

Background

All LEP finances are held and administered by the Accountable Body (Lincolnshire County Council) and these are held in LCC's bank account and identified by unique cost codes and shown as individual lines on the balance sheet.

A number of income streams are available, paid to and through the LEP and held in this account.

1. Operating fund

Core operating funding primarily utilised for staffing and key consultancy input. Also for Company business, LEP PR / design functions and expenses.

2. Funding pots (LEP awarded funds)

LEP administered funds allocated / loaned under the Growing Places Fund (Invest and Grow in Lincolnshire) which is a loan fund managed by the LEP. This is a low interest evergreen loan fund with contractual repayment interest being repaid with the loan.

3. Funding pots (LEP bid funds)

Funds secured by the LEP against specific projects/ areas. Funding is paid annually to the LEP against specific project profiling.

4. Asset Transfers

Occasionally other organisations will merge or fold with some of the functions and finances transferred into the LEP. This occurred with the previous Lincolnshire Enterprise transferring assets to the LEP.

5. Organisational Transfers

Continuing organisations brought under the umbrella of the LEP continuing to deliver specific functions. This would include organisations such as the Local Transport Board (LTB) or Skills Funding Agency (SFA) any connected available funding.

Interest is accrued on all funds held for the LEP by the Accountable Body.

Purpose

The purpose of the Interest Policy for the Greater Lincolnshire LEP is to ensure a fair and transparent method of calculating, allocating and distributing LEP interest accrued. The Interest Policy will be implemented along with other governance and policies of the LEP and is intended to support the goals and strategies within the Delivery Plan.

Identification Process

Identification of the interest available requires five steps:

1. Clear identification of interest accrued and actual figures involved - The Accountable Body

will provide the LEP will annual projections and a quarterly report of actual interest accrued.

2. Transparent identification and equivalent costing of in kind services and activities provided by the Accountable Body to the LEP.
3. Agreement of apportionment and allocation of interest between the LEP and Accountable Body.
4. Interest remaining to LEP. Authority for the use of available interest is delegated to the LEP Chair, Chair of the Finance and Audit Committee and the LEP Director. The decision will be based upon the business case and placed into funds in line with this Interest Policy and the Reserves Policy pending any additional usage identified. This will be recommended to the LEP Board by the Finance and Audit Committee as part of the regular financial reporting.
5. Reporting and monitoring - The Accountable Body is responsible for ensuring that the Interest accrued is maintained and used only as described in this policy. Upon approval of the Interest funds, the Accountable Body will maintain records of the use of the funds. The Accountable body will provide regular reports to the Finance and Audit Committee and the LEP Board.

Proposed deployment of Interest accrued

1. Core Funding

Interest accrued on core funding to be allocated to LCC against Accountable Body function.

2. Growing Places Fund (Invest and Grow)

Interest accrued to be returned to the Growing Places Fund.

Interest from loans contractually repaid to be returned to the Growing Places Fund.

3. Growth Deal

Interest as agreed under 2. and 3. of the Identification process above, to be allocated to LCC.

Interest remaining to be placed into the Opportunity Reserve.

Accounting for Interest

The Interest funds will be recorded in the financial records. A statement of Interest will be provided by the Accountable Body annually or upon request by the Finance and Audit Committee.

Review of Policy

This Policy will be reviewed annually, by the Finance and Audit Committee and any recommended changes approved by the LEP Board of Directors. The policy should be reviewed sooner by the Finance and Audit committee if warranted by internal or external events or changes.

The process will be that the Finance and Audit Committee debate and recommend an Interest Policy for the company to adopt at the subsequent board meeting, and the Accountable Body will implement the policy. The monitoring of the policy should be undertaken by the Finance and Audit Committee, and the company should consider the policy annually.

Policy 7: Financial Interest Policy
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