

## ChangePoint Solutions

### Case Study – Interim Finance Director

#### Client: The Mersey Partnership (now LCR LEP)

The Mersey Partnership (TMP), is a non-profit making company limited by guarantee, funded by the North West Development Agency (NWD), European Regional Development Funds (ERDF), Membership fees and commercial tourism trading activities. It has since become the Local Enterprise Partnership for the Liverpool City Region.

TMP is at the heart of the regeneration of the Liverpool City Region. Their strategic goal is to encourage economic growth through building a positive image of the Liverpool City Region to attract more investors and visitors to the area. At the same time building extra confidence among those already living, working and investing in the region.

TMP offered a real opportunity for organisations to help shape Merseyside's economic strategy and image as they move forward in their role as the Sub Regional Partnership (SRP).

#### Our Role

Keith was appointed the Interim Finance & Resources Director which extended to 19 months of turnaround, stabilisation and development. He was instrumental in bringing a proactive approach to business challenges and developing the necessary safeguards to protect the organisation – 'prevention rather than cure'.

He highlighted that the Finance function is one of the key areas of the business that can effect the necessary changes, but only if it is afforded a higher priority and if a higher investment is made in its resources, systems and processes.

Keith introduced the following improvements to TMP which have impacted positively on business performance:

- **Rigorous Business Planning & Budgeting Process** – A new, comprehensive business planning process was developed along with an account code level budgeting system. This provided an essential tool to manage and measure the business;
- **Quality Auditors** – A new Top-10 firm of Chartered Accountants was procured and appointed as the company's statutory and grant auditors;
- **Year End Statutory Accounts** – The statutory accounts were prepared and approved by the Board and an unqualified report provided by the Auditors;
- **Increased finance resources** – Key finance staff (Finance Manager; Credit Controller; Grant Coordinator) were moved onto full-time and they were empowered to undertake day-to-day finance activities which ensured that the FD had sufficient time to operate at the necessary strategic level;
- **Improved financial management & reporting systems** – Automated and reliable cashflow forecasting, aged creditors, aged debtors, project accounting, Purchase Ordering, grant expenditure management systems and processes were introduced as well as more frequent, detailed and reliable management and budget reporting. A Finance Procedures Manual for staff and for the Finance

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function was also developed. These improvements allowed more informed decisions to be taken and enabled potential problems to be identified earlier and preventative action to be taken;

- **Optimised grant income** – A new Grant Monitor system was developed which ensured that all eligible expenditure was identified and included in a grant claim, and equally ensures that no duplication occurs. This optimised grant income and reduced the risk of grant clawback;
- **Acceptance of a higher level of reserves** – A proposal to introduce a strategy to increase the reserves of the organisation was approved by the Board. The appointment of a more strategic and commercial FD, the securing of additional grants and the identification of new commercial income earning opportunities will provide the funds and the environment to allow the level of reserves to be increased to a more appropriate level for the size and vulnerability of the business;
- **Strategic Finance Director** – The appointment of an FD with considerable strategic experience as well as significant commercial experience who will operate at a more strategic level than previous FDs. This will enable more ‘big picture’ thinking and introduce more innovative, commercial income generating opportunities;
- **Increased strategic grant resources** - The recruitment of a Grant Manager with experience in all aspects of European funding at a strategic level who can use their contacts and knowledge to identify new grant opportunities and bid and secure additional income streams;
- **Increased grant audit resources** – The recruitment of a Grant Auditor with knowledge of detailed European funding rules and regulations who can validate all grant claims before submission to minimise risk of clawback;
- **Cumulative effect on profile of Finance function, staff morale and retention** – The introduction of the above improvements raised the profile and respect of the Finance function as well as improved relationships with key stakeholders such as the North West Development Agency, Government Office North West and the six local authorities in the region. It also had a positive cumulative impact on the morale of the Finance function. There is now a strong possibility that finance staff will stay at the company for the longer term and the unsettling effects of regular staff leavers and joiners will be minimised.

#### Outcome

The company has been taken through a process of discovery, planning, recovery, stabilisation and development over this period. It is now in a position where risk is reduced and being managed, and there is greater protection against error and loss. Strategic thinking is now in place across the business and a clear direction has been planned towards a more confident and stable future.