

GREATER LINCOLNSHIRE LOCAL ENTERPRISE PARTNERSHIP LIMITED

(A COMPANY LIMITED BY GUARANTEE)

Registered number: 09223395

**ANNUAL FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 MARCH 2018**

COMPANY INFORMATION

DIRECTORS

Ursula Lidbetter
David Dexter
Mary Stuart
Pat Doody
Herman Kok
Chris Baron
Steve Middlebrough
Colin Davie
Richard Wills
Rob Waltham
Dean Fathers
Richard Metcalf
Craig Leyland
Peter Wheatley

COMPANY SECRETARY

Wilkin Chapman LLP
The Maltings,
11-15 Brayford Wharf E,
Lincoln
LN5 7AY

ACCOUNTABLE BODY

Lincolnshire County Council
County Offices,
Newland, Lincoln,
LN1 1YL

REGISTERED NUMBER

09223395

REGISTERED OFFICE

Greater Lincolnshire LEP
County Offices,
Newland, Lincoln,
LN1 1YL

Auditors

Streets Audit LLP
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

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DIRECTORS REPORT

The Greater Lincolnshire LEP Directors present their report and the annual account statement for the year ended 31 March 2018.

LEP BOARD DIRECTORS

The following directors who have served during and to the date of this report unless otherwise stated were:

Serving Directors

- Ursula Lidbetter
- David Dexter
- Mary Stuart
- Pat Doody
- Herman Kok
- Chris Baron
- Steve Middlebrough
- Colin Davie
- Richard Wills
- Rob Waltham
- Dean Fathers (appointed 20.07.17)
- Richard Metcalf (appointed 25.01.18)
- Craig Leyland (appointed 29.09.17)
- Peter Wheatley (appointed 29.09.17)
- Mark Tinsley (resigned 25.11.17)
- Andy Orrey (resigned 25.11.17)
- Robert Adams (resigned 26.05.17)
- Ray Oxby (resigned 29.09.17)

Statement

The Greater Lincolnshire LEP has continued to take a robust stance towards our finance and governance systems, which have been further strengthened with additional processes implemented to support this as part of the national Mary Ney Review. This year has seen further representation from an expanding business voice influencing our strategies for growth and delivery, and we have gained a reputation for delivering realistic change with a strong strategic focus.

We are now fully immersed in investing our £307 million growth plan which is delivering tangible change across Greater Lincolnshire and the year has seen us also driving some key national agendas; from food, water, and skills, and offers us some unique opportunities with government to deliver national pilots going forward due to our expertise and strong finance and delivery record.

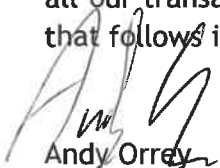
This year we launched the new Business Growth Investment Fund; began work on our Local Industrial Strategy; delivered a collaborative new marketing website; expanded the Growth Hub business support arm of the LEP; delivered our most successful LEP Conference to date; and launched the Team Lincolnshire Ambassador Programme.

We have also made strong progress on the three evolving Food Enterprise Zones; developed two pilots with the Department of Education; and delivered a number of Growth funded schemes with partners - including the Lincoln Transport Hub and Peppermint Park, as well as progressing further projects including; Boston Quadrant; Go Skegness; and the Skills Capital and Unlocking Rural Housing Programmes.

We are governed by a Board of private and public sector Board Directors and supported by statutory boards alongside further strategic boards. 126 men and women now sit on our boards, with over 100 of these representatives taken directly of the business sector.

As Accountable Body, Lincolnshire County Council retains overall legal accountability for the Greater Lincolnshire LEP investment programme, supported by the Chief Finance Officer (£151 officer). The LEP has this year implemented further enhancements following the Mary Ney review on LEP governance structures, and employs a strict Register of Interest procedure, alongside additional transparency practices to include; whistleblowing, complaints and compliments procedures; published agendas and minutes for all statutory boards and many strategic boards too, and is reviewing its Articles of Association to ensure governance structures are up to date and fit for purpose as we head into the next phase for LEPs.

The Greater Lincolnshire LEP formally submits dormant accounts to Companies House and all our transactions are administered by the Accountable Body on our behalf. The report that follows is a summary of those transactions for the period 2017/18.



Andy Orrey
Independent Chair of the Finance and Audit Committee

Date: 13th July 2018

ACCOUNTABLE BODY STATEMENT

As Accountable Body, Lincolnshire County Council, retains overall legal accountability for the Greater Lincolnshire LEP investment programme, supported by Lincolnshire County Councils Chief Finance Officer.

The responsibilities on the Accountable Body for proper use of all Government grant monies discharged to the LEP are significant, and as such we have ensured that governance and decision making arrangements (via the LEP's Local Assurance Framework) are sound and that respective responsibilities and accountabilities of the LEP and the Council are clear.

We have continued to strengthen our role through the year in supporting the LEP to achieve their strategic aims and objectives whilst providing a robust environment in which to operate. The recent Mary Ney review offered another opportunity for us to strengthen our existing governance.

The Accountable Body process all claims and loans on behalf of the company. Grants are included in the income and expenditure account and balance sheet and are broken down within notes to the accounts.

Formal democratic decision-making is through the Greater Lincolnshire LEP Investment Board which approves all major funding decisions and oversees Greater Lincolnshire LEP's capital programme for greatest impact, informed by the Finance and Audit committee who provide financial management information and action. The structure of the investment Board roots decision-making firmly in the democratic process and enables it to be subject to scrutiny.

The Annual Financial Report has been prepared as a summary of the financial decisions and transactions that have occurred during the 2017/18 period. Aligned to this, are the regular financial reports that are provided to the various committees within the LEP Structure altogether improving the transparency of the financial position of the Greater Lincolnshire LEP.

AUDIT STATEMENT /SUMMARY

An audit of this financial year was undertaken in June 2018 and covered the following:

To carry out such work as is necessary to form an opinion as to whether:-

- the accounts are properly kept: and
- the annual financial reports:
 - are prepared in accordance with the requirements of the funding and;
 - represent fairly the results of the operations and cash flows for the financial year and the financial position of the LEP as at 31st March 2018.
- include in his or her report any matters identified during the audit procedures such as:-
 - any significant adverse trends in the financial position or financial management practices
 - any material irregularities in the LEP's accounting management
 - any weaknesses in the internal controls operation in particular those listed in the grant determination agreement and any subsequent requirements as advised by government.

Extract from the audit report from Streets Audit LLP

"Based on the work as set out in this report we believe the accounts are properly kept and the financial reports are prepared in accordance with the requirements of the funding. The accounts represent fairly the results of the operations and cash flows for the financial year and the financial position of the GLLEP as at 31st March 2018.

- *The review of activity for the year ended 31 March 2018 has not indicated any significant issues.*
- *The accounts appear to be properly kept and the annual reports are prepared in accordance with the requirements of the funding and represent fairly the results of the operations and cash flows for the financial year and financial position of the GLLEP as at 31 March 2018.*
- *Revenues are reasonable, properly controlled and appropriately recorded. However, consideration should be given to "the Lawn Investment project", specifically that the interest due from R. W Stokes & Sons Ltd in respect of this project has not been accrued. Although, it was noted that there would be no reasonable way to obtain this at the time of preparation of the accounts.*
- *Project accounts expenditure appear compliant with LCC policies, grant agreements and financial regulations.*
- *There did not appear to be any significant issues regarding the organisation properly and effectively discharging its responsibilities with regard to financial management practices.*
- *Cash balances and interest calculations are fairly stated."*

A full copy of the audit report can be found on the Greater Lincolnshire LEP website – www.greaterlincolnshirelep.co.uk

**INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2018**

FINANCIAL SUMMARY 2017/18

INCOME	Note	17/18		16/17	
Core Funding	1,2	£	500,000	£	500,000
Other Core contributions	1	£	70,000	£	39,000
Department of Transport		£	-	£	-
Invest and Grow	3	£	290,109	£	6,891
Growth Hub	5	£	246,000	£	246,000
Single Local Growth Fund	4	£	15,843,689	£	47,863,787
Total Income		£	16,949,798	£	48,655,678

EXPENDITURE	Note	17/18		16/17	
Core Funding	1,2	£	481,398	£	421,100
Other Core contributions	1	£	28,850	£	33,000
Department of Transport		£	-	£	-
Invest and Grow (Loan)	3	£	600,000	£	3,250,000
Invest and Grow (Other)	3	£	10,090	£	12,554
Feasibility	3	£	87,811	£	-
Business Investment Fund	3	£	15,000	£	-
Growth Hub	5	£	246,000	£	246,000
Single Local Growth Fund	4	£	15,687,335	£	47,863,787
Total Expenditure		£	17,156,484	£	51,826,441

**BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2018**

The closing year cash balances as per the agreed policy are:

CASH BALANCES	YEAR END CLOSING BALANCE			
	Note	17/18		16/17
Invest to Grow Fund	3	£	2,251,643	£ 2,518,044
Other cash balances	7	£	397,485	£ 142,175
Capacity 2 Fund	7	£	28,600	£ 28,600
Core Reserve	7	£	296,855	£ 395,235
Business Investment Fund	3	£	2,985,000	£ 3,000,000
Feasibility Fund	3	£	288,171	£ 300,000
Single Local Growth Fund	4	£	156,354	£ -
Net Interest Received	6	£	33,270	£ 226,740
Total		£	6,437,378	£ 6,610,794

Long term loan investments	£	4,900,000	£	4,300,000
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

- Net expenditure on the account is £206,686

	£
Core Cost net spend	10,248
Other Core contributions	(70,000)
Invest To Grow drawdown	319,981
Feasibility Fund drawdown	87,811
Business Investment Fund drawdown	15,000
SLGF Payback	(156,354)
Net balance	£206,686

The following notes provide more detail on the values shown on page 5.

Note 1: Core Funding Breakdown

AREA - DESCRIPTION	ACTUAL SPEND (£)
Executive Team	236,802
Company Requirements	11,403
Communications and Events	110,782
Sector & Priorities Support & Expenditure	103,421
Growth Deal / Project Delivery	18,990
TOTAL	£481,398

There is an underspend of £18,602 and this money has been transferred to LEP core reserves.

Within the year the LEP received the following additional income contributions:-

- £40,000 from BEIS to support the LEP in developing both an evidence base and a specific Energy Strategy for Greater Lincolnshire.
- £30,000 from LCC to enhance the work of the place marketing model in 18/19.

Within year £28,850 of earmarked reserves have been use to cover place marketing costs and Food Enterprise Zone marketing.

Note 2: Match funding (including voluntary board contribution)

There is a requirement for the LEP to match fund £250,000 of the core budget with a further £250,000 of match funding. Analysis has shown that match funding of £384,347.93 has been achieved supporting the delivery of the LEP core function.

These costs are made up of:-

- Board Directors Voluntary Time (Equivalent Value) £ 74,934.72
- LCC officer support (Non Accountable Body) £ 202,878.12

• Economic Data	£ 17,526.80
• Events	£ 89,008.29

Note 3: Invest and Grow

The balance as at 1st April 2017 was £2,518,044 (with applied interest). Within the year loan payments have been released to:-

- The Lawn Investment - £ 600,000

Legal costs of £90.09 were also incurred and a contribution of £10,000 was made to facilitate the Midlands Connect Programme on the enhanced train services to Lincoln building East Midlands Connectivity. Loan interest received in period was £290,109. The resulted in a net spend of £ 2,251,643.

NB. The interest figure above includes a correction from 16/17 reporting. For the Lawn Loan Investment it was agreed that interest is rolled up until such a time as the scheme generates positive net revenue in order to assist with overall cashflow of the scheme and to be able to invest the necessary resource in order to manage the building, the works and the process for marketing and disposals. Interest relating for the 17/18 period will therefore be accounted in 18/19.

Long term investment Loans as at 31st March 2017 amounted to £4,300,000 therefore loans currently issued under the Invest to grow fund are £4,900,000.

Within the Invest to Grow cash balance 2 other funds have been created:

❖ Feasibility Pot

The total feasibility pot is £375,982. To date 8 contract awards have been made to a value of £271,500. We are currently undertaking a full review of the Feasibility pot with a view of taking a separate report to the Finance and Audit committee. £87,811 has been paid to contracts to date.

❖ Business Investment Fund

Since the launch of the Greater Lincolnshire Growth Fund in October 2017, there has been significant interest in the fund. No grants have been issued to date however we have released £15,000 to Greenborough for Project Management costs in delivering the programme.

Note 4: Single Local Growth Fund

We currently hold contracts to the total spend value of £259million (m) with an agreed grant contribution of £88m single local growth fund therefore leveraging in a further £171m of investment.

Within the year we received our second tranche of growth deal monies to the sum of £15,687,335. The table below shows how the monies were distributed across the growth deal projects.

PROJECT NAME	Single local Growth Fund
Access to Employment Zones 1	301,944
Boston Quadrant	1,123,347
Food Enterprise Zone	2,985,000
Go Skegness	399,999
Lincoln Transport Hub	1,243,872
SHIP Phase 2	133,205
Skills Capital Investment Fund	7,340,000
Sutterton Roundabout	750,864
Unlocking Rural Housing	1,147,577
Freedom and Flexibility	261,525
Total Programme	£ 15,687,335

Against the target of £15,687,335 of grant available we released grant of £15,425,809 to contracted projects.

Government confirmed that if it was not possible to spend all of the 2017/18 target on the contracted projects due to unavoidable delays and if future allocated schemes could not be brought forward to meet the gap, funding could be spent in 2017/18 with the agreement of the Accountable Body's Section 151 Officer against identified LCC Capital Schemes, and reimbursed completely against the SLGF programme in a future year as required.

£261,525 was paid under freedom and flexibility to Lincolnshire County Council capital Project works within 2017/18. The approach taken effectively earmarks and utilises Lincolnshire County Council's capital budget in future years against the SLGF contracted schemes.

Within year £156,354 was paid back from Grantham College following the withdrawal from the contract. These monies have been placed on the reserve for future allocation.

Note 5: Growth Hub

The Greater Lincolnshire LEP secured £246,000 of revenue funding from BEIS to continue the operation of the Growth Hub service during 2017-2018.

The Business Lincolnshire Growth Hub has continued:

- To provide a service that meets the identified needs of businesses
- To align business support offers
- Developing greater intelligence to deliver an added value offer
- To Develop and implement a segmented service offer
- Investigating future sustainability options
- Developing strong partnerships with professional intermediaries

The 2017/18 Business Lincolnshire Growth Hub core funding has been used to deliver over 1,200 Growth Hub advisor engagements, 650 business diagnostics, several workshops and supported the creation of 210 new jobs.

Note 6: Interest

All interest has been applied as per the cash balance and interest policy. Interest gained on the Single Local Growth Fund was offset with £75,607.21 of agreed Accountable Body running costs and as per LEP board agreement moved to Cash Balance 1.

Any deposits held within the Council's cash balance, that it holds on a daily basis, on behalf of another body or party is allocated interest at a daily average yield rate, compounded quarterly over the year.

Net Interest:

Cash Balance 1	Core Funding, Reserves and other cash balances	£2,678
Cash Balance 2	Growing Places Fund (Invest to grow)	£29,969
Cash Balance 3	Single Local Growth Fund	£624

Note 7: Cash Balances

As recommended by the Finance and Audit Committee and agreed by LEP board the Accountable Body will hold three distinct cash balances on account:-

Cash Balance 1	Core Funding, Reserves and other cash balances
Cash Balance 2	Growing Places Fund (Invest to grow)
Cash Balance 3	Single Local Growth Fund

The year end cash balances as per the agreed policy with interest applied are:

Core Funding, Reserves and other cash balances	
Name of Fund	Amount
Legacy funding to LEP	£78,396
Local Transport Board	£36,579
LEP Operation Core	£296,855
LEP Reserve Other	£123,160
LEP Operation FEZ Marketing	£4,975
Career Advisor	£50,000
Energy strategy	£40,000
LEP Operation Place Marketing	£62,175
Capacity 2	£28,600
Transport Excellence	£2,200
Interest	£2,678
Total	£725,618
Growing Places Fund (Invest to Grow)	
Name of Fund	Amount
Feasibility Fund	£288,172
Business Investment Fund	£2,985,000
Invest to Grow Loan Fund	£2,251,643
Interest	£29,969
Total	£5,554,784
Single Local Growth Fund	
Name of Fund	Amount
SLGF Repayment	£156,354
Interest	£624
Total	£156,978
Overall Total	£6,437,380

The total cash balance as at 31st March 2018 held on behalf of the LEP by the Accountable body is £6,437,380.

END

