

Finance & Audit Committee			Paper 0
Date and Time: 8 th June 2021 at 10:00am			
Venue: Via MS Teams			
<i>Item No</i>	<i>Item and Brief Description</i>	<i>Lead</i>	<i>Additional Information</i>
1 5mins	Welcome and Introductions <ul style="list-style-type: none"> Apologies for Absence and Declarations of Interest Matters arising Actions update 	Chair - Andy Orrey	Paper 0.1
2 5mins	Draft F&A Minutes <ul style="list-style-type: none"> February 2021 - For approval and publication 	Chair - Andy Orrey	Paper 1
3 25mins	Audit Report <ul style="list-style-type: none"> Report presented by Duncan & Toplis on the audit of the 20/21 LEP finances. 	Tim G. Godson and Michael Lewis - Duncan & Toplis	Paper 2
4 10mins	Financial Report <ul style="list-style-type: none"> Overview of the 20/21 finances 	Linsay Hill Pritchard, Accountable Body	Paper 3
5 10mins	LEP Skills Agenda <ul style="list-style-type: none"> Overview and update 	Natalie - LEP Skills and Delivery Manager	Verbal
6 15mins	21/22 LEP Priorities and Budget Overview	Ruth Carver - LEP Chief Executive	Presentation
7 5 mins	Risk Review <ul style="list-style-type: none"> Update on risk and new register 	Laura Spittles - LEP	Paper 4
8 5 mins	AOB	Chair - Andy Orrey	Verbal

Confirmed: Andy Orrey, Steve Deville, Ian Knowles, Rob Griffiths, Tim Godson, Michael Lewis, Ruth Carver, Kate Storey, Linsay HillPritchard, Laura Spittles, Louise Higham, Natalie Poole

Apologies: None

Additional Papers:

- Investment Board Minutes: 26th February and 1st April 2021

Actions list from previous meetings	Actioned/ Update
<ol style="list-style-type: none"> 1. Member of Growth Hub will be invited to a future meeting 2. Further invites will be scheduled to increase the knowledge of the committee in the various work areas of the LEP 3. Simon Murphy (Growth Hub - China Business Relationship) to be invited to a future meeting 4. Andrew Brooks (LCC - Energy & Utilities) to be invited to a future meeting 5. LHP to review the scheme of delegation limits 6. James Baty to be invited to another meeting to provide a further economic update 	<ul style="list-style-type: none"> • LHP provided an update last year but we will seek to invite GH again in 2021 • On-going • Will take place at 2021 meeting • Will take place at a 2021 meeting • This will be actioned as part for the policy review scheduled for May Board - Postponed due to COVID. • Will take place at February 2021 meeting
<p>Previous Action Log - Completed</p>	
<p>KS to re-draft Policies and TOR's as per points raised in minutes</p> <p>LHP to add a column onto the project spread sheet to show the outputs of the projects</p> <p>LHP to report the average intervention rate on the Growth deal programme</p> <p>The risk register will be updated with Job role and current named person responsible</p> <p>LHP to look into more provision to commit reserves for Core Funding</p> <p>KS to look into wording on Risk Register for Target Level</p>	

KS to provide a list of suitable topics and guests to keep the Committee informed of relevant items

LHP to liaise with Andrew Brooks regarding the Broadband Bid details and put him in touch with Ian Knowles

LHP to provide a detailed report on what has been allocated and spent by SLGF Projects

KS to alter Risk Register colours to make it more clear

KS to investigate whether the LEP are aware/looking at the Civil Society Strategy

KS to provide the LEP Structure Chart

Louise Higham (Accountable Body) to be invited to a future meeting

The issue of spend on projects is still challenging and some projects could be swapped with more achievable ones - possibly housing schemes. DD to raise at next Board meeting with support from Nick Worboys

LHP to send Growth Hub report

LHP to amend Reserve figure on AB report prior to board submission

KS to review and amend Member numbers on draft TOR's

LHP to produce a table showing what percentage of Feasibility Fund Projects went on to receive full funding

Board training was completed in September with Directors Board.

Welcome and Apologies

Present

Ian Knowles (IK) - Acting Chair
Stephen Deville (SD)

Officers - Ruth Carver (LEP Director), Lindsay HillPritchard (LHP), Kate Storey (KS), Louise Higham (LH), Laura Spittles (LS)

Guests - James Baty (LEP Policy & Research Manager), Raju Kadir (Economic Analyst)

Apologies:

Andy Orrey (AO)
Rob Griffiths (RG)

IK welcomed the F&A Meeting and also welcomed Raju to the meeting.

F&A Committee Minutes of Previous Meeting

Action List updated and approved. Options discussed for inviting guests to future meetings.

RC stated she would like a brief meeting with the F&A Committee in March time to discuss the Budget for 2021/2022 once the Directors Board set the priorities.

RC also informed the Committee that the merger of the Humber LEP is progressing well and on schedule. The LEP have appointed a Consultant to manage this. RC will provide a more detailed update at the next meeting.

Draft minutes from October 2020 approved.

Update and FYE

LHP provided the Committee with an update for the LEP finances from April 2020 to January 2021. In November 2020 a paper was taken to Board with a revised Budget plan. This plan identified core expenditure to the amount to £975k and a proportion of the COVID Recovery budget of 456k. The LEP have been monitoring the Budget spend more closely as it becomes closer to FYE. The estimated core spend will be around £1 million.

The paper provided an update of all current and forecasted spend until the FYE. Despite the Covid Pandemic the LEP has been highly successful in delivering many of the priorities already set.

Of the Core Operational Budget £575,000 was received in the year. Spend to January 2021 is £335,000 broken down as £184,000 LEP core staffing and other company expenditure of £151,000. Other core spend has been against the following activities:

Enterprise Adviser Network
Future Proofing Coastal Tourism
East Midlands Ambassador Network
Skills Advisory Panel

The Feasibility Fund is now closed and the balance of £201,580 has formed part of the Covid Recovery Work.

The SLGF Programme has been progressing well with the financial completion of projects and many of the other projects remaining on track to spend fully by 31 March 2021.

The Invest and Grow Loan is currently at £4,085,228 as follows:

- £3.5m - Chestnut Homes - Boston Quadrant
- £585,228k - The Lincolnshire Bomber Command Memorial

The LEP have been awarded £25.8 million for the Getting Building fund with an expectation that £12.9million will be spent by March 2021. Although the programme is proceeding at pace with decisions made on 4 schemes and contracts in negotiation it has been identified that that the 50% spend target will not be possible without consideration of freedoms and flexibilities.

Duncan and Toplis have been appointed to carry out the yearly audit of the LEP finances as the previous year. This is due to take place around May time.

Budget Planning

The LEP Board will be holding a meeting on 26th February to discuss the strategy and business plans which will be developing across March. This is all dependent on government funding being announced and confirmed, and which remains pending.

The LEP Core standard activity is likely to progress as previous years. The recent Covid Pandemic has had significant implications for budget changes throughout the financial year and is likely to still see some variance moving forward as work begins in more detail on the Recovery Plan.

In October 2020 the LEP Board agreed to an allocation of £700,000 to cover various activity such as:

- Online Jobs and Careers Fair
- Recovery Plan
- Various Sector Development
- Communications Intern
- And many more

The Committee were asked to agree to an adhoc brief meeting in March to discuss and set the LEP Budget for 2021/2022. All agreed.

Local Industrial Strategy and Recovery Plans

James Baty provided the Committee with an Economy Update. Compared to many parts of the UK Greater Lincolnshire has had lower volumes of redundancies, lower take-up of Government

support schemes and smaller increases in job seeker claims, however in this Covid pandemic the County has still seen very negative results. Universal credit claimant rates are high but are still lower than the national average.

The support delivered to Businesses has been vital throughout this pandemic to help keep Businesses afloat. As remote working continues physical workplaces are 26% emptier than before the start of the pandemic with use of public transport down by 61%.

Unfortunately unemployment remains likely to rise significantly across the UK during 2021 although many Businesses are using the Government backed schemes.

The LEP are currently developing a Recovery Plan as the Covid restrictions ease and the Country tries to get back to some sort of normality. The Committee asked whether this plan was fully funded and already included in the budget moving forward. RC informed all that the Recovery Plan is for the Partners of the whole of Greater Lincolnshire. It's a 5 year plan and the ambitions are being looked at from a LEP perspective but the LEP would also be looking for other Partners to step in and help shape some of these ambitions and outcomes.

Risk Register

The Risk Register has been updated with the mentioned items from the last meeting. LS pointed out to the Committee that some of the risks on there had review dates that had passed. The LEP Team are currently chasing these outstanding updates.

The Committee highlighted that the register itself is quite hard to read on a standard PC screen as it has a lot of information on there. The LEP Team will look at simplifying this register to make it clearer to understand.

RC reminded the Committee that the Risk Register should be discussed in more detail to provide an update to the main Board. This will be added in as an agenda item at the next meeting.

A.O.B

It was discussed that the Auditors will need to be invited to the next meeting to discuss the outcome of the upcoming audit.

Going forward LS to make sure F&A Committee receive Investment Board minutes regularly to highlight approval of spend and projects.

RC informed the Committee that work is still on-going to recruit another member for the F&A Committee.

Date of Next Meeting

June 2021

BUDGET SETTING MEETING

An extra meeting was held on Tuesday 16th March 2021 to discuss the GLLEP Budget for 2021-2022. The LEP Team presented the Committee with the proposed budget for 2021-22. The Committee accepted the outlined budget but asked the LEP Team to provide some information regarding the current reserves held by the LEP. They would like to know how long the LEP could keep running for on the reserves currently in place if future funding was cut.

DRAFT



trust



value

strength



direction



Greater Lincolnshire Local Enterprise Partnership Limited 2021 Financial Review

CONTENTS

- 1 Introduction, Scope and Approach
- 2 Executive Summary
- 3 Our Findings
- 4 Conclusion
- 5 Disclaimer
- 6 Appendix 1 - Financial Reports 2020-21
- 7 Appendix 2 – Short Summary Report 2020-21

1

Introduction, Scope and Approach

Introduction

We have been engaged to perform the assurance review of the annual financial reports of the Greater Lincolnshire Local Enterprise Partnership (GLLEP) for the year ended 31 March 2021.

GLLEP is a dormant company and the figures within the annual financial reports are extracted from the Accountable Body's, Lincolnshire County Council (LCC), accounting records.

Scope

The agreed scope of the work to be carried was:

- Review of annual financial reports for the year ended 31 March 2021 for the purpose of providing an opinion on whether these reports are a fair presentation of the activity for the financial year.
- Review the company wide processes of the GLLEP to ensure compliance with LCC policies, grant agreements and financial regulations.
- Perform a systems walkthrough of the selected project Lincoln Medical School.

Summary of work performed

A Microsoft Teams meeting was held with Lindsay Hill-Pritchard (LHP), the Accountable Body Principal Commission Officer on 28 April 2021 to discuss the logistics of the audit approach. In advance of this meeting, it was agreed that as with last year a remote audit would be the most appropriate approach given current government guidance. It was understood that this could potentially reduce the scope of the assurance review, as carrying out the work remotely restricts the scope to solely the assurance evidence requested as part of the process, limiting the ability to obtain incidental assurance evidence.

Following this discussion, a draft copy of the financial report and supporting Business World On! (accounting system) reports in excel format for the year ended 31 March 2021 were provided. In line with the previous year's assurance review approach the following procedures were carried out to achieve the objectives of the agreed scope:

- System notes prepared for the procedures for procurement, projects and other core finance functions were updated for any changes since last year. These system notes were reviewed throughout the assurance review to ensure compliance.
- The main funding streams identified for review were:
 - LEP Core funding (including Match Funding)
 - Single Local Growth Fund (SLGF)
 - Getting Building Fund (GBF)
 - Various Growth Hub funding
 - Invest and Grow

1

Introduction, Scope and Approach *continued*

- Other GLEP funds and reserves
- Agreement of income and expenditure in the annual financial reports to the underlying reports and schedules provided.
- A sample of income and expenditure across the main funding streams were agreed to relevant documentation and compliance with system notes prepared.
- A full walkthrough of the chosen project, Lincoln Medical School, was performed.

The summary of our findings from the above work is included in Section 2 and detailed findings are included within Section 3.

Based on the work carried out as detailed in this report the financial records are properly kept and are in compliance with the requirements of the funding. The financial report prepared by GLLEP is a fair representation of the financial activities and the financial position of the GLLEP as at 31 March 2021. Detailed findings of our work can be found in section 3 and in summary our findings are:

- No significant errors were found from our review of the financial reports for the year ended 31 March 2021.
- The income and expenditure recorded in the financial reports are consistent with the accounting records held.
- Differences were found between the closing cash reserve balances per the accounting system and those recorded in the financial reports, with the balances in the accounting system being higher than the financial reports. These differences are being investigated by the GLLEP with the help of the LCC Finance Team.
- Appropriate explanations were provided to explain the use of the GBF “offset” in the year which are not reported within the income and expenditure figures for the financial year.
- From our sample of income and expenditure across all main funding streams there appears to be adequate accounting records in place and all transactions tested were accurately recognised in the correct period.
- Based on our sample the systems and controls described to us as being in place were observed to be being applied correctly.
- Sufficient controls are in place for ensuring project funding is being spent in line with LCC policies, grant agreements and financial regulations.
- As with last year it is understood that due to time constraints and given that March 2021 expenditure is estimated in some circumstances, claims for the quarter ended 31 March 2021 were not initially reviewed to the same standards as for the other quarters. However, there are procedures in place to ensure subsequent reviews are undertaken with regard to the final quarter.
- Interest received was calculated accurately in accordance with LCC procedures and interest rates.

3

Our Findings

The purpose of this section is to outline in detail the work performed as summarised in Section 1 and highlight our findings and conclusions from this work.

Review of financial reports

All figures within the summary of income and expenditure for the year were agreed to the accounting system reports provided in excel format. A sample of these reports were then tested to the accounting system itself to ensure their accuracy. From this sample no differences were found between these reports.

The cash reserve balances as at 31 March 2021 and the opening balances as at 1 April 2020 were also tested to the accounting system. Differences were identified on the closing balances for all three cash reserves which suggests a discrepancy between the movements in the financial reports compared to those recorded in the accounting system. The accounting system balances are higher than those recorded in the financial report. LHP is currently in the process of reconciling these differences with the LCC Finance Team.

On review of the movements within the cash reserve balances in the year it was noted that an adjustment was made to opening balances on of £700,000 from the closing figures reported for 2019/20. This was an adjustment agreed by the Board to use previously unutilised funds and interest earned over the years for the creation of the Covid Recovery Fund.

From the review of expenditure incurred for the GBF, and as discussed with LHP, it was also noted that as in previous years the GLLEP applied the freedoms and flexibilities available to them by providing funding of £10.8m to an LCC capital project (Lincoln Eastern Bypass) to ensure that the GBF income allocated for 2020/21 was fully spent by the year end. It is our understanding that the significant underspend in the year resulting in the need to use the freedom and flexibilities is due to the projects put forward to the Government for the two year period up to 31 March 2021 being expected to require a significantly higher level of funding in second year (2021/22) than in the first (2020/21), however the grant award and the required spending was not consistent with the GLLEP's expected payment profile for these projects. As in previous years an "offset" account has been created specifically for this funding which will be used to fund future GLLEP projects when the additional funding requirements arise.

LEP Core Funding

A sample of LEP Core Funding received in the year were agreed to grant determination letters and remittances. This income within this sample was found to be correctly recorded within the financial reports.

A sample of expenditure relating to the LEP Core Funding were also tested to supporting invoices, purchase orders, evidence of defrayal and other documentation, including relevant payroll extracts for quarterly GLLEP staff recharges. All of the sample selected were agreed to evidence provided and followed the expected procurement procedures.

One of invoices within our sample was noted to be dated in April 2019, therefore falling outside of this reporting periods, from discussions with LHP it is understood this was due to an underspend on funds provided for the "Career Learning Pilots" which LCC have been requesting an invoice to be provided for a

significant amount of time and once provided the invoice was backdated to April 2019 by the funding provider.

Match Funding

A sample of recharged costs incurred by LCC were tested to supporting calculations. This sample included Board Member time calculated on an estimated hourly rate of £106 which was considered reasonable. Also, non-GLLEP LCC staff costs recharged on a timesheet basis were agreed to underlying payroll records and found to correctly calculated.

Invest and Grow

The Invest and Grow balance is made up of three different funds, these being the Feasibility Fund, Business Investment Fund and the Invest to Grow Fund.

The Feasibility and Business Investment Funds are both used as funds to be distributed as grants to local projects. A sample of payments made in relation to ongoing projects under the Business Investment Funds were selected to be tested to the project files. Due to the assurance work being carried out remotely access to full project files was considered to be impractical, therefore the assurance evidence requested was limited to copies of the grant agreements, grant claim forms for the payments selected, payment confirmation letters and evidence of defrayal. From the evidence provided it was determined that grant agreements were correctly held on file for the projects selected, claims made by the project applicant appeared to be in line with the terms of the agreement and a thorough review of the claims were being undertaken by the Project Officers within the GLLEP team.

One of the income transactions within our sample related to a grant repayment of £126k as a result of the grant recipient not meeting all the required objectives of the grant agreement. At the date of the audit this repayment had not yet been received and was included within the financial reports as a debtor. We understand that the grant recipient went through the appeals process and the original decision was upheld by the investment board, however the process is still ongoing.

The Feasibility funding and invest to grow funding did not form part of our sample testing this year as there were minimal transactions in the year in terms of values and number.

Growth Hub

It is understood that the funding received by the GLLEP for the Growth Hub is controlled by Business Lincolnshire Growth Hub on behalf of the GLLEP. On this basis the procedure agreed with Business Lincolnshire Growth Hub (BLGH) is that quarterly claims are submitted with supporting evidence for expenditure incurred on the GLLEP's behalf.

There were a four grant funds covered under our review of the Growth Hub for the financial year. These were the Growth Hub Core, Growth Hub Peer Network, Growth Hub Uplift and Cluster and Growth Hub EU Transition. All four of these grants are subject to a separate assurance review on which we report on, the

assurance work that we undertake is incorporated into this financial review. The Peer Network grant was our priority as this had a reporting deadline of 30 April 2021.

A sample of expenditure across all four grant funds were agreed to supporting invoices and proof of payment provided by BLGH.

Single Local Growth Fund/Getting Building Fund

The SLGF allocation for the year as per the financial reports was agreed to the grant determination letter and remittances received, on this basis the income was deemed to have been accurately recognised.

For SLGF expenditure, similarly to the Business Investment fund, a sample of projects funded by this grant fund were selected. As with the Business Investment fund the assurance evidence requested was limited to copies of the grant agreements, grant claim forms for the payments selected, payment confirmation letters and evidence of defrayal. Similarly, as stated above for the Invest and Grow Fund, from the evidence provided the claims appeared were in line with the terms of the agreements and a thorough review had been carried out.

For one of the projects selected, Gainsborough Growth Project, it was noted that the grant payments made to date were behind the spend profile included within the proposed payment profile in the grant agreement. Given the surrounding circumstances around Covid-19 this is not unexpected and discussions with LHP confirmed that a specific element of the project was reliant on the retail sector which has been delayed due to the impact of Covid-19. It is still expected that the project will continue as expected, albeit on a delayed timescale.

Our understanding that other than this application process for funding being a shorter timescale, the GBF follows the same approach as the SLGF. On this basis a similar process to the above was carried out for one project in the GBF and this project was agreed to a copy of the grant agreement, grant claim form for the payment selected, payment confirmation letter and evidence of defrayal. As mentioned previously £10.9m of the £12.9m allocation for the year was used to fund an LCC capital project under freedoms and flexibilities to ensure the full allocation for the year was spent.

it is our understanding that one of the requirements of the SLGF/GBF is that the funding allocated in the year is to be fully spent by 31 March 2021, therefore claims for the final quarters will include estimated costs for March 2021. As a result of this, last year it was observed that initial reviews of the final quarter of the year were described by GLLEP as a “lighter touch review” given the limitation on the availability of supporting documentation provided with the claims, with more detailed reviews taking place once actual expenditure could be confirmed at a later point. As it was considered impractical by both ourselves and GLLEP to view full project files remotely, we are unable to conclude if the circumstances are the same this year but through discussion with LHP it has been confirmed this is still the case and that some Q4 claims for 2020/21 have already been reconciled.

Lincoln Medical School

Based on our understanding obtained in the previous year of the full project processes a detailed walkthrough was carried out for the Go Lincoln Medical School. This walkthrough consisted of a review of the project from the initial planning stage, approval and through to financial completion. All the required documentation to support the various stages of the project were seen on file, including appropriate authorisations where necessary.

In addition to the above, a sample of 4 claims submitted were agreed to the claim workings and project monitoring report. Again, there was a clear and thorough review process of these claims evidenced on file. On one of the earlier claims there was some initial confusion on whether input VAT was eligible as part of the grant claims, as normally given the grant recipient can reclaim the input VAT it would not be eligible. It was confirmed that the University of Lincoln was unable to reclaim the input VAT therefore the claims were correctly made to include gross amounts. This further demonstrates that thorough reviews are being undertaken and various aspects are being considered.

Interest Received

Interest received per the financial report were tested to supporting calculations provided with no differences highlighted. However, as already highlighted, there are discrepancies in the reported cash movements in the year and the closing cash balances per the accounting system when compared to the balances per financial reports which could indicate interest received is overstated. Any potential errors as a result of these discrepancies would be highly trivial in value.

In addition to the above a sample of the weekly interest calculations were recalculated using the interest rates prescribed by LCC and no errors were found. As these rates are prescribed by LCC there is no supporting evidence available to verify these rates. However, the rates used are considered to be appropriate interest rates in the current financial climate.

Accountable Body Costs

A sample of Accountable Body Costs, which all related to a proportion of LCC employed staff payroll costs, were selected and no errors were found to the supporting payroll reports. The staff members recharged were consistent with those we are aware were involved in the operation of GLLEP in the period.

4

Conclusion

Adequate documentation and explanations have been gained concerning the balances in the annual report, as included at Appendix 1, for the GLLEP as at 31 March 2021.

We confirm, based on our sample testing, that there are processes to ensure compliance with LCC policies, grant agreements and financial regulation.

Finally, our systems walkthrough on the Lincoln Medical School project did not indicate any incidences of non-compliance with our understanding of the GLLEP's policies and procedures.

5

Disclaimer

The procedures that we have undertaken do not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the return. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the financial statements and does not extend to any other reports of the GLLEP.

Our report is prepared solely for the confidential use of the GLLEP. This report is released to the GLLEP on the basis it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the GLLEP, we acknowledge that the GLLEP may be required to disclose this report to other parties demonstrating a statutory right to see it, to enable such other parties to exercise statutory rights of access to this report.

6

Appendix 1 - Financial Reports 2020-21

2020/21 Financial Summary

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL SUMMARY 2020/21

INCOME	Note	20/21	19/20
Core Funding	1	£ 575,000	£ 500,000
Other Core contributions	1	£ 564,387	£ 246,854
Department of Transport		£ -	£ -
Invest and Grow	3	£ 242,511	£ 283,906
Business Investment Fund	5	£ 126,242	£ -
Single Local Growth Fund	6	£ 18,492,802	£ 6,936,511
Getting Building Fund	7	£ 12,900,000	
Growth Hub	8	£ 246,000	£ 246,000
Brexit		£ -	£ 364,578
EU Transition/Peer Network/Uplift	8	£ 769,819	£ -
Interest Received	9	£ 110,001	£ 162,107
Total Income		£ 34,026,762	£ 8,739,956

EXPENDITURE	Note	20/21	19/20
Core Funding	1	£ 595,494	£ 488,712
Other Core contributions	1	£ 520,530	£ 170,453
Department of Transport		£ -	£ -
Invest and Grow	3	£ 164,772	£ -
Feasibility	4	£ 24,286	£ 29,612
Business Investment Fund	5	£ 262,856	£ 1,183,344
Single Local Growth Fund	6	£ 22,092,197	£ 6,809,606
Getting Building Fund	7	£ 12,900,000	£ -
Growth Hub	8	£ 246,000	£ 246,000
Brexit		£ -	£ 364,578
EU Transition/Peer Network/Uplift	8	£ 769,819	£ -
Total Expenditure		£ 37,575,954	£ 9,292,305

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2021

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

	Note	20/21	19/20
Core Reserve	1	£ 695,243	£ 306,417
Other cash balances	1	£ 1,468,434	£ 727,973
Capacity 2 Fund		£ -	£ -
Feasibility Fund	4	£ -	£ 225,866
Invest to Grow Fund	3	£ 3,195,537	£ 3,454,114
Business Investment Fund	5	£ 1,499,541	£ 1,636,154
Single Local Growth Fund	6	£ 183,097	£ 3,776,764
Interest Received	9	£ 110,001	£ 162,107
Total		£ 7,151,853	£ 9,982,978

Long term loan investments	£ 4,135,228	£ 4,300,000
----------------------------	-------------	-------------

6

Appendix 1 - Financial Reports 2020-21 *continued*

2020/21 Reserves

Cash Balance 1 - Core Funding, Reserves and other cash balances							
Committed / Uncommitted	Name of Fund	Balance at 01 April 2020	Movement of funds	Balance after Board decisions	Money In	Money out	31/03/2021
Committed	Greenborough M Fee	£78,396	-£3,396	£75,000	£0	-£27,500	£47,500
	LEP Operation Core	£306,417	£3,396	£309,813	£575,000	-£595,494	£289,319
	LEP Operation FEZ Marketing	£4,975		£4,975	£0	£0	£4,975
	Enterprise Co-ordinator (G9 2years 50%)	£62,308		£62,308	£115,155	-£141,467	£35,996
	Kick Start/Sustainability	£50,000		£50,000	£34,942	-£5,815	£79,324
	Skills and Employment Manager (G10 3years)	£145,420		£145,420	£0	-£45,431	£99,945
	EM Manufacturing	£155,000		£155,000	£0	-£95,494	£59,510
	SAP	£27,417		£27,417	£75,000	-£43,172	£59,245
	EM Ambassador Network	£48,216		£48,216	£53,000	-£14,432	£86,784
	LEP Review	£5,010		£5,010	£0	-£5,010	£0
	Future Proofing Coastal Tourism	£61,048		£61,048	£286,200	-£84,349	£262,988
	Career Learning(balance)	£28,003		£28,003	£0	-£28,273	-£270
	Covid Recovery Fund	£0	£700,000	£700,000	£0	-£59,744	£840,256
	LEP Operation Place Marketing	£62,175		£62,175	£0	£0	£62,175
	Sub total	£1,034,390	£700,000	£1,734,390	£1,139,387	-£1,116,024	£1,757,753
Uncommitted	Interest	£11,603	-£11,603	£0	£7,400	£0	£7,400
	Sub total	£11,603	-£11,603	£0	£7,400	£0	£7,400
	Total	£1,045,993	£688,397	£1,734,390	£1,146,787	-£1,116,024	£1,765,153
Cash Balance 2 - Growing Places Fund (Invest to Grow)							
Committed / Uncommitted	Name of Fund	Balance at 01 April 2020		Balance after Board decisions	Money In	Money out	31/03/2021
Committed	Feasibility Fund	£33,932	-£9,646	£24,286		-£24,286	-£0
	Business Investment Fund	£1,836,154		£1,836,154	£128,242	-£282,896	£1,499,541
	Feasibility Fund (Commissioned Projects)	£191,934	-£191,934	£0	£0	£0	-£0
	Invest to Grow Loan Fund	£3,454,114	-£336,316	£3,117,798	£242,511	-£184,712	£3,185,537
	Sub total	£5,316,134	-£537,895	£4,778,239	£368,753	-£451,914	£4,695,078
Uncommitted	Feasibility Fund	£0		£0	£0	£0	£0
	Interest	£56,909	-£56,909	£0	£26,577	£0	£26,577
	Sub total	£56,909	-£56,909	£0	£26,577	£0	£26,577
	Total	£5,373,043	-£594,804	£4,778,239	£395,330	-£451,914	£4,721,655
Cash Balance 3 - Single Local Growth Fund							
Committed / Uncommitted	Name of Fund	Balance at 01 April 2020		Balance after Board decisions	Money In	Money out	31/03/2021
Committed	SLGF	£3,776,764	£5,728	£3,782,492	£18,462,802	-£22,092,197	£183,097
	Getting Building Fund	£0	£0	£0	£12,900,000	-£12,900,000	£0
Uncommitted	Interest	£93,568	-£93,563	£0	£78,024	£0	£75,024
	Sub total	£3,870,332	-£87,835	£3,782,492	£31,468,826	-£34,992,197	£258,121
	Total	£3,870,332	-£87,835	£3,782,492	£31,468,826	-£34,992,197	£258,121
	Committed	£10,127,289	£167,833	£10,295,122	£32,969,942	-£36,569,135	£6,635,928
	Uncommitted	£142,197	-£162,165	£0	£110,061	£0	£110,061
	TOTAL	£10,269,486	£5,728	£10,295,122	£33,080,003	-£36,569,135	£6,745,989

The Board
The Greater Lincolnshire Local Enterprise Partnership
Unit 4
Witham Park House Waterside South
Lincoln LN5 7JN

.... June 2021

The Board

Summary of Engagement

Please find below our findings regarding the review of the annual financial reports of the Greater Lincolnshire Local Enterprise Partnership (GLLEP) for the year ended 31 March 2021.

Scope

The scope of our work was:

- Review of annual financial reports for the year ended 31 March 2021 for the purpose of providing an opinion on whether these reports are a fair presentation of the activity for the financial year.
- Review the company wide processes of the GLLEP to ensure compliance with Lincolnshire County Council (LCC) policies, grant agreements and financial regulations.
- Perform a systems walkthrough of the selected project Lincoln Medical School.

This work was performed in accordance with our standard terms of business.

Disclaimer

Our procedures do not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the return. Accordingly we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the annual financial reports in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the annual financial reports and does not extend to any other reports of the GLLEP.

Our report is prepared solely for the confidential use of the GLLEP. This report is released to the GLLEP on the basis it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the GLLEP, we acknowledge that the GLLEP may be required to disclose this report to other parties demonstrating a statutory right to see it, to enable such other parties to exercise statutory rights of access to this report.

This report is designed to meet the agreed requirements of the GLLEP and particular features of our engagement determined by the GLLEP's needs at the time. Therefore, this report should not be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against Duncan & Toplis Limited for any purpose or in any context. Any party other than the GLLEP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Duncan & Toplis Limited, will accept no responsibility or liability in respect of this report to any other party.

Executive Summary

Based on the work carried out as detailed in this report the financial records are properly kept and are in compliance with the requirements of the funding. The financial report prepared by GLLEP is a fair representation of the financial activities and the financial position of the GLLEP as at 31 March 2021. Detailed finding of our work can be found in section 3 and in summary our findings are:

- No significant errors were found from our review of the financial reports for the year ended 31 March 2021.
- The income and expenditure recorded in the financial reports are consistent with the accounting records held.
- Differences were found between the closing cash reserve balances per the accounting system and those recorded in the financial reports, with the balances in the accounting system being higher than the financial reports. These differences are being investigated by the GLLEP with the help of the LCC Finance Team.
- Appropriate explanations were provided to explain the use of the GBF "offset" in the year which are not reported within the income and expenditure figures for the financial year.
- From our sample of income and expenditure across all main funding streams there appears to be adequate accounting records in place and all transactions tested were accurately recognised in the correct period.
- Based on our sample the systems and controls described to us as being in place were observed to be being applied correctly.
- Sufficient controls are in place for ensuring project funding is being spent in line with LCC policies, grant agreements and financial regulations.
- As with last year it is understood that due to time constraints and given that March 2021 expenditure is estimated in some circumstances, claims for the quarter ended 31 March 2021 were not initially reviewed to the same standards as for the other quarters. However, there are procedures in place to ensure subsequent reviews are undertaken with regard to the final quarter.
- Interest received was calculated accurately in accordance with LCC procedures and interest rates.

Yours faithfully

Duncan & Toplis Limited

Duncan & Toplis - Lincoln

4 Henley Way
Doddington Road
Lincoln, Lincolnshire
LN6 3QR

T: 01522 507000

E: info@lincoln.duntop.co.uk

www.duntop.co.uk

**DUNCAN
& TOPLIS**



GREATER LINCOLNSHIRE LOCAL ENTERPRISE PARTNERSHIP LIMITED

(A COMPANY LIMITED BY GUARANTEE)

Registered number: 09223395

ANNUAL FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 MARCH 2021

COMPANY INFORMATION

DIRECTORS (at year end)

Pat Doody (Appointed as Chair 01 March 2020)
Colin Davie
Rob Waltham
Debbie Barnes
Dean Fathers
Craig Leyland
Debbie Barnes
Zoe King (Nee Easey)
Sarah Louise Fairburn
Gary Headland
Nick Worboys
Yvonne Adam
Alison Ballard
Alric Blake
Phillip Jackson
Suraya Marshall
Darren Cunningham
Julian Free
Cllr Oliver Hemsley
Andrew Hunter
Mandy Watson

DIRECTORS (in period)

Mary Stuart (Term ended 8th December 2020)
Chris Baron (Term ended 8th December 2020)
Richard Metcalf (Term ended 8th December 2020)
Dean Fathers (Further term of 3 years to July 2024)
Suraya Marshall (co-opted - extended to August 2021)
Darren Cunningham (19th January 2021)
Julian Free (26th February 2021)
Cllr Oliver Hemsley (20th March 2020)
Andrew Hunter (26th February 2021)
Mandy Watson (6th November 2020)

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	Duncan & Toplis 4 Henley Way Doddington Road Lincoln LN6 3QR

CONTENTS

	Page
Introduction and recommendations	1
Income and expenditure account	2
Balance Sheet	2
Notes to the Annual Financial Report	3-9

Introduction

This financial report is intended to provide an overview from the Accountable Body of the audited Greater Lincolnshire transactions for the 2020/21 financial year.

The LEP continue to operate a number of reserves allowing them to respond to operational pressures and deliver against their agreed business plan priorities. This was of particular importance in response to the COVID-19 pandemic.

We continue to support the LEP in the areas of governance and delivery by providing advice and guidance on a variety of policies and procedures and ensuring the correct systems and procedures are followed in transactional operations.

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 work on a number of different funds on behalf of the LEP including, operating budgets, grant programmes, specific activity pots and various cash balances.

The LEP received over £34million of funding within the year including its core funding allocation of £500k and the Last tranche of £18.1 million of Single Local Growth Fund following a successful annual conversation sign off. This also saw the first of 2 £12.9million payments for the Getting building Fund. Expenditure amounted to £37.6 Million seeing a decrease in the year end cash balance.

The LEP Annual Report 2020-21 will incorporate a Financial Reporting section. Therefore the key highlights, progress and activity will be reported fully in this report which will be available for the LEP Conference/ AGM.

Recommendations for the Finance and Audit Committee:

-
- Interest gained on the Core Funding and Single Local Growth Fund of £83,424 to be held on reserve for future allocation on identified activity.
 - Interest of £26,577 gained on cash balance 2 to be placed back in the loan fund for future use as per the cash Balance and reserve policy.
 - Review and approve the contents of the report.
 - Recommend the information is Incorporated into the Annual Report and provided to the LEP Board/AGM
-

INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL SUMMARY 2020/21

<i>INCOME</i>	<i>Note</i>		<i>20/21</i>		<i>19/20</i>
Core Funding	1	£	575,000	£	500,000
Other Core contributions	1	£	564,387	£	246,854
Department of Transport		£	-	£	-
Invest and Grow	3	£	242,511	£	283,906
Business Investment Fund	5	£	126,242	£	-
Single Local Growth Fund	6	£	18,492,802	£	6,936,511
Getting Building Fund	7	£	12,900,000		
Growth Hub	8	£	246,000	£	246,000
Brexit		£	-	£	364,578
EU Transition/Peer Network/Uplift	8	£	769,819	£	-
Interest Received	9	£	110,001	£	162,107
Total Income		£	34,026,762	£	8,739,956

<i>EXPENDITURE</i>	<i>Note</i>		<i>20/21</i>		<i>19/20</i>
Core Funding	1	£	595,494	£	488,712
Other Core contributions	1	£	520,530	£	170,453
Department of Transport		£	-	£	-
Invest and Grow	3	£	164,772	£	-
Feasibility	4	£	24,286	£	29,612
Business Investment Fund	5	£	262,856	£	1,183,344
Single Local Growth Fund	6		22,092,197		6,809,606
Getting Building Fund	7	£	12,900,000	£	-
Growth Hub	8	£	246,000	£	246,000
Brexit		£	-	£	364,578
EU Transition/Peer Network/Uplift	8	£	769,819	£	-
Total Expenditure		£	37,575,954	£	9,292,305

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2021

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

	<i>Note</i>		<i>20/21</i>		<i>19/20</i>
Core Reserve	1	£	695,243	£	306,417
Other cash balances	1	£	1,468,434	£	727,973
Capacity 2 Fund		£	-	£	-
Feasibility Fund	4	£	-	£	225,866
Invest to Grow Fund	3	£	3,195,537	£	3,454,114
Business Investment Fund	5	£	1,499,541	£	1,636,154
Single Local Growth Fund	6	£	183,097	£	3,776,764
Interest Received	9	£	110,001	£	162,107
Total		£	7,151,853	£	9,982,978

Long term loan investments		£	4,135,228	£	4,300,000
----------------------------	--	---	-----------	---	-----------

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

- Net spend on the account is £ 3,549,192

	£
Core Cost net spend	20,494
Other Core contributions	(43,857)
Invest To Grow payback	(77,739)
Feasibility Fund drawdown	24,286
Business Investment Fund drawdown	136,614
SLGF	3,599,395
GBF	
Gross Interest	(110,001)
Net spend	3,549,192

The following notes provide more detail on the values shown on page 1.

Note 1: Core Funding

Within year £1.139m of Income and £1,116,024 Expenditure as detailed below:-

AREA - DESCRIPTION	INCOME (£)	ACTUAL SPEND (£)
Core	575,000	655,238
LEP Review Monies	-	5,010
Skills Employment Manager	-	45,481
Greenborough Management Fee	-	27,500
Skills Advisory Panel	75,000	43,172
EM Ambassador Network Grant	53,000	14,432
Enterprise Co-ordinator	150,097	141,467
Enterprise Co-ordinator Kickstart	-	5,618
EM Manufacturing Grant	-	65,484
Career learning balance (payback)	-	28,273
Future Proofing Coastal Tourism	286,290	84,349
TOTAL	£1,139,387	£1,116,024
Management Fee transfers from CB2/3	£405,924	

£405k of income received on SLGF, GBF and BIF has been classed as spent on other LEP programmes but effectively moved to Core reserve for use on agreed core activities.

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 £274,754.57 has been achieved supporting the delivery of the LEP core function.

These costs are made up of:-

- | | |
|---|--------------|
| • Board Directors Voluntary Time (Equivalent Value) | £ 31,271.86 |
| • LCC officer support (Non Accountable Body) | £ 227,808.69 |
| • Economic data sets | £ 15,674.02 |

Note 3: Invest and Grow

The balance as at 1st April 2020 was £3,511,023 (with applied interest).

Loan interest received in period was £192,511. A loan repayment of £50,000 was made by Lincolnshire Bomber Command following agreement by board to adjust the loan agreement and provide some of the existing loan (£164,772) as grant funding.

£393,225 of the loan fund was repurposed to form part of the Covid Recovery Fund.

This resulted in a decrease of the loan fund (not including cash balance interest) to £3,195,537. Of this £1,908,428 has currently been retained for Loan and £1,287,109 has full flexibility.

Long term investment Loans as at 31st March 2021 amounted to £4,135,228 as follows:

- £3,500,000 - Chestnut Homes - Boston Quadrant
- £635,228 - The Lincolnshire Bomber Command Memorial.

Note 4: Feasibility Pot

The total feasibility pot at the beginning on the financial year was £225,866.

Overall 12 contracts were awarded with a contracted value of £802,670 providing £339,585 of grant. A final payment was made within 20/21 to the value of £24,286.

The feasibility funds concluded with a final spend value of £509,110 releasing £239,558 grant.

The resulting underspends and uncommitted grant totalling £201,580 was transferred to contribute the Covid recovery Fund.

Note 5: Business Investment Fund

The Greater Lincolnshire Growth Fund was launched in October 2017 and here has been significant interest in the fund. The fund is promoted through the Greater Lincolnshire website and administered through a contract with Greenborough Ltd (Business Growth and Project Management service). Within 2020/21 the programme held 7 projects contracts:

Company	Location	Project Summary	Grant
Tong Engineering Ltd	Spilsby	To create a new production facility, enabling the company to consolidate their two existing sites in to one; safeguarding the future of the company by ensuring the business meets its growth aspirations.	£500,000
SDG Access Ltd	Navenby	To build a new bespoke business premises, enabling the company to consolidate their two existing sites in to one; safeguarding the future of the company by enabling the company to deliver against their growth aspirations	£151,346
Wolds Manufacturing Services Ltd	Louth	To build a new manufacturing facility, enabling the company to significantly improve production efficiency ensuring they have the capacity to meet increasing customer demand and deliver against future growth plans.	£327,653
WISE Software Ltd	Saxilby	The company will develop a 'goods to picker' warehouse automation system, a new robotics arm to their software business.	£218,806
PackAcre Limited	Hemswell Cliff	To build a new warehouse facility and the development of an Innovation centre at Hangar 2, Caenby Corner Industrial Estate.	£500,000
Genfrost UK Limited	Boston	The project is to get Genfrost ready for expansion and growth and be primed ready to exploit new market opportunities. The project is split in to 2 elements. Element 1 involves developing the office block to take on more staff and element 2 sees the investment in significant capital equipment to ramp up manufacturing.	£340,000
Total grant award			£2,037,805

Costs within the year amounted to:

- Management Fee - £30,000 (covered by CB1 - 27,500 and CB2 2,500)
- Grant Payments - £260,356

To date £1,551,701 of grant has been paid out to the above contracts.

- SDG Access Ltd £151,346)
- Wolds manufacturing Services Ltd £327,653)
- Tong Engineering Ltd £500,000)
- Orderwise - Wise software Ltd £218,806)
- ParkAcre £4,190
- Genfrost £203,464
- SBS Ltd £131,242*

*There is currently a process in place to reclaim the project grant proportion of this money (£126,242) due to non-completion of contract. The money have been accrued in this financial year but not yet received.

- Continued management fee has been paid to Greenborough Ltd totalling £102,500.

The programme is currently closed for applications and has a further expected spend of £664,846. This means there remains £882,195 unallocated against the programme.

Note 6: Single Local Growth Fund

Within the year we received our fourth tranche of growth deal monies to the sum of £18,153,052. The table below shows h the total programme in year spend of £23.9million and how this was distributed across the growth deal projects.

PROJECT NAME	Single local Growth Fund
Boston Quadrant	£36,374
Grantham Southern Relief Road	£5,238,112
Unlocking Rural Housing	£90,000
Skegness Gateway	£528,331
Northern Junction Roundabout	£2,595,621
Agri-food Centre of Excellence	£1,288,320
Sleaford Growth Project 2	£124,879
Lincoln Medical School	£497,500

Access to Employment Zones 1	£1,267,213
Access to Employment Zones 2	£1,137,427
Advanced Engineering R and D Centre	£36,099
Centre for Rural Health	£1,250,675
Gainsborough Growth Phase 2	£2,747,000
A46-A15 Riseholme roundabout	£1,678,833
Huttoft	£112,076
Sleaford Growth Project 1	£687,647
Europarc Food Enterprise Zone	£716,766
Scunthorpe Town Centre	£85,000
DTLA	£2,015,376
South Humber Infrastructure Investment Programme Phase 2	£200,000
Skills Programme	£500,000
Borderville	£955,654
Due diligence costs	£151,106

The programme this year has been paid for by £18.153 of Grant, £3.939m of repaid monies and £1.847 of offset.

Note 7: Getting Building Fund

Within the year we received 50% of our Getting Building Fund allocation to the sum of £12,900,000. The table below shows how the monies were distributed across projects. £2,736,583 has been spent on contracted projects and management fee. £10,163,417 was spent on an LCC capital project as part of our freedom and flexibilities to enable the security of the monies to spend on the LEP projects in 21/22.

PROJECT NAME	Contracted Grant	Spent in 20/21
South Lincolnshire FEZ Phase 2	£6,367,839	£1,178,579
Centre of Rural Health	£1,300,004	£1,300,004
Lincoln Science and Innovation Park (Phase Two)	£1,838,170	£0

Skills Capital Investment Programme	£7,899,175	£0
Killingholme Marshes Drainage Scheme (KMDS) - ABL Marine Energy Park	£4,328,032	£0
Lincoln Science and innovation Park phase 2	£3,430,090	£0
Greater Lincolnshire Cycle Programme	£2,216,860	£0
Management Fee	£258,000	£258,000
Total Programme	£25,800,000	£2,736,583

Note 8: Growth Hub

The Greater Lincolnshire LEP secured £246,000 of revenue funding from BEIS to continue the operation of the Growth Hub (GH) service during 2020-2021. In addition the GH received and spent supplementary Grant Funding and EU Transition Business Readiness Grant Funding to the value of £769,819.

The main focus for the Business Lincolnshire Growth Hub for the first 6 months of 2020-21, was to provide an emergency response and information signposting service and implement a number of measures to support businesses in response to COVID-19. As the COVID response moved towards recovery, work focussed to support the GLLEP in finalising the mid-term recovery plan which provides a strategic framework for the next 3 to 5 years and implementing measures to support businesses implementing recovery activity. This was made possible due to the supplementary funding provided from BEIS.

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
- Advice on EU Exit

A detailed report on Growth Hub activity will be submitted to government on the 4th June 2020.

Note 9: Interest

All interest has been applied as per the cash balance and interest policy.

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.

Cash Balance 1	Core Funding, Reserves and other cash balances	£7,400
Cash Balance 2	Growing Places Fund (Invest to grow)	£26,577
Cash Balance 3	Single Local Growth Fund	£76,024

Note 10: 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. The table below shows the closing cash balances for the year 20/21 (this includes the interest from above)

Cash Balance 1	Core Funding, Reserves and other cash balances	£2,171,077
Cash Balance 2	Growing Places Fund (Invest to grow)	£4,721,655
Cash Balance 3	Single Local Growth Fund	£76,024

The total cash balance as at 31st March 2021 held on behalf of the LEP by the Accountable body is £6,968,756.

END

GREATER LINCOLNSHIRE LEP RISK REGISTER

PROJECT / AREA	RISK DESCRIPTION	CONSEQUENCES OF RISK	CURRENT PROBABILITY	MITIGATING ACTION	IMPACT AFTER ACTION	REVIEW DATE	OWNER	COMMENTS	STATUS
IT System	Loss or reduction of IT systems	Complete failure or reduction of IT system would make LEP operations extremely difficult as all systems are IT based.	Possible (3)	Maintain and oversee contract with IT provider. Ensure compliance with regulations. Provide, where possible, adequate backup systems. Utilise technology to lessen risk	Medium (3)	July 2021	Kate Storey	The impact is Major if it happens, but it is Highly Unlikely if we maintain current practice and discipline.	Open
Change of National Policy	A political change in policy caused by election or other political event at both national and local level provides difficult circumstances for LEP operation.	Change in policy leads to diminished support and finance available for LEPs	Possible (3)	Embedding LEP activity into national and local political landscape and economic environment. Planning ahead to predict and respond to the changes. Maintain a reflection of national policy in LEP programmes.	Minor (2)	July 2021	Ruth Carver	It is always possible, so the best we can do is track it and have contingency plans up our sleeve.	Open

Geography	Failure to achieve a timely resolution to the LEP transition issue	Lack of compliance with government requirements Unable to draw down funds	Possible (3)	Focus on areas of collaboration and joint working to achieve common objectives. Bring in additional resource to develop appropriate governance structures. Acknowledge all scenarios until decision made.	Medium (3)	July 2021	Ruth Carver	Level reduced from previous submissions. Successful AR in 2020 followed by another mid-term review that saw the release of Funds	Open
Funding	Changes to LEP boundaries reduces the amount of ESFA funding available (as it is linked to ESF / ILRs)	Unable to draw down funds until geography issue resolved. Future funding is reduced.	Unlikely (2)	Early decision on boundaries. Early assessment of funding implications.	Medium (3)	July 2021	Clare Hughes		Open
Resources	New developments, particularly the pandemic place a significant pressure on the small teams ability to maintain the running of the LEP	Missed deadlines. Lack of compliance. Unable to draw down funding.	Likely (4)	Use the programme plan to identify gaps and pinch-points. Use capacity funding to buy in specialist capacity and expertise. Secure temporary support where possible.	Minor (2)	July 2021	Ruth Carver		Open

	and deliver on the strategy for the Board.			Re-allocate tasks to ease pressure on the core team.				
Performance	Annual Performance Review results in a Requires Improvement (RI) rating	Enhanced scrutiny during 2019/20 Additional effort required to evidence improvement Funds held back.	Possible (3)	Agree improvement plan with government. Bolster arrangements around the RI elements	Minor (2)	July 2021	Ruth Carver	Open
Scrutiny & Assurance	Pete Moore (s151) is key to LAF assurance and sign-off, but he retires in July - the new incumbent may want a different way of working.	Additional effort required to establish a new relationship and agree ways of working. New structures and processes may be required.	Possible (3)	Ensure that there are sufficient handover sessions between Pete and the new incumbent to agree the way forward. Lindsay to provide the new incumbent with a full briefing / induction.	Minor (2)	July 2021	Lindsay Hill Pritchard	Open

<p>Growth Deal programme support withdrawn/reduced by government</p>	<p>Central Government have limited obligations beyond 2015/16 with the Growth Deal and funding allocations currently only cover one year at a time.</p>	<p>Pipeline projects would need to be notified of funding changes and would need to consider whether the schemes can be revised and proceed without support, or if the project has to be delayed/not go ahead.</p> <p>Autumn Spending Review announcements may impact on existing growth deal allocations..</p> <p>Potential value engineering by project leads.</p>	<p>Likely (4)</p>	<p>Key government policy is to grow the economy and encourage greater productivity - Growth Deals therefore remain a high priority for delivery</p>	<p>Medium (3)</p>	<p>July 2021</p>	<p>Halina Davies</p>		<p>Open</p>
--	---	--	-------------------	---	-------------------	------------------	----------------------	--	-------------

Stakeholder and Partner Risk	Partnership breakdown - lessened engagement and support from a wide range of stakeholders.	LEP becomes less effective in achieving its objectives through a partnership approach.	Unlikely (2)	<p>Ensure relationship with partner is good.</p> <p>Identify high and low risk partnerships.</p> <p>Operate systems to maintain relationships</p> <p>To learn from good partner relationships</p>	Minor (2)	July 2021	Ruth Carver		Open
LEP Mergers	Loss of independence through LEP merges.	That merger with other LEPs leads to a decrease in the economic benefits that Greater Lincolnshire currently receive through the existing GLLEP structure.	Unlikely (2)	<p>Maintain a leading role and good profile with government to ensure best positioning. Maintain open and positive dialogues with neighbouring LEP Partners to ensure good relationship exists to build upon if merger occurs.</p>	Minor (2)	July 2021	Ruth Carver		Open
LEP Delivery	Loss of confidence in LEP delivery	Factors such as reduced staff capacity or loss of funding lead to a lack of delivery of LEP programmes and targets	Likely (4)	<p>Ensure LEP is focused on a particular range of deliverable actions and critical success factors.</p> <p>Utilise overarching strategies to set</p>	Medium (3)	July 2021	Halina Davies		Open

				clear objectives and targets for the LEP.				
External impacts on the Growth Deal Programme	<p>Retained Growth Deal Programme schemes will be determined by DFT and for Greater Lincolnshire this currently applies to £13m of its overall £82.3m growth Deal allocation.</p> <p>Factors such as Judicial reviews can result in potential time delays and thus have a knock on effect on delivery of the Programme</p>	Projects withdrawn or delayed. Substantial levels of reforecasting required.	Likely (4)	<p>Forward planning of programme delivery to identify which contracted/pipeline schemes can be brought forward if necessary.</p> <p>Development of a priority list for appraisal should initial mitigation, measures not be possible.</p>	Medium (3)	July 2021	Halina Davies	Open

VAT	VAT advice changes to suggest the LEP is required to pay VAT on transactions	Reduced overall core funding available.	Unlikely (2)	Continue to monitor how transactions occur and relationship with accountable body. Maintain professional advice from Accountants.	Minor (2)	July 2021	Kate Storey	Open
Formal documentation	Annual delivery Plan and/or LIS not fit for purpose	Lack of compliance Additional effort required Funds held back	Highly Unlikely (1)	Track trailblazers and emerging guidance. Close liaison with government colleagues to maintain correct focus.	Minor (2)	July 2021	Ruth Carver	Open

Other concerns	Delivery is king, a key performance criterion, but the LEP doesn't directly deliver anything.	Adverse assessment in annual performance review. Funding withheld. Overly -conservative programming.	Likely (4)	Maintain close working relationship with BEIS reps. Agree improvement plan. Maintain regular and robust engagement with projects. Provide robust evidence of performance against improvement plan targets.	Medium (3)	July 2021	Halina Davies	Recruitment was successful - three new Board members appointed	Open
Staff Capacity	Staff resources are not adequate to deliver the LEPs remit	Reduced or inadequate staffing levels cause reduced productivity of the LEP and a failure to meet targets.	Possible (3)	Maintain a planned and focused LEP delivery and resource allocation through the Operations Plan. Manage staff and HR in a professional manner to benefit staff conditions. Outsourcing is fully assessed and used when necessary. Maintain good relationships and resource provision arrangements with Local Authorities.	Minor (2)	July 2021	Ruth Carver	Additional finances identified by LEP Board for LEP core.	Open

<p>Succession Planning</p>	<p>Staff are recruited elsewhere or move through own decision to other roles</p>	<p>Expertise and knowledge lost.</p>	<p>Possible (3)</p>	<p>Ensure a clear and adequate software library and systems and include procedures for regular saving and easily located retrieval.</p> <p>Maintain strong links with Accountable Body re staffing/ budget and restructure proposals.</p> <p>Regular appraisals with staff to maximise motivation and job satisfaction</p>	<p>Minor (2)</p>	<p>July 2021</p>	<p>Ruth Carver</p>	<p>Largely out of our control, so maintain a watching brief.</p>	<p>Open</p>
<p>Growth Deal Project Slippage</p>	<p>Delays in growth deal project delivery.</p>	<p>This would impact on delivery of our Strategic Economic Plan and affect our reputation for delivery, which in turn could affect future growth deal funding.</p>	<p>Possible (3)</p>	<p>Using risk and performance committee to manage Growth Deal projects.</p> <p>Working with projects to overcome barriers to delivery.</p> <p>Reallocate funding to other projects on the project pipeline.</p>	<p>Medium (3)</p>	<p>July 2021</p>	<p>Halina Davies</p>	<p>Robust planning and prioritisation can reduce the impact.</p> <p>Consistent monitoring of projects in place Strong Pipeline of projects to be developed</p>	<p>Open</p>

Individual Growth Deal project failure	Individual projects fail to deliver within the mix.	Overall programme forecasts are affected. Funding allocated to the scheme is withheld by LCC until a decision can be made in terms of meeting the forecast expenditure for the scheme	Possible (3)	Work with delivery partners to ensure ongoing spend profiles/delivery and outcomes along with Assurance Framework security.	Minor (2)	July 2021	Halina Davies	Open
Board Composition	Unable to appoint candidates because of uncertainty over geographical boundaries	Lack of compliance with government requirements Additional effort required to recruit replacements	Possible (3)	Engage with neighbouring LEPs to identify options. Submit proposals to government.	Medium (3)	July 2021	Ruth Carver	Open
Evidence	LIS requires a long-term view, but forecasting that far ahead can be difficult with some datasets	Lack of compliance Additional effort required Funds held back	Possible (3)	Gather data from multiple sources to give a broad perspective Engage a range of experts in interpreting data, trends and forecasts. Carry out structured horizon-scanning sessions with relevant experts	Minor (2)	July 2021	James Baty	Open

Evidence	Evidence base judged by government to be insufficient to develop targets & milestones	Lack of compliance Additional effort required Funds held back	Unlikely (2)	Use in-house research & policy expertise. Engage an external economist to provide assurance.	Minor (2)	July 2021	James Baty		Open
Evidence	Failure to secure sufficient data of the right quality to carry out meaningful analysis (e.g.. businesses, skills)	Lack of compliance Additional effort required Funds held back	Unlikely (2)	Identify data requirements. Map data sources and gaps. Identify actions required to plug gaps.	Minor (2)	July 2021	James Baty	We can't change the likelihood, but we can have alternative plans in place to reduce the local impact.	Open
Loss of Funding	A withdrawal of funding from bodies providing the finance for LEP operations and programmes.	LEP not able to deliver the financial commitments made to partners and businesses. LEP operations reduced or cease due to lack of finance to cover costs. A loss of funding continuity which would be detrimental to LEP activities	Likely (4)	Be mindful of party political activity approaching election, referendum and other political events. Maintain high quality financial management. Utilise funding within timescales provided for its allocation. Ensure LEP lending is protected. Identify thresholds of financial risk.	Minor (2)	July 2021	Kate Storey		Open

				Maximise income opportunities.				
Programme management	Failure to fully understand and effectively manage the complex landscape	Duplication of effort. Missed opportunities Missed deadlines	Possible (3)	Produce a visual map of all the components and how they hang together. Group exercise to identify interdependencies, opportunities and risks. Co-production of the project plan covering all workstreams. Single programme manager with oversight of all workstreams.	Minor (2)	July 2021	Kate Storey	Open
Programme management	Failure to effectively manage the diverse specialisms within the core team	Sub-optimal knowledge-sharing. Potential for missed opportunities. Lack of resilience	Likely (4)	Co-production of the project plan covering all workstreams. Group exercise to identify interdependencies, opportunities and risks. Introduce mechanisms to routinely share	Minor (2)	July 2021	Kate Storey	The impact is Major if it happens, but it is Highly Unlikely if we maintain current practice and discipline. Open

				intelligence.				
Programme management	Failure to maintain proper version control on documents	Confusion and mis-information. Wasted effort. Loss of credibility / reputation	Possible (3)	Establish a shared workspace on a suitable collaboration site (e.g.. SharePoint, IMP) Hold all master versions of draft and final documents in shared workspace. Share links to master versions rather than emailing as attachments.	Minor (2)	July 2021	Kate Storey	Open
Reputation and Brand	Loss of Brand Quality and Reputation.	Poor brand and communication management leads to loss of good profile. Leads to less finance being secured by the LEP. LEP fails to utilise communication opportunities.	Highly Unlikely (1)	Develop a Communications Strategy Promote good communication both internally and externally as a mitigation factor for all other risks.	Minor (2)	July 2021	Kate Storey	Open

Relationship with Accountable Body	The relationship between LEP and Accountable Body becomes difficult.	Less effective management of LEP finances and in worst case a failure to release funds for LEP operations, Financial processes and release of finances cannot be agreed.	Highly Unlikely (1)	Maintain good communication and processes between LEP and Accountable Body which minimise any risk in the financial managements process.	Minor (2)	July 2021	Kate Storey	Programme plan now captures all workstreams & main tasks, plus the dependencies between them. Additional capacity brought in to help with ADP, Annual Report, project pipeline, comms & engagement. Some rebalancing of tasks to give core staff a clear run at key times. Duplications now better understood, and tasking clarified.	Open
LEP Geography	North and North East Lincolnshire now solely coming under GLLEP and leaving the Humber LEP	GLLEP obtaining finances etc relating to Humber LEP that are now LEP responsibility	Possible (3)	Monitoring the move closely	Medium (3)	September 2021	Ruth Carver		Open

Covid-19 Pandemic	Effect of Pandemic on LEP resources and workload	Additional workload for LEP staff with no extra resources, LEP Staff being asked to assist in other areas, current priorities being pushed back due to pandemic	Likely (4)	LEP Team all working together to cover all workload demand Review of Financials to respond to impacts of Pandemic Partnership working with Key stakeholder	Major (4)	December 2021	Ruth Carver		Open
Loss of control over delivery of Growth Deal programme	Local authority projects can be controlled and delivered within known tried and tested methodology whereas greater risk exists with private sector delivery partners	Project delays on site and outputs not achieved within agreed timeframes as a result.	Highly Unlikely (1)	Finalise individual project contract frameworks based on conditional offers and ensure legal services input. Ensure clarity around clawback obligations.	Minor (2)	July 2021	Halina Davies	Discussions underway about some interim capacity to support James - Nick Brown allocated	Open

Growing Places Fund	Loan not being repaid by projects	A loan not being repaid impacts on GLLEP's ability to fund other projects through the Growing Places Fund - which has a knock on effect on project delivery.	Highly Unlikely (1)	Processes need to be put in place to mitigate the impact of a delay in loan repayments or non-repayment of loan.	Minor (2)	July 2021	Halina Davies	Pinch-points identified and discussions underway to secure interim capacity. Some re-balancing of responsibilities in place. Framework contracts in place for recurring specialist support. Bids in for additional specialist support. Additional capacity secured: Nick, Rachel, Zoe, Mark	Open
Data Protection	Protection of Data is compromised.	The LEP breaks Data Protection Laws and becomes liable to legal challenge over malpractice.	Highly Unlikely (1)	Maintain strict adherence to all aspects of recommended Data Protection Act measures and other relevant legislation and processes.	Minor (2)	July 2021	Kate Storey		

Risk Management	Lack of risk management has consequences for the LEP.	Lack of risk management leads to a lack of identification of issues in the strategic and operational planning of the LEP and consequent reduction in the delivery of programmes.	Highly Unlikely (1)	Maintain the risk register. Identify a risk management cycle including risk identification, assessment and reporting to the Board.	Minor (2)	July 2021	Kate Storey	Pinch-points identified and discussions underway to secure interim capacity. Some re-balancing of responsibilities in place. Framework contracts in place for recurring specialist support. Bids in for additional specialist support. Additional capacity secured: Nick, Rachel, Zoe, Mark	
Equality and Diversity	Ensure that the Equality and Diversity Action Plan is fully embedded into all LEP Activity.	Lack of compliance could result in poor representation of the company in the public and business community and also not providing equal opportunities for existing staff, new recruited staff and board members and	Unlikely (2)	Reviewing the Equality and Diversity plan regularly and making any changes promptly	Minor (2)	February 2022	Ruth Carver	Integrated programme plan has helped identify pressure-points, and additional temporary capacity has been secured. N and NE Rutland and Lincolnshire to form Greater Lincolnshire. Transition plan being discussed - first meeting held with	Open

		visitors					Humber LEP CX and their Accountbale Body		
Accountable Body	Chosen accountabl e body refuses to take the role	Lack of compliance, funds held back, additional time, effors and cost required to secure a solution	Highly Unlikely (1)	LEP to work closely with the preferred body to address any potential barriers. LEP to identify others suitable options that may be willing to operate as accountable body.	Minor (2)	N/A	Ruth Carver	Legal personality issue resolved.	Closed
Accountable Body	LEP Board refuses to accept the proposal that LCC continues as the single accountabl e body.	Lack of compliance, funds held back, additional time, effors and cost required to secure a solution	Highly Unlikely (1)	Secure early Board agreement to LCC continuing as the accountable body.	Minor (2)	N/A	Ruth Carver	Agreed by the Board on 25th January	Closed

Local Assurance Framework	LEP Board rejects roles & responsibilities	Lack of compliance	Highly Unlikely (1)	Ensure that roles & responsibilities align with NAF	Minor (2)	N/A	Ruth Carver	Review and sign off by S151 Officer	Closed
Local Assurance Framework	Delays to publication of National Assurance Framework delay sign-off and implementation of LAF	Puts additional pressure on staff when other priorities are pressing.	Highly Unlikely (1)	As soon as NAF is published, extract all actions to the programme plan. Commission an Internal Audit review of compliance and produce a RAG-rated action plan.	Minor (2)	N/A	Lindsay HillPritchard	Roles & responsibilities will be in line with NAF	Closed
Local Assurance Framework	LEP and accountable body cannot agree on roles & responsibilities in line with the new NAF.	Lack of compliance, funds held back, additional time, effort & cost required to get it rewritten and approved.	Highly Unlikely (1)	Establish an officer working group to ensure that there is ongoing discussion on roles and responsibilities.	Minor (2)	N/A	Ruth Carver	NAF published and all requirements logged on the programme plan. Internal Audit review completed and RAG-rated action plan supplied	Closed
Legal Personality	Accountable Body and LEP fail to agree on the transfer of staff, or staff are not willing to transfer across to the incorporated body.	Lack of compliance, funds held back, additional time, efforts and cost required to secure a solution	Highly Unlikely (1)	Establish a working group to explore the options and make recommendations Take Legal advice on the pros & cons of each option and advise on the best way forward	Minor (2)	N/A	Ruth Carver	Legal personality issue resolved	Closed

Legal Personality	Working Group or Board fail to agree the direction of travel in the options paper.	Lack of compliance, funds held back, additional time, efforts and cost required to secure a solution	Highly Unlikely (1)	Establish a working group to explore the options and make recommendations .Take Legal advice on the pros & cons of each option and advise on the best way forward	Minor (2)	N/A	Ruth Carver	Legal personality issue resolved	Closed
Scrutiny and Assurance	Failure to agree the revised Articles	Lack of compliance, funds held back, additional time, effort & cost required to get it rewritten and approved.	Highly Unlikely (1)	Engage Legal advice to help rewrite the Articles and provide assurance.	Minor (2)	N/A	Ruth Carver	Agreed by the Board on 25th January	Closed
Board Composition	Defined term limits - Failure to agree appointments	Lack of compliance with government requirements, additional effort required to recruit replacements	Highly Unlikely (1)	Appointments committee to make recommendations to the LEP Board if necessary.	Minor (2)	N/A	Ruth Carver	New arrangements agreed	Closed
Board Composition	Recruitment & appointment process becomes protracted.	Lack of compliance with government requirements	Highly Unlikely (1)	Revised Local Assurance Framework introduced a new process which can deliver in much shorter timescales.	Minor (2)	N/A	Ruth Carver	New arrangements agreed	Closed
Board Composition	Insufficient candidates with the right gender mix	Lack of compliance with government requirements,	Highly Unlikely (1)	Continuous improvement of the recruitment process and communications.	Minor (2)	N/A	Ruth Carver	New arrangements agreed	Closed

	are interested in joining the LEP Board.	additional effort required to recruit replacements		Consider the use of local head-hunters.					
Board Composition	Insufficient volume of private sector candidates of the right calibre.	Lack of compliance with government requirements, additional effort required to recruit replacements	Highly Unlikely (1)	Active engagement with the business community to demonstrate the value of the LEP and encourage candidates to come forward.	Minor (2)	N/A	Ruth Carver	New arrangements agreed	Closed
Resources	LEP staff being pulled into non-LEP work	Additional pressure on staff Missed deadlines	Possible (3)	Signpost where possible. Look for alternative / interim capacity to share the load	Minor (2)	N/A	Ruth Carver	Integrated programme plan has helped identify pressure-points, and additional temporary capacity has been secured.	Closed