



REPORT TO CHESHIRE AND WARRINGTON LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING 6th September 2017

Subject: Annual Statutory Accounts and Annual Report

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Meeting date: 6th September 2017

Purpose

1. To approve and sign off the Annual Statutory Accounts, the Annual Report and to approve the LEPs Reserves policy.

Recommendations

2. The Board is asked to
 - Approve the Annual Statutory Accounts
 - Note and agree the position in relation to the LEP's Reserves policy
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Statutory Accounts for the year ending 31st March 2017

Background

3. The Finance and Audit Committee approved the statutory accounts (attached) on 18th July 2017 and recommend them to the Board.
4. The accounts were prepared by Murray Smith LLP and show that the LEP ended the 2016/17 financial year with an operating surplus of £145,000.
5. The costs incurred during the year in relation to setting up and operating the Enterprise Zone, have been capitalised and will be paid down as Enterprise Zone income comes on stream.
6. Another notable feature of this year's accounts has been the increased recruitment costs reflecting the appointment of new Board members and Mark Livesey as the new Deputy Chief Executive, along with new appointments to the Skills, Transport and Enterprise Zone posts. However, these have been offset by an increase in LGF and GPF interest income, which was higher than budgeted.
7. In summary, the Budget set for the financial year 2016/17, has come in on target and the LEP is in a good position heading into the current financial year.

Recommendation

8. The Board is asked to
 - Approve the statutory accounts for the year ending 31st March 2017
 - Note that once approved, the accounts will be lodged with Companies House



Annual Report

9. DCLG's Assurance Framework for LEPs, requires us to publish an Annual Report. This presents us with a fantastic opportunity to publish our achievements, alongside allowing members of the public to understand the finances of the operating business. We have, therefore, in common with other private sector companies, produced an Annual Report (draft attached) which describes what we have achieved over the last 12 months and what we want to achieve over the next 12 months, alongside a summary of our annual accounts. Subject to approval from the Board, we would expect to publish the Annual Report towards the end of the month.

10. Our plan is to produce an Annual Report in a similar format to those used by public companies, with material at the front highlighting our achievements, and the full annual accounts towards the rear. The version attached to this paper is a rough first draft and is tabled to give Board members sight of the format and proposed content. Assuming Board members are broadly happy with it, we will produce further drafts, and then circulate a final version for approval by the Board with a view to publishing it as part of the Place North West event already planned for 2nd September.

Recommendation

11. The Board is asked to
 - Agree to the publication of the Annual Review in September subject to them agreeing the final text by correspondence.

Reserves Policy

Background

12. During discussions in the Finance and Audit Committee, it became clear that the LEP needed to ensure it had a clear position in terms of handling reserves, with an agreed policy position. As the LEP is a company limited by guarantee, the Board needs to satisfy itself that, in the event of a change in financial circumstances, the LEP is able to meet its financial obligations and so sufficient reserves are held to discharge its legal obligations.

13. The LEP has previously agreed that reserves should be held at such a level to enable it to wind up the business without warning, though in practice accepts that such a scenario is unlikely. The current reserves policy, which was set in 2014, agreed that this should be set at £150,000.

14. Given the LEP has undergone structural change since 2014, it is right to revisit the current reserves policy. In the light of recent appointments, the costs of winding down the business would now stand at £210,000. To allow for any associated costs e.g. legal fees, it would also be prudent to hold a little extra in reserve. Current reserves total £390,000, which is almost double that required to meet our financial obligations.

Recommendation

15. The Board is asked to



- Agree that the current reserves policy of holding reserves at £150,000 is increased, to ensure that at least £210,000 is held.
- To allow for any associated legal costs, an additional £40,000 is held in reserves.
- To note that this leaves reserves of £140,000 above the level required.