

Paper for: The LEP Board

Title: Agenda Item – Annual Accounts 2021-22

Date: 13th July, 2022

Strategic Purpose: Governance requirement

Resource Implications: None

Board: To approve the annual accounts and delegate signature to Clare Hayward and Trevor Brocklebank for the accounts and letter of representation. To note the comments in the audit completion report and the annual report by the F&A committee.

Summary

This paper includes 5 appendixes:

- a. The audited Group Consolidated Annual Report and Accounts for the financial year ended 31st March 2022, which includes the subsidiary CWTB Ltd (Marketing Cheshire). To support the statements given by directors in the report:
- b. The auditor's completion report which identifies no major concerns with respect to financial management of the companies. It makes one recommendation (page 10) to improve the procedures relating to authorisation of invoices for payment and identifies, on page 11, a few unadjusted items which are below the threshold of materiality. These items will be corrected in the accounts for 2022-23.
- c. The letter of representation from the directors to the auditors which is a standard set of disclosures but nevertheless a confirmation that we have been transparent in sharing financial and contractual information.
- d. The report of our internal auditors at Cheshire East Council, which provides assurance to the s151 officer and the board that we comply with the Assurance framework in respect of government grant funding.
- e. The annual report of the Finance and Audit Committee which outlines the work performed over the year 2021-22 in support of the board discharging its responsibilities for good governance and risk management.

Annual Report and Accounts

The group consolidated annual accounts include Marketing Cheshire which, as a separate legal entity, also produces annual accounts. While the board is asked to approve the accounts, signature will be arranged after the meeting of the Finance and Audit Committee of Marketing Cheshire (19th July) when it is expected to approve the draft accounts. This short delay is because if any changes are proposed (considered unlikely) they could alter the group accounts.

The annual report contains a summary of the key financial developments in the year. However, as additional context for the LEP company the operational deficit for the year was £111k, compared to a budget deficit of £173k.

Going Concern (Solvency and Cash Flow)

Directors are asked to confirm a reasonable expectation that the company has adequate resources and expects to remain solvent for the foreseeable future, something we have discussed at length in setting budgets for this year. The cash position of the LEP remains strong ending the year with a positive balance of £838k (£610k, 2021). Solvency is not something causing concerns, but cash flow is subject to more thought now than in previous years because we are experiencing a shift in the timing of payments.

Central government grants were, until a couple of years ago, paid over early in the year but in 2021-22, grants were paid in instalments. For 2022-23, the delay to finalising budgets by departments means we have only recently received the application paperwork.

The nature of growth and skills programmes is they are often funded by quarterly claims in arrears which places an additional consideration on the cash needed to fund expenditure prior to receiving reimbursement. Fortunately, in establishing the Skills Bootcamps programme, DfE have recognised the cash flow implications and we expect the management fee (£155k) and half the training fee (£440k) at the start of the programme ahead of the requirement to pay training providers.

Also in 2021-22, Marketing Cheshire entered a large programme to rebuild the visitor economy, the Welcome Back Fund, valued at £400k, where claims are reimbursed after expenditures had been defrayed. With quarterly submissions, plus the time needed for the department to check and pay the claims, Marketing Cheshire has needed some informal interim support (achieved on trade creditors) to run a programme of this scale pending receipt of the reimbursements. We have just received notification from CWaC that the final payment of £234k will be made in July.

Ian Brooks

Finance and Commercial Director

July 2022