



Cheshire & Warrington Local Enterprise Partnership
Annual Financial Report
Year ended 31st March 2018

Company Information

Directors as at 31/3/18

Christine Gaskell (Chair)
Rachel Bailey
Ged Barlow
Graeme Bristow
Meredydd David
Samantha Dixon
John Downes
Clare Hayward
Christopher Hindley
Stephen Kinsey
Robert Mee
Terry O'Neill
Gary Steen
Pete Waterman
Tim Wheeler

Registered Office

Floor 1
Wyvern House
The Drumber
Winsford
Cheshire
CW7 1AH

Accountable Body

Cheshire East Council
Westfields
Middlewich Road
Sandbach
CW11 1HZ

OFFICIAL

*Cheshire & Warrington Local Enterprise Partnership
Annual Financial Report year ended 31st March 2018*

Contents

	Page
Directors Report	1-3
Role of Accountable Body	4
Cheshire & Warrington LEP Company	
Operational Funding and Expenditure	5
Balances	6
Funds administered by Cheshire East Council as Accountable Body	
Local Growth Fund	7
Growing Places Fund	8
Enterprise Zone	9
European Funding	10

Directors Report

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 2017/18 and related balances as at 31st March 2018. 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 [Cheshire & Warrington LEP Strategic Report and Financial Statements for the year ended 31 March 2018](#):

Business Review

The income and expenditure account is set out on page 7. The deficit for the year of £75,837 has been transferred to reserves (2017: £145,099 surplus).

2017/18 has been another significant year for the LEP with an increasing focus from Government on the role LEP's play in setting the direction for economic growth through strong partnerships with the private and public sector, alongside an increasing emphasis on the importance of governance and transparency.

The LEP published its revised Strategic Economic Plan which, working closely with our three local authorities Cheshire West and Chester Council, Cheshire East Council and Warrington Borough Council, set out ambitions to deliver a £50 billion economy for Cheshire and Warrington by 2040, creating 120,000 new jobs and 127,000 new homes.

There is a firm commitment from all partners to continue to work collaboratively and while devolution deal discussions with government continue, delivery continues apace.

The Enterprise Zone has seen rapid growth with significant new investment. The LEP is keen to build on this early success and to work with partners to ensure that we realise the full growth potential, using early growth to drive further investment.

2017/18 saw continued momentum through the Local Growth Deal, with £18.45m spent on schemes in the portfolio. As at the end of March 2018 over £70m of the £143m Local Growth fund had been spent (49%). Within the year, Chester Bus interchange completed, Warrington West Station project started, and significant progress was made with the M62 J8 scheme and the new facilities at Reaseheath, all of which are expected to complete in the early part of 2018/19.

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.

We have also continued to grow and develop our organisational structure and capability, with the appointment of a new Growth Director, Skills Director and Programme Manager, the LEP is now equipped to provide strategic oversight in these areas.

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,

OFFICIAL

Directors Report

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

T J Wheeler
S A Kinsey
G M Bristow

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

R P Davis
T E M David
J A Downes

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

Robert Davies (Chair)
Pete Waterman
Louise Morrissey
Nigel Schofield
Robert Mee

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

Ged Barlow (Chair)
Howard Hopwood
Martin Ashcroft
Peter Bates
Steve Parks
Alison Knight

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.

OFFICIAL

2

Directors Report

ESIF (European Structural and Investment Funds) CWLEP Area Sub Committee

Terry O'Neill

Alison Knight

Andy Farrall

Annette McDonald

Charlie Woodcock

Craig Bradley

Jane Pearson

Julian Cobley

Lisa Sibbick

Louise Maguire

Maureen Stafford

Meredydd David

Neil Clathworthy

Nicola Lavin

Valerie Lane

To manage the overall development and production of the 2014-2020 EU Structural and Investment Funds investment strategy, ensuring that all aspects of this are delivered to time and standard and that any emerging risks are mitigated or referred to the Growth Plan Steering Group for resolution.

OFFICIAL

3

Accountable Body Statement

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.

Cheshire & Warrington LEP Company

Operational Funding & Expenditure

Summary of Operational Funding and Expenditure

	2017/18	2016/17
	£	£
Operational Funding		
Local Authority Subscriptions & Contributions	125,000	250,000
LEP Core Funding	500,000	500,000
Growth Hub ^{Note 1}	287,000	287,000
Growing Places Fund revenue contribution	248,000	410,000
Local Growth Fund revenue contribution	223,000	204,000
Enterprise Zone income/revenue contribution	347,000	-
Other	97,000	51,000
Total Operational Funding	1,827,000	1,702,000
	2017/18	2016/17
	£	£
Operational Expenditure		
Employee costs	731,000	518,000
Consultancy and third party support	169,000	384,000
Strategic Development and Programme Management	183,000	125,000
Growth Hub ^{Note 1}	287,000	287,000
Enterprise Zone	251,000	-
Other	282,000	243,000
Total Operational Expenditure	1,903,000	1,557,000
	2017/18	2016/17
	£	£
Net Operational (Deficit)/Surplus	(76,000)	145,000

Note: A more detailed analysis of Operational Funding and Expenditure is shown in the [Cheshire & Warrington LEP Strategic Report and Financial Statements for the year ended 31 March 2018](#)

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.

Cheshire & Warrington LEP Company Balances

Summary of balances held by CWLEP
--

	2017/18	2016/17
	£	£
Fixed Assets	204,000	203,000
Current Assets - Debtors & Cash at bank	344,000	727,000
Creditors	(281,000)	(586,000)
Pension Asset/(Liability)	92,000	46,000
Net Assets	359,000	390,000
Reserves		
Reserves brought forward	390,000	274,000
Net Operational (Deficit)/ Surplus	(76,000)	145,000
Actuarial gain/(loss) on retirement benefit scheme	45,000	(29,000)
Reserves carried forward	359,000	390,000

Note: A more detailed analysis of balances held by CWLEP is shown in the [Cheshire & Warrington LEP Strategic Report and Financial Statements for the year ended 31 March 2018](#)

Funds administered by Cheshire East Council as Accountable Body

Local Growth Fund

	£
Balance brought forward at 1 st April 2017	31,159,000
Grant received	18,269,000
Payments	(23,152,000)
Balance at 31st March 2018	26,276,000

	£
Local Growth Fund includes:	
LGf3 1% Management Fee received (17/18-20/21)	433,000
Drawn down to Income & Expenditure account (17/18)	(108,000)
Balance at 31st March 2018	325,000

The LEP secured £142.7m from the Government's Local Growth Fund to support economic growth in the area, investing £14.5 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 will invest in new road infrastructure to improve connectivity between and within key towns across Cheshire and Warrington, such as Chester & Congleton. In Warrington for example, the Fund will support a new Swing Bridge across the Mersey, opening up development potential in several sites, ensuring that the town is best placed to meet the growing demand for more homes and employment space as a result of the expanding logistics operation along the Atlantic Gateway. Building on the important UK science assets in the North West, the Fund will also supporting new business growth in science – particularly at Alderley Park through a new business start-up fund, and investing in new equipment at Thornton.

Transport improvements will enable better access to existing business parks and to the development of new sites for housing and employment. Supporting the expansion of science & innovation in the North West through a new joint Life Science Investment Fund with Greater Manchester will support new science start-up businesses. The Fund will also invest in new critical new equipment at the Thornton Science Park which will attract more business.

Funds administered by Cheshire East Council as Accountable Body

Growing Places Fund

	Capital £	Revenue £
Balance brought forward at 1st April 2017	12,164,000	416,000
Payment – Crewe Green loan	(1,049,000)	
Drawn down to Income & Expenditure account		(200,000)
Balance at 31st March 2018	11,115,000	216,000

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.

Funds administered by Cheshire East Council as Accountable Body

Enterprise Zone

	£
Balance brought forward at 1 st April 2017	-
Received from Local Authorities	1,099,000
Drawn down to Income & Expenditure account	(295,000)
Balance at 31st March 2018	804,000

Narrative

European Funding

European Structural Investment Fund (ESIF)

The LEP secured and allocation of £112.9m from the European Structural Investment Fund to support economic growth in the area. This is made up of:

- £60.75m European Regional Development Fund (ERDF), to support businesses to start and to grow
- £49.7m European Social Fund, to support people to gain skills and employment
- £2.5m European Agricultural Fund for Rural Development.

The ESIF aims to encourage business growth across the whole of the Local Enterprise Partnership (LEP). The ERDF will invest in new innovation infrastructure, improve access for businesses to support, advice and guidance, promote and grow the low carbon economy and improve broadband connectivity across Cheshire and Warrington; whilst the ESIF will support the individuals in their skills, training and employment opportunities.

The ESIF will used to build on the important sub regional assets. The Fund will also support business growth in life sciences, engineering, digital and other LEP Priority Sectors.

Supporting this growth will also be the delivery of a Northern Powerhouse Investment Fund together with other Northern LEPs.

During 2015/16 a number of projects were developed which are expected to be contracted during 2016/17.