

**Cheshire and Warrington Enterprise Partnership**

**Finance & Audit Committee Board Meeting Minutes**

**25th March, 2020 by Teleconference**

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| **Present:**  Chris Hindley (Acting Chair)  Stephen Kinsey |
| **In attendance:**  Ian Brooks, Alex Thompson (CEC)  **Apologies:** |

Tim Wheeler (Chair), Philip Cox

**Pre-amble**

In the absence of the Chair, Tim Wheeler, the committee noted that, under the current Terms of Reference, for a meeting to be quorate required a minimum of two members including the Chair. However, on the Agenda was an item to review the Terms of Reference, in which an amendment was proposed that the meeting would be quorate so long as two members were present and, if the Chair was absent, they would elect for one of them to Chair. Given this proposal the meeting went ahead, subject to ratification by the current Chair.

**Agenda Item 1: Apologies and Introductions**

* 1. Chris Hindley 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 19th December 2019**

3.1 The minutes were accepted.

3.2 Alex Thompson requested that they be amended to show his apologies.

**Agenda Item 4: Matters Arising**

4.1 There were no matters arising.

**Agenda Item 5: Management Accounts January 2020 and Full Year Forecast 2019/2020**

5.1 IB highlighted the key points illustrated in the paper. Supplementary revenue grant, resulting from interest earned on balances held within CEC, is exceeding planned levels, and is being used to finance higher “one-off” costs relating to recruitment and consultancy. Strategy development has incurred lower costs than budget and while the development of business cases (funded by EZ retained business rates) is progressing, we have yet to be fully billed for associated costs.

5.2 The Committee asked a series of questions to understand the causes underlying the main variances in the accounts to date and the full year forecast, for which IB provided explanations.

5.3 Based on the estimates of income and expenditure for the year, the current forecast is for the General Reserves to exceed the minimum level of £300k.

5.4 IB reminded the committee that earlier in the year Cheshire Pension Fund had indicated it would provide a settlement figure to the LEP to crystallise the deferred pension liability. The “core” expenditure forecast includes an estimated payment of £23k to achieve this based on the earlier estimates provided by the Fund. Consequently, the forecast excludes any financial movement in the pension provision. Despite several months elapsing, a settlement figure has yet to be provided by the Fund which exposes the LEP to the risks that either the settlement figure is much higher than expected, or that settlement is “unaffordable” exposing the LEP to a possible negative movement in the pension valuation. Given recent market performance and volatility, concern was expressed that a negative movement could be quite large and impact the on level of reserves held by the LEP. It is possible that the out turn at year end could show reserves materially below the minimum set as company policy. Alex Thompson offered to contact the Cheshire Pension Fund on behalf of the LEP to expedite obtaining figures.

Action: AT

SK requested the risk be added to the corporate risk register

Action: IB

5.5 The committee noted the report and the explanations provided accordingly.

**Agenda Item 6: Review of Corporate Risk Register**

6.1 IB presented the latest version of the corporate risk register highlighting that a new risk had been added relating to the impacts on delivery, staff, etc arising from the COVID-19 pandemic. The committee commented that a formatting error meant that the risk was appearing as “amber” instead of red (IB to adjust) and that the impact rating was too low, resulting in a raw risk score below that of compliance with GDPR. The committee requested that the ratings were reviewed.

ACTION: IB

6.2 The Committee noted the increased likelihood of project delays, cost overruns and penalties particularly relating to construction schemes. Construction has a high dependency on e.g. Irish labour and contractors, who were less available due to actual or anticipated travel restrictions.

**Agenda Item 7: Annual Review of Terms of Reference**

7.1 IB presented a draft update of the Terms of Reference for the committee.

7.2 The key amendments that were agreed included:

* Specifying an initial term of appointment of three years, with a possible re-appointment for a further three years (to better reflect corporate governance best practice).
* Permitting the meeting to be quorate with any two members of the committee present.
* That the s151 officer would normally attend
* That the meetings would routinely include a review of the Corporate Risk Register.

7.3 AT clarified that the Finance and Audit Committee meeting of the Council are public meetings, with members of the public asked to confirm their attendance a few days in advance of the meeting.

7.4 It was also proposed that the internal and external auditor be included as normal attendees of the meeting with all papers circulated to them.

7.5 IB will update the draft to reflect the discussion and seek ratification from the Chair

ACTION: IB

**Agenda Item 8: Review of the Performance of the Committee**

8.1 IB proposed that the committee review is constitution, role, skills and effectiveness by completing the NAO template checklist for public sector organisations. The template provides a guide to the function of the Finance and Audit Committee and the committee was generally satisfied that it is effective in all material respects.

8.2 Using the template nevertheless promoted a discussion for some further topics to be included in the annual plan for committee meetings to improve assurance. These included

* a review of the Fraud policy, fraud risks and mitigation. The scope of the review should also include the LEP arrangements for Whistleblowing (to be included in September)
* a formal review of progress against internal and external audit recommendations (also included in September)
* A review of cyber security measures (in light of the recent IT transformation and increased level of remote and mobile working). To be scheduled.

8.3 IB will update the forward plan accordingly.

ACTION: IB

**Agenda Item 9: Any Other Business**

9.1 The committee expressed its thanks to Tim Wheeler, for whom this would have been his last Finance and Audit committee meeting before stepping down as Chair. His guidance has been a tremendous asset to the committee. A replacement Chair will be appointed by the LEP Board in due course.

**Date of Next Meeting**

10th June 2020, either Wyvern House or by Teleconference.