



GREATER LINCOLNSHIRE LOCAL ENTERPRISE PARTNERSHIP LIMITED

(A COMPANY LIMITED BY GUARANTEE)

Registered number: 09223395

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

COMPANY INFORMATION

DIRECTORS

Ursula Lidbetter
David Dexter
Mary Stuart
Mark Tinsley
Pat Doody
Herman Kok
Chris Baron
Steve Middlebrough
Andy Orrey
Colin Davie
Richard Wills
Robert Adams
Ray Oxby
Rob Waltham

COMPANY SECRETARY

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

ACCOUNTABLE BODY

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

REGISTERED NUMBER

09223395

REGISTERED OFFICE

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

Auditors

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

CONTENTS

	Page
Director's report	1 - 3
Accountable Body statement	4
Audit summary/report	5
Income and expenditure account	6
Balance Sheet	6
Notes to the Annual Financial Report	7 - 10

DIRECTORS REPORT

The Greater Lincolnshire LEP Directors present their report and the annual account statement for the year ended 31 March 2017.

LEP BOARD DIRECTORS

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

Serving Directors

- Ursula Lidbetter
- David Dexter
- Mary Stuart
- Mark Tinsley
- Pat Doody
- Herman Kok
- Chris Baron
- Steve Middlebrough
- Andy Orrey
- Colin Davie
- Richard Wills
- Robert Adams
- Ray Oxby
- Rob Waltham (appointed 27 January 2017)
- Liz Redfern (resigned 27 January 2017)
- Tony Hill (resigned 16 October 2016)

Statement

The main purpose of the Greater Lincolnshire LEP is to be the voice of the local business community and to ensure that the economic interests of the area are properly represented.

Working with Government to find solutions enables us to deliver the strategic projects and programmes that will drive local prosperity and economic growth.

2016-17 has been a period of significant change. From the vote to exit the European Union to the formation of a new government, to a local devolution deal being voted out; we are weathering the storms and are positioning ourselves to continue to represent the best interests of our businesses through both challenges and opportunities arising. We are maintaining delivery of our strategic projects and programmes which we know are making a significant difference to our priority sectors, housing numbers, and the infrastructure - which is needed to increase both business growth and productivity.

Our local priorities for growth recognise that Greater Lincolnshire makes an important net contribution to the national economy, directly enhancing; national food security; access to key European markets; the domestic renewable energy output; manufacturing; the UK visitor economy; and the country's housing needs.

Of the £146million of project funding secured through the initial process agreed with Government, work not only began on over half of those projects, but a number have been completed including; Boole Technology Centre - a £6.75 million project on Lincoln's Science and Innovation Park, now inviting new tenants to start fitting out their laboratories from the beginning of February 2017; Bishop Burton's Riseholme College Showground Campus – which completed its £11.5m second phase to include an Agri-Tech Health and Nutrition Centre, incorporating specialist laboratories and food science facilities and a Sports and Health Science Centre. Other projects hot on their heels to success include the Lincoln Transport Hub, Boston Quadrant and Skegness Countryside Business Park.

The Local Growth Minister Andrew Percy MP visited Lincoln in March to announce a further funding boost of £29.45 million to help Greater Lincolnshire create jobs, support businesses and encourage growth following a third competitive round of Growth Deal funding in the Autumn of 2016. Schemes approved are the new Centre for Health Science at the University of Lincoln, our three Food Enterprise Zones in Holbeach, Hemswell Cliff and Grimsby, and a Skills Capital Programme across Greater Lincolnshire.

Greater Lincolnshire is also pivotal to the successful delivery of the Midlands Engine, Humber Energy Estuary and Northern Powerhouse. We are net contributor to UK GDP and a major gateway to overseas markets. We have clear high-growth potential in key industry sectors and have the capacity and political will to deliver this.

We are governed by a Board of up to 16 private and public sector Board Directors and supported by a number of formal boards alongside strategic and advisory forums. As Accountable Body, Lincolnshire County Council retains overall legal accountability for the Greater Lincolnshire LEP investment programme, supported by the Chief Finance Officer (S151 officer) at Lincolnshire County Council.

The LEP operates a strict Code of Conduct for LEP Board Directors and Declarations of Interest are updated annually with any subsequently arising interests further declared and minuted at meetings. Board Members will avoid situations where they can, or have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Board as a whole.

This applies in particular to the exploitation of any property, information or opportunity (and it is immaterial whether the Board could take advantage of the property, information or opportunity).

Interests are logged on our website and further details can be found at <https://www.greaterlincolnshirelep.co.uk/about/boards/>

The Greater Lincolnshire LEP is a company limited by guarantee.

This report was approved by the board and signed on its behalf.



Andy Orrey
Director
Chair of the Finance and Audit Committee

Date:

ACCOUNTABLE BODY STATEMENT

The Annual Financial Report has been prepared as a summary of the financial decisions and transactions that have occurred during the 2016/17 period.

Income receivable includes grant income, which is credited to the income and expenditure account according to the period to which it relates.

Grant income receivable from government departments and related bodies for the furtherance of the company's objectives and principal activities is credited to the income and expenditure account so as to match the relevant expenditure incurred during the period.

The company acts as an agent and receives and pays grants to claimants on receipt of grant claims. The Accountable Body process all claims and loans on behalf of the company. Grants are included in the income and expenditure account and balance sheet and are broken down within notes to the accounts.

Grant funding received but not utilised in the year is included in year-end cash balance reserves. The funds are held by Lincolnshire County Council as Accountable Body on behalf of the company

The Greater Lincolnshire LEP Board sets the strategic direction of the LEP, championing LEP priorities. It is the main interface with Government and seeks to drive local growth and job creation and to oversee all Greater Lincolnshire LEP activity to deliver this aim.

The LEP is governed by a private sector led board, with board directors from both the public and private sector. The directors of the LEP are therefore governed by the published Code of Conduct, and Register of Interest. All projects being considered for funding are assessed in line with the assessment framework agreed with government which involves an external and independent assessment. Where board directors have a conflict of interest, board members are not involved in discussion or decision.

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

During the year government produced national guidance on specifics for inclusion within all LEP assurance frameworks as a minimum requirement. A review was undertaken by Assurance Lincolnshire and this resulted in a number of additions being made within Greater Lincolnshire's existing framework. All necessary changes were incorporated and the updated framework was published on the LEP website and formal sign off by the S151 officer by the deadline of 28th February 2017.

As Accountable Body, Lincolnshire County Council, retains overall legal accountability for the Greater Lincolnshire LEP investment programme, supported by Lincolnshire County Councils Chief Finance Officer, the S151 officer.

AUDIT STATEMENT /SUMMARY

An audit of this financial year was undertaken in early May 2017 and covered the following:

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

- the accounts are properly kept: and
- the annual financial reports:
 - are prepared in accordance with the requirements of the funding and;
 - represent fairly the results of the operations and cash flows for the financial year and the financial position of the LEP as at 31st March 2017.
- include in his or her report any matters identified during the audit procedures such as:-
 - any significant adverse trends in the financial position or financial management practices
 - any material irregularities in the LEP's accounting management
 - any weaknesses in the internal controls operation in particular those listed in the grant determination agreement and any subsequent requirements as advised by government.

Extract from Audit report Streets Audit LLP

"Based on the work as set out in this report we believe the accounts are properly kept and the financial reports are prepared in accordance with the requirements of the funding and represent fairly the results of the operations and cash flows for the financial year and the financial position of the GLLEP as at 31st March 2017.

- *The review of activity for the 12 month period 16/17 has not indicated any significant issues,*
- *The accounts appear to be properly kept and the annual reports are prepared in accordance with the requirements of the funding and represent fairly the results of the operations and cash flows for the financial year and financial position of the GLLEP as at 31 March 2017,*
- *Revenues are reasonable, properly controlled and appropriately recorded"*

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

**INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2017**

FINANCIAL SUMMARY 2016/17

<i>INCOME</i>	<i>Note</i>		<i>16/17</i>		<i>15/16</i>
Core Funding	1,2	£	500,000	£	500,000
Other Core contributions	1,2	£	39,000	£	-
Department of Transport		£	-	£	55,000
Invest and Grow	3	£	6,891	£	270
Growth Hub	5	£	246,000	£	300,000
Single Local Growth Fund	4	£	47,863,787	£	26,400,000
Total Income		£	48,655,678	£	27,255,270

<i>EXPENDITURE</i>	<i>Note</i>		<i>16/17</i>		<i>15/16</i>
Core Funding	1,2	£	421,100	£	504,047
Other Core contributions	1,2	£	33,000	£	-
Department of Transport		£	-	£	10,800
Invest and Grow	3	£	3,262,554	£	1,063,434
Growth Hub		£	246,000	£	300,000
Single Local Growth Fund	4	£	47,863,787	£	26,400,000
Total Expenditure		£	51,826,441	£	28,278,281

**BALANCE SHEET
FOR THE YEAR ENDED 31 MARCH 2017**

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

<i>CASH BALANCES</i>			<i>YEAR END CLOSING BALANCE</i>	
	<i>Note</i>		<i>16/17</i>	<i>15/16</i>
Invest to Grow Fund		£	2,518,044	£ 5,704,816
Other cash balances		£	142,175	£ 142,175
Capacity 2 Fund		£	28,600	£ 28,600
Core Reserve		£	395,235	£ 259,353
Business Investment Fund		£	3,000,000	£ 3,000,000
Feasibility Fund		£	300,000	£ 300,000
Net Interest received	6	£	226,740	£ 119,874
Total	7	£	6,610,794	£ 9,554,818
Long term loan Investments	3	£	4,300,000	£ 1,050,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

- Net expenditure on the account is £3,170,763

	£
Core Cost underspend	(78,900)
Other Core contributions	(6,000)
Invest To Grow drawdown	3,255,663

Net balance £3,170,763

The following notes provide more detail on the values shown on page 6.

Note 1: Core Funding Breakdown

AREA – DESCRIPTION	ACTUAL SPEND (£)
Executive Team	191,979
Company Requirements	10,781
Communications and Events	88,133
Sector & Priorities Support & Expenditure	87,798
Growth Deal / Project Delivery	42,409
TOTAL	£421,100

There is an underspend of £84,900 and this money has been transferred to LEP core reserves.

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 £376,159.49 has been achieved supporting the delivery of the LEP core function.

These costs are made up of:-

• Board Directors Voluntary Time (Equivalent Value)	£ 87,847.20
• LCC officer support (Non Accountable Body)	£ 188,556.10
• Economic Data	£ 25,302.62
• Events	£ 74,453.57

Note 3: Invest and Grow

The balance as at 1st April 2016 was £5,773,708 (with applied interest). Within the year loan payments have been released to:-

- Boston Quadrant - £ 3,250,000

Legal costs of £2,554 were also incurred and a contribution of £10,000 was made to facilitate the Midlands Connect Programme on the enhanced train services to Lincoln building East Midlands Connectivity. Loan interest received in period was £6,891. The resulted in a net spend of £ 3,255,663.

Long term investment Loans as at 31st March 2016 amounted to £1,050,000 therefore loans currently issued under the Invest to grow fund are £4,300,000.

NB. Interest due to the sum of £105,468.05 relating to existing loans issued has not been accounted for within the 16/17 financial year. This related to an administrative error and will now be accounted for and formally reported in the 17/18 period.

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

- £300,000 Feasibility Pot – Launched in February 2016 – 5 contract awards have been made and the first claim is due to be paid in the first quarter of 17/18.
- £3,000,000 Business Investment Scheme (this is made up of a proportion of Growing Places Fund and LEP operating reserve).

Note 4: Single Local Growth Fund

We currently hold contracts to the total spend value of £221million with an agreed grant contribution of £80million Single Local Growth Fund therefore leveraging in a further £141million of investment.

Within the year we received our second tranche of growth deal monies to the sum of £47,863,787. The table below shows how the monies were distributed across the growth deal projects.

GROWTH DEAL CLAIM EXPENDITURE – ACTUALS 2016/17	
Project Name	16/17 Grant Paid
Boole Technology Centre	£ 1,607,714
Grantham Southern Relief Road	£ 7,812,172
Bishop Burton College	£ 1,338,889
Unlocking Rural Housing Programme	£ 1,515,823
Boston Quadrant	£ 2,264,639
Tentcroft Street Growth Corridor Phase 1 and 2	£ 189,513
Lincoln Transport Hub	£ 11,576,792
Grantham College	£ 159,084
Lincolnshire Lakes	£ 1,800,000
Go Skegness	£ 3,600,001
Shiip Phase 1 and 2	£ 2,403,502
Holbeach Peppermint Junction	£ 1,800,000
Skegness Countryside Business Park	£ 2,290,914
Freedom and Flexibility	£ 9,504,744
Total	£ 47,863,787

Against the target of £47.864 million of grant available we released grant of £38.359 million to contracted projects.

Government confirmed that if it was not possible to spend all of the 2016/17 target on the contracted projects due to unavoidable delays and if future allocated schemes could not be brought forward to meet the gap, funding could be spent in 2016/17 with the agreement of the Accountable Body's Section 151 Officer against identified LCC Capital Schemes, and reimbursed completely against the SLGF programme in a future year as required.

£9.803million was paid under freedom and flexibility to Lincolnshire County Council capital Project works within 2016/17. The approach taken effectively earmarks and utilises Lincolnshire County Council's capital budget in future years against the SLGF contracted schemes.

Within year £298,990 was drawn down from previous offset and allocated against Bishop Burton College and Tentercroft Phase 2.

Note 5: Growth Hub

The Greater Lincolnshire LEP secured £246,000 of revenue funding from BIS to continue the operation of the Growth Hub service during 2016-2017.

The 2016/7 Business Lincolnshire Growth Hub core funding has been used for

- operational elements related to delivery of the Growth Hub including systems to support delivery of the business support and signposting activity, e.g., the website, Customer Relationship Management system
- the commissioning of specialist support offers which are ineligible for ESIF funding, e.g. support for Business to Consumer sectors or larger businesses
- supporting the core team to develop partnership and intelligence gathering activity around the wider Growth Hub support landscape.

Note 6: Interest

All interest has been applied as per the cash balance and interest policy. Interest gained on the Single Local Growth Fund was offset with £76,226 of agreed Accountable Body running costs and as per LEP board agreement moved to Cash Balance 1.

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

Net Interest:

Cash Balance 1	Core Funding, Reserves and other cash balances	£5,737
Cash Balance 2	Growing Places Fund (Invest to Grow)	£53,580
Cash Balance 3	Single Local Growth Fund	£167,424

Note 7: Cash Balances

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

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

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

Cash Balance 1	Core Funding, Reserves and other cash balances	
	Legacy funding to LEP	£78,396
	Local Transport Board	£36,579
	LEP Operation	£395,235
	Capacity 2	£28,600
	Pending transfer to Feasibility Fund	£25,000
	Transport Excellence	£2,200
	Interest	£173,160
	Total	£739,170
Cash Balance 2	Growing Places Fund (Invest to Grow)	
	Feasibility Fund	£300,000
	Business Investment Fund	£3,000,000
	Invest to Grow Loan Fund	£2,518,044
	Interest	£53,580
	Total	£5,871,624

The total cash balance as at 31st March 2017 held on behalf of the LEP by the Accountable body is £6,610,794.

END