacity and resource management</li> <li>• Corporate Services key controls</li> </ul> <p>Two reviews are in their planning phase:</p> <ul style="list-style-type: none"> <li>• Integrated four nations' delivery</li> <li>• Project deep dives.</li> </ul> <p>FT requested for consideration of independent audit internal assurance around evaluation and legacy activities which PB agreed will be brought back to the Committee by Priya Lakhani.</p> <p>Seven management actions were reported as open at the September ARAC meeting, since then no new actions have been added. Six of those seven actions have now been completed.</p> <p>As part of ongoing reporting PwC are providing tax advice in relation to the Project, and advice</p>	<p><b>PB/AR</b></p>

	<p>in relation to annual corporation tax return and company dissolution.</p> <p><b>ARAC noted the contents of the paper.</b></p>	
4	<p><b>Financial Performance Update</b></p> <p>DG updated the Committee on the financial performance against both the current year and the lifetime budget.</p> <p>FT requested a year-to-date monthly forecast report to be brought to the next ARAC for the commissions.</p> <p><b>ARAC noted the contents of the paper.</b></p>	RP
5.	<p><b>Lifetime Budget</b></p> <p>RP updated the Committee on the Lifetime Budget for Unboxed, following finalisation of the Full Commissioning Agreements and the approved Board contingency drawdown. RP discussed how the paper distributed to the Committee outlined the total expenditure due to be incurred by Unboxed over the course of the programme's full lifecycle as funded by the DCMS grant, including expenditure offset against re-charges and income.</p> <p>PB to check in with the Northern Ireland representatives to confirm funding from Department for Communities.</p> <p><b>ARAC noted the contents of the paper.</b></p>	PB
6.	<p><b>Strategic Risk Overview</b></p> <p>JD provided the following update;</p> <ul style="list-style-type: none"> <li>• Two current red risks were discussed</li> <li>• RL suggested amalgamating risks around project engagement and impact. JD to consider in updated risks landscape</li> <li>• Two previous red risks have now been downgraded to amber.</li> <li>• 11 new risks and three new red risks were identified in the papers.</li> </ul> <p>A question was raised around how the commissions would be operating around the risk on Covid. PB updated the Committee that UNBOXED have got an active management plan in place that will continue to be reviewed on an ongoing basis</p> <p>JD to provide further clarity on Risk 84 in terms of what we are specifically tracking including robust audience plan being required.</p> <p><b>Portfolio Report</b></p> <p>JD provided the executive summary of the portfolio report including a RAG status on each of the 10 commissions from Sept - Oct. Most commissions have seen improvement in their rating as they move towards delivery.</p> <p>A discussion was held regarding the usefulness of a forecast RAG position for each of the commissions. JD and AR to agree whether this needs to be implemented as part of Portfolio Report Internal Audit Review.</p> <p><b>ARAC noted the contents of the paper.</b></p>	<p>JD</p> <p>JD</p> <p>JD/AR</p>
7.	<p><b>AOB</b></p> <p>None</p>	

