

MINUTES OF THE AUDIT, RISK AND ASSURANCE COMMITTEE (ARAC) MEETING OF FESTIVAL 2022 LTD VIA VIDEO CONFERENCE ON WEDNESDAY 06

APRIL 2022, 14:00 – 16:00

(the “Company” and “Festival 2022 Ltd”)
(the “Programme” and “UNBOXED: Creativity in the UK”)

Present:

Faraz Tasnim (FT)	ARAC Chair, Non-Executive Director
Amali de Alwis MBE (AdA)	Non-Executive Director
Roger Lewis (RL)	Non-Executive Director, representing Wales
Liam Hannaway (LH)	Non-Executive Director, representing Northern Ireland

Observers Present:

Greg Wilson (GW)	National Audit Office
Daniel Coles (DC)	Department for Digital Culture Media and Sport (“DCMS”)
Adam Richards (AR)	PWC

In attendance:

Phil Batty (PB)	Executive Director
Ian Reid (IR)	Chief Executive Officer
David Grady (CG)	Chief Financial Officer
Caroline McGrory (CMcG)	Chief Legal Officer & Company Secretary
Sarah Tromans (ST)	Head of Financial Management
Gabriella Butler (GB)	Senior Finance Manager
John Darnbrook (JB)	Head of Business Integration
Laura O’Flynn (LO’F)	Governance Manager (Note-taker)
Sarb Hair (SH)	Corporate Operations Coordinator
Dame Vikki Heywood DBE (VH)	Board Chair, (items 1-3)
Prof. Andrew Thompson CBE (AT)	Independent Non-Executive Director (items 1-3)
Bea Hendry (BH)	Head of Programme (items 1-3)
Yasmin Damji (YD)	Senior Evaluation and Impact Manager (items 1-3)
Heather Sharp (HS)	Director, KPMG Economics (items 1-3)

18/22 Welcome and purpose of the meeting

The Chair welcomed all present and outlined the agenda with a particular focus on the Evaluation overview from KPMG Economics joining the meeting with additional Board members having been invited.

Apologies received from Sonia Coates – National Audit Office, Alison Breadon – Price Waterhouse Cooper (“PWC”) and Lucy Bailey.

19/22 Approval of minutes and matters arising

The Chair informed of no matters arising and informed that the current outstanding actions will move to a new format in a separate document as seen in item 2. The Chair ran-through the following outstanding actions:

- It was agreed to review the covid principles in light of the requirement for each of the nations on an ongoing basis. PB believed that plans were resilient and had recently been proven when a number of colleagues contracted Covid from the MarComms team. The plans are continually reviewed as part of BAU and believed this action could be closed. The Committee agreed.

- PB provided an update on cyber security across the Company's corporate operating environment following a meeting held between himself, AdA and the OC's technology team. A further update to be provided at the next meeting.

The minutes of the meeting held on 02 February 2022 were accepted as an accurate record and would be duly signed by the Chair electronically and a redacted copy published on the website.

20/22 Evaluation Overview

The Chair welcomed the team on the Evaluation project.

AT framed the session having reviewed as the Board Project Champion and informed that he was concerned the evaluation would be overstretched with a narrowed focus on what UNBOXED would want to demonstrate and evidence. The presentation provided gave a high degree of confidence.

BH provided the context and noted the following:

- The 7 benefits realised
- Evaluation supplier brief: LOT 1 and LOT 2
- Consultation and governance.

The Chair asked whether the KPIs were in place. BH informed that the conversation remained live and internally the team are remapping the creative project teams originally proposal against the process to check comfort against aspirations and consider whether they are being stretching enough.

The Committee asked when the Board's input would be considered in the evaluation as the key stakeholder and asked for further information on how the quantitative data is being managed and the qualitative data to tell the compelling stories.

AT felt that the Committee should consider it into 3 categories:

- 1) number of people attending/jobs created – easy to gather data, need to ensure consistent
- 2) quality and nature of people's experience which will be more difficult
- 3) data to provide unique insight for the Government to learn about the creative economics.

ACTION: BH to consider the Northern Ireland input.

VH felt the data gathered must consider 'value for money'. VH also concerned with the social cohesion measure and requested that the evaluator consider if it needs to be further quantified. BH informed it was embedded into the strategic objectives and needed to be appropriately reflected. AT highlighted that the focus should be on shared experiences and connectivity. RL supported 'value for money' and reach.

HS presented the overview of the evaluation which included:

- the aims set by UNBOXED and the approach being taken
- the scope and input from stakeholders
- the developed logic model to retrieve outputs to map to the medium- and long-term impacts.
- indicators.

The Chair asked if on track. HS informed that it had been more challenging to establish the scope due to the complexity with UNBOXED and at a crucial point, given the commissions had started.

AdA informed that she is the Board Project Champion for sustainability and had recently supported this team in their work and noted their supplier which had not been mentioned in this. HS felt there would be some elements of sustainability in terms of what the commissions are trying to achieve but it is not a core element. AdA strongly suggested the evaluation and sustainability teams cross-referenced to prevent duplication and contradictory comments.

ACTION: BH/YD to talk with JD to complete a cross-reference on sustainability with evaluation.

RL asked whether the evaluation work now can influence work ahead to analyse in real-time to ensure it is dynamic. HS informed they had not been commissioned to do this, instead planned inflight reporting which will be available on the dashboard.

HS continued the presentation and ran-through the impact evaluation research questions and areas of benefit. VH requested the Board to be the focused stakeholder and believed that 'value for money' required a wider perspective, eg. locations planned for various reasons which is not aligned with reach. HS felt confident the business case does include equity drive balance and market failures.

AdA believed reach is underselling and wondered whether to add influence, eg. how they were left after the experience, which would tell the richness of the story. The Committee felt it should highlight the relationship between the four Governments coming together which is positive and evaluate whether Board have fulfilled their remit.

The Chair felt that while the Committee endorsed the process and framework from an evidence and value-for-money perspective; the Committee requests the full Board to consider the strategic fit and prepare a paper for their next meeting.

ACTION: BH to ensure the evaluation overview and the Committee feedback is brought to the April Board meeting for formal approval within a summarised report.

The Chair thanked HS and summarised that this is an incredibly important piece of work so must get it right.

VH, AT, BH, YD and HS left the meeting.

21/22 Executive Update (General)

PB provided an outline of some of the primary operational challenges facing the team and summarised key development on live projects.

22/22 Executive Update

DG and PB presented an additional paper (taken as read) that set out the proposals for a Process Assurance Review on the Bursaries. The paper set out the six key areas of scope.

The Committee agreed the six areas and tasked the Executive Team with designing and implementing the review process and methodology.

IT WAS RESOLVED THAT THE ARAC approved the approach and commissioned the Internal Audit to undertake a third-line review of the work of the Executive in respect of this scope.

ACTION: PB/AR to design and implement the review process and methodology.

23/22 Risk Management: Portfolio Report Update

JD framed the paper (taken as read) and outlined the changes to the Risk Management Portfolio position. The Committee discussed the key project risks and questioned the Creative Assembly and associated events and appreciated an update would be presented at the next Board. The Chair asked for evaluation to be escalated to red given the discussions and dissolution to be included on the next ARAC agenda with a paper.

24/22 Finance Performance Report

DG framed the paper (taken as read). The contingency table shows the risks if crystallised,

The Committee discussed and endorsed the Budget 2.1 position in advance of the Board approval. The Committee concluded a review of the contingency profiles against known risks and determined that the risks identified in the forecast were affordable within the current lifetime budget.

IT WAS RESOLVED THAT THE ARAC endorsed Budget 2.1 position and the financial request from a commission, based on Board's review of a Strategic Case.

25/22 Year End Governance Paper

DG framed the paper (taken as read) which outlined the preliminary update on the 2021/22 outturn. It confirmed a positive alignment to the previously submitted forecast. The Committee had no comments.

26/22 Fraud Action Plan

ST presented the Fraud Action Plan (taken as read), which was also submitted to DCMS.

The Chair felt it was concise, although knew that fraud grows towards the end of a contract and therefore expected this to be covered in the dissolution paper.

IT WAS RESOLVED THAT THE ARAC approved the Fraud Action Plan for 2022/23.

27/22 Procurement Pipeline Update

JD took the paper as read and the Committee had no comments.

28/22 Internal Audit Update

AR framed the paper (taken as read) and noted progress on two overdue open actions; 1) the portal is ready and internal training is planned and 2) the tax-free payment is with HMRC which ST would chase again.

The Internal Audit moves forward with Commissions deep dives.

The ARAC requested that the Executive team and Internal Audit assess how best to utilise the remaining resource, given that Board Deep Dives have been taking place.

ACTION: PB/DG to consider the Internal Audit plan and review whether deep dives should form part of the plan.

29/22 AOB

The National Audit Office asked for consideration of the timings of the Evaluation and alignment to the publication of final accounts.

ACTION: DG to consider the alignment between final accounts and evaluation in relation to timings.

There were no issues of compliance with controls reported at the meeting.

Close of meeting

The meeting closed at 16:00. The date of the next formal meeting was confirmed as 09 June 2022, in person – Wales.

Distribution by email unless stated otherwise:

ARAC Directors
ARAC Observers
Executive Management Team

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