



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

16th March, 2021 by MS Teams

Present:

Stephen Kinsey (Chair), Chris Hindley

In attendance:

Ian Brooks, Alex Thompson (CEC), Mike Benson (Murray Smith), Nicola Tucker (Murray Smith), David Rees (CEC)

Apologies:

Philip Cox, Michael Todd (CEC)

PART A – Public Session

Agenda Item 1: Apologies and Introductions

1.1 SK welcomed members and attendees to Committee meeting. 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 15th December 2020

3.1 The minutes were accepted.

Agenda Item 4: Actions and Matters Arising

4.1 IB confirmed that a paper explaining the accounting for the LEP's interest in the Life Sciences fund had been presented to the main board in January.

4.2 The early versions of the LEP and MC budget discussed by the committee have been revised and are agenda items in this meeting.

Agenda Item 5: Review of Management Accounts for 31/1/2021 and full year forecast

5.1 IB gave a summary of the year to date accounts to January 31st. and explained that the deficit incurred in the early part of the year for core activities has turned around and a surplus of £201k has been achieved to 31/1/21, comprising a £241k surplus for core activities and a £40k deficit on programmes.

5.2 The move into, what is for the LEP, quite a large surplus has been triggered by a combination of three areas of additional income, supplementary revenue grant (arising from interest achieved on capital funds held by CEC), the management fee for Getting Building Fund and additional Growth Hub Funding. Given the short timescales to utilise the Growth Hub funding by the end of the current financial year, some staff from within the LEP have been re-assigned to perform Growth Hub activity, thus reducing the cost burden on the core LEP funds.

5.3 Several programmes are running activity levels above plan, and with additional funding received to cover the associated expenditure. These include the Growth Hub, the Pledge and the Enterprise Zone. Expenditure for all programmes remains balanced to income, with the sole exception of the Accelerate project, which is running a small deficit. The forecast out turn for the year for Accelerate remains at £60k.

5.4 The committee noted the report and the forecast out turn.

Agenda Item 6: Review of Programme Funds

6.1 The current cash position (at January) for the programme funds was noted. While the cash balances remain substantial, for the most part they are fully committed. Cash payments for LGF claims tend to lag the claim by 2-4 weeks and claims have been strong during February and March. The remaining £12M of LGF funds has been, or is expected to be claimed, by 31st March. The Getting Building Fund projects are all under contract and claims are expected shortly to draw down the £7.6M currently held by CEC. The Enterprise Zone retained business rates balance, at £4.8M is artificially inflated. It includes £4.1M drawn down from the EZ loan facilities in readiness for payments in respect of Blocks 22-24.

6.2 The committee noted the report.

Agenda Item 7: Draft Budget 2021-22

7.1 IB presented an updated paper on the budget for 2021-22, summarising the latest financial plan for the LEP and MC. The paper would also be presented to the board the following day and was an opportunity for the committee to seek any clarification prior to the discussion for approval at the board.

7.2 The key principle underpinning the budget was for both the LEP and MC to retain staff and capacity while a review of LEPs was completed. With income for the LEP expected to reduce during 2021-22 while maintaining the cost base at current levels, resulted in a budget deficit of £173k for the LEP to be funded from reserves.

7.3 For MC the assumptions regarding commercial and subscription income have been altered since the earlier versions. Discussions with the visitor sector stakeholders had proved encouraging and supported including some income, albeit only about one quarter of the pre-Covid level. Nevertheless, this is sufficient to generate an overall balanced budget for MC in 2021-22.

7.4 The committee supported the budget proposals.

Agenda Item 8: Progress against internal audit plan 2020-21 and draft plan for 2021-22

8.1 DR provided a verbal update on progress toward the current year internal audit plan. The two key areas of activity are the provision of an accountants' report for the Growth Hub expenditure and to review the LEPs application and management of the procedures set out in the Local Assurance Framework.

8.2 This year there had been no updates to the National Local Assurance Framework, but the LEP had redrafted its Local Assurance Framework to tidy the inclusion of previous updates and better reflect the scope of activity performed by the LEP. The review of operation of the new framework had been

completed by the deadline set by MHCLG/BEIS and reports provided that provided satisfactory assurance. Recommendations of a minor nature will be provided to LEP management for responses shortly. The final report will be presented to the committee.

ACTION: DR/MT

8.3 The draft internal audit plan for 2021-22 focussed broadly on the same requirements as for the current year, and the number of days allocated to each activity was considered proportionate. The plan was approved by the committee.

8.4 DR also informed the committee that he would be retiring at the end of March. The Chair thanked him for his valuable contribution to the LEP over the past years and wished him a long and healthy retirement.

Agenda Item 9: Annual Review of committee performance and effectiveness

9.1 The committee review the completed template noting two areas for possible improvement.

9.2 A reminder will be given to the CEO, as the LEPs Accountable Officer, that he should attend the committee meetings at least occasionally and particularly the June meeting where the annual accounts and assurance statements are discussed.

ACTION: IB

9.3 The recent campaign to recruit board and committee members had not, as had been hoped, identified a candidate with a financial qualification to join the committee. However, IB reported an offer had been extended to Tony Bochenski, a lawyer with a banking and financial services background, currently serving on the Science Growth Corridor Board, to join the Finance and Audit Committee. For a non-board member to join the committee would require an amendment to the Terms of Reference.

Agenda Item 10: Annual review of Terms of Reference

10.1 The Terms of Reference were reviewed and substantively accepted as being “fit for purpose”.

10.2 One amendment was proposed to address the issue raised at paragraph 9.3. IB will re-draft the section on membership for approval by the chair of the committee.

ACTION: IB

10.3 SK to inform the main board of the proposed change to the membership section of the terms of Reference.

ACTION: SK

Agenda Item 11: Review of Corporate Risk Register

11.1 The top risks identified on the corporate risk register remain largely unchanged.

11.2 A new risk has been added after confirmation was received that the role of LEPs would be subject to a review over the next few months.

Agenda Item 12: Any Other Business

Date of Next Meeting

29th June 2021, either Wyvern House or by Teleconference.