



**Cheshire & Warrington Local Enterprise Partnership**  
**Annual Financial Report**  
**Year ended 31<sup>st</sup> 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 Drummer  
Winsford  
Cheshire  
CW7 1AH

## **Accountable Body**

Cheshire East Council  
Westfields  
Middlewich Road  
Sandbach  
CW11 1HZ

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

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Annual Financial Report year ended 31<sup>st</sup> March 2018*

# 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 31<sup>st</sup> 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,

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# 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)  
Chris Hindley  
John Downes  
Steve Parks  
Jan Willis  
Lisa Harris  
Mark Livesey

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;

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# Directors Report

delivery capability in line with strategic priorities; and emerging risks are mitigated or referred to the LEP Board for resolution.

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

Terry O'Neill  
Mark Hughes  
Mark Jocylyn  
Jane Baker  
Meredydd David  
Joanna Hunt  
Karen Sprigs  
Martin Wood  
Andy Farrall  
Lisa Harris  
Julian Coble  
Charlie Woodcock  
Neil Clathworthy  
Alison Cullen  
Kevin James  
Paul Coleman  
Maureen Stafford

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.

# 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

<b>Summary of Operational Funding and Expenditure</b>
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	<b>2017/18</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>
<b>Operational Funding</b>		
Local Authority Subscriptions & Contributions	125,000	250,000
LEP Core Funding	500,000	500,000
Growth Hub <sup>Note 1</sup>	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
<b>Total Operational Funding</b>	<b>1,827,000</b>	<b>1,702,000</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>
<b>Operational Expenditure</b>		
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 <sup>Note 1</sup>	287,000	287,000
Enterprise Zone	251,000	-
Other	282,000	243,000
<b>Total Operational Expenditure</b>	<b>1,903,000</b>	<b>1,557,000</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>
<b>Net Operational (Deficit)/ Surplus</b>	<b>(76,000)</b>	<b>145,000</b>

**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

<b>Summary of balances held by CWLEP</b>
--

	<b>2017/18</b>	<b>2016/17</b>
	<b>£</b>	<b>£</b>
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
<b>Net Assets</b>	<b>359,000</b>	<b>390,000</b>
<b>Reserves</b>		
Reserves brought forward	<b>390,000</b>	<b>274,000</b>
Net Operational (Deficit)/ Surplus	(76,000)	145,000
Actuarial gain/(loss) on retirement benefit scheme	45,000	(29,000)
<b>Reserves carried forward</b>	<b>359,000</b>	<b>390,000</b>

**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 <sup>st</sup> April 2017	31,159,000
Grant received	18,269,000
Payments	(23,152,000)
<b>Balance at 31<sup>st</sup> March 2018</b>	<b>26,276,000</b>

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

The LEP has secured a total of £201m from the Government's Local Growth Fund to support economic growth in the area, investing £18.243 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 making good progress as it moves towards its mid-point. A number of schemes have completed such as Birchwood Pinchpoint, Chester Bus Interchange and Thornton Energy Demonstrator. A number of other schemes are nearing completion such as M62 j8, Ellesmere Point and Chester campus remodelling and the schemes at Reaseheath College, which include the new Agritech Centre, new Sports Hall, New Accommodation blocks and Learning Hub.

18/19 will see work continue on Warrington West Station, Crewe Green Roundabout and the Greater Manchester and Cheshire Life Sciences Fund. Work will on Warrington East Highways scheme, Sydney Road Bridge and Warrington Centre Park Link.

As the fund moves into its fourth year 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:

- £500m Private sector Leverage
- £75m public sector
- 3000 new homes completed
- 7900 new jobs
- 363,000 new commercial floorspace

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# 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)
<b>Balance at 31<sup>st</sup> March 2018</b>	<b>11,115,000</b>	<b>216,000</b>

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 made one new investment in 17/18 in Cheshire Green Employment Park. A number of other loan applications are in development and further loads are expected to be made in 18/19.

# Funds administered by Cheshire East Council as Accountable Body

## Enterprise Zone

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

Twelve sites within the Cheshire Science Corridor were designated with Enterprise Zone (EZ) status in April 2016, which brings a number of incentives to new occupiers moving into the EZ including business rate discounts, enhanced capital allowances and streamlined planning. The LEP is able to retain 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.

In 2017/18 the EZ attracted 40 new businesses and 623 new jobs, created 21,000 sq m of new and refurbished floorspace and levered in over £23m in private sector investment. During this year 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.

# European Funding

## European Structural Investment Fund (ESIF)

### European Structural and Investment Funds (ESIF)

The LEP secured an allocation of £112.9m European Structural and Investment Funds 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 (ESF), 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 be used to build on the important sub regional assets. The funding 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.

### European Regional Development Fund (ERDF)

Latest information shows 13 projects now contracted, with ERDF allocations totalling £30m. Bids for a further 5 potential projects, totalling £11m, have been submitted and are going through the appraisal process. The LEP continues to engage and support potential applicants, and around 10 new bids are expected to be submitted in April 2018. After that, another call for bids is planned for Autumn 2018.

### European Social Fund (ESF)

In 2016/17, 6 projects were contracted, with ESF allocations totalling £20.8m. The LEP is now working with local stakeholders to identify key priorities and demand for future project activity, as well as availability of match funding. The next procurement round, to allocate the remaining £28.9m ESF is planned for June - July 2018.