



LEP FINANCE & AUDIT COMMITTEE

16th October 2019

Orderwise, Wise Software (UK) Ltd,
Newton Court, Saxilby Enterprise Park,
Skellingthorpe Road, Saxilby, Lincoln, LN1
2LR

Paper 0 - Agenda

Item No	Item and brief description	Lead	Additional Information
1 5mins	Welcome and Introductions <ul style="list-style-type: none"> Apologies for Absence and Declarations of Interest Matters arising Actions update Acknowledgement/thanks to David Dexter retiring (RC) 	Acting Chair - David Dexter	Paper 0.1
2 5mins	Draft F&A Minutes <ul style="list-style-type: none"> May 2019 - For approval and publication 	Acting Chair - David Dexter	Paper 1
3 20mins	Business Lincolnshire Growth Hub <ul style="list-style-type: none"> Overview of programme, activity, progress and opportunities 	Angela Driver - Business Lincolnshire Growth Hub Strategic Manager	Verbal - additional Paper 1
4 30mins	2019-20 6 monthly Review and Report from the Accountable Body <ul style="list-style-type: none"> 2019-20 Q2 Financial Report 	Linsay HillPritchard, Accountable Body	Paper 2 Paper 2.1
5 15mins	LEP Governance - aligned ToRs <ul style="list-style-type: none"> Overview paper Draft ToRs 	Kate Storey, LEP	Paper 3
6 15mins	LCC Internal Assurance Framework Audit Report <ul style="list-style-type: none"> Overview of findings Action Plan 	Linsay HillPritchard, Accountable Body	Verbal Additional Paper 2
7 5mins	Risk Review <ul style="list-style-type: none"> Update on risk and new register 	Kate Storey, LEP	Paper 4
8 5mins	AOB <ul style="list-style-type: none"> New members 	Acting Chair - David Dexter	Verbal
9 30mins	Site Tour - Orderwise award winning company and grant funded recipient	Orderwise Rep	Verbal

Confirmed: David Dexter (Acting Chair)
Ian Knowles
Stephen Deville
Robert Griffiths

Linsay HillPritchard
Kate Storey
Laura Spittles
Ruth Carver

Apologies: Andy Orrey, Samantha Harrison

Additional Papers

- **Investment Board Minutes:** see papers and minutes on the website at: <https://www.greaterlincolnshirelep.co.uk/about/boards/investment-board/>
- **Additional Paper 1 - Q2 Impact Report Growth Hub**
- **Additional Paper 2 - LCC LEP Audit Report**

Hali



Greater Lincolnshire LEP Finance & Audit Committee

15th May 2019

Riseholme College, Lincolnshire
Showground Campus

Draft Minutes

Welcome and Apologies

Present

Andy Orrey (Independent Chair) (AO)
David Dexter (LEP Deputy Chair and Director) (DD)
Ian Knowles (IK)
Stephen Deville (SD)

Officers - Linsay Hill Pritchard (LCC/ Accountable Body) (LHP), Kate Storey (LEP Commissioning Officer) (KS), Ruth Carver (LEP Director), Laura Spittles (Minute Taker)

Guest - Liz Draper-Smethurst (GLLEP Enterprise Co-Ordinator), Tim Godson (TG - Duncan & Toplis), Michael Lewis (ML - Duncan & Toplis)

Apologies: Robert Griffiths

AO welcomed all the meeting and deemed it quorate and asked for any declarations of Interest. Nothing declared.

F&A Committee Minutes of Previous Meeting

It was noted that the LEP had received £40,000 from the outcome of the Judicial Review case. RC stated that this case was still being appealed but hadn't yet been heard by a Judge.

Item 16 on Action List was for the Chair to draft a letter to the Investment Board stating that spend for the projects is still a challenge and possibly some projects could be swapped with more achievable projects. It was agreed that some of the housing projects would currently be extremely beneficial however the Chair felt there was a slight conflict given his career. It was agreed that DD would take this to the next Board meeting along with support from Nick Worboys (Longhurst Group and LEP Board Director).

Liz Draper-Smethurst - Enterprise Co-Ordinator Role

Liz provided an overview to the Committee on her role which is new to the LEP. This role is designed to connect schools and colleges with employers and careers programme providers and support them to work together to provide young people with effective and high-quality encounters with the world of work.

This role is part funded by the LEP and part by the Careers and Enterprise Company. Two more posts have been advertised and successfully filled with start dates in the next month.

The Enterprise Co-ordinators will support a group of senior business volunteers, known as Enterprise Advisers, who they match with one of the school or colleges in the network.

Enterprise Advisers use their knowledge of the local business landscape to support the headteacher or careers team to develop an effective careers plan and to create opportunities with their business contacts in the area for their school or college's students.

Suggestions are sought for any Businesses that might like to get involved in pursuing this further.

2018/19 Financial Year End Report from the Accountable Body

LHP presented details of the finances for 2018/19. There were 6 recommendations for the Committee to agree. They are:

- Interest gained on the SLGF to be used to pay the accountable body costs of £67,791.09
- Interest of £49,170 gained on cash balance 2 to be placed back in the loan fund for future use as per the cash balance and reserve policy
- The remaining uncommitted balance of £9,831.91 plus the adjustment of £23,763 to be utilised to top up the Commissioned Feasibility Fund to a total value of £203,474
- Review and approve the contents of the report
- Discuss and agree the recommendations within the report
- Recommend the information provided to the LEP Board on 24th May

The LEP Annual Report for 2018/19 will incorporate the Financial Reporting section for the first time. Government's expectation is that this will be the new format from 2020/21 reporting on performance from 2019/20 however for good practice the 2018/19 report will show this.

The final actual expenditure for 2018/19 against Core Funding was £500,016. A recommendation was made that this very slight overspend is drawn down from reserves. The additional income received in this period was £370,000 made up of:

- £40,000 as part payment of court costs following the successful Judicial Review
- £155,000 to support manufacturing growth in Greater Lincolnshire
- £75,000 contribution for the Skills Advisory Panels
- £100,000 to support the work of the LEP Review

At the beginning of the Financial Year the total Feasibility pot was £288,172. Throughout the year a further £31,566 was added to create a larger pot of £319,738 and was subsequently split into 2 funds:

- Feasibility Fund committed - £215,714
- Feasibility Fund commissioned - £104,024

£98,299 has been paid to contracts within the Financial Year and the estimated spend in 2019/20 will be £51,560.40.

There have been 5 projects approved under the Greater Lincolnshire Business Investment Fund to a total of £1,527,154. LHP stated that the figures are quoted wrong for the SBS Ltd grant as they included an in-eligible item. LHP to obtain correct figure and amend report before sending to LEP Board.

A loan payment from the Growing Places Fund has been repaid by Stokes Café. No other loans were submitted during the period.

The 2 projects withdrawn under the Single Local Growth Fund have now repaid their allocation. This money is held in reserves. Spend on LCC capital projects amounts to £18.5 million. Current forecasts show that this will not be utilised until 2019/20 (£7.8 million) and 2020/21 (£10.4 million). A couple of figures were noted down as being incorrect in the papers. LHP to amend these before sending to Board.

The SLGF programme is beginning to see more outputs coming through and the LEP is on target to achieve output targets.

The total cash balance as at 31st March 2019 held by the Accountable Body on behalf of the LEP is £10,885,328. LHP asked the Committee for approval on some recommendations:

- Interest gained on the SLGF to be used to pay the Accountable Body costs of £67,791.09
- Interest of £49,170 gained on cash balance 2 to be placed back in the loan fund

- The remaining uncommitted balance of £9,831.91 plus the adjustment of £23,763 to be utilised to top up the Commissioned Feasibility Fund to a total of £203,474

The Committee agreed all recommendations in this paper.

RC asked LHP to look into more provision to commit reserves for Core Funding.

Report from the Independent Auditor

The Committee started by telling Duncan and Toplis that the report was very clear and thorough. Tim Godson commented that it was very beneficial to be able to attend the meeting to speak about their audit.

As this is the first Audit done on the LEP by Duncan and Toplis they were very challenging and thorough which is good practice to make sure all procedures are being adhered to.

The scope provided in the report gives an overview of what they were asked to look at. On carrying out this audit they found no significant errors. All processes had been followed correctly and everything was provided that they asked to look at.

Although the money is held by LCC all the accounts are easily accessed to monitor this. All controls were in place to monitor processes correctly and they were happy with the audit trail they saw.

The Chair asked Duncan and Toplis for their advice on whether the LEP should have a separate bank account. TG stated that it was at the LEP's own risk to hold the money in the LCC bank but legally the money does belong to the LEP so LCC would be accountable should anything happen to it. It's a judgement call as to the likelihood of something going wrong.

The report noted an invoice that had been reported in the wrong Financial Year. The Committee asked if this figure could be identified in the main report but not the summary report that is published.

On further investigation it came to light that this invoice was correctly accrued and reported previously. Duncan and Toplis agreed with this and will be changing the report to reflect this.

Some of the claims for quarter 4 hadn't had all the appropriate checks carried out but that was due to the lateness of which they arrived in. Going by all the checks that we done on quarter 3 ML was satisfied that the Q4 checks would receive the same scrutiny.

The Chair thanked both Tim and Michael for carrying out the audit and for attending the meeting to share their findings.

Risk Review

A lot of work has been carried out on the Risk Register by an LCC programmer to put the Risk Register into a new format and make it more robust and thorough. The updated version includes a lot more information that the F&A Committee will see but a shorter version will be sent to the main LEP Board.

There are currently 5 items in red on the register which are:

- Staffing / Resources
- Trading Company - VAT
- LEP Geography

- Change of scope going forward
- The right resource going forward

IK asked whether the wording of Target Level was appropriate if it's still in the red category. Wording to be looked at.

Annual Report

For the first time the Annual Report will include a summary of the finances. Work is already underway to prepare this so that it will be ready for the AGM and Annual Conference on Friday 12th July.

KS asked for any suggestions from the Committee as to where this financial information could be located in the report. These suggestions included:

- The individual figures for each fund at different sections but an overall summary at the back
- Accountable Body costs included

A mention of the 80,000 SME's (what they do, where they can obtain funding etc)

AOB

The Annual Performance Review is still outstanding due to the Improvement Plan still waiting for sign off from Government. The LEP achieved 2 Good's and 1 Requires Improvement. The Committee would like to see the details of this report.

The LEP geography is still an outstanding issue which is yet to be resolved. Additional funding will be available to the LEP once it has been finalised.

Date of Next Meeting

Wednesday 16th October - Venue TBA