



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

16th July 2019 Wyvern House, Winsford

Present:

Tim Wheeler (Chair)
Stephen Kinsey
Graeme Bristow

In attendance:

Philip Cox, Ian Brooks, Mike Benson (Murray Smith LLP), 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 December meeting.

Matters Arising

Philip Cox referred to item 6.1 that the programme of work for Internal Audit remained outstanding. Ian Brooks agreed to liaise with Neil Taylor and Alex Thompson so that a plan could be presented to the next meeting.

ACTION: IB/NT

Agenda Item 4: Annual Accounts – March 2019

4.1 Ian Brooks introduced the audited Annual Report and Accounts for the year ended 31st March 2019. Key points in the discussion were as follows:

- The LEP had achieved a small operating surplus of £18,000.
- A negative movement in pension liabilities for former employees of £110,000 had however resulted in an overall deficit for accounting purposes for the year of £89,000 which has been transferred to reserves. After the movement, the net difference between the pension assets and pension liabilities is a small shortfall of just £15,000 and was not considered a source of

concern. Given the fluctuation in pension valuation, Tim Wheeler requested a short report for the next meeting to review the reasons for the movement and put it in context over the last few years.

ACTION: IB

- The LEP reserves are £270,000. Philip Cox referred the committee to the LEP position to hold sufficient reserves and cash to facilitate an orderly run down of activity should Government policy towards LEPs change. It was noted that the LEP has evolved considerably since this policy was adopted and discussion then explored a variety of options including the approaches taken by other LEPs and organisations, including holding an equivalent number of day cash in reserve. Tim Wheeler proposed that the committee consider a position paper, to be brought to the next meeting, to review the LEP policy towards an appropriate target level of reserves.

ACTION: IB

- Again, in the light of increasing complexity in the business, and looking ahead, Mike Benson recommended that the LEP should consider adopting project accounting to improve the financial recording of the growing range of activities and funding streams for the LEP. Ian Brooks confirmed this is already underway.
- He also highlighted that for similar reasons, there is an increasing need for the LEP to exercise clarity over contractual arrangements, in relation to grants, investment agreements and loans, where the LEP works in partnership with CEC as the accountable body. The form of contracts can have implications for accounting treatment.
- Discussion turned to the requirement to include in the statutory accounts the full range of funds and balances in which the LEP has an interest, acting sometimes on its own behalf and sometimes as an agent. It was agreed that the statutory accounts need to reflect the operating entity and that an annual report, e.g. for the AGM, would be a more appropriate place to document the full scope of financial resources available to Cheshire and Warrington.

ACTION: IB

- Graeme Bristow asked whether to consolidate Marketing Cheshire into group accounts. This was not necessary for 2018/19 because the LEP had taken responsibility for Marketing Cheshire after the year end. Mike Benson also confirmed his view, articulated during the due diligence process, that consolidated accounts would not be necessary. However, going forward in 2019/20 the committee and the full board should receive regular reports on the financial position of Marketing Cheshire. Ian Brooks will liaise with Mark Livesey and the finance team at Marketing Cheshire to provide such reports.

ACTION: IB

- 4.2 After an informative discussion, the committee resolved to recommend the annual report and accounts to the full board meeting to be held on July 17th.
- 4.3 The committee recorded its thanks to Mike Benson and his team and to Neil Taylor for their work and support in preparing the annual report and accounts.

Agenda Item 5: Management Accounts June 2019

- 5.1 Ian Brooks presented a summary report of the LEP's financial performance for the first quarter, and an updated forecast for the full financial year. The small operating deficit for the quarter, of £12,000, was not considered material and would be recovered during the remainder of the year. The full year forecast is for a small operating surplus.

- 5.2 The Committee noted the report.

Agenda Item 6: Scheme of Delegation

- 6.1 Ian Brooks presented an updated scheme of delegation. Last reviewed in 2017, the recent developments at the LEP, with new roles and management positions, required appropriate delegations to promote operational efficiency.
- 6.2 The Committee requested that additional emphasis be placed on sub-committees to refer to the full board, for approval, projects that might be considered “novel” or “contentious”.
- 6.3 Subject to the amendment in 6.2, the Committee approved the new scheme of delegation.

ACTION: LEP Executive to introduce new scheme to staff with appropriate processes.

Agenda Item 7: Risk Register

- 7.1 Ian Brooks presented a summary of the top risks identified by the LEP Executive, which are reviewed regularly during operational meetings and at the P&I Committee.
- 7.2 The Committee recommended that the full Board should take stock of the key risks including those that have emerged with the growing scale and complexity of the LEP and to confirm or re-set the level of risk appetite.
- 7.3 Graeme Bristow suggested that the presentation of risks should include raw assessments, mitigation measures and residual assessments, thereby providing a fuller picture of the risk management process.

Action LEP Executive: To include Corporate Risk on a future Board agenda

Agenda Item 8: AOB

- 8.1 Tim Wheeler led a discussion on whether to re-appoint the external auditors, Murray Smith. The Committee unanimously agreed to recommend re-appointment.