

Finance & Audit Committee			Paper 0
Date and Time: 16 th June 2022 (starting at 2pm)			
Venue: Via MS Teams			
Item No	Item and Brief Description	Lead	Additional Information
1 5mins	Welcome and Introductions <ul style="list-style-type: none"> • Apologies for Absence and Declarations of Interest • Matters arising • Actions update 	Chair	Paper 0.1
2 5mins	Draft F&A Minutes <ul style="list-style-type: none"> • February 2022 - For approval and publication 	Chair	Paper 1
3 20mins	Audit Report <ul style="list-style-type: none"> • Overview of the LEP Audit Report for 2021-2022 	Duncan & Toplis	Paper 2 & Verbal Report
4 10mins	Financial Report <ul style="list-style-type: none"> • Overview of the Year End finances for 2021-2022 	Linsay Hill Pritchard, Accountable Body	Paper 3
5 20mins	Governance <ul style="list-style-type: none"> • Risk Register • VAT Liability 	Caroline Illingworth - LEP	Paper 4
8 5mins	AOB	Chair	Verbal

Confirmed: Ian Knowles, Rob Griffiths, Stephen Deville
Linsay HillPritchard, Laura Spittles, Caroline Illingworth

Apologies: Ruth Carver

Additional Papers:

Welcome and Apologies

Present

Ian Knowles (IK) Acting Chair
Robert Griffiths (RG)

Officers - Ruth Carver (RC), Lindsay Hill-Pritchard (LHP), Laura Spittles (LS), Caroline Illingworth (CI)

Guests - Halina Davies (LEP)

Apologies:

Stephen Deville (SD)

No declarations of interest were declared.

There is still an outstanding action to launch a campaign to recruit new F&A Members as well as a new Chair. Now that the LEP Levelling up White Paper has been released this action can now be progressed.

The minutes from the previous minutes were agreed and signed off by the Committee.

Financial Report

LHP presented the Board with an overview of the current LEP financial position and detailed income and expenditure for the period 1st April 2021 to 31st December 2021.

An interim budget was presented to the Directors Board in March 2021. The overall core budget was estimated at £1.171million. This was to be funded by a combination of core funding, earmarked reserves, re-purposed funds, grant income, fee income and interest. This was revised in May 2021 with proposed increases for the Career Hub and other activities to support LEP activity. At the end of December 2021, the expected outturn for 21/22 was £1.316 Million. This equates to 63% of the budget already spent, 32% of the budget committed and 5% uncommitted.

Through the year the LEP have received £13.717 million within the year including the £500,000 Core Funding allocation and the £12.9 million for the Getting Building Fund.

The majority of the projects under the Single Local Growth Fund programme are now financially complete. Further Project claims have been submitted for the Q3 period and these have now been processed by the team. The LEP are expected to make payments of £717,000.

All the SLGF money has been paid out and the LEP now using the freedom and flexibilities created in previous years to complete the remaining projects. £8.5million of freedom and flexibility budget remains to be spent with a revised figure of £6.8 million expected in 21/22. £1.7 will be paid in 22/23 and this includes £0.8m underspend which will be included as part of the Growth Accelerator fund.

£7.072 million has been released to projects to date on the GBF programme following the first 2 claim submissions. A further £4.057million will be released following completion of the Q3 claims. Utilising this fund has been challenging throughout the pandemic by the projects have managed to keep within the proposed time frames for completion milestones.

The LEP currently hold £15,715,163 in reserves although these have been earmarked for certain areas (further details under LEP Chief Executive Update). The LEP holds several reserves to allow a response to operational pressures and deliver their agreed business plan priorities - a few which are required to be accessed in this financial year.

The LEP recently invited four companies to quote to undertake the LEP Audit for the next 3 years. Out of these four companies we have two submissions in. RG reviewed these quotes on behalf of the LEP and concluded that the most suitable option was the proposal from Duncan & Toplis. IK was happy to support RG recommendation to go with Duncan & Toplis and this option will be taken to the Directors Board for final approval.

Risk Management Plan

As part of an internal review of LEP governance and assurance processes, a new Risk Management Plan has been created, clarifying risk definitions and scoring, and setting out reporting and escalation procedures.

The LEP Risk Register has been revised to comply with these new definitions, with the addition of inherent and residual risk scoring to enable better targeting of mitigation actions.

Going forward there will be more consistency in scoring risks and undertaking assessments. The Committee were shown a full version of the new Risk Register but at future meetings a lighter touch version will be presented that shows the main points and a status report.

The Committee approved the new Risk Management Plan and Register.

Local Assurance Framework

This document sets out how the Greater Lincolnshire LEP uses public money and how it operates transparently, with accountability, and provides value for money. It has been developed following the release of the Government's revised National Local Growth Assurance Framework and informs Local Enterprise partnerships (LEPs) on what should be included within their local assurance framework. The full version can be read here - [Local Assurance Framework | Greater Lincolnshire LEP](#).

LEP Chief Executive Update

The LEP currently hold £15.7 million in reserves. A proportion of this will be used as offset for the Single Local Growth Fund and the Getting Building Fund. The reserves reviewed in autumn 2021 and some money from this was reassigned for projects. The first of these projects is the Clean Growth Accelerator Fund for which £2 million has been set aside. This call asks for projects ideas that will accelerate clean growth and align to the LEP's Economic Plan for Growth 2021 and the Government's Ten Point Plan for Green Industrial Revolution, helping to meet the net zero challenge and contributing to economic revival.

The second project is the Labour Market Challenge Fund. The LEP Team has gathered intelligence by meeting with sector boards and large businesses to sense check what is already known about the challenges and to discuss possible solutions. The team is using this intelligence to inform the design of a £1.7m call, funds which have been identified by the LEP Board to support solutions that address labour market shortages.

The LEP Futures Group reported to the Directors Board regarding the challenges faced in terms of the everyday running of the LEP. The LEP Board agrees to underwrite the costs of running the LEP until 31st March 2023 to the maximum value of £557k, if required.

The Directors Board have asked the LEP Team to develop a delivery plan and agree with partners for 2022/2023 with three funding scenarios, no core funding, 50% core funding (£250,000) or 100% core funding from government (£500,000)

The LEP have recently undertaken the Annual Performance Review which was extremely positive. There have been thorough checks carried out to make sure the LEP is meeting the criteria set. This then goes into full national moderation to decide the outcome of funding streams.

New F&A Members

Outstanding action to advertise for new F&A members. CI will work closely with Kate Storey to move this forward.

Freeports

Halina Davies gave a presentation on what the Humber Freeports means for Greater Lincolnshire. The region's ports have successfully won a bid to become established as a collective Humber-wide freeport, and now for both the Greater Lincolnshire and Humber & East Yorkshire (HEY) LEPs, plans shift towards meeting priority sector targets in green energy, job creation and retention, and UK supply chain logistics.

The Humber currently accounts for 23% of all goods travelling through English ports, adding £7.6 billion GDA to the UK, and supports around 35,000 regional jobs. It is therefore vital to the country's logistics sector that the ports of Goole, Grimsby, Hull, and Immingham continue to thrive. With freeport status, these four combined areas will be able to encourage more businesses to use the Humber as their dedicated logistics port for customs processing, with the incentives of paying reduced VAT, employment tax, discounted business rates, and a reduction in stamp duty.

It is hoped that the Humber Freeport will be operational from Spring 2022.

A.O.B

None

Next meeting

A short meeting will be arranged in March for the Committee to approve the 22/23 Budget.

The next F&A Committee meeting will be held in July 2022 to discuss the end of year finances for 21/22 and the Q1 finances of 22/23.

DRAFT

Paper 4 - Q1 Risk review FY22/23

Publication	Public Paper (published)					
Meeting date:	16 th June 2022					
Agenda Item:	5					
Item Subject:	Q1 Risk review					
Author:	Caroline Illingworth					
For:	Discussion	X	Recommendation	X	Information	X

Recommendation 1:

The Committee is asked to review the Risk Register and agree the escalation of risk SR-9 to the GLLEP Board.

Recommendation 2:

The Committee is asked to recommend to the GLLEP Board that the GLLEP make a provision from existing reserves of £350,000 for possible VAT repayment.

Recommendation 3:

The Committee is asked to recommend to the GLLEP Board that the GLLEP make provision in the current year's operating budget of £100,000 to cover VAT payments going forward.

1. Q1 Risk Review

Annex A contains the Risk Register for Q1, in which strategic risks have been rationalised for the new FY, and delivery risks have been aligned to the FY22/23 Delivery Plan.

2. New and Revised Risks

SR-1: This risk originally related to the LEP Review, which has now concluded. Now revised to cover the role and mandate of GLLEP going forward as we move towards a potential devolution scenario.

SR-9: New risk - see section 4 below.

DR-7, DR-8 & DR-9: Pre-existing risks which were categorised as strategic and now re-categorised as delivery.

3. Closed and removed risks

In creating the new register for FY 22/23, several risks from FY21/22 were removed as being no longer relevant. They were:

Paper 4 - Q1 Risk review FY22/23

Risk Management - as the new Risk Management Plan is now in place and being followed, this risk was deemed to be no longer required.

LEP Review Outcome - LEP Review is now complete.

DfE Funding - DfE funding is now in place.

Achievement of Delivery Plan - this risk related to the development of a delivery plan and performance metrics, which are now in place. The current suite of delivery risks has been designed to cover all the main elements of the delivery plan and hence a standalone risk was felt to be unnecessary.

4. Escalated Risks / Issues

Risk SR-9 - VAT and Corporation Tax Liability

This risk has been given an inherent risk score of 9 (red) against a residual risk of 4 (amber) and has been highlighted as an Issue.

Up to this point, LCC, as Accountable Body, have been reclaiming VAT on behalf of the GLLEP. This followed advice that was taken by GLLEP in 2014/2015 when the GLLEP was incorporated. HMRC are now querying the basis on which the VAT is entitled to be reclaimed. There is therefore the possibility that the VAT has been reclaimed in error. We are working closely with the Accountable Body and HMRC to resolve the matter and have sought additional external specialist advice.

We believe that at this stage, it is prudent to make an allowance from existing reserves for the possible repayment of the reclaimed VAT, which is estimated to be in the region of £300,000-£350,000.

If HMRC take the view that VAT is payable, we will also need to make an allowance for this in the core operating budget going forward. Based on the amounts reclaimed in previous years, we estimate this will be in the region of £100,000 per year.

We request that the Committee now escalate this risk upwards to the GLLEP Board, as per para 7.2 of the GLLEP Risk Management Plan.

Paper 4 - Q1 Risk review FY22/23

Annex A - Q1 Risk Register

Risk ID	Risk Title	Risk Definition			EWIs	Inherent Risk Score	Residual Risk Score	Mitigating and/or contingent actions	Comments	Status
		If...	then...	which will...						
STRATEGIC RISKS										
SR-1	LEP role and mandate	If the role and mandate of the LEP is uncertain or reduced...	...then this could negatively impact staff morale and increase reluctance of stakeholders to engage with us...	...which will impact the reputation and influence of the LEP and our ability to deliver activities.	Lack of updates from Government Information via LEP network or other sources about reduced LEP role	4	4	1. Provide staff updates whenever possible to ensure continued buy-in and reduce impacts on morale 2. Maintain stakeholder relationships through regular comms and positive engagement - promotion of LEP highlights/showcases	Updates being provided to staff and stakeholders as appropriate. LEP mandate confirmed for now, details may change as and when a devolution deal progresses	Accept and Monitor
SR-2	GLLEP Core Funding	If Government decides to reduce LEP funding in future years...	...then programmes and projects could be jeopardised and our ability to deliver activity compromised...	...which will lead to a reduction in our ability to influence and impact the levelling up agenda for Greater Lincolnshire.	Information from Government, or via the LEP network or other sources that LEP funding will reduce Request for additional information from Government that would imply a reduced role for the LEP	4	4	1. Carry out scenario planning for different funding scenarios 2. Carry out prioritisation exercise to determine activities that could potentially be halted if funding reduced 3. Maintain LEP reserves at a level which allows activity to continue for 3 years with reduced core funding	Activity against actions 1, 2 and 3 already underway.	Accept and Monitor
SR-3	Growing Places Fund - Loan Repayments	If Growing Places loan or interest repayments are not made...	...then this will impact on our ability to fund other projects...	...which will have a knock-on effect on project delivery and reduce the impact of the fund.	Notification from project/programme managers that payments may be delayed Project/programme managers highlight difficulties with cash flow/milestone achievement or other issues	4	2	1. Implement processes to mitigate the impact of late or non-repayment by rebalancing responsibilities or priorities. 2. Consider accessing additional specialist support	Ongoing liaison with projects to ensure early awareness of any potential delays in repayments is taking place.	Active
SR-4	Stakeholder and partner relationships	If there is a breakdown in partner or stakeholder relationships...	...this will result in lessened engagement and support...	...which will mean the LEP will become less effective in achieving its objectives.	Negative feedback and/or complaints from partners or other stakeholders Increased friction during contact with partners or stakeholders Decrease in alignment of LEP and partner/stakeholder goals	2	1	1. Identify high and low risk partners / stakeholders and high- and low-level influencers 2. Maintain regular contact with key partners/stakeholders 3. Ensure awareness of partner/stakeholder needs is shared across the LEP team where appropriate 4. Ensure robust complaints procedure is in place and all staff are aware of their role in implementing the procedure 5. Share best practice examples with LEP team	Complaints procedure and awareness requires review	Active
SR-5	Compliance	If our formal documentation and policies are not managed robustly...	...then we risk being non-compliant with governance and legal requirements...	...which will put the reputation of the LEP at risk.	Negative feedback from government departments, contracted partners or accountable body Draft documentation not approved by Board when submitted	4	1	1. Ensure latest compliance guidance from all stakeholders is available and being followed 2. Implement routine review process and calendar for all formal documentation (policies, ToRs etc.) 3. Implement audit trail including version control and version history for all formal documentation 4. Ensure formal documentation is published in line with regulatory requirements 5. Create compliance checklist to enable monitoring - to include DBS checks, assurance framework requirements and other statutory requirements such as E,D&I	Policy suite still to update and re-publish. New template including version control and audit trail now in use. Review schedule revised.	Active

Paper 4 - Q1 Risk review FY22/23

Risk ID	Risk Title	Risk Definition			EWIs	Inherent Risk Score	Residual Risk Score	Mitigating and/or contingent actions	Comments	Status
		If...	then...	which will...						
SR-6	Relationship with Accountable Body	If the relationship between the LEP and Accountable Body becomes difficult...	...then management of LEP finances could become more difficult...	...which could result in a failure to release funds for LEP operations.	Disagreements during budget setting and monitoring Decrease in frequency of communications between LEP and Accountable Body	4	2	1. Maintain frequent contact with the Accountable Body to review financial info 2. Ensure financial procedures are followed 3. Ensure staff have sufficient time allotted to complete required work at key points in the financial year	All actions underway. Probability increased to 2 to account for current VAT issues, see SR-9	Active
SR-7	Data and Evidence Base	If our evidence base is not of the right quality or scope, or not current...	...then our ability to carry out meaningful analysis will be compromised...	...which could result in incorrect focus or decision making and/or lack of compliance with regulatory requirements.	Lack of clarity in data sources Inability to access data when required Noticeable gaps in data, or out-of-date data required for decision making or strategy setting Notification of skilled staff leaving, resulting in potential continuity issues	2	2	1. Identify data requirements, mapped against delivery plan actions and targets 2. Map data sources and confirm currency 3. Identify data gaps and actions required to fill them	Activity against actions 1, 2 and 3 already underway.	Accept and Monitor
SR-8	Director's & Officer's Liability Insurance	If a claim is made that is not covered by our insurance...	...then we may be liable for payments...	...which may impact the financial viability of the LEP and damage our reputation.	Difficulty in procuring suitable insurance Gaps in insurance cover	3	3	1. Assess level of cover to determine whether LEP reserves could cover any claim not covered by the policy 2. Make early enquiries when cover is due for renewal to find a policy that best suits our needs.	Most insurers not currently offering this type of insurance for LEPs, and those that are have reduced the cover. Insurance now in place, but does NOT cover: Employee Dishonesty Limit of Liability £100,000 Telephone Fraud Limit of Liability £25,000 Third Party Fraud or Forgery Limit of Liability £25,000 Third Party Electronic Funds Transfer Limit of Liability £25,000 Or any claim made by LCC	Accept and Monitor
SR-9	VAT and Corporation Tax liability	If HMRC decide we are not eligible to reclaim VAT and/or are eligible for Corporation Tax...	...then we will be liable for some historic and all future payments, plus potential penalties...	...which may impact the financial viability of the LEP and damage our reputation.	Queries from HMRC and/or LCC accountants Information from LEP Network that other LEPs are being investigated	9	4	1. Engage accountants to advise on VAT and tax status of LEPs, and advise on whether restructuring is required in the future 2. Review liability insurance to see if we are covered 3. Set aside a liability reserve fund of sufficient size to cover any potential payments 4. Analyse core operating budget to ensure future payments can be covered 5. Review different operating structures for the future if required and take options to LEP Futures Group for consideration	Ongoing discussion between HMRC, LEP and Accountable Body. Evidence is being provided as requested. Additional expert advice sought for Streets accountants. Topslice for grant funds added into core operating budget to free up reserves for potential payments. Liability insurance carries an excess of £10,000 and will pay costs of up to £25,000	Become an Issue

Paper 4 - Q1 Risk review FY22/23

Risk ID	Risk Title	Risk Definition			EWIs	Inherent Risk Score	Residual Risk Score	Mitigating and/or contingent actions	Comments	Status
		If...	then...	which will...						
DELIVERY PLAN RISKS										
DR-1	Growth Deal / Getting Building Fund Programme Support	If Growth Deal and/or Getting Building Fund final payments under F&F are delayed...	...then this would impact on achievement of targets...	...which will result in loss of LEP reputation with BEIS and possible "not met" score in our annual performance review.	Information from projects that further delays are likely	2	2	1. Maintain engagement with projects and obtain monthly updates 2. Maintain engagement with BEIS	Actions 1 & 2 underway. Could change month by month therefore keep risk active.	Active
DR-2	Staff Capacity	If we do not have sufficient staff resource...	...then our productivity will be reduced...	...which will reduce our ability to meet delivery targets.	Staff highlight increased or unsustainable workloads Staff highlight risk of not meeting delivery deadlines Increased levels of sickness due to stress	4	2	1. Collate delivery tracker to monitor resource allocation and assess pinch points 2. Allocate priorities to activities to aid resource allocation at pinch points 3. Managers carry out regular 121s with staff to monitor workload/stress/wellbeing 3. Consider outsourcing where necessary 4. Maintain good relationships and resource provision arrangements with Local Authorities	All actions being delivered as part of business as usual UKFV Prog Mgr candidates both withdrew prior to interview May 22	Active
DR-3	Growth Deal / Getting Building Fund outcome and output delivery	If there are SLGF/GBF project/programme concerns regarding delivery of projected outputs and outcomes...	...this will impact on our delivery of our economic recovery plan...	...which could damage our reputation for output delivery and impact future grant/loan funding.	Project quarterly reporting highlights delays or other issues Indications that outs/outcomes will not be delivered on time	6	3	1. Continue robust monitoring of projects and ensure projects are reporting consistently and in a timely manner 2. Consider reallocating funding as required 3. Consider use of freedom and flexibilities where appropriate and approved	Projects being monitored as per assurance framework. Some outputs may be revised as projects progress beyond delivery phase. 2025 end point.	Active
DR-4	Reputation & Brand	If we do not manage our brand and comms well...	...then our reputation and reach will be diminished...	...which could impact our ability to secure future funding and lead to loss of partner and stakeholder confidence.	Poor engagement levels with social media posts / newsletters etc Inconsistent branding in use Low attendance at events	4	2	1. Review Comms strategy annually to ensure fit for purpose 2. Maintain Comms plan, capturing the requirements from the whole LEP team 3. Ensure all LEP team are aware of brand guidelines and where to find current templates 4. Clarify and record processes for comms sign-off and ensure all staff are aware 5. Include brand guidelines in induction process	Comms strategy to be reviewed. Comms plan ongoing, with team calendar now being utilised to capture events across the team. Update on brand guidelines to be provided to whole team, including use of new Career Hub branding. All staff now made aware of comms sign-off process	Active
DR-5	Careers & Enterprise Company contract	If we lose the Careers & Enterprise Company contract and/or match funding...	...then this will put the staff posts funded by that contract at risk and reduce our ability to deliver the programme...	...which will negatively affect the reputation of the LEP.	Negative feedback from the CEC Lack of engagement from the CEC regarding contract renewal	3	2	1. Ensure CEC KPIs are met 2. Maintain good relationships with CEC stakeholders to promote the positive impact of the work carried out 3. Ensure match funding requirements are met	Discussions with LAs re. match funding now underway	Active

Paper 4 - Q1 Risk review FY22/23

Risk ID	Risk Title	Risk Definition			EWIs	Inherent Risk Score	Residual Risk Score	Mitigating and/or contingent actions	Comments	Status
		If...	then...	which will...						
DR-6	Delivery of Game Changers and other programmes	If key GLEP led actions/bids relating to our Game Changers and other funding programmes are not achieved...	...then this will affect GLEP reputation for leading on or contributing to key initiatives successfully...	...which will result in reduced future engagement and potential reputational damage	<p>Freeport FBC bid proves unsuccessful</p> <p>UK Food Valley brand does not attract investment or buy in from the agri-food sector</p> <p>Clean Growth Accelerator Fund and Labour Market Support Fund do not meet key milestones for delivery</p>	4	2	<ol style="list-style-type: none"> 1. Fill UKFV Programme Manager post to enable resource for business model development and business plan delivery 2. Create energy advisory group to implement LEP governance for LAEP commission 3. Agree delivery milestones as part of grant fund contracting 	UKFV brand rapidly gaining strength and attracting high volume of investment enquiries	Active
DR-7	Pandemic	If the Covid pandemic results in higher levels of absence, or restrictions in working practices...	...then this will result in additional workload for LEP staff, potentially in areas outside their usual sphere of expertise...	...which will impact our ability to deliver activities and provide our usual levels of expertise.	<p>Increased Covid case numbers in local area</p> <p>Government announcements regarding implementation of Covid restrictions</p> <p>Increased number of positive cases within the team and/or their families</p>	2	2	<ol style="list-style-type: none"> 1. Ensure deputy system is in place for absence cover 2. Implement Covid guidelines where required 3. Utilise priority assignments within activity tracker to determine which activities can be paused during periods of greater absence levels 	Covid cases within team isolated with no significant impact currently. Case numbers decreasing nationally.	Accept and Monitor
DR-8	IT failure	If there is an IT failure or reduction of service...	...then LEP staff will be unable to access systems...	...which will prevent work from being carried out.	<p>Warning from LCC IT team that an outage is expected</p> <p>Increased incidences of IT issues reported by LEP team</p>	2	1	<ol style="list-style-type: none"> 1. Prepare and maintain Business Continuity Plan detailing actions to be taken in case of IT outage 2. Ensure essential work is stored within the cloud for easier remote access 3. Encourage storage within shared area in the cloud (SharePoint) to provide access for multiple users 4. Create priority tasks list 	Business Continuity Plan in place. Priority task lists under development. SharePoint being utilised for essential storage	Active
DR-9	Data Protection	If LEP data is lost or compromised...	...then we could be in breach of Data Protection laws...	...which could result in sanctions or prosecution from the ICO and legal challenges of malpractice.	"Near misses" highlighted	6	2	<ol style="list-style-type: none"> 1. Carry out review of data capture and management and map the processes into a formal data management procedure 2. Ensure all staff are aware of their role in data management processes 3. Ensure data sharing agreements are in place where required 4. Formalise retention plan for documentation and data 5. Ensure all staff are up to date with Information Management training 	Information Management Plan draft with team for review prior to implementation.	Active



GREATER LINCOLNSHIRE LOCAL ENTERPRISE PARTNERSHIP LIMITED

(A COMPANY LIMITED BY GUARANTEE)

Registered number: 09223395

ANNUAL FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 MARCH 2022

DRAFT

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
Oliver Hemsley
Andrew Hunter
Mandy Watson

DIRECTORS (in period)

Suraya Marshall (Term ended July 2021)
Andrew (Chas) Dickens (Feb 2022)

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

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Introduction

The purpose of the Greater Lincolnshire LEP is to improve the lives and opportunities of communities and businesses in Greater Lincolnshire and Rutland. The LEP is a partnership of public, private and education leaders from across Greater Lincolnshire who lead and support economic growth. This important role is to champion Greater Lincolnshire's economic potential, as a leader, catalyst, and convener, to enable powerful collaborations and to support a dynamic, sustainable, and growing economy. To find out more visit www.greaterlincolnshirelep.co.uk

This financial report is intended to provide an overview from the Accountable Body of the audited Greater Lincolnshire transactions for the 2021/2 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.

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.

The LEP received over £15million of funding within the year including its core funding allocation of £500k and the Last tranche of £12.9 million of Getting Building Fund. Expenditure amounted to £14.7 million seeing an increase in the year end cash balance.

The LEP Annual Report 2021-22 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.

In the 2021-22 financial year, the LEP Board prioritised four areas; (1) our four **Game-changing sectors** outlined below; (2) **Strengthening the LEP**; (3) Continued **economic recovery**; and (4) **international trade and profile**.

Across Greater Lincolnshire they have significant sector opportunities and during 2021-22 energy and resources have been focused on four game-changing priorities; namely the **Humber Freeport**; **clean energy** across carbon capture and storage, and offshore wind and hydrogen; a **defence and security** cluster; and a **UK Food Valley**. Cross cutting all growth sectors is the comprehensive work on the skills agenda and this year the LEP have been successful in gaining Career Hub status. Skills investment is critical to drive productivity and deliver an integrated pipeline for talent, skills, and progression at all levels. This year the Government also undertook a review of the future role of LEPs and concluded the value and impact of LEPs is vital and will be realigned to support the Levelling Up agenda.

This year they successfully launched the UK Food Valley and are developing a core team to drive this forward. They have submitted a full Humber Freeport business case to Government and are chairing the Humber Freeport Innovation Board. They have implemented a Defence Board and launched the Greater Lincolnshire Defence and Security

Network. And we have secured a HPO in Offshore Wind with a Ports Hub being developed with DIT.

The Visitor Economy Board was re-established and revitalised and cross-sector groups established to drive efficiencies and growth. The UK Food Valley has been supporting key investments into the cluster including an exponential rise in glasshouse innovation and development and published a suite of investment opportunities.

As detailed above the LEP will be publishing the Greater Lincolnshire LEP Annual Report shortly which provides a comprehensive overview of the LEP or please visit www.greaterlincolnshirelep.co.uk for more information on LEP activity.

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INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2022

FINANCIAL SUMMARY 2021/22

<i>INCOME</i>	<i>Note</i>		<i>21/22</i>		<i>20/21</i>
Core Funding	1	£	535,500	£	575,000
Other Core contributions	1	£	323,503	£	564,387
Department of Transport		£	-	£	-
Invest and Grow	3	£	775,933	£	242,511
Business Investment Fund	5	£	-	£	126,242
Single Local Growth Fund	6	£	-	£	18,492,802
Getting Building Fund	7	£	12,900,000	£	12,900,000
Growth Hub	8	£	573,250	£	246,000
Brexit		£	-	£	-
EU Transition/Peer Network/Uplift	8	£	-	£	769,819
Interest Received	9	£	48,862	£	110,001
Total Income		£	15,157,048	£	34,026,762

<i>EXPENDITURE</i>	<i>Note</i>		<i>21/22</i>		<i>20/21</i>
Core Funding	1	£	443,826	£	595,494
Other Core contributions	1	£	531,984	£	462,213
Department of Transport		£	-	£	-
Invest and Grow	3	£	-	£	-
Feasibility	4	£	-	£	24,286
Business Investment Fund	5	£	92,127	£	262,856
Single Local Growth Fund	6	£	183,097	£	22,092,197
Getting Building Fund	7	£	12,900,000	£	12,900,000
Growth Hub	8	£	573,250	£	246,000
Brexit		£	-	£	-
EU Transition/Peer Network/Uplift	8	£	-	£	769,819
Total Expenditure		£	14,724,284	£	37,352,865

BALANCE SHEET FOR THE YEAR ENDED 31 MARCH 2022

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

	<i>Note</i>		<i>21/22</i>		<i>20/21</i>
Core Reserve	1	£	887,599	£	794,364
Other cash balances	1	£	1,341,816	£	1,468,434
Capacity 2 Fund		£	-	£	-
Feasibility Fund	4	£	-	£	-
Invest to Grow Fund	3	£	5,045,014	£	3,360,309
Business Investment Fund	5	£	525,220	£	1,499,541
Single Local Growth Fund	6	£	-	£	183,097
Interest Received	9	£	48,863	£	110,001
Total		£	7,848,512	£	7,415,746

Long term loan investments	£ 3,500,000	£	4,085,228
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

- Net spend on the account is £

	£
Core Cost net spend	(91,674)
Other Core contributions	208,481
Invest To Grow payback	(775,933)
Business Investment Fund drawdown	92,127
SLGF	183,097
Gross Interest	(48,863)
Net spend	(432,764)

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	535,500	443,826
Skills Employment Manager	0	28,996
Greenborough Management Fee	0	35,000
Skills Advisory Panel	75,000	47,962
EM Ambassador Network Grant	52,000	15,807
Enterprise Co-ordinator	36,111	58,431
Career Kickstart/Sustainability	0	22,932
Career Hub	160,392	129,884
EM Manufacturing Grant	0	48,480
Future Proofing Coastal Tourism	0	144,493
TOTAL	£859,003	£975,810

Note 2: Match funding

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 a minimum match funding of £446,831 has been achieved supporting the delivery of the LEP core function.

These costs are made up of:-

- LCC officer support (Non Accountable Body) £ 381,355

- Research and skills £ 36,275
- Board Member time £ 29,201

Note 3: Invest and Grow

The balance as at 1st April 2021 was £4,269,081 (with applied interest).

Loan interest received in period was £190,705. A loan repayment of £585,228 was made by Lincolnshire Bomber Command.

This resulted in an increase of the loan fund (not including cash balance interest) to £5,045,014

Within the year The LEP Board agreed to use part of the fund for 2 programmes that will launch in 22/23 and a core reserve transfer. These are:-

- Clean Growth Accelerator - £2million
- Labour Market -£1.7million
- Core reserve transfer - £500K

This leaves £845,014 of flexible funds within the reserve.

Long term investment Loans as at 31st March 2022 amounted to £3,500,000 as follows:

- £3,500,000 - Chestnut Homes - Boston Quadrant

Note 4: Feasibility Pot

The feasibility fund closed in 20/21 and underspends and uncommitted grant totalling £201,580 was transferred to contribute to a Covid recovery Fund.

Note 5: Business Investment Fund

The Greater Lincolnshire Growth Fund was launched in October 2017 and was promoted through the Greater Lincolnshire website and administered through a contract with Greenborough Ltd (Business Growth and Project Management service). At the beginning of the financial year £617,347 was held on account and grant payments were made to the sum of £92,127 leaving £525,220 on the balance at year end.

Within 2021/22 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

To date £1,683,828 of grant has been paid out to the above contracts.

- Tong Engineering Ltd - £500,000 - **Complete**
- SDG Access Ltd - £151,346 - **Complete**
- Wolds manufacturing Services Ltd - £327,653 - **Complete**
- Wise Software Ltd (Orderwise) - £218,806 - **financially complete but outputs still to achieve**
- ParkAcre - £15,123 - **On-going and under review for contract change**
- Genfrost - £299,658 - **on-going**
- SBS Ltd - £131,242* - **Contract withdrawn**

*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 has been accrued again in this financial year.

The programme is currently closed for applications and has a further expected spend of £525,220 however ParcAcre is under review, and this may reduce spend in 22/23.

Note 6: Single Local Growth Fund

The table below shows 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
Grantham Southern Relief Road	£4,200,000
Unlocking Rural Housing	£60,000
Skegness Gateway	£71,132
Northern Junction Roundabout	£104,379
Sleaford Growth Project 2	£910,570
Advanced Engineering R and D Centre	£958,282
A46-A15 Riseholme roundabout	£44,994
Huttoft	£113,279
Sleaford Growth Project 1	£132,751
Europarc Food Enterprise Zone	£138,378
DTLA	£21,645
Borderville	£53,415
Due diligence costs	£58,840

The programme this year has been paid for by £0.183m of repaid monies and £6,684,568 of offset.

Note 7: Getting Building Fund

PROJECT NAME	Contracted Grant	Total spent to date	Expected 22/23 Spend
South Lincolnshire FEZ Phase 2	£ 6,367,839	£ 4,129,810	£ 2,238,029
Centre of Rural Health	£ 1,300,004	£ 1,300,004	£ -
Skills Capital Investment Programme	£ 7,899,175	£ 5,890,294	£ 2,008,881
Killingholme Marshes Drainage Scheme	£ 4,328,032	£ 1,987,259	£ 2,340,773
Lincoln Science and Innovation Park PH 2	£ 3,430,090	£ 1,952,451	£ 1,477,639
Greater Lincolnshire Cycle Programme	£ 2,216,860	£ 1,461,924	£ 754,936
Management Fee	£ 258,000	£ 258,000	£ -
Freedom and flexibility		£ 8,820,258	£ -8,820,258
Total Programme	£ 25,800,000	£ 25,800,000	£ -

Within the year £14,243,159 has been paid out on project grant. This used the Second tranche of £12.9Million and £1,343,159 of the freedom and flexibility. £8.8million is forecast to be spent in 22/23.

Note 8: Growth Hub

The Greater Lincolnshire LEP secured £573,250 of revenue funding from BEIS to continue the operation of the Growth Hub (GH) service during 2021-2022. The main focus for the Business Lincolnshire Growth Hub in 21/22 has been the continued support of a wide range of businesses within greater Lincolnshire. The Business Lincolnshire Growth Hub has provided:

- a service that meets the identified needs of businesses
- align business support offers
- Developing greater intelligence to deliver an added value offer
- Develop and implement a segmented service offer

Activity has included:

- Scale-up support
- Peer networks
- Manufacturing Transformation Programme
- Supply Chain improvement programme
- Greater Lincolnshire Manufacturing Network
- Building Business Resilience
- Exporting support
- Fit for business
- Made smarter East Midlands and many more...

A detailed report on Growth Hub activity will be submitted to government on the in June 2022 and more information on individual programme activity can be found on www.businesslincolnshire.com

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	£6,383
Cash Balance 2	Growing Places Fund (Invest to grow)	£12,948
Cash Balance 3	Single Local Growth Fund	£29,532

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 21/22 (this includes the interest from above)

Cash Balance 1	Core Funding, Reserves and other cash balances	£1,864,274
Cash Balance 2	Growing Places Fund (Invest to grow)	£4,886,427
Cash Balance 3	Single Local Growth Fund	£29,532

The total cash balance as at 31st March 2022 held on behalf of the LEP by the Accountable body is £7,848,512.

END