

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

14th September, 2021 by MS Teams

Present:

Stephen Kinsey (Chair), Chris Hindley, Tony Bochenski (part)

In attendance:

Ian Brooks, Philip Cox, Alex Thompson (CEC), Michael Todd (CEC), Mike Benson (Murray Smith), Nicola Tucker (Murray Smith)

Apologies:

PART A – Public Session

Agenda Item 1: Apologies and Introductions

1.1 SK welcomed members and apologies were noted as above.

Agenda Item 2: Conflicts of Interest

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

Agenda Item 3: Minutes of the Meeting 29th June 2021

3.1 The minutes were accepted.

Agenda Item 4: Actions and Matters Arising

4.1 The updated annual accounts had been circulated to members, presented to the board on July 14th and subsequently signed and approved. Marketing Cheshire's board approved their accounts on 2nd September 2021, which have also been signed and filed.

Agenda Item 5: Review of the Management Accounts to 31st July 2021

Management Accounts

5.1 IB presented a paper covering the first four months of financial activity for the LEP. The committee was reminded that the budget for the year anticipated a deficit and that after four months the actual deficit of £32k was slightly less than the plan of £58k deficit.

5.2 The delay to receiving core income from MHCLG has led to a prudent approach within the LEP towards expenditure. Until greater certainty over payments was forthcoming, expenditure on strategy

projects has been contained and staff time, of those funded by core funds, has been apportioned more towards supporting programme activities, e.g. Growth Hub, rather than recruiting additional resources. This continues the approach adopted last year. As consequence staff costs are running below the budgeted level.

5.3 Discussion focussed on the level of operating reserves which is began the year significantly above the minimum set as a policy. This is mostly due to a change in the accounting treatment of income in 2020-21 and is earmarked for expenditure in the short to medium term. PC then provided the committee with background to the LEP Review recommending that reserves above £500k could be misinterpreted as providing the LEP with greater cash resources than in fact was the case and lead to ill-informed decisions on grant allocation. IB and PC explained that solvency was not of any current concern. Given the uncertainties over future receipts of core funds, the committee was supportive of a broadly higher level of reserves. However, it was also noted that the draw-down of retained business rates to support operational activities could be managed in such a way to compensate for fluctuations in income and expenditure from other sources, thereby managing reserves within the LEP closer to the “target” level. MB reminded the committee that actions designed to reduce reserves meant reporting a larger deficit on the income and expenditure statement which may inadvertently trigger concerns. It was agreed IB would update the forecast accordingly.

5.4 As an exercise of preparation, IB was tasked with preparing a worst-case scenario for discussion at the next meeting.

ACTION: IB

5.5 As and when more detail emerges regarding funding for 2021-22, SK will consider informing the board accordingly.

5.6 The committee noted the report.

Review of Programme Funds

5.5 IB presented an overview of the position with respect to capital programme funds explaining that, with the exception of Growing Places Fund, cash balances currently showing are contracted or committed. IB explained that for the Getting Building Fund, which Government has targeted to be spent by 31 March 2022, some challenges are emerging. Lengthening delays within supply chains and the specialised nature of equipment required for the MDC, risk an over run to project timescales. With private sector recipients we have fewer options to flex payment schedules so the risk will be flagged to CLGU.

5.6 In addition to the written report, IB informed the committee that a small return (£41k) had been received from the Life Sciences 1 fund, following a realisation. This will be “ring-fenced” and held for re-investment into Life Sciences 2 fund. IB also mentioned that the Evergreen fund managed by CBRE was currently subject to an “On the Spot Verification” audit.

5.7 The committee noted the positions with respect to capital programme funds.

Agenda Item 6: Progress Report against Internal Audit Plan 2021/22

6.1 MT provided a verbal update on progress.

6.2 Most of the audit work tends to take place in Q1 and Q4 for each financial year. MT confirmed that audit work on the Growth Hub for 2020-21 had been completed including the work on the additional grants made available during the year for EU transition and business support. Field work was also complete in respect of the grants awarded for Peer to Peer.

6.3 MT reported that MHCLG had recently issued an updated version of the National Local Assurance Framework. Changes were being identified and needed to be incorporated in LEP documents for the February deadline.

Agenda Item 7: Review of Corporate Risk Register

7.1 IB reported that since the last meeting of the committee, the corporate risk register had been presented to the full LEP board meeting receiving some comments and suggestions. The key challenge is to appropriately position the risk register between the strategic aims of the LEP and the operational and programme risks it faces. Further meetings with interested board members to distil the requirement have still to be organised.

7.2 Given the conversation reported at 5.3, the committee recommended that the risk relating to the LEP review should be re-assessed, if concerns over funding were rising. The situation regarding the LEP review remains fluid.

Agenda Item 8: Any Other Business.

8.1 There was no other business.

PART B

Agenda Item 9: Risk Review - Cyber Security

9.1 IB presented a paper on cyber risks.

9.2 The committee supported measures to inform and educate staff about the threats.

Date of Next Meeting

14th December 2021, 10.00-12.00 Wyvern House.