

**Cheshire and Warrington Enterprise Partnership**

**Finance & Audit Committee Board Meeting Minutes**

**30th May 2018 Wyvern house, Winsford**

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| **Present:**  Tim Wheeler (Chair)  Graeme Bristow  Stephen Kinsey |  |
| **Apologies:**  Jan Willis S151 Officer, CEC (Accountable Body)  **In attendance:**  Philip Cox, Mark Livesey, Neil Taylor (representing Jan Willis), Mike Benson (Murray Smith), David Rees (Cheshire East Council) | |

**Agenda Item 1: Apologies and Introductions**

1.1 Tim Wheeler welcomed members to Committee meeting; apologies were received from Jan Willis.

**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 October meeting.

**Agenda Item 4: Statutory Accounts 2017/18**

4.1 Mark Livesey introduced the Statutory Accounts for the year ended 31st March 2018. The most recent presentation to the Board had suggested drawing down around £76,000 from reserves to cover MIPIM costs and fund the costs associated with office relocation. However, after pension adjustments the Statutory Accounts confirmed that £30,000 would need to be drawn from reserves.

4.2 Mike Benson (Murray Smith) took the Committee through the Statutory Accounts, paying particular attention to the Profit and Loss Accounts and the final Balance Sheet, which confirmed that year end reserves remained strong at a level of £359,000. The Board had previously agreed a target level of reserves of £220,000, which is the amount needed to ensure an orderly wind down of the business. Given the Board’s recent decision to deploy £100,000 of reserves to fund a small ESIF team to drawn down the remaining European Funding, which will be reflected in next year’s accounts, the reserves being held are at pretty much the right level.

4.3 Mike Benson confirmed that his firms recent audit of the LEP’s finances had gone very smoothly and had thrown up no issues or concerns around internal control. Following the decision to capitalise Enterprise Zone (EZ) set up costs in earlier years, and the fact that the EZ was now generating income, he had advised that those costs should now be amortised over the next 5 financial year’s, this would result in an additional annual cost of £40,000 through to 2022/23.

4.4 The Committee discussed the pension adjustments and it was confirmed that existing liabilities related to former LEP employees and that the LEP had closed the scheme to current and future employees, who were required to either make private provision or enrol in NEST. The Committee confirmed it was happy with this approach and confirmed that they were content with the Statutory Accounts as presented. These would now go forward to the Main Board for formal sign off.

**Agenda Item 5: Enterprise Zone Income**

5.1 Philip Cox took the Committee through the Enterprise Zone (EZ) income position. The Committee had been aware that Local Authority colleagues had predicted a good degree of fluctuation through the course of the year, though the LEP had now received final outturn figures. These figures confirmed that the LEP received just over £1m of EZ income in the year 2017/18 and would receive almost £900,000 in the current financial year, though latest estimates from the Business Rates teams suggested this could fall to around £750,000 next year.

5.2 The Committee expressed surprise at the level of fluctuation and the fact that the numbers seemed to be falling, given development was clearly happening on the EZ sites. Philp Cox explained the impact of recent revaluations which had seen a 10% fall in rate income in the North West. This allied to the application of business rate discounts, as well as a certain level of rate mitigation, meant that income had reduced in 2017/18. Mike Benson pointed out that while rate mitigation was legal, with close monitoring and management, it could be more actively manged to the benefit of the LEP. It was agreed the appointment of a finance manager, would certainly help in that regard and this was important given the increasing complexity of the EZ income and its importance to the LEP’s ongoing finances.

5.3 The Committee recognised that it would take a good run of years to get a clearer understanding of the settled income position and so to have confidence in its level going forward. To help with the current level of fluctuations, the Executive advised holding around £1m to ensure that the business could be cash-flowed in a year of significant fluctuation and undertook to present medium term proposals to the full LEP Board shortly. The Committee also explored the rate of interest being applied to the capital currently held, which the Executive confirmed was in line with Local Authority practice and the expectations of government.

5.4 The Committee was keen to understand the broader income position, beyond the Enterprise Zone, and the Executive undertook to compile the most recent Enterprise Accounts. These will be circulated to Finance and Audit Committee Members. **Action LEP Executive**: To compile and circulate latest Enterprise Accounts.

**Agenda Item 6: Internal Audit**

6.1 David Rees took the Committee through the recent internal audits conducted by Cheshire East Council in their role as the LEP’s Accountable Body. David explained that government required the Accountable Body to confirm that government funds were being used appropriately and so the most recent audit had looked at the delivery and management of the Local Growth Fund. He confirmed that following the audit he was able to confirm to MHCLG that government requirements were being met.

6.2 In addition to the LGF audit, the Accountable Body also needed to confirm that the requirements set out in Mary Ney’s recent Review of LEP governance and transparency were being met and that the requirements set out in the revised National Assurance Framework, were also being applied in full. Again, David was able to confirm that all requirements were being met, and so was able to advise the S151 officer to write to MHCLG’s Permanent Secretary confirming that this was the case.

6.3 Looking ahead, the Executive confirmed that they would like to agree a programme of pro-active internal audit which would be brought before the Finance & Audit Committee. One area that would benefit from such attention was the work around bringing the Growth Hub in-house. It was proposed that the exercise would benefit from an audit say a month before transfer, then another audit after it had ben functioning within the LEP, after say a couple of months. The Committee agreed that this was a sensible approach and welcomed the idea of a pro-active internal audit programme reporting to the LEP.

**Agenda Item 7: Any other business**

7.1 No other business was raised.