

**Cheshire and Warrington Enterprise Partnership**

**Finance & Audit Committee Board Meeting Minutes**

**24th September 2019 Wyvern House, Winsford**

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| **Present:**  Tim Wheeler (Chair)  Chris Hindley |
| **In attendance:**  Ian Brooks, Alex Thompson (CEC), David Rees (CEC) Josie Griffiths (CEC)  **Apologies:** |

Stephen Kinsey, Philip Cox

**Agenda Item 1: Apologies and Introductions**

* 1. Tim Wheeler welcomed members and attendees to Committee meeting, particularly to Chris Hindley who has joined the committee as a new member.
  2. Thanks were recorded for Graeme Bristow’s contribution to the committee.

**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 16th July 2019**

3.1 The minutes were accepted.

3.2 IB updated the Committee on progress of actions, three of which would be covered by agenda items at this meeting. The remaining items were updated as follows.

3.3 The annual report for the AGM (Economic Summit), to be held on 17th October, is work in progress. It was agreed that a finance report to include Marketing Cheshire, for the first part of the year, would be presented to the full board at its meeting on 16th October 2019. Similarly, once the risk register had been reviewed, it would be brought to the full board.

**Agenda Item 4: Matters Arising**

**Pensions Liability**

4.1 IB presented a paper which explained further the nature and assumptions in relation to the pension obligations on the LEP for former employees who are members the Cheshire Pension Scheme. The risk to the LEP is mitigated by the undertaking from the Local Authorities to cover any shortfall between the assets in the scheme and pension obligations.

4.2 In response to a question from CH, IB confirmed that the LEP continues to contribute £23,000 per year to the fund, under an agreement with the fund and which will continue for several more years.

4.3 The committee welcomed the deeper understanding and noted the paper.

**Policy on Reserves**

4.4 IB presented a paper, which outlined several risks, which if they materialised, would require access to financial reserves. This led to alternate approaches and values to setting the level of financial reserves for the LEP, and a recommendation that a reserve of £300k, held either in the LEP or in the EZ fund, would be sufficient mitigation for any or all of those risks.

4.5 AT expressed a view that the LEP was being quite cautious, especially as the Local Authorities act as guarantors in the event of a worst-case scenario. He asked that the LEP, as part of its review of risks, identified the likelihood and impact of those which could require additional financial resources, e.g. costs of a recovery plan in the event office access was denied or IT systems needed re-creating. This analysis would also help future reviews of the appropriate level of reserves.

**ACTION: IB**

4.6 IB confirmed that the LEP usually plans for a balanced budget, and that any material requirement to draw on reserves would require board approval. As further assurance to the committee, IB confirmed the level of reserves in the LEP stood at £270k as at 31st March 2019 and balances in the EZ fund were currently approximately £800k, but which will reduce significantly during the remainder of the year as some of those funds are already “earmarked” for projects. The committee noted that project spend could also be managed in light of other risks materialising.

4.7 The committee agreed with the recommendation to hold a minimum £300k of reserves, but to keep the policy and value under review.

**Agenda Item 5: Internal Audit Plan 2019/2020**

5.1 JG and DR presented the draft internal audit plan explaining the standards to which the audit team operate, which only change with changes in guidance and best practice. JG further explained that within the plan there are several recurring and statutory items which provide the evidence to the s151 officer to sign off annual assurance statements as the accountable body for the LEP. While the LEP is not bound to use the CEC Internal audit team, the associated reviews and audits benefit from the combined accumulation of knowledge and experience acquired by the audit team performing the work for several years.

5.2 For the current year an additional audit has been proposed in respect of the governance and operational arrangements for the Enterprise Zone. DR confirmed this had been identified and selected because it represents both a significant opportunity and risk to the LEP.

5.3 The committee approved the plan and the estimate of (in total) 32 days.

5.4 The committee asked whether any additional areas might be considered for future review and for an estimate of day rates. Some examples were discussed and will be considered for the draft plan for 2020/21.

**Agenda Item 6: Management Accounts August 2019**

6.1 IB presented a summary report of the LEP’s financial performance for the first five months, and an updated forecast for the full financial year. The small operating surplus, of £8,000, was not considered material and the LEP was still aiming for a balanced out-turn. The full year forecast is for a small operating surplus.

6.2 The Committee noted the report.

**Agenda Item 7: AOB**

7.1 IB drew to the committee’s attention that the bank mandate is in need of updating.

7.2 The committee agreed a proposal should be put before the full board.

**ACTION: IB**

**Part B**

**Agenda Item 8 – EZ Loan**

A paper was discussed, the minutes prepared separately.

**Date of Next Meeting**

The meeting of December 2nd has been postponed until December 19th 2019, at 2.30pm.