



**Cheshire and Warrington Local Enterprise Partnership
Finance and Audit Committee**

Tuesday 16th July 2019 15:00 pm – 16:00 pm
Venue: Wyvern House, The Drummer, Winsford
LEP Conference Room

AGENDA

Agenda Item		Lead	Timings
1	Welcome, introductions and apologies	Chair	
2	Conflicts of Interest	Chair	5 minutes
3	Minutes of Meeting 11 th December 2018	Chair	5 minutes
4	Annual Accounts 2018/19 Auditors opinion Re-appointment of auditors	Ian Brooks	15 minutes
5	Management Accounts to June 2019 2019-2020 Forecast	Ian Brooks	10 minutes
6	Scheme of Delegations	Ian Brooks	10 minutes
7	Corporate Risk Register	Ian Brooks	10 minutes
8	AOB	All	5 minutes
9	Date of next meeting:		
	24 th September 2019	Wyvern House, The Drummer, Winsford.	



**Cheshire and Warrington Enterprise Partnership
Finance & Audit Committee Board Meeting Minutes**

11th December 2018 Wyvern house, Winsford

Present:

Tim Wheeler (Chair)

Stephen Kinsey

Alex Thompson, s151 Officer CEC (Accountable Body)

In attendance:

Mark Livesey, Neil Taylor (CEC)

Agenda Item 1: Apologies and Introductions

1.1 Tim Wheeler welcomed members to Committee meeting.

Agenda Item 2: Conflicts of Interest

2.1 No conflicts of interest were declared in relation to Agenda Items.

Agenda Item 3: Draft Minutes

3.1 The draft minutes circulated with meeting papers were agreed to provide a full and accurate account of the May meeting.

Agenda Item 4: Management Accounts – September 2018

4.1 Mark Livesey introduced the Management Accounts for September 2018, including the forecast for 2017/18. Key points were as follows:

- Additional MHCLG funding of £200,000 had been bid for (now agreed and received), which would be used to fund the Local Industrial Strategy and the new Finance Director post.
- Higher than budgeted interest due to rate rise and profiling of spend from Local Growth & Growing Place Funds.
- Staff Remuneration – increase due to funded post (see above).
- Growth Hub Consultancy – work on transition from Blue Orchid to in-house service. Some costs are claimable from BEIS.
- Recruitment costs – higher than budget due to a number of recruitments.
- Overall, the forecast for the year was currently a £96,674 profit, which when the £100,000 budgeted use of reserves was taken into account, meant a small deficit of just over £3,000 was anticipated for the year.

4.2 A general discussion on the figures followed, including the current interest rates, reassurance on the additional MHCLG funding (now agreed), Enterprise Zone income and any potential clawback (this would be via future income rather than existing LEP funds), the Local Industrial Strategy (including confirmed spend with Local Authorities) and the likely start date of the new Finance Director (April 2019 or just after).

Agenda Item 5: Draft Budget 2019/20

5.1 Mark Livesey took the Committee through the draft 2019/20 LEP budget. A number of income streams from 2018/19 would be ending in 2019/20 e.g. GPF revenue or reducing e.g. Interest, EU Technical Assistance, and therefore there would be an increase in the amount of Enterprise Zone income required to balance the operating budget; this was well within the (up to) £1 million amount that the LEP Board had agreed.

5.2 There was a discussion about the amount of EZ income required in the 19/20 budget. Mark Livesey explained that the figure of £451,600 was very much a worst case scenario, as there were other as yet not known amounts that would reduce the income required within the operating budget e.g. synergies with Marketing Cheshire etc. Future EZ income forecasts and use of income were also discussed and income was expected to increase quite significantly in the near future given several new occupiers. It was confirmed that the draft budget, and use of EZ income would be going to the full Board for their agreement.

5.3 Other items highlighted within the draft budget included the increase in staff remuneration (due to post funded by MHCLG monies), reduction in Consultancy (due to appointment of Transport Director), increase in Marketing (which now included amount previously in EZ budget) and an increase in the Contingency amount from £50,000 to £100,000. On the last point, the Committee agreed that the Contingency amount should stay at £50,000, thus enabling a balanced budget position.

5.4 The reserves strategy was also discussed and it was agreed that there were sufficient funds to wind up the company, if ever necessary, within the draft budget.

Action LEP Executive: Update draft budget, as agreed and take to full board for approval

Agenda Item 6: Any other business

6.1 It was noted in the minutes from the last meeting (para 6.3), that a programme of Internal Audit work would be brought before the Committee. Alex Thompson confirmed that he had just received the revised plan form CEC Internal Audit, and it was agreed that this would be circulated to the Committee.

Action LEP Executive: To circulate Internal Audit plan

6.2 In response to a query regarding the Corporate Risk Register, it was confirmed that this currently went to the Performance & Investment Committee. Following a discussion, it was agreed that the register should also come to the Finance & Audit Committee.

Action LEP Executive: To include Corporate Risk Register on a future F&A Committee agenda

Cheshire and Warrington LEP

Financial ReportYear Ended 31st March 2019Income and Expenditure

A summary of the income and expenditure account is presented below:

	Actual £'000	Budget £'000	Variance £'000
Core Activity			
Core Income ^a	1,441	1,374	67
Core Expenditure:			
Staff	(734)	(717)	(17)
Non-Staff	(605)	(657)	52
Core Projects Income	208	200	8
Core Projects Expenditure	(220)	(200)	(20)
Sub-Total Core +	89	0	89
Programmes			
Growth Hub Income	287	287	0
Growth Hub Expenditure	(287)	(287)	0
The Pledge Income (inc. Kickstart and CEC)	31	0	31
The Pledge Expenditure	(29)	0	(29)
Enterprise Zone Income ^a	255	214	41
Enterprise Zone Expenditure	(328)	(214)	(114)
Sub-Total Programmes +	(71)	0	(71)
Total LEP Operating Surplus/(Deficit) =	18	0	18
Other finance income	3	0	3
Movement in Pension Provision	(110)	0	(110)
Total LEP Surplus/(Deficit) =	(89)	0	(89)

NP11 Income	37	0	37
NP11 Expenditure	(37)	0	(37)

Notes

- a) Expressed after transfer of £225,000 EZ funds, including £125K as Local Authority "match".

Core Income and Core Projects Income, when combined, exceeded budget by £75k. This included drawing £78k of the unbudgeted £200k additional MHCLG funding towards the LIS strategy and additional governance costs. The remaining £122k remains available to be drawn in 2019/20.

In planning the budget, it had been anticipated that £100k would be drawn from general reserves towards running costs. This was not required for this purpose as interest receipts from the Growing Places Fund and the Enterprise Zone balances exceeded budget by £93k.

However, following the actuarial re-valuation of pension liabilities for former local government employees of the LEP, the movement in the pension provision created an unplanned expense of £110k. This movement will therefore reduce the general reserve.

The growth of the LEP during 2018/19 is made clear by the number of programmes we are now running and that three of those activities, The Pledge (which includes Careers Enterprise Company and Kickstart) were not included in the budget. In addition, the LEP's co-ordinating function for NP11, shown separately, was also not budgeted. These programmes were known about to varying degrees, but each operate essentially on a match funded basis whereby claims are made to draw down income to match the expenditures as they are incurred. Their net effect on the out turn is therefore negligible.

The one programme which operated with a deficit is the Enterprise Zone where expenditure exceeded income by £73k. Agreement was reached during the year to create a pipeline of EZ projects and £90k of unbudgeted expenditure has been invested in this work.

General Reserves

The LEP policy is to maintain a reasonable level of general reserves to manage the normal levels of fluctuation in business activity. At an extreme, the level of reserve held is also compared to the estimated closure costs of the organisation in the event of Government policy being changed such that the continuation of the LEP is not viable or required. It is not policy to "build up" substantial reserves by seeking operating surpluses year on year, instead it is to operate a broadly balanced budget by investing the resources at its' disposal in activities to support the overall strategic aims.

The table below shows the movement in the reserve:

	Actual £'000	Budget £'000	Variance £'000
Opening Reserves at 1/4/18	359	359	0
Operating Surplus/(Deficit)	18	(100)	118
Movement in Pension / Other Income	(107)	0	(107)
Closing Reserves at 31/3/19	270	259	11

The closure of cost is estimated on the basis of those permanent employees of the LEP who would be contractually entitled to payment in lieu of notice and statutory redundancy pay. The costs of severance of those staff employed on fixed term contracts tied to specific programmes would be met from the programme funds if terminated early. This estimate is kept under review. The current estimate of redundancy costs as at 31/3/2020 is £305k.

Ian Brooks

Finance and Commercial Director

June 2019

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP**

STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

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FOR THE YEAR ENDED 31 MARCH 2019**

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**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019**

DIRECTORS:

C A Gaskell
T J Wheeler
G A Barlow
T P O'Neill
C E Hayward
R J Mee
S K Dixon
R Bailey
S K Kinsey
G M Bristow
J A Downes
C J Hindley

REGISTERED OFFICE:

Floor 1
Wyvern House
The Drummer
Winsford
Cheshire
CW7 1AH

REGISTERED NUMBER:

04453576 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Michael Benson

AUDITORS:

Murray Smith LLP
Chartered Accountants
Statutory Auditor
Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their Strategic report, together with the Directors' report, the financial statements and auditors' report, for Cheshire & Warrington Local Enterprise Partnership ("the Company") for the year ended 31 March 2019.

BUSINESS REVIEW

The income and expenditure account is set out on page 7. The surplus for the year of £20,599 has been transferred to reserves (2018: £75,837 deficit).

2018/19 has been a significant year, presenting both challenges and opportunities. Uncertainties around Brexit continue to fuel economic uncertainty and is affecting investment decisions. In this environment the Cheshire and Warrington LEP, along with LEPs across England continue to play an increasingly pivotal role in setting the direction for local economic growth and preparing for the challenges and opportunities that lie ahead. The LEP has reaffirmed its growth ambitions and through the production of our Local Industrial Strategy remains committed to creating the conditions to deliver 120,000 new jobs, 127,000 new homes and a £50bn economy by 2040. In delivering this growth, there is also a firm commitment from all partners to working collaboratively across the sub-region.

With effect from 1 April 2018, the LEP brought the Growth Hub, with its business support services in house for the first time, providing direct advice and support to local businesses. These activities open a new direction and new income streams for the LEP directly delivering services. The LEP expects to expand on these activities in 2019/20, working with partners in areas such as digital skills and "the Pledge", which brings educational establishments into closer working with businesses and delivering the skills they need. During 2018/19 the LEP also made detailed preparations towards closer co-operation and collaboration with Marketing Cheshire, the activity of which is transitioning from Tourist Information and Visitor Services to a wider remit of marketing the attractiveness of Cheshire to people and businesses alike. In 2019, the LEP will become the sole guarantor member of Marketing Cheshire.

The Enterprise Zone status for the Cheshire Science Corridor continues to realise its growth potential and continues to deliver significant new investment to drive further growth. Since its creation in 2016 it has attracted 50 new business and over 1,000 new jobs and generated over £30m in new direct private sector investment.

As Local Growth Fund schemes reach completion, the LEP has worked hard to make the case for continued investment in infrastructure and the need for early confirmation as to the shape and operation of the proposed UK Shared Prosperity Fund. Over the last year, the LEP has been proud to see the successful delivery of four projects at Reaseheath college, including the new Agritech centre, new sports hall with state of the art facilities, four new accommodation blocks and the learning hub. The M62 junction 8 improvements completed in May 18 on time and budget, helping to alleviate congestion in the area and providing improved access to the very successful Omega Business Park. Crewe Green Roundabout was also completed on time and budget and has won to industry awards for the delivery. Cheshire College South and West completed the remodelling of the Ellesmere Port and Chester campuses and have already received excellent student and teacher feedback. In total £27m of LGF was granted towards these project's total projects costs of £50m.

The overall LGF programme continues to make excellent progress with £90m spent to date and £578m of public and private funding secured. Outputs achieved to date related to the LGF projects include: 2920m of new road, 364k sqm of new commercial space and 8000 jobs.

Together with our responsibility for investing European Structural Fund and the Growing Places Fund, the LEP is responsible for £1/4 billion of investment into Cheshire and Warrington, and we continue to ensure that all projects are delivered on time, on budget, and deliver maximum economic impact.

With the growth and development of our organisational structure, closer working with Marketing Cheshire, the establishment of the in-house Growth Hub and appointment of dedicated skills advisors, the LEP is very well placed to further realise the region's potential in the year ahead.

During the year three of our directors resigned from the LEP, Meredydd David OBE, Gary Steen and Dr Pete Waterman OBE. They have made immense contributions to the LEP and to Cheshire and Warrington more generally and we record our thanks to them.

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the Company arises from reliance on national and local government funding.

The Company's senior management regularly review this risk and the potential impact on the Company and take mitigating action as necessary.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

ON BEHALF OF THE BOARD:

C A Gaskell - Director

17 July 2019

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

DIVIDENDS

As the company is limited by guarantee it makes no distributions by dividends or any other means.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

C A Gaskell
T J Wheeler
G A Barlow
T P O'Neill
C E Hayward
R J Mee
S K Dixon
R Bailey
S K Kinsey
G M Bristow
J A Downes
C J Hindley

Other changes in directors holding office are as follows:

T E M David - resigned 29 March 2019
P Waterman - resigned 20 February 2019
G J Steen - resigned 8 January 2019

EMPLOYMENT POLICIES

The company is committed to the principle of equal opportunities in employment and to ensuring that all employees receive fair treatment irrespective of their sex, religion, ethnic origin, or disability. The company is committed to improving the skills of its people. Through training and development and nurturing a culture in which they feel valued, the company encourages them to work to their full potential. The company has regular and open communication channels to involve staff in business developments.

CORPORATE GOVERNANCE

The Board is committed to high standards of corporate governance and meets regularly. A number of matters are reserved for the Board's approval including the overall strategy for the company, annual budgets and business plans, major items of expenditure on projects and funding requirements from key stakeholders.

The Board has delegated responsibilities to the following committees, formally constituted with terms of reference:

Finance and Audit Committee
T J Wheeler
S A Kinsey
G M Bristow

The Finance and Audit Committee oversees the effective operation of financial control and management reporting, and makes recommendations on the appointment of external auditors.

Appointments and Remuneration Committee
J A Downes

Appointments and Remuneration Committee oversees the identification and recommendation of the new directors to the Board and all strategy and policy matters on salaries and terms of employment of company employees.

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Murray Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

C A Gaskell - Director

17 July 2019

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHESHIRE & WARRINGTON LOCAL ENTERPRISE PARTNERSHIP

Opinion

We have audited the financial statements of Cheshire & Warrington Local Enterprise Partnership (the 'company') for the year ended 31 March 2019 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHESHIRE & WARRINGTON LOCAL ENTERPRISE PARTNERSHIP

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Benson (Senior Statutory Auditor)
for and on behalf of Murray Smith LLP
Chartered Accountants
Statutory Auditor
Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

17 July 2019

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
TURNOVER		2,244,921	1,825,889
Administrative expenses		<u>2,227,322</u>	<u>1,902,726</u>
OPERATING SURPLUS/(DEFICIT)	4	17,599	(76,837)
Other finance income		<u>3,000</u>	<u>1,000</u>
SURPLUS/(DEFICIT) BEFORE TAXATION		20,599	(75,837)
Tax on surplus/(deficit)	5	<u>-</u>	<u>-</u>
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		<u><u>20,599</u></u>	<u><u>(75,837)</u></u>

The notes form part of these financial statements

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
SURPLUS/(DEFICIT) FOR THE YEAR		20,599	(75,837)
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) on retirement benefit scheme		(110,000)	45,000
Income tax relating to other comprehensive income		—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(110,000)</u>	<u>45,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(89,401)</u>	<u>(30,837)</u>

The notes form part of these financial statements

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**BALANCE SHEET
31 MARCH 2019**

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	6	162,435	203,044
Tangible assets	7	<u>6,027</u>	<u>973</u>
		168,462	204,017
CURRENT ASSETS			
Debtors	8	394,592	59,471
Cash at bank		<u>246,805</u>	<u>284,524</u>
		641,397	343,995
CREDITORS			
Amounts falling due within one year	9	<u>524,948</u>	<u>280,700</u>
NET CURRENT ASSETS		<u>116,449</u>	<u>63,295</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		284,911	267,312
PENSION (LIABILITY)/ASSET	12	<u>(15,000)</u>	<u>92,000</u>
NET ASSETS		<u>269,911</u>	<u>359,312</u>
RESERVES			
Income and expenditure account	11	<u>269,911</u>	<u>359,312</u>
		<u>269,911</u>	<u>359,312</u>

The financial statements were approved by the Board of Directors on 17 July 2019 and were signed on its behalf by:

C A Gaskell - Director

T J Wheeler - Director

The notes form part of these financial statements

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Retained earnings £	Total equity £
Balance at 1 April 2017	390,149	390,149
Changes in equity		
Total comprehensive income	<u>(30,837)</u>	<u>(30,837)</u>
Balance at 31 March 2018	<u>359,312</u>	<u>359,312</u>
Changes in equity		
Total comprehensive income	<u>(89,401)</u>	<u>(89,401)</u>
Balance at 31 March 2019	<u><u>269,911</u></u>	<u><u>269,911</u></u>

The notes form part of these financial statements

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(31,650)</u>	<u>(196,813)</u>
Net cash from operating activities		<u>(31,650)</u>	<u>(196,813)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(6,069)</u>	<u>(1,130)</u>
Net cash from investing activities		<u>(6,069)</u>	<u>(1,130)</u>
Decrease in cash and cash equivalents		<u>(37,719)</u>	<u>(197,943)</u>
Cash and cash equivalents at beginning of year	2	284,524	482,467
Cash and cash equivalents at end of year	2	<u>246,805</u>	<u>284,524</u>

The notes form part of these financial statements

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

1. RECONCILIATION OF SURPLUS/(DEFICIT) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019	2018
	£	£
Surplus/(deficit) before taxation	20,599	(75,837)
Depreciation charges	41,624	157
Finance income	<u>(3,000)</u>	<u>(1,000)</u>
	59,223	(76,680)
(Increase)/decrease in trade and other debtors	(335,121)	184,661
Increase/(decrease) in trade and other creditors	<u>244,248</u>	<u>(304,794)</u>
Cash generated from operations	<u>(31,650)</u>	<u>(196,813)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>246,805</u>	<u>284,524</u>

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>284,524</u>	<u>482,467</u>

The notes form part of these financial statements

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. STATUTORY INFORMATION

Cheshire & Warrington Local Enterprise Partnership is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents income from grants and project funding receivable, excluding Value Added Tax.

Intangible assets

Intangible assets are stated at cost less amortisation.

Amortisation is charged by equal annual instalments, commencing with the period in which income first begins to be generated by the asset, so as to write off the cost over its useful economic life.

Tangible fixed assets

Fixed assets are stated at cost. Depreciation is being charged by equal annual instalments, commencing with the period in which the assets are first available for use, so as to write off each asset's cost, less any residual value, over its expected useful economic life. The following rates of depreciation have been used:-

Computer equipment	- 33.3% Straight line
Fixtures & Fittings	- 20% Straight line

Taxation

The company is a grant aided local agency organisation and its economic advisory activities are wholly maintained by contributions from altruistic member organisations. As a result the net surplus arising from these activities is treated as non-trading by virtue of Section 79 of the Income and Corporation Taxes Act 1988. The company is liable to corporation tax on bank interest and other investment income.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

For defined benefit schemes the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

Defined benefit schemes are funded, with assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

3. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages	753,517	595,945
Social security costs	87,305	68,637
Other pension costs	31,036	66,226
	<u>871,858</u>	<u>730,808</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Employees	<u>13</u>	<u>9</u>

Senior Employees

The LEP has chosen to disclose the remuneration of senior employees. These include the statutory officers and any person having responsibility for the management of the LEP, to the extent that the person has power to direct or control the major activities of the LEP. The figures below relate to 2018/19:

Job Title	Salary, Fees, Allowances & Bonuses £	Employer's Pension Contributions £	Expenses Allowances £	Total £
Chief Executive	145,671	-	-	145,671
Deputy Chief Executive	<u>115,382</u>	<u>11,538</u>	<u>-</u>	<u>126,920</u>
	<u>261,053</u>	<u>11,538</u>	<u>-</u>	<u>272,591</u>

The directors' remuneration shown below is paid to the chair of the LEP.

	2019 £	2018 £
Directors' remuneration	<u>25,000</u>	<u>20,810</u>

4. OPERATING SURPLUS/(DEFICIT)

The operating surplus (2018 - operating deficit) is stated after charging:

	2019 £	2018 £
Depreciation - owned assets	1,015	157
Enterprise zone amortisation	40,609	-
Auditors' remuneration	3,428	3,391
Accountancy	<u>10,580</u>	<u>10,555</u>

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2019 nor for the year ended 31 March 2018.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Surplus/(deficit) before tax	<u>20,599</u>	<u>(75,837)</u>
Surplus/(deficit) multiplied by the standard rate of corporation tax in the UK of 20% (2018 - 19%)	4,120	(14,409)
Effects of: Income not chargeable as from members	<u>(4,120)</u>	<u>14,409</u>
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Actuarial gain/(loss) on retirement benefit scheme	<u>(110,000)</u>	-	<u>(110,000)</u>
	<u>(110,000)</u>	<u>-</u>	<u>(110,000)</u>
	Gross £	2018 Tax £	Net £
Actuarial gain/(loss) on retirement benefit scheme	<u>45,000</u>	-	<u>45,000</u>
	<u>45,000</u>	<u>-</u>	<u>45,000</u>

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

6. INTANGIBLE FIXED ASSETS

	Enterprise zone £
COST	
At 1 April 2018 and 31 March 2019	<u>203,044</u>
AMORTISATION	
Amortisation for year	<u>40,609</u>
At 31 March 2019	<u>40,609</u>
NET BOOK VALUE	
At 31 March 2019	<u>162,435</u>
At 31 March 2018	<u>203,044</u>

The amount capitalised in respect of the Enterprise Zone represents costs incurred by the company on marketing and development. The company is benefitting from an income stream derived from a proportion of the zone's business rates. The directors anticipate that the present value of the future income will significantly exceed the capitalised costs.

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2018	9,257	90,691	99,948
Additions	-	6,069	6,069
Disposals	<u>(4,135)</u>	<u>(57,300)</u>	<u>(61,435)</u>
At 31 March 2019	<u>5,122</u>	<u>39,460</u>	<u>44,582</u>
DEPRECIATION			
At 1 April 2018	9,257	89,718	98,975
Charge for year	-	1,015	1,015
Eliminated on disposal	<u>(4,135)</u>	<u>(57,300)</u>	<u>(61,435)</u>
At 31 March 2019	<u>5,122</u>	<u>33,433</u>	<u>38,555</u>
NET BOOK VALUE			
At 31 March 2019	<u>-</u>	<u>6,027</u>	<u>6,027</u>
At 31 March 2018	<u>-</u>	<u>973</u>	<u>973</u>

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	243,753	41,922
Other debtors	377	376
Social security and other taxes	-	5,396
Prepayments and accrued income	150,462	11,777
	<u>394,592</u>	<u>59,471</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	141,583	122,267
Social security and other taxes	64,179	25,590
Other creditors	2,795	-
Accruals and deferred income	316,391	132,843
	<u>524,948</u>	<u>280,700</u>

10. LEASING AGREEMENTS

The following operating lease payments are committed to be paid:

	Other operating leases	
	2019	2018
	£	£
Expiring:		
Within one year	25,621	25,981
Between one and five years	6,310	32,217
	<u>32,217</u>	<u>58,198</u>

11. RESERVES

	Income and expenditure account £
At 1 April 2018	359,312
Surplus for the year	20,599
Actuarial gain or loss on defined benefit pension scheme	(110,000)
At 31 March 2019	<u>269,911</u>

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

12. EMPLOYEE BENEFIT OBLIGATIONS

The company participates in a "multi-employer" scheme, "Cheshire Pension Fund", the assets of which are held in a separate trustee administered fund. Contributions are paid into the scheme in accordance with the recommendations of an independent actuary on the basis of triennial valuations.

In accordance with the Scheme's actuarial advice the company is making contributions of £23,000 each year for the foreseeable future from the year ending 31 March 2018 to address the deficit.

The three local authority members have committed to meet any pension deficit should the company not be able to discharge its liabilities.

The latest actuarial valuation was carried out at 31 March 2019.

The amounts recognised in surplus or deficit are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Current service cost	-	-
Net interest from net defined benefit asset/liability	(3,000)	(1,000)
Past service cost	-	-
	<u>(3,000)</u>	<u>(1,000)</u>
Actual return on plan assets	<u>129,000</u>	<u>71,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening defined benefit obligation	2,519,000	2,555,000
Interest cost	67,000	66,000
Actuarial losses/(gains)	169,000	(41,000)
Benefits paid	(62,000)	(61,000)
	<u>2,693,000</u>	<u>2,519,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Opening fair value of scheme assets	2,611,000	2,601,000
Expected return	70,000	67,000
Actuarial gains/(losses)	59,000	4,000
Benefits paid	(62,000)	(61,000)
	<u>2,678,000</u>	<u>2,611,000</u>

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

12. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Actuarial gains/(losses)	(110,000)	45,000
	<u>(110,000)</u>	<u>45,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£	£
Equities	1,097,980	1,201,000
Bonds	1,258,660	1,097,000
Property	214,240	209,000
Cash	107,120	104,000
	<u>2,678,000</u>	<u>2,611,000</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019	2018
Discount rate	2.40%	2.70%
Future salary increases	2.80%	2.70%
Future pension increases	2.50%	2.40%

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019**

13. RELATED PARTY DISCLOSURES

During the year the company entered into transactions in the normal course of business with the following member organisations, in which common directors have non financial interests, to deliver the economic development services in the Cheshire and Warrington sub region.

Contributions received towards operating costs:

Warrington Borough Council	£41,667
Cheshire East Council	£41,667
Cheshire West and Chester Council	£41,667

Government Core Funding and Growing Places Fund operating costs totalling £1,988,162 (2018 - £1,609,967) was also received through Cheshire East Council in its role as the accountable body.

Amounts paid for projects in year:

Warrington Borough Council	£43,365
Cheshire East Council	£99,891
Cheshire West and Chester Council	£75,128

The amounts outstanding from/(to) member organisations by the company are summarised as follows:

Warrington Borough Council	£(34,361)	(2018 - £(547))
Cheshire East Council	£127,232	(2018 - £(42,767))
Cheshire West & Chester Council	£50,000	(2018 - £nil)

14. LIMITED LIABILITY

Liability is limited by guarantee to £1 per member. The number of members at the period end was three.

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	2019		2018	
	£	£	£	£
Turnover				
LA subscriptions	125,000		125,000	
LEP Core Funding	500,000		500,000	
Growing Places Fund - professional fees	216,431		200,000	
Growing Places Fund - interest fund	72,297		48,404	
Growth Hub - Blue Orchid fees	287,000		287,000	
Sundry income	783		115	
Local Growth Fund - interest	202,003		114,777	
EU technical assistance	47,074		45,590	
Local Growth Fund - management fee	108,200		108,200	
BEIS Energy Strategy	-		50,000	
Enterprise Zone - income	439,050		295,000	
Enterprise Zone - grant	40,610		50,000	
Enterprise Zone - interest	6,118		1,803	
DiT Contribution	68,212		-	
Careers Enterprise Company	18,563		-	
Kickstart income	980		-	
ESF income and work placements	11,077		-	
Northern Powerhouse 11	36,546		-	
MHCLG Additional funding	64,977		-	
		2,244,921		1,825,889
Expenditure				
Rent	12,376		14,826	
Insurance	2,765		2,081	
Directors' salaries	25,000		20,810	
Directors' social security	2,287		1,746	
Wages	728,517		575,135	
Social security	85,018		66,891	
Pensions	31,036		66,226	
Recruitment costs	53,473		499	
Telephone	2,543		4,090	
Post, stationery and consumables	5,594		10,392	
Consultancy and third party support	177,384		168,611	
Travel and subsistence	35,292		30,962	
IT support	17,699		14,718	
Subscriptions	18,964		23,710	
Training and development	12,219		4,558	
Kickstart costs	980		-	
Bank charges	166		244	
Internal meetings	993		259	
Office relocation	-		22,971	
ESF costs	11,077		-	
Careers Enterprise Company	16,770		-	
Local industrial strategy	49,977		-	
Legal and professional	15,939		921	
Strategy development work	157,459		91,382	
Communications, PR and website	42,008		83,566	
Programme development	-		91,241	
Growth Hub - Blue Orchid	287,000		287,000	
Enterprise Zone - consultancy	104,906		80,969	
Carried forward	1,897,442	2,244,921	1,663,808	1,825,889

This page does not form part of the statutory financial statements

**CHESHIRE & WARRINGTON LOCAL ENTERPRISE
PARTNERSHIP (REGISTERED NUMBER: 04453576)**

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019**

	2019		2018	
	£	£	£	£
Brought forward	1,897,442	2,244,921	1,663,808	1,825,889
Enterprise Zone - staff and administrative costs	90,647		89,864	
Enterprise Zone - travel and subsistence	2,072		3,097	
Enterprise Zone - marketing and PR	89,983		76,854	
Northern Powerhouse 11	36,546		-	
Accounting body charge	55,000		55,000	
Auditors' remuneration	3,428		3,391	
Accountancy	<u>10,580</u>		<u>10,555</u>	
		<u>2,185,698</u>		<u>1,902,569</u>
		59,223		(76,680)
Other finance income/costs				
Interest income on pension scheme assets	70,000		67,000	
Interest on pension scheme liabilities	<u>(67,000)</u>		<u>(66,000)</u>	
		<u>3,000</u>		<u>1,000</u>
		62,223		(75,680)
Depreciation				
Enterprise zone	40,609		-	
Computer equipment	<u>1,015</u>		<u>157</u>	
		<u>41,624</u>		<u>157</u>
NET SURPLUS/(DEFICIT)		<u><u>20,599</u></u>		<u><u>(75,837)</u></u>

This page does not form part of the statutory financial statements

Cheshire and Warrington LEP

Financial Report**Month Ended 30th June 2019****Income and Expenditure**

A summary of the income and expenditure account is presented below:

£'000		Actual YTD	Budget YTD	Variance YTD	Annual Budget	Current Forecast
Core Activity						
Core Income		353	412	(57)	1,549 ^a	1,549
Core Expenditure:						
Staff		(244)	(210)	(34)	(816)	(926)
Non-Staff		(96)	(132)	36	(733)	(706)
Core Projects Income		0	0	0	300	422
EZ Transfer for Core Projects		0	0	0	0	600
Core Projects Expenditure		(39)	(75)	36	(300)	(900)
Sub-Total Core	+	(15)	0	(15)	0	39
Programmes						
Growth Hub Income		62	72	(10)	287	287
Growth Hub Expenditure		(57)	(72)	15	(287)	(287)
The Pledge Income (in. kickstart and CEC)		40	53	(13)	212	212
The Pledge Expenditure		(37)	(53)	16	(212)	(212)
Enterprise Zone Income		34	34	0	138 ^a	138
Enterprise Zone Expenditure		(39)	(34)	(5)	(138)	(163)
Sub-Total Programmes	+	3	0	3	0	(25)
Total Operating LEP Surplus/(Deficit)	=	(12)	0	(12)	0	14
Movement in Pension Provision	+	0	0	0	0	0
Total LEP Surplus/(Deficit)	=	(12)	0	(12)	0	14

NP11 Income	41	0	41	805	805
NP11 Expenditure	(41)	0	(41)	(805)	(805)

Notes

- a) Expressed after transfer of £593,000 EZ funds, including £125k as Local Authority "match".

Q1 2019/2020

Overall the first quarter shows a small operating deficit of £12k compared to a balanced budget. This is made up of a deficit of £15k on core activities and a small (£3k) surplus, due to timing differences, on programmes.

Core income is £57k lower than plan, but this is largely due to a process of matching income provided for specific purposes with defrayed expenditure. So, for items such as the LIS Strategy, Digital Skills Partnership and Skills Advisory Panel, where spending has been softer in Q1 than profiled, so the recorded income is also reduced. The lower income is compensated by lower expenditure. As spending increases on these activities during the remainder of the year, so more income will be reflected in the accounts. Cash for these activities remains available to the LEP to be drawn from the balance sheet as and when required.

There is an overspend on staff costs of £34k explained, for the most part, in the section "Full Year Forecast". However, in addition, for the short term we are also funding temporary agency staff as we carry out our IT and HR reviews.

Full Year Forecast

Core Income and Expenditure

The core expenditure on staff pay has been re-calculated based on current employees and salaries charged to the core. Compared to the budget, the forecast is £110k higher, represented by variances as follows:

Post	Employee cost variance to budget
Revised estimates:	
Deputy Chief Executive (£50k not 50% charged to MC)	12k
Finance and Commercial Director	3k
Finance support (overlap and F/T vs P/T)	22k
Communications and Marketing Director	8k
Business Growth and Innovation Director (60%)	53k
EU	(15k)
Sub total	83k
Presentational change:	
Marketing Assistant (post transferred from Marketing)	27k
Total	£110k

Non-pay costs have been reduced by £27k to reflect the transfer of budget of the Marketing Assistant from Marketing costs to salaries. It is proposed to change the budget to reflect this movement. The key variance of £53k arises from the proportion of costs of the Business Growth and Innovation Director presently being charged to the Growth Hub and other programmes. This allocation is under review.

Core Projects Income and Expenditure

In 2018/19, the LEP received £200k additional income towards the Local Industrial Strategy and towards strengthened governance. Only £78k was drawn, leaving a balance of £122k to be used this

year. For transparency, this has been added to the forecast projects income, though a proportion will be used within the core in respect of governance and reviews.

In addition, the Board, in March 2019, approved the use of £700k of EZ funds split £400k for Business Case Development, £100k for inward investment marketing and £200k for the development costs over three years of the Evergreen Fund, of which £100k has been included in the current year. These investments were not included in the original budget and have therefore been reflected in the revised forecast.

Programmes

In setting budgets, consultancy previously presented within the EZ was moved to core projects and no provision was included for consultancy within the EZ programme. An additional piece of work has been identified, relating to business rates, and the forecast now includes £25k which unless funded by an additional draw down from the EZ retained balances will result in a deficit on the EZ programme.

The forecast also does not yet reflect the costs of establishing a £30M loan facility for the EZ to promote construction development. The costs of the loan remain under negotiation, however the latest estimate is that there will be an arrangement fee of £225k, an unutilised fee of 1%, and interest on drawn loans of 4%. For the purposes of this estimate, it is assumed that the facility will be in place on 1st October, that the interim GPF loan of £7.6M will be repaid on that day and that a further £3M will be drawn on 1st January 2020. Given that the investments made do not generate a return until business rates are paid, it is anticipated that the fees and interest will be rolled into the loan, with no immediate impact on the LEP accounts (see below for EZ account details).

Overall

Overall, the forecast out turn is a small operating surplus of £14k, which will pass to general reserves. Movements in the pension provision cannot be estimated.

General Reserves

The LEP policy is to maintain a reasonable level of general reserves to manage the normal levels of fluctuation in business activity. At an extreme, the level of reserve held is also compared to the estimated closure costs of the organisation in the event of Government policy being changed such that the continuation of the LEP is not viable or required. The general reserve however, should not be misconstrued as available cash, it is the difference between the assets and liabilities of the organisation and would only become cash if all the assets were realised at their book value in a closure situation (very unlikely) and after all trading liabilities had been paid. That said, it is not the policy of the LEP to “build up” substantial reserves by seeking to create operating surpluses year on year, instead it is to operate a broadly balanced budget by investing the resources at its’ disposal in activities to support the overall strategic aims of the organisation. When the budget for 2019/20 was prepared in January 2019, the expected level of general reserves was £356k. However, after finalisation of the accounts at the 31st March 2019, the opening level of reserves is £270k. With the latest forecast of income and expenditure, the reserve is forecast to out-turn the year at £284k.

The table below shows the movement in the reserve:

	Forecast £'000	Budget £'000	Variance £'000
Opening Reserves at 1/4/19	270	356	(86)
Operating Surplus/(Deficit)	14	0	14
Movement in Pension Provision	0	0	0
Closing Reserves at 31/3/20	284	356	(72)

The closure of cost is estimated on the basis of those permanent employees of the LEP who would be contractually entitled to payment in lieu of notice and statutory redundancy pay. The costs of severance of those staff employed on fixed term contracts tied to specific programmes would be met from the programme funds if terminated early. This estimate is kept under review. The current estimate of redundancy costs as at 31/3/2020 is £305k.

Outlook for the EZ Fund

Having received confirmation of business rates obtained in 2018/19 by the Local Authorities, receipts to the EZ "fund" were £87k higher than forecast. The table below provides an indication of how the fund is being utilised:

	Forecast £'000	Budget £'000	Variance £'000
Opening Balance at 1/4/19	1,014	1,014	0
Receipts	843	756	87
EZ Local Authority "Match"	(125)	(125)	0
Drawn by LEP	(632)	(607)	(25)
LEP Core Programmes (Board approved)	(600)	0	(600)
Closing Balance at 31/3/20	500	1,038	(538)
Deferred Liabilities on EZ funds:			
Arrangement fee EZ loan	(225)	0	(225)
Interest / Unutilised fee	(286)	0	(286)
Imputed Balance at 31/3/20	(11)	1,038	(1,049)

Ian Brooks

Finance and Commercial Director

July 2019

Paper for: The Finance and Audit Committee

Title: Scheme of Delegations

Date: 25 June 2019

Strategic Purpose: Governance, Risk management

Resource Implications: None

F&A Committee: For Approval

Summary

Following the growth of the LEP to include departmental managers for activities such as the Growth Hub, Business Skills and The Pledge, the scheme of delegations, last reviewed in 2017, has been refreshed.

The main changes are:

To include reference to “novel and contentious”, i.e. activities which may set a new precedent or present a reputational risk to the LEP.

To include the Finance and Commercial Director as an authoriser in a range of activities.

To introduce “department budget holders”, who then have an authority to procure up to £5,000 within their own “departments”. Department is, in this sense, an area of discrete business activity where a role is responsible for that activity. £5,000 has been chosen somewhat arbitrarily because we do not yet have a long enough history, but a rudimentary analysis of purchases indicates this will cover about 80% of the volume of transactions. In addition, to give all staff, in absence any other limit, a £500 authority. This will also have a degree of “read-across” to delegated limits in Marketing Cheshire, perhaps helping a feeling of consistency across the two organisations.

To highlight briefly when tender processes will be required.

To introduce new sections for Publication of Information and Legal

To reflect the daily banking limit as it currently is (£80,000, not £50,000).

To incorporate the sub-committee delegations agreed at the Board in November 2018.

Ian Brooks

Finance and Commercial Director

June 2019

Cheshire and Warrington Local Enterprise Partnership
Scheme of delegations
Revised – June 2019 (Draft)
AWAITING APPROVAL FROM F&A COMMITTEE

This schedule records where authority rests within the LEP for financial and non-financial decision making. No such schedule can be completely comprehensive, but this seeks to provide a framework through which other decisions may be resolved. Any project or expenditure which might be considered “novel” or “contentious” should be referred to the Chief Executive and / or the Finance and Commercial Director. For the avoidance of doubt “novel” is something that is particularly innovative or sets a new precedent, “contentious” is something that have particularly high reputational risk.

The schedule only identifies those responsible for the final ‘ratification’ stage of decision making, and not, for example, responsibility for formulating strategy, policy and budgets (which typically lie with Officers, Committees and Groups).

Glossary of acronyms

CE	Chief Executive
DCEO	Deputy Chief Executive
F&CD	Finance and Commercial Director
Chair	Chair of LEP Board
Deputy Chair	Deputy Chair of LEP Board

Department Budget Holders (Roles)

Communications and Marketing Director
Business and Innovation Director
Transport and Investment Director
CSC Growth Director
Programme Manager
Head of Skills
Pledge Partnership Manager
Growth Hub Enquiry and Engagement Manager

Policy formulation

Approval of significant corporate policies	CE
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Recruitment and staffing

Authority to appoint replacement and additional posts (interim, secondments, permanent, temporary and agency) in line with Business Plan	CE
Authority to terminate employment, in line with company policy	CE / Chair
Authority to appoint/ terminate Chief Executive post, in line with company policy	LEP Board
Vary staff pay and conditions	Appointment & Remuneration Committee, as recommended by CE

Review and change, agree main features of terms and conditions of employment	Appointment & Remuneration Committee, as recommended by CE
Approval of early retirement/Severance	A&R Committee, as recommended by CE <£50,000 A&R Committee, as recommended by CE & F&A if >£50,000.

Accounting, Auditing and Banking

Approval of Annual Accounts	LEP Board, as recommended by F&A Committee
Appointment of Auditors	F&A Committee
Systems of internal financial management and control and accountability, including risk management and financial procedures	F&A Committee, as recommended by F&CD
Appointment of Accountants	F&A Committee, as recommended by F&CD
Appointment of Bank, opening bank accounts and designation of bank signatories	F&A Committee, as recommended by F&CD
Pre - Approval of credit card spend up above £500	F&CD
Authorisation of payment of salaries	F&CD or DCEO, payments set up by Voisey & Co
The maintenance of records, the security and regular reconciliation of petty cash	F&CD
To monitor the regulations on VAT, ensuring compliance	F&CD
To complete and submit the VAT returns.	F&CD
Ensure appropriate insurance cover is in place	F&CD

Budget setting

Approval of annual LEP budget	LEP Board, as recommended by F&A Committee
Approval of "in-year" changes to overall budget, e.g. expenditures exceeding plan, new programme funding received in year.	F&A Committee

Procurement*, Purchasing and Payment

Core Funding Form Authorisation	≤ £50,000 CE, DCEO, F&CD > £50,000 CE + Chair/ Deputy Chair/Director
Approval of Purchase Order or Invoice Above, £2,500 three written quotes must be obtained. For procurement above £10,000 in value, a tender process must be run. Where three quotes cannot be obtained, or a direct award is required, refer to the F&CD.	≤ £500 All staff ≤ £5,000 Department Budget Holder for own department only ≤ £25,000 one of DCEO, F&CD ≤ £50,000 CE > £50,000 CE + Chair/ Deputy Chair/Director
Approval of Purchase Order for Capital Items e.g. Equipment, Computers, Investment in Office Space	As above and to include F&CD.
Signing leases and contracts (whole life value)	≤ £100,000 CE > £100,000 CE + Chair/ Deputy Chair/Director

Bank signatories – cheques	≤ £500 1 signatory > £500 2 signatories DCEO/CE/Chair/Deputy Chair/Director
Business Internet Banking	≤ £80,000 per day – F&CD/DCEO/CE
Agreeing contracts which extend over 2 years and with a value > £100,000	LEP Board following recommendation from F&A Committee

* Procurement must also comply with company procurement procedure and limits.

Legal

Initiation of Litigation Proceedings or appointment of lawyers in response to proceedings (e.g. contractual dispute, employment tribunal, judicial review)	CE
Signing of and amendments to funding contracts, partnership agreements, service level agreements	CE / DCEO / F&CD
Deeds of release of security, certificates of satisfaction, discharges	CE / DCEO / F&CD

Delegation to Board Sub-Committees

Sub-Committee	Key Functions and Proposed Delegation	Level of Delegation
Strategy Committee	The Strategy Committee sets the overarching vision and strategy for economic growth in the Cheshire and Warrington LEP area (including sign off of the SEP, LIS, Growth deal, ESIF strategies), including identifying priorities for investment. The committee oversees the development of programmes and projects that seek to deliver the priorities set out in the Strategic Economic (SEP) and related strategies and, going forward, the Local Industrial Strategy (LIS). As long as proposed projects are in line with the objectives set out in overarching vision and strategy approved by the full LEP Board, then the committee has delegated authority to approve projects up to £2.5m.	£2.5m
Enterprise Zone Board	The Enterprise Zone Board is responsible for setting and overseeing the strategic direction and operational delivery of the Cheshire Science Corridor Enterprise Zone including reviewing and approving of all businesses cases for investment in the EZ and ratifying Business Rate Discount applications approved by the EZ Steering Group. EZ investment projects can vary between £500k up to c.£5m, but typically range between £1m-£2.5m. The annual EZ Investment Programme is to be approved by the LEP board and Strategy Committee with the EZ Board having delegated authority to approved projects up to £2.5m.	£2.5m
Local Transport Board	The main role of the Local Transport Board is to provide strategic direction to transport in the sub-region. Therefore, the spending decisions are limited to the deployment of consultancy	£500k

	spend. Significant capital investments are taken by Transport Authorities.	
Employers Skills Board	<p>The Employers' Skills and Education Board works with other employers, local authorities, universities, colleges and other training providers to ensure that businesses in Cheshire and Warrington have the skills they need to grow and that all our residents have the skills they need to progress and play a full part in the economy.</p> <p>The Board, supported by the LEP Executive, will make investment decisions on skills and education up to £1million ensuring value for money and strategic fit with the LEP's Skills Strategy and local priorities. The Board will champion investment in skills and education and communicate effectively with the business community to advise on new developments and local opportunities.</p>	£1m
Growth Strategy Board	Delegations to be established following establishment of the committee.	N/A
Performance and Investment	<p>The Performance and Investment Committee is a review committee and no financial decisions can be taken without approval from P&I. It will review all financial decisions being made by other sub-committees and following consideration will either confirm final approval, or else revert the decision back to the full LEP Board depending on the delegated authority of the sub-committee, whose decision it is reviewing.</p> <p>The Committee also monitors the delivery, outputs and spend off the projects funded by the various programmes, ensures risk registers and mitigation strategies are in place and, when appropriate, brings projects at risk of non-delivery to the attention of the LEP full board with recommendations for action.</p>	N/A

Paper for: The Finance and Audit Committee

Title: Risk Register

Date: 25 June 2019

Strategic Purpose: Risk Management

Resource Implications: Yes, where additional controls are planned or needed to mitigate risks.

F&A Committee: For Information and discussion

Summary

The LEP maintains corporate and programme registers of those identified risks which, if they materialised, would have an impact on our ability to deliver our organisational objectives.

Risks are categorised and scored according to the likelihood of their occurring and the estimated impact of their occurrence. Mitigating actions are then put in place.

While the board has an overarching responsibility to set the risk appetite for the LEP, the risk register is routinely (at least monthly) reviewed by management and scrutiny provided by the Performance and Investment Committee. The Finance and Audit Committee requested that it also comes to this meeting.

The attachment shows the information presented to the P&I committee on 19th June 2019. The "top" risks per the current risk registers are arranged in order of risks by their residual risk rating. There are other risks which, even though they may have high uncontrolled risk scores, e.g. 12, are then subsequently controlled to a "low" residual rating, i.e. a value below 6.

Ian Brooks

Finance and Commercial Director

June 2019

1. Risks

The top corporate and programme risks are shown below.

Corporate

RISK SCENARIO		FUTURE CONTROLS / MITIGATION MEASURES	Residual risk rating		
RISK	IMPACT		IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
Not complying with the General Data Protection regulation	Could lead to legal action against the LEP by not conforming.	Consultants now appointed to assist the LEP to putting systems processes in place to aid GDPR compliance. Ensure GDPR is taken into account when designing /specifying the new CRM system.	4	3	12
Clear policy on entertainment including alcohol is required, without which there may be criticism of expenditure.	Reputational damage to the company and questions over transparency of process and impropriety could be raised.	Clear policy on the purchase of Alcohol and corporate entertainment. Add notes to credit card statements with details of event attended and who was present when there are transactions for hospitality.	4	3	12
Rapid increase in staff and range of responsibilities may lead to a failure in corporate systems which need to keep up with the expansion of the team.	reputational damage. Issues with staff management, morale and retention. Exposes the LEP to legal challenge if robust systems and processes are not in place.	HR support to be bought in to review systems and processes. Consideration given to ongoing support. Review corporate systems including HR and Finance in line with scale and scope of the LEP.	4	3	12

Failure to meet BEIS profile and spend all the LGF carried forward by March 20	Loss of funding and reputational damage	Work with local authorities to look at how spend can be maximised and the risk of slippage minimised.	4	3	12
Loss of key staff	Causes continuity issues, loss of knowledge and reduction in delivery capability while new staff and employed and get up to speed. Unable to carry out key tasks. E.g. counter sign payments and contracts.	Have adequate approved delegation limits and signatories. Make sure staff don't operate in a vacuum and that key tasks are understood by at least one other member of staff. E.g. how to use payment systems. Look at developing formal programme to ensure we have ability to cope in short term with loss of member of staff. review and update BCP annually.	3	3	9
Key stakeholders become disengaged	Loss of relationships and potential influence and support for the LEP activities	Review and update stakeholder and comms management plan. Communications committee now established (Marketing Cheshire Board)	3	3	9
Key stakeholders become disengaged	Loss of relationships and potential influence and support for the LEP activities	Review and update stakeholder management plan. Establish a communications committee	3	3	9
Loss of core funding/ Uncertainty about funding from year to year impacts on staff retention.	Staff don't feel secure in their jobs which could lead to a higher than expected staff turnover, loss of expertise and increase in recruitment costs	Look at developing other funding streams and developing an operational surplus to provide a contingency. Funding now confirmed for two years. Build up EZ reserves to give provide appropriate cushion.	3	3	9

Not delivering programme level outputs	Reputational damage and impact of future awards of funding. Clawback/repayment of grants	Ongoing monitoring and early identification of any slippage. Consider how projects are contracted robustly.	3	3	9
To maintain compliance with the AF time and money needs to be spent on the website.	Failure to do so, risk non compliance and damage to reputation	Ensure adequate budget is available to make necessary updates and that staff are updating the website as necessary with for instance committee papers.	3	3	9

Programme Risks

RISK SCENARIO		EXISTING CONTROLS / MITIGATION MEASURES	FUTURE RISK RATING		
RISK	IMPACT		IMPACT {1-5}	LIKELIHOOD {1-5}	TOTAL
Unable or delayed in securing funding package from local authorities for the EZ investment programme.	Loss of retained business rate income, stalled developments, reputational risk to the LEP amongst stakeholders. Unable to realise the full potential of the EZ.	Investment prospectus and cashflow submitted to Local authorities. Meetings with s151 officers set up. Benefits of funding EZ clearly articulated to LAs. Fall back position is to cash flow early interventions from GPF.	5	3	15
Crewe Hub - Risk that the funding isn't fully spent due to the delays with the project	Reputational risk. Not achieving the maximum connectivity to the Hub and thereby reducing the economic benefits of the Hub and VFM.	Working closely with CEC, DfT and the rail industry to deliver a scheme which supports the wider economic growth of the region.	5	3	15

Lack of suitable projects that you can utilise the LGF Energy Funding within the timescales/delays to issuing a new call for the fund reduces the ability to spend the funding and impacts profile	Loss of funding and reputational damage	Wait for the LIS to be developed and then look to generate interest from projects which are clearly aligned to the LEP to maximise benefit	4	3	12
Inadequate funding provided to meet initial running costs of Evergreen fund	Unable to secure ERDF funding. Potential loss of funding and reputational damage	Look to reduce costs and look at alternative sources of funding	4	3	12
Not having a quality pipeline of projects and/or lack of finance to develop quality business cases.	Inability to delivery SEP priorities. Reputational Damage. Impacts ability to secure funding to deliver projects e.g. SPF.	LEP to develop funding stream which will catalyse support for development. Work closely with 3 LAs to develop schemes which meet SEP priorities.	4	3	12
Lack of suitable projects and/or appropriate match funding to form ESIF programme pipeline to meet eligible criteria including meeting cross cutting thematic objectives. Final allocations to be made by end of 2019 or unallocated funds will be taken into central Reserve Fund. Lack of partner support to deploy remaining funds and sources of match funding particularly under the European Social Fund.	ESIF programme does not meet its outputs/outcomes which could result in loss of funding for the sub region. Damage to LEP reputation and credibility both locally and nationally as well as with Government which could impact on consideration for future funding rounds i.e. the future prosperity fund. Loss of funding to the Sub Region to support delivery of growth, jobs and businesses in Cheshire and Warrington and delivery of SEP.	Continue to work with partners to develop pipeline. CLG figure for ERDF as of January 19 shows that £10.5m is left to allocate. Two further calls planned for 2019. For ESF there is circa £6m remaining to allocate, funding calls are planned for July and Sept 2019.	4	3	12

Thematic objective 4 (Low Carbon) is not delivered in full (maximum £16.3m programme). This priority is currently the least committed with latest figures showing £4.8m left to allocate. The funding has challenging output targets and evidence requirements.	Potential loss of ERDF funding to the sub region if not all the Low Carbon allocation is not fully spent and ESIF programme does not meet its outputs/outcomes which could result in loss of funding from the sub region. Damage to LEP reputation and credibility both locally and nationally as well as with the EU which could impact on consideration future funding rounds.	- Low Carbon strategy group set up to specifically focus on development and delivery of the Low Carbon thematic objective and to identify suitable projects for delivery of remaining £4.8m budget. - A Low Carbon Action plan has been completed which will help inform the calls this year. - Allocation of £3m to NPIF to finance Low Carbon projects. £4.1m of LGF available which could be used as match against projects. Two further ERDF calls planned for 2019	4	3	12
Out of a total programme of £70m only £27m is currently "Live". There is therefore a risk non delivery, underspend and the quality of the applications under consideration cannot be guaranteed.	Potential loss of ERDF funding to the sub region if all allocation is not fully spent and ESIF programme does not meet its outputs/outcomes which could result in loss of funding from the sub region. Damage to LEP reputation and credibility both locally and nationally as well as with the EU which could impact on consideration future funding rounds.	£33m of applications are currently in assessment stage either full or outline. Carry on working with applicants to develop bids and interest in future funding rounds.	4	3	12
Crewe High Speed Ready Heart fails to spend all the LGF due to delays with the programme	Loss of LGF, Funding gap for the council, reputational damage to the LEP and Council. May impact ability to secure future funding. Impacts the LEP rating	Council looking at options for achieving spend including making stage payments to the developer. Need to look to see if there are other project to spend the LGF on within the council.	4	3	12

