

# Cheshire & Warrington Local Enterprise Partnership Annual Financial Report

**Year ended 31st March 2019**

## OFFICIAL

### Directors as at 31/3/19

Christine Gaskell (Chair)

Rachel Bailey

Ged Barlow Graeme Bristow Samantha Dixon John Downes Clare Hayward

Christopher Hindley Stephen Kinsey Robert Mee

Terry O’Neill

Tim Wheeler

### Registered Office

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CW7 1AH

### Accountable Body

Cheshire East Council Westfields Middlewich Road Sandbach

CW11 1HZ

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The purpose of this Annual Financial Report is to present all income and expenditure controlled by the Cheshire and Warrington Local Enterprise Partnership (LEP) in the financial year 2018/19 and related balances as at 31st March 2019. It shows operational income and expenditure of the LEP itself, as a company, and also funds received by Cheshire East Council, as Accountable Body, on behalf of the LEP.

Extracts from: ***http://www.871candwep.co.uk/content/uploads/2015/09/Annual-Accounts-2018-19.pdf***

**Business Review**

The surplus for the year of £20,599 has been transferred to reserves (2018: £75,837 deficit).

2018/19 has been a significant year, presenting both challenges and opportunities. Uncertainties around Brexit continue to fuel economic uncertainty and is affecting investment decisions. In this environment the Cheshire and Warrington LEP, along with LEPs across England continue to play an increasingly pivotal role in setting the direction for local economic growth and preparing for the challenges and opportunities that lie ahead. The LEP has reaffirmed its growth ambitions and through the production of our Local Industrial Strategy remains committed to creating the conditions to deliver 120,000 new jobs, 127,000 new homes and a £50bn economy by 2040. In delivering this growth, there is also a firm commitment from all partners to working collaboratively across the sub-region.

With effect from 1 April 2018, the LEP brought the Growth Hub, with its business support services in house for the first time, providing direct advice and support to local businesses. These activities open a new direction and new income streams for the LEP directly delivering services. The LEP expects to expand on these activities in 2019/20, working with partners in areas such as digital skills and "the Pledge", which brings educational establishments into closer working with businesses and delivering the skills they need. During 2018/19 the LEP also made detailed preparations towards closer co-operation and collaboration with Marketing Cheshire, the activity of which is transitioning from Tourist Information and Visitor Services to a wider remit of marketing the attractiveness of Cheshire to people and businesses alike. In 2019, the LEP will become the sole guarantor member of Marketing Cheshire.

The Enterprise Zone status for the Cheshire Science Corridor continues to realise its growth potential and continues to deliver significant new investment to drive further growth. Since its' creation in 2016 it has attracted 50 new business and over 1,000 new jobs and generated over £30m in new direct private sector investment.

As Local Growth Fund schemes reach completion, the LEP has worked hard to make the case for continued investment in infrastructure and the need for early confirmation as to the shape and operation of the proposed UK Shared Prosperity Fund. Over the last year, the LEP has been proud to see the successful delivery of four projects at Reaseheath college, including the new Agritech centre, new sports hall with state of the art facilities, four new accommodation blocks and the learning hub. The M62 junction 8 improvements completed in May 18 on time and budget, helping to alleviate congestion in the area and providing improved access to the very successful Omega Business Park. Crewe Green Roundabout was also completed on time and budget and has won to industry awards for the delivery. Cheshire College South and West completed the remodelling of the Ellesmere Port and Chester campuses and have already received excellent student and teacher feedback. In total £27m of LGF was granted towards these project's total projects costs of £50m.

The overall LGF programme continues to make excellent progress with £90m spent to date and £578m of public and private funding secured. Outputs achieved to date related to the LGF projects include: 2920m of new road, 364k sqm of new commercial space and 8000 jobs.

Together with our responsibility for investing European Structural Fund and the Growing Places Fund, the LEP is responsible for £1/4 billion of investment into Cheshire and Warrington, and we continue to ensure that all projects are delivered on time, on budget, and deliver maximum economic impact.

With the growth and development of our organisational structure, closer working with Marketing Cheshire, the establishment of the in-house Growth Hub and appointment of dedicated skills advisors, the LEP is very well placed to further realise the region's potential in the year ahead.

During the year three of our directors resigned from the LEP, Meredydd David OBE, Gary Steen and Dr Pete Waterman OBE. They have made immense contributions to the LEP and to Cheshire and Warrington more generally and we record our thanks to them.

### Corporate Governance

The Board is committed to high standards of corporate governance and meets regularly. A number of matters are reserved for the Board's approval including the overall strategy for the company, annual budgets and business plans, major items of expenditure on projects and funding requirements from key stakeholders.

The Board has delegated responsibilities to the following committees, formally constituted with terms of reference:

Finance and Audit Committee

The Finance and Audit Committee oversees the effective operation of financial control and management reporting and makes recommendations on the appointment of external auditors.

Appointments and Remuneration Committee

Appointments and Remuneration Committee oversees the identification and recommendation of the new directors to the Board and all strategy and policy matters on salaries and terms of employment of company employees.

Strategy Committee

The Strategy Committee is the strategic arm of the LEP Board on the development of the growth programme, ensuring that the Strategic Economic Plan, EU Structural and Investment Fund Strategy and other key strategies remain current and reflective of changes in national and local policy. To ensure that a robust evidence base is developed and maintained to support strategic decision making and that the activity undertaken in the LEP’s thematic Boards and Committees aligns to the overarching strategy.

Performance and Investment Committee

To act as the operational arm of the LEP Board on the delivery of the growth agenda, ensuring that the Strategic Economic Plan and EU Structural and Investment Fund Strategy are effectively delivered; national, European and local growth-related funds are invested to maximum effect; delivery capability in line with strategic priorities; and emerging risks are mitigated or referred to the LEP Board for resolution.

Employers, Skills and Education Committee

As a sub-committee of Cheshire and Warrington’s Local Enterprise Partnership (LEP), the Employers’ Skills and Education Board focuses on the skills and education aspects of the Local Industrial Strategy and Strategic Economic Plan.

Funding devolved to the LEP from Government is managed on its behalf by Cheshire East Council as Accountable Body.

The primary role of CEC, acting as the Accountable Body, is to hold the devolved monies allocated to the LEP (including Local Growth Fund) and make payments to the partner delivery bodies. It also accounts for these funds in such a way that they are separately identifiable from the Accountable

Body’s own funds, and provides financial statements to the LEP as required.

CEC and CWLEP have entered into a partnership agreement that sets out the roles and responsibilities of each party together with their respective liabilities.

As Accountable Body Cheshire East Council is responsible for the following activities: -

* Ensuring that the decisions and activities of the LEP in relation to devolved funding conform with legal requirements with regard to equalities, social value, environment, State Aid, procurement etc.;
* Ensuring that the funds are used appropriately;
* Ensuring that the Assurance Framework, as approved, is being adhered to;
* Maintaining the official record of decisions relating to devolved funding;
* Ensuring that there are arrangements for local audit of funding allocated by LEPs

The relationship of a promoting authority or organisation in respect of a particular scheme or project seeking Local Growth Funding is documented in formal legal agreements with the LEP in a format agreed by the Accountable Body.

Promoting authorities or organisations will be responsible for providing suitable evidence and assurances to the Accountable Body that all necessary internal approvals and processes have been followed in respect of particular schemes.

The Statutory Chief Finance Officer (S151 Officer) from Cheshire East Council has been involved in the development of the LEP’s Assurance and Accountability Framework and is a member of its Performance and Investment Committee and the Finance and Audit Committee.

**Summary of Operational Funding and Expenditure**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2018/19** | **2017/18** |  |
| **Operational Funding** | **£** | **£** |  |
| Local Authority Subscriptions & Contributions | 125,000 | 125,000 |  |
| LEP Core Funding | 500,000 | 500,000 |  |
| Growth Hub Note 1 | 287,000 | 287,000 |  |
| Growing Places Fund revenue contribution | 289,000 | 248,000 |  |
| Local Growth Fund revenue contribution | 310,000 | 223,000 |  |
| Enterprise Zone income/revenue contribution | 486,000 | 347,000 |  |
| DiT Contribution | 68,000 | - |  |
| MHCLG Additional Funding | 65,000 | - |  |
| Northern Powerhouse 11 | 37,000 |  |  |
| Other | 78,000 | 97,000 |  |
| **Total Operational Funding** | **2,245,000** | **1,827,000** |  |
|  | **2018/19** | **2017/18** |  |
| **Operational Expenditure** | **£** | **£** |  |
| Employee costs | 872,000 | 731,000 |  |
| Consultancy and third party support | 177,000 | 169,000 |  |
| Strategic Development and Programme Management | 207,000 | 183,000 |  |
| Growth Hub Note 1 | 287,000 | 287,000 |  |
| Enterprise Zone | 328,000 | 251,000 |  |
| Northern Powerhouse 11 | 37,000 | - |  |
| Other | 316,000 | 282,000 |  |
| **Total Operational Expenditure** | **2,224,000** | **1,903,000** |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2018/19** | **2017/18** |  |
|  | **£** | **£** |  |
| **Net Operational (Deficit)/ Surplus** | **21,000** | **(76,000)** |  |

***Note:*** *A more detailed analysis of Operational Funding and Expenditure is shown in:*

***http://www.871candwep.co.uk/content/uploads/2015/09/Annual-Accounts-2018-19.pdf***

### Note 1 Growth Hub

Cheshire & Warrington LEP delivers advice to business by supporting the further development of growth hubs, aligned to the Government’s objective to simplify access to support for businesses. This is fully funded by the Department for Business, Energy and Industrial Strategy.

**Summary of balances held by CWLEP**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2018/19** | **2017/18** |  |
|  | **£** | **£** |  |
| Fixed Assets | 168,000 | 204,000 |  |
| Current Assets - Debtors & Cash at bank | 641,000 | 344,000 |  |
| Creditors | (525,000) | (281,000) |  |
| Pension Asset/(Liability) | (15,000) | 92,000 |  |
| **Net Assets** | **270,000** | **359,000** |  |
| **Reserves** |  |  |  |
| Reserves brought forward | **359,000** | **390,000** |  |
| Net Operational (Deficit)/ Surplus | 21,000 | (76,000) |  |
| Actuarial gain/(loss) on retirement benefit scheme | (110,000) | 45,000 |  |
| **Reserves carried forward** | **270,000** | **359,000** |  |

***Note:*** *A more detailed analysis of balances held by CWLEP is shown in*

***http://www.871candwep.co.uk/content/uploads/2015/09/Annual-Accounts-2018-19.pdf***

**Local Growth Fund**

|  |  |
| --- | --- |
|  | **£** |
| Balance brought forward at 1st April 2018 | 26,276,000 |
| Grant received | 16,016,000 |
| Payments | (17,202,000) |
| **Balance at 31st March 2019** | **25,090,000** |

|  |  |
| --- | --- |
| ***Local Growth Fund includes:*** | **£** |
| LGF3 1% Management Fee received (18/19-20/21) | 325,000 |
| Drawn down to Income & Expenditure account (18/19) | (108,000) |
| **Balance at 31st March 2019** | **217,000** |

The LEP has secured a total of £201m from the Government’s Local Growth Fund to support economic growth in the area, investing £17.202 million over the last year in key schemes.

The Local Growth Fund aims to drive growth across the whole of the Local Enterprise Partnership (LEP). The Fund is heavily focussed on transport infrastructure projects to unlock housing and development sites, and to improve connectivity and journey times across the region.

The fund is made good progress in the year. A number of schemes have completed such as Crewe Green roundabout, schemes at Reaseheath College, and Ellesmere Point and Chester campus remodelling which include the new Agritech Centre, new Sports Hall, New Accommodation blocks and Learning Hub. 18/19 also see work continue on Warrington West Station, Warrington East Highways scheme, Sydney Road Bridge, Warrington Centre Park Link and the Greater Manchester and Cheshire Life Sciences Fund.

The outputs achieved to date are starting to slowly increase as expected with a significant proportion of the outputs not expected to be achieved until the investment period has completed. Significant outputs achieved to date are:

* £617m Private sector Leverage
* £92m public sector
* 3000 new homes completed
* 8100 new jobs
* 363,000 new commercial floorspace

**Growing Places Fund**

|  |  |  |
| --- | --- | --- |
|  | **Capital** | **Revenue** |
|  | **£** | **£** |
| Balance brought forward at **1st April 2017** | **12,164,000** | **416,000** |
| Payments 2017/18 | (1,049,000) |  |
| Drawn down to Income & Expenditure account 2017/18 |  | (200,000) |
| Payments 2018/19 | (734,000) |  |
| Drawn down to Income & Expenditure account |  | (216,000) |
| **Balance at 31st March 2019** | **10,381,000** | **-** |

Cheshire and Warrington LEP has been allocated £12m as part of the Government’s Growing Places Fund, which supports key infrastructure projects designed to unlock wider economic growth and create jobs and houses in England.

The Growing Places Fund has three overarching objectives:

* To generate economic activity in the short-term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing
* To allow LEPs to prioritise the infrastructure they need, empowering them to deliver their economic strategies
* To establish sustainable revolving funds so that funding can be reinvented to unlock further development and leverage private investment

The Growing Places Fund provides up front funding needed to get development underway and provide the flexibility to recycle funding for other projects as developments are completed.

The Fund continued to invest in 18/19 in Cheshire Green Employment Park, with further drawdown expected in 19/20. 18/19 also saw new investments at the Glasshouse, Alderley Park, supporting the Enterprise Zone development.

**Enterprise Zone**

|  |  |
| --- | --- |
|  | **£** |
| Balance brought forward at **1st April 2018** | 804,000 |
| Retained Business Rates  | 884,000 |
| Drawn down to Income & Expenditure account | (479,000) |
| **Balance at 31st March 2019** | **1,209,000** |

Twelve sites within the Cheshire Science Corridor were designated with Enterprise Zone (EZ) status in April 2016, providing incentives to new occupiers moving into the EZ including business rate discounts, enhanced capital allowances and streamlined planning. The LEP retains any new business rates generated within the EZ for up to 25 years, which it is able to reinvest back into economic development projects in the EZ and the wider sub-region.

Since its’ inception the EZ has attracted 55 new businesses and levered £41.8M of private sector investment creating 1,403 new jobs. During 2018/19 the LEP has been working with landowners across the EZ to develop a pipeline of investment projects aimed at unlocking and accelerating development across the EZ.